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***Enquiry and Report on
the Purchase of Air Tickets
in connection with
Official Travel Abroad***

Report by the National Audit Office

October 2007

This Report has been prepared under Paragraph 9 of the First Schedule of the Auditor General and National Audit Office Act (Chapter 396) for presentation to the House of Representatives in accordance with Paragraph 8 of the First Schedule of the Act.

The Report was not submitted to the Speaker of the House of Representatives in view of legal advice given to the Office that, once my constitutional mandate as Auditor General had come to a close in July 2007, I was not in a position to present reports to the Speaker as Auditor General.

The Report will eventually be presented to the Speaker by my successor.

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National Audit Office

23 October 2007

**ENQUIRY AND REPORT ON THE PURCHASE OF AIR TICKETS
IN CONNECTION WITH OFFICIAL TRAVEL ABROAD**

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**ENQUIRY AND REPORT ON
THE PURCHASE OF AIR TICKETS
IN CONNECTION WITH
OFFICIAL TRAVEL ABROAD**

EXECUTIVE SUMMARY

The Prime Minister, as Minister of Finance, invoking paragraph 9(a) of the First Schedule of the Auditor General and the National Audit Act (Cap 396 of the Laws of Malta), requested the Auditor General to examine and report on the procedure adopted by government ministries, departments and entities for the purchase of air tickets in connection with official travel abroad.

The terms of reference were for NAO to report on:

- a. on the purchase of air tickets made out of public funds between April 2003 and June 2004;
- b. whether established public procurements procedures and standing regulations with regard to the purchase of air tickets for official travel abroad were adhered to; and
- c. whether best value for money on expenditure incurred out of public funds on travel abroad was obtained.

A sample of visits undertaken by government ministries and departments during the period under review were reviewed and checked against specific criteria emanating from standing procedures and regulations. Although hindered by a number of constraints, a benchmarking exercise to review the value for money aspect was undertaken.

Travel procedures adopted by a number of public entities were also reviewed.

Findings

In general, low priority was given to the observance of certain conditions and procedures that regulate official travel abroad. The more prevalent shortcomings that emerged during the investigation were:

- a. Air travel and accommodation arrangements were not always made through the national carrier thus ministries and departments failed to benefit from rebates and discounts offered.
- b. Quotations were not always sought from at least three travel agencies when tickets were not obtained from the national carrier.
- c. There were instances where the approval of the ministry's Permanent Secretary was undated therefore it could not be ascertained that approval was obtained prior to departure. In a few visits approval was not sought or approval was post-dated.
- d. A copy of the official event programme was not always provided therefore it could not be ascertained that the duration abroad was warranted and that appropriate deductions were effected.
- e. There were instances where the duration of visits abroad was considered longer than necessary.
- f. Officers proceeding abroad had pending statements of expenditure from previous visits.
- g. Statements of expenditure were not always drawn up, lacked essential details or were drawn up for a number of visits simultaneously.
- h. Expenses claimed were not always backed by receipted bills.
- i. Expenses claimed were not always authorised or were not necessarily incurred in the course of official business abroad.
- j. Refunds due by or owed to officers were not always effected on return but were offset against previous or subsequent visits.
- k. Reports of visits abroad were not always drawn up.

Although travel regulations provide for additional reimbursements over the allowance paid to public officers on official travel abroad, existing regulations do not fully regulate such "contingency" allowances paid.

The benchmarking of air fares is complex as ideally the price of each and every air ticket is compared with quotes for the same route, date and time of departure/return at the time of confirmation and/or payment. Moreover, it is also influenced by a substantial number of variables which impact considerably on the cost of fares. Such factors include date of booking, availability, discounts and offers, seasonality, connections, taxes and number of airlines operating

to/from destination. The cost of air fares is significantly influenced by the “class” opted for, the itinerary and the duration of the visit abroad. It is also influenced by macro economic factors and global events.

Value for money considerations, however, must not be solely considered in the light of actual expenditure incurred but hinge on other factors that include whether there was sound justification for and the benefits gained from such overseas travel.

