

**AUDIT
OF
THE CANADIAN HIGH COMMISSION
BANDAR SERI BEGAWAN
BRUNEI**

FEBRUARY 2002

Audit Division (SIV)

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EXECUTIVE SUMMARY

An audit of the General Relations (GR), International Business Development (IBD), Consular and Administration Programs was conducted in Bandar Seri Begawan, Brunei during the period June 11 and 12, 2001. This is the first audit of the Mission since it opened in 1996.

MANAGEMENT OF THE MISSION

For a Mission with only one Canada-Based Staff, the Head of Mission (HOM) is performing admirably in having Canada one of, if not, the highest profile Mission in Brunei. In addition, he is doing a sound job in managing the eight Locally-Engaged Staff (LES) and ensuring all Program objectives are being achieved. He is emphasizing a need for incremental resources, a decision the Department must take based on what it expects from this Mission. The Audit Team's view is that the Mission should move towards being more "fiscally conservative" given the limited returns that might be expected by adding more resources.

GENERAL RELATIONS PROGRAM

The Public and Cultural Affairs component of this Program is very active. Extensive and positive media coverage on Canada is being generated thanks to the efforts of the HOM and a part-time Public Affairs consultant, on contract. The HOM believes a full-time Public Affairs Officer is needed. The Audit concludes there is adequate capacity within the Commercial Officer job packages to maintain a reasonable and cost-effective Program. The Audit Team believes the furthering of our already excellent image in Brunei would not necessarily translate into additional trade and investment opportunities.

INTERNATIONAL BUSINESS DEVELOPMENT (IBD) PROGRAM

This is the dominant Program at the Mission and is consuming the greater part of the HOM's time. The HOM is assisted by two capable and enthusiastic Officers who are both relatively new to the Mission and are eager to learn. There is a requirement to prepare a Mission Business Plan to serve as a guide for all business development activities and an accountability document for assessing the performance of the Program. More emphasis needs to be placed on the Trade Commissioner Service's New Approach to ensure Brunei is consistent in delivering the same quality of services provided by our other missions to Canadian business people.

CONSULAR PROGRAM

The Consular Program is a small one but it is well managed. The Mission has not yet issued its first passport although it is equipped to do so. The Consular Contingency Plan needs to be updated. The Mission will be reviewing the number of wardens required to provide effective coverage of Brunei.

ADMINISTRATION PROGRAM

The Administration Program operates well, given the realities of micro-Mission life. However, goals and objectives need to be developed for the Section. The Hub and Spoke Agreement with Singapore needs to be strengthened, particularly with respect to Human Resources. There are issues that call for improved management of the Human Resources function. The Physical Resources, Finance and Information Management functions are all operating effectively.

RECOMMENDATION STATUS

There were 21 recommendations contained in this report, 17 of which applied to the Mission and four for which Headquarters is responsible for their implementation. The current status finds that the Mission has implemented eight of the recommendations and nine are in the process of being implemented. The four Headquarters recommendations are currently in the process of being implemented.

MANAGEMENT OF THE MISSION

1.1 Overview

1.1.1 The Mission is well managed by a HOM (EX-01) who exhibits a great deal of enthusiasm and dynamism in carrying out his responsibilities. He has done an excellent job of raising the profile of Canada in Brunei. He has established a high calibre of contacts both in government and the private sector and has utilized this network effectively in broadening Canada's trade and investment relations. The HOM's absence, at times, creates a problem for Singapore in having to provide an Officer to serve as Chargé while he is away.

1.1.2 Communications within the Mission are very good. The HOM maintains an open door policy and there is a weekly staff meeting. Morale amongst staff is very high. There is a relaxed but very business-like attitude in the Office.

1.1.3 The Mission has grown considerably since the HOM first arrived in the summer of 1999. The growth was initially driven by the APEC Meetings which were held in Brunei in November 2000. The Mission has a complement of eight LES, three of whom are in term positions. The HOM believes that an incremental Canada-Based Officer in Trade is essential, that a full-time Public Affairs Officer is needed and that an increase in the Mission's hospitality allocation is required.

