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**AUDIT
OF
THE CANADIAN EMBASSY**

MAPUTO

September 2001

Audit Division (SIV)

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EXECUTIVE SUMMARY

An audit of the General Relations, International Business Development, Administration and Consular Programs in Maputo was conducted during the period February 21 and 22, 2001. The audit was conducted concurrently with an audit of the Canadian High Commission in Harare, the Hub Mission for the Maputo Office. The Administration and Consular Programs were last reviewed in June 1995.

Maputo is an Office of the Canadian High Commission in Harare and operates under a Hub and Spoke arrangement with Harare. Maputo is a Development Office, and is headed by an experienced Counsellor, a PM-06 CIDA Officer, who is in his fifth year at the Mission. Maputo is a well-managed Mission with a content and competent locally-engaged staff (LES). The Counsellor is highly respected by the LES. The relationship between Harare and Maputo is excellent with Maputo being well supported by the High Commission in all aspects of its operations.

A Memorandum of Understanding (MOU), covering Administrative services, is in the process of being developed by the MCO in Harare. This MOU could be expanded to embrace all Programs including General Relations, Consular and Development. Financial resources need to be reviewed as the capital budget, relative to other micro-missions, is high. The Receptionist and the Driver positions, both of which have been filled by the same contractors for several years, need to be regularized. The Counsellor, who will be departing this summer, has set a high standard for his successor.

The Counsellor is doing a commendable job in reporting on the political situation in Mozambique according to the HOM and the Eastern and Southern Africa Division (GAA). The Counsellor uses his wide network of contacts in gaining insight into and reporting on the democratic changes that are occurring in the country.

Few trade opportunities exist in Mozambique and, those that do, involve mega-projects which are funded by international financial institutions. The Commercial Officer in Harare is largely responsible for dealing with Canadian companies interested in these projects.

MISSION MANAGEMENT

1.1 Overview

1.1.1 The Maputo Office of the High Commission is headed by a Counsellor who is an experienced CIDA Officer (PM-06). He leads a competent LES staff. Morale at this Mission is high. The working relationship with Harare under a Hub and Spoke arrangement is excellent and the services provided by Harare are considered to be of high standard. There is effective communications between both Missions with weekly conference calls between the HOM and the Counsellor. This past year has also seen the HOM visit Mozambique on seven different occasions. Exchanges between the staff of each Mission has enabled this relationship to grow and has also allowed Maputo's LES complement to be exposed to a wide variety of training. The Counsellor currently divides his time equally between Development and DFAIT activities. A Memorandum of Understanding (MOU) covering Administrative processes is currently being prepared by the MCO in Harare. This MOU could be expanded to cover all Programs (General Relations, Consular and Development) which fall under the Hub and Spoke arrangement. The impact of establishing a Regional Trade Hub in Johannesburg, as called for in the Africa Bureau's (GGD) Business Plan for FY 2001-2002, and what it means to the relationship between Harare and Maputo will have to be clarified. GGD has been asked to sort out this issue quickly to ensure that the commercial activity of our Missions in the region is not confused. A recommendation to this effect is contained in the Harare Audit Report.

Recommendation for Harare

1.1.2 The MOU covering the Hub and Spoke arrangement between Harare and Maputo should be developed to spell out how responsibilities for a variety of Program and Administrative support functions are to be assigned.

Harare Response

1.1.2 The MOU detailing a split of responsibilities between Hub and Spoke has been completed and covers all Programs. It is currently being reviewed by the HOM and Program Managers and will be sent to relevant HQ Divisions for review as soon as possible.

GENERAL RELATIONS AND INTERNATIONAL BUSINESS DEVELOPMENT PROGRAMS

2.1 General Relations

2.1.1 The HOM and GAA, while recognizing Maputo is principally a Development Office and the Counsellor, by profession, is a CIDA Officer, are pleased with the Counsellor's efforts in preparing political reports. He has established a wide network of valuable contacts. The political reporting out of Maputo (one to four reports each month depending on the situation) relates to regional issues, democracy, ***, security and governance issues, and is done in conjunction with the numerous visits the HOM makes to Mozambique - seven in the past year. The Counsellor actively communicates with both the HOM and the Counsellor, Political and Trade in Harare. Goals and objectives have not been specified but communications are clear and it is well understood the issues that should be reported. Good use is made of the Counsellor's hospitality allowance and his staff quarters in carrying out his representational responsibilities. The Counsellor's travel within Mozambique during the past year has been limited.

2.2 International Business Development

2.2.1 Trade opportunities for Canadian companies in Mozambique are limited largely to mega-projects funded by international financial institutions. These are mostly of interest to larger companies. There is little market for SMEs who are providing goods and services. The time spent by the Counsellor on trade development is minimal. The activity that involves providing information *** to Canadian companies wishing to bid on the mega-projects is handled by the Commercial Officer in Harare.

