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**AUDIT
OF
THE CANADIAN EMBASSY**

BRASILIA

April 2001

Audit Division (SIV)

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EXECUTIVE SUMMARY

An audit of the Political, Economic Reporting and Public Affairs Program (PERPA), the Trade Policy Program, the Consular and Administration Programs was conducted in Brasilia during the period of October 23 to 27, 2000. The previous audit of the Administration and Consular Programs was a follow-up audit conducted in February 1994.

MISSION MANAGEMENT

The Mission has gone through a difficult and challenging period due to several tragic personal situations. A new Head of Mission (HOM) arrived in September and efforts are continuing to find a replacement for the Management Consular Officer (MCO) who departed in July, 2000.

The Mission has a good accountability framework in place in terms of a Mission plan, documented objectives and strategies, Program work plans and an appropriate committee structure.

There is a need for greater coordination and cooperation between Programs. Productivity and collegiality can be improved by promoting cooperation and instituting team-building practices. Related to this issue, the Mission could benefit by improving communications within Programs and across the Mission with a view to ensuring that staff have the information to be effective. There is a potential resource saving to the Mission through reviewing the utilization and organization of its news clipping services. Better definition of the roles and duties of the Receptionist position and their integration with Mission Programs would enhance service to clients and Program effectiveness.

POLITICAL, ECONOMIC REPORTING AND PUBLIC AFFAIRS PROGRAM (PERPA)

The PERPA Program is well managed by an experienced Officer and supported by competent staff. The Program has an active agenda regarding political and economic reporting and the activities related to academic studies, cultural events and media relations. The Program has identified work objectives and strategies and these along with on-going demands are prioritized, communicated and assigned to staff. Work is coordinated and monitored through regular meetings and day-to-day interaction between staff and the Program Manager. Minor issues are being raised regarding a position classification and the reporting relationship of the Social Secretary.

TRADE POLICY PROGRAM

*** Nevertheless, the Program has managed to deliver on the other aspects of its work plan including developing strategy papers, supporting and attending fairs, organizing and participating in missions and conferences, and dealing with access issues and trade enquiries. Issues are being raised to encourage more communication and teamwork in order to provide support to staff through sharing responsibility and providing back-up. Also being raised is the requirement to provide staff with appraisals on an annual basis.

CONSULAR PROGRAM

The Consular Assistant is experienced and operating with little supervision from the acting MCO. Notwithstanding, there are no backlogs with the current workload that is primarily comprised of issuing passports, handling requests for Citizenship documents and issuing visas to holders of diplomatic and official passports. There is a need to designate an individual to officially serve as the back-up to the Consular Assistant.

ADMINISTRATION PROGRAM

The Program has been operating without the benefit of a fully trained MCO for the past six months. The Deputy MCO has been acting in this position. While the Deputy has responded beyond expectations and has to be applauded for her efforts, the on-going absence of an MCO is diminishing Program effectiveness and affecting staff morale. Due to the acting MCO's lack of financial training and experience there are few checks and balances over the work of the Accountant and limited involvement by the acting MCO in supervising and controlling the Mission budget. It is critical that the Department take the necessary steps to staff this MCO position as quickly as is possible.

The Property Section is operating satisfactorily with the Chancery, the Official Residence (OR) and the Staff Quarters (SQ) being well maintained. The Chancery, however, is a "high maintenance" plant that demands considerable dollars to be spent annually. Given the Chancery's age and complexities with its sophisticated systems (air conditioning, lighting, etc.) and the major projects that are scheduled for the next few years, it is recommended that a Property Project Management Officer (PPMO) with the appropriate technical expertise, be assigned to the Deputy MCO position in the next posting cycle.

MISSION MANAGEMENT

1.1 Overview

1.1.1 The past six months has been a very difficult time for the Mission. Staff have had to cope with the loss of a colleague and the personal tragedies of others. Counselling and support efforts have been useful in helping the Mission during this time. The arrival of a new HOM in September is providing a new frame of mind and focus for staff.

1.1.2 The Deputy MCO, an AS-02 filling an AS-03 position, had been acting MCO since mid-July. Although this Officer was placed in a very difficult situation and responded by working long hours, hiring contract help and seeking advice and assistance, she maintained the operations of the Embassy as well as oversaw several large property, repair, and renovation projects. She is to be commended for her work under difficult circumstances.

1.1.3 The Mission has a good accountability structure in place. In line with the HOM's Accountability document, the Mission has developed a Team Canada - Brazil Strategy for 2000. This document contains an analysis of the international and Canadian situation, the importance of Brazil to Canada and the present state of our bilateral relationship. It also outlines the Mission's strategic objectives and identifies for each program specific objectives and work plans.

1.1.4 The Mission has a committee structure in place which includes a weekly Committee on Mission Management (CMM), an LES Committee, a Human Resources Committee and a Contract Review Board (CRB).

1.2 Mission Cohesion

1.2.1 Despite the fact that accountability and committee structures are in place and that the Programs are generally well managed, there is a lack of cooperation and coordination among Programs. While relations are cordial, there is little evidence of teamwork. There is very little Program interaction at the manager or staff level. Staff are reluctant to share information or assistance without consulting their Manager. This attitude has reinforced a bureaucratic atmosphere and discourages teamwork. An example which underlines this situation is the recent contract for public relations work regarding the Bombardier file. While there is no question concerning the need for and value of this work, the contract was awarded by the Trade Program with little consultation or collaboration with the PERPA Manager or the Public Diplomacy Officer, who have responsibility for public relations in the Mission. Furthermore, there is no on-

going involvement by the PERPA Manager and the Public Affairs Officer in terms of managing the project or being made aware of contracted activities and results.

1.2.2 This type of situation, apart from fostering differences between Programs, deprives the Mission from applying the expertise and knowledge of staff when and where appropriate and increases the risk of duplication or Programs working at cross-purposes. The Mission needs to identify opportunities where cooperation between Programs can be improved and consider some type of team-building exercise for management and staff.