1.1.4 The Department must determine how this Mission should evolve. This requires a shared vision by all concerned. The raison d'être for this Mission is business development. The Mission has two very capable and young Commercial Officers to deliver the IBD Program. Both these Officers complement the HOM very well. The advantage of adding an incremental Canada-Based Officer to the Program is not clear. Moreover, with Canada already one of, if not the highest profile Mission in Brunei, largely due to the efforts of the HOM, the benefit of adding a full-time Public Affairs Officer again is not obvious. This past year, a Public Affairs consultant on contract, who is a Canadian, has worked 10 to 15 hours a week on Public Affairs and Cultural activities. The Audit Team is of the opinion that there is enough capacity within the Commercial Officers' job packages to assume the Public/Cultural Affairs portfolio and that neither a Public Affairs Officer nor a CB Trade Officer is warranted. The need to increase the Mission's hospitality allocation must be decided by PSD.

1.1.5 The three term positions, created in 1999, include the Accountant/Logistics Clerk (LE-05), the Receptionist/Secretary (LE-04) and a Driver. Funding for these positions sunsets on December 31, 2001. Given the level of activity seen at the Mission, the continuation of these positions can be supported. The Accountant/Logistics Clerk is an integral part of Administration, spending 70 percent of his time on Finance and 30 percent divided between Property and Materiel management. The

Mission could not function without this resource. The Receptionist assists with the Consular Program.

Recommendations for PSD

- 1.1.6 A decision should be taken to define the role and the services this Mission is expected to deliver. Once its responsibilities are decided, a determination as to the Mission's proper size should be made.**
- 1.1.7 The term positions should be renewed to support the current level of activity. If the decision is to sustain this level of activity, consideration should be given to making these positions indeterminate.**

PSD Responses

- 1.1.6 With input from other HQ Bureaux and OGD partners, PSD will review the role and the services this Mission is expected to deliver. This review will be completed by September 2002. The Mission will continue to deliver the current level and range of services pending the outcome of this review.**
- 1.1.7 The term positions will be extended until at least September 2002 in order to maintain the current level of Mission activity and to provide support for the summer 2002 ARF-PMC meeting in Brunei. A final decision concerning the status of these positions will be taken following completion of the review (per para 1.1.6) of the Mission's role and services.**

Hub and Spoke

1.1.8 The Singapore Mission is the Hub for Brunei (Spoke), for administrative purposes. A Hub and Spoke Agreement outlining the responsibilities of each Mission is in draft and is being reviewed. The Audit Team is of the opinion that the Agreement needs strengthening particularly with respect to Human Resources as detailed in sections 5.2.1 to 5.2.7 of this report. The level of administrative support that the Spoke requires from the Hub is not inconsequential, as the HOM cannot be expected to be fully conversant with all day-to-day administrative matters. The MCO has visited Brunei once since he arrived in Singapore in the summer of 2000 and has not scheduled regular visits.

1.1.9 The level of support provided to the Spoke could improve without any significant increase in workload for the Hub. During the previous Hub administration, weekly phone calls were made to the Spoke to ensure that issues were raised and

resolved with a minimum of effort. This practice provided the level of support required by the Spoke. The MCO is also the “de facto” MCO for the Spoke ***. In the Singapore audit report, it was identified that the Spoke would very much welcome a closer relationship than currently exists. Recommendations were made in the Singapore report to strengthen the relationship with more frequent visits and support by the MCO.

GENERAL RELATIONS PROGRAM

2.1 Overview

2.1.1 The HOM is responsible for reporting on political and economic activities, as required. PSD and PSE are the principal interlocutors that task him for reports. Reporting is limited and deals with trade and investment activities, visits to Brunei by Canadian Government officials, Brunei missions to Canada and the awarding of contracts. Files are maintained in both hard copy and in electronic form. Brunei is very stable politically, with Ministers and Senior bureaucrats all appointed by the Sultan. The HOM is well connected and has access to members of the Royal Family and at the Minister level. There is a close connection between Canada and Brunei because of Canada's dialogue partnership with the Association of South East Asian Nations (ASEAN) and Canada's shared membership with Brunei in various regional groupings. These include APEC, the Commonwealth, the World Trade Organization and the United Nations.

2.2 Public Affairs

2.2.1 The Mission has a very active Public and Cultural Affairs Program geared to raise Canada's profile in Brunei and deliver key messages to members of the Royal Family, senior bureaucrats, the media and the public. The objective is to promote Canada as an alternative to traditional Brunei partners such as the UK, Australia and Singapore in areas such as education, trade and investment and defence relations. The Mission has done an exceptional job in ensuring articles on Canada and the Mission's involvement in social and charity events are written up in the newspapers. Attracting Canadian artists and performers to Brunei has also generated extensive and positive media coverage for Canada.