CONSULAR PROGRAM

3.1 Overview

3.1.1 The Administrative Assistant (LE-04), who attended a two week Consular course in Ottawa in 1999, is handling most of the day-to-day activity associated with the Consular Program. The Administrative/Consular Officer (LE-5), the Accountant, controls the passports (Emergency only), completes the passport inventory report and prepares an official receipt at the time of receiving a passport application. The Administrative Assistant deals with the counter, handles the Consular cases of which there are few, maintains the registration of the 186 Canadians living in Mozambique, keeps in constant communications with the 13 wardens, and ensures the Consular Emergency Plan is updated. A recent revision to the Plan, last updated in 1997, has been sent to Harare for approval.

3.1.2 Passport applications are forwarded to Harare twice weekly by commercial courier. Turnaround time for processing an application is two weeks. The number of passport applications received is highest in the summer months in Canada when there are between 15 and 20. In the quiet months, the number is reduced to five. A count of the Emergency passports was conducted on February 22, 2001 and found to reconcile with the documentation on hand. The Counsellor is periodically counting and reconciling these passports.

ADMINISTRATION PROGRAM

4.1 Management of the Program

4.1.1 While the overall responsibility for the management and the administration of the Office rests with the Counsellor, much of the day-to-day responsibilities for administration is carried out by the Program Officer (LE-07). The Program Officer, in addition to dividing his time between Trade (30%), Development (15%) and Political (10%) is currently spending 45 percent of his time on administration. Reporting to the Program Officer is an Administrative Assistant (LE-04), and a Receptionist, Driver/Messenger, part-time Cleaner and four Guards, all on contract. The Administrative/Consular Officer (LE-05), who carries out the accounting responsibilities, reports directly to the Counsellor. All key positions have a designated back-up to fill in during an absence.

4.1.2 The relationship between Harare (the Hub) and Maputo (the Spoke) is excellent. Maputo believes it is well supported by Harare in all aspects of its operations. The MCO visited Maputo in October and currently is in the process of developing a Memorandum of Understanding spelling out the modalities of the administrative arrangements.

4.2 Human Resources

4.2.1 The incumbents serving in the Driver/Messenger and Receptionist positions have been on contract for five and three years respectively. The MCO is currently in the process of regularizing these positions which should take effect on April 1, 2001.

4.2.2 Job descriptions reflect a lack of coincidence between the actual duties being carried out and those articulated in the position descriptions. The last classification exercise was carried out in 1994 by the MCO in Harare. Since then, much has changed. For example, the Program Officer's position description suggests a heavy emphasis on Development work and little on Administration, whereas today, the opposite is true. The Administrative/Consular position shows her as maintaining the register of all Canadians resident in Mozambique while, in reality, this is being done by the Administrative Assistant.

Recommendation for the Mission

4.2.3 Job descriptions of all LES should be reviewed and updated to ensure they reflect the actual duties being carried out.

Mission Response

4.2.3 Job descriptions will be redone this summer.

LES Concerns

4.2.4 LES have concerns about the medical coverage they receive. Current coverage is limited to the employee only, not their families, and requires the employee to pay expenses up front with reimbursement afterwards. Reimbursement is limited to 90 percent of the claim. Coverage is restricted to within Mozambique and excludes South Africa where hospital and medical treatment is deemed to be superior. Coverage is capped at US \$3,200 per annum. Current arrangements are said to place a financial strain on most employees as medical coverage is quite expensive. The LES claim there are medical packages available locally that would provide the required coverage. A survey has recently been undertaken, the information gathered and submitted to the MCO in Harare. The MCO is to review the submission and forward a recommendation to HRL.

4.2.5 LES also raised the issue of a 13th month bonus for office staff that was rescinded in 1994 following the classification exercise by the MCO. Non-office staff currently receive this bonus. LES believe that a number of local employers continue to provide this bonus. The MCO in Harare indicated that he will investigate this issue.

Recommendation for Harare

4.2.6 The MCO should give priority to ensuring a submission dealing with Maputo's medical coverage is submitted to HRL.

Harare Response

4.2.6 Medical coverage provided to LES is compatible with that provided by marker organizations. The latest benefit review was conducted in January/February 2001. Coverage in South Africa is not prohibited. The only restriction is that the limit is still US \$3,200 and that treatment of a similar nature cannot be obtained in Mozambique.

Official Languages

4.2.7 While most of the office staff are fully trilingual (English, French and Portuguese), there is little evidence of the linguistic duality of Canada being promoted within the Mission. Business cards are in Portuguese only and signs in the entrance of the Mission are only in English and Portuguese. The Counsellor indicated that he would address the issue immediately. The telephone answering message is in the three languages.

