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**AUDIT
OF
THE CANADIAN CONSULATE
MINNEAPOLIS
April 2001**

Audit Division (SIV)

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EXECUTIVE SUMMARY

An audit of the Political, Economic Reporting and Public Affairs Program (PERPA), the International Business Development (IBD), Consular and Administration Programs was conducted in Minneapolis during the period September 19 to 22, 2000. A follow-up audit of the Minneapolis Mission took place in September, 1993.

MISSION MANAGEMENT

Program effectiveness is being affected by low employee morale and insufficient management direction and support.

POLITICAL, ECONOMIC REPORTING AND PUBLIC AFFAIRS PROGRAM (PERPA)

The PERPA Program is managed directly by the HOM and has experienced and knowledgeable staff. Work plans are in place with identifiable objectives and activities. Recent resource shortages have greatly reduced the outputs of the Program and highlight the need for a dedicated Program Manager.

INTERNATIONAL BUSINESS DEVELOPMENT PROGRAM (IBD)

The Trade Section has a full and active program in place and very experienced and capable staff, however, two very key aspects of the New Approach are not being adhered to. Tracking in the WIN system is not being done due to technical reasons, as well as a lack of training and insufficient management support and direction in this area. While a strategy has been developed for the Investment Program, results have not matched expectations due to other priorities and management issues.

CONSULAR PROGRAM

The Consular Program at the Mission is working well as a result of a reorganization of duties which assigned a full time FTE to the Consular Program Assistant position. The Program is very well managed under the direction of the Consul and Trade Commissioner. A work plan containing clear goals and objectives along with detailed procedures and instructions documented in a mission Consular manual, have helped to focus the Program.

The work load in Minneapolis and nature of the Consular Service Standards support a full-time position in Minneapolis. This report recommends funding receptionist services separately and maintaining a dedicated full-time Consular Program Assistant.

ADMINISTRATION PROGRAM

Administration is a well-managed Program led by an experienced Mission Administrative Officer. Maximum use is made of the Program's four employees and technology is being used to its fullest. Clients are very pleased with the quality of service. A review of the four disciplines of Administration, including Human Resources Management, Property Management, Finance and Informatics identified minor issues which the MAO agreed needed addressing.

MISSION MANAGEMENT

1.1 Overview

1.1.1 There is little evidence that Mission programs are receiving the management direction, support and interaction required. The expected management mechanisms such as work plans, Committee of Mission Management (CMM), Section meetings and staff meetings are in place but are not working effectively. Information is shared and issues are discussed, but there is little substance in terms of strategy, on-going direction, assessment of program performance and follow-up.

1.1.2 Program and employee effectiveness is being eroded due to insufficient management direction and support. Program expectations are not being clearly communicated. On-going direction and intervention regarding program activities is inconsistent to the extent that support from and integration with management is not being sought. This in turn further reduces management's ability to interact and intervene in program operations. As a result program delivery by the Mission is not being optimized.

1.2 Appraisals

1.2.1 Regular yearly appraisal reports have not been completed for every employee. Of 15 employees, seven have recently dated appraisals that cover periods of three to five years at a time. *** Six new employees who were hired this year, are not yet due for appraisals. Employees should receive annual appraisals with meaningful feedback on their performance. This is particularly important given the large number of new employees, who should be given direction and feedback to achieve best results.

Recommendation for Mission

1.2.2 Annual appraisals should be completed for each LES employee, prior to awarding yearly increments. Appraisers and employees should refer to the goals and objectives set at the beginning of the review period.

Mission Response

1.2.2 The CMM has reviewed the issue of annual appraisals and it was agreed that a new system will be put in place to regularize the process at the beginning of 2001. The MAO will periodically circulate a list of all appraisals and their due dates to HOM and Program Managers.

1.3 Training

1.3.1 The MAO is the Mission Training Coordinator. Training has been intense over the past months, with courses in Ottawa for the Systems Administrator, Consular Assistant, PERPA Manager, IMS training at Mission for LES, CITRIX training, etc. While the training is effective and welcomed, some staff did indicate some “overload” occurring, with saturation from too much training within a short concentrated period.