Recommendation for the Mission

1.2.3 **The Mission should promote cohesion between Programs by eliminating obstacles to co-operation and implementing teambuilding practices.**

Mission response

1.2.3 **A new Program Co-ordination Committee (PCC), made up of all Mission Officers, CBS and LES, was established last November. It meets in alternate turns with the Committee of Mission Management (CMM) and its objectives are to ensure a better co-ordination of all Mission Programs and to support the development of a better team approach at the Mission.**

The Mission organized a series of grief counselling sessions with a trained psychologist to assist all staff in dealing with two personal tragedies which took place earlier in 2000. The series was extended to provide staff with team-building sessions. The Mission is currently investigating the idea of a Mission-wide retreat in the near future as a mechanism to generate greater integration among program staff.

1.3 Communications

1.3.1 Related to the issue of a lack of cohesion is the need for better communications. Staff stated that communications are infrequent and insufficient and that the communications that do exist are primarily downward. It is felt that more information is required about their own and other Programs and about the Mission's goals, objectives and general direction.

1.3.2 Very few meetings occur at the Program level that would include all staff for purposes of discussing plans and expectations, on-going operations and as a forum to provide and seek suggestions, advice, etc. Periodic participation of the HOM in

program meetings and direct involvement of staff, when and where appropriate, in high level meetings and HOM activities would reduce inherent communication barriers and increase employee commitment to Programs and management.

1.3.3 While there are many communication mechanisms and techniques that can be implemented to make employees and the organization more effective, it is incumbent upon the Mission to adopt and implement the most appropriate mix, given the resources available and the style of management. Staff consultation and involvement in addressing this issue will increase the degree of success.

Recommendation for the Mission

1.3.4 In consultation with staff, Mission Management should examine options aimed at increasing and improving communications.

Mission Response

1.3.4 The Mission will be seeking expertise in order to obtain recommendations about how we can use our communications system to make sure that all programs are able to share information in an effective manner.

1.4 News Clippings

1.4.1 There are three separate news clipping services in place at the Mission, one each in the PERPA (which also supports the Public Diplomacy Program), the Trade Programs, and the Development Program. These clipping services have not been examined collectively in terms of on-going need, resources expended, duplication and overlap, distribution, and means of distribution (manual versus electronic). It is possible that two or more of the services could be combined, that they could be resourced externally and that distribution could be more effective if broadened and done electronically. This issue needs to be considered at the Mission level in order to ensure proper coordination of news clippings and to minimize the resources devoted to this activity.

Recommendation for the Mission

1.4.2 Review the Mission's news clipping services in order to rationalize their effectiveness and resource utilization.

Mission Response

1.4.2 The Mission has reviewed the news clipping services and is satisfied that the current system, of which the Mission only pays for one

(PERPA), meets requirements in a cost-effective way. Given the bilateral relationship and volume of material produced, the Mission feels that the current system is the best one to cover our interests.

1.5 Reception

1.5.1 Reception services at the Mission need to be reviewed. The role and duties of this position are not clear. Reception not only represents the Mission but is the contact point for all programs and services. The type of information provided to clients needs to be coordinated with programs and elements of the receptionist's duties need to be integrated with Program staff. At present, this is not always the case. *** This has an impact on the credibility and internal operations of the Mission.

Recommendation for the Mission

1.5.2 Define the role and responsibilities of the Receptionist and determine and approve the information to be disseminated.

Mission Response

1.5.2 * A search for a replacement will begin shortly. Roles and responsibilities for the position will be clearly outlined at the interviews and when the new incumbent starts work. These will also be reflected in an updated job description that will be given to the employee. Roles and responsibilities will be reviewed and updated in consultation with all sections.**

POLITICAL, ECONOMIC REPORTING AND PUBLIC AFFAIRS PROGRAM (PERPA)

2.1.1 The Program is well managed and is supported by experienced and competent staff. Roles and responsibilities are clear. Work objectives and strategies are identified in the Mission Strategy document. These, along with on-going demands, are prioritized and channelled through the Program Manager. The Program has periodic meetings of all staff and informal communications are facilitated through open access to the Program Manager.

2.1.2 The PERPA program is managed by an experienced Foreign Service Officer, an FS-02 who is occupying an EX-1 position. In the Political/Economic area, the Program Manager is supported by a CBS Officer (FS-01), an LES Officer (LE-07) and a Secretary (LE-05). The Public Diplomacy Program is managed by an LES Officer (LE-09), who reports to the PERPA program manager, with support from a Secretary (LE-04). Another Secretary (LE-05) shown in this Section, provides support for non-resident programs from OGD's, namely the RCMP, CSIS and DND, and for a number of HOM activities.

2.1.3 Program activities and responsibilities include: developing strategies for Team Canada-Brazil in consultation with the HOM, and the Sao Paulo and Rio de Janeiro missions; developing the agenda and organizing the semi-annual team Canada-Brazil consultations; providing advocacy services and reports on Brazil-Canada relations in political multilateral organizations such as the UN, OAS and Summit of Americas; reporting on Brazilian foreign policy, particularly in its relations with Latin America and the European Union; developing strategies for relations with the Brazilian Congress; and, implementing departmental-wide strategies and activities related to academic, cultural and media relations in Brazil.

2.1.4 Program objectives are included in the Mission's Team Canada-Brazil Strategy for 2000 document. These are, in turn, supported by work plans which detail specific strategies for each objective. The types of activities being carried out by the Program include: organizing high level visits; drafting speeches for the HOM; drafting and updating briefing materials for HQ and Mission use; cultivating Brazilian and diplomatic contacts; participating in related events through attendance and making presentations; establishing useful cultural, academic and media contacts; and organizing media, academic and cultural events for Canadian government visitors.

2.1.5 Issues regarding cooperation and teamwork between programs are raised in this report under Mission Management. A classification issue also needs to be reevaluated regarding the Public Diplomacy Secretary. This position has been progressively taking on more responsibility and yet remains classified at the lowest level (LE-04), equivalent to the receptionist position. Mission Management needs to assess the present duties and responsibilities of this position and the anticipated future requirements, and determine the proper classification level. The Social Secretary

position is shown reporting to the PERPA Manager. In fact, all work and direction regarding this position comes from the HOM and should be reflected as such.

