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**AUDIT  
OF  
THE CANADIAN CONSULATE GENERAL**

**SAO PAULO**

**August 2000**

**Audit Division ( SIV )**

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## **EXECUTIVE SUMMARY**

An audit of the International Business Development (IBD), Administration and Consular Programs was conducted in Sao Paulo during the period February 17 to 25, 2000. A one day visit was also made to the Consulate in Rio de Janeiro on February 24 to review the IBD Program. A previous audit of the Administration and Consular Programs in Sao Paulo took place in February 1994.

### **MISSION MANAGEMENT**

This is a well-managed Mission led by a very experienced Head of Mission (HOM), the Consul General (CG). Staff are competent and enthusiastic. There is a need, however, to improve communications within the Mission. This can be achieved through more staff meetings and distributing minutes of the Committee on Mission Management (CMM) to staff both at the Mission and at the Consulates. To further improve accountability, the Accountability Agreement that currently exists between the Ambassador and the CG should be extended downward to the Program Managers. A Contract Review Board should also be established to review and challenge all contracts before they are signed.

### **INTERNATIONAL BUSINESS DEVELOPMENT (IBD) PROGRAM**

#### **Sao Paulo**

The IBD Program is headed by an experienced Senior Trade Commissioner (STC), \*\*\*. The Program is effective in supporting Canadian companies entering the difficult Brazilian market and is "leading edge" when it comes to adapting and implementing the "New Approach" of the Canadian Trade Commissioner Service. The Information Centre that has been put into place is extremely impressive and has permitted Commercial Officers (COs) to be more judicious in using their time to pro-actively gather market intelligence, develop leads and better respond to substantive enquiries. The STC relies heavily on his two team leaders, both Canada-based Officers, to deal with the large staff on day-to-day matters. This delegation of authority has led some COs to feel isolated from the STC. There is a need for the STC to be more "hands on" in managing the Program and for the STC, rather than the team leaders, to chair the weekly staff meetings. Some improvements can also be made to the planning of the Program.

#### **Rio de Janeiro**

This Consulate is actively managed by a Vice-Consul and Assistant Trade Commissioner, an FS 01, \*\*\*. There is an excellent working relationship between the STC and the Vice-Consul. Staff are highly qualified and hard working. Program

planning is impressive as is the linkage to the accountability process. Business cases should be prepared to justify the Consulate's call for an incremental Commercial Officer and to acquire an allocation of the Special Trade Promotional Funding (STPF) which it feels is needed to better meet Program objectives. The Consulate also should be set up as a Cost Centre with its own budget to better allow the Vice-Consul to meet the Mission's planned agenda as agreed with the STC.

## **MANAGEMENT OF ADMINISTRATION**

The Administration Program is effectively managed by the Management Consular Officer (MCO) who is implanting his own pro-active management style on the Program. The MCO is also responsible for the administration of the Consulates in Rio de Janeiro and Belo Horizonte. On a six-monthly basis, the missions in Brazil meet to discuss the general strategy for the country and to set objectives for each program, including Administration.

A priority for the Mission over the coming months will be the move from the current Chancery and Annex to a new Chancery located outside of the downtown area. The Audit Team recommends that the Official Residence not be sold unless the required repairs are prohibitive in cost. The Locally Engaged Staff (LES) Committee membership should be expanded to include non-officer staff and a training plan should be developed for all Mission staff. It is also recommended that personal banking services for Canada-based staff (CBS) be curtailed and the provision of commuting assistance to two CBS be ceased.

## **CONSULAR PROGRAM**

The Consular Program provides a full range of Consular services by one and one half dedicated staff. The Consular notarial and passport services meet or exceed departmental service standards. In addition, spoke points of service from Honorary Consul offices in Rio de Janeiro and Belo Horizonte offer notarial services and issue emergency passports. The fact that all Consular staff do not yet make effective use of available technology creates an avoidable duplication of work in data entry of Consular activity notwithstanding the fact that the quality of output is very high. A few minor procedural improvements were noted and progress towards their resolution was made during the audit visit. Weaknesses in the handling of Consular revenues were noted for corrective action.

## MISSION MANAGEMENT

1.1 The Mission is generally well managed by the CG who has the support of a very capable and enthusiastic staff. Managerial responsibility of the CG extends beyond this Mission to the Consulates in Rio de Janeiro and Belo Horizonte. This Mission, with overall responsibility for trade in all of Brazil (except for government procurement conducted from Brasilia), is seen as one of the most important Trade missions in South America. Brazil has a population of 165 million people with tremendous potential market opportunities for Canada.

1.2 Semi-annually, the CG meets with the Ambassador and Program Managers of all four missions in Brazil to discuss the general strategy for the country and to set objectives for each of the various programs. From this a document is produced which sets out the strategic objectives and the attendant supporting activities. There is also an Accountability Agreement between the Ambassador and CG which sets out the strategic, operational and management priorities for the Mission. To improve accountability, this Agreement could be further extended to a covenant between the CG and the Program Managers spelling out in qualitative and quantitative terms the program's expectations for the year.

1.3 Communications within the Mission is an area which requires improvement. Staff expressed a desire to have more open communications through more staff meetings and social occasions. Staff also indicated that it would welcome an exchange on the CG's vision of the Mission as well as the opportunity to share his goals and objectives. The minutes of the weekly CMM should be seen by all CBS and LES, and if there are issues relevant to them arising from these meetings, they should be briefed by their respective Program Manager. These minutes should also be distributed to the two Consulates. As a method of further increasing the transparency, the CG may wish to expand the composition of the CMM to include all CBS, or to solicit items for an agenda. Currently, the CMM includes only the Program Managers.

1.4 There are a number of other committees. The Occupational Health and Safety Committee is very active with staff concerns and action taken by management being documented and results distributed to staff. Other committees include Housing, Security, LES and Official Languages. The Contract Review Board has been inactive and needs to be re-established to review Mission contracts for all programs before they are signed. This includes not only administrative services contracts but also contracts for personal services and those which are funded from budget allocations from HQ.

## **Recommendations for Mission**

- 1.5            Develop an accountability document between the CG and the Program Managers which identifies in qualitative and quantitative terms the expectations of each Program.**
- 1.6            Improve the level of communications within the Mission by holding brief but regular staff meetings and better communicating the results of the CMM.**
- 1.7            A Contract Review Board should be established to review and challenge all Mission contracts prior to the contracts being signed.**

## **Mission Responses**

- 1.5            The Consul General (CG) and Program Managers have formally documented their Program Objectives for the year, based on the Team-Canada Brazil Strategy Document.**
- 1.6            CG has been holding monthly all CBS and LES meetings since March 2000, and CMM minute summaries are now being sent to all CBS and LES staff on a regular basis. The Senior Trade Commissioner (STC) now leads the Trade Section meetings, and Administration now holds regular meetings led by the Management and Consular Officer (MCO).**
- 1.7            The Mission Contract Review Board membership is currently being updated as one member of the Board will be leaving the post in the coming months. A threshold of CDN\$5,000 is to be used. The CRB should be reviewing all contracts over the threshold by July 1, 2000.**

## INTERNATIONAL BUSINESS DEVELOPMENT (IBD) PROGRAM

### 2.1 Program Overview - Sao Paulo

2.1.1 The IBD Program in Sao Paulo is responsible for trade promotion in all of Brazil, except for government procurement, and \*\*\*. The STC's role is made more complex with his responsibility extending to the two Consulates in Rio de Janeiro and Belo Horizonte. The relationship between these three offices is excellent. IBD staff in Sao Paulo, in addition to the STC, includes two CB officers, seven locally engaged Commercial Officers (COs) - one on contract to March 2001, and five LES support staff. There is also a part-time contractor, an agricultural specialist, employed three days a week, who is involved with value-added food products. This contract is paid by Agriculture Canada and is to expire at the end of March 2000. The Export Development Corporation plans to add a representative in the new fiscal year as financing is seen to be a critical element in ensuring projects get underway. The Mission is of the opinion that it can easily integrate the arrival of this EDC representative in its operations.

2.1.2 Overall, the IBD Program is working effectively in supporting and advising Canadian companies entering the Brazilian market, a market which is difficult and one that has been traditionally highly regulated and protectionist. The Program is considered "leading edge" when it comes to implementing the Department's new approach to operating the IBD Program. The Program has been effective in broadening its contact base with the Trade Team Canada Sector (TTCS) groups, OGDs, associations and provincial interests.

2.1.3 The Brazilian economy which experienced a significant downturn the past couple of years is now expected to expand with the Brazilian Real having been devalued and the world economy expected to resume growth. Also, with Brazil having a population of 165 million and a democratic government committed to being a strong participant in a globalized world, potential seems bright to promote Canadian exports of goods and services to, and investment in Brazil as well as Brazilian investment into Canada.

2.1.4 Eight sectors have been targeted as being priority markets with another four sectors in principle being seen as second tier but with potential to becoming active. The Commercial Officers have a good knowledge of these sectors. For the most part, good use is being made of the technology available to them, including increased use of the Internet as a research tool.

## 2.2 Management of the Program

2.2.1 \*\*\* Because he felt staff had experienced a tense relationship with previous management, the STC, soon after he arrived in August 1998, adopted his own more relaxed approach to managing the Program. The STC relies on his two Canada-based officers, the "Team Leaders", to deal with the day-to-day operations of the Program. In this regard, the two Team Leaders are more closely related to the workload of the COs than is the STC. Team Leaders keep the STC well informed of what is happening in the Program. The STC also tracks the activities of the COs through the use of WIN Export, the Trade Commissioner Service's client data base. It is evident from discussions held with him that the STC is very much on top of the overall activities within the Program. He is putting in long hours in overseeing the management of the Program.

