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AUDIT
OF
THE CANADIAN CONSULATE GENERAL

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Audit Division (SIV)

TABLE OF CONTENTS

EXECUTIVE SUMMARY	1
MISSION MANAGEMENT	3
POLITICAL, ECONOMIC REPORTING AND PUBLIC AFFAIRS PROGRAM (PERPA)	8
2.1 Overview	8
2.2 Management	8
2.3 Resources	8
INTERNATIONAL BUSINESS DEVELOPMENT PROGRAM (IBD)	10
3.1 Overview	10
3.2 Management	10
3.3 Work Plans	11
3.4 Investment	12
3.5 New Approach	13
CONSULAR PROGRAM	18
4.1 Management of the Program	18
4.2 Service to Canadians	18
4.3 Passports and Citizenship Services	18
ADMINISTRATION PROGRAM	20
5.1 Management of the Program	20
5.2 Human Resources	21
5.3 Physical Resources	25
5.4 Finance	29
5.5 Information Management	38
APPENDIX A	
MISSION RESOURCE FACT SHEET	39

EXECUTIVE SUMMARY

An audit of the Political, Economic Reporting and Public Affairs (PERPA), International Business Development (IBD), Consular and Administration Programs was conducted in Buffalo during the period September 11 to 15, 2000. A previous audit of the Administration Program took place in 1995.

MISSION MANAGEMENT

The Head of Mission (HOM) is involved in all Mission Programs and contributes significantly in representing various initiatives to program audiences and in gaining access to the right people and organizations.

Management mechanisms such as a HOM accountability document, program work plans and required committees are in place. The Treasury Board sponsored Youth Internship Program, is being effectively used throughout the Mission.

Unresolved management issues exist in three of the Mission's five programs. These relate to performance issues in the Administration Program; leadership and motivational issues in the Trade Section; and personnel issues in the CIC Program.

In conformance with departmental policy and sound management practices, LES appraisals are required for all LES staff and establishment of an LES Committee would facilitate communications regarding human resource issues.

POLITICAL, ECONOMIC REPORTING AND PUBLIC AFFAIRS PROGRAM (PERPA)

The PERPA Program is operating effectively and efficiently. The Program is managed directly by the HOM and has experienced and knowledgeable staff. Work plans are in place with identifiable objectives, activities and expected results. An issue is being raised concerning the potential implications of not having a dedicated Program Manager to support future HOMs.

INTERNATIONAL BUSINESS DEVELOPMENT PROGRAM (IBD)

*** and poor morale in the Section. As a result, the Section has been operating in a static and outdated mode, not in keeping with the New Approach principles. *** The arrival of a new STC with solid experience and background is a positive first step in addressing this situation. The issues raised in this report are intended to provide a constructive basis upon which the Mission can build towards turning the Program around.

CONSULAR PROGRAM

The Mission provides timely and effective Consular Services. The Consular Officer is very experienced and held in high regard by Mission management. The Consular Officer was reminded of her obligation to provide Official Receipts for all revenues which are received as well as the importance of making timely deposits of these revenues.

ADMINISTRATION PROGRAM

There are areas of the Administration Program that are not performing to standard. ***

The four Crown-owned staff quarters are high maintenance properties leading one to question why private leasing has not been universally applied in Buffalo. In the Human Resources area, a number of longstanding issues have not been resolved and communications in this area could be improved. Financially there is a need for greater efficiencies and tighter control over the management of cash. With close to \$40 million being processed through the bank, arrangements with the bank need to be investigated to ensure the Mission's agreement is the best and most economical possible.

MISSION MANAGEMENT

Overview

1.1 The HOM's efforts and contribution in raising the profile of the Mission, increasing its credibility and access, and interfacing with HQ, is viewed very positively across the Mission.

1.2 The HOM has a formal accountability agreement with URD. This agreement reflects the objectives and activities of the four programs for which the HOM is directly accountable and the administrative management objectives relating to the CIC Program. Workplans are in place for each program area. A need has been identified to better integrate, into program workplans and operations, the specific requirements and involvement of the HOM from a strategic and operational perspective.

1.3 A Committee of Mission Management (CMM) meets weekly and includes all Program Managers, the Consular Officer and the PERPA Officers. The HOM uses this meeting to convey and share information, to preview upcoming events and to coordinate activities between programs. Staff meetings are held in the Program Sections and general staff meetings are held periodically as required. A Housing Committee, a Contract Review Board and a Safety Committee have been established since the last audit by the MAO and are active committees at the Mission.

1.4 The Mission is effectively making use of the Youth Internship Program funded by Treasury Board. The Mission can easily attract candidates due to its close proximity to Canada. Twelve interns have been deployed over the past two years across all program areas. This has increased effectiveness at minimal cost. The success experienced in the Mission should be considered by other Missions, where resource fluctuations and special projects could be addressed through hiring interns.

Challenges

1.5 Unresolved management issues continue in three of the five Mission Programs. These issues impact on the effectiveness and efficiency of the Programs and affect the morale of the staff.

1.6 In the Administration Section, ***. Steps to resolve this situation have been taken by the HOM with little success. *** Resolution of this situation is to everyone's benefit, but will require the collective involvement of Human Resources, URD and the Mission.

1.7 The IBD Program is plagued with low morale and motivational issues stemming from ***. Greater effort is required by the new STC and the HOM in clarifying

direction, integrating Mission objectives into the IBD Program, and in recognizing results and achievements.

1.8 In the CIC Program, serious personnel issues are evident and need to be addressed by CIC. The effects on program delivery can only be determined by CIC, however, the effects of low morale are impacting staff and operations across the Mission. There is a need to determine Management's responsibility for personnel issues vis a vis the MOU between DFAIT and CIC. This will better enable management to resolve this and future situations through notifying appropriate authorities and accessing required expertise.

Recommendations for Mission

- 1.9 **In consultation with URD and Human Resources, the Mission should initiate a process to examine various options for resolving the human resources issues in the Administration Section.**
- 1.10 **The HOM should initiate a team building exercise for the Trade Section to determine future direction and to establish positive working relationships between staff, the new STC and the HOM.**
- 1.11 **Communications should be established with CIC senior management to alert them of the existence of potentially serious personnel issues and to provide any assistance that might be required.**

Mission Responses

- 1.9 **UAM has contracted an experienced former Canada-based MCO for a two week period (November 27 - December 8, 2000) to assist the mission MAO ***. Other initiatives to effectively respond to the Audit observations will be reviewed by the HOM and URD at the time of the US HOM meeting in Ottawa at the end of November.**
- 1.10 **The HOM has requested assistance from CFSD to arrange a team building exercise for the Trade Section, preferably to be held in Buffalo before January 31, 2001. The response from CFSD is pending.**
- 1.11 **Following consultations with CIC by the Deputy Inspector General and HRE, a CIC team undertook a Review of Management Practices in Buffalo from November 6 - 10, 2000. A report detailing the results of this Review is in preparation by CIC.**

LES Committee

1.12 While the Mission does not have an LES Committee, the Audit Team met with a representative group of LES who brought forward issues from the entire Mission. Issues which arose concerned the lack of a current LES handbook, the timeliness of appraisals, staff relations processes and the staffing processes. All issues could be addressed through more effective communication. One such vehicle would be a properly constituted LES Committee. The Audit Team imparted some information on how such a Committee could and should work.

Recommendation for Mission

1.13 Encourage the development of a LES Committee representative of the Mission.

Mission Response

1.13 Although employees had demonstrated interest in establishing an LES Committee at an earlier Consulate General Staff Retreat, the level of commitment to this initiative subsequently waned. The HOM and MAO remain very supportive of an LES Committee. The MAO has gathered information from other US missions that have such a Committee and has sought guidance and advice from HRL. The MAO will be working with interested LES to move this initiative forward.

