



AUDIT OF THE CANADIAN CONSULATE GENERAL

OSAKA

MAY 2004

Department of Foreign Affairs and International Trade
Office of the Inspector General
Audit Division (SIV)

This document may not be fully accessible. For an accessible version, please visit
http://www.international.gc.ca/about-a_propos/oig-big/2004/osaka.aspx?lang=eng

TABLE OF CONTENTS

EXECUTIVE SUMMARY	1
SCOPE, OBJECTIVES, MISSION RESOURCES	2
MISSION MANAGEMENT	4
1.1 Overview	4
GENERAL RELATIONS	6
2.1 Overview	6
INTERNATIONAL BUSINESS DEVELOPMENT PROGRAM	7
3.1 Management	7
3.2 New Approach	7
3.3 Japan Country Plan	7
CONSULAR PROGRAM	8
4.1 Overview	8
ADMINISTRATION PROGRAM	9
5.1 Management of the Program	9
5.2 Human Resources	10
5.3 Physical Resources	11
5.4 Finance	12

EXECUTIVE SUMMARY

An audit of the General Relations (GR), International Business Development (IBD), Consular and Administration Programs was conducted during the period November 13 and 14, 2003. The last audit of these programs was conducted in October 1998.

The Mission's primary focus is Trade Development and Consular Services. The Mission has a staff of three Canada-based (CBS) and eleven Locally-Engaged (LES). The Head of Mission (HOM) and Management Consular Officer (MCO) are new arrivals and the Trade Commissioner, as an acting FS-02, is only in her second year at the Mission but is proactive and providing good management. The CB Program Managers, particularly the MCO, will require strong mentoring and support from the HOM. There is an Accountability Agreement for the Trade Commissioner but the HOM should develop one with the MCO indicating the expectations from the Administration Program. The LES team in the Mission is experienced and dedicated.

Communications in the Mission are good and regular meetings are held with program management and staff. A recent Mission retreat focussed on the objectives for the next six to twelve months. A weekly conference call is held with Tokyo on trade issues and the Mission works closely with Tokyo on cultural promotional activities. The Mission would benefit from even closer ties with Tokyo and a recommendation is being made to have the Mission report to Tokyo rather than to the North Asia and Pacific Bureau (PND). This would allow for better coordination and integration of programs in Japan.

The Administration Program, with a new MCO, operates effectively with the help of mature and experienced LES. ***. She is an AS-02 acting in an AS-05 position and her predecessor was an AS-06. The Department is expecting a lot when a young officer *** is asked to operate as a Program Manager. A reporting relationship with Tokyo will allow the MCO to receive functional direction from an experienced administrative staff in that Mission.

The Consular Program currently has no ongoing consular cases. Past experience indicates that cases in this region are often complex and time-consuming. A closer relationship with Tokyo would benefit this Mission when dealing with these types of cases.

Recommendation Status

This report raises 12 recommendations, 11 of which are directed at the Mission and one recommendation for Headquarters (PND) to action. Management has responded to each recommendation indicating the action taken or decisions made, including steps to be undertaken in the future. Of the 11 Mission recommendations, six have been actioned and five are in the process of being implemented. The recommendation directed to PND is in the process of being actioned.

SCOPE, OBJECTIVES, MISSION RESOURCES

Audit Scope and Objectives

The scope of the audit included a review of Mission management and the General Relations, International Business Development, Consular and Administration programs. The audit objectives were to:

- assess management controls and systems, procedures and activities that make up the programs;
- determine the extent of compliance with legislation, regulations and operating policies;
- assess the reliability and adequacy of information available for decision-making and accountability purposes;
- ensure resources are judiciously used and that the Department is receiving value-for-money; and,
- make recommendations, where warranted, to improve the economy, efficiency and effectiveness of programs.