2.2.2 The STC is well respected by his staff and has good personal relations with them. Because of the approach he has taken, however, the STC is sometimes viewed by staff as being distant from the Program. The COs believe there is a need for a more involved relationship with the STC which would serve to improve communications. The COs' perception may stem from the fact that the STC has delegated authority to the two Team Leaders to deal directly on day-to-day matters with the COs. The Team Leaders also chair the weekly staff meetings with the STC only periodically attending these meetings. Although staff stated the STC is accessible whenever they need to see him, it has left the impression with the COs that the STC is not fully aware of their performance.

2.2.3 While staff would welcome more face-to-face dialogue with the STC, he is seen as micro-managing expenditures rather than conducting a detailed planning of the use of available funding. The visit to Rio de Janeiro resulted in a recommendation for this Consulate to be set up as a separate Cost Centre with its own budget. This will obviate the need for the STC to have to approve and sign each financial transaction for the Rio de Janeiro Consulate. The time freed up should permit the STC to increase quality control over the delivery of the six core services as promulgated under the "New Approach".

2.2.4 The Program would also benefit by having a report showing a "snapshot" of where the Commercial Section stands at any one time. It would include the major activities and visits the Section is involved with, a summary of each of the priority sectors, tender bids of specific interest to Canadian firms, the status of projects that are being worked on, success stories, trade statistics, etc. This report, used in many of our missions to keep the Head of Mission, Program Manager and HQ informed, requires a minimum of effort to keep current. This report is deemed to be a "best practice" and examples can be found on Horizons Web site.

2.2.5 The Program is currently divided into two sections, each headed by a "Team Leader". The Consul and Trade Commissioner, an FS 02, has four COs and a

Commercial Assistant reporting to him, in addition to the part-time agriculture sector contractor. The CO in the Consulate in Belo Horizonte also reports to him. Trade development activities are fairly extensive and seem well prepared. Documentation indicates staff objectively assess the results of these activities (e.g. attending specific trade shows) and recommend whether or not these activities should be continued. The Vice-Consul and Assistant Trade Commissioner, an FS 01, has three COs and three Commercial Assistants reporting to him and is responsible for the Information Centre. The Audit Team was impressed with the functioning of the latter and its team approach. It is not frequent to observe a junior officer assigning workloads and supervising much more experienced officers and being successful. This officer, however, is of exceptional quality with strong leadership qualities and has effectively met the challenge. Because of difficulty in replacing the FS-02 Consul and Trade Commissioner when he departs this summer, the Department will be assigning a junior Assistant Trade Commissioner, on his initial posting, to Sao Paulo. Having this new officer supervise experienced COs will present a formidable challenge. It may also necessitate a re-arrangement of the workload and will undoubtedly require the STC to be more integrally involved in day-to-day operations.

### **Recommendations for Mission**

- 2.2.6        The Senior Trade Commissioner should be more “hands-on” in managing the IBD Program. He should be chairing the weekly Program staff meetings and should increase efforts to improve communications within the IBD Program.**
  
- 2.2.7        The Senior Trade Commissioner should hold a retreat embracing IBD staff from Sao Paulo, Rio de Janeiro and Belo Horizonte to communicate his vision for the Program and establish specific deliverable goals and objectives for both the short and long term.**
  
- 2.2.8        The Program should introduce a report providing a “snapshot” of the on-going key activities that have resource implications as a basis for keeping the Ambassador, Head of Mission and HQ informed.**

### **Mission Responses**

- 2.2.6        The STC has been chairing the weekly staff meetings since March 2000. An “Open Agenda” on the i:/drive allows all IBD staff to suggest topics for discussion in the meetings.**
  
- 2.2.7        A retreat for IBD staff from all three offices is currently in the planning stages, including consultations regarding timing and content.**

**2.2.8 The snapshot report is on the agenda for the next Trade Section meeting. The goal is to draw together information from various sources already available at the Mission to produce a comprehensive summary document.**

## **2.3 Planning**

2.3.1 There are a number of mechanisms in place associated with the planning of the IBD Program. These include a document the Mission has developed in conjunction with the Mission in Brasilia entitled “Canada’s strategy for Brazil”. There is also an Accountability Agreement for the HOM which includes strategic and operational priorities, much of which relates to the IBD Program. In addition, there are Business Plans developed for all priority sectors as a result of ongoing dialogue between the Program and the Trade Team Canada Sector (TTCS) groups. These Plans are an excellent tool in ensuring greater coordination with TTCS and serve as an excellent “snapshot” of, inter alia, the current market situation, the potential opportunities that exist, the challenges and the proposed activities for the sector.

2.3.2 Given the current fiscal year’s figures to date (February 23), there is evidence that the Program could benefit from improved planning. The Program has made only limited use of its promotional and travel funding. This can be explained in part by the fact that most of the promotional funding was allocated to the Mission only after mid-May. The Special Trade Promotional Funding’s (STPF) budget of \$24,000 which supports a full range of IBD program activities has only been used at a rate of approximately \$1,000 per month. Expenditures total \$10,671. The Program for International Business Development (PIBD) funding, with a budget of \$66,000 for 19 projects planned for this fiscal year, has 13 of them, totalling \$50,755, concentrated in the final two months of the fiscal year. This high concentration of effort may be difficult to achieve given the small time frame remaining during this fiscal year. The same reasoning may hold true for the travel budget of \$95,500 which at the time of audit had an unspent balance of \$38,738.

2.3.3 There are steps the Program could take to improve not only the planning of the Program but also accountability for ensuring planned activities are achieved. The HOM’s Accountability Document could be extended to a covenant between the HOM and the STC spelling out in qualitative and quantitative terms the Program’s expectations for the year. The Business Plans could also be improved by spelling out for each of the planned activities a target completion date, the resource requirements and the results expected. As it is, these Plans currently fall short in terms of being used as a tool to evaluate and monitor the performance of the responsible CO. The Consulate in Rio de Janeiro has addressed this issue by linking this Business Plan to a “Strategic Action Plan” that serves as the accountability document for the CO and Assistant. This Strategic Action Plan is being monitored and reviewed continuously during regular staff meetings.

## **Recommendation for Mission**

### **2.3.4 Efforts should be made to improve the planning and accountability in the IBD Program by:**

- **ensuring approved Business Sector Plans reflect planned activities that indicate the time frame, resource commitments and expected results; and,**
- **using these Business Sector Plans as one of the tools in assessing the Officers' performance.**

## **Mission Response**

### **2.3.4 A revised format for the Business Sector Plans is now in use, which includes planned activities, time frame, resource commitments and expected results. The preparation and implementation of these Plans will be used in upcoming Performance Appraisals for staff.**

## **2.4 New Approach to Delivering the Program**

2.4.1 The Program has readily adapted to the "New Approach" being advanced by the Canadian Trade Commissioner Service. All staff seem to have bought into this new concept and staff no longer are involved in making hotel reservations and picking up visitors up the airport. Seven different outside service providers are available to assist the numerous missions that are received with these missions now paying for these services. The Program is also no longer using internal resources for the series of festivals held in the various regions. This had been very demanding and had placed significant strain on Program resources. The STC is now outsourcing much of the work associated with these festivals at no cost to the Program. The introduction of an Information Centre has also had a significant impact on Program's operations. The COs, in fact, were largely instrumental in recognizing a need for such a Centre and developing many of the procedures that are currently in use.

2.4.2 The Information Centre is much more than a correspondence unit. While it receives about 60 enquiries daily, it also, inter alia, tracks all incoming enquiries in WIN; produces a monthly commercial newsletter for 500 Canadian recipients; coordinates a quarterly commercial newsletter that goes to 1,000 Brazilian companies; produces general economic/trade reports and briefs; prepares press releases; provides a clipping service of the local Portuguese press which is not yet accessible through Internet sources; manages and maintains the Website for the Mission and the Consulate in Rio de Janeiro; serves as the point of contact for DFAIT HQ's International Business Opportunities Centre (IBOC) and Post Support Unit (PSU); and, creates

PowerPoint presentations for all sections of the Mission. It is also intended that the Mission in Brasilia will join forces with Sao Paulo to create a Team Brazil Website.

2.4.3 Service standards have been established for the Information Centre. Preliminary answers (indicating receipt of enquiry and the CO tasked with providing a substantive response) are provided in the initial 24 hours. Within five working days, a substantive reply is forwarded. Routine enquiries are handled directly by the Centre. In 1998, the Information Centre recorded a total of 15,000 entries in WIN. Fewer entries were recorded in 1999 as WIN was replaced with a new system called WIN ONLINE and this system was down for a number of months. WIN is again being used while a revised version of WIN ONLINE is being developed at HQ.

2.4.4 There are a number of positive by-products brought about by having an Information Centre. The number of enquiries handled by each of the COs has been reduced by between 30 to 40 percent. This has freed them to be more pro-active in gathering market intelligence and developing leads. It is also claimed that the quality of the output, e.g. responses to enquiries, reports and market intelligence, is improved. The COs have additional time to deal more thoroughly with the better prepared exporters. A sample of the correspondence reviewed by the Audit Team found responses to be thorough, well written and in line with the guidance coming from HQ. Still to be determined, however, is the real impact these new initiatives have had on resources - a nebulous area that requires careful monitoring to ensure all resources are fully optimized now that much of the routine work has been deflected away from the COs.