2.2.2 Prior to the APEC Meetings in November 2000, the HOM made a serious proposal to PSD for a full-time Public Affairs position to handle various public affairs/medial liaison and cultural activities leading up to these Meetings. The position was not approved but the Mission did engage the services of a Canadian contractor to handle this portfolio. In fiscal year 2000-2001, this individual entered into contracts for 820 hours of work, while in the initial quarter of this fiscal year a contract was let for an additional 200 hours.

2.2.3 The contractor, who is currently working between 10 and 15 hours weekly, will be departing Brunei this summer. The HOM now sees a requirement for a full-time replacement. This is a view that is not shared by the Audit Team. The value-added of having a full-time resource and sustaining the current high level of activity is not clear. Moreover, it is believed there is enough capacity amongst the two Commercial Officers to carry out a reasonable and cost effective Public and Cultural Affairs Program under

the leadership of the HOM whose background is in media relations. One of the Commercial Officers has recently been involved in two Public Affairs projects, one involving a Canadian jazz pianist who will be visiting relatives in Brunei, and the other involving a Canadian expert on orangutans living in Indonesia. It is planned that this expert will give lectures at the local university and schools in Brunei.

2.2.4 A number of Canadian artists have visited Brunei in the past year including The Moffats, Duffle Bag Theatre, Kaleidoscope Theatre, Roger Lord, and the Quartetto Gelato. The Public Affairs contractor has worked closely with these performers in dealing with the media, designing promotional posters, handling logistics and preparing the event budget. The Post Initiative Fund (PIF) of \$20,000 is used to pay this contractor and to cover costs associated with attracting these performers. To lessen the pressure on the PIF, the Mission seeks corporate sponsorship funding from Canadian and other companies. Tickets are also sold to the public to offset costs.

2.2.5 A review of the financial statements for these events indicate that the PIF, sponsorship money and the revenue generated are not adequate for the Mission to break even on these events. Marginal losses have been incurred on each event. These losses have been covered by tapping into either the HOM's hospitality allocation or the Mission budget. Also, except for the latest group performing (i.e., Quartetto Gelato), control of ticket sales appeared to be less than adequate. More importantly, for the Mission to sell tickets to an event, it must secure authority from Treasury Board to collect revenues and to set a price for the tickets. Revenues are also to be deposited into the Consolidated Revenue Fund and are not accessible to the Mission to offset expenses. Treasury Board approval has not been sought by the Mission. Events of this nature may qualify to be treated under the Specified Purpose Accounts regime. The Mission needs to contact SMSF to explore the viability of this alternative.

Recommendations for the Mission

2.2.6 The Public and Cultural Affairs Program should be reduced to a reasonable level of activity in line with the Mission's PIF allocation.

2.2.7 The Mission should contact SMSF to see if the Public Affairs and Cultural Program can raise revenues through the sale of tickets to the public using Specified Purpose Accounts.

Mission Responses

2.2.6 The Mission agrees but believes it is appropriate to use modest amounts of hospitality to offer courtesy tickets to local political and business leaders to attend Canadian cultural events.

2.2.7 The Mission agrees and will contact SMSF to determine arrangements should it be necessary in the future, although that eventuality is not anticipated.

INTERNATIONAL BUSINESS DEVELOPMENT (IBD) PROGRAM

3.1 Overview

3.1.1 The HOM is managing the IBD Program, assisted by two LE-07 Commercial Officers (COs) and a LE-05 Commercial Assistant (CA). The two COs are relatively new to the Mission with one having joined in September 2000 and the other in March 2001, filling a newly created position.

3.1.2 Brunei is prosperous relative to other countries in the Asia-Pacific region, with a per capita GDP of US \$17,000. The oil and gas sector dominates Brunei's economy, contributing more than 50 percent of the GDP. Brunei's economy is picking up as a result of recent increases in oil prices and there are signs that activities are increasing in other sectors. Canada's commercial success in terms of exports has been modest to date. The HOM believes there are opportunities for Canadian companies in the environmental, telecommunications, financial services, defence and security, education and agriculture and agri-food sectors. Canadian firms bidding on business in Brunei must engage in a joint venture arrangement with local interest being a minimum of 30 percent. Few goods are exported from Canada because of distance and high transportation costs. Brunei also has capital available for foreign investment, particularly in overseas property and equity markets.