Resources Fact Sheet

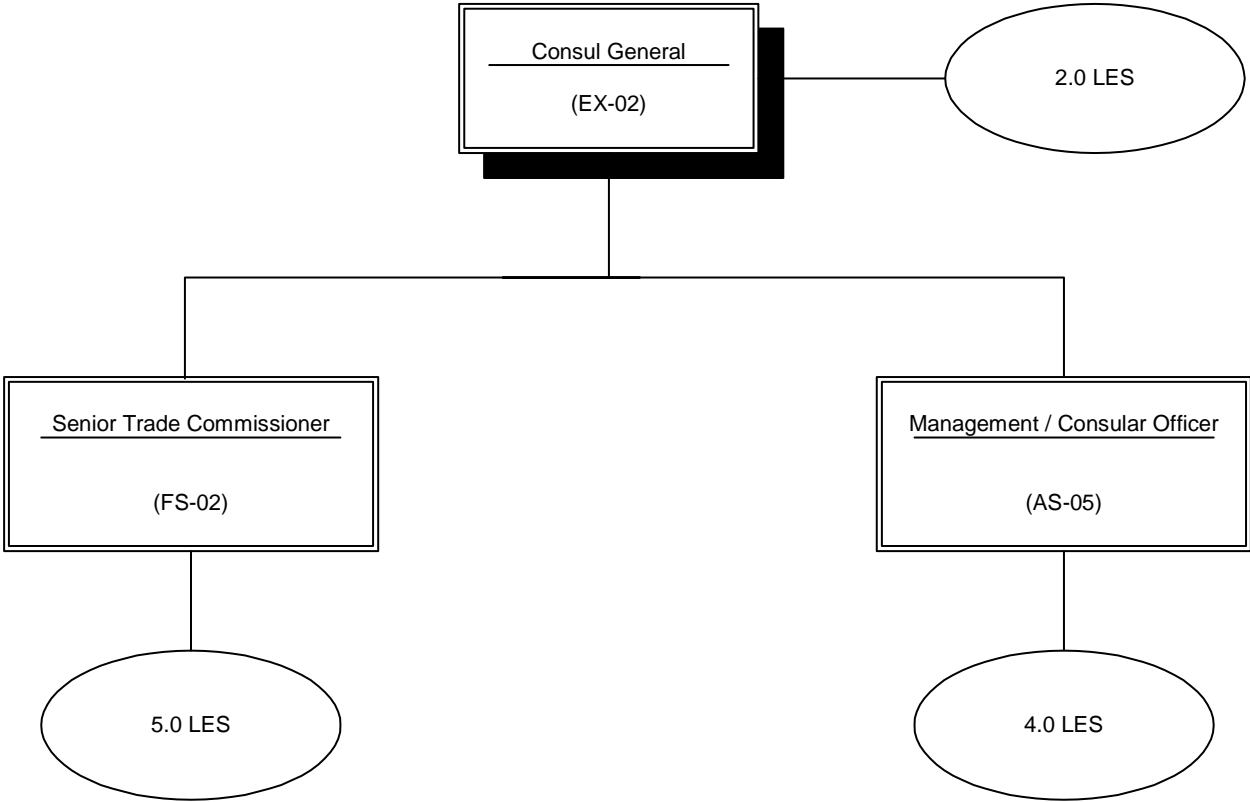
Physical Resources

Assets	Private Lease	Crown Leased	Crown Owned
Chancery		1	
OR		1	
SQs		2	
Vehicles			1

Financial Information 2003/04

Operating Budget (N001)	\$1,317,700
Capital (N005)	35,000
CB Overtime (N011)	9,500
LES Salaries (N012)	1,212,700
Total	\$2,574,900

Organization Chart



DETAILED FINDINGS

MISSION MANAGEMENT

1.1 Overview

1.1.1 The recent arrival of the new HOM and MCO, together with a relatively junior Trade Commissioner ***, reflects a generally enthusiastic but relatively inexperienced Canada-based staff. The HOM has met each staff member individually, maintains an open-door policy and holds regular weekly management and bi-monthly staff meetings. A recent Mission retreat resulted in the establishment of a set of objectives for the Mission over the next year.