### **Recommendation for Mission**

**2.4.5 The Mission should carefully monitor and attempt to quantify the workload of all Commercial Officers to ensure resource utilization is optimized.**

### **Mission Response**

**2.4.5 While quantifying the workloads of Commercial Officers is difficult, the STC is committed to reviewing the performance and output of all staff in his section.**

## **2.5 Client Survey Results**

2.5.1 The Program has analysed the results of the first Client Survey which showed high overall marks for delivery of the core services and where progress was required in some areas. The Program has prepared an action plan involving all staff aimed at improving its services. In carrying out this Survey, the client tracking information was aggregated for all three missions, i.e. Sao Paulo, Rio de Janeiro and

Belo Horizonte. In consequence, it was not possible to measure client satisfaction at the point of delivery. A new Client Survey is to be undertaken shortly which should address this issue.

## **Recommendation for Mission**

**2.5.2 The new Client Survey should be carried out in a manner which allows management to discern the results of each of the three missions in Sao Paulo, Rio de Janeiro and Belo Horizonte.**

## **Mission Response**

**2.5.2 Mission will provide separated lists as requested during the preparation of the Client Survey, while noting that the small size of some offices (notably BELO) will mean that the survey results are a very personal evaluation of the sole officer. As well, aggregate results of the IBD Program in Brazil, which sums SPALO, RIO and BELO, are useful data for overall program planning, and as such will be retained.**

## **2.6 Public Affairs Program**

2.6.1 The Public Affairs activities of the Mission are managed by the Information Centre and are supported by Post Initiatives Fund (PIF) financing allocated by the geographic bureau LSR. For the 1998/99 fiscal year, four major projects were supported which consumed the full Mission allocation of \$15,000. Reporting to LSR conformed to departmental standards for the management of Post Initiatives funding.

2.6.2 For the 1999/2000 fiscal year, six projects were identified for funding at an estimated cost of \$22,500. A budget of \$15,000 at the first of the fiscal year was adjusted to \$14,000 in December, and at the time of the audit, an unspent balance of approximately \$5,000 remained for completion before the end of the fiscal year. The Mission recognized the risk of lapsing funds, however, the timing of a supported project for a "semaine de la francophonie" in the last two weeks of March is the primary reason for such a significant portion of the PIF budget being unspent so late in the fiscal year.

## **2.7 Specified Purpose Account Activities**

2.7.1 The IBD program in Rio de Janeiro included in its business plan for 1999/2000 an Oil and Gas mission to Brazil and solicited participation of Canadian partners by means of an E-mail on 6 July, 1999. The project proposal indicates that a "full budget of costs" will be provided to interested partners. Mission financial records show that accountable cash advances totaling \$19,427 were provided to the Vice-

Consul and Assistant Trade Commissioner in Rio de Janeiro in October 1999 for the support of the Oil and Gas Mission.

2.7.2 A narrative report on the mission held in Rio de Janeiro 20-22 October 1999 was provided by the STC to the Audit Team and an incomplete accounting for the accountable advance noted above. This documentation was not supported by either a budgetary plan or a Business Mission Agreement to which individual disbursements could be related, thus precluding approval of the claim by the accountable Program Manager as submitted. The completed claim should be in the form of a report to the partners following the event identifying all sources of funding, (both from Canada and supplied locally by partners in Brazil) and supporting detail for disbursements. In its form as seen February 23, it is not possible to pass judgement on whether the business partners who contributed to this jointly funded venture have received value for money. The Mission subsequently completed a financial report detailing the revenues and expenses associated with the conduct of the Oil and Gas Mission before the end of the fiscal year. The combination of the narrative and financial reports at the conclusion of this trade mission will serve as a model for the conduct of similar projects to be conducted by the Mission's IBD section.

## **2.8 Canadian Education Centre Network (CECN)**

2.8.1 An office of the CECN, a wholly owned subsidiary of the Asia Pacific Foundation, is located in the lobby of the Consulate General in Sao Paulo under the terms of an MOU signed in 1998. The MOU is managed by a Post Advisory Committee Education (PACE), chaired by an officer of the Embassy in Brasilia. In addition to the provisions of the MOU, the CEC occupies 18 square metres of office space within the Consulate General for which the CEC has not been invoiced in accord with the provisions of the agreement with the CECN. It is understood that this arrangement is to continue until the Consulate moves to new premises in September 2000. The MOU contains provisions for a review of the DFAIT contribution agreement with the CECN in consideration of these changed circumstances; however, at the time of the audit, the Consulate General was unaware of the CEC's plans for a continued presence in São Paulo extending beyond September 2000.

2.8.2 In addition to the services mentioned in the MOU to be provided by the Mission, cash management and cheque issue services are provided to the CEC which are essentially consistent with policy on the management of trust accounts, however there is no evidence of a detailed formal agreement dealing with administrative issues between the Mission and the CEC other than the generally worded MOU of 16 January 1998. Greater precision on the content of such an agreement is contained in Circular Document 7/95 (SBD) of August 28, 1995.

## **Recommendation for Mission**

- 2.8.3** A written statement, enumerating the specific obligations of the Mission and the CEC office should be developed and followed for the conduct of the business relationship with this non-governmental organization.

## **Mission Response**

- 2.8.3** Subsequent to the audit, the CEC-SPALO rented its own facilities and has relocated at its own expense to a new site. No Mission or departmental funds were spent in support of this relocation. All links, from an administrative standpoint, have been severed, with the exception of continued cheque issuance services. Funds received by CEC-SPALO by Commitment coding from CECN-Canada are disbursed based on Payment memos signed by the CEC-SPALO Manager. Payment memo delivery and cheque pickup are the sole responsibility of the CEC-SPALO. These arrangements will hopefully be eliminated by September 2000, when CEC-SPALO expects to have legal status to open its own banking accounts. Program and policy relationships with DFAIT and CIC continue at the mission level as per the MOU.

## **Recommendation for ACE**

- 2.8.4** A decision on the question of the granting of additional assistance to the CEC for the financing of its continued presence in Sao Paulo needs to be taken without delay.

## **ACE Response**

- 2.8.4** At this point it has been decided that funding support for the Sao Paulo CEC will be discontinued.

## **Recommendation for LSR**

- 2.8.5** Additional financial assistance for the operation of the CECN office in Sao Paulo should not be provided prior to the signature of an addendum to the 16 January 1998 MOU between the Embassy in Brazil and the CECN.

## **LSR Response**

- 2.8.5        The CEC in Sao Paulo is no longer collocated within the premises of our Consulate General but rather now have their own separate office location. No financial assistance is currently being provided for the operation of the CEC in Sao Paulo.**

## **RIO DE JANEIRO**

### **3.1 Program Overview**

3.1.1 The Consulate in Rio de Janeiro reports directly to the STC in Sao Paulo and is led by a Vice-Consul and Assistant Trade Commissioner, an FS 01, on his initial posting. Staff includes a Commercial Officer (CO), a Commercial Assistant, a Consular Assistant and a Driver/Messenger. There is also an Honorary Consul in Rio de Janeiro who was not available during the Audit Team's one-day visit on February 24, 2000.

3.1.2 The oil and gas sector dominates the workload of this Consulate with 80 percent of the IBD effort expended in this sector. The Vice-Consul and the CO work together on this sector. This is a fast growing sector with expected international investment of US \$6 to 7 billion dollars anticipated in the next decade. Multi-national companies are starting to get involved and, while there is huge potential, it is not easy for Canadian companies to access this market. The balance of the workload is primarily dedicated to the aerospace and defence sectors.

### **3.2 Management of the Program**

3.2.1 This is a well managed Consulate with highly qualified and hard working staff. Morale is deemed to be excellent and there is great team spirit amongst staff. All employees can effectively communicate in both official languages. The FS 01 has an excellent working relationship with the STC and the Honorary Consul. The Honorary Consul is well respected and has introduced the Vice Consul to a number of influential and well-connected business people.

3.2.2 This is not a posting for a junior Officer on his initial posting. \*\*\* This Office had previously been staffed with an FS 02.

3.2.3 The planning that goes into this Program is impressive. It starts with a Business Sector Plan which is linked to a "Strategic Action Plan" that serves as the accountability document for the Vice-Consul, the CO and the Assistant CO. Against this Strategic Action Plan, the LES's performance is evaluated. All Trade members contribute to setting the Program's goals and objectives. This "bottom-up" approach is seen as a key element in the accountability process. Weekly meetings are held to evaluate and review commitments made in the Strategic Action Plan. Minutes of these meetings are retained on record.

3.2.4 The Vice-Consul is working in excess of 50 hours each week. He believes strongly that an incremental CO position is required. (Current space would not allow for any incremental position). He pointed out that the Brazilian State of Espinita Santo, which is one of two states for which this Consulate is responsible, has never

been visited. This is a State which experienced the highest economic growth amongst the 28 states in Brazil in 1999. It is a growing industrial region with a large number of petro chemical plants and various industries in operation.

3.2.5 The Program could benefit from participating in specialized sectoral seminars. STPF funding could be used to finance attendance at these seminars. By not attending these functions, the Vice-Consul believes opportunities to gain a better awareness of sectors and networking with key contacts are not being capitalized.