Recommendations

Non-compliance by government ministries with standing travel regulations is undoubtedly an added cost to Government. In the short term a review of existing policies and more stringent adherence to policies and regulations may reduce travel costs and increase the benefit obtained from official travel abroad. Government may consider other long term options that will enable the better management of official overseas travel. Such options include:

- a. the re-engineering of travel processes from the present entitlement-based allowance system to the implementation of a capped reimbursement system for travel expenses based on actual costs incurred;
- b. the contracting out of travel arrangements to designated travel service provider/s; and
- c. the establishment of a central travel management unit to oversee travel and establish, monitor and enforce travel policies across government.

In the short term adequate policies, procedures and practices should be enforced to ensure that travel needs are met in the most economical manner. In this regard Government may:

- a. review existing travel policies and procedures to take into account current political and economic circumstances;
- b. undertake periodic reviews of the overall needs and priorities for travel abroad;
- c. clearly assign the responsibility for authorising and monitoring the use of travel;
- d. issue appropriate guidelines with regard to the payment of “contingency” allowances;

- e. encourage the use of the most economical options available including on-line booking and other services provided through the Internet;
- f. limit the use of “business” class travel especially on shorter trips.

As indicated above, there are several options open to Government to re-engineer its corporate travel function. However, government ministries and departments and entities funded out of public moneys must ensure that expenditure policies, procedures and decisions meet standards of probity and financial prudence that will withstand parliamentary and public scrutiny.

**ENQUIRY AND REPORT ON
THE PURCHASE OF AIR TICKETS
IN CONNECTION WITH
OFFICIAL TRAVEL ABROAD**

1. INTRODUCTION

On July 7, 2004 the Prime Minister, as Minister of Finance, invoking paragraph 9(a) of the First Schedule of the Auditor General and the National Audit Act (Cap. 396 of the Laws of Malta), requested the Auditor General to examine and report on the procedure adopted by government ministries, departments and entities for the purchase of air tickets in connection with official travel abroad. The NAO was also to undertake a benchmarking exercise to determine whether best value for money was obtained. (*Appendix 1*)

**Part I:
TERMS OF REFERENCE, METHODOLOGY AND BACKGROUND**

2. TERMS OF REFERENCE

- 2.1 The terms of reference established (*Appendix 2*) were for NAO to report on:
- a. the cost of air tickets purchased out of public funds between April 2003 and June 2004;
 - b. whether established public procurement procedures and standing regulations with regard to the purchase of air tickets for official travel abroad were adhered to; and
 - c. whether best value for money on expenditure incurred out of public funds on travel abroad was obtained.
- 2.2 To address the above terms, the National Audit Office reviewed 410 of the 3244 visits abroad (13 per cent) undertaken by government ministries and departments between April 2003 and June 2004 and analyzed (i) the means of booking overseas travel and (ii) the processing and accounting of the visits sampled. As requested, this Office attempted to carry out a benchmarking exercise to further assess value for money aspects of public expenditure on overseas travel. This, however, was hindered by a

significant number of variables and constraints which made the benchmarking exercise difficult to undertake.

- 2.3 This Office also reviewed the policies and practices adopted by a number of public entities with regard to corporate travel abroad.

3. METHODOLOGY

- 3.1 Records of visits abroad retained by government ministries and departments were examined for the following documentation:

- programme of conference/seminar/event attended
- GA27 form indicating a breakdown of allowances paid to officer/s proceeding abroad
- the requisite approval of the ministry's Permanent Secretary
- invoice by the national carrier or the travel agency supplying air tickets
- quotations by travel agencies in respect of tickets not procured from the national carrier
- statement of expenses drawn up on return and relevant receipted bills
- documentation supporting refunds by or additional payments made to officer/s on return
- report on the visit abroad.