Recommendations for the Mission

- 2.1.6 Management should examine the job content, in terms of work and responsibilities, of the Public Diplomacy Secretary position and, if warranted, make a case for reclassification.**
- 2.1.7 The Social Secretary position should be represented on the organization chart as reporting to the HOM.**

Mission Responses

- 2.1.6 The Mission Classification Committee will review the Public Diplomacy Secretary's position against the Department's benchmarks and make the appropriate recommendation.**
- 2.1.7 The organizational chart has been revised to show the Social Secretary as reporting to the HOM.**

TRADE POLICY PROGRAM

3.1.1 The Trade Policy Program is well managed. Roles and responsibilities of each staff member are documented as are Program clients and related service standards. The Program did an analysis of 1999 accomplishments from which the objectives and specific work plans for 2000 were determined thereby ensuring that present efforts build on past success and that there is continuity regarding major initiatives.

3.1.2 The Trade Policy Program in Brasilia is headed by an FS-02, Program Manager who is supported by a Commercial Officer (LE-09), a Commercial Analyst (LE-07) and a Secretary (LE-05). Program activities and responsibilities include: managing bilateral trade relations; participating in trade negotiations; reporting on Brazilian and Mercosur trade policy; monitoring legislation and regulations; and, assisting Canadian companies with market access, customs, legislation and regulation and government procurement.

3.1.3 Program objectives are included in the Mission's Team Canada-Brazil Strategy for 2000 document. These, are in turn, supported by work plans which detail specific strategies for each objective. The types of activities being carried out by the Program include: organizing and participating in Missions to Brazil and supporting Brazilian Missions to Canada; developing strategy papers; preparing an exporter's guide on government procurement; lobbying Brazilian Congress; organizing industry to industry meetings; and making presentations and reporting on issues to various stakeholders.

3.1.4 Trade promotion activity is based on the New Approach which has been embraced by the Program and incorporated into operations. Many of the enquiries received are referred to the other Brazilian Missions which are located in the major commercial centres. The Program responds to enquiries within the five day turnaround standard and tracks these by entering them into the WIN system. The Program also organizes events in support of Canadian trade missions and is making use of the Post Support Unit services.

3.1.5 From a constructive point of view, it is suggested that the Program would benefit from more communication and teamwork. Each staff member is fully occupied with their assigned files and deal directly with the Program Manager. It is often difficult for staff to access the Program Manager due to his heavy workload and limited availability. It was also felt that staff could contribute more through greater exposure to other activities in the Program and increased responsibility. This could be accomplished by having Program meetings including all staff and through encouraging teamwork where employees can identify areas for improvement such as sharing of work, taking on more responsibility and providing back-up to each other.

3.1.6 Appraisals for staff have not been regularly completed on an annual basis.

As part of departmental policy and a sound management practice, appraisals are required for all staff on a yearly basis.

Recommendations for the Mission

3.1.7 The Trade Policy Program should hold regular Program meetings with all staff and identify opportunities that would make staff more effective.

3.1.8 The Trade Policy Program ensure that employee appraisals are completed annually.

Mission Response

3.1.7 The Trade Program is holding regular meetings with all its staff.

3.1.8 All appraisals for the staff of the Trade Policy Program are up to date and on file.

CONSULAR PROGRAM

4.1 Management of the Program

4.1.1 The acting MCO took over the management of the Consular Program in July following the departure of the MCO. She has had little training and little experience in Consular matters. Reporting to her is the Consular Assistant (LE-06) who is carrying out the Program's day-to-day responsibilities. The Mission is responsible for Consular activities in the north and north east of Brazil which includes 21 of the 27 Brazilian States. There is an Honorary Consul in Salvador in the State of Bahia. The main Consular activities include passports and citizenship services and issuing visas only to persons holding diplomatic passports. Individuals with non-diplomatic passports are issued visas by the Canadian Consulate General in Sao Paulo. A review of Brasilia's visa operations by the Immigration Program Manager in Sao Paulo in December 1999 pointed out where minor improvements could be made. These dealt with the handling of Immigration Control forms and the recommendations have since been fully implemented.

4.1.2 The Consular Assistant has been in the position for eight years, speaks English and Portuguese as well as a little French, and has a sound knowledge of the job requirements. She received two weeks of specialized Consular training in Canada in 1996 and attended a meeting of Consular Officers in Miami in 1997. At the moment, there is no designated back-up to the Consular Assistant. The LES Secretary in the Political Section filled the position during a two-week period when the Consular Assistant was on holidays. She knows how to issue visas, but has little knowledge of the Consular Program per se. There is a need to designate an official back-up to the Consular Assistant position and to provide the individual with the requisite training to undertake the duties of the position.

Recommendation for the Mission

4.1.3 Designate an official back-up for the Consular Assistant position and provide the requisite training to fulfill the duties of the position.

Mission Response

4.1.4 A competition was held after the visit of the audit team and a back-up was officially designated. The PERPA Section Secretary was selected for this role and will receive on-going training from the Consular Assistant. In-Canada training has been arranged with JPPT and the COSMOS Support Section.

4.2 Service to Canadian Citizens

4.2.1 While there are estimated to be more than 5,000 Canadians living in Brazil, 1,000 of which live in the territory covered by the Mission, 2,700 are registered in the Register of Canadians Abroad (ROCA) system. The ROCA system is used jointly with the Consulate General in Sao Paulo. A circular is sent to all registered Canadians annually to ensure information is current and relevant. A response rate of about 70 percent is received.

4.2.2 Currently, there are no prisoners within the jurisdiction covered by the Mission. There was only one serious case at the time of the audit, whereby a Canadian couple is staying illegally and authorities want them to be repatriated. JPD has been kept apprised of the situation.

4.2.3 The Consular Contingency Plan was last updated in June 1999 and plans are underway to review and revise this Plan following the audit visit. JPDE's comment on the last Plan was that it was an excellent document containing significant material in the event of a crisis or evacuation.