1.1.2 The HOM has been careful in making immediate changes in his short time at the Mission, preferring instead to learn about the staff and the organization. Staff would welcome proactive participation of the HOM in their programs. There is a weekly conference call between Osaka and the Trade Development Program in Tokyo and there is close consultation with Tokyo on cultural promotional activities. A Memorandum of Understanding is in place between Tokyo and the Mission relating to Administration. The current arrangement, whereby Tokyo provides administrative assistance in the areas of finance, human resources, informatics and security, appears to be working well.

1.1.3 Given the relative inexperience of both the Trade Commissioner and MCO, the HOM will need to provide close supervision over the activities of these individuals. While there is an Accountability Agreement between the HOM and the Trade Commissioner, one is needed for the MCO to spell out clearly what is expected of Administration. This document will also serve the basis upon which this Program will be evaluated.

1.1.4 Closer ties with Tokyo will further ensure Osaka is better coordinated and integrated at all program levels. In the IBD Program, opportunities are being missed due to a lack of coordination and cooperation between missions in Japan. It is suggested that Osaka report directly to Tokyo rather than to the North Asia and Pacific Bureau (PND). This reporting relationship will benefit the two Program Managers and the HOM. PND is in agreement with this change.

Recommendations for the Mission

1.1.5 The HOM needs to ensure that his expectations and involvement are reflected in program workplans and operations and communicated to all staff.

1.1.6 An Accountability Agreement should be developed for the MCO spelling out, in measurable terms, the expectations of the position.

Mission Actions and Time Frames

1.1.5 The HOM has discussed his PMA and the mission plan at staff meetings, distributed them, and posted them on the common drive. In addition to an open-door policy, the HOM participates in regularly-scheduled meetings with staff including:

- the meeting of all staff held twice each month,**
- the meeting of CBS weekly,**
- the weekly TCS meeting,**
- with the MCO regularly and as required.**

1.1.6 A quarterly Accountability Agreement for the MCO is in effect. It will be transformed into an annual agreement to coincide with the AS appraisal period. There will be quarterly reviews of results and identification of needs, such as for training.

Recommendation for PND

1.1.7 Osaka should receive its line direction from Tokyo to ensure a more coordinated and integrated approach in carrying out program activities in Japan.

PND Action and Time Frame

1.1.7 PND agrees with this recommendation and the Consul General has been notified. The modalities of implementing this recommendation are left to the Consul General and the Ambassador.

GENERAL RELATIONS

2.1 Overview

2.1.1 Political and public affairs activities for the Osaka Mission are largely reactive, falling under the direct responsibility of the HOM. The HOM's Assistant (LE-06) spends up to 60% of her time managing a PIF (Post Initiative Fund) budget of only \$18,000, reacting to enquiries and supporting, from a public affairs perspective, trade events and initiatives. The Mission needs to develop a public affairs plan which would better define program requirements and level of resourcing. Resource requirements need to be balanced against the administrative demands of the Assistant's time.

Recommendation for the Mission

2.1.2 A Public affairs plan should be developed to identify expected results, resources required and a time frame for delivery.

Mission Action and Time Frame

2.1.2 Osaka is developing a public diplomacy plan, complementary with Tokyo's Japan-wide plan, to carry out the activities and achieve the results identified in the Mission plan for FY2004/05. The plan will be in effect from April 1, 2004.

INTERNATIONAL BUSINESS DEVELOPMENT PROGRAM

3.1 Management

3.1.1 The Trade Program in Osaka has an experienced team of LES consisting of three Commercial Officers (CO) and two Commercial Assistants (CA) who report to a CBS Trade Commissioner (TC). The TC has strong leadership qualities, good experience in Japan and is well versed in the New Approach (NA). The management structure in place is impressive. Direction and communications are provided through weekly program meetings as well as on-going interaction between staff and the TC. Performance Measurement Agreements (PMAs) have been developed for all staff and the TC. These PMAs incorporate on-going commitments, associated measures and results attained; they are used as a management tool by the TC to monitor progress on projects and initiatives and to assess individual performance. The HOM is participation in trade activities is key to providing high level access and leveraging events and activities. The level and frequency of this involvement need to be more formally incorporated into program planning and operations.

