MINISTRY OF FOREIGN AFFAIRS, INTERNATIONAL TRADE AND COOPERATION

15.1. General

In the last two Audit Reports, I have drawn attention on several shortcomings which existed in the systems operated at the Ministry and the Overseas Missions. I have also made some recommendations to improve its quality of financial management and public administration.

It is satisfactory to note that the Ministry has implemented several measures to improve management practices and to exercise better control on the use of public funds. This year, issues raised in these two Reports have been reviewed and updated.

15.1.1 Vote Management

I have in the past reported that total provisions under several Vote Items of the Ministry and Overseas Missions were not sufficient to meet the expenditure charged to the respective Items. The Ministry applied for Retrospective Reallocations to cover these excesses.

During this fiscal year, the Ministry has, after consultation with the Ministry of Finance, devised a monitoring mechanism, whereby Missions will be able to find out exactly the amount of funds available in their Votes. They will thus be in a position to make the spending forecasts geared to staying within the budget available. This would avoid having recourse to Retrospective Reallocation.

15.1.2 Damages to Rented Accommodation

In the last two Audit Reports, mention was made of a few cases where Security Deposits paid for rented premises for home-based staff posted in Overseas Missions, were forfeited by the respective landlords because the premises sustained damages during the period of occupancy.

An “état de lieu de sortie” is now being carried out on the departure of the outgoing officer and upon entry of the incoming one in the presence of an officer of the Mission and the landlord or his representative. Any damages sustained during the tenancy period noted and agreed by all parties were refunded by the officer concerned.

15.1.3 Termination Clause of Lease Agreement

Delay in giving the required notice of termination of lease agreement of rented accommodation of home-based staff of Overseas Missions had entailed unnecessary expenditure during the past few years. Missions are now required to strictly abide by the contents of the termination clause of the lease agreement when serving notification of termination of lease. As regards new lease agreements, Missions are required to negotiate with the landlords for as short a notification period as possible.
15.1.4 Purchase of Chanceries

In line with my recommendations, the Ministry has embarked on a programme for acquisition of Chanceries, instead of having recourse to rented premises. Mission in Washington has identified a building to be acquired for use as Chancery and procedures were underway for its acquisition. According to the Ministry, the eventual purchase of the Chancery in Washington will lead to yearly savings in rental of some US $ 85,000.

15.1.5 Refund of Value Added Tax (VAT)

At the Mauritius High Commission in Pretoria, the First Secretary had initiated action to claim refund of VAT from the South African Revenue Service (SARS). As a result of the initiative of this officer, a sum of about 370,000 Rands, relating to the tax period January 2006 to December 2007, was recovered from the SARS during fiscal year 2007-08. I am given to understand that returns for VAT refund will henceforth be submitted to SARS on a monthly basis.

Ministry’s Reply

Ministry reiterates its commitment to strictly observe principles of transparency, value for money and accountability.

15.2 Medical Expenses

15.2.1 General

Amounts refunded as medical expenses to staff posted in Overseas Missions during the past five years are given in the Table 15-1. The refunds are met from the Vote Item “Other Operating Expenses” of each Mission.

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Amount Rs</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003-04</td>
<td>6,060,021</td>
</tr>
<tr>
<td>2004-05</td>
<td>4,583,775</td>
</tr>
<tr>
<td>2005-06</td>
<td>9,215,730</td>
</tr>
<tr>
<td>2006-07</td>
<td>3,450,305</td>
</tr>
<tr>
<td>2007-08</td>
<td>3,602,829</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>26,912,660</strong></td>
</tr>
</tbody>
</table>
Refund of medical expenses from public funds has always been a matter of concern for Government. This is due to the fact that it has been perceived that officers posted abroad tend to make abuse of this privilege.

According to instructions from the Ministry, Missions were required to submit monthly return of medical expenses. The objective was for the Ministry to exercise control over the refund of medical expenses by each Mission.

The attention of Missions was also drawn to the fact that they should distinguish expenses on private and personal matters and those on medical items, which qualify for refund from public funds before making any request to Ministry for any refund. Besides in 2002, the Ministry informed all Missions that “in case the staff or their family do not enjoy sound health, action may be initiated for the return of the staff to Mauritius”.

In 1998, the Ministry of Health and Quality of Life (MOH) advised that “Medical expenses in respect of conventional treatments which are available in our Government Hospitals may be refunded. However, refunds should not be made in respect of treatment of a cosmetic/aesthetic nature, among others.” The views of the MOH are frequently being requested regarding refund of Medical Expenses. Moreover, in January 2007, MOH had requested that a meeting be convened to thrash out the whole issue and set proper guidelines/protocols regarding refund of 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.