POLITICAL, ECONOMIC REPORTING AND PUBLIC AFFAIRS PROGRAM (PERPA)

2.1 Overview

2.1.1 The PERPA Section in Minneapolis is managed directly by the HOM, who is supported by two Officers (LE -9) and an Assistant/Researcher (LE-5). One of the Officers is currently on leave and will be replaced for the next four months by a contract resource. The Assistant has been in the position for only four months.

2.1.2 The Section's activities are planned and documented under the following headings and associated priorities: promotion of Canadian cultural products; trade and economic policy (Agriculture, Helms Burton); international security (Devil's Lake/Garrison Diversion, Arctic National wildlife Reserve, Section 110); public diplomacy (Academic Relations, Cultural affairs, National Unity, Education Marketing); and, strategic representation (High Level Visits, Council of State Governments, Territory Relations, Regional Associations, Elections).

2.1.3 A year-end report was produced by the PERPA Section summarizing activities completed and highlighting related results.

2.2 Resources

2.2.1 The Section's resources are inadequate given the wide range of Program objectives and activities. There is no full-time Program Manager position which would normally be the focus for providing direction, coordination and continuity to the PERPA Program and for providing a link to HQ. This situation is further affected by one Officer's absence on leave and a new incumbent in the Assistant position. In cooperation with the PERPA Program the Trade Program has been actively involved in advocacy on selected bilateral trade policy issues in the context of their normal business and investment activities. This is a reflection of both the Mission's co-ordinated approach to issues that involve both Programs and the PERPA resource situation.

2.2.2 To alleviate this situation in the short term, a PERPA Officer is being hired on a four month contract. Consideration, however, needs to be given to creating and filling a Program Manager position in line with the model for most other Missions. This could be done through providing incremental resources or by realigning resources within the Mission. There is a current imbalance in the distribution of resources between the PERPA and Trade Sections. The Trade Section has two CBS, four Business Development Officers and two Assistants compared to PERPA's two Officers and one Assistant. URD needs to consider, for the PERPA Program, the level of activity and results expected to determine resources required and their organization.

Recommendation for URD

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

URD Response

- 2.2.3 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 at the Mission is dedicated to the development of commercial relations between Canada and the states of Colorado, Iowa, Minnesota, Montana, Nebraska, North Dakota, South Dakota and Wyoming. The Section is headed by a Senior Trade Commissioner (STC) and supported by a Canada based Trade Commissioner, four locally-engaged Business Development Officers and two Business Development Assistants.

3.2 Management

3.2.1 The Program has developed a Business Development Work Plan which contains:

- Objectives, tactics and anticipated results;
- An Investment Strategy;
- A listing of New Exporters to Border States (NEBS) Missions; and,
- Staff responsibilities by sector.

3.2.2 For each Officer a detailed plan is prepared by priority sector outlining objectives and measurable anticipated results. Included in these plans are specific activities required to realize objectives such as NEBS and companies targeted for corporate outcalls.

3.2.3 The Section plan and individual plans are thorough and comprehensive. They are based primarily on sectorial analysis and include a listing and schedule of related activities, events, meetings, etc. Officers work on their own with little interaction, coordination or back-up between each other. Section meetings occur every six to eight weeks and are used to update and share information. Issues discussed relate to rescheduling, delays and other factors affecting operations. Staff have access to and receive support from the STC on an on-going basis. Section meetings focus on day-to-day operations rather than reviewing work plans and modifying strategies.

3.2.4 Monitoring and reviewing progress is based on anticipated results identified in the Section work plan and individual work plans. The anticipated results, however, are primarily a quantification of identified activities such as the number of new business opportunities or number of investment leads. Determination of the success of

these activities is left to each Officer and is done informally through personal contact and indirect information gathered during the normal course of doing business.

3.2.5 There is no formal or uniform procedure for assessing outcomes for the Section as a whole. Without the means to gather performance information, it is difficult to analyse objectively and assess the effectiveness of the activities and efforts of the Section. This, in turn, limits the ability of the Section to modify strategies and adjust plans or to justify resource allocation.

Recommendations for Mission

3.2.6 A methodology and related procedures should be developed to capture on a regular basis the information required to assess effectiveness of Trade activities.

3.2.7 Trade Section meetings should be held periodically to modify strategies and adjust plans with input and approval by the HOM.