3.1.3 Canada has enjoyed some success in Brunei particularly in the environmental service sector. One Canadian firm has signed a \$25 million joint venture contract to undertake an oil waste recovery program and an environmental soil remediation contract. Another company has signed a major telecommunications contract with Brunei. In May 2000 and again in 2001, the Mission, together with the Canada-Singapore Business Association, sponsored a Canadian Trade and Investment Mission to Brunei. Representatives from Canadian companies and organizations met with Brunei Government officials and the Chamber of Commerce. ***

3.2 Management of the Program

3.2.1 The IBD Program, under the leadership of the HOM, whose involvement consumes over 50 percent of his time, is functioning very well. IBD is the main Program driving the Mission. The HOM's Performance Agreement sets out the key objectives for the IBD Program and the criteria upon which the HOM is to be evaluated. Communications within the Section are excellent with daily meetings between the COs and the HOM. A team approach is used when dealing with larger issues.

3.2.2 Each CO is responsible for his/her own portfolio with specific priority and secondary sectors. The division of work between these two Officers is seen to be reasonably balanced. Each Officer has been assigned responsibility for a major sector;

one energy and the other telecommunications and information technology. The morale of the Officers is high and both find the work interesting and challenging. Recently, one of the Officers has taken on some Public Affairs responsibility, as the Public Affairs consultant on contract is winding down before she departs Brunei.

3.2.3 While the HOM has a very good knowledge of the local market and has a wide network of very valuable contacts, there is no evidence of a business plan in place. Each of the COs has not been given specific goals and objectives, making it difficult to evaluate their performance. A plan would serve as the guide for all business development activities with a focus on key objectives, each with a corresponding number of tasks. These tasks would be expressed in qualitative and quantitative terms. The HOM is receptive to this idea. The Bangkok IBD Plan, developed within the context of the Trade Commissioner Service's "New Approach" and which is viewed by TCS as a "Best Practice", was given to the HOM as an example to follow.

Recommendation for the Mission

3.2.4 **An IBD Work Plan, taking into account the New Approach, should be developed setting out key objectives, activities and expected results. It should be expressed in qualitative and quantitative terms and be used as an accountability document in evaluating Program success and individual performances.**

Mission Response

3.2.4 **Agreed. The Bangkok IBD Plan has been reviewed by the Mission's Trade Section and will form a model for a draft Brunei Work Plan. The Plan will be finalized by September 15, 2001.**

3.3 New Approach

3.3.1 With two relative newcomers to the Program, it is important that the COs receive appropriate mentoring and training. *** The HOM's exposure to the New Approach has been limited to his pre-posting training. One of the COs attended CFSI training on the New Approach in April. She found it particularly useful in allowing her to better prioritize her time and to better evaluate the importance of some enquiries. She is imparting this knowledge to the other Officer. The HOM is providing on-the-job training and has accompanied these Officers on their initial introduction to key clients. It is important that both Officers be trained on the New Approach.

3.3.2 There are few enquiries (5 to 6 each week) and these are responded to well within the standard five days. Both Officers have now met their key clients. The main client is government and both Officers have good access at the Director level and below. The HOM deals with individuals above the Director level. Being proactive and

developing good contacts is critical to garnering intelligence on new government projects, as once the news is published it is often too late to pursue. Both Officers estimate they spend 20 percent of their time making out calls, attending business events and gathering market intelligence. A database of contacts using Excel is maintained by the CA and broken down by sector. As many of these contacts are Canadian companies within the neighbouring countries in Southeast Asia, the HOM emphasized a need for a centralized contact listing to be shared by all our Southeast Asian Missions. This recommendation was made to PSE in the Kuala Lumpur audit report of 1997 but has not been acted upon.

