MINISTRY OF FOREIGN AFFAIRS, INTERNATIONAL TRADE & COOPERATION

9.1 General

This Ministry is a peculiar one, unique of its kind. It is a Ministry which has a tendency of believing that it is special and different from other Ministries and has self-proclaimed higher status for its offices than those of equivalent status in other Ministries. At times exceptions become the rules. Government policies are self-proclaimed and used as a screen to impose its own way of doing things and to justify non-implementation of others' recommendations. Application of rules, regulations, circulars and Government policies currently in force are applied discretionarily, and instead of applying rules per se, the Ministry tends to get round rules and to resort to “case to case basis” completely outside prevailing rules and regulations.

All these are done with a view to

- encouraging discriminatory decisions and
- counteracting comments made by my Office, either by providing information that are not valid or by trying to prove that the audit findings were not correct.

The normal practice at this Office is to issue a Management Letter after each audit to client Ministries/Departments inviting them to comments on the audit findings. Before the issue of the Audit Report, every Ministry/Department is given the opportunity of commenting on the “true and fair” view of the audit findings which my Officers and myself deemed to be of significance and of a nature to be brought to the attention of the National Assembly, together with the reply submitted following the issue of the Management Letter.

However, this Ministry in its own style, instead of reporting on the “true and fair” view, comes up with completely new lengthy replies, quite often, different from those submitted in response to the Management Letters, definitely with the aim mentioned above with regard to Audit.

In May 2006, I did report to the Prime Minister’s Office and the Chairperson of the Public Accounts Committee on this negative attitude and behaviour of the Ministry. Instead of implementing audit recommendations to improving systems and reducing wastage, the Ministry has been trying to shift responsibility on others and counter-reacting to audit observations. No improvement has been noted in this direction.

I am therefore not including any reply submitted by this Ministry with regard to my comments below, as these may mislead Parliament and the public.
9.2 Overtime

For financial year 2005-06, a sum of Rs 1.5 million was provided for under the Item “Overtime” for the Ministry’s Headquarters. An amount of Rs 625,000 was reallocated to the Item, that is, about 41 per cent of the voted provision. As of 30 June 2006, a sum of some Rs 2,070,000 was charged to the Item.

During the year, overtime paid to several drivers attached to Senior Officers entitled to chauffeur driven car, exceeded their annual salaries by more than 80 per cent and in two cases, by more than 125 per cent. Moreover, there were a few cases where the overtime drawn in one month exceeded the monthly salary by more than 200 per cent.

According to the "General Conditions for Use of Chauffeur Driven Car", the official driver will be entitled to overtime only in respect of duties performed strictly in accordance with the official activities or commitments of the Senior Officer. However, when the Senior Officer is on leave, only the salary of the driver will be paid from public funds during that period. A case was noted where a driver had drawn overtime during the period the Senior Officer with whom he was working was on Vacation Leave. The Senior Officer had taken eight days leave in October 2005, and during that period, the driver had claimed and was paid overtime for some 43 hours (Rs 3,700). The reasons for performing overtime were stated as "Official Dinner", "Official Reception", "Official Function" and "Work Late".

The Overtime Sheets for one month of three other drivers attached to Senior Officers were examined. The three drivers had worked overtime everyday of the month. During weekends, they started to work before 8.30 a.m, and most of the time, they finished at about 6.30 p.m. On two Sundays, one of the drivers had worked till 11.30 p.m. Reasons for overtime were "Official Function and Dinner", "Official Duty". During weekdays, most of the time they worked till 8.30 p.m. Reasons for overtime were "Working Late" and "Official Dinner".

The Ministry should ensure that all the overtime claimed by drivers was in fact in respect of duties performed strictly for the official activities.

9.3 Protocol Services and Transport Facilities to Ambassadors/ High Commissioners

Protocol services are provided to specific dignitaries. They are met and seen off at the airport.