Mission Response

3.2.6 While most reporting of trade activities has been completed very shortly after the events were held, some backlog occurred for officers experiencing very heavy project and travel schedules. It is agreed that greater regularity in reporting via TAMS and WIN tracking will be instituted immediately.

3.2.7 Trade Section meetings with the HOM have been scheduled once a month for the past year, and will continue to be held. The mission agrees that some of these meetings can and should include discussions on strategies and adjustment to plans, but that need not be the focus for every monthly meeting. It has been agreed that quarterly strategic program reviews will be scheduled.

3.3 Investment

3.3.1 An investment strategy was developed by the Mission for the 2000/2001 fiscal year, outlining objectives and rationale along with an analysis by priority sectors and states, describing business activity and identifying major companies. The strategy also lists targeted firms, identifies the vehicles or methods to be used to implement the investment program, and calculates the resources required. In terms of anticipated results, the investment program is not seen as separate from other business development activities.

3.3.2 Each officer is responsible for investment activities in their areas. As with other trade activities, progress, outputs and results are not formally monitored or measured. Furthermore, the roles and responsibilities of the HOM, STC and Officers are not always clear. Investment activities are not effectively coordinated and therefore, are not receiving the level of attention required nor having the results expected.

Recommendation for Mission

3.3.3 Roles and responsibilities regarding the Investment Program should be clarified and efforts more closely coordinated and monitored to ensure that activities are carried out and results achieved.

Mission Response

3.3.3 The question of roles and responsibilities of HOM, STC and BDOs in investment promotion is one which, we suspect, is not unique to this mission. However, steps have been taken in the several months preceding the receipt of this report to develop a joint program of senior level corporate calls with the HOM accompanied by the STC and/or BDOs and PERPA if required. Working level calls on targeted companies will continue to be scheduled by the BDOs, as detailed in their sectoral work plans.

3.4 New Approach

3.4.1 The Trade Section at the Mission is not fully complying with the Trade Commissioner Services' (TCS) New Approach. While the basic principles of providing core and additional services are understood, their application is left to the discretion of individual officers. WIN tracking which is an integral part of the New Approach is not being done. Past technical difficulties and a lack of training have been cited as the obstacles to tracking. Without WIN tracking, the long term benefits of documenting company information and the related services rendered are lost to the Mission and the Department. Also follow-up and systematic assessment of results becomes more problematic.

3.4.2 The Mission is planning on implementing an Information Centre. The objective is to action low level enquiries and provide a common electronic information source on the "I" drive. The Info Centre concept is a recommended best practice by the Post Support Unit in HQ and has been successfully implemented in other Missions (Sao Paulo, Buenos Aires). However, this concept is dependent on the consistent use of WIN for tracking, compiling data, monitoring adherence to standards and analysing results.

3.4.3 Client survey results have been very positive for the Mission. However, due to the lack of WIN tracking these results must be qualified, since the Section manually provided data for survey purposes. There is no assurance that all client interactions were included, particularly those that may not have been considered productive.

3.4.4 It is the opinion of the Audit Team that the deficiencies noted with the New Approach are due to a lack of management commitment and support, in addition to technical and training issues listed above. These issues need to be resolved through consultation and support from TCS and URD in providing training, addressing technical problems and in articulating appropriate accountabilities.

Recommendation for Mission

3.4.5 The Trade Section should incorporate WIN tracking and an Info Centre into its operations.

Mission Response

3.4.5 The Trade Section received 3 days of training on the use/application of Mission WIN and WIN Online by the Regional WIN Manager from Atlanta in mid December 2000. Steps are now underway to convert the contact information currently held in other programs to support the use and relevance of information in WIN to all members of the program.

We are proceeding with the expansion of information and use of our Info Centre, which will be immensely facilitated by HQ's approval for full-time receptionist and consular positions.

Recommendation for TCS

3.4.6 TCS should provide the training and technical assistance required to ensure the Mission is fully capable of adhering to the New Approach.

TCS Response

3.4.6 TCS, in collaboration with CFSD, provides New Approach Training in Ottawa, as well as at selected trade-related events across Canada and abroad. In addition, Minneapolis has been placed on the list of missions where on-site New Approach training would be beneficial. The resources necessary to provide such on-site training will be requested in the 2001-2002 Fiscal Year. Further, TCS is in the process of developing a virtual campus course on the New

Approach, and Minneapolis trade officers will be invited to take this course once it is launched.