4.2.4 There are currently nine Wardens in the territory covered by the Mission. Letters seeking additional Wardens are sent out annually. Ideally, the Mission would like a Warden in each State. In keeping with the Team Canada - Brazil Strategy for 2000, most of the nine Wardens were visited by the former MCO before he departed the Mission. The former MCO made a concerted effort to ensure the Wardens and the Honorary Consul in Salvador were seen as often as was possible.

4.3 Passport and Citizenship Services

4.3.1 Between 10 to 12 passports are issued each month. In addition, there are between three to four monthly requests for Citizenship documents. Average monthly revenues are \$1300. *** the Consular Assistant and the appropriate documentation is forwarded to Accounts for reconciliation. The turnaround time for issuing a passport is one week. Passports and visas are secured in the Registry except for a small supply which is retained in the acting MCO's safe. No discrepancies were noted in the physical count of passports conducted by the Audit Team on October 25, 2000, which was reconciled against the Passport Inventory and Record of Issue.

4.4 Honorary Consul

4.4.1 The Honorary Consul in Salvador has been in the position since 1997 and has recently been renewed for another three years. He distributes forms for passports, citizenships and provides visa information. He received a one-day training course on Consular matters from the Mission. The Mission indicated that he is generally effective in carrying out his duties.

ADMINISTRATION PROGRAM

5.1 Management of the Program

5.1.1 The MCO position has been vacant since mid-July, 2000 and the Deputy MCO, an AS-02 filling an AS-03 position, has been acting in the position since early September. To back-fill the Property position, a spouse has been hired full-time and a contractor has been hired part-time. The AS-02, a Departmental employee who joined the Administration and Consular stream in 1997, is doing the best she can under the circumstances to fill the role of the MCO. She is putting in long hours and learning on-the-job. It is clear, however, that the Mission requires a full time, experienced MCO.

5.1.2 The acting MCO is not sufficiently involved in the management of the financial function due to a lack of training and experience, leaving the Accountant to carry the full share of responsibility without the appropriate checks and balances. The acting MCO has had little training in finance and has yet to ask for any financial statements. She is also not active in the informatics function, leaving the new Systems Administrator (SA) to learn on-the-job with little guidance and supervision. Administration staff, while admiring the individual for her effort, feel the Program lacks the necessary direction and leadership. They recognize the inexperience of the individual and the need for a full-time, experienced MCO at the Mission. Other Program Managers expressed that it is important that the position be filled by an experienced MCO as quickly as possible.

5.1.3 Program goals and objectives were set for Administration at the Team Brazil semi-annual meeting held in January 2000 that includes all missions within Brazil. A work plan was developed to ensure that the goals and objectives set for Brasilia were met. The Program is on its way to achieving most of these objectives. The departed MCO passed on these instructions to the acting MCO to follow. Developing service standards for the Program was one of the priorities set for the Program at this meeting. The acting MCO has put some effort into developing these standards, but the Audit Team suggested that this be put on hold until such time as the new MCO arrives.

Recommendation for HPF

5.1.4 Priority be given to staffing the MCO position in Brasilia with an experienced Officer possessing good inter-personal skills and high competencies in the area of finance and property.

HPF Response

5.1.4 Serious consideration was given to the MCO replacement. There was a tremendous urgency to find someone to replace the MCO

whose position remained unfilled for several months. An excellent candidate was chosen with good knowledge of both finance and property. HPF is confident that the MCO's assignment will be a success.

5.2 Human Resources

Management of the Function

5.2.1 The Human Resources function is well managed by the A/MCO with the assistance of an LE-05 Administrative Assistant who is responsible for the clerical operations of this function. However, there are number of areas which can be improved.

Overtime

5.2.2 The overtime policy is not being applied properly and needs to be restated to Mission staff. Individuals are accruing overtime without the pre-authorization of their supervisors. Overtime is not automatic when staff arrive early and leave late. While the practice is not widespread at the Mission, it needs to be discouraged. All overtime must be pre-approved. In instances where overtime is regularly encountered, such as drivers and Official Residence staff, options for delivery of services, including staggering of schedules, need to be further investigated in order to reduce the overtime budget.

Recommendations for the Mission

5.2.3 Ensure that the overtime policy is clearly communicated to staff.

5.2.4 Ensure that options for reducing overtime are investigated and implemented, where warranted.

Mission Responses

5.2.3 Overtime policies (approval in advance for all overtime) will be reviewed with all sections and a memo will be sent to all staff to reinforce that they be followed. The schedule for the staff at the OR was changed upon the arrival of the new HOM in order to limit overtime as much as possible.

5.2.4 Ensuring that overtime policies are communicated and enforced (i.e. pre-approval for overtime) will assist in reducing overtime expenses. Staggering work hours for Official Residence staff has contributed to the reduction of overtime.

Annual Increments

5.2.5 Annual increments at the Mission are tied to the appraisal process. Some increments at the Mission are late. They have not been denied but the manager has not sent the approval to the Administrative Assistant who is responsible for ensuring that the increments are paid. As a result, some employees have waited weeks for their annual increments and, once awarded, the Accountant has had to provide back pay to the anniversary date. This creates an additional unnecessary workload for the Mission Accountant.

Recommendation for the Mission

5.2.6 The Mission should process all increments on the employees' anniversary date unless there is an indication to the contrary from the appropriate manager.

Mission Response

5.2.6 The Personnel Assistant will advise all supervisors in advance when appraisals are due for their staff and will request that they complete the forms. In the case they cannot complete the forms before the increment date, the increment will be processed unless instructions to the contrary are received.

Advances on severances

5.2.7 Local practice allows for employees to take an advance of their severance under certain conditions. The amounts advanced are being properly tracked by the Administrative Assistant through the use of a Quattro Pro spreadsheet. The primary purpose of severance pay is to assist employees during the initial phase of retirement or when changing employers. The conditions allowing advances on severance, as defined in the LES Handbook are for the purchase of a principal residence, the improvement of a private residence, the pay-off an of outstanding mortgage, capital investment in a commercial business, costs resulting from death or serious illness in the immediate family or unwieldy debt. However, the Mission has not been reviewing the conditions for issuance of these severances prior to sending them to HRL for approval. The Mission, as an employer, has the duty to ensure that the issuance of these advances meet with the conditions set out in the Handbook.