3.2.6 The Consulate is located on the 27<sup>th</sup> floor in a high-quality, easily accessible and well known building in the heart of the city known as RioSul Tower. Space in this location is extremely tight. The Mission has been considering a move to the 29<sup>th</sup> floor because of the cramped quarters. A recent visit by the Regional Security Manager (RSM) indicated concern about safety of the staff because of the Office being located next door to a bank. The RSM also pointed out that the Consulate was not officially recognized by the Brazilian government as a Consulate and, as such, was not afforded the attendant immunities and privileges that come with this recognition. It was recommended that representation be made to the Brazilian Office of the Foreign Ministry to have it officially sanctioned as a Consular site.

3.2.7 The 29<sup>th</sup> floor was seen as appealing in that the building management company (Brascan) and the Honorary Consul are located on that floor. Recently building management offered space contiguous to the current office - space which would effectively double the current 111m<sup>2</sup> being leased. This space is expected to be available later in the calendar year. This is seen to be a more cost effective solution than moving to the 29<sup>th</sup> floor. The Vice-Consul is also in favour of this expansion. It is also felt that this option would mitigate the safety concern as the Office would be further removed from the bank. The notion of being on either of the 27<sup>th</sup> or 29<sup>th</sup> floors still poses a fire concern as it is not clear if this building is fully compliant with the Canadian fire safety code.

### **Recommendation for HPF**

**3.2.8 Given the complexity of this assignment, HPF, in future, should ensure the Consulate in Rio de Janeiro is staffed with an FS 02 who is fluent in Portuguese.**

### **HPF Response**

**3.2.8 We have taken note of your recommendation and will try to post someone who speaks Portuguese.**

## **Recommendations for Mission**

- 3.2.9** The Vice-Consul should carefully monitor the workload within the IBD Program and, if an incremental Commercial Officer position is considered necessary, a business case should be made and presented for consideration by the STC and by HQ (SMD/LGD/HRL).
- 3.2.10** The Consulate should present a business case to the STC to be allocated some STPF funding to better meet Program objectives.

## **Mission Responses**

- 3.2.9** Subsequent to the audit, the Geographic Bureau has identified an incremental CBS position for RIO to be staffed by an officer on first posting. The STC and Vice-Consul will monitor workloads and take action as required, with respect to Consulate resources.
- 3.2.10** Under current policy, the Consulate in RIO has access to STPF funding as do all other Commercial Officers and IBD CBS. Business cases are to be presented to the STC for consideration and approval.

## **Recommendation for SRD**

- 3.2.11** The acquisition of additional space either contiguous to the current Office or on the 29<sup>th</sup> floor should be fully explored to ensure it offers the most secure and cost effective solution to the Mission's serious space problem.

## **SRD Response**

- 3.2.11** SRSK will be moving the project along within the Bureau's framework of priority setting. A status report will be presented to management by early June. If a move is eventually approved, the decision to stay or relocate on a high floor as mentioned by SIV will be made first on the basis of fire safety and physical security, and then on cost. (Unless SRD is assured of adequate fire and safety capability, we generally restrict ourselves to under the 9<sup>th</sup> floor for new chanceries in multi-tenant buildings.)

## **3.3 Cost Centre**

- 3.3.1** Currently, the Mission in Sao Paulo is processing the Trade Office's expenses except for day-to-day expenses which are paid from a \$2,000 imprest account which is setup in the name of the Vice-Consul. Expense claims are submitted

to Sao Paulo and monies are reimbursed usually within a three day turnaround period. The Consulate does not have an operating budget against which it can plan its activities. Setting up the Consulate as a "Cost Centre" with its own separate budget (which could include STPF funding - see 2.3.2) would better allow the Consulate to plan its agenda for the year and remove from the STC in Sao Paulo the responsibility of having to approve and sign for each and every financial transaction. Direction and guidelines to enable accountability to be established need to be provided to the Vice-Consul.

### **Recommendations for Sao Paulo**

- 3.3.2 The Consulate in Rio de Janeiro should be set up as a Cost Centre with its own separate budget to allow the Vice-Consul the opportunity to better plan its agenda.**
- 3.3.3 The Consulate should be provided clear instructions and guidelines on how this budget is to be expended to ensure all funding can be fully accounted for.**

### **Sao Paulo Responses**

- 3.3.2 A separate cost centre for FY2000/2001 has now been established for RIO, and a separate budget allowance will be established for Consulate planning purposes, including allowances for hospitality and travel (as in previous years) and other office supplies, maintenance and vehicle-related expenses.**
- 3.3.3 Since all financial transactions will have to continue to be processed in IMS in SPALO, RIO will be provided an allowance against which they may spend funds (via the Petty Cash Advance), with full documentation forwarded to SPALO on a monthly basis for replenishment of the Advance. RIO will be responsible for tracking of expenditures, and providing documented requests for additional funds, should they be required. Requirements for complete documentation and approvals of advances and expenditures not included in this operational budget will continue to be enforced as well.**

## **CONSULAR PROGRAM**

### **4.1 Management of the Program**

4.1.1 The Consular Program delivered by the Mission covers the southern portion of Brazil with a full range of consular services delivered by a dedicated staff of 1.5 employees in Sao Paulo offering consular notarial services and passport issuance which meet or exceed departmental service standards for service to the public. In addition, spoke points of service from Consulates in Rio de Janeiro and Belo Horizonte offer notarial services and emergency passport documentation to the resident Canadian community. Recent efforts have been successful in updating on-line data bases of consular cases, however failure to have all operational staff making effective use of available technology may risk an avoidable repetition of backlogs.

### **4.2 Service to Canadian Citizens**

4.2.1 The registered resident Canadian community in the consular territory is in the order of 1800 persons of the total 2600 registered resident Canadians in the country. This is consistent with the passport issuance load of approximately 30 per month. The very low error rate in the issuance of passports over an extended period attests to the dedication and competence of the section's staff. Considerable work has been done in the past year to bring the mission's Consular Contingency Plan up to date including its distribution to the network of consular wardens throughout the country.

4.2.2 Some difficulty has been experienced by staff in learning how to apply the new suite of Consular software on a timely basis. While the necessary data has eventually been entered, this has frequently been done after the fact by a support employee rather than at the time of the consular services being rendered. Fortunately the essential high quality of services has been maintained, though there has been an unfortunate duplication of effort in the execution of this program.

4.2.3 Consular fees received by postal cheque are being converted to cash before being passed to the Accounting Section for deposit, placing employees handling cash in a situation of avoidable risk of loss of funds.

4.2.4 The monthly transfer of Consular fees from the Consulates is normally achieved by secure envelope through the post office, however large amounts have been sent by cheque or bank transfer. A threshold for the transfer of consular and passport fees to the hub Mission in Sao Paulo only by bank transfer or cheque should be established in writing with the Consulates.

4.2.5 Official Receipts for Consular services contain descriptions of services which use different language than the description of services in the Consular fee schedule, making reconciliation of deposits with prescribed fees unnecessarily difficult.

4.2.6 \*\*\* notwithstanding the exceptional quality of service delivered to the public by this employee, some difficulties have been encountered in the consistent application of the suite of Consular software which have resulted in the repetition of data entry for both passport and consular case management operations.

4.2.7 The two LES principally delivering the Consular program each report to a separate supervisor, however the potential difficulties of this matrix management arrangement have been overcome through a conscious dedication to maintenance of appropriate service standards by all four employees involved in the delivery of the program. Nevertheless, the preparation of specific tasking objectives for each employee would serve to avoid potential confusion in the delivery of the Mission's responsibilities.

### **Recommendations for Mission**

**4.2.8 All Consular fees and postage/courier costs received by the Consular section in cash or by cheque should be transferred immediately on receipt to the Accounting Section for deposit to the Mission bank account, crediting the revenue to consular/ passport fees or the mission budget for postage and shipping.**

**4.2.9 Official Receipts issued for Consular services should use the fee schedule numbers for each type of service to facilitate the reconciliation of deposits.**

**4.2.10 The duplication of effort arising from the Consular Officer's efforts preparing consular and passport input data by hand and typewriter, followed by the Administrative Assistant's entry of this information into the Consular suite of software should be stopped. Corrective action should commence with a formal performance appraisal, including securing the employee's undertaking of the time frame within which legacy systems of consular case management and passport preparation will be phased out.**

### **Mission Responses**

**4.2.8 Consular staff are no longer receiving funds for postage. Rather, funds are transferred to Accounts for deposit against Mission expenditures, and postage payments made from Petty Cash account, since the Post Office does not have a monthly billing system**

available. Consular fees are deposited with Accounts weekly, or when cash on hand exceeds CDN\$500.

**4.2.9** Official Receipts now carry the appropriate fee schedule numbers, as instructed during the audit. This practice was instituted during the audit visit, to ensure the new format meets the expectations of the audit team.

**4.2.10** The Consular Officer's April 1, 2000 performance appraisal included a specific target date of July 1 for full use of the PMP Passport Software. This was the only part of the software suite not being fully used at present. Training with JPDC on May 16<sup>th</sup> was postponed to the following week due to Mission PBX failure. The Mission anticipates significant additional efficiencies, which will allow a redistribution of duties among staff and better allocation of work.