- 3.2 The above documents were subsequently checked for the following criteria:

- that where tickets were not obtained from the national carrier, at least three quotations were obtained and the cheapest alternative opted for
- that the rebate on sectors operated by the national carrier has been applied for and actually deducted from the original cost of air fare when effecting payment
- that the duration of the visit coincided with the dates of conference/event attended
- that the requisite approval of the ministry's Permanent Secretary has been obtained prior to departure
- that the correct subsistence allowance was paid in the light of relevant entitlement (Class A or Class B subsistence) and that, where applicable, deductions were made for accommodation, meals and/or other allowances granted by the host organization
- that the statement of expenses drawn up by delegate/s on return is backed by supporting documentation/receipted bills of expenses claimed

- that 'personal' expenses incurred during the visit abroad were not claimed or were deducted from bills presented for reimbursement
- that refunds due by delegate/s on return (i.e. surplus allowance/contingency) were effected and documented
- that a report of the visit abroad was duly drawn up.

3.3 Findings were discussed with the ministry/department's Director Corporate Services and/or officer in charge travel abroad.

4. BACKGROUND

4.1 Expenditure out of public funds on overseas travel on official government business amounted to Lm1,469,956 and Lm1,514,207 during 2003 and 2004 respectively. This expenditure covered airline tickets, overseas subsistence allowance, accommodation and overseas hospitality. A breakdown by ministry/department of this expenditure is given hereunder:

Ministry/Department	2003	2004
Office of the President	30,162	60,829
House of Representatives	86,701	48,217
Office of the Prime Minister	165,087	177,919
Armed Forces of Malta	19,397	19,991
Information	1,672	4,329
Government Printing Press	-	1,130
Ministry for Social Policy	12,211	21,342
Social Security Department	1,511	4,659
Family and Social Welfare	2,540	822
Care of the Elderly and Community Services	1,408	1,076
Industrial and Employment Relations	13,673	16,083
Ministry of Education [Youth and Employment]	14,067	15,412
Education Division	24,288	20,455
Libraries and Archives	1,534	3,526
Ministry of Finance [and Economic Affairs]	85,228	67,645
Treasury	2,229	819
Inland Revenue	12,450	16,780
Customs	17,305	18,197
VAT	1,625	3,652
Contracts	35	2,211
Economic Policy	13,887	18,602
Commerce	1,150	13,098
Consumer and Competition	8,559	5,094
Ministry for Tourism [and Culture]	9,963	16,257
Ministry for Transport and Communications	26,525	23,619
Civil Aviation	14,968	16,571
Ministry for Justice and Home Affairs	49,742	56,918

Ministry/Department	2003	2004
Judicial	1,560	6,293
Local [Councils] Government	2,695	3,762
Police	20,917	34,843
Civil Protection	1,836	1,413
Government Property Division	2,675	2,957
Registration	707	950
Ministry for Resources and Infrastructure	42,122	24,190
Ministry for Gozo	23,273	29,165
Ministry of Health [the Elderly and Community Care]	83,409	78,827
Ministry for Information Technology and Investment	-	15,946
Ministry of Foreign Affairs	535,284	477,235
Ministry for Rural Affairs and the Environment	53,746	170,767
Ministry for Youth and the Arts	-	12,606
Youth and Sports	12,275	-
Ministry for Economic Services	39,697	-
Ministry of Justice and Local Government	31,843	-
Total (Lm)	1,469,956	1,514,207

Source: Government of Malta Financial Reports - 2003, 2004

- 4.2 Travel abroad on official government business is regulated by Chapter 8 - Transport and Subsistence - of the Public Service Management Code (PSMC)¹ and other circulars issued from time to time by the Office of the Prime Minister and the Ministry of Finance (*list at Appendix 3*).
- 4.3 The main conditions as laid down in the Management Code and other travel provisions and regulations - applicable during the period under review (*extracts at Appendix 4*) - stipulate that:
- All air travel tickets and hotel accommodation arrangements should be made through the national carrier.
 - When the use of a national carrier flight results in excessive delays abroad or in an overnight stay, use may be made of another airline for that particular flight, but the arrangements should be made through the national carrier.
 - The 50 per cent flight discount for public officers proceeding abroad on duty travel and the reduced rates for hotel accommodation offered by the national carrier are to be availed of.
 - When it is not possible to use the national carrier as it is not economically feasible, air travel or alternative hotel accommodation shall only be authorised on the presentation of three other quotations, one of which must always be from the national carrier. The 50 per cent

¹ latest edition published in May 2007

discount on flights directly operated by the national carrier should continue to apply.