Appraisals

1.14 The MAO has instituted a system for reminding Program Managers that LES appraisals are due. However, a number of appraisals remain outstanding: all 13 appraisals for PERPA, Administration and the HOM office have not been completed for the past several years. The Trade Program appraisals were completed upon the departure of the Senior Trade Commissioner and covered the entire three year period of his tenure. All but 10 of the CIC appraisals are current. The 10 appraisals are a few months late.

Recommendation for Mission

1.15 Performance appraisals should be conducted annually for all LES and the HOM should ensure that all Program Managers complete these appraisals in a timely fashion.

Mission Response

- 1.15 The HOM will ensure that all Program Managers are reminded of their responsibility to complete staff appraisals and that a monitoring system is in place to ensure timely completion. All outstanding appraisals will be completed by January 31, 2001.**

Training

- 1.16 The Mission has a newly appointed Training coordinator, the MAO. There is a need for a comprehensive training plan which incorporates recommended training contained in the annual LES appraisals. The identification of training amplifies the need for timely performance appraisals for LES.

Recommendation for Mission

- 1.17 All performance appraisals should be reviewed to ensure that recommended training is included in the development of an annual Mission training plan.**

Mission Response

- 1.17 A Mission Training Committee will be established in January 2001 (comprised of both Canada-based and LES staff) with responsibility for developing and overseeing an Annual Training Plan for the mission. Consultation will be required with URD /UAM regarding possible resource implications. Program Managers will be reminded of the requirement to identify training needs as an integral element of staff appraisals in order to ensure that the Mission Training Committee can respond appropriately.**

Oaths

- 1.18 A review of the LES personnel files revealed that the Oath of Allegiance and the Oath of Office and Secrecy or the appropriate Affirmations for Canadian and non-Canadian LES have not been administered at the Mission.

Recommendation for Mission

- 1.19 The HOM should administer the appropriate Oaths or Affirmations.**

Mission Response

- 1.19 All outstanding Affirmations of Office were administered by the HOM on November 3, 2000. In future, the Affirmation of Office will be administered at the same time as other administrative requirements are completed upon the arrival of a new employee.**

POLITICAL, ECONOMIC REPORTING AND PUBLIC AFFAIRS PROGRAM (PERPA)

2.1 Overview

2.1.1 The PERPA Section in Buffalo reports directly to the HOM. Management of the Section is the responsibility of the HOM, who is involved in PERPA operations on an on-going basis. There are two LES Officers: a Public Affairs Officer (LE-09) and a term Political and Economic Relations Officer (LE-09), reporting to the HOM and one Assistant (LE-05), supporting the two Officers.

2.1.2 The Section's priorities include: Border Management/Advocacy, Trade Advocacy and Economic Policy, Cultural Industry Promotion and Advocacy, Educational Marketing, Environmental/ Energy Policy, International Security and Cooperation, Binational Regional Development and Public Diplomacy.

2.2 Management

2.2.1 The Section is well managed and has experienced, dedicated and enthusiastic staff. The Section has developed a PERPA Plan which identifies the Section's strategic objectives for each priority area and the related operational means to address each objective. It provides the basis for the PERPA portion of the HOM's accountability document. Operational activities are monitored on the basis of identifying anticipated results and costs per activity undertaken and then comparing these to actual outcomes and costs.

2.2.2 Communication is effective based on frequent meetings and open access to and regular direction from the HOM who is the *de facto* PERPA Program Manager.

2.3 Resources

2.3.1 The Section's resources are adequate at present. Except for the late approval of budget levels, support and feedback from HQ has been good. The interest and personal involvement of the HOM has raised the profile and added credibility to the Mission's PERPA Program. This in effect has offset the need for a PERPA Manager position. Consideration needs to be given to establishing a PERPA Manager position (LES or CBS) as the present level of focus and involvement by the HOM, cannot necessarily be expected from future HOMs. This would ensure that present performance levels are maintained and would conform to the model in use in most Missions.

Recommendation for URD

- 2.3.2 Consideration should be given to establishing a Program Manager for the PERPA Program.**

URD Response

- 2.3.2 HQ will work with post to redefine the positions of the officers in the PERPA section and establish a PERPA Program Manager by the beginning of new FY (2001-2002).**

INTERNATIONAL BUSINESS DEVELOPMENT PROGRAM (IBD)

3.1 Overview

3.1.1 The Trade Section in Buffalo is dedicated to the development of commercial relations between Canada and the territory encompassing Western, Central and Upstate New York, West Pennsylvania and the State of West Virginia. The Consulate General's proximity to the Canadian cities of Fort Erie, Niagara and Toronto, fosters ready access from both sides of the border. The Buffalo Trade and Investment Program is staffed by three locally engaged Business Development Officers and one Canada-based Senior Trade Commissioner. They are supported by a Senior Trade Secretary/WIN Manager and a Business Development Assistant. The Consul General, a former Senior Trade Commissioner, has been actively involved in the work of the Trade Division.

3.1.2 With its close proximity to the Canadian border, trade promotion and the education of exporters has been a priority. This Trade Office developed the New Exporters to Border States (NEBS) program and continues to have the highest number of NEBS missions. Two other education courses were developed and have led to courses for new exporters given in Ottawa, on FDA labelling and customs regulations. In recognition of this important contribution, the Consulate General received the US Government Hammer Award.

3.2 Management

3.2.1 There has been inconsistent *** leadership underlined by the fact that the Section has had five Senior Trade Commissioners in the past 10 years. This is in part due to difficulties in recruiting staff to Buffalo. The lack of clear management has resulted in staff continuing to provide services in ways familiar to them, with little innovation. The three Business Development Officers have worked in the Trade Section for between 12 and 26 years. The distribution of work and sector responsibilities have remained constant for well over a decade and is not questioned. The staff is very experienced and their attitudes are positive as is their desire to provide more value and to consider different strategies to do so.

3.2.2 The new Senior Trade Commissioner who arrived this past summer, brings considerable experience in managing trade promotion and investment activities in the U.S. environment. The new Senior Trade Commissioner is faced with a sizable challenge and opportunity to leverage the existing situation from a demotivated and underperforming program to one that is fully functional and compliant with the New Approach. The following observations and recommendations can be used constructively in addressing this challenge.

3.3 Work Plans

3.3.1 There are work plans in place for the Section. The work plans reflect a bottom-up approach by sector and by area of responsibility rather than a response to Mission and Program objectives. They are activity based, lack a strategic focus, and do not include performance criteria to indicate success. While this may be appropriate, it is difficult to assess Program performance and success unless tied to measurable objectives. As well, work plans are not being used as an accountability tool to monitor and assess on-going operations and outputs. This, in turn, does not facilitate program adjustments and refinements when and where required. Rather periodic meetings are held in the Trade Section to share information and discuss operational issues on an exception basis. Work plans, when effectively used as a management and operational tool, will incorporate strategic thinking from all levels, serve as a monitoring control over operations and provide evidence of the value added of program outputs.

Recommendations for Mission

- 3.3.2 **Work plans should be adjusted to clearly identify and link strategic objectives, related activities, events and on-going operations, and expected outputs and outcomes.**
- 3.3.3 **Work plans should be used as the accountability instrument to evaluate program success and individual performance.**
- 3.3.4 **The Trade Section should develop a team approach to the planning process, the division of responsibilities (both officer and support), the provision of back-up support and in assessing results of all activities.**

Mission Responses

- 3.3.2 **Individual work plans for FY 2000-2001 were the product of consultation between the former Senior Trade Commissioner (STC) and his Business Development Officers (BDOs) and conformed to the template provided by the US Business Development Division (URT). Together these plans formed the mission's Trade and Investment Development Plan (TID) which was subsequently reviewed and endorsed by URT. As part of the mission's mid-year review exercise conducted at the end of September, and with a new STC in place, the STC and BDOs were tasked with refining their work plans to better reflect program objectives and priorities, with particular emphasis on new business development and related outreach activities, more realistic and targeted corporate liaison efforts, and a clearer articulation of expected results through to year**

end. This same discipline will form the backdrop of the TID Plan for FY 2001-2002 for which the call will be issued shortly.