Recommendation for the Mission

- 5.2.8 Ensure that all applications for advances on severance pay meet with the conditions set out in the LES Handbook prior to forwarding them to HRL for approval.**

Mission response

- 5.2.8 HRL has developed a new spreadsheet to track and calculate severance pay requests more accurately. The Mission will shortly receive a copy and implement it. Requests will be reviewed by the MCO to ensure that they meet the criteria before sending the requests to HRL.**

Leave

5.2.9 The Administrative Assistant has a comprehensive system for tracking leave and attendance. Leave slips are submitted directly to the Administrative Assistant by individual employees instead of through their supervisors. Consequently, there is no way of ensuring that all leaves slips have been received by Administration when leave is taken. Concerns were raised that this may be the case in a few instances and that some leave slips may be missing.

Recommendation for the Mission

- 5.2.10 Program Managers should provide all leave slips directly to the Administrative Assistant.**

Mission Response

- 5.2.10 All staff have been informed that their leave slips should be forwarded to their supervisors who will forward them to the Administrative Assistant directly after approving them.**

Night Guards

5.2.11 The LES Committee raised the issue of premiums for night shift workers. It is their contention that Brazilian law provides for this type of premium. At present, the guards on night shift duty at the Mission and the OR do not receive any such benefit. The acting MCO was not aware of this issue and consequently does not have any information pertaining to night premiums from the Mission markers. The acting MCO needs to review the night premium situation in relation to Brazilian as well as the Mission markers. HRL should also be consulted.

Recommendation for the Mission

- 5.2.12 Determine the local law requirements and canvass Mission markers on the issue of night shift premiums.**

Mission Response

- 5.2.12 The Mission will review the payment of night premiums with other missions and the Mission lawyer to determine whether or not our practices conform to the standards in Brasilia.**

5.3 Physical Resources

5.3.1 The Property Maintenance Officer (PMO), an AS-02 acting in an AS-03 position, is also the acting MCO. A personal services contract has been let to fill the PMO position until such time as the acting MCO can return to the PMO position. A second personal services contract has been let to assist the contractor, as an interim measure. UAM has authorized the issuance of both contracts until a replacement for the MCO can be found. The PMO is in her first posting as an AS. The PMO position was formerly an LE Property Officer position which was converted to an CB Property Manager position in 1997.

5.3.2 The Property Section consists of the three cleaners, four gardeners, two electricians and eight security guards. The Audit Team evaluated the large number of resources dedicated to the property function and determined that the number of positions was appropriate for the Mission in light of the Brazilian climate and the age and size of the Chancery. Further, a study on the cost effectiveness of maintaining the guards as employees as opposed to contracting out for the services was conducted in 1998. The study concluded that the savings would be nominal and did not warrant contracting out. UAM agreed and the Audit Team concurs with this assessment.

Management of the Function

5.3.3 The day-to-day management of the function is effective. Storage facilities are orderly, inventories are current, distribution accounts are up-to-date, Occupancy Agreements are signed, an efficient work order system is in use and annual maintenance plans are in place for all Mission properties. At the time of the audit, neither the acting MCO nor the contractor were using IMS. Project costs are not being tracked in IMS. The acting MCO has received limited IMS training, but is not comfortable using it. Instead, they are using a Quattro Pro spreadsheet to capture costs.

Recommendation for the Mission

5.3.4 The Administration Program track all property costs through IMS.

Mission Response

5.3.4 The Accountant has been instructed to use Statistical Orders to track property costs in IMS for each SQ and project. The DMCO is scheduled for IMS training in April to ensure that she is familiar with IMS and able to use it to track costs as well.

Chancery

5.3.5 The Chancery was built in 1974. Its size, design and age together with the Brazilian climate, shifting soil and suspected structural flaws contribute to the need for extensive on-going maintenance of the building. Any project undertaken at the Chancery becomes a large project. Last fiscal year, \$218,000 was spent on the Chancery. As at mid-point of this fiscal year, Chancery expenses already total \$149,800 and will most likely reach the same amount as last year.

5.3.6 The Mission has unfortunately had a number of repeat projects, in particular with respect to the reflecting pools. The pools consist of a series of cascading pools which run through the Chancery into a reflecting pool in the Chancery courtyard. The pools have been repaired twice in the last four years. Repairs in 1996/97 cost \$29,800 and the current repairs are estimated at \$56,500. The latest determination is that the leaking problems are due to structural problems with the foundations and soil settling and that the use of fibreglass to seal the pools will resolve the problem.

5.3.7 A contributing factor to the continued need for significant maintenance is that Brazilian law guarantees construction work for only five years. Therefore, it is important that each project be supervised vigilantly to ensure that the quality of construction will outlast the five years guarantee period. This kind of property project supervision requires specific technical skills.

5.3.8 An ambitious maintenance plan for this fiscal year was identified by the Mission and SRSF. Sixteen major projects were identified for this fiscal year: seven were completed; four are on-going; two are on-hold until the rooftop lighting project is complete (the Mission has since been advised by SRSF that they need not wait); two will be undertaken during the rainy season; and, one is outstanding.

5.3.9 At the time of the audit, the roof lighting project had not yet been authorized. The approximate cost is \$40,000 and the Mission was waiting to embark on the bidding process until it can determine whether or not materials can be obtained in Brazil. This project has been under discussion for almost a year. The acting MCO and

the PMO contractor do not have, nor are they expected to have, the technical background in electrical engineering to make any kind of substitution of the materials required. Delays have, therefore, been incurred as they have had to wait for SRSF to provide suitable alternatives which may or may not be available on the market. Despite the visit of SRSF in January 2000, and the best efforts of the PMO and the temporary contractor, the Mission has been lacking the technical knowledge to proceed with the project. As a result, other projects are delayed. Further, a \$200,000 chiller and controls replacement project is planned for next year that will require technical knowledge. It is important given the age and intrinsic problems with the Chancery, that, in the short term, appropriate technical expertise be available on-site to ensure that planned works are carried out economically and in accordance with accepted standards.