Recommendation for URD

- 3.4.7 URD should incorporate into its business plans and accountability documents, the requirement for the Mission to fully commit to and demonstrate compliance with the New Approach.**

URD Response

- 3.4.7 Agreed. The US Bureau (URT) will ensure the preparation of comprehensive work plans for FY 2001/02, and future years which will be guided by the parameters and dictates of the New Approach. The work plans will be based on client demand, input and priorities, albeit within the business environment in which the post in Minneapolis operates. The work plans will include trade, investment, strategic alliances, advocacy issues, and other related activities, and will be closely coordinated amongst all programs at the post, as well as with DFAIT/HQ. and our Team Canada partners.**

CONSULAR PROGRAM

4.1 Management of the Function

4.1.1 The Mission provides timely and effective Consular services. The Consular Program was recently reorganized, and the management of the Program delegated to the Consul and Trade Commissioner. After the recent retirement of the Consular Assistant/Receptionist, a new full-time LES Consular Program Assistant was hired, and given delegated signing authority. The responsibilities for Reception were moved from this position and given to a contract employee.

4.1.2 The Consular Program is working very well as a result of the reorganization and new employee. The Consul and Trade Commissioner has taken an active role managing the delivery of the Program, and guiding the new Assistant. There is a work plan that defines the objectives and goals for the coming months. Together with this work plan, a Consular Operating Manual has been developed containing relevant information such as emergency contact lists, service standards, etc. The Consular Assistant is making good use of the COSMOS tools, including PMP to issue passports when needed. Dated prisoner cases have been closed, and the Mission is in contact with the 72 remaining cases. Regular prison visits are planned and proceeding. COMIP records of statistics are now being kept up-to-date, and indicate a rising work load.

4.1.3 The Consular Program is now operating well, with an effective employee. The work load and nature of the Consular service standards support a full-time position for the Consular Program Assistant. There is sufficient work for one person, with some back-up duties provided by the Administration Program. A full-time receptionist would ensure that the Consular Assistant is dedicated entirely to Consular activities. The Receptionist contract position is already supporting the Trade program, and if this position is regularized it could provide more IBD support by being provided with access to SIGNET.

Recommendation for UAM

4.1.4 Funds should be made available to provide for a full-time Receptionist.

UAM Response

4.1.4 Funding has been identified and provided to create a full-time Receptionist position for Minneapolis.

4.1.5 The Accountant provides basic Consular services as back up. While the Accountant welcomes this addition to her job package, Consular services would benefit from the Accountant attending a Consular Training Course.

Recommendation for Mission

4.1.6 **Consideration should be given to sending the Accountant on the next available Consular Training Course.**

Mission Response

4.1.6 **Agreed that this will be undertaken in the new FY.**

ADMINISTRATION PROGRAM

5.1 Management of the Program

5.1.1 The Mission's Administrative Officer (MAO) reports to the HOM who has complete confidence in her abilities. Administration is a small Program comprised of the MAO, an Accountant (LE-06), a Systems Administrator (LE-07) and an Administrative Clerk (LE-04). Despite its size, Administration delivers a full scale Program using both resources and technology to their fullest. System solutions have been introduced for leave and attendance, travel and hospitality using an electronic file kept on the shared "I" drive. Staff in the Administration Program are knowledgeable, hardworking and dedicated. The services offered are of high quality and the HOM and Mission staff are pleased with the Program's delivery. The Audit Team believes Administration is a well managed Program offering effective and efficient services.

5.1.2 The MAO confers almost daily with the HOM and meets formally once a month to review the budget and issues of importance. No formal goals and objectives have been established for the MAO by the HOM which would facilitate the performance appraisal process and allow for accountability to be more clearly defined. There are also no work plans which set out planned activities and specific time frames for meeting targets. The Program has not promulgated a set of service standards to enable clients to know what can be expected of Administration and the time frame for which Administration should be delivering its services. Notwithstanding, the Audit Team was impressed by the manner in which the Program is organized and its timely response to client demands.