3.3.3 Following the approach introduced at mid-year, future work plans will be the product of consultation between the STC and each BDO and will articulate (by sector as appropriate) clear objectives, expected results and the mix of initiatives and activities to achieve them. The agreed work plan will form an accountability document with the officer and serve as the basis for the annual performance appraisal.

3.3.4 With the arrival of the new STC, weekly Division staff meetings have been instituted. This provides a venue to engage and expose all staff to the full range of TID activities, and has begun to encourage a greater team effort in the planning and delivery of the program. As indicated in 1.10 above, with the HOM plans are underway for a team building exercise in January which, inter-alia, will address business planning and organizational change. Further to 3.3.3 above, the STC is also planning a brainstorming session in the coming weeks on next year's work priorities, as well as a series of discussions centred around TCS best practices. Prior to the end of this fiscal year the STC will also be meeting individually with his staff to review officer industry sector responsibilities with the view to reallocating portfolios and assigning back up responsibilities to stimulate officer enthusiasm and reinvigorate the business development effort.

3.4 Investment

3.4.1 For the most part, the investment portfolio was inactive under previous Senior Trade Commissioners. The new STC intends to make this area a priority. For the past three years, the Corporate Liaison Program has been the responsibility of the HOM alone. Since these contacts are made at the highest level in the company, they will continue to be initiated by the HOM or the STC.

3.4.2 Outcalls to develop market intelligence in the territory were not given emphasis in the past, but recently a concerted effort has begun which will probe and follow-up leads. The Officers have been made aware of the change in emphasis in the investment policy. Roles and responsibilities need to be defined for each level of involvement (HOM, STC, BDO) and the efforts of all involved need to be coordinated to maximize results. Where possible, more of a team approach is required for both types of visits, with more involvement of the Business Development Officers (BDOs) to foster continuity and career development.

Recommendation for Mission

- 3.4.3 Investment objectives need to be addressed through the development of a program which outlines responsibilities, activities, expected results and clear accountabilities for these elements.**

Mission Response

- 3.4.3 With a new STC who brings with him strong investment development experience, his emphasis will gradually move his team toward a goal of 30% of the TID effort being dedicated to investment related activities. Recognizing this is relatively new territory for his BDOs and that there is natural trepidation on their part, he has slowly introduced this shift in focus through the revised work plans for the current fiscal year to bring a better balance between export marketing and investment development activities. As outlined in 3.3.2 above, next year's work plans will provide a clearer articulation of objectives, responsibilities and accountabilities for both the trade and investment portfolios of the program.**

3.5 New Approach

3.5.1 The TCS's New Approach, which focuses on client and service delivery, is not fully implemented. Trade staff are still delivering services in old ways. Provision of core and additional services is inconsistent and the quality of responses to inquiries varies. This situation is a factor of a lack of management commitment regarding the New Approach both in terms of direction and support given and monitoring and assessing adherence to New Approach principles. The following issues support this finding and are being raised with the intention of providing guidance to the Mission.

3.5.2 The commitment to contact all clients within five working days is not adhered to and is viewed as unrealistic, a view that is at least partially attributable to conventional/past service delivery responses. The utilization of tools on the Intranet site, such as standard letters and Business Mission agreements could be increased to assist with workload management. Delivering customized services of a specific nature could help to prioritize requests and shift emphasis from the traditional focus on facilitating shows and events. The Info Centre concept should be considered to filter incoming requests.

3.5.3 Staff have a silo approach to their work domains and, therefore, are unable to provide back-up or relief for each other.

3.5.4 The two Assistant positions are used for secretarial and administrative support and, like the BDOs, their work assignments have remained constant for some

time. Assistant positions could be better utilized to support the Officers by handling initial inquiries and completing routine follow-up on clients who receive services. A new Business Development Assistant (BDA) will start at the beginning of October which presents a prime opportunity to redefine the duties and responsibilities of both Assistant positions.

3.5.5 WIN tracking should be reassessed to ensure the proper information is entered regularly and accurately reflects the work being done. One BDO enters clients in the WIN tracking system while the other two Officers delegate this task to the BDA. There is not a close monitoring of these entries. Attention should be given to this and all officers should be encouraged to track their interaction with clients and delivery of core services.

3.5.6 Entries in WIN could be inflated i.e. those entered as core services may not fulfill criteria of New Approach core services, especially given that the standardized delivery program has not been adopted completely. A comparison of the size of the list of clients extracted from WIN Exports for the Client Survey 2000 with the list from the survey last year indicates that clients receiving core services may be inflated by the entry of clients receiving services not within the defined six core services. This in turn, may have been a major factor in the negative survey results for the Mission (3rd and 4th quartiles), since, when contacted, the clients either deny receiving the core service or assign low ratings to specific questions.

3.5.7 Client Survey 1999 results have not generated an action plan or a change in service provision. Further consultation with the Post Support Unit in HQ could result in specific advice and application guidelines. The results of the Client Survey 2000 will be available shortly and should be compared with findings from the previous year to gauge client satisfaction and service delivery improvements.

3.5.8 Since 1984, the Mission has held over 232 NEBS missions involving over 4,385 companies. For NEBS, follow-ups are conducted at intervals of six months and one year, and results indicated that on average 50 percent of companies begin exporting within one year. Since some of the other 50 percent who choose to stay in the domestic market, later make another attempt at exporting, follow-up beyond the one year point could be considered.

3.5.9 For trade shows and events, Officers complete a report after each event which is only descriptive. The reports would be more useful if they included an analysis of the effectiveness of these events and they were more widely distributed.

Recommendations for Mission

- 3.5.10** The Trade Section should include the New Approach principles as part of its objective setting and planning process and establish appropriate accountability and monitoring mechanisms to ensure compliance, particularly the quality of WIN tracking and the five day turnaround standard.
- 3.5.11** The Trade Section should establish an Info Centre to reduce the time spent on low level enquiries and to ensure completeness and consistency in Win Export tracking.

Mission Responses

- 3.5.10** An experienced Trade Commissioner who effectively oversaw the introduction of TCS' new approach to client and service delivery at the Consulate General in Chicago, the STC has quickly taken up the charge in this regard with his team in Buffalo. The shift in program emphasis and delivery is the subject of regular discussion at his weekly meetings, the principles have been incorporated in revised work plans for the remainder of this year, and the new approach and its impact on program delivery at this mission will be an important element of the discussion in the planned sessions on TCS best practices and at the team building exercise in January (at which it is hoped the Director of URT will participate). As for the WIN system, it is inadequate for local tracking, so efforts will be made to increase the usage of Outlook Plus as a temporary data base until such time as HQ develops a new Internet-based system. The service standard for five day turn-around has now been firmly instituted and adherence is being monitored.
- 3.5.11** The STC will be contacting his US counterparts to gain more information on best practices in this regard. The STC will also be consulting with BDOs on a realignment of industry sector responsibilities to better reflect priority opportunities. This will also address the more efficient use of officer time as it relates to lower level enquiries and will include a clearer delineation of responsibilities for WIN entries.