3.3.3 The Mission's web site is impressive and has significant information about "Doing Business in Brunei". It fails, however, to make any reference to the New Approach, the six core services that are delivered by the Program and the local service providers used by the Mission. The web site is an opportune place to promote these services and ensure that expectations of Canadian firms visiting Brunei are clearly understood before they arrive. The site needs to be linked to the Department's InfoExport site where this information should be contained. TWC should be contacted for assistance in setting up this linkage. Also, there is no TCS promotional material on the New Approach in the form of posters displayed in the lobby or elsewhere in the Mission. This is a Trade Mission and every effort needs to be made to promote the Canadian Trade Commissioner Service and its services to Canadian companies and partner-clients.

3.3.4 WIN Online is used to source Canadian companies but is not being used to track service delivery. Nor is CITRIX being used. Both Officers find WIN to be very slow. Officers do use STRATEGIS and IBOC for researching company information. Appointing one of the Officers as the Mission WIN champion and providing the necessary training is important. There is a regional WIN expert resident in Hong Kong who could provide training at minimal cost.

Recommendation for the Mission

3.3.5 The Trade Commissioner's New Approach should be fully implemented and promoted within the Mission. All Commercial Officers should receive training on the New Approach when time permits. A WIN champion should be appointed and provided the necessary WIN training.

Mission Response

3.3.5 Agreed. The Mission will strive to implement the New Approach and Officers will receive appropriate training, time permitting. The Mission web site will also be updated to correct the deficiencies identified. One of the Commercial Officers has been selected as the

WIN Champion and the Mission will seek the necessary training for this Officer.

Recommendation for PSE

3.3.6 PSE should draw together a list of Canadian companies with regional headquarters in Southeast Asia and make the list available to all Missions in the region.

PSE Response

3.3.6 PSE is in the process of compiling this list and a message has been sent out to posts in the region for their input.

CONSULAR PROGRAM

4.1 Management of the Program

4.1.1 The Consular Program is a very small one. It is being well managed by the Administrative/Consular Assistant (LE-05) who is assisted by the Receptionist. The Registration of Canadians Abroad (ROCA) indicates 188 registered Canadians. A review of the Consular statistics for March, April and May 2001 revealed a maximum of three hours per month of Consular activity. The passports blanks and ID labels are appropriately secured. The Mission is in the process of updating its Consular Contingency Plan.

4.1.2 The Mission is planning a redistribution of the warden districts and the territory they cover to respond better to the number of Canadian residents. In keeping with this, the Mission plans to solicit an increased number of wardens.

4.1.3 A review of the Mission web-site showed the Consular list of services does not include the provision of passport services beyond offering the application form. It also mentions that assistance is only provided to residents of Brunei. Following a Ministerial announcement in November 2000, the Mission was granted authority to issue passports. The Mission has been equipped and the staff have been trained in this function, but to date none have been issued. It is important for the Mission to ensure the web page is kept current.

Recommendation for the Mission

4.1.4 **Review and update the Mission web page to reflect current information.**

Mission Response

4.1.4 **Agreed. The Mission web site was updated in August 2001 but will be further updated with reference to the Consular page, as recommended.**

ADMINISTRATION PROGRAM

5.1 Management of the Program

5.1.1 Mission Administration is headed by the HOM who is assisted by an Administrative/Consular Assistant (LE-5), a term Accountant/Logistics Assistant (LE-05) a term Receptionist/Secretary (LE-04) and two Drivers, one of which is in a term position. The staff is relatively new, none having been at the Mission for longer than two years. All have received appropriate training. As this is a single CBS Mission, the LES have not had the benefit of on-the-job coaching from an MCO on administrative matters. Despite this, they are functioning effectively. The Administration Program generally runs well with the exception of the Human Resources function where improvements are required.

Goals and Objectives

5.1.2 The HOM meets with his staff weekly. The Mission needs to maintain minutes or records of decision for handover and continuity purposes. While the HOM has good communication with his staff, goals, objectives and work plans have not been formalized for the Section. The performance of the Program staff should be monitored in relation to these objectives and should be tied into the annual appraisal process. The establishment of these tools would also enable staff to work more independently and seek guidance on administrative matters from the Hub with minimal involvement from the HOM.