The Log Books of the official cars of the Ministry for July 2005 and May 2006 were scrutinised. It was observed that Protocol services were provided to a high official every time he went on missions overseas though he was not entitled to these services. An officer of the Executive Cadre, a driver and a car were mobilised to see him off and meet him at the airport on his departure and arrival. The driver was paid overtime whenever the arrival and departure from/to abroad occurred after normal working hours. Moreover, the reason as to why the car of the Ministry was used for the trips to the airport instead of the one allocated to him was not known.

On 16 May 2006, at 2 p.m, the driver, accompanied by a Higher Executive Officer, drove an official car of the Ministry to the airport to pick him up. According to the Log Book of the vehicle, the trip ended at 6 p.m and the distance travelled was 89 kilometres. Similarly, on
26 May 2006, the departure of the official had mobilised the driver, an official car and the Officer from 4 p.m to 10.30 p.m. Distance travelled was 96 kilometres.

### 9.4 Ambassadors/ High Commissioners Attending Official Meetings while on Leave

Instances were noted where an Ambassador posted in one of the Missions and who was on Casual Leaves to attend to some pressing personal matters or to spend the leave in Mauritius, attended meetings on several days during his stays in the country. Subsequently, after the meetings, requests were made to cancel the leaves and to reckon these leaves as official duty. These requests were approved.

In one instance, the Ambassador was also paid allowances totalling Rs 19,800 for the six days on which it was stated that he attended meetings.

For these stays in Mauritius, evidence to the effect that he was invited or officially requested to attend to all these meetings was not seen.

It appears that a few Ambassadors/High Commissioners arranged for courtesy visits to officials and Ministers during their leaves in Mauritius with the intention of converting these leaves into official duty so that they may claim allowances and request for official car to be attached to them during their Casual/Vacation Leaves.

### Overseas Missions

#### 9.5 Vote Management – Excess over Provision

At the two Overseas Missions listed below, expenses were incurred for which no provisions were available.

<table>
<thead>
<tr>
<th>Mission</th>
<th>Description of Items</th>
<th>Total Provisions (Rs)</th>
<th>Amount Spent (Rs)</th>
<th>Excess (Rs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paris</td>
<td>Rent and Rates</td>
<td>6,635,000</td>
<td>7,088,746</td>
<td>453,746</td>
</tr>
<tr>
<td></td>
<td>Other Operating Expenses</td>
<td>1,575,000</td>
<td>1,903,786</td>
<td>328,786</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Washington</td>
<td>Wages</td>
<td>3,197,000</td>
<td>3,308,343</td>
<td>111,343</td>
</tr>
<tr>
<td></td>
<td>Rent and Rates</td>
<td>5,671,500</td>
<td>5,869,070</td>
<td>197,570</td>
</tr>
</tbody>
</table>

In July 2006, the Ministry applied for Retrospective Reallocations to cover the excesses over provisions. It was only on 6 October 2006 that the Retrospective Reallocations have been approved and all excesses cleared.
9.6 Budgetary Control – Deliberate Misallocations

An examination of the Vote Control Book at one of the Overseas Missions revealed several misallocations made deliberately to avoid excess expenditure during financial years 2001-02 to 2003-04. In fact, mention of "Deliberate Misallocation" had been made in the "Remarks" column of the Vote Control Book for most of these misallocations. However, corrections have subsequently been made at the level of the Ministry.

Financial procedures require that once the Annual Estimates have been approved, Ministries/Departments are authorised to incur expenditure within the limits contained therein. In order to ensure that these limits are not exceeded, it is essential that rigorous budgetary control procedures are followed. Failure to operate adequate budgetary control may result in excess expenditure which the responsible officer may be required to refund from his own purse.

Evidence to the effect that action was taken against the responsible officer or explanation sought from him was not seen. Instead, the officer was nominated for a Fellowship Programme which started in August 2006 in Geneva and concluded in early November 2006 in New York.

9.7 Hire of Chauffeur Driven Car

According to standing policy regarding hire of chauffeur driven cars overseas, Government has decided that while on Mission abroad, Chief Justice and Ministers be provided with such cars. The same privilege has also been extended to the Secretary to Cabinet and Head of the Civil Service.