5.3.10 While the PMO and her contracted staff are giving their best effort to complete projects, they lack the necessary technical skills. The volume, frequency and complexity of maintenance projects necessitate the abilities of an on-site experienced technical expert. This expert could develop an effective strategic plan for Mission maintenance, in conjunction with SRSF, particularly with respect to the Chancery.

Recommendation for the Mission

5.3.11 The Mission, in conjunction with SRSF, should develop a comprehensive Chancery maintenance plan for the next three fiscal years.

Mission Response

5.3.11 An updated MPMP has been developed and submitted to SRSF to deal with all aspects of maintenance to the Mission's properties, including the Chancery. The Mission will ensure that the plan is reviewed and updated on a regular basis.

Recommendation for HPF

5.3.12 Post a PPMO at the Mission during the next posting cycle to carry out these extensive maintenance projects and to ensure optimum return on investment.

HPF Response

5.3.12 This will have to be explored and agreed to by the Mission and the Geographic AMA who are responsible for the funding of PPMO positions. If a decision is made to create a short term PPMO position, HPF would be responsible to assist with the assignment for an incumbent for that position.

Mission Comment:

Following consultations within the Mission, the top priority is the establishment of an LES ASST-06 Property/Material position to assist the DMCO, whose position entails more than just property issues. The ASST-06 position is needed to deal with the large number of maintenance and gardening staff as well as contractors for projects (due to the climate, all properties require a high degree of on-going repairs, upgrades, etc.) The age of the Chancery also necessitates refurbishment projects to the building systems.

Official Residence

5.3.13 The OR is in excellent condition. The OR is located at a noisy intersection which interferes with entertaining as well as the comfort and lives of the occupants. The OR is not large and the living quarters are best suited for a couple rather than a family.

Vacant lot

5.3.14 The Audit Team visited the Crown owned vacant lot (PR6350024) which consists of 46.5 metres of prime waterfront property, estimated to be valued between R\$500,000 and \$650,000 (\$400,000 and \$520,000). Since 1977, foreign governments can no longer purchase land in Brasilia. The maintenance cost for the property is approximately \$1,000 annually. The property has been considered a possible sight for the future construction of an SQ, possibly an OR. As the maintenance costs of the property are low and future acquisition of land is impossible, it may be preferable to continue to hold this land for future development. While the property portfolio is well balanced, there is a need to maintain a level of flexibility, particularly in light of the two older SQs which may need replacement in the next 10 years. SRD is planning to conduct a feasibility study to decide the issue.

Staff Quarters

5.3.15 The Mission has two Crown-leased SQs and four Crown-owned SQs. These SQs are well maintained but could benefit from renovations and upgrading and provide the appropriate amount of flexibility in the Mission portfolio.

5.3.16 In 1996, two new SQs were constructed. Some design issues have been identified since the construction of these SQs and are being addressed by the Mission. In particular PR63500077, while within the Departmental space guidelines contains a small second floor living area, with a balcony off the living room so narrow that it is serves no practical use. Consequently, neither space is being effectively used by the occupants. The Mission is currently looking at the possibility of extending the living area

to encompass the balcony, thereby, increasing the total living space and making the smallest SQ on the inventory more appealing and in keeping with the other SQs.

Recommendations for the Mission

5.3.17 Obtain estimates for the renovation of the living area in PR3650077 and include in the annual SRSF work plan.

Mission Responses

5.3.17 Alternatives are being explored to improve the living area of PR3650077. These include enclosing the patio at the rear of the house or converting the garage into living space (relocating the parking area to the another area). Consultations with SRSF have begun.

DND Presence

5.3.18 Plans are underway to post two DND personnel to Brasilia in the summer of 2001. The Mission, in preparation for the arrival of the DND personnel has been discussing various options to accommodate them. The two personnel will require SQs, space in the Chancery and possibly a dedicated vehicle.

5.3.19 The Mission has been reviewing three possible options to accommodate them in the Chancery:

Option 1. The Mission would close off a portion of the garage in which stationary and office supplies are now kept. This new area would house the Public Affairs Program with the two DND personnel utilizing the existing Public Affairs area, with adjustments to ensure the area is properly secured.

Option 2. The Mission would reconfigure the PERPA Section to accommodate the Officers in that Section. This would result in smaller offices for all concerned. Again, security issues would have to be taken into account.

Option 3. The current classified registry could be moved elsewhere in the secure area. The current registry area would be refurbished to accommodate the DND personnel.

5.3.20 Option 3 is the preferred Mission option. The Audit Team would also support this option. However, it is not yet known what costs are involved. Option 3 represents effective use of basically "dead" space. Option 1 and 2 could still be retained and used in the eventuality that there is an increase in the Trade and PERPA Programs at the Mission. However, the Mission needs to establish costings for all three

options and consult with ISRA to ensure that security issues, particularly related to Option 3, are factored into the analysis. These costings should then be provided to UAM before making a final decision. Moreover, these costs are required by HQs as a basis for recovery under the MOU between DFAIT and DND.

Recommendations for the Mission

- 5.3.21 Identify possible SQs for DND personnel.**
- 5.3.22 Identify if there is a need for an additional vehicle dedicated to the DND personnel.**
- 5.3.23 Provide SRD and UAM with comprehensive costings, in consultation with ISR, on all three accommodation options for DND personnel in the Chancery.**

Mission Responses

- 5.3.21 These positions are scheduled to start in late July or early August. Funding for the SQ's is prorated for a starting date of July 1. The search for suitable accommodations will begin shortly to ensure adequate time for selection and then fit-up.**
- 5.3.22 Funding for an additional vehicle was included in the costing and has been provided for. Discussions with DND and DFAIT have indicated the need for this vehicle. A suitable vehicle has been selected and ordered for delivery before March 31, 2001.**
- 5.3.23 Detailed discussion of the alternatives have taken place with SRSF and Option 3 has been selected as the most feasible. Planning is nearly complete and the work is expected to commence in the new fiscal year.**

5.4 Finance

5.4.1 The Finance Section has an experienced Accountant, (LE-07). She currently is working independently with little direction and supervision from the acting MCO. She received IMS training which included a one month virtual course in April 1999 as well as a course she attended in HQ in May 2000. An Administrative Assistant, (LE-05), who has been trained on IMS, provides limited assistance as does the Fax/Mail Clerk, (LE-03). The Accountant has adapted well to the Department's new IMS financial system. The month-end reconciliations are up-to-date and the September 2000 reconciliation was to be submitted to HQ on October 25. The Accountant also

prepared the mid-year financial report which was reviewed by the acting MCO and the former MCO who was assisting the Mission during the audit.