Recommendations for the Mission

- 5.1.3 **Maintain minutes or a record of decision of weekly staff meetings.**
- 5.1.4 **Develop goals, objectives and work plans for each Section of the Administration Program which tie into the annual performance appraisal process.**

Mission Responses

- 5.1.3 **Agreed. Regular minutes of the weekly staff meetings are being produced and kept on file by my assistant since the visit of the Audit Team.**
- 5.1.4 **Goals and work plans for the Administration Program will be developed and tied to the appraisal process.**

5.2 Human Resources

5.2.1 The HOM is responsible for the Human Resources function at the Mission with the assistance of the Administrative/Consular Assistant. The function has not been well managed and more supervision is required from the Hub. It is important to note that while the Hub has not provided the necessary guidance and assistance to the Spoke on HR issues, responsibility rests with the Spoke HOM.

Classification

5.2.2 There have been two reclassification exercises in the last 18 months. The Mission does not have delegated classification authority and, as such, the reclassification of a position should have proceeded through the Hub Classification Committee. These roles and responsibilities should be clearly set out in the Hub and Spoke Agreement. As there is no record of either exercise and the personnel files only contain the letter signed by the HOM confirming the new level and the pay range, it is difficult to determine whether these reclassifications were appropriate.

Recommendation for the Mission

5.2.3 The Hub and Spoke Agreement should specify that all reclassifications from the Spoke be forwarded to the Hub Classification Committee for review.

Mission Response

5.2.3 The draft Hub and Spoke Agreement has been changed to reflect the need for all LES reclassifications from the Spoke to be sent to the Hub Classification Committee in Singapore for review. The Mission is awaiting Singapore's final comments on the draft Agreement before forwarding it to PSE for review and approval.

Staffing Practices

5.2.4 Staffing actions are not being conducted appropriately. There are no staffing files. There are no set lists of questions, no rating guides, no eligibility criteria and no evidence supporting the selection of a candidate. The Mission did not seek any assistance from the Hub when carrying out its staffing exercises.

Recommendation for the Mission

5.2.5 Advise the Hub and seek its advice when proceeding with planned staffing actions.

Mission Response

- 5.2.5** **Agreed. The draft Hub and Spoke Agreement has been sent to Singapore. The Mission is awaiting their comments. The draft Agreement does reflect this arrangement.**

Benefits Survey

- 5.2.6 A benefits survey was conducted by the Hub MCO in March 2001. The LES raised the issue of maternity benefits being limited to only the first two children. The MCO was advised of this and will follow up with the marker organizations.

Recommendation for the Mission

- 5.2.7** **Contact the MCO to determine the status of the follow-up action taken regarding maternity benefits.**

Mission Response

- 5.2.7** **Agreed. This has been identified for the Hub MCO to address.**

Contractors

- 5.2.8 The Mission uses contractors to fill in for Secretarial staff or Drivers when the incumbents are on annual leave. The Mission has not considered whether there is a real need for the contractors but does it as a matter of course. The Mission has issued three such contracts in the last year. The Audit Team is of the opinion that these contracts are not required and that existing staff can adequately serve as back-up when the incumbents are on leave.

Recommendation for the Mission

- 5.2.9** **Carefully examine the need for contractors to fill in for employees on leave.**

Mission Response

- 5.2.9** **Agreed. The most recent hiring of a contractor was done in exceptional circumstances on a very short-term basis to assist our Trade Section just prior to arrival of a Trade and Investment Mission.**

5.3 Physical Resources

5.3.1 The Physical Resources function is well managed by the Accountant/Logistics Assistant. The property portfolio consists of one Staff Quarter (SQ) and the Chancery. The Chancery is in good condition and is in a prime downtown location. Distribution accounts are current.

Staff Quarter (SQ)

5.3.2 The Crown-Leased SQ was visited and found to be suitable. A new pool was constructed at the expense of the landlord. The Mission is paying a monthly fee of approximately B\$300 (\$255) for the maintenance of the pool. As this is a Category 3 Mission, the cost of maintaining the pool is the responsibility of the SQ occupant. The DFAIT Property Manual states that the occupant is responsible for any required daily maintenance of the pool and equipment including testing and treating the water, cleaning and vacuuming, and any costs associated with the seasonal opening and/or closing of the facility.

Recommendation for the Mission

5.3.3 Cease payment of the pool maintenance costs and ensure these become the responsibility of the SQ occupant.

Mission Response

5.3.3 The HOM wishes to have HQ confirm that this policy is in place and applied universally to all micro-Mission HOMs before changing the current practice.