Recommendations for Mission

- 5.1.3 **An Accountability Agreement between the HOM and the MAO should be established which sets out specific goals and objectives for the Program.**
- 5.1.4 **Work plans, based on the contents of the Accountability Agreement, should be prepared indicating the initiatives to be undertaken with specified time frames. These work plans should be shared with all staff in Administration.**
- 5.1.5 **Service standards should be developed for Administration indicating the quality and timeliness clients can expect.**

Mission Responses

5.1.3-5 Development of Accountability Agreement, Work Plans, and Service Standards will be completed during FY 2001/02.

5.2 Human Resources

5.2.1 The MAO is responsible for the day-to-day administration of Human Resources functions. The MAO directs all staffing of Locally-Engaged Staff (LES), and maintains all Personnel records. The Accountant is responsible for pay documentation and assisting the MAO with the personnel function. This Mission does not have delegated authority for classification of LES; this remains with HRL. With the exception of the appraisal process, the Human Resources function was found to be well managed.

5.2.2 The MAO reported that the work load is analysed yearly by the CMM. This Mission has recently conducted detailed analysis of the LE-05 Consular Program Assistant position and has removed reception duties from this position. Reception duties are at present being filled by a contractor. LES personnel records were found to be very well maintained, well organized, and secured in the MAO's office cabinet. All records contained proper staffing information, letters of offer, pay documentation, job descriptions, and appraisals. Although each record contained an "appraisal checklist" signed off each time an employee received an appraisal report, the system was not alerting management of delinquent appraisals.

5.2.3 LES personnel records contain all relevant information for each employee. Organization Charts, Personnel Utilization Profiles, EXT 208 Pay Certificates, and PeopleSoft were found to be current and accurate with only recent personnel changes in the past month needing to be updated. An employee "Survival Guide" which is an excellent orientation document for new employees, is also provided by the MAO.

5.2.4 LES at the Mission are responsible for paying their own income tax. It is not withheld by the Mission. While this information is available in the LES Handbook and is brought to the attention of new employees, nonetheless some new employees did indicate that they did not fully appreciate their resulting personal tax obligations.

Recommendation for Mission

5.2.5 Letters for new LES should contain a clearly worded explanation regarding the tax status of Canadian Consulate employees. The Mission may wish to have local legal advice for the wording.

Mission Response

- 5.2.5 This change has already been made in our standard Offer of Employment.**

Leave and Attendance

5.2.6 Leave and Attendance Records are managed by the MAO using an electronic file kept on the shared "I drive," so that each LES employee has access only to his/her record. This electronic file is kept up-to-date by the MAO using monthly leave and attendance forms submitted by the employees. Most, if not all, staff are using "flex hours," in which they must work 75 hours every two weeks. Most are staying at work for 8.33 hours, and are taking one "flex day off" every two week cycle. This was reflected in the leave records, and is well managed.

5.2.7 Overtime is rarely claimed, either by CBS or LES. The LES handbook states that officers will not claim overtime, only support staff (meaning Level 6 or less). Many officers travel often, working long hours and accumulating overtime hours from travel. Employees are being compensated with time off "casually" by agreement with their Program Manager. The problem with this is that time worked and compensated time off are not well monitored, nor are actual resource demands (time needed to achieve Program objectives) well recorded. LES Officers are considered to be "salaried" and therefore already compensated for any extra hours they must work. While this may be the marker practice in Minneapolis, CBS FS officers are entitled to claim for approved overtime.

Recommendations for Mission

- 5.2.8 The practice of not formally claiming overtime through a written request and authorization should be reviewed.**
- 5.2.9 The Mission should seek professional advice on the local practice governing overtime for LES, and ensure that the Mission practice respects local employment law.**

Mission Response

- 5.2.8 Overtime for support staff is claimed through written request and authorization. Officers do not accrue overtime formally. This is in keeping with local employment practice.**
- 5.2.9 When the benefits survey is completed in January of 2001, we will again review our policy against local employment laws and practices.**

5.3 Physical Resources

5.3.1 The MAO is responsible for the management and delivery of the property and materiel management function. She is assisted by the Administrative Clerk. The current Property portfolio includes a Crown-leased Chancery, a Crown-owned Official Residence (OR) and Staff Quarter (SQ), and two privately-leased SQs. The Crown-owned SQ has recently been sold and the closing date is set for October 25, 2000. The Mission owns two vehicles, one dedicated to the HOM, and the other, a utility van, is used by Mission staff. The vehicles are maintained by the Administrative Clerk, who sometimes serves as the HOM's driver. A handyman is retained on contract for 10 hours of each month to attend to various chores at the OR and Crown-owned SQ. The handyman, who is extremely competent, is also a building engineer.