15.2.2 Refund of Medical Expenses

For six Missions, refund of medical expenses during 2007-08 represented more than 40 per cent of the amount charged to Item “Other Operating Expenses”. Details are given in Table 15-2.
### Table 15-2  Percentage of Medical Expenses to Other Operating Expenses

<table>
<thead>
<tr>
<th>Mission</th>
<th>Medical Expenses Rs</th>
<th>Other Operating Expenses Rs</th>
<th>% of Medical Expenses to Other Operating Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Geneva</td>
<td>626,765</td>
<td>637,677</td>
<td>98</td>
</tr>
<tr>
<td>New York</td>
<td>450,425</td>
<td>573,862</td>
<td>78</td>
</tr>
<tr>
<td>London</td>
<td>596,571</td>
<td>971,897</td>
<td>61</td>
</tr>
<tr>
<td>Canberra</td>
<td>409,073</td>
<td>814,772</td>
<td>50</td>
</tr>
<tr>
<td>Berlin</td>
<td>231,405</td>
<td>482,429</td>
<td>48</td>
</tr>
<tr>
<td>Washington</td>
<td>257,338</td>
<td>594,049</td>
<td>43</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,571,577</strong></td>
<td><strong>4,074,686</strong></td>
<td></td>
</tr>
</tbody>
</table>

15.2.3 Monthly Returns of Medical Expenses

Missions did not submit monthly returns in respect of Medical Expenses to the Ministry. Whenever information in respect of such expenses was needed, Missions were requested to submit these by fax immediately. Moreover, amount refunded as Medical Expenses for each home-based staff posted in Overseas Missions was not readily available.

15.2.4 Medical Certificates/ Prescriptions

Missions were requested to submit the claims for refund of medical expenses accompanied by duly certified copies of the medical certificates/ prescriptions. However, in most cases, certificates/prescriptions were faxed to the Ministry without being duly certified. Still approval was given for the refund, although in some cases, the document was not legible.

15.2.5 Guidelines and Protocols for Refund of Medical Expenses

As of September 2008, no meeting with MOH was held in order to set proper guidelines and protocols for the refund of medical expenses.

15.2.6 Examination of Cases of Refund of Medical Expenses

A sample of five cases of refund of medical expenses was examined.

- In two cases, expenses in respect of orthodontic treatments totalling some Rs 90,000 were refunded. This type of treatment is normally considered as an aesthetic nature, and which will last for two to three years and is costly.
In few cases, refund were made for “Couronne Or”. This is not in line with the guidelines issued by the Ministry to the effect that gold inlay will not be met from public funds.

An officer was refunded for magnetic therapy for which approval by the Ministry was given without seeking MOH’s advice. According to MOH, no refund should be made in respect of alternative medicine (for example magnet therapy).

In a few cases, although applications for refund were not made on the form approved by the Ministry, they were processed and approved.

In February 2007, an officer claimed for refund for treatment in respect of laser eye treatment. The totality of the claim was refunded to him. However, following queries raised by my Office on this payment, MOH’s advice was sought. According to the latter, the expenses were not refundable and should be recovered. During fiscal year 2006-07, part of the payment had been recovered. However, as of September 2008, no Advance Account was opened in the name of the officer and no arrangement has yet been made with him to settle the balance.

Recommendations

- The Ministry should ensure that instructions given to Missions are strictly complied with.

- A committee, comprising of representatives of the MOH to set proper guidelines/protocols for the refund of medical expenses should be set up.

- Before the posting of home-based staff abroad, they, as well as their families, should be requested to undergo medical tests, to ascertain that they are medically fit, so as to minimise medical expenses.

15.3 Health Insurance Scheme

Medical expenses for our home-based staff turn out to be expensive. It is also an area, which is prone to abuse unless strong controls and safeguards are put in place, which again turn out to be costly. In several of my previous reports, I have been recommending the introduction of a Health Insurance Scheme for home-based staff in all our Missions. In fact, in its 2003 Report, the PRB itself had endorsed as a plausible alternative the Ministry of Foreign Affairs’ submission that it would explore the possibility of contribution to a Health Insurance Scheme. It was again mentioned five years later in the PRB Report 2008 that the Ministry had submitted that a feasibility study was being carried out for the introduction of a Health Insurance Scheme. The implementation of the Scheme would save both the Ministry and the Missions the time and resources required to process claims and enforce control against possible abuse.

The Ministry has always been agreeable to my recommendation on this issue, and one of its replies made in 2005 goes like this “It is felt that it is high time to take a Health Insurance coverage for home-based staff since health care is very expensive in the US”.

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It is to be noted that many countries, in particular, member states of SADC, have subscribed to a health insurance policy for their diplomatic staff.

Despite all the good that has been said so far concerning Health Insurance Scheme, it appears there is no real willingness on the part of the Ministry for the introduction of a Health Insurance Scheme.