Website

3.5.12 The Systems Administrator (SA) is responsible for the technical aspects of the Mission website while the Website Committee holds responsibility for the content. The previous STC was the Committee chair and it is hoped that the new STC will be more actively involved. An intern was given the principal responsibility for the design of the site and the Committee should review its conformity to departmental policies. The Mission is aware of the recent Department-wide policy that will ensure the standard format established by TCS.

3.5.13 Currently, the Mission website does not outline the services provided in terms of service delivery commitments, six core services and additional services. This is indicative of the fact that the New Approach to service delivery is not fully operational. The French website does not fully conform to the official language policy. The capabilities for printing from the site should be verified. The Additional Services lists is posted on Info Export but does provide a link to the Mission site; the list of providers should be reviewed for completeness. The website needs better integration with the service delivery program.

Recommendation for Mission

3.5.14 As part of the continuing efforts of the Website Committee, the Mission should ensure that the site complies with the standard format established by TCS and that it conforms to the official language policy.

Mission Response

3.5.14 The mission web site currently complies with government standards, including those for Official Languages, with the exception of the Consular Program. URD is currently overseeing an initiative to ensure a “common look and feel” to all US mission web sites and most technical issues will become the responsibility of HQ when the site moves from the mission to Ottawa. The STC, who chairs the Consulate General Web Site Committee will ensure that the mission’s efforts, as well as individual Program content are consistent with HQ approach and timing. As for the TID component of the mission web site, those elements which do not conform to the TCS standard format will be rectified by mid-December.

Contact Data Base

3.5.15 Following the need to migrate from a very old version of Maximizer (initially for Y2K compliance), the Mission has experienced continuing problems. The decision was made for a Mission-wide contact data base system to enable all programs to share information concerning approximately 10,000 contacts. The Mission made its requirements known from the inception of the change over, although the ramifications do not appear to have been anticipated adequately. The Mission has experienced technical obstacles in implementing the conversion and was faced with resolving several major issues at the Mission level.

3.5.16 After a year of problem-solving, the system seems to be functioning for all Divisions except Trade, where most, but not all, of the issues have been resolved. The Trade Division needs to be able to search by products, ID number and text and the latter continues to present challenges that prevent the generation of the desired reports. At the time of the audit, these issues were close to being resolved.

Recommendation for Mission

3.5.17 Efforts should be continued to complete the Contact Data Base.

Mission Response

3.5.17 As earlier noted, the WIN System is for Canadian contacts and the previous Mission WIN (for local contacts) was abandoned by DFAIT in 1999. As there had been no standard approach to local contacts, this Post developed its own contact management data base. In spite of assurances in 1999 from the SIGNET implementation and development team, Contacts Plus proved to be incapable of importing and converting the Post's previous MAXIMIZER data base. The Post currently has problems in searching, merging and printing from Contacts Plus. Now that Contacts Plus has itself been abandoned by HQ, the Post must therefore, with its own resources, find alternative data bases capable of meeting the needs of TID. Such an exercise is underway currently and will be completed by early December. Whatever system the Post eventually adopts will itself only be an interim solution until HQ once again moves to a new (internet based) contact data base system.

CONSULAR PROGRAM

4.1 Management of the Program

4.1.1 The HOM is responsible for the management of the Consular Program, but has delegated the day-to-day operations of the Program to a dedicated Canadian LE-07 Consular Officer. Timely and effective Consular services are being provided by this experienced Consular Officer, who has been at the Mission since 1981 and in the Consular position since 1994. The Consular Officer has well established annual workplans against which she reports quarterly. Back-up for the Consular Officer is provided by the PERPA Assistant.

4.2 Service to Canadians

4.2.1 The Consular Officer is responsible for the provision of passport and citizenship services to Canadians in Western New York, Pennsylvania and West Virginia. She spends approximately 50 percent of her time on Consular issues. There are currently 170 Canadians incarcerated in her territory and Buffalo is the transfer point for the Transfer of Offenders Program. Twenty-five percent of her time is spent on citizenship issues, 10 percent on passports, five percent on notarial work and the remaining 10 percent on a variety of administrative duties related to the Program. The Consular Services standards are consistently met with no deviation.

4.3 Passports and Citizenship Services

4.3.1 Approximately 20 passports have been issued this year. Passport observations have a nil error rating. Passports are properly secured. A reconciliation of the passports was conducted and everything was found to be in order. The Mission does not have nor does it need a Consular petty cash or an emergency cash parcel.

Official Receipts

4.3.2 A review of the EXT 119 (Record of Fees Received-Passport Consular Services) was conducted. The review revealed that official receipts are not being issued for all fees received, but that the Consular Officer is issuing non-official receipts for all services other than citizenship applications such as records of landing, provisional certificates of registry and letters of facilitation. The Audit Team noted, however, that all fees received for which official and non-official receipts are issued, are deposited with the Accountant. The Consular Officer has retained all copies of all receipts, be they official or not.

Recommendation for Mission

- 4.3.3 The use of non-official receipts should be discontinued and only official receipts should be used for all fees received.**

Mission Response

- 4.3.3 Effective November 1, 2000 only official receipts are issued for all fees received.**

4.3.4 The transfer of funds to the Accountant is done on an irregular basis because the amounts are small. Per the Financial Administration Act, under the Receipt and Deposit of Public Money Regulations, funds are required to be deposited at least weekly, regardless of the amount involved.

Recommendation for Mission

- 4.3.5 All Passport/Consular receipts should be transferred to the Accountant to ensure revenues are deposited at least weekly.**

Mission Response

- 4.3.5 Effective November 1, 2000 the transfer of Passport/Consular receipts to the Accountant has been regularized to ensure revenues are deposited at least weekly.**

ADMINISTRATION PROGRAM

5.1 Management of the Program

5.1.1 The Program Manager, the Mission Administrative Officer (MAO), has been with the Mission for 30 years, ***. The staff she supervises include a Mission Accountant (LE-06), an Assistant Accountant (LE-04), a Personnel/Benefits Assistant (LE-04), an Administrative Assistant (LE-05), a Systems Administrator (LE-08), a Junior Systems Administrator (LE-07), a Driver/Messenger/Mail Clerk (LE-04) and a Receptionist (LE-04).

5.1.2 Over the 30 years since the Mission initially opened, its growth and complexion has changed considerably particularly at the time it became a regional processing centre for Immigration in the late 80's. ***

5.1.3 The HOM and the MAO meet bi-weekly to review work already completed and work underway. ***

5.1.4 Communications from the MAO to Mission staff and staff within Administration could be more effective. The lack of any LES Committee has contributed to an overall Mission concern on the part of LES for more information on terms and conditions of employment and the staff relations process. Within Administration itself meetings are infrequent. The MAO has also not developed and communicated any formal service standards which would enable clients to know what can be expected from Administration and for which Administration could be held accountable for delivering.

5.1.5 It is clear that both a more modern and fresh approach to managing the Administration Program would greatly benefit the Mission. *** Better planning of Program activities and improved communication will go a long way to elevating the effectiveness of the Administration Program. The section of the audit report dealing with Mission Management proposes a solution to resolving the personnel issues in the Administration Section.

Recommendations for Mission

5.1.6 The MAO should take a more proactive role in effecting leadership of the Administration Program through improved planning and communications.

5.1.7 Formal service standards for the Administration Program should be prepared and promulgated to enable clients to know what can be

expected in terms of quality and timeliness from Administration and for which Administration could be held accountable for delivering.