Contrary to the standing policy, chauffeur driven cars had been provided to officials below the level of Secretary to Cabinet and Head of the Civil Service.

In October 2005, a sum of Rs 230,000 was paid for the hiring of cars for delegates of the United Nations General Assembly 2005 by the Office of the Permanent Representative in New York. Members of the delegation included high officials and a member of the National Assembly below the level of Minister. According to the bills submitted by the Company hiring these cars, 136 hours "Wait Time" was claimed during the 13 days the cars were hired, that is, an average of 10 hours per day. In fact, on six occasions, the cars were at their disposal for 15 or more hours each day.

A further sum of Rs 253,000 for the hiring of chauffeur driven cars for the officials of a Mission to Washington DC was paid in February 2006 by the Mauritius Embassy in Washington. The cars were hired on seven days, and during that period, the cars were at their disposal for 165 hours. On one day, two cars were hired for more than 12 hours each, and on another day, three cars were hired for a total of 39 hours.

The officials should have resorted to the services of cars just for picking and dropping them, as these would have surely cost much less, instead of hiring cars and keeping them waiting for long hours.
9.8 Medical Expenses

In its 2003 Report, the Pay Research Bureau has recommended that pending the introduction of Health Insurance Schemes for home based staff posted in Overseas Missions, 85 per cent of all medical expenses incurred by them are refunded provided such expenses are supported by medical certificates. In case of hospitalisation for surgical intervention, the totality of medical expenses incurred in respect of treatment during the period of hospitalisation is refunded.

During financial year 2005-06, three Overseas Missions refunded a sum of about Rs 7.2 million as medical expenses. Included in the figure of Rs 7.2 million were sums of

- About Rs 3 million paid for the medical treatment undergone by an officer's spouse and his two minor children in one of the Missions.
- About Rs 2.3 million, representing medical expenses paid in favour of an officer and the wife of a second one in another Mission who were both hospitalised to give birth.
- About Rs 800,000, representing 100 per cent of the medical expenses paid in favour of an Ambassador of one of the Missions. The Ministry was informed by the Mission that the Ambassador had undergone surgical operation when he was hospitalised in June 2006, some two months after he assumed duty.

The Ambassador was again on leave for five days in July 2006. Mission informed the Ministry that he had to undergo a second surgical operation. This time the 100 per cent medical expenses amounted to some Rs 300,000 and were paid in July 2006. The claim mentioned only his hospitalisation. In September 2006, the Mission was requested to forward the necessary attestations/documentary evidence that the Ambassador had undergone a surgical operation from the hospital. At time of audit (mid October 2006), the documents were still being awaited. In the absence of clear mention of any surgical intervention undergone in the second claim submitted, only 85 per cent of expenses should have been reimbursed. A sum of about Rs 45,000 might have been overpaid.

- About Rs 400,000 paid in favour of another Ambassador who had undergone surgery. In August 2005, the Ambassador was requested to resume duty at the Ministry within the shortest possible delay as his tour of service was completed since June 2004. The date of termination of his assignment was postponed thrice, firstly to 9 September, then to 30 September and finally to 31 December 2005. Meanwhile, on 26 September 2005, the Ambassador underwent the surgery.

The current system in operation is costly as evidenced by above. The Ministry should seriously consider the introduction of a Health Insurance Scheme for home based staff posted in Missions.

9.9 Residence of Former Ambassadors/High Commissioners

According to the Terms and Conditions of Employment of Ambassadors/High Commissioners, in case of termination of contract, they would have to vacate the premises occupied by them as soon as possible and at any date not later than the end of the ensuing
month. They would be required, however, to pay rent for the use and occupation of the premises as well as the cost of utilities for the period of occupation immediately following the termination of their contract.

The contracts of the former Ambassadors in Kuala Lumpur and Antananarivo were both terminated in July 2005, whereas that of the former Permanent Representative in New York in December 2005. All three of them continued to occupy the premises which were leased for them until their return in the month following the termination of their assignments. The three Missions did not initiate action immediately to give the relevant notice for the termination of the lease agreement.