### 15.4 Telephone Bills

For the period under review, some Rs 13.4 million were paid in respect of telephone bills for 19 Missions. Six Missions required additional funds totalling Rs 1,895,000 through Contingencies Fund Advance, and reallocation totalling Rs 874,000 was made from other Vote Items by six other Missions to be able to meet their actual expenditure on telephone. Included in the figure of Rs 13.4 million was a sum of Rs 3.7 million paid for mobile phone charges.

The 2003 Pay Research Bureau Report has recommended a ceiling for rent and utilities for officers posted at Overseas Missions, but according to the Ministry, the charges for mobile phone had not been included in the computation of the ceiling.

#### 15.4.1 Mobile Phone

Expenditure on mobile phones incurred by Missions ranged from 2 to 49 per cent of the total expenditure on telephone charges.

#### 15.4.2 International Calls

The contracts of appointment of Head of Missions clearly stipulate that “no claim for any private international telephone, mobile call, correspondence by fax and Internet facilities will be entertained by Government”. However, it has been noted that Head of Missions usually included their private telephone calls within the official calls. Some even refused to indicate their private calls. Control over telephone calls in such circumstances became difficult for the Head of Chancery. Moreover, telephone charges of Head of Missions overseas were usually on the high side. For example, at one of the Missions, the monthly charges ranged from Rs 16,000 to Rs 35,000 over the past three years.

I have recommended that a proper control mechanism be put in place in respect of telephone and mobile phone expenditure for Missions. It is high time that Government considers imposing a ceiling on international calls by Heads of Missions so as to prevent abuse.

### 15.5 Cleaning Expenses of Former Official Residence of Ambassador

A sum of about Rs 212,000 was paid in connection with the cleaning of the former apartment occupied by an Ambassador prior to the “Etat des Lieux de Sortie”. Several Ambassadors had been occupying this apartment for the past 40 years. It was only in 2008 that the apartment was being vacated. The cleaning and repair works were carried out in line with the lease
agreement which laid down the obligations of the tenant to maintain the apartment and its equipment in good condition.

According to the conditions of the lease agreement, it was the responsibility of each occupant to properly maintain the apartment and keep it in good condition. This expenditure might not be justified as each Ambassador should have cleaned the apartment on their departure, instead of leaving all their debris for the next occupant to take charge of.

The Ministry should issue instructions to Missions to ensure that conditions of Lease Agreement are properly complied with, and hence, avoid any unnecessary expenditure.

**15.6 Overtime**

During fiscal year 2007-08, some Rs 350,000 were paid as overtime to the Driver in post at one of the Missions. It would appear that most of the time, the Driver was working with the Ambassador. Quite often, he worked on Saturdays and Sundays, and during weekdays up to 8 pm., and at times, till after 11 pm. For the months of June and July 2007, the Driver had claimed 91 hours and 112 hours respectively as overtime. The reasons for overtime stated in the claims were vague (for example Concert, Shopping, Embassy Monaco, Embassy Morocco, Embassy Malawi and French Embassy). It was also observed that the claims were certified by the Ambassador.

I have recommended that overtime should be closely monitored and reasons for performing same should be clearly stated. Mission should ensure that all the overtime claimed by Drivers was in fact in respect of duties performed strictly for official activities.

**15.7 Refurbishment Works at Residence of First Secretary at Tour Totem - Paris**

During fiscal year 2007-08, some Rs 2.5 million were spent in connection with refurbishment works at an apartment owned by Government located on the 29th Floor of Tour Totem, Paris, and presently occupied by an officer of the Mission. The works consisted of the replacement of ceramic tiles by wall-to-wall carpet.

It is to be recalled that in 1993, the Ministry approved the replacement of the existing carpet in the apartment by ceramic tiles for the sum of FF 136,390. However, the ceramic tiles were fixed without the authorisation of the Syndic of the “Residence Tour Totem”. The materials used were not “shock absorbent”. Since 1994, residents occupying the apartment below the one owned by Government had been continuously complaining of great inconveniences in terms of noise caused by footsteps and shifting of furniture.

In July 2005, Mission received a Summons to appear before the “Tribunal de Grande Instance de Paris” on 20 September 2005 in view of the violation of the “Reglement de Copropriété de la Residence”. An “Expert Judiciaire en Acoustique” was appointed by the Tribunal to determine the degree of nuisance resulting from the lack of phonic insulation. The “Expert” recommended the Tribunal that Mission be requested to restore the current flooring to its original condition as the ceramic flooring had reduced the soundproof effectiveness of the apartment. The Syndic of the “Residence Tour Totem” agreed to the proposal for the replacement of the ceramic flooring by wall-to-wall carpeting. Mission was advised to effect
the necessary works by its Legal Counsel with a view to pre-empting a condemnation by the Tribunal to do same.