## **ADMINISTRATION PROGRAM**

### **5.1 Management of Administration**

5.1.1 The Program is effectively managed by the MCO who is implanting his own pro-active management style on the Program after serving as the DMCO for 22 months. This officer was appointed as MCO in June 1999 and is an AS-3 in an AS-5 position. He reports directly to the HOM and spends approximately 80 percent of his time on Administration and 20 percent on Consular activities. Assisting the MCO is a CB DMCO and 15 LES. The MCO and DMCO complement each other well with the DMCO being very experienced and with the MCO having ideas, plans and visions for the future management of the Program. The MCO is also responsible for the administration of the Consulates in Rio de Janeiro and Belo Horizonte. The division of responsibilities between the Mission and the Consulates is understood by all parties concerned and a formal Memorandum of Understanding is not necessary.

5.1.2 There is regular dialogue between the MCO and the MCO in Brasilia on Brazil-wide issues. The objectives for Administration are in process of being updated and include; to improve the fringe benefits for LES, to develop and implement service standards for administrative activities, to pursue exemption of local taxes for missions and diplomatic staff, to foster inter-mission visits of key staff, to develop a training plan for LES and to refine the IMS system. The MCO has plans to establish separate budgets for the two Consulates; to review the division of duties in the Administration Program including those between the DMCO and himself and to establish a system for the direct deposit of Immigration revenues to a bank. The biggest challenge for the MCO and his staff will be the management of the move to a new single Chancery facility, currently planned for September 2000.

5.1.3 A high quality of administrative services is provided to the Trade and Immigration programs and to the staff at the two Consulates. Managers appreciate the transparency of administrative processes and the professionalism of the staff in Administration. Concerns raised by managers included the problem with local telephone systems, commuting time to the new Chancery and lack of a trained back-up for the Systems Administrator.

### **5.2 Human Resources**

5.2.1 The MCO manages Human Resources operations with the assistance of the Senior Administrative Assistant. The Assistant maintains effective systems and records for LES operations, including those for; severance pay advances, appraisals, leave, position descriptions, health and pension plans, salary changes and oaths of office. The CMM sits as the Classification Committee as required.

5.2.2 The Official Languages Coordinator is a Trade Officer who is assisted by an Immigration Officer. Bilingual services are effectively provided for the two major programs of Trade and Consular. The Coordinator noted that there were no outstanding issues with respect to Official Languages policy.

### **LES Committee**

5.2.3 An LES Committee is elected each year and meets periodically to discuss subjects to be taken up with management. The Committee consists of three staff at the officer level, including one officer based in Rio de Janeiro. Although the LES have an e-mail network for discussion, it is important that all levels of staff be represented on the Committee.

5.2.4 On February 21, two members of the Audit Team met with the one representative from the LES Committee. Other Committee members could not attend the meeting, although the input of all LES were presented to the Team. The member noted that LES were appreciative of the open management style of the MCO and that he addresses their concerns in a timely manner. The major point raised was with respect to the move to the new Chancery and the effect in commuting time that this will have on the majority of the LES. The LES are evaluating different alternatives like car pooling or hiring van transportation. In the new Chancery, there is parking available for 24 LES cars but this will not satisfy all staff requirements. The MCO is considering different methods for allocation of the 24 spaces. Other points raised covered recruitment policy, after hours access to the Chancery, and overtime policy. A staffing action which was raised as a concern by the Committee member was reviewed in detail and it was determined that personnel policies were complied with. All matters raised by the Committee were reviewed with the MCO.

### **Recommendation for Mission**

**5.2.5 The LES Committee should expand its membership to include non-officer staff.**

### **Mission Response**

**5.2.5 While the Audit Team's concerns about the Committee membership were passed on by the CG in an all-staff meeting following the visit, the CMM notes that the composition of the Committee is based on an election to which all LES are invited to attend and participate. Votes of staff at other offices (RIO and BELO) are solicited. Previous years' committees have included non-officer level staff.**

## **Other LES issues**

5.2.6 LES salaries were increased by eight percent in 1999/2000 and the Mission is in the process of gathering information on benefits from selected markers. This process is coordinated with the Embassy in Brasilia. The local Health Plan contractor was recently changed to the benefit of all LES. The LES Handbook is up-to-date and is posted on the Mission's I drive in three languages. An audit test of 11 LES files was conducted to ensure that pay levels were correct, and that position descriptions, appraisals, oaths and leave records were all current. One position description was not signed by the employee or the supervisor and three LES appraisals were in arrears.

## **Recommendation for Mission**

**5.2.7 Program managers and supervisors should be tasked with completing LES appraisals in a timely manner and all position descriptions should be signed by the employee and their supervisor.**

## **Mission Response**

**5.2.7 Administration practice has been to copy Program Managers on memos to supervisors one month prior to appraisal dates to ensure they are aware of requirements from their staff. Follow-up memos, one month following the appraisal date, are being introduced, with copies to supervisors and Program Managers. LES files have now been updated.**

## **Training**

5.2.8 There is no training committee or Training Coordinator at the Mission. One of the administrative objectives is to develop and set a budget for LES professional and official languages training. The LES Committee did not feel that technical training was required but with the move to the new Chancery training in team building and communications may be appropriate. The Property/Materiel Assistant is in need of training in English. The Systems Administrator provides limited training in informatics and is scheduled to visit Brasilia to upgrade his teaching skills. The lack of funds for official languages training impacts on the ability of some LES to apply for positions within the Mission as requirements for staffing now include the ability to speak fluently in three languages, including the two official languages. A training plan covering all aspects of training, including informatics, official languages and management, should be developed, costed out and be sent to CFSS for review.

## **Recommendation for Mission**

- 5.2.9 The HOM should appoint an officer as the Training Coordinator and a training plan be developed for all Mission staff.**

## **Mission Response**

- 5.2.9 During the CMM Meeting of February 28, the DMCO was appointed as Training Coordinator. A French-language training program has already been developed in conjunction with CFSL, benefiting 17 participating employees.**

## **Spousal Employment**

5.2.10 There is a reciprocal employment agreement for spouses of diplomats with Brazil but it is difficult to find work locally as a working knowledge of Portuguese is usually required. When openings occur for LES positions at the Mission, CB spouses are solicited to determine if they are interested in applying for the position. One spouse is employed in the Assistant Accountant position. This same employee is interested in applying for the Community Coordinator position. If the Assistant Accountant is successful in being appointed to the position, it will be necessary to closely monitor her accounting and community coordinator duties to ensure that the conditions of her employment are fully met. The Assistant Accountant proposes to perform her Community Coordinator functions on Friday afternoons when the Mission closes early but this would defeat the purpose of the position which is to be available to CBS and families. This would usually be during office hours.

5.2.11 SRD entered into a short form services contract with another spouse to oversee the move to the new Chancery. The spouse will report to an officer in SRD and the MCO will supervise the spouse on site. A notice regarding this contract opening was not sent to all Mission spouses.

## **Recommendation for Mission**

- 5.2.12 In all cases, spouses should be advised of employment opportunities.**

## **Mission Response**

- 5.2.12 Mission Administration and Program Managers have committed themselves to ensuring that all future job openings be advertised to all CBS spouses for consideration as part of the regular competition process. Spouses CV's have been solicited and are on file in Administration.**

## **5.3 Physical Resources**

### **Management of the Program**

5.3.1 The Property Section is effectively managed on a day-to-day basis by the DMCO. The MCO supervises the contractor hired for the new Chancery project. The MCO previously occupied the post of DMCO for 22 months prior to moving into his new position and was responsible for managing both property and part of the Consular Program. Some of the work in this area is being carried out by the Consular and Administrative Assistant who reports to the DMCO. The new DMCO is a seasoned employee with a wealth of experience and has also taken up additional responsibilities to support the Security Program.

### **Premises**

5.3.2 The Official Residence is Crown-owned and due to restrictions governed by local law, no other property can be owned. There are two office premises being rented, the main Chancery and the Annex currently occupied by Immigration staff (CIC). The office premises are scheduled to relocate to another part of the city in September 2000. There are a total of seven Crown leased staff quarters two of which are located in close proximity to the newer premises.

### **Chancery relocation**

5.3.3 The Chancery relocation project commenced in 1997. At that time, it was agreed that new premises had to be found and that DFAIT and CIC would share one common facility. Each currently has a separate server and phone system which translates into additional work for the Systems Administrator and the Regional EL who is based in Buenos Aires.

5.3.4 New premises were identified in 1998 and the move date was originally set for February 2000. Although the project did get off to a good start, there were delays which occurred at various stages and the new move date is now set for September 2000. As a result of this delay, rental monies are now being paid on both new and old premises since February 2000. This results in additional rental costs of \$360,000 which are being funded by SRD. Discussions with both the project management team in HQ and the Mission revealed that compliance with the NAFTA (Merx) competitive process requirements for document preparation in selecting a construction contractor constitutes an important part of the delays.

5.3.5 The Letter of Intent to lease the new premises was signed on December 16, 1998 just prior to the devaluation of the local currency. The contract stipulated that rents are to be paid in local currency and there have been significant savings as a

result. The lease document itself was not signed until March, 1999. The Merx bidding process was extended from May 12, 1999 to the end of May and the review of the request for qualifications under the Merx process took place at the beginning of June, 1999. The top six candidates were chosen at the end of June, 1999 and because of holiday periods the request for proposals went out only at the end of August, 1999. The architect's contract was signed in November, 1999 and it was during these negotiations that the first rental payment was established for February, 2000 when the lease contract was signed in March 1999. The possibility of negotiating rental payments any later was said to be difficult. Consideration might be given during future contract negotiations where the Merx process is required, that the date for first rental payment commence on occupation of the premises. The Audit Team appreciates that this is not always easy or possible to do. The construction tender was signed in February 2000 with construction due to commence in March.