Recommendation for the Mission

- 4.2.8 Signs reflecting the bilingual nature of Canada should be added to the Mission. As well, bilingual business cards in English and French, in addition to the Portuguese cards, be made available for the Counsellor and Program Officer to distribute.**

Mission Response

- 4.2.8 Cards in English and French will be made for the High Commissioner. The Counsellor is leaving this summer so new cards will not be ordered. The new Counsellor will have cards printed in English and French. The reception area has been redecorated projecting the bilingual character of Canada.**

4.3 Physical Resources

4.3.1 Properties include a Chancery and a Staff Quarter (SQ). The Chancery is contained in a building owned by the Swedish Embassy. It is well located, clean and modern and creates a very favourable impression of Canada. There is little maintenance required of this building.

4.3.2 The SQ occupied by the Counsellor is large and exceeds the occupant's housing entitlements but there is very little acceptable housing available within Maputo that would fall within the space guidelines. This SQ matches well with marker organizations and is not ostentatious. The SQ, which was leased in 1997 for US \$3,750 per month, replaced an SQ that was leased at US \$5,000. It is a low maintenance property and is well located, within walking distance of the Chancery. The current lease expires in December 2002. It is not recommended, however, that this property be purchased given that it is on a side of a cliff and, with the heavy rains, there is the potential for land to erode causing serious structural problems.

4.3.3 The Mission has done an effective job in maintaining inventories. Inventories are up-to-date for the Chancery and SQ. The inventory of computers is current. Property files were also found to be in good order. A Mission Management Property Plan has also recently been completed and forwarded to SRD. There is no Occupancy Agreement on file for the Counsellor.

Recommendation for the Mission

- 4.3.4 An Occupancy Agreement should be signed by the Counsellor and placed on file.**

Mission Response

- 4.3.4 An Occupancy Agreement is being prepared.**

Vehicles/Capital Budget

4.3.5 The Mission has three official vehicles and a fourth is on order and expected any day. The current fleet includes a 1999 Toyota Camry, a 1997 Mazda 626 and a 1995 Mitsubishi Lancer which has not been roadworthy for the last year and a half and is to be used as a trade-in for the new vehicle. Mileage on the Camry is 27,085 kms and the Mazda 41,588 kms. The vehicle on order is a new 2001 Mazda 626. The need for having three vehicles at this Mission is difficult to justify particularly given that car rentals are available locally. The Counsellor has agreed to dispose of the Camry when the new vehicle is received. The purchase of a new vehicle may be a function of the size of the capital budget that has been furnished to the Mission, i.e., \$48,000. When equated to other micro-missions of similar size, the capital budget stands out as excessively high. There is no apparent rationale for this large an amount.

Recommendation for the Mission

- 4.3.6 The Mission should reduce its fleet to two official vehicles and dispose of both the Mitsubishi and the Camry when the new vehicle arrives.**

Mission Response

- 4.3.6 The new vehicle has now arrived (Mazda 626, 2000) and the oldest vehicle (Mazda 626, 1997) was put up for sale in late April. The fleet will consist of two vehicles (Mazda 626 2000 and Camry 1999).**

Recommendation for PAM

- 4.3.7 The capital budget for Maputo should be reviewed with a view to reducing the funding provided.**

PAM Response

4.3.7 PAM has already reduced the Mission's capital budget from \$48,000 to \$38,000. The capital budget will be reviewed further with a view to funding Maputo's vehicle requirements from PAM, leaving the Mission sufficient budget to fund its furnishing and equipment requirements.

4.4 Finance

4.4.1 The Administrative/Consular Officer is the Accountant and has been in the position since October 1995. She has been to Harare twice, in 1995 and 1998, to meet staff and receive financial training. The Mission has been promised "read access" to IMS in the new year and the MCO is planning to have her visit again in the new year. The Mission maintains a US dollar bank account with Banco Standard Totta de Mocambique. This account is used to deposit Consular and Immigration revenues collected in US dollars. Canadian dollars collected, which are few, are forwarded to Harare. There is no local currency collected or used in this Mission. There are between 35 and 40 transactions per month on the US bank account. Financial data is forwarded to Harare for IMS input three times a month using DHL Courier services.

4.4.2 SIXP of the Office of the Inspector General (SIX) is currently carrying out a detailed review of the Mission accounts covering June, July and August 2000. There is little discretionary spending at this Mission. SIXP will be preparing a report commenting on the status of these accounts. The report will be forwarded to the Mission and Harare for review and comment.