Mission Responses

5.1.6 In the context of the mid-term review, the MAO, in consultation with her staff, has developed work plans for herself and each member of her team which clearly articulate activities, accountabilities and deadlines that need to be met through the remainder of the year. The MAO has taken the opportunity through this exercise to outline the importance of the activities of each member of her staff to the realization of overall Consulate goals and objectives. This process will be further refined in the development of the Administration Section's Business Plan for FY 2001- 2002 which will be crafted in February. The MAO has also instituted weekly staff meetings, providing a vehicle to keep all her staff abreast of mission developments which impact on their portfolio as well as a means to institutionalize a regular dialogue on how the Administrative section can better serve its mission clientele. In an effort to improve her interface with mission staff writ large, the MAO will play an active role in support of the establishment of an LES Committee and is currently gathering the necessary materials to facilitate this initiative. Following consultation with members of the CMM, she will also be issuing a series of memoranda to staff to clarify mission policy and/or procedures regarding staffing, training, and various issues affecting terms and conditions of employment.

5.1.7 The importance of service standards for the Administration Program is recognized as a priority. The MAO has consulted with the Embassy and several colleagues across the US and is currently reviewing service standards these missions have in place. Drawing on these examples, the MAO will draft service standards to reflect the nature of operations at this mission and will forward them to the CMM for review by February 1, 2001.

5.2 Human Resources

Management of the Function

5.2.1 The MAO manages the Human Resources function with the assistance of an LE-04 Personnel/Benefits Assistant who is responsible for the clerical operations of this function. The Assistant also provides benefit assistance to staff.

5.2.2 The MAO's involvement in the Human Resource function consists primarily of providing advice to the 61 LES and the seven CB at the Mission on staff relation issues and staffing issues. The Mission has also benefited from an effective use of the Youth Internship Program. Over the last two years, 12 interns have worked in various Programs at the Mission.

5.2.3 The Human Resource function is generally well managed. The MAO has been working with Program personnel to improve the staffing selection process. Tracking systems for annual increments and leave have been instituted, EXT 208s are current, as are job descriptions. However, a number of longstanding issues have not been resolved and communications of Mission policies in the Human Resources area could be improved.

LES Handbook

5.2.4 The existing LES Handbook dates back to 1991. Since that date, the insurance plan for LES has changed and has not been incorporated in the Handbook. A number of questions were raised concerning issues which should be addressed within the development of an LES handbook such as special leave and flex time. A consistent approach needs to be applied at the Mission and reference to these issues need to be contained in a current LES Handbook approved by HRL. The LES are unaware of whether the 1991 Handbook is still in effect and which rules apply to them. Until such time as a new Handbook has been approved by HRL, the 1991 Handbook is in effect.

5.2.5 The Mission is awaiting the approval of a template for the LES Handbook which has been submitted by New York Consulate to HRL for approval before incorporating any benefits into the Handbook template. However, the determination of the substantive and Mission specific issues which should be contained in the Handbook has not been undertaken. There is no need for the Mission to wait for the Handbook template before undertaking these initiatives.

Recommendations for Mission

5.2.6 The LES Handbook should be reviewed to identify areas in which updates are required and proceed with the updating of the substantive issues in order to have them ready once the Handbook template is available.

5.2.7 Once the Handbook template is available, any updated material should be incorporated for HRL approval of the Handbook.

Mission Responses

5.2.6 At the time of the mission Audit, an updated LES Handbook had already been drafted in anticipation of the approved template for US missions currently under review by HRL. As soon as this template is received, the mission is ready to incorporate any mission-specific changes. The Handbook will then be circulated to CMM for review before submission to HRL for final approval. In the interim, the current mission LES Handbook (although dated) will be re-issued to staff, along with an amendment reflecting insurance and pension information provided by the Embassy. Distribution will be made by November 30, 2000.

5.2.7 Agreed as per 5.2.6

Staffing Practices

5.2.8 The Mission has had a 25 percent staff turnover in the last 12 months, primarily in the Immigration Program. The MAO sits on all staffing boards in an advisory capacity. The boards are properly constituted, positions are advertized, written exams are administered where warranted, interviews are held, the results of which are kept on file. All board recommendations are sent to the HOM for approval. The MAO forwarded a message to the CBOs at the Mission outlining the Mission policy on staffing. However, the message was not sent to the LES. As a result, some questions were raised by the LES with respect to the transparency of the process. The communication of the Mission staffing policy and practices to all Mission staff could alleviate concerns in this area.

Recommendation for Mission

5.2.9 The Mission staffing policy and practices should be communicated to Mission staff.

Mission Response

5.2.9 A comprehensive memorandum on mission policy and procedures governing the staffing process will be issued to all staff (following review by CMM) by December 15, 2000.

Position Underfill

5.2.10 On February 26, 1999, an LE-09 level was approved by HRL for the Political, Economic Relation Officer position. Subsequently, HRL decided that upon reassessment of the duties and responsibilities in the revised job description and

discussion relating to the level of autonomy for independent action, the position should be reclassified downward to an LE-08 level. In its decision, HRL stated “this is a borderline case and should the incumbent attain a greater degree of autonomy for independent action, the position would easily warrant an LE-09 level”. On March 12 1999, the Mission was informed by UAM that an LE-08 term position would be funded for a period of one year beginning April 1, 1999.

5.2.11 On April 1, 1999, the position was filled by an individual, who had been on contract since March 9, 1998 performing essentially the same duties, for a period of one year at the level 8. He was compensated at the LE-08 step1 level.

5.2.12 HRL later reclassified the position to an LE-09 effective April 1, 2000 with the same position number. The incumbent of the position was renewed on a month to month term until August 1, 2000 when he successfully won the competition for the same position for a three year term. The Officer was compensated for the period of April 1 to August 1, 2000 at the LE-08 step 2 level while encumbering an LE-09 position. Unless management can definitely prove that the employee did not perform the full range of duties required of the position, or that the degree of autonomy in performing the duties and responsibilities was still below that which is normally required of an LE-09 in that position, then the employee should be compensated at the LE-09 level for that period. In addition, compensation at the LE-09 level effective April 1, 2000 will impact on the employee’s pension as well as the timing of his annual increment.

Recommendations for Mission

- 5.2.13 **The Mission should ensure that in backfilling situations, proper justification is on file which clearly indicates which duties and responsibilities are excluded from the particular job description.**
- 5.2.14 **The Mission should undertake steps to ensure that the Officer is compensated for the period of April 1 to August 1, 2000 at the LE-9 level-1.**
- 5.2.15 **The Mission should ensure that appropriate corrections are made to the appropriate pension calculations and timing of the annual increments.**

Mission Responses

- 5.2.13 **A memorandum will be issued to all Program Managers outlining mission policy regarding the underfilling of LES positions and the requirement for proper justification as to the duties and responsibilities to be placed on file.**

5.2.14 The MAO will ensure that the officer is compensated for the period in question and that the adjustment is reflected in the November 30, 2000 payroll.

5.2.15 All adjustments will be made and the Pension Plan Administrator (Embassy) will be advised of the necessary adjustments to the employee's benefit entitlements.

5.3 Physical Resources

Overview

5.3.1 The current portfolio property includes a Crown-leased Chancery, a Crown-owned Official Residence (OR), four Crown-owned staff quarters (SQs) and two privately leased SQs. The MAO and the Administrative Assistant, the Property Manager, who is also responsible for materiel management, are involved in the day-to-day handling of the function. The Mission Management Property Plan was updated in March 2000. Property files are well organized, Occupancy Agreements are signed and the distribution accounts, except for the Chancery and recent purchases for the OR, are up-to-date. PRIME underwent several procedural changes over the last few years and each new application was managed by the MAO to ensure that all current data was input.