### **Recommendation for SRD**

- 5.3.6 The project process should be thoroughly reviewed to identify where delays occurred and what solutions can be put in place or recommended to avoid similar delays on future projects.**

### **SRD Response**

- 5.3.6 In January 2000, the Bureau formally initiated a comprehensive review of the processes and procedures which it must implement in order to adhere to NAFTA, the WTO and other governing international trade agreements and policies as well as the requirements of the Government Contract Regulations and Treasury Board policies during project delivery. This review of the effectiveness of the Bureau's project delivery quality management and control systems is being undertaken in accordance with the international standards for certification under ISO 9001. A specific project plan has been approved and is being implemented and monitored by private sector consultants. An integral element of the quality management and control process, for example, is the completion of project completion reports, which focus on lessons learned from problems encountered during project delivery, as well as project evaluation reports, which focus on whether or not the facility delivered appropriately responds to the needs identified at the commencement of the project.**

### **Official Residence**

- 5.3.7 The Official Residence is very well located near other diplomatic residences and in very close proximity to the new Chancery. A visit to the Residence**

revealed that there were some renovations required to put the Residence into good shape and much work is being done to achieve this aim. Renovations have already been undertaken on the perimeter walls surrounding the premises and there only remains one portion of the wall to be redone. The Mission has obtained estimates that indicate that the overall repair costs for the Official Residence are considerably less than those estimates outlined in the SRSF work plan. The most pressing repair requiring attention is a persistent mildew problem which is aggravated by the climate, the lack of proper air conditioning and ventilation systems, and old windows and doors. The problem should be fully explored by the Mission and rectified before any further work is carried out. Despite these mildew concerns raised, the Audit Team is of the view that given the many positive factors attributable to this Residence, every effort should be made to keep it, and that it not be sold.

5.3.8 A work plan has been completed by SRSF outlining the estimates required for work to be done on the Official Residence over the next five years. New estimates have been obtained by the Mission for the work to be carried out. The largest difference of \$100,000 is for work required on the side wall of the property. There is also a savings of \$40,000 for fence repairs deemed not required by a local contractor. This \$140,000 difference can be offset by the cost for additional repairs not listed by SRSF but deemed required by the Mission. The Mission has already obtained an estimate of \$30,000 to correct the mildew problems. This amount appeared low and additional estimates are being obtained. The Mission also wishes to renovate the kitchen at an estimated cost of \$20,000. This does not include the cost of new appliances. Finally, in year one, the Mission wishes to replace the sliding doors in the bedrooms for an estimated cost of \$10,000. Overall, in year one, there is a total difference between SRSF and the Mission's figures of \$80,000.

5.3.9 In year two, there are also some major differences between SRSF and Mission estimates. There is a difference of \$10,000 for exterior electrical work; \$15,000 for work on the eaves troughs; \$90,000 for roof repairs and a savings of \$40,000 for work on the pool which has already been carried out. Additional costs to offset against this amount for work not planned in year two by SRSF but deemed essential by the Mission is the cost of \$30,000 to install a central air conditioning system. This work was planned for year three but the Mission would like to see the work carried out sooner. Overall, the Mission's estimate is \$125,000 less than planned by SRSF.

5.3.10 In years four and five, there are no differences between the Mission and SRD work plans to report. The total difference for years one-to five is therefore \$235,000 less than projected by SRSF. It is the Mission's view that the costs required to acquire and fit up new premises will far exceed the maintenance costs required and can only help to appreciate the value of our current property.

## **Recommendation for SRD**

- 5.3.11 Workplan estimates should be thoroughly revisited with the Mission and a revised work plan agreed to. Every effort should be made to keep the OR.**

## **SRD Response**

- 5.3.11 We agree that reviewing the Work plan once more with the Mission is appropriate. We note, however, that the Audit Report does not adequately address the scope of work required at the Official Residence. Work done to date to exterior walls has been largely cosmetic, such as raising the height of the front wall. Permanent solutions addressing foundation and stability questions will eventually be required.**

**The problem of mould and mildew in the floors is a health concern to SRD, and is mostly attributable to poor local construction practices and improper installation of the original floor slab on the ground. This was compounded by inadequate perimeter drainage, and the installation of multiple layers of carpeting in a climate conducive to bacterial and fungal growth. Increased air conditioning without adequately addressing the source of mould will only aggravate the situation by increasing vapour drive through the floor. Again permanent and well thought out solutions are necessary and are being actioned this FY.**

**Before we can agree that “every effort should be made to keep the OR”, an analysis of the costs and benefits of the options would be carried out.**

## **Recommendation for Mission**

- 5.3.12 Mildew problems should be fully assessed, costed, reported to SRD and corrected as soon as possible.**

## **Mission Response**

- 5.3.12 The Property Manager is currently studying the mildew problems at the OR with local contractors, and is working in conjunction with SRSF on action and funding for this project. Her experience with a similar problem in BRSLA should prove valuable.**

## **Staff Quarters**

5.3.13 The Audit Team visited two staff quarters near the new Chancery and one located close to the current Chancery. The Team found that overall the CBS were well housed and that the space allocations were in compliance with SRD administered space guidelines.

5.3.14 The two SQs close to the new Chancery are in a good location and the commute will be relatively short once the relocation takes place. The Mission is currently exploring other nearby neighbourhoods so that they will have some options as leases expire in the next year. It is already planned for new CBS arriving at the Mission that they will be located in SQs close to the new Chancery. Some leases for staff quarters near the current Chancery were renewed for one year at the request of the current CBS residing there. They did not wish to be relocated mid-way through their posting and are aware of additional commuting time required to the new premises. One CBS occupant raised concerns and had requested a review of his SQ by the Audit Team. Although some of the difficulties arising from moving into a newly leased apartment were unfortunate, the administrative team has actioned the majority of his requests. The SQ is in good condition and the Audit Team would not recommend disposing of it.

## **Acquisition of a sixth vehicle/commuting assistance**

5.3.15 Prior to the Team's visit, a request had been made to the Geographic AMA for the acquisition of a sixth vehicle. No compelling evidence was found to support this purchase. The vehicle log reports revealed that a large portion of driver time was being utilized to provide commuting assistance to the two CBS currently residing in the SQs close to the new Chancery. Given that taxis are available at reasonable cost, parking is provided free of charge and that some staff also car-pool to leave vehicles for their spouses, there is no justification for commuting assistance to be provided.

## **Recommendations for Mission**

**5.3.16 The Mission should not proceed with a question of a sixth vehicle.**

**5.3.17 Commuting assistance being provided to two CBS should be discontinued.**

## **Mission Responses**

**5.3.16 The Mission continues to believe that, despite cancellation of commuting assistance (see Mission response 5.3.17), ongoing**

increased vehicle requirements following the move will justify an additional vehicle. Longer travel times for official business in the Paulista and Centro areas, longer travel times to the international airport (diplomatic bag clearance, official travel, etc) and increased staffing (including a newly appointed CIC Immigration Control Officer arriving in summer 2000 who will travel frequently to the airport) will put increased stress on drivers during regular business hours. Commuting assistance was provided outside (i.e. before or after) business hours, and thus its cancellation will not alleviate the above demands, although it will ensure greater availability of vehicles for late-day events.

- 5.3.17** Commuting Assistance has been discontinued as of April 1, 2000, with the exception of those CBS who have recently arrived at post and whose PMVs have not yet been cleared through customs. As this process can be unusually long, at approximately 4 months as noted by the Audit Team, new CBS will continue to be offered this service on a cost-recovery basis. At the request of ISR (email dated May 1, 2000), the Mission will continue to monitor security issues related to the removal of this service, and will revisit the decision if warranted for the security of staff by means of a Threat and Risk Assessment in conjunction with our Regional Security Manager. We also note that a round-trip taxi fare between the two neighbourhoods (Paulista and Berrini) is about R\$40 (C\$35), or C\$8,400 per year, which means that the use of taxis can not be considered as “being available at a reasonable cost.”

#### **FSD Travel**

- 5.3.18** Commuting assistance is being provided to the airport for FSD 45 and 50 related travel. There is no evidence to support the use of official vehicles for transportation to and from the airport given the easy availability of taxis.

#### **Recommendation for Mission**

- 5.3.19** FSD 45 and 50 related travel to and from the airport in official vehicles should be discontinued.

#### **Mission Response**

- 5.3.19** The Mission has provided transportation by official vehicle for FSD45 and 50 travel on very few occasions in the past year as we reviewed services offered to staff due to pressures on drivers time and

**overtime costs, and we have officially discontinued this service as of April 1, 2000.**

### **Training for LES Property Manager**

5.3.20 The LES Property Manager was taken on strength in 1989 to work as a technician. He was promoted to Technical Supervisor where he worked for seven years and last year moved into the ASST-06 position as Property Manager. Although the incumbent is knowledgeable in property and performs well, \*\*\*. As a first step, he should be tested by CFSL to assess his ability to learn the language and determine his current ability level. \*\*\* This position is also the best one to take on the IMS property management component but training him for this responsibility will be very difficult given his current level of English. The incumbent has expressed a willingness to learn the language.