Delay in giving the required notice of termination of the lease agreement entailed expenditure of some Rs 620,000, representing rent for six months and other charges at the Kuala Lumpur Mission and some Rs 430,000 (one month rent) at the New York Mission.

At the Mission in Antananarivo, the lease agreement of the residence of the former Ambassador which was to expire on 30 September 2005 was renewed for a further period of one year on 28 September 2005, although he had already left. According to the lease agreement, in case the lease was terminated before its expiry date, Mission would have to pay rent up to September 2005. The residence has remained unoccupied since the departure of the former Ambassador. Meanwhile, Mission continued to pay the monthly rent and all other charges. During the period October 2005 to June 2006, rent, security services, electricity, water, telephone and other charges to the tune of Rs 500,000 were paid.

Had the lease agreement not been renewed at its expiry on 30 September 2005, this expenditure would have been avoided.

### 9.10 Changes in Posting

Home-based staff are posted in overseas Missions on a tour of service which is normally for a period of three years. This period may be extended or reduced subject to the exigencies of service.

In October 2005, several officers posted in Overseas Missions were informed of their change in posting, which should be arranged within a period of one month and effective by mid November 2005 at latest.

Two officers at the Mauritius Embassy in Paris and one at the Office of the Permanent Representative in New York were recalled to the Ministry. They had neither completed their tour of service nor was there any evidence of acts of gross misconduct by the officers. Three officers were sent to the two Missions to replace the outgoing ones. The officer at the New York Mission was in post there for only eight months when he was recalled, whereas one of the officers of the Paris Mission was there for one year.

The additional costs involved in the transfer of the incoming and outgoing officers amounted to more than Rs 1 million.

The above additional expenses of some Rs 1 million might be considered as nugatory.
9.11 Posting of Support Staff

In 2001, the Ministry decided to discontinue with the practice of posting home-based support staff in our Overseas Missions. In fact, with time, it is being recognised that locally recruited support staff, namely Confidential Secretaries, are better discharging their duties. At a few of our Overseas Missions, instead of recruiting a local staff as Confidential Secretary following the departure of the previous one, another one from the Mauritian Civil Service was posted there. I have drawn the attention of the Ministry that this is definitely not cost effective, especially at this time when Government policy is to reduce staff cost and taking into consideration the economic situation of the country.

9.12 Inconsistent Decisions

The Ministry had been taking some inconsistent decisions, which appear discriminatory, especially on those decisions relating to benefits/allowances of home-based staff posted to our Overseas Missions.

In February 2005, an officer was posted at one of the Overseas Missions in replacement of another one. The latter, for no reasons, had transferred most of the items from her residence to that of another officer, including some to which the officer was not entitled to. Neither a handing over certificate was signed nor explanation sought from or action taken against the officers concerned.

As no items of furniture and other household appliances were available for transfer when the new officer moved into her residence, Mission sought approval for the purchase of, amongst others, a sofa set and a refrigerator in April and June 2005 respectively. It was only in April 2006, some 10 months later, and after I have drawn the attention of the Ministry, that the refrigerator was purchased, whereas the sofa set was received in September 2006. In the meantime, the officer was made to endure all the hardship that went with it.

Moreover, on her arrival in February 2005, the officer had to stay in a hotel as no suitable accommodation was found for her. The officer she was to replace, for no plausible reason, been allowed to extend her stay in post there for five weeks. As a result, the incoming officer had to stay in the hotel for 34 days. While she was still staying in the hotel, the Ministry conveyed approval for the payment of only four days Subsistence Allowance. It was not known under what regulations the quantum of four days was approved. For other officers, even at the same Mission, full Subsistence Allowances for more than four days were approved. In the case of the officer she was replacing, 11 days of full Subsistence Allowance and Foreign Service Allowance were paid. In September 2005, some six months later, the Ministry approved the payment of an one off allowance in respect of her 34 days stay in hotel, based on a full board rate, which was much lower than what she was entitled to. It was only in July 2006, following my recommendation, that the Ministry had paid her full due.