Housing Portfolio

5.3.2 A visit to the OR found it to be tastefully decorated and although not large for entertaining, it serves the needs of the Mission. The OR has undergone extensive renovations in the last few years. The four Crown-owned SQs, which were purchased in the late 60's, were also visited. These SQs, all in suitable suburbs of Buffalo, are close to schooling and other amenities. These SQs, however, do not show well and are in need of re-decorating and modernizing to bring them to an acceptable standard. Carpeting is poor, lighting fixtures are dated, some washrooms appear tired and there is an overall general lack of openness and brightness to the homes.

5.3.3 Each of the four SQs range in value from between an estimated US\$125,000 to US\$140,000. Considerable project funding has been provided by HQ over the years. During the three previous fiscal years, a total of \$154,727 was spent on the four properties. The SQ currently in need of most renovation received \$64,188 in upgrading and maintenance between fiscal years 1996/97 and 1999/2000. This fiscal year has seen additional repairs of \$48,045 on this SQ.

5.3.4 This fiscal year, following a visit by the Deputy Area Manager Advisor, SQ maintenance was increased to US\$16,000. Notwithstanding this increase, the Mission is unsure whether the current funding level is appropriate. A full assessment of the four

SQs is needed by SRD to identify exactly what is needed to bring them to an acceptable level.

5.3.5 It is not clear why private leasing is not universally followed in Buffalo given the current state of the Crown-owned housing, the large amount of monies required to maintain these SQs, the furniture that must be provided with Crown-owned properties, the property taxes (between 1996/97 and 1999/2000, the Mission paid \$7,454 in Special District Property taxes for the four Crown-owned SQs), in addition to the time required of the MAO and the Administrative Assistant to manage them. Private leasing also provides the advantage of allowing for more flexibility as family configurations constantly change.

5.3.6 The current approved level for individual leases for Buffalo is set at US\$2,200 per month. There are two private leases, one at US\$1,150, the other at US\$2,200 which accommodates a household of five. The latter property, while not physically inspected, was seen from the exterior. It is in an excellent neighbourhood and is far more attractive a home than anything Crown-owned. The high quality of this property suggests that the approved level for individual leases could be lowered.

5.3.7 If movement to private leasing is the selected option, it must be recognized that this will involve consultation and negotiation between the Geographic Bureau who manages the rental housing pool and SRD who manages capital properties. With the current drain on financial resources to maintain these four SQs, the furniture and the annual salary (US\$35,561) and benefits for the Administrative Assistant whose position would no longer be required if private leasing is accepted, the overall net effect on the Geographic Bureau resources would be minimal. Disposal of these properties, on the other hand, would allow SRD to invest the capital in areas of higher priority.

5.3.8 Another option which may have some validity is the model adopted by the Seattle Consulate. The "Seattle model" involved revamping its portfolio by disposing of older and higher maintenance properties and acquiring newer and more modern housing closer to the downtown area. A replacement plan may be one of the solutions needed to redress the current state of housing mentioned above.

5.3.9 In summary, it must be decided if the Mission will continue to maintain its inventory of Crown-owned SQs; revamp its portfolio by disposing of its current SQs and replacing them with newer housing; or, get out of property management all together (except for the OR) and move to private leasing which is done in many areas of the US.

Recommendation for URD

5.3.10 A review of the housing situation should be conducted, in collaboration with SRD and the Mission, to determine the option

most suitable and economical for the Mission. Options include maintaining the status quo, revamping the current portfolio with newer and more modern housing or moving entirely to a private leasing arrangement for Canada-based staff serving in Buffalo.

URD Response

5.3.10 A feasibility study on BFALO SQs has been scheduled for FY 2001-02 in the SRD 5-Year Workplan. In preparation for the study the Mission is working with the “U” Bureau to update its MPMP.

Recommendations for Mission

5.3.11 Regardless of the option selected, the resources devoted to property and materiel management should be re-evaluated to ensure optimal utilization.

5.3.12 A review of the current private rents in Buffalo should be undertaken to ensure they are fair and reasonable.

Mission Responses

5.3.11 The issue of resources devoted to property and materiel management will be addressed by the contract MCO, in consultation with the MAO, during his stay in Buffalo at the end of November.

5.3.12 A review of private rents will be undertaken. It should be noted, however, that based on information provided in the 2000 MPMP regarding rental properties, it appears that current private lease rents are within the rental range of comparable accommodations.

Property Procedures

5.3.13 The Administrative Assistant responsible for property has spent 13 years in the Mission, the last 10 in his current position. ***

5.3.14 It was only one month ago that a work order system was introduced to deal with maintenance issues despite recommendations contained in two previous SRSF reports to adopt this type of system. While the introduction of the work order is a step in the right direction, the manner in which it is currently being used raises some questions. Occupants submit a form for each and every problem and the Property Section is expected to react within a three day time-frame. The occupant of one SQ submitted eight work orders during a two week period. It is suggested that the process for submitting these forms be more “regularized”, i.e. allow the occupants to submit one

fully completed work order at the beginning of the month embracing all the items that are needed to be repaired. Additional work orders would be allowed only in emergency situations and what is meant by “emergency” would have to be defined. This would enable the Property Section to better plan its workload and would be less disruptive to the occupant. Occupants should also be given a listing of plumbers, electricians and appliance repairmen to call when problems occur at the SQ. Currently, the Property Section is called whenever there is a minor problem regardless of the hour, only adding to the bureaucratic process. There is no requirement for the Property Section to be involved in these innocuous matters.

5.3.15 The team believes that the Property Section is trying hard to satisfy its clients. It is clear, however, there is much “spinning of wheels”. For example, a minor landscaping project at one of the SQs has been on the books for several weeks, is going nowhere, is now involving SRSF and has consumed an inordinate amount of the Administrative Assistant’s time. There is a need to be more focussed, more pragmatic and more decisive in the delivery of the function.

5.3.16 The Administrative Assistant has maintained several contacts over the years and is making an effort to secure a minimum of three bids for most of the work. To facilitate this process, the Property Section should consider going to a Standing Offer Agreement at the beginning of the year. There are several contractors in the greater Buffalo area which can be considered.

Recommendations for Mission

5.3.17 A more regularized approach to the work order system should be instituted whereby occupants of SQs identify needed repairs at the beginning of the month to allow the Property Section to better plan its activities and allow for different repairs to be carried concurrently to reduce the disruption to the occupant.

5.3.18 Standing Offer Agreements should be pursued to the extent possible to avert having to go to tender for each project.

Mission Responses

5.3.17 The Service Request System had been introduced just shortly prior to the mission Audit. The new approach generated an immediate response, however, since that time, the number of requests have levelled off. The Mission Housing Committee will review the situation with the intent of determining the best approach to adopt at its next meeting (November 21, 2000).

- 5.3.18 Local contractors for routine maintenance requests have been identified and negotiations are underway. Agreements are expected to be in place by the end of December 2000.**

Fine Arts Inventory

5.3.19 An inventory of fine art was last reported to SRMZ in June 1998 at which time seven works of art were identified as being “unassigned”. These seven pieces were found stored in the Canada Room. SRMZ has also on several occasions requested a signed Fine Art Agreement from the HOM without success. The Audit Team, in fact, located another four pieces of art in the office of the Administrative Assistant over and above what was identified in the inventory. Art in storage and art not required should be returned to SRMZ for assignment elsewhere.