SIV Comment

5.3.3 SIV has passed this issue to the appropriate HQ Bureau to respond to the HOM's concerns.

Vehicle Management

5.3.4 The Mission has two vehicles which are well utilized. Vehicle logs are maintained for both vehicles; however, the kilometres per litre are not being reviewed on a monthly basis. This review would ensure better control of the consumption of fuel at the Mission. Being a Category 3 Mission, the HOM is not provided with a vehicle under the HOM Directives and is thus required to pay commuting assistance.

Recommendations for the Mission

5.3.5 Review vehicle logs on a monthly basis to determine average fuel consumption.

5.3.6 Collect a commuting assistance share, as per FSD30.

Mission Responses

5.3.5 The Mission Accountant has been instructed to review vehicle logs on a monthly basis to determine fuel consumption.

5.3.6 The HOM is prepared to accept this recommendation if the appropriate HQ unit confirms that this policy is applied universally to all micro-Mission HOMs.

SIV Comment

5.3.6 SIV has passed this issue to the appropriate HQ Bureau to respond to the HOM's concerns.

5.4 Finance

5.4.1 The Accounting/Logistics Clerk was hired in January 2000 on a term basis. The Mission has received funding to keep this position until December 31, 2001. The Audit Team believes the Mission cannot function without this position and is recommending in section 1.7 of this report that the term be renewed or the position be made indeterminate.

5.4.2 This is a Mission with little revenue. Passport revenue, *** is the major source of income. Other sources include refunds of travel advances and security deposits and income from Public Affairs events. Approximately 50 to 60 cheques are issued each month. Two bank accounts are maintained - a US dollar and a Brunei dollar account. There is also a small petty cash fund for minor expenditures. The Mission works very closely with the Hub, which is responsible for inputting financial data for Brunei into IMS. Bank reconciliations are all up to date.

5.4.3 The Clerk is well organized and performing effectively. This is impressive, given the limited training he has received. He visited with the Singapore Accountant for only one and one-half days of training the first month he was at the Mission. He regularly confers with Singapore as required and finds the Mission there to be very helpful. As IMS will be available to Brunei (i.e., read purposes only) when the upgrade to SIGNET is made later this fiscal year, it is important that the Clerk receive further Departmental finance training.

5.4.4 Microsoft EXCEL is used to track expenditures. Invoices are processed for payment within a week of being received. A "Summary of Vouchers", together with the backup documentation, is couriered each Friday to Singapore. Singapore then inputs the information into IMS the following Monday or Tuesday and faxes a Section 34/33 FAA report to Brunei. Upon receipt of this report in Brunei, the cheque which is prepared in Brunei, is released to the supplier.

5.4.5 The Clerk is doing an effective job of cash managing the Mission. A minimal balance is retained in the local account. US dollars are purchased from HQ three to four times a month. The request for funds is based on a forecast of expenditures in the upcoming week. There are standing instructions with the bank to retain a minimum of \$1,000 in the US dollar account. The US account serves as a conduit for transferring these HQ funds purchases to the local Brunei account. Currently, the Clerk must visit the bank to confirm the amount transferred to the local account. This visit could be avoided with the use of on-line banking. For a nominal fee, the bank can provide access to view the account transactions.

5.4.6 The number of financial transactions being processed could be reduced. Currently, the eight LES are paid twice monthly by cheque. Direct depositing, which is an accepted way of doing business in Brunei, could be introduced to avoid having to prepare these cheques. Also, if greater use was made of the petty cash, the number of cheques could be further reduced. In March alone there were 21 cheques under \$100, while in April there was another 12. Petty cash can be used for expenditures up to \$200. Encouraging suppliers to invoice once monthly instead of for each transaction would be another means of reducing the number. Fewer cheques would not only impact on the work of the Clerk but also on the time the HOM is required to spend signing documents.

Recommendations for the Mission

5.4.7 The Mission should contact CFSI to register the Accounting/ Logistics Clerk for financial training.

5.4.8 Steps should be taken to introduce more efficiency into the financial processes by acquiring on-line banking services, paying LES through direct deposit, making greater use of petty cash and encouraging suppliers to provide monthly invoices.

Mission Responses

5.4.7 Agreed. The Mission has spoken with Singapore, the Hub, and commit to sending our Mission Accountant to Singapore twice annually for appropriate training and updates with the Accounting Unit there. The Accountant will travel to Singapore in November for

the first training session. The Mission is also in contact with CFSI about upcoming LES Accountant training offered either in Ottawa or on-line. The Mission commits to having the Accountant enroll as soon as the next appropriate course is available.