5.3.2 The Audit Team found this function to be well managed. Judicious use is made of the limited resources available to maintain the properties for which the Crown is responsible. The Team found that most of SRD requirements were met. Properties are in good order and there is an up-to-date Mission Property Management Plan that was prepared in January 2000. Distribution accounts are current, property files are in excellent order, bids are solicited as required and it appears that the Mission is receiving good value for money. An Occupancy Agreement for the HOM has yet to be completed.

5.3.3 The Chancery, which was downsized and re-configured in 1998 to meet smaller staff requirements brought about by the closure of the Immigration Program and the transfer of the Canadian Tourism Commission to Chicago, is an excellent office facility.

5.3.4 The OR is a beautiful, well-maintained property and is one of only fourteen properties in the city which is located on lakefront property. It is close to the Chancery and city-centre areas. It is considered a valuable property (approximately US\$800,000) because of its prime location. The OR is not large (3,200 square feet) but adequately meets the needs of the HOM. Major renovations were undertaken this past spring to correct mould problems in the lower level of the OR. There is some concern from the current Administration that maintenance costs on this property will continue to escalate as complete re-wiring and plumbing is believed to be necessary because of its age. There is also concern about a deteriorating retaining wall which is the responsibility of the city, that to date has been neglected despite numerous requests by the Mission to repair it. This could pose a future problem for the foundation of the property. A lack of parking and inadequate garage space have also been singled out by Administration as problems. Hospitality diaries, however, suggest that the OR is not extensively used for large representational functions.

5.3.5 The HOM believes firmly, as does the Audit Team, that consideration should not be given to disposing of this valuable OR property. There is a need for SRSF, who has not made a visit to Minneapolis since 1995, to undertake a full-scale

inspection of this property before consideration be given to disposal. Given the value of the property itself, should the building require costly renovations, an option may be to raze the building and re-build another OR on the site. This is happening currently with two of the fourteen waterfront properties.

5.3.6 The Mission is well justified in its decision to dispose of its Crown-owned SQ purchased in 1990. The SQ is oversized for the Mission's needs and is located in an area which has become victim to urban sprawl. The commute is extremely difficult and the area, once considered a premier district for education, is now one of the least desirable. Moreover, it is sitting on two acres of land and is becoming more expensive to maintain. The review of the file confirms that appropriate steps were taken to "fast track" the disposal of this property. An independent assessment was prepared to determine the value of the property, three bids were received from realty firms and a price commensurate with the assessed value was accepted. Given that this SQ was reserved for the Senior Trade Commissioner (STC), and that the current incumbent is single, the intent is to re-evaluate the situation in 2004 at the termination of the STC's posting to determine if the acquisition of another property is the best route to follow. In the interim, a private lease has been entered into for the new STC which provides appropriate living at a reasonable cost.

5.3.7 There is a low supply of houses in the Minneapolis rental market, as the homestead tax doubles or even triples, in certain districts, should the owner vacate the property and lease it out. Owners, therefore, in most cases, choose to sell the property rather than rent.

Recommendation for SRSF

5.3.8 A representative from SRSF should visit Minneapolis to conduct a thorough assessment of the Official Residence, identify major structural and other shortcomings and recommend appropriate solutions.

Response from SRSF

5.3.8 It is confirmed that the last RMO visit was in November 1995. The next visit is scheduled within the next 3 months. A contract for a building condition inspection of the Official Residence in Minneapolis has been commissioned under the Rustout Program and the resulting report will be available before the middle of March 2001. This report will determine the overall condition of the building and will provide a schedule of recommended work and estimates of cost to ensure the building continues to serve its intended use.