Recommendations for Mission

- 5.3.20 The Mission should up-date its inventory of fine art and return unassigned pieces if not required.**
- 5.3.21 The Fine Art Agreement should be signed by the HOM and returned to SRMZ.**

Mission Responses

- 5.3.20 The inventory has been updated and two unassigned works are being returned to SRMZ at the end of November 2000.**
- 5.3.21 The Fine Art Agreement has been signed by the HOM and returned to SRMZ.**

5.4 Finance

5.4.1 The Finance Section includes a Senior Accountant and an Assistant Accountant. The Senior Accountant has been in the position since 1988, the Assistant since 1992. The MAO has retained the responsibility for managing and preparing the budget and preparing the mid-year forecast. The Mission is the largest revenue producer of all our missions in the world. In fiscal year 1999/2000, Immigration revenues reached \$36.3 million. Revenues continue to grow with \$25.1 million already collected in the first eight months of this calendar year. The Mao initiated the implementation of daily electronic cash management operations through the use of Hexagon, the electronic banking system offered by the Mission’s local bank. This has enabled the Mission to clear cheques daily, monitor bank activity and initiate funds transfers more expeditiously.

5.4.2 Prior to the audit visit, the Special Investigations Section (SIXP) of the Office of the Inspector General (SIX) reviewed the accounts to verify the reported revenues for the initial three months of the current fiscal year. A number of minor concerns were raised which were followed up during our visit and satisfactorily cleared. On request from the Audit Team, the Mission will now be forwarding the accounts for August 2000 to SIXP to review the expenditure side of the operations. Given the large amounts of revenue collected, it is also being strongly recommended that CIC auditors undertake a comprehensive audit of the Immigration revenue operations at the Mission. SMF indicated that it will confer with CIC and bring this matter to its attention.

Roles and Responsibilities

5.4.3 There is no clear delineation of responsibilities nor is there a proper balance of workload between the Senior Accountant and the Assistant Accountant. Some invoices are routed through the Senior Accountant while most go directly to the Assistant for processing. The Senior Accountant prepares the payroll, tracks the banking system, and reconciles the accounts. The Assistant Accountant handles all other aspects of the financial operations including revenues, expenditures and financial reports, as well as inputting all information into IMS. ***

5.4.4 The role of the Assistant Accountant is under-valued as she is the individual with the best knowledge of the IMS system. The Senior Accountant is much less comfortable with the new IMS system. The Senior Accountant needs to be more integrally involved with inputting documentation into the system to become more familiar with the system's features. As it is now, when the Assistant is away, work builds up and it is not processed until she returns.

5.4.5 The Section is experiencing difficulties in producing the required reports from the IMS system. This is a problem that is being encountered in many of our missions abroad. In consequence, a duplicate accounting system is being maintained by the Assistant Accountant (parallel Quattro Pro system) to produce the required month-end reports. Seattle, with the help of Washington, has recently solved this issue and it is suggested the Mission make contact with SMF and with Seattle to resolve this problem.

Recommendations for Mission

- 5.4.6** The role of the Senior Accountant and Assistant Accountant should be more clearly delineated to allow for a more balanced workload and to establish clearer lines of responsibility and accountability.
- 5.4.7** The Mission should contact SMF and the Washington Embassy in an effort to resolve the longstanding problem of producing the required reports from IMS.

Mission Responses

- 5.4.6** At the request of the HOM, the Regional Financial Officer (RFO) at the Canadian Embassy, Washington, visited Buffalo to assist the MAO in addressing the Audit recommendations related to the Finance portfolio. In consultation with the MAO, Senior Accountant and Assistant Accountant, the roles and responsibilities of the latter two have been realigned and these adjustments have been implemented.
- 5.4.7** During his visit to Buffalo, the RFO reviewed in detail with the MAO and Accountant the various reports currently available from IMS and agreement was reached on reports which could be produced in Buffalo. At the suggestion of the RFO, the MAO and Senior Accountant also visited Washington November 15 - 16 for more intensive "on the job" IMS training and related report production. The RFO also provided the MAO with advice governing reference level/budget control reports which will prove invaluable to Program Managers in their efforts to manage their financial resources.

Recommendation for SMF

- 5.4.8** SMF should determine where this problem is occurring for all Missions and provide them with the support and training required.

SMF Response

- 5.4.8** As part of the action plan to improve financial management and control, SMF is actively working on two components of the plan.
- Identification and assessing risk factors. It is anticipated that activity should be completed in the 1st quarter of 2001, and the

results will form the basis of our mission visits in the fiscal year 2001/2002

- **In co-operation with CFSI, developing training sessions for MCO's and accountants which will be delivered during the upcoming fiscal year. It should be noted, that by the end of December this year, all LES's will have had a 2 week training program.**

Revenue Processing

5.4.9 The Assistant Accountant counts the revenues transferred from the Immigration Section ***. At month-end the MAO could sign off certifying that this reconciliation has taken place.

5.4.10 ***

Recommendations for Mission

5.4.11 *** **The Finance Section's role should be limited to receiving the documentation from Immigration and reconciling this documentation to the *** deposits.**

5.4.12 ***

Mission Responses

5.4.11 **The RFO and the mission do not support this recommendation. The onus for cash management for the Immigration Program rests with DFAIT as provided for under the MOU between the two departments. In the opinion of the RFO, the current mission procedures are in compliance with departmental policies and reflect proper internal control. The RFO also reviewed and endorsed the *** practice for handling Immigration Program revenues. It was recommended, however, that the MAO provide monthly confirmation to the Immigration Program Manager of the revenues recorded in IMS. In the RFO's opinion, this would add another internal control to ensure revenues are properly reconciled between the two departments.**

5.4.12 ***

SIV Comment

- 5.4.11 We agree with the Mission's position, however since we have noted this situation in more than one mission, we will be pursuing this issue at the departmental level with Immigration and DFAIT.**

Banking Arrangements

5.4.13 It is not clear if the current banking arrangements are the most cost-effective for the Mission. The Audit Team could not find any formal agreement with the bank and the MAO admitted that the current arrangements were not clearly understood by her. Given the significant revenues being collected at this Mission, it is important that the Mission receive the best and most economical financial arrangement possible.

5.4.14 ***

5.4.15 At month-end, the bank produces a report for the US account that shows the actual volume of banking activity during the month and what the projected service charges would be if a minimum balance is not maintained. It also shows the bank balance required to waive these charges. No such analysis is provided for the Canadian dollar account. Credits are built up if the bank balance is in excess of the minimum balance required. The MAO, however, was unable to explain what these credits mean. Given the high volume of activity and the materiality of the monies flowing through these accounts, it is obvious that a thorough analysis is required to ensure the Mission is receiving the best-valued banking arrangement possible. This will include seeing what other competitor banks are offering. It is also evident that the transferring of US monies to our Washington Embassy and Canadian monies to HQ are not occurring as frequently as is required. More attention needs to be given to the management of cash at this Mission.

Recommendations for Mission

- 5.4.16 The Mission should, in consultation with SMF and the RFO in Washington, review its banking arrangements to ensure that it is receiving the most economical and best-valued arrangement possible.**
- 5.4.17 The Mission should better manage its cash management and, in the process, step up the frequency with which it transfers its funds to Washington and HQ.**

Mission Responses

5.4.16 During his visit to the mission, the RFO, along with MAO, met with the HSBC Vice President responsible for the Consulate General account, who provided an overview of the monthly analysis report, and accompanying background information to demonstrate that the mission is the recipient of a preferred customer fee structure. The Bank has subsequently provided the mission with a letter of understanding, confirming in writing the details of the banking arrangement in place.

5.4.17 The mission has instituted a process whereby fund transfers to SMFF have been increased to twice a week for the Canadian Dollar account effective immediately, and as required for the US Dollar account for funds in excess of minimum balance requirements with the bank.

SIV Comment

5.4.16 The intent of this recommendation as described in the observation was to review banking operations including what competitors had to offer, to ensure that the Mission is receiving best value.

Processing Payments

5.4.18 The Accounts Section has done little to act on the RFO's recommendation in October 1999 to encourage suppliers to accept the use of electronic funds transfers (EFTs) as the method of payment instead of cheques. Suppliers have not been contacted to initiate this process. Only the landlord of the building in which the Chancery is located is being paid through EFT.