Works had almost been completed by end of April 2008 at the apartment. The “Tribunal de Grande Instance de Paris” did not condemn Mission to undertake the works by order of the Court, but only have to bear the costs of the lawsuits (Rs 40,000). Mission had also to meet the Court Fees (Rs 45,000).

As the “Tribunal de Grande Instance” did not pronounce itself on the main requests of the plaintiffs, an out of court settlement as proposed by the Legal Counsel of Mission would entail future payments of fees of the “Expert en Acoustique” and of the Attorney of the Syndic, and moral damage to plaintiffs. These payments would total some Rs 600,000.

The following comments arise:

➢ The Ministry did not ensure that the conditions as imposed by the Syndic had been complied with and that Mission had obtained authorisation from Syndic for the replacement of wall to wall carpet by ceramic tiles prior to giving its approval in 1993. At that time, Mission had effected the work in violation of the “Clauses du Reglement de Coproprieté” of the Syndic of the “Residence Tour Totem”.

This expenditure of some Rs 3.1 million relating to the refurbishment works and payments associated with the court case could have been avoided had the approval of the Syndic of the “Residence Tour Totem” been sought by Mission before the replacement of the existing carpet in the apartment by ceramic tiles in 1993.

➢ Although Mission had received several complaints from the other residents of the building and the Syndic as from 1994, that is, one year after the laying of the tiles, no action was taken by the Ministry to remedy the situation. The Syndic had no alternative but to initiate legal action in 2005 against Mission, that is, after ten years of the initial refurbishment of the apartment.

➢ The expenditure incurred in 1993 (FF 136,390) in connection with the replacement of the existing carpet by tiles, and the expenditure in 2008 for the replacement of tiles by wall-to-wall carpet (Rs 2.5 million) may be considered as nugatory.

15.8 Residence of Mauritius Consul in Mumbai

At paragraph 15.8.7 of the 2006-07 Audit Report, mention was made of the Security Deposit of Rs 7,275,900 paid for the rental of an apartment in Mumbai since 1997 which was not refunded on the termination of the lease agreement in October 2000.

In March 2003, the Consulate entered a case in Court against the owner to recover the Security Deposit. In September 2003, judgement was delivered in favour of Government of Mauritius, and the owner was ordered to reimburse the said Security Deposit with accrued interest.

In September 2005, Government of Mauritius initiated execution proceedings as the amount due was still not recovered. The case was brought before the High Court of Judicature at

On 15 September 2008, the attachment of the flat was carried out by the Bailiff. The attachment process should be completed within six Mondays from date of attachment. In case, the order was not complied with, the property would be auctioned.

**Ministry’s Reply**

The process was ongoing. The State Law Office was kept informed of the developments and our Legal Adviser in Mumbai is following the matter closely.

### 15.9 Mauritius Embassy Geneva

#### 15.9.1 Rent and Utilities

According to recommendations of the Pay Research Bureau (PRB) 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 country of posting. Any amount above the recommended ceiling was to be borne in toto by the officer.

At the Mauritius Embassy in Geneva, the amount paid as rent and utilities for an officer during the fiscal year exceeded his ceiling.

Mission has not taken any action to recover the amount overpaid as per recommendations of PRB 2003.

I have emphasised on the need to exercise better control on the payment of rent and utilities to eligible officers.

The Ministry must recover any excess payment from the officer in the month following the overpayment instead of after the end of the fiscal year.

#### 15.9.2 Telephone Bills

The amount spent on telephone charges in respect of the Chancery and home based staff for 2007-08 totalled CHF 58,523.

The telephone bills in respect of two officers were excessive. These amounted to CHF 20,929 or some 36 per cent of total telephone charges.

Mission paid the whole amount of bills irrespective of whether private or international calls were made.
It is not reasonable that telephone bills of two officers represent such a high percentage of the total expenses. These officers did not even comply with the request from the Mission for a reduction of the calls.

The Ministry and the Mission must exercise control over the use of telephone. Use of cellular phones for international calls must be restricted.

**Ministry’s Reply**

Mission is considering the possibility of issuing phone cards of a value of CHF 100 per officer per month to all officers, except the Ambassador. This would mean that the officers would themselves have to settle their official mobile phone bills irrespective of the amount thereof. The phone cards could also be used for making international calls from their residence. Phone cards offer competitive rates and this measure would considerably reduce the telephone charges at residences also.

Mission staff is being constantly encouraged to use e-mail facilities instead of fax for the transmission of documents.

Mission has assured that it will continue to find ways and means to further reduce telephone expenses. The Ministry will also monitor closely the telephone charges of Mission.