5.4.2 The Administrative Assistant is the designated back-up to the Accountant. Her limited involvement in Finance has not given her the opportunity of using IMS. When the Accountant is away, planning is started a month in advance to try and bring the Administrative Assistant up-to-date. The Administrative Assistant is not able to access financial reports and is unable to do the month-end reconciliation process. Therefore, during the Accountant's absence, the Administrative Assistant finds it particularly stressful. She, along with the Accountant, believe it is important that she be exposed a minimum of three hours a week to familiarize herself with certain features of IMS. The Administrative Assistant's work package will have to be re-evaluated and re-configured to ensure exposure to IMS.

5.4.3 Revenue at this Mission is minimal. Consular revenue is averaging about *** per month. Other revenue includes monies received from the sale of surplus goods and travel claim refunds. There are, on average, about 200 bank transactions per month. Two bank accounts are maintained: a US dollar account and a local currency (Real) account. The local account is used to pay approximately 95 percent of Mission expenses. The Special Investigations Section (SIXP) is currently in the process of reviewing three months of accounts (April, May and June 2000) and SIXP will provide a detailed report to the Mission on their findings.

5.4.4 The Mission benefits from having the Bank of Boston operate an office on-site three days a week. Office staff are currently paid through direct deposit while non-office staff are paid in cash by the bank based on a pay list submitted by the Mission. Until recently, non-office staff were not entitled to open an account. Now accounts can be open, but with withdrawal privileges only, no chequing privileges attached. *** Direct deposit would eliminate the handling of this cash by the Mission and allow non-office employees to access their pay at their convenience.

Recommendation for the Mission

5.4.5 Ensure all staff, including non-office personnel, have bank accounts in order that all employees are paid through direct deposit.

Mission Response

5.4.5 Changes in banking practices will allow non-office staff to open accounts and be paid through direct deposit. Accounts are being opening and all staff will be paid by direct deposit beginning in April.

Purchasing US Dollars

5.4.6 Prior to June 1999, Sao Paulo was transferring surplus cash to Brasilia to finance the Mission's operations. This money had been earned from Immigration revenues received by Sao Paulo. On June 17, 1999, the Brazilian government introduced a financial services tax (CPMF) to which all missions and personal accounts in Brazil were subject at a rate of 0.38 percent on the value of each bank transaction. In the first two weeks alone, Sao Paulo had accumulated R 900 (\$760) in charges. Looking at ways to avoid these charges, Sao Paulo discontinued the cash transfers to Brasilia. Brasilia, as a result, was left to purchase its funds from HQ to finance its operations. It is now purchasing between US \$50,000 to \$75,000 per week. In the interim, the CPMF rate has fluctuated between 0.38 and 0.20 percent and efforts have been made by the Diplomatic community to rescind this tax. The case, in fact, was sent to the Congress Tax Commission for final approval and enactment into law over a year ago and still no decision has been made. It is not clear when a decision will be forthcoming.

5.4.7 Given the likelihood that a decision on the CPMF will not be made soon, an evaluation needs to be made as to the most cost-effective way of financing Brasilia's operations. An evaluation is needed to determine the most economical means for the Department to provide funding to Brasilia, i.e. whether that involves continuing to purchase US dollars from HQ, transferring funds from the Sao Paulo operation or having Sao Paulo pay large expenditures on behalf of Brasilia.

Recommendation for SMFB

5.4.8 An evaluation should be conducted to determine the most economical means of financing the Mission in Brasilia.

SMFB Response

5.4.8 SMF agrees with recommendation, and SFMB will investigate in order to determine the most economical means of financing the Mission. The time frame will be May/June 2001, and SFMB will advise the mission accordingly.

Payment Processing

5.4.9 The following are ways in which costs can be eliminated, in addition to being more efficient and improving control.

- An analysis of the Real bank account for the months of May, June and July 2000 indicated that there was a total of 71 cheques during this period under R\$200 (\$170). Currently, the petty cash fund is set up in the

amount of R\$1000 (\$850) and expenditures from this fund are capped at R\$100 (\$85). Moreover, the use of petty cash can be more efficient for some expenses than cutting a cheque which involves significant paper work and the gathering of signatures from authorized officers. By increasing these amounts to the authorized limits of \$2,000 for the fund and \$200 for each individual transaction, more payments could be made by means of petty cash.

- Turnaround time for paying an invoice is within three days of its receipt. Cheques are generally issued twice a week to cover these payments. Some of the regular vendors, including the gas service station, language training, newspaper subscriptions and the supplier of electrical materials, bill the Mission once a month. By encouraging more suppliers/contractors to invoice the Mission once monthly instead of by transaction and by raising cheques once a week (unless an emergency) instead of twice weekly, work for the Accountant would be reduced and less of the Officers' time would be taken to sign the documentation.
- The Mission is currently processing approximately \$1.5 million in CIDA payments each year which in turn results in close to \$4,000 annually in CPFM charges to the Mission. The Mission is pursuing the recovery of these costs from CIDA,
- The number of vendors at the Mission approximates 600. Dealing with fewer suppliers allows the Mission to better know the supplier, guarantees improved service, offers the opportunity to better negotiate prices and increases the likelihood of monthly invoicing. In the case of travel, each employee tends to use his or her own agent. As a result, at the time of audit, the Mission was dealing with twelve separate travel agencies. A Standing Offer arrangement with one firm would provide all of the advantages cited above. Moreover, it provides more transparency over travel expenditures.
- Payment documentation is occasionally being signed by an employee couple for sections 33 and 34 FAA on the same payment. Signing authorities, in these cases could give rise to issues of probity. Signing by this employee couple for the same payment should be avoided.
- The bank is not returning the cheques each month with the bank statements. This makes it difficult for the MCO to provide assurances that the month-end reconciliation has been properly conducted and that cheques have been issued to bona fide recipients. Efforts should be made with the bank to have these cheques returned to the Mission at month-end.