5.4.19 Administration is currently dealing with a total of 56 vendors. Reducing these numbers, building up a relationship with fewer suppliers and encouraging them to invoice the Mission once monthly rather than for each transaction would ultimately reduce the number of financial transactions and the number of cheques required.

5.4.20 More effective use of the petty cash fund could improve the efficiency of the finance operations. Petty cash is currently set at US\$100 and is only used for purchases of US\$25 or less. It is only reimbursed once each quarter. Increasing the size of this fund to \$2,000 and capping the size of each expenditure to the permitted limit of \$200, would further reduce the need to write as many cheques to pay for small local purchases.

5.4.21 Currently the Mission is writing approximately 400 cheques each month,

90 percent of which are related to overpayment of Immigration fees or Right of Landing Fee (ROLF) payments. This involves a large amount of the Assistant Accountant's time to process and input these payments. It also involves a considerable amount of the MAO's time to review and sign these documents. The MAO estimates that between 10 and 12 hours of each month is spent signing and verifying these payments. To relieve the MAO of this responsibility, it is suggested that the Senior Accountant be allowed to sign these ROLF and over-payment cheques up to a specified dollar amount. Another Canada-based Officer would also be a signatory on these cheques. This will allow the MAO more time to better manage and plan the activities of the Administration Program.

5.4.22 The payment process in terms of timeliness is almost too good at this Mission. The turnaround time for paying an invoice is almost immediately upon receipt. Most suppliers only call for terms and conditions of 30 days before interest is accrued on any amounts owing. The Mission needs to re-evaluate its payment process to ensure more normalcy is maintained.

5.4.23 The Mission still does not have all its employees receiving their salaries by direct deposit. This requires employees to open a US dollar bank account. At the time of the visit, two employees had yet to open the required bank account. The policy of having all LES on the same system of direct depositing needs to be universally applied.

Recommendation for Mission

5.4.24 In an effort to introduce greater efficiencies into the accounting process, the Mission should:

- **endeavour to encourage suppliers to be paid through the use of EFTs;**
- **review the number of vendors with a view to reducing these numbers and encouraging them to invoice the Mission monthly instead of each time a transaction occurs;**
- **make greater use of the petty cash by increasing its size to the maximum allowed of \$2,000 and increasing its limit for each transaction to \$200;**
- **review the turnaround time for processing payment to be more in-line with the generally accepted 30 day limit as practised elsewhere in most organizations;**
- **ensure all LE staff are paid through direct deposit rather than cheque; and,**

- **have the Senior Accountant serve as one of the signatories on cheques relating to ROLFs and Immigration over-payments.**

Mission Response

- 5.4.24**
- **While experience has been that Buffalo vendors are often resistant to such a change in method of payment, drawing on a sample letter used by the Embassy, vendors will be notified of the mission change in policy effective December 15, 2000.**
 - **Invoices are now consolidated and vendors paid monthly. The mission will also make greater use of its credit card to pay one-time vendors.**
 - **Current use of petty cash will be monitored to assess the most appropriate size, however, current spending patterns would not support a maximum of \$2000.**
 - **With the realignment of duties between the Senior and Assistant Accountants, turnaround times are now in line with generally accepted practices.**
 - **All employees are now paid through direct deposit.**
 - **At the recommendation of the RFO, and based on his understanding that signing authority is not usually given to positions classified below the LE - 07 level, the MAO will seek the advice of SMSP on how to proceed.**

Canada-based Parking

5.4.25 The parking provided to the six Canada-based officers is difficult to substantiate. Parking which is paid separately from the Chancery lease is costing US\$93 per month for each individual.

5.4.26 Parking expenses can be authorized under FSD 30.5 providing the duties, responsibilities and rank or position make the expenses necessary, or if public transportation is not available or is not satisfactory and employees must regularly use their PMV for transportation to work. Both these conditions require Deputy Head approval and this has not been sought for Buffalo. There is no evidence that Officers at this Mission are required to use their vehicles for work. Little overtime is worked. An official vehicle is usually available during the day should an Officer require one. In addition, there is good taxi service in Buffalo. The Post Report for Buffalo also

comments that Buffalo is “served by a network of buses, subways, trains and taxis. As with most public transportation systems, travel times are generally longer than by one’s own car. Express bus service has recently been expanded, sufficient for a commuter’s usual schedule”. One of the Officers, currently provided a monthly parking pass, seldom uses it and, instead, relies on public transportation to travel to and from work.

Recommendation for Mission (Info: HPM)

5.4.27 The Mission, in collaboration with HPM, should re-evaluate the need to provide Canada-based Officers with daily parking. Deputy Head approval should be sought if it is decided that parking is a requirement.

Mission Response

5.4.27 Consultation with HPM is being initiated and a decision is expected by end December 2000.

Hospitality

5.4.28 A review of the hospitality claims for the HOM and Program Officers in the Trade, PERPA and Administration Programs was undertaken. Claims were found to be well documented and, in the case of the HOM, the claims suggest the appropriate people and the right levels of individual are being entertained. A good explanation of the usefulness of each function accompanied each claim.

5.4.29 The hospitality guidelines were last up-dated in 1995. The claims suggest little entertaining is done in the home with most entertaining taking place in restaurants. In consequence, there may be little need to update per capita costs for entertaining at home in the guidelines. It may be more appropriate to go to actuals as is currently claimed by the HOM. Guidelines are needed for entertaining in restaurants including per capita limits for breakfast, lunch and dinner.

Recommendation for Mission

5.4.30 Hospitality guidelines should be updated to reflect the current costs for entertaining on a per capital level.

Mission Response

5.4.30 Draft hospitality guidelines were prepared and discussed at CMM just prior to the Audit. These should be finalized and issued by mid-December.

5.5 Information Management

5.5.1 The Mission Systems Administrator (SA) (LE-08) reports to the MAO who provides her with a great deal of autonomy. She has been at the Mission for 15 years and has been in the SA position since 1994. She is supported by a newly created Junior SA position. The Junior SA was away from the Mission during the audit and therefore, could not be interviewed.

5.5.2 The SA is responsible for all Mission systems, the help desk, the Mission network, repairs and Octel. The Junior SA's main areas of responsibility are the internet, the Mission website, programming issues and the provision of back-up for the SA.

5.5.3 There is a good level of satisfaction with the services being provided at the Mission, however, expectations throughout the Mission vary. The Mission has not set service standards. The establishment of clear and realistic service standards would clarify expectations across the Mission. The need for service standards affecting all Administration disciplines is outlined in the Management of Administration Section.

Octel

5.5.4 No issues were raised with respect to the use of Octel. Approximately 75 percent of all calls are CIC related. The receptionist either forwards calls to a dedicated number for CIC or puts them into the Octel system. Buffalo was used as the pilot for the Octel script. Of interest is the CIC initiative which is scheduled to start on December 4, 2000 which creates a call centre, in Canada, for all CIC calls. Scripts and Manuals have already been developed. The planned effect is a reduction of LES in the enquiries unit of CIC.

MISSION RESOURCE FACT SHEET

Personnel (FTEs)

	CBS	LES	Total
HOM	1	1	2
International Business Development	1	5	6
PERPA		2.8	2.8
Consular		1.2	1.2
Common Services		9	9
Immigration	5	41	46
Total	7	60	67

Physical Resources

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

*Chancery property also consists of 1 Annexe and 2 storage areas

Financial Information 2000/2001

LES Salaries (CV 017)	\$3,344,000
Operational (CV 014)	\$1,862,500
CB Overtime (CV 015)	0
Capital (CV 050)	\$30,000
Total	\$5,236,500