3.2 New Approach

3.2.1 The NA is well understood by staff as evidenced by adherence to the provision of the six core services and the use of Horizon tools such as Business Mission Agreements and Alternative Service Providers. NA methodology and principles are reinforced through training sessions as part of weekly staff meetings. One of the goals stated in the TC's PMA is the expansion of market intelligence and network of contacts on a continuous basis. This is being actioned by requiring each CO to make two out calls per week and by implementing an out call report distribution strategy. Focus on proactive activities is being encouraged as are teamwork and creativity.

3.3 Japan Country Plan

3.3.1 Efforts have been made to improve coordination and cooperation between the missions in Japan. The TC has attended Tokyo's Trade Program retreat and acted as the Consistency Champion creating a policy for Japan sector teams and their interaction. This has had some success but progress has been slow. The size of the Tokyo Program and the separate reporting relationships are cited as limiting factors. There is a recommendation in the Tokyo Audit Report calling for more proactive measures to ensure better communication and cooperation between missions. The Management Section of this report is recommending that a more direct reporting relationship be established between Osaka and Tokyo.

CONSULAR PROGRAM

4.1 Overview

4.1.1 The MCO is the Consular Program Manager and has received the full consular training course. In her short time at the Mission, administration has dominated her work load. In the Consular Program, she is supported by an LE-05 Passport Examiner/Consular Assistant who on paper spends 10 percent of her time on administration but in reality is working full-time on consular issues. The LE-07 Administrative/Consular Officer, on the other hand, shows 40 percent of her time on consular but spends most of it on administration. Consular activities consumed 25 percent of the previous MCO's time.

4.1.2 This is a reasonably busy passport office issuing about 50 passports each month. Turnaround time for issuing a passport is seven working days. Passports were counted and verified and consular revenues were reconciled with accounting documentation on November 14, 2003. There are an estimated 2,000 Canadians living in the area of which 970 are registered under ROCA. The Receptionist is currently maintaining the ROCA system.

4.1.3 The territory for the Mission is the Kansai region although consular services extend to the most westerly tip of Japan because Osaka is closer to travel to than Tokyo. The Mission currently has 15 wardens within its territory. The Consular Emergency Contingency Plan is up-to-date.

4.1.4 There are no outstanding consular cases and no Canadians are incarcerated. When consular cases do appear, however, they have been generally complex and time-consuming.

ADMINISTRATION PROGRAM

5.1 Management of the Program

5.1.1 The MCO is new to the Mission having arrived only three weeks prior to the audit. *** She is an AS-02 in an AS-05 position. The MCO has a strong team of LES who would have preferred a program Manager with broader knowledge and experience. And while the Program is in reasonably good shape, the previous MCO left behind scant handover notes and very little information on file. The MCO will encounter a steep learning curve and will need the support of the HOM and assistance from administration in Tokyo.

5.1.2 The new MCO was assigned to Osaka primarily because of her Japanese language skills. These skills *** should not be reason enough to post an Officer *** as Program Manager. A seasoned MCO, however, would have difficulty being fully occupied in Osaka.

5.1.3 There is a Memorandum of Understanding (MOU) between Osaka and Tokyo. Osaka is currently independent of Tokyo but relies on corporate services to be provided by Tokyo in the areas of finance, information management and communications, LES classification and physical security. This MOU spells out accurately the responsibilities of each party.

5.1.4 The new MCO has made it a point to understand the role of each of her subordinates. She has a short meeting with staff daily and maintains an open-door policy. She would benefit from an Accountability Agreement with the HOM which would set out the expectations of the position in clear and measurable terms. This would form the basis upon which the MCO's performance would be evaluated. The MCO would also benefit from a work plan. This plan should be developed in conjunction with staff to obtain everyone's buy-in as to the priorities for the next twelve months.