4.4.3 The Administrative/Consular Officer is competent and well organized. Quattro Pro is used to track the day-to-day financial activity of the Mission. A reconciliation of the Quattro Pro system is made with the IMS reports when they are received from Harare. Harare, at the time of audit (February 22, 2001) had yet to complete the reconciliation for the month of November 2000 as staff there had been liquidating their accumulated leave.

Depositing of Revenue

4.4.4 Monies have not been deposited to the bank account as frequently as required under the Receipt and Deposit of Money Regulations, i.e., once a week or whenever funds on hand reach \$500, whichever comes first. There have only been two deposits made since last June, one for US \$2,755 on June 13, 2000 and another on November 7, 2000 for US \$2,007. A main reason for not depositing as required was the perceived need to hold hard currency in the event of an emergency, eg., a medical evacuation or a requirement for medical attention at a private health clinic. Nothing happens in Mozambique unless there are hard, US dollars to pay up-front for these

services. Revenues collected from Consular services and visas are minimal, particularly during Canadian winters when there are few visitors to this country. Revenues during Canadian winters hover around US \$200 to \$300 per month. To avert this situation, this Mission should be provided an emergency cash parcel in the range of US \$3,000. The Mission indicated that it will also be pursuing an arrangement similar to that which Harare has, i.e., organizing with the diplomatic community and others to register with a health provider (eg., air ambulance) that would allow a card to be presented at the time of an emergency with payment to follow after delivery of services.

4.4.5 A reconciliation of the cash on hand as at February 22, 2001 to the official receipts issued indicated all revenues were accounted for. The last deposit made on November 7, 2000 included revenues up to and including September 27, 2000. Revenues collected between September 27 and November 7, 2000 were not deposited because of the need to hold cash for emergency purposes. The cash counted, as at February 22, 2001 totalled US \$2,008 and Cdn \$110 and reconciled to the official receipts issued from September 27, 2000. The Mission indicated that it will begin depositing weekly as required.

Recommendations for the Mission

4.4.6 The Mission should be making deposits in accordance with the Receipt and Deposit of Money Regulations.

4.4.7 The Mission should contact SMF to acquire an emergency cash parcel.

Mission Responses

4.4.6 Since the time of the audit, deposits are being made on a weekly basis.

4.4.7 Cash parcel has been established.

Value Added Tax (VAT) Refunds

4.4.8 The Mission pays a VAT of 17 percent on all goods and services purchased in Mozambique. When questioned about recovering this tax, the Accountant indicated that the Mission is currently not recovering the VAT but offered that she believed some international organizations are exempted through the use of an accredited card from the Ministry of Foreign Affairs. When brought to his attention, the Counsellor indicated that he would pursue this issue further with the responsible authorities.

Recommendation for the Mission

- 4.4.9** **The Mission should pursue with the Ministry of Foreign Affairs the notion of being exempted from having to pay VAT of 17 percent on all locally purchased goods and services.**

Mission Response

- 4.4.9** **Maputo is now discussing with other embassies about their practices in recuperation the VAT. It will the raise the issue with the Mozambican Foreign Affairs.**

4.5 Information Management

4.5.1 The Mission is equipped with the MM-97 system and is experiencing the same frustrations and inefficiencies as other micro-missions. An excessive amount of time is required to download mail, use corporate applications and access the Internet. Four employees are required to share one MM-97 workstation limiting access to e-mail and specialized applications. There are also two stand-alone PCs available to access the Internet through a local subscription.

4.5.2 Maputo is expected to benefit from SXD's Micro Mission Phase 1 Upgrade in the new year. This improvement will see new SIGNET workstations comparable to the SIGNET baseline used elsewhere in the Department and also an upgraded suite of baseline software in line with SIGNET 2000 (including Outlook 2000, Internet Explorer 5 and Corel Suite 8). It is still uncertain when the Phase 2 Upgrade will be implemented which would bring Maputo in line with the rest of the Department in terms of connectivity and access to voice, data and application services.

4.5.3 The telephone system in use at the Mission is a PBX unit purchased locally. The Mission has had few problems with the system and does not have a maintenance contract. Should problems arise, there is a firm available to service the unit.

MISSION RESOURCES FACT SHEET

Personnel (FTEs)

	CBS	LES	TOTAL
Head of Office	1.00		1.00
International Business Development		0.30	0.30
General Relations		0.10	0.10
Consular		1.00	1.00
Administration		3.45 ⁽¹⁾	3.45
Development		0.15	0.15
Total	1.00	5.00	6.00

Note *(1) Includes Receptionist and Driver on contract.

Physical Resources

ASSETS	PRIVATE LEASED	CROWN LEASED	CROWN OWNED
Chancery		1	
SQ		1	
Vehicles			3

Financial Information 2000/2001

LES Salaries	\$89,300
Operational	345,600
CB Overtime	1,000
Capital	48,000
Total	\$483,900