5.4 Finance

5.4.1 The Accountant has been with the Mission for three years and has an excellent grasp of the Department's new Integrated Management System (IMS). Her training in IMS included distance learning and a one-week course in Washington to learn techniques on producing financial reports. The Mission has been selected as a pilot for the new version of IMS which is expected to be released shortly. Similar to the situation in other Consulates in the USA, the Accountant is experiencing difficulty in getting reports from IMS. Therefore, a parallel system is maintained (Quattro Pro) to download the IMS information into reports which are understandable and easy to read. The Accountant states that she spends no more than 15 minutes each day dealing with this parallel system.

5.4.2 The budget for the Mission is not large and this is not a heavy-volume mission in terms of the number of financial transactions processed. The largest part of the \$1 million Operating budget is rental payments. There is little discretionary money to spend and the monthly number of cheques varies between 75 and 100. There is usually one payment run per week and turnaround time for paying invoices is within the week the invoice is received. While the MAO supports the electronic fund transfers (EFT) concept, most vendors are not comfortable with it. Little revenue is processed other than Consular fees.

5.4.3 The IMS monthly reconciliations are up-to-date. SIXP's review of three months of accounts (April, May and June 2000), a period in which the MAO was absent on sick leave, indicated Consular revenues were not being transferred to the Finance Section as frequently as required i.e. once weekly or whenever \$500 is reached. Moreover, certain signatures authorizing spending (Section 34 FAA) and payment (Section 33 FAA) on Input Forms were often missing. Required signatures on cheques were also found to be missing. The MAO believes that most of the comments raised by SIXP's review would not have occurred had she not been absent from the Office.

5.4.4 SIXP's review of the accounts indicated that taxi chits attached to travel claims are often filled in by the traveller. This is because cab drivers often fail to complete the chit. In these cases, when the traveller fills in the chit, a written certification is required stating that indeed the trip took place and that the contents of the chit as claimed are bona fide.

Recommendations for Mission

5.4.5 The Finance Section should carefully review the monthly Mission accounts to ensure delegated authorities are properly respected and that documentation is available to fully substantiate all expenses being claimed.

5.4.6 Where it is impossible to obtain a taxi chit fully-completed by the cab driver, the traveller should certify in writing the amount paid for the fare.

Mission Responses

5.4.5 So noted - we will continue to comply.

5.4.6 Practice has already been put in place.

Standing Advances

5.4.7 Currently standing advances of US\$500 are provided to the Trade and PERPA Officers; as well, the HOM has a US\$1,000 advance for travel. Individual travel advances, over and above the standing advance, are provided but only on condition that anticipated travel expenditures will exceed 50 percent of the standing advance. Officers expressed concern that they frequently have to pay expenses out-of-pocket for which they are reimbursed only after the fact. There is a significant amount of travel carried out of this Mission given its eight accredited US States as well as trips to Canada. To avoid financial burden to travellers and to simplify administration, it is suggested that the Mission eliminate standing advances and instead provide regular travellers with a travel card and separate trip advance.

Recommendation for Mission

5.4.8 The Mission should consider furnishing Officers expected to incur significant travel with a Government travel card and provide separate trip advances instead of a permanent travel advance.

Mission Response

5.4.8 Government travel card is not available to LES, since it is only issued in Canadian \$ and none of the LES have Canadian bank accounts. We will continue to monitor our advance practice and make adjustments if officers are being inconvenienced.

Cash Management

5.4.9 Currently the Consulate maintains a US dollar account with First National Bank of Minneapolis. An analysis of the account for three months, June, July and August 2000, indicates the purchase of funds from Ottawa is averaging between \$175,000 and \$200,000 a month. Monthly book balances (not bank balances) range between \$15,000 and \$20,000 and outstanding cheques usually average \$15,000. The Accountant currently makes the decision as to the amount of funds to purchase and

takes into consideration upcoming expenses that must be paid. The above analysis suggests there is room to tighten control of the purchasing of US dollars which occurs on average about three times a month. As HQ encourages missions to operate using negative book balances, the net result would be to reduce the amounts of funds being purchased or reduce the frequency with which funds are purchased. Closer monitoring of book balances is required to effect tighter control over the purchasing of funds.

Recommendation for Mission

5.4.10 There is a need to be more judicious in purchasing US dollars to operate the Mission. The MAO should be involved in approving purchases.