### **Recommendation for Mission**

5.3.21 **The LES Property Manager should be enrolled in accelerated English training as soon as possible.**

### **Mission Response**

5.3.21 **Training Coordinator (and supervisor of this LES) is currently working with CFSL on testing of English-language skills and learning aptitude. A training program will be developed in conjunction with CFSL in the shortest delay, as employee has indicated his interest in participating in this training.**

### **Workstation for LES Property Manager**

5.3.22 The Property Manager currently does not have a computer workstation in his office and this would allow economies of time and effort for the employee. The Mission indicated to the Team that a computer and training would be provided soon.

### **Recommendation for Mission**

5.3.23 **A computer workstation should be provided to the LES Property Manager.**

### **Mission Response**

5.3.23 **The workstation was installed for May 1, 2000 and training has been provided by our SA in the use of e-mail and word processing software. Further training will be provided based on employee**

**requirements and success in English-language training (see Mission Response 5.3.21).**

### **Division of Responsibilities in the Property Section**

5.3.24 The current division of responsibilities within the Property Section should be revisited. This Property Manager position is somewhat unique given that the current incumbent does some minor repairs to staff quarters. This translates into frequent absences from the office resulting in the supervision of the drivers resting with the Senior Administration Assistant. This employee also does the relocation work for incoming and outgoing CBS. The Senior Administration Assistant reports to MCO while the LES Property Manager and Consular Administration assistant report to the DMCO. This increases the danger of duplicating work and of responsibilities falling between the cracks. Although the Section functions, these responsibilities should be revised. The role of the Property Manager should be carefully reviewed as to whether or not it is beneficial for him to be carrying out SQ repairs or whether he should be spending more time at the Mission taking on the role of managing the fleet. The MCO's only daily role in the Property section is supervision of the Relocation project and the contracted Project Manager.

### **Recommendation for Mission**

**5.3.25 A review of the current division of responsibilities for the entire Property Section should be undertaken including reporting relationships.**

### **Mission Response**

**5.3.25 A review of job descriptions of the Property Section, and the Administration Section as a whole is currently underway. On May 30, Administration CBS will meet individually with all LES to review revised job descriptions with an implementation goal of July 1, 2000. This is a priority project, as growth at the Mission will continue to put additional demands on the Property Section. Rationalization of the Consular functions of the Administration Assistant (see Mission response 4.2.10) will allow her to take on additional responsibilities and focus supervisory responsibilities for the Property and Consular sections.**

### **Leases**

5.3.26 Lease documents for the staff quarters and the Chancery were reviewed and overall were up to date and available in both English and Portuguese. Although a general maintenance clause stipulates in the lease that the landlords have the responsibility for rectifying structurally related damages, a more detailed clause should

be added. During this past year, there was only one example where maintenance costs were recovered by the Mission. Landlord responsibilities need to be clearly laid out as well as the process for recovering these monies. The landlords can either hire the contractor themselves or if the Mission undertakes to do/pay for the work, then the funds need to be recovered from the rent.

### **Recommendation for the Mission**

**5.3.27 Lease documents should include a more explicit clause for work to be undertaken by the landlord versus that which is the responsibility of the Mission.**

### **Mission Response**

**5.3.27 Current lease negotiations for new apartments include a commitment to better define responsibilities for costs. As well, we are committed to achieving greater benefits on signing of the lease (for example, painting and carpeting at owner expense or deducted from rent payments, inclusion of property tax and/or condominium fees in fixed lease payments).**

### **Occupancy Agreements and Distribution Accounts**

5.3.28 The Occupancy Agreements and Distribution Accounts are up-to-date and can be easily found on the relevant SQ files. There were a few cases where Occupancy Agreements were not signed by the MCO or the DMCO but were signed only by the occupant.

### **Recommendation for the Mission**

**5.3.29 Occupancy Agreements must be signed by the occupant and simultaneously by the DMCO or the MCO.**

### **Mission Response**

**5.3.29 All Occupancy Agreements have been updated and files complete. Requirement for all signatures noted and will be met in future.**

### **Parking**

5.3.30 There are eight parking spaces provided to the LES in the current Chancery. Upon relocation there will be 24 available spots for LES. The commuting distance will be greater for the LES overall and this coupled with the current limited availability of local transportation yet established to the new premises will likely mean an overall increase in the LES demands for parking. There is some concern expressed

by the LES that the current criteria of years of service used for allocating available spaces should not be the only measure and that the policy itself has never been officially communicated to staff. There is a memo circulated to all CBS but the LES do not appear to have been copied. The Audit Team suggested that additional criteria for allocating parking spaces be explored, including car-pooling and distance from the office.

### **Recommendation for the Mission**

**5.3.31 The parking allocation policy for LES should be reviewed and, once formalized, should be communicated in writing to all staff.**

### **Mission Response**

**5.3.31 As per agreement with the LES Committee, Administration has conducted a Parking Survey of all LES to determine actual requirements, which do in fact exceed the available number of spaces. Survey results were sent to the LES Committee members on May 16. The LES Committee will work with Administration to develop an acceptable policy for allocation of limited spaces.**

### **Storage Facilities**

5.3.32 The Mission currently holds three storage containers off premises. The contents of one is dated and should be disposed of. The other contains old accounts and the Mission should seek Ottawa's advice on what can be destroyed. The Mission had planned to consolidate the old and worn Chancery furniture with the stored goods but this may not be cost effective. The Mission has already made arrangements for a new storage facility within the new Chancery and a PR identification code should be obtained from SRD. Having the storage facility on site, will result in considerable savings on costs currently incurred transporting goods to the Chancery or to staff quarters.

### **Recommendation for Mission**

**5.3.33 Unneeded goods in storage should be disposed of as soon as possible.**

### **Mission Response**

**5.3.33 The Mission's stored items were moved to the new location in April 2000, resulting in cost savings and additional accessibility and security. At that time, the DMCO conducted a review and inventory of items in storage, and items for disposal by auction were identified.**

## **Vehicle Logs and Reports**

5.3.34 Daily travel logs and records of gas purchases are kept but do not show mileage. The drivers purchase gas from one designated station and receive an invoice. A duplicate copy of this invoice is kept at the station and at month-end, is sent to the Mission to be reconciled. There are no mileage reports being completed and the kilometres per litres are not being calculated.

### **Recommendation for Mission**

**5.3.35 Daily mileage logs should be completed by the drivers and monthly vehicle efficiency, calculating kilometre per litre, should be completed and reviewed by the MCO.**

### **Mission Response**

**5.3.35 Drivers will continue to complete mileage logs on a daily basis. MCO will review fuel consumption and vehicle usage as per recommendation.**

## **Bank Runs**

5.3.36 One of the challenges in Sao Paulo is the difficulty of paying some items by cheque. The cheques for official expenses are written in the name of the Consulate and counter-signed by two CBS for the purpose of cashing by the driver. \*\*\* The Mission also provides some personal banking services to the CBS which involves the cashing of cheques by drivers. Given the availability of automatic teller machines and that all CBS can open accounts, personal bank run services are no longer required. This practice puts the safety of the drivers at risk and should monies be stolen, the question of accountability could create problems.

5.3.37 The position of Clerk/Messenger was created to assist with the bank runs. Given the recommended discontinuance of personal bank runs, the responsibilities and the rationale for this position should be revisited.

### **Recommendation for Mission**

**5.3.38 Personal bank runs for CBS should be discontinued and the need for the Clerk/Messenger position should be re-evaluated.**

## **Mission Response**

**5.3.38** Personal banking runs involving cash transactions have been eliminated, and the publication of Administration Service Standards in June 2000 will ensure all staff are informed. Non-cash items, such as bill payments by cheque, or deposits of cheques will be permitted, as these are delivered to the bank by the daily banking bag and do not involve additional time or effort on the part of the driver/messenger, and do not increase risks to security. The Mission feels the time demands of personal banking runs on the time of the Clerk/Messenger were exaggerated. Only 35% of his time is dedicated to Administration duties, including official bank runs, inter-office mail service, mail sorting and delivery, maintenance of the supplies deposit and general messenger duties. Any additional time made available by elimination of the personal banking service will be minimal and easily filled by his other duties in Administration and supporting the Infocentre.

## **Driver Benefits**

5.3.39 Based on local market practice, LES drivers are entitled to be reimbursed for taxi costs to their residences when working past 21:30. The drivers raised the concern that their safety when they finished work at 21:00 or even 20:30 was still at risk and that the time should be revisited. They added that after rush hour it became not only dangerous to travel using local transportation but that because of reduced availability, could take up to three times longer to get home. The benefits package is under review by the Mission and these concerns are being considered. Once survey results are complete and approved, they should be clearly communicated to all staff.

## **5.4 Finance**

5.4.1 The MCO is the Designated Financial Officer and he is assisted by the LES Accountant and the Assistant Accountant in managing Mission financial transactions. The two LES work well as a team and are trained in all aspects of finance. The office for the Accounting Section is cramped but restricted access allows for privacy and the ability to control operations. The Accountant takes on the responsibility for budget input, monthly bank reconciliations, LES payroll and revenue accounting. Both LES had extensive IMS training. Expenditures are processed in an efficient manner and advances are effectively controlled.