5.4.8 Agreed. The Mission Accountant has been instructed to meet with HSBC Brunei to set up an on-line banking service for the Mission account and to undertake direct bank deposits of LES salaries on a monthly basis. The necessary proceedings have already been started with the bank. The level of the petty cash has also been increased and we have sent notice to suppliers indicating that we will only entertain and pay invoices on a monthly basis.

Hospitality

5.4.9 The HOM's hospitality diary shows a very active and high level of representational activity carried out. The Mission is following hospitality guidelines and per capita rates used by Singapore, the Hub, which are dated 1994. Significant changes have occurred since then, particularly with the introduction of a new Departmental Directive on Hospitality that was issued in 1999. There is a need to revise the guidelines in line with the new Directive. The Mission should establish its own per capita rates, based on local market conditions, setting out allowable limits for entertaining in restaurants and the home for specific types of functions. These rates need to be specific as to what is included.

5.4.10 A review of six months' diaries indicate that all claims were charged to direct hospitality, whereas some of the charges would appear to qualify under the "indirect" caption. The new Directive limits indirect hospitality to 10 percent of the total amount claimed. As well, the purpose and evaluation section of the diary is not always completed for each event. Documentation to support charges claimed was attached, although it was noted that babysitting is a frequently cited charge. It is important that these amounts claimed be commensurate with local conditions.

5.4.11 The current hospitality allocation is \$10,000 down from the previous year's allocation when it was set at \$22,000 because of the APEC meetings. The HOM firmly believes that an increase consistent with last year's amount is needed. He has requested that PAM increase the allocation. Representation and networking with the Brunei Government and with the Brunei private sector in association with incoming business visitors from Canada are the primary draw upon the hospitality budget. He also cites the aggressive Public Affairs and Cultural Programs and the media outreach strategy that is being pursued as reasons for increasing the allocation. He points out that cultural events are used to reach out to local government and business elites through courtesy tickets for concerts and the increasing hospitality events associated with Canadian performers visiting Brunei. Elsewhere, this report points out that the

Mission needs to tailor its GR Program to be more in line with its PIF allocation. More importantly, PSD must determine what is expected from this Mission, and the resources it requires.

Recommendation for the Mission

5.4.12 New Mission guidelines on hospitality should be drafted taking into account the new Departmental Directive on Hospitality. New per capita rates should be established specifically for entertaining both at home and in restaurants taking into account local conditions.

Mission Response

5.4.12 Agreed. New Mission hospitality guidelines are being drafted and new per capita rates will be set taking into account local conditions. These will be finished by November 1, 2001.

Recommendation for PSD

5.4.13 PSD should decide the amount of hospitality funds the Mission requires.

PSD Response

5.4.13 PSD, through PAM, will consider an interim adjustment to the hospitality budget on the basis of any new information (e.g., revised per capita hospitality rates, etc.) and a business case put forward by the Mission. A decision concerning the size of the permanent Mission hospitality budget is dependant on the PSD review of the role and services to be delivered by this Mission.

5.5 Information Management

5.5.1 The Hub is providing excellent service to the Mission on all informatics related issues. The Mission is equipped with the MM97 system. At the time of the audit, the Singapore SA was at the Mission preparing for the upgrade to SIGNET. This improvement will see new SIGNET workstations, comparable to the SIGNET baseline used elsewhere in the Department and an upgraded suite of baseline software in line with SIGNET 2000, including Outlook 2000, Internet Explorer 5 and Corel Suite 8. As mentioned previously, the Mission web-site needs to be updated.

MISSION RESOURCE FACT SHEET

Personnel (FTEs)

	CBS	LES	Total
International Business Development	0.5	3	3.5
General Relations	0.3		0.3
Consular		0.5	0.5
Common Services	0.2	4.5	4.7
Total	1	8	9

Physical Resources

ASSETS	CROWN LEASED	CROWN OWNED
Chancery	1	0
SQs	1	0
Vehicles	0	2

Financial Information 2001/02

LES Salaries (N012)	\$186,692
Operational (N001)	180,283
CB Overtime (N011)	45,800
Capital (N005)	15,000
Total	\$427,775