At the same Mission, another officer was posted in February 2005. Approval was sought for the purchase of a double bed in November 2005. This was obtained 12 days later. Another request was made by Mission in August 2005 for the purchase of items, such as six kitchen chairs, food processor, tea set, coffee set and stainless steel serving tray, at a total cost of about Rs 38,000. Approval was obtained in March 2006.
In the case of a third officer at another Mission, in February 2006, a request was made for the replacement of a television set, a washing machine and a built-in electric cooker. This was approved three days later.

With regard to an Adviser posted to one of the Overseas Missions, his request for utensils and items of furniture costing some Rs 40,000 was approved by the Ministry on the next day it was received.

I have drawn the attention of the Ministry that at a time when Government is bringing lots of reform to improve quality of public service delivery, to reduce bureaucracies and to promote healthy working conditions, such attitudes towards colleagues are deplorable and a matter of concern.

9.13 Damages to Rented Accommodation

Home-based staff posted in Overseas Missions are provided with furnished accommodation in accordance with the standard list of furniture. The officers are personally liable for any damages caused to rented premises during the period of tenancy. They will have to personally repay any Security Deposit forfeited or premium paid as a result of non-observance of the terms and conditions of the lease agreement. In that connection, an Advance Account will be opened in their name.

The Security Deposits paid for the accommodation of three former officers posted at the Permanent Representative in New York totalling some Rs 340,000 were not charged to Advance Accounts.

Moreover, an “état de lieu de sortie” was carried out in the presence of each of the three officers, but not the respective landlord, when they left the rented apartments they were occupying. Two of the landlords later reported that the rented apartments sustained damages during tenancy period and retained the Security Deposits totalling Rs 89,000. There was no evidence that the amount, retained by the respective landlords, was recovered from the officers concerned.

9.14 Rent and Utilities

According to the recommendations of the Pay Research Bureau 2003, full charges in respect of rent and utilities are to be paid for Ambassadors, High Commissioners and Permanent Representatives by the Missions. For other officers, charges in respect of rent and utilities are to be paid up to a monthly ceiling depending on their rank and the country of posting. Any amount above the recommended ceiling was to be borne in toto by the officer.

At the Mauritius Embassy in Berlin, the amount paid as rent and utilities for an officer during the financial year exceeded his ceiling. A sum of € 26,618 was paid during the financial year when he was only eligible to € 26,040, resulting in an overpayment of € 578 (Rs 21,000).

At the Mauritius Embassy in Antananarivo, an officer was posted at the Mission to replace another one who had to return. The two officers rented the same residence. During financial year 2005-06, a sum of Fmg 64,621,262 as rent and utilities was paid for the two officers,
when they were eligible to only Fmg 50,745,500, resulting in an excess of Fmg 13,875,762 (Rs 39,000).
The payments of rent and utilities over and above the recommended ceiling to an officer at the Mauritius Consulate in Mumbai (Rs 23,213) and to another one at the Office of the Permanent Representative in Geneva (Rs 16,000), and mentioned at paragraph 8.3 of the 2004-05 Audit Report, had not been recovered.

I have emphasized on the need to exercise better control on the payment of rent and utilities to eligible officers and to recover any excess payment from the officers concerned.

9.15 Government Owned Residence of Ambassador/High Commissioner

During the audit of one of the Overseas Missions, a routine survey of the Government owned residence of the High Commissioner was carried out. The High Commissioner, having been called back, had just moved from the residence.

The house inside was in a deplorable state. All the rooms and the kitchen were filthy with a strong nauseating smell. This might be due to rotten groceries, bread and other foodstuff left behind and burnt food left in the oven. The refrigerator and the oven seemed to be not in working condition. All the walls were soiled and stained. The carpets of nearly all the rooms and for the staircase, which were of the highest quality, were also soiled and stained. Nearly all the beds, cupboards, most of the furniture, the few wash basins, the toilet pans and their cisterns were broken.

A painter contacted by the High Commission for a quotation to repaint the residence refused to submit one when he visited the residence. I am given to understand that it would cost some Rs 50,000 for an overall cleaning.