Recommendation for the Mission

5.1.5 An operational work plan for administration should be developed by the MCO, in collaboration with staff, identifying priorities and time frames for implementation.

Mission Action and Time Frame

5.1.5 An operational work plan was developed in November to identify the tasks that must be accomplished and to assign priorities. This work plan serves as a basis for morning meetings of the administration team and time frames for the completion of the tasks are set out. The MCO reviews the work plan weekly to re-order priorities, and

also adds projects to improve knowledge and efficiency of the Administration Section. The HOM is satisfied that the MCO has adapted well and is effectively managing delivery of the Administration and Consular Programs. Implementing the work plan and other recommendations in the audit report is contributing to the professional development of the MCO, *** at a post which can serve as a training ground if, as the audit report asserts, the work demands are such that a seasoned MCO would have difficulty being fully occupied. When time permits, the MCO will be active in the Public Diplomacy Program.

5.2 Human Resources

5.2.1 There are no major LES issues at this Mission. The Mission has an established staff who is well qualified. Tokyo prepares the LES Handbook and the payroll. The LES Classification Committee is in Tokyo. The HOM meets the LES monthly. Appraisals are up-to-date. There is a need for an LES training plan. Several LES are receiving a couple of hours of both English and French language training each week. It would be more effective and less stressful on employees to have them concentrate on one language rather than both.

Recommendations for the Mission

5.2.2 A training plan should be developed for the LES at the Mission.

5.2.3 Language training for LES should be limited to either English or French at one time.

Mission Actions and Time Frames

5.2.2 Immediate training needs of employees have been addressed during the current FY. An annual training plan for the LES at the Mission will be in place by April 1. It will be based on individual training plans approved by supervisors and addressing needs identified by managers, e.g., during reviews of performance, as well as by employees. Osaka and HQ have high expectations for the Mission's eleven LES, none of whom have lived or studied in Canada. We, therefore, prize training opportunities that bring LES to Canada and HQ, and develop their initiative and judgement as well as knowledge and skills.

5.2.3 Current language training contracts will expire at the end of the fiscal year. For the new fiscal year, managers will review the needs of LES and provide more specialised training geared to each

individual's work, in whichever official language is most beneficial to that individual in the performance of official duties.

5.3 Physical Resources

5.3.1 Properties include a Crown-leased Chancery, Official Residence and two staff quarters. The Chancery is adequate and located in a well-maintained commercial building in downtown Osaka. The Mission expressed an interest in moving the Chancery to another area of downtown because it perceives the neighbourhood is deteriorating. This past summer the office underwent a refit with the installation of new office furniture, wall covering, carpets and official art. The current lease expires in May 2004 and a study by a realty firm suggests that, given the local economy, rent can be negotiated downwards. This option should be actively pursued, rather than a move.

5.3.2 A new Official Residence (OR) was acquired in August 2002 following eleven years in an OR which had served three Consul Generals well. In seeking authority from Headquarters to move, the Mission presented a number of arguments in support of their case, including that a lower rent could not be renegotiated at the old OR and that a better apartment could be acquired at no additional cost to the Crown. An overriding factor was that the old OR was considered very far for the children of the then HOM to travel to school. The vacated OR was in Ashiya City, an enclave where most of the diplomatic community lives. It was subsequently occupied by the British Consul General. A central concern of Headquarters was cost and, after reviewing the lease documents and floor plans and receiving assurances by the Mission of cost-neutrality, Headquarters approved the move. The Tokyo Mission's views were also solicited in advance by Headquarters and they raised no objections.

5.3.3 The move to the new OR was not cost neutral. While the rents are similar, a real estate agent fee equivalent to one month's rent (\$20,280) was incurred and moving costs amounted to \$9,600. While moving costs were anticipated, Headquarters was not made aware of the fact that there would be a real estate fee. Moreover, the new HOM is concerned that, because of its new location (40 kms from the Chancery), it may be difficult to attract guests to the OR. The daily toll charges between the OR and Chancery are also higher. The new OR may be slightly grander than is warranted for a Consulate of this size.