Mission Response

5.4.10 We will review our purchasing practices and attempt to keep balances as low as possible. However, there IS a trade-off. If balances are low - bank charges may be incurred. If balances are a bit higher - there are NO charges. We will investigate the impact of each and attempt to reach the most favourable balance.

Hospitality

5.4.11 A review of hospitality claims for the HOM and Program Officers found the claims to be well documented. There is a need, however, to complete the evaluation portion of the claim to indicate the benefits derived from holding each function.

5.4.12 The Mission's hospitality guidelines were last updated in November 1994. These guidelines dealt with per capita costs for hospitality extended and received, but did not have a specific range for entertaining in restaurants. A review is needed to ensure the amounts are reasonable and to identify separate costs for entertaining both at home and in restaurants.

5.4.13 The Finance Section does not audit the official hospitality claims contrary to Chapter 9, Section 9.11.4, of the Guidelines for Official Hospitality Outside Canada. Payment authority (Section 33 FAA) is not signed off by the MAO on the Official Hospitality Advance and Expense Reporting form (EXT 904).

Recommendations for Mission

5.4.14 The evaluation section of the hospitality claim should be completed by the individual extending hospitality spelling out the benefits derived from hosting such an event.

- 5.4.15** **The Mission's hospitality guidelines should be reviewed and updated to ensure per capita costs reflect entertaining both at home and in restaurants and that these costs are current and reasonable.**
- 5.4.16** **Hospitality claims should be submitted to the Finance Section for audit and cheque issue and payment authority should be signed by the MAO.**

Mission Responses

- 5.4.14** **This recommendation has been communicated to managers and will be monitored.**
- 5.4.15** **Current guidelines updated on January 4, 2001.**
- 5.4.16** **This practice has already been put in place effective October 1, 2000.**

5.5 Information Management

5.5.1 The Systems Administrator (SA) was recently hired and has just completed a four-week training session in Ottawa. He has a good IT background, is seen to be very knowledgeable and his clients at the Mission appreciate his assistance. He was hired at ***, reflecting the difficulty to recruit qualified IT staff. Since working at the Consulate a few months, he has been in contact with other SA's and believes that some are classified at a higher level (which may not be so). There is the possibility that retention could become a problem. The Mission is well served by this SA, and DFAIT has invested considerable resources in training.

Recommendation for Mission

- 5.5.2** **The level of the SA position should be reviewed to ensure that the duties performed are fairly compensated.**

Mission Response

- 5.5.2** **Our understanding is that the SA positions are all under review. We will continue to be vigilant and ensure that we do not fall behind.**

Recommendation for HRL

- 5.5.3** **Review *** SA position in against the Hay Personnel data and other U.S. Missions.**

HRL Response

5.5.3 The results of the review of the SA classification benchmarks which will be available to missions shortly should assist in reviewing the classification of SA work. If the duties are then found to be properly classified at * mission should keep HRL informed of any retention or recruitment problems for SAs so that they can be addressed through the annual salary review process for LES. The classification of LES positions is independent of the Hay system.**

5.5.4 The Commercial Officers and SA at the Mission suggested that staff could benefit from Remote Access to SIGNET. CO's in particular see a need for remote access, given the amount of time they spend away from the office travelling in the Mission region. They indicate that they could be more productive accessing e-mail and Trade-related on-line resources. The Mission already has two local Internet Service Provider accounts, at minimal costs, so that travelling officers can send/receive basic e-mail. However, they do not have access to SIGNET.

5.5.5 There are eight SIGNET-connected printers and a number of local printers for 23 users in Minneapolis. A cost savings is possible with a reduction of printers maximizing the shared use of SIGNET-connected LAN printers.

MISSION RESOURCE FACT SHEET

Personnel (FTEs)

	CBS	LES	Total
HOM	1	1	2
International Business Development	2	6	8
PERPA		3	3
Consular		1	1
Common Services		4	4
Total	3	15	18

Physical Resources

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

Financial Information 2000/01

LES Salaries (CV 017)	\$1,230,000
Operational (CV 014)	\$1,045,300
CB Overtime (CV 015)	0
Capital (CV 050)	\$25,000
Total	\$2,300,300