I am of the opinion that had the High Commissioner been staying in a rented building, no such damages would have occurred and such wasteful expenditure would have been avoided. I am reiterating my recommendation of renting premises for the residence of Ambassadors/High Commissioners rather than buying.

9.16 Motor Vehicle Running Expenses of Heads of Mission

According to one of the conditions of employment of Heads of Mission, an official car will be put at their disposal in the country of posting and all the running and maintenance expenses of the car will normally be met from public funds.

This clause is tantamount to the Heads of Mission being authorised to effect unlimited travelling and fuel and other expenses of the car being met from public funds. This is what has been observed in practice. Fuel consumption and maintenance expenses for the official cars of Heads of Missions in most of the Missions were on a high scale.

I have recommended that a scheme of Petrol Allowance to Heads of Missions be worked out as is the case for top Civil Servants.
9.17 Location of the Mauritius High Commission in Canberra

Our High Commission in Australia would be in a better position to fulfil its objectives if it was located in either Sydney or Melbourne, rather than in Canberra. Although Canberra is the political capital of Australia, most of the economic activities of the country take place in Sydney and Melbourne. Even the majority of our students reside in Melbourne. In fact, many countries have only a Representative Office in Canberra, while the main Operating Office is located in Sydney or Melbourne. Moreover, out of 53 African States, only nine countries have diplomatic missions in Canberra.

To enable our High Commission to fulfil its objectives, it is recommended that we have only a Representative Office in Canberra, while the main Operating Office in Sydney or Melbourne.

9.18 Mauritius High Commission in Canberra - Telephone Charges

At the Mauritius High Commission in Canberra, the Chancery and the High Commissioner's residence were operating on the same telephone line. For the financial years 2001-02, the monthly average telephone bills ranged from Aus $ 1,675 to Aus $ 2,400, and that for the cellular phones of the then High Commissioner ranged from Aus $ 380 to Aus $ 670. Since the departure of the High Commissioner, the fixed telephone bills for the Chancery averaged to around Aus $ 850 monthly.

Hence, it can be concluded that the telephone bills for the past years were on the high side.

I have recommended that for control purposes, the Chancery and the High Commissioner's residence operate on separate lines.

9.19 Mauritius High Commission in Pretoria – Internal Control

Revenue Collection

The Mission collects revenue mainly in respect of Consular Services. There was no supervision over the collection of revenue at the Mission and no monitoring at the Ministry's level. The officer who was responsible for processing applications for passport and travel documents, as well as collecting the appropriate fees, was also responsible for banking the fees collected. This was a break of internal control. The duties for collection of revenue and banking same should be segregated.

Receipts were drawn on the very day cheques were received. However, money collected was not promptly banked. Money received in respect of applications for passports and travel documents that were incomplete or that might be rejected was retained and not banked until the applications were approved. It was only then that the cheques were recorded in the Cash Book and remitted to bank. In case of rejection, the cheques were returned to the applicants. This is against financial procedures. All money received should be banked, and in case of rejection at a later stage, the applicants were to be refunded from the Mission's accounts.
Moreover, the client's copies of the stamped bank paying-in-slip received when funds collected were deposited with the bank were not kept by the Mission. As such, it was not possible to verify when and whether all money collected had been banked and accounted for.

**Expenditure Control**

The Payment Vouchers, invoices and supporting documents were not stamped "Paid" after having been passed for payment. This lapse in control might result in the same expenditure being paid more than once. Invoices were not certified by the responsible officers and entries in the Vote Control Book were not initialled by the authorising officer.

**Discrepancies in Mission's Accounts**

In May 2006, the Ministry was informed of some cumulative discrepancies in the accounts of the Mission. The discrepancies related to the amount of consular fees collected by the Mission and that deposited in the Mission's Bank Account by the officer responsible for consular matters which totalled some Rands 6,820, and to a sum of Rands 6,390 refunded, in cash, by a high official but not deposited in the Bank Account by another officer. These two discrepancies, which had been made good, had arisen mainly due to the non-conversance of financial procedures by the officers concerned.