5.3.4 The two staff quarters (SQs) are in Ashiya, approximately 23 kms from the Chancery. One is an apartment and the other half a duplex. Both are suitable and close to all amenities.

Recommendations for the Mission

5.3.5 The Mission should endeavour to reduce the monthly rent on the Chancery lease expiring in May 2004.

- 5.3.6 The Mission should investigate the possibility, in collaboration with SRD, of acquiring a new OR when the current lease expires in August 2004.**

Mission Actions and Time Frames

- 5.3.5 The Chancery rent renegotiation has been initiated.**

- 5.3.6 The Mission will continue to investigate the possibility of leasing a new OR that is closer to an express commuter station and also has convenient vehicle access. There would still be significant commuting costs associated with a new OR as appropriate residences are located in Kobe and Ashiya, cities in a different prefecture (Hyogo) than the Chancery which is in Osaka. Incidentally, although the new OR in Kobe is seven kms farther from the Chancery than the Ashiya location, the driving time is faster. The resulting reduction in driver overtime offsets 80% of the higher tolls. The balance is more than eliminated by the savings in school transportation if the HOM has one child enrolled at the Canadian Academy. The shorter driving time is an advantage for the many guests invited to the OR who travel by car or taxi. Apartments with a layout and kitchen suitable for hospitality are uncommon.**

5.4 Finance

5.4.1 The Mission is financed through a standing advance of Y 600,000. Most major expenses, including LES salaries and bonuses, are paid from Tokyo except for small items like utilities, office supplies and taxis, which are paid from a petty cash fund set up from the advance. Osaka exercises spending authority under Section 34 FAA while Tokyo signs under Section 33. Osaka has IMS 'read-only' access. The HOM and the Senior Trade Commissioner have hospitality advances. The Osaka emergency cash parcel of Y 200,000 (\$2,500) is still in the name of the former MCO as are two credit cards for emergency use. These cards, in the names of the former HOM and MCO, need to be changed. The need for and amount of the emergency cash parcel need to be re-evaluated.

5.4.2 The standing advance is issued to the LE-07 Administrative Officer and advances are deposited to her personal bank account. This arrangement has existed since the arrival of the previous MCO in August 2000. Requests for advances are forwarded to Tokyo monthly and average between Y 40,000 to 50,000. Petty cash expenditures average Y450,000 each month and Consular revenue Y400,000. A reconciliation, which includes the bank statement, is forwarded to Tokyo each month by courier.

5.4.3 Turnaround time for paying minor expenses locally is two or three days. Invoices are forwarded to Tokyo within three days of receipt and Tokyo responds by paying within ten days. Twenty to thirty original documents are forwarded each month to Tokyo for payment and there are some fifty expenditures monthly from the petty cash.

5.4.4 Tokyo is prepared to pay Osaka's utilities costs (electricity, gas and water) through directly debiting a separate bank account that Tokyo has set up for paying its own utilities. Direct debit would allow for the standing advance to be reduced by half to Y 300,000.

Recommendations for the Mission

5.4.5 Utility costs should be paid by Tokyo through its direct debit system.

5.4.6 The need for and amount of the emergency cash parcel should be re-evaluated. If required, it should be put in the name of the MCO.

5.4.7 Credit cards for emergency use should be put in the name of the new MCO and HOM.

Mission Actions and Time Frames

5.4.5 Before the audit, we had identified, with Tokyo, the merit of a new direct debit system in order to reduce the cash advance to the LES Accountant for the next fiscal year. We are now negotiating with the utility companies to put together the financial documents before the established debit dates.

5.4.6 We consider this emergency cash parcel to be a prudent component of our contingency planning for an earthquake when ATMs and electricity might be disrupted. The amount is not excessive in a country where many vendors decline credit cards and prices are high. (In fact, the amount is 40% of the minimum balance a CBS keeps in a personal non-interest-earning local bank account to avoid a monthly account maintenance fee.) It has been put in the name of the MCO.

5.4.7 We have applied for emergency credit cards in the names of the MCO and the HOM.