Recommendation for Mission

- 5.4.10** **The following steps should be taken as they relate to the payment process to avoid costs and inefficiencies, and, to improve controls:**
- **increase the petty cash fund to \$2,000 and the transaction cap to \$200 to avoid writing cheques for small payments;**
 - **reduce the payment frequency on invoices to once a week, where possible, and encourage suppliers to invoice the Mission once a month instead of by transaction;**
 - **reduce the number of vendors the Mission deals with, to the extent possible;**
 - **ensure the employee couple is not signing the same transaction; and**
 - **request that cancelled cheques be returned to the Mission at the end of the month along with the bank statements.**

Mission Response

- 5.4.10** **- The petty cash fund will be increased to \$2000 with a ceiling of \$200 for each transaction, as recommended by the report.**
- Payment runs are currently only twice per week and this practice seems to work well - a manageable number of cheques are produced in each run. Reducing the frequency will result in more time having to be spent in signing and verifying a larger numbers of cheques. However, where possible, suppliers will be requested to submit a monthly invoice.**
- It is difficult to reduce the number of vendors. Supplies, equipment, spare parts, etc. are difficult to obtain in Brasilia and reducing the number would greatly reduce the missions flexibility and affect operations.**

- The employee couple has been instructed not to sign the same cheque or financial document.

- Currently banking practices do not allow for the return of cancelled cheques. The Mission is exploring option with the bank to see if this can be changed.

5.5 Information Management

5.5.1 The Mission Systems Administrator (SA) position has been vacant for the last six months. The position was staffed the week prior to the audit visit. The incumbent will be going to HQ for training in November. The acting MCO is supervising this individual, but from a technical point of view is not in a position to offer direction and guidance.

5.5.2 The Accountant is the back-up to the SA and has served in this position since 1996. She no longer wishes to continue this responsibility and a non administrative employee has volunteered. This employee has not had any training to fill this role. Ideally, it would be preferable if someone within the Administration Program could be designated as the back-up to facilitate management and supervision.

5.5.3 A recent inventory of all PC equipment was taken by the former SA in May of this year. It indicates that there are a total of 29 SIGNET work stations and seven stand-alone PCs at the Mission. It is suggested that the new SA confirm the inventory listing as well as the location of all equipment.

5.5.4 There is no informatics training plan for this Mission and an inventory of employee informatics skill sets has not been taken. When SIGNET 2000 was introduced at the Mission in April 1999, most employees received training on Outlook, Netscape, Quattro Pro and WordPerfect. It is not clear if any training has been provided to LES newcomers since that time. If the Mission is to make the most effective use of the technological tools provided, it is important that staff be trained on the latest software to ensure the effective delivery of their Programs.

5.5.5 There is a concern at this Mission that most staff have little knowledge on how to keep proper directories of their electronic mail. Most staff opt to keep work related messages in the inbox of Outlook. Little use is being made of the "I" drive which contains information to be shared throughout the Mission as well as information specific to each Program. In the latter case, access is restricted to personnel working in the respective Programs. There is no evidence that instructions were ever issued on how to use the "I" drive and its intended purpose. It would seem the only contributor to updating the Mission-wide "I" drive is the Accountant. Public folders are not currently in use but discussions have been held with the Sao Paulo Mission about the possible use of public folders and sharing their content with all missions in Brazil. Staff have

expressed concern that there is little sharing of information on work related issues within the Mission. Current and relevant information on the “I” drive is an excellent means of improving communications.

Recommendations for the Mission

- 5.5.6 An informatics training plan should be developed following an inventory of employee requirements.**
- 5.5.7 The inventory listing of PC equipment taken in May 2000 should be confirmed by the new Systems Administrator.**
- 5.5.8 Training should be provided to staff on how to maintain their directories, to organize their messages and ensure corporate knowledge can be passed on to their successors.**
- 5.5.9 Instructions should be provided to staff as to the contents of the “I” drive and a designated individual should be assigned to update the drive and ensure that information is relevant.**

Mission Responses

- 5.5.6 The new SA will review training requirements with users and develop a list of course which can be offered in-house, via the Intranet, etc. If possible, training materials, manuals, etc. will be ordered from Canada.**
- 5.5.7 Several new workstations are being installed by the SA to replace existing ones. Once completed (by late February), the SA will update the PC inventory.**
- 5.5.8 The new MCO will work with the SA to develop a training plan to ensure that information is stored in an appropriate manner. Steps have already been taken to increase the use of the “I” drive for common documents. Public Folders for BRSLA will be developed in the coming months.**
- 5.5.9 See above (5.5.8)**

Registry Operations

5.5.10 The classified Registry is maintained by the HOM Secretary and is neat and orderly. A major file destruction took place in January 2000 at which time 12.5 feet of files were destroyed. The Mission currently is left with seven drawers of closed files which are still considered necessary and 12 drawers of active files.

MISSION RESOURCE FACT SHEET

Personnel (FTEs)

	CBS	LES	Total
HOM	2	6	8
International Business Development	1	3	4
PERPA	2	5	7
Consular		1	1
Administration	2	25	27
CIDA	1	3	4
Total	8	43	51

Physical Resources

ASSETS	PRIVATE LEASE	CROWN LEASED	CROWN OWNED
Chancery			1
OR			1
SQs*		2	4
Vehicles			6

*There is one employee couple

Financial Information 2000/01

LES Salaries (CV 017)	\$1,011,500
Operational (CV 014)	706,900
CB Overtime (CV 015)	13,300
Capital (CV 050)	119,200
Total	\$1,850,900