I have emphasized on the fact that there has been a gradual breakdown of internal control over the accounts of Missions at the Ministry's level. Although monthly accounts were sent in originals regularly to the Ministry by the Missions, the shortcomings noted above were not found by the Ministry.

I have recommended that the Ministry should examine the monthly accounts submitted by all Missions promptly and to take actions to remedy all shortcomings and weaknesses found.

**9.20 New Delhi Mission**

**9.20.1 New Chancery and Apartment Complex at EP- 41 Jesus and Mary Marg**

The construction started during 1996 and was expected to be completed in 1998, at a contract price of Rs 29.5 million. There was a very long delay in actually completing the construction. The Indian Authorities issued a certificate of completion when it was handed over in May 2000. The apartment complex was also completed sometime after and home – based staff started occupying the apartments of the chancery.

Mission did not keep an account of the total project cost. The costs of constructing the chancery and the apartment complex have to be traced out from the correspondences in the various files kept at the registry. The information that was available was that as at the end of March 2002, total payments certified and paid were INR 66,204,372 and INR 54,621,667 respectively.
Cracks were visible on the roof of the building. Water leaked inside the building during rainy days and there were seepages of water in many areas, with drops of water falling at both the entrance lobby and in the kitchen. The water proofing on the roof has not been properly effected resulting in water accumulation on the roof, with leakages through the roof. The walls directly exposed to rainfall remained damp for weeks and the paint was affected. The plumbing works relating to the central air-conditioning plant situated on the roof have not been conducted to standards and the pipes were corroded.

Both the Consultant and the main Contractor have not shown any interest to have the repairs effected.

The Chief Architect of the Ministry of Public Infrastructure and Land Transport who was on official mission in New Delhi, proposed to contract out the repair works to other Contractors. This has not been done yet.

9.20.2 Utilities

The Ministry has proposed that each residential flat on chancery premises must be provided with a separate meter for recording water, gas and electricity consumption of the officer occupying the premises and that a ceiling on utilities be fixed for this category of officers.

There were four home based staff in the Delhi Mission who lived in the chancery premises. The rental value of the apartments has not been assessed. There was no separate meter for each residential flat and Mission paid the electricity bill.

In addition to electricity bill, Mission paid the whole amounts of telephone bills irrespective of whether personal or international calls were made. Refunds were made in only a few cases.

No ceiling was imposed on home-based staff who lived in Government owned flats. The statement of “Rent and Utilities” was not prepared and any excess expenditure could not be assessed.

Under existing rules, officers are entitled to an amount in foreign currency, as “monthly ceiling of rent and utilities”. As the term implies, every officer should meet the cost of rent and utilities within the ceiling. The officer has to pay any excess over and above the ceiling.

Recommendation

A rental value must be assessed on all Government flats or apartments used by staff so as to calculate whether, under existing policy, an officer has exceeded his utilities entitlement.

9.20.3 Exemption of Tax

The Vienna Convention mentions that the sending State and Head of the Mission shall be exempt from all national, regional or municipal dues and taxes in respect of premises of the Mission, whether owned or leased, other than such as represent payment for specific services rendered.
Mission has been paying taxes on all its purchases such as personal computers, petrol and other taxable items. It then dealt with the Protocol Division, that a refund of all the Value Added Tax (VAT) incurred by Diplomatic missions would eventually be refunded upon submission of all the relevant documents.

According to the Receipts Cash Book, the Indian Authorities refunded VAT of INR 139,118 and INR 26,738 respectively for the two Quarters 1 April 2005 to 30 September 2005 and 1 October 2005 to 31 December 2005.

The following observations were made:

- Mission paid a Service Tax of INR 52,676 to the consulting firm in connection with the consultancy services for the construction of High Commissioner’s residence. No refund has been obtained yet.

- Mission purchased a service car, model Chevrolet Tavera on 30 June 2005 at the price of INR 882,956 inclusive of VAT and Excise Duties from a local supplier in New Delhi. An amount of INR 245,863, comprising INR 98,106 for VAT and Excise Duty of INR 147,757 was charged thereon and no refunds obtained yet.