## **Mission Budget**

5.4.2 The MCO controls the Mission budget and keeps the CMM informed of its status. Cost centre budgets are to be established for Rio de Janeiro and Belo

Horizonte, effective April 1, 2000. The devaluation of the Brazilian Real in January 1999 resulted in a large currency gain for DFAIT. This has been offset to a certain extent as many of the expenses in local currency are pegged to the US dollar, therefore adjustments were made to the Mission budget to reflect this fact. The Brazilian Government introduced a tax of 0.38 percent on all expenditures processed through the Bank. This tax will total approximately \$13,000 in a given year. The Embassy in Brasilia is lobbying to have this tax removed for Diplomatic missions. In 1999/2000, the Mission purchased four additional LES positions with savings made on operating costs. As of the date of the audit, the Mission was still awaiting official position numbers for these positions (Clerk/Messenger, Gardener and two guards).

5.4.3 There is concern at the Mission, regarding the instruction from UAM that the only LES overtime which could be claimed is by the drivers. This resulted in Commercial Officers being denied payment for overtime and a concurrent effect on CB staff as the Program Manager did not wish to pay CB if LES were not being compensated. With a change of management in UAM, it was recognized that all employees are entitled to be compensated for work performed, in accord with their conditions of service. There is, therefore, flexibility in the payment of overtime, if necessary, as long as it is pre-approved and there are funds available in the Mission budget. UAM would also be open to a reallocation of funding if a case was made for incremental overtime requirements.

## **Bank Accounts**

5.4.4 Two accounts are maintained at the Bank of Boston, one in local currency and the other in US dollars. Agreements are in place with the bank covering all aspects of its services. Immigration revenues almost totally cover Mission expenditures. The MCO, with the input from the Immigration Program Manager, is investigating a new system for the collection and deposit of Immigration revenues. Direct deposit with a bank is being considered but the Bank of Boston is not interested in providing such services. This will probably mean a change in banks and it is an appropriate time to do this as the Mission is scheduled to move to a new Chancery in September 2000.

5.4.5 When IMS was introduced at the Mission there were problems in conducting the monthly bank reconciliation process. With the assistance of the Database Administrator in Mexico City the bank reconciliations which were in arrears were attended to in December 1999 and since then all monthly reconciliations have been prepared in a timely manner.

## **Revenue**

5.4.6 Immigration revenue collected at the Mission totals \*\*\* a year. At present, all of the revenue is processed through the Immigration Section, \*\*\*. The MCO and Immigration Program Manager are investigating alternative arrangements. The cash closure procedures were reviewed with Immigration staff and the close-out of cash on

February 23 was attended by a member of the Audit Team and the MCO. The Accounting Section is not checking the consecutive numbers of the Immigration accounting document EXT-1203A, to ensure that all control documents are accounted for. The Accounting Section should maintain a log to ensure all numbers are accounted for.

### **Recommendation for Mission**

**5.4.7 The Accounting Section should ensure that all EXT-1203A's are consecutively numbered and accounted for.**

### **Mission Response**

**5.4.7 As of April 1, 2000, Mission Accounts has been tasked with tracking of all EXT-1203A's to ensure that they are in numerical sequence. Any discrepancies are to be reported to Immigration staff for clarification and correction.**

### **Official Hospitality**

5.4.8 An audit was conducted of the official hospitality expenditures claimed during the period April 1, to December 31, 1999, by the HOM and a number of officers. In general, the provisions of the new Official Hospitality Policy, which was effective April 1, 1999, are being complied with. It was noted, however, that officers are maintaining the original documentation, but these documents should be held in the Accounting Section. In two cases, arithmetical errors were made which resulted in amounts being overclaimed. Adjustments for these overclaims should be made when the next official hospitality settlement is submitted, with a copy of the adjustment being forwarded to SIV. There was also one case where indirect expenditures were incorrectly coded to direct.

### **Recommendations for Mission**

**5.4.9 The originals of all official hospitality documentation should be filed in the Accounting Section.**

**5.4.10 Adjustments for amounts overclaimed need to be made by two officers and the indirect expenditures should be correctly coded.**

### **Mission Responses**

**5.4.9 CMM has decided to maintain hospitality documentation with the responsible officers. The reasoning is that (a) officers, and particularly senior officers, often refer to their diaries, and having**

them held by Administration will create inefficiencies as officers or assistants, and Accounts staff, search for claims and documentation, and (b) making photocopies of entire diaries is an environmentally-unfriendly exercise using significant resources (notably time and supplies). The outgoing CBS checklist will require submission of the officer's hospitality records covering the entire posting period prior to issuance of any relocation advances or shipment of HHE.

**5.4.10** Required corrections were completed in March 2000, and indirect expenditures recoded at that time.

## **5.5 Informatics**

### **Management of the Program**

5.5.1 The Informatics Section is run by the MCO with the help of a good LES Systems Administrator (SA). The SA is knowledgeable but very busy given his responsibilities to help both DFAIT and CIC offices. He also provides some assistance when required to Rio de Janeiro and Belo Horizonte.

5.5.2 The Audit Team met with five clients to discuss the services provided by the SA. Overall, they found the service provided helpful and the SA very knowledgeable. It was felt however, that his busy schedule meant that they could not always get services when they needed them. It was also felt that the training style was at times a little technical and difficult to understand. The Mission has already undertaken to send the SA to Brasilia for a few days of training.

5.5.3 There are no daily logs being kept by the SA on day-to-day demands. This would be helpful to better track where the areas of concern are and which users require additional training. The back-up tapes are being kept on premises.

### **Recommendations for Mission**

**5.5.4** Daily logs should be kept by the SA and reviewed periodically with the MCO.

**5.5.5** Back-up tapes should be kept off the premises or alternatively in a fireproof container on the premises.

### **Mission Responses**

**5.5.4** MCO is now copied on assignments from DFAIT/Ottawa, to better track work schedules of SA. In addition, more specific tasking is

**being given, to ensure adherence to schedules and service standards.**

**5.5.5 Back-up tapes are now being held at the SQ of the MCO for security purposes.**

### **Cell Phones**

5.5.6 At the moment, all CBS have been allocated cell phones due to periodic difficulties with local service and security concerns. The policy is not formally laid out in writing which could be done at a CMM. The cost is approximately \$15 CDN/phone for the 60 phone minutes provided, \$20CDN for the phone rental (per month per phone) and estimated at a few hundred dollars (per phone) (CDN) for the purchase of the phone itself. The cellphone invoices are sent to the Mission each month but do not indicate the numbers called. For this reason, a cap of 60 phone minutes was allocated on a monthly basis for each user and all callers have remained within this limit. The Audit Team suggested that the allocation be reviewed, and for those staff not using the cellphones on a regular basis and not often out of the office, should be given a slightly reduced allocation.

### **The PBX System**

5.5.7 There are two separate telephone systems for both DFAIT and CIC offices. The Mission has been experiencing ongoing problems with these systems for some time and no solution has yet been found. The problems are thought to be attributable to the quality of local lines and there have been ongoing meetings with the local telephone company without any significant results. The EL based in Buenos Aires, responsible for Brazil, has made several trips to the Mission to attempt to correct the problems. Both the Mission and HQ agree that the problems should be rectified in large part upon relocation to the new premises where there should be new local lines. This will be monitored closely in the first months of operation at the new site.

### **Octel**

5.5.8 The Octel System is being used but there is a need to re-program the scripts in the system. Because of the large number of boxes that have been created, the system is not functioning as effectively as it could. The Mission can make good use of this system to provide information to clients particularly given local phone line difficulties. The SA, the CIC Program Manager and the MCO are all working on updating and recording these scripts.

**MISSION RESOURCES FACT SHEET**  
**Sao Paulo**

**Personnel**

	<b>CBS</b>	<b>LES</b>	<b>Total</b>
HOM Office (including domestic staff)	1	4	5
International Business Development	3	12	15
Consular	0	1	1
Administration	2	15	17
Immigration	2	9	11
3 Honorary Consuls	Rio de Janeiro and Belo Horizonte		

**Physical Resources**

<b>ASSETS</b>	<b>OWNED</b>	<b>LEASED</b>
Chancery	-	3*
OR	-	1
SQs	-	7
Vehicles	5	

\*including CIC Annex

**Financial Information 1999/2000**

LES Salaries	\$1,412,232
Operational	2,101,900
Capital	124,800
CB Overtime	10,000
<b>Total</b>	<b>\$3,648,932</b>

**MISSION RESOURCES FACT SHEET  
Rio de Janeiro**

**Personnel**

<b>Programs</b>	<b>CBS</b>	<b>LES</b>	<b>Total</b>
International Business Development	1	2	3
Consular (HonCon plus one LES)	0	1	1
Administration	0	1	1
<b>Total</b>	<b>1</b>	<b>4</b>	<b>5</b>

**Physical Resources**

<b>ASSETS</b>	<b>OWNED</b>	<b>LEASED</b>
Chancery	-	1
SQs	-	1
Vehicles	1	-

**Financial Information 1999/2000**

No separate budget. Costs are included in the total for Sao Paulo
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**MISSION RESOURCES FACT SHEET  
Belo Horizonte**

**Personnel**

<b>Programs</b>	<b>CBS</b>	<b>LES</b>	<b>Total</b>
International Business Development	-	2	2
Consular	Honorary Consul		

**Physical Resources**

<b>ASSETS</b>	<b>OWNED</b>	<b>LEASED</b>
Chancery	-	1

**Financial Information 1999/2000**

No separate budget. Costs are included in the total for Sao Paulo
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