It is stated in a correspondence that VAT was a State Tax imposed by the Delhi Government and not a tax administered by the Central Government and that the Ministry of External Affairs was still working with the competent Delhi Government authorities with a view to finding a mechanism for either direct exemption, as was the case with the Sale Tax, or the appropriate procedure for refund after payment of the VAT.

9.20.4 Personal Emoluments

Pay sheets for salaries were prepared at the level of Ministry in INR using fixed rate prescribed by the PRB Report.

The Foreign Service Allowance (FSA) and the Entertainment Allowance (EA) are paid to home-based staff posted overseas in order to enable them to meet the cost of living in the respective countries and to enjoy a standard of living compatible with their rank.

These allowances vary according to the grade of the officer and the country of posting and are generally paid in the country of posting.

The quantum of both the Foreign Service and Entertainment Allowances are given at Annex IV and V of the PRB Report.

The Ministry of Foreign Affairs and Regional Cooperation made reference to its Circular Letter Reference 1000/91 of 5 May 2001, that there is no objection to the salaries and allowances of home-based staff be paid in USD or British Pound Sterling, provided that the conversion rate is at the current rate and should be on request.

In another correspondence dated 22 July 2005, the Ministry has written to the Head of Mission and stated that both salaries and allowances were drawn in USD despite the fact that
no official requests have been made. This practice is not correct as the salaries were converted at fixed rate in INR and reconverted in USD resulting in multiple conversions.

Missions were given two options:

Option 1 – Formal requests are made to the Ministry for home-based staff to be paid in hard currency, the Ministry will then prepare the pay sheet at current rate in USD. FSA and EA should be drawn in USD at current rate on Pay Day at the level of Mission. An official conversion rate from INR to USD from the bank should be sent along with the pay sheet.

Option 2 - If home-based staff so wishes, pay sheet will be prepared in INR. FSA and EA should therefore be paid in INR and not USD as is the case now.

The following observations were made:

- The Ministry prepared the pay sheets in INR and forwarded them to Delhi Mission. The PRB conversion rates are INR 0.5960 to 1 Rupee;

- Mission did not comply with the Ministry’s instructions of converting the INR to USD at current rates. Payments of salaries, Foreign Service Allowance and Entertainment Allowance to home-based staff, were effected in USD at more favourable rates.

### 9.20.5 Excess Expenditure

Excess expenditure totalling Rs 763,369 have been noted on five items of recurrent expenditure as of 30 June 2005, without the necessary provisions being made. These were then covered by Supplementary Provisions.

<table>
<thead>
<tr>
<th>Provisions</th>
<th>Rs</th>
<th>Actual Rs</th>
<th>Excess Expenditure Rs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office expenses and incidentals</td>
<td>65,000</td>
<td>93,545</td>
<td>28,545</td>
</tr>
<tr>
<td>Telephone bills</td>
<td>299,400</td>
<td>448,406</td>
<td>152,006</td>
</tr>
<tr>
<td>Rent and rates</td>
<td>1,500,600</td>
<td>2,030,572</td>
<td>529,972</td>
</tr>
<tr>
<td>Maintenance of buildings, ground, plant and equipment</td>
<td>103,100</td>
<td>106,117</td>
<td>3,017</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>360,000</td>
<td>409,829</td>
<td>49,829</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>5,928,741</strong></td>
<td><strong>763,369</strong></td>
<td></td>
</tr>
</tbody>
</table>

### 9.20.6 Telephone Bills

Payments of telephone bills during financial year 2004-05 were Rs 448,406 compared to Rs 310,031 under the same expenditure item for the previous year, thus an excess expenditure of Rs 152,006. The figure of the same item for the financial year 2005-06 was Rs 706,661.
There was no control over the use of telephone. Mission paid the whole amount of bills irrespective of whether private, personal or international calls were made. As for the cellular phones in use, there were no limits on the calls made. In a number of cases, international calls were persistently effected on the cellular phones.

Refunds for private and personal telephone calls amounted to only INR 29,272 during the financial year 2004-05.