- Visits abroad are subject to the prior approval of the Permanent Secretary of the ministry concerned.
- Ministers, parliamentary secretaries, members of parliament and public officers in Scales 1 to 3, and one accompanying member of their delegation, are entitled to travel on "business class" basis.

4.4 Moreover, the Management Code stipulates that:

- Subsistence allowance paid to government officers traveling abroad is to meet the cost of accommodation, meals, taxis and transport and incidental expenses; this allowance is reduced to take into account accommodation, meals and/or allowances that may be provided by the host organisation.
- Claims for gratuities to hotel and transport staff are inadmissible.
- Taxi fares are refunded only for journeys for which there are no other suitable means of public transport from airport to hotel and vice-versa.
- Officers proceeding abroad have to declare that they have no pending statements of expenses from previous visits.
- Officers travelling abroad are to account for the advance by not later than one month of return.
- Unused balances of contingency allowance are to be repaid immediately.

4.5 The rates of subsistence allowance, paid according to destination, are periodically reviewed through the issue of a circular by the Management and Personnel Office within the Office of the Prime Minister.

4.6 In November 1999, emphasising the need for compliance to the above, the Ministry of Finance reiterated that in view of the more frequent official travel abroad "it has become imperative that the proper control and efficient use of funds allocated for this purpose be exercised" (*MF Circular 12/99*).

**Part II:
OTHER GOVERNMENT ENTITIES**

- 5.1 During the course of the investigation, the policies and practices on corporate travel abroad adopted by a number of government entities were reviewed. Overseas travel in these entities was either (i) regulated by the entities' "Procedures Manual" and other policies issued from time to time or (ii) public service procedures and regulations were adopted.
- 5.2 The entities reviewed had comparable policies with regard to overseas travel in that generally:
- The entity covers the cost of economy flights (except for top management) and accommodation on a bed and breakfast basis in a good standard hotel. In the case where officer/s traveling abroad made his/their own accommodation arrangements at a hotel other than that selected by the entity, re-imbusement in respect of the relevant nights is made, against invoice, only to the extent of the nightly rate for the hotel selected by the officer traveling abroad, and not exceeding the rate otherwise paid by the entity.
 - Staff members are entitled to a daily subsistence allowance according to the grade of the officer traveling abroad. The allowance covers the cost of meals and subsistence, intercity travel and other expenses. Subsistence allowance is paid in respect of one day before to one day after the dates of the event. Vouchers for costs covered by the allowance are generally not required.
 - A report on the visit is submitted to the Director Human Resources or Unit Director.
- 5.3 The entities reviewed stated that they do not have an appointed travel agent and obtain quotations from a number of agencies, although not necessarily from the national carrier. The cheapest fare is invariably opted for.
- 5.4 Nonetheless, returns of travel abroad submitted by these entities indicated that tickets are in general obtained from the same travel agent/s. All entities however stated that the purchase of air tickets is solely determined by the better rates and quality of service often offered by travel agencies to regular clients.

- 5.5 In March 2005, the Ministry of Finance issued a circular to heads of Extra Budgetary Units (EBUs) calling for stricter compliance to the relevant articles in the PSMC to ensure proper justification for and adequate control mechanisms over official travel abroad.

Part III:

EXPENDITURE ON AIR FARES FOR TRAVEL ABROAD

“the cost of air tickets purchased out of public funds between April 2003 and June 2004” (cfr. 2.1 a)

- 6.1 Information on air tickets purchased between April 2003 and June 2004 was requested from ministries in respect of the departments and public entities within their portfolio. Although all ministries forwarded the required information in respect of government ministries and departments, data for a number of public entities was not submitted.
- 6.2 Moreover, the cost of air fares could not always be arrived at as data submitted either (i) included the cost of accommodation, allowances and/or contingencies paid or (ii) indicated the total amount advanced and not a breakdown of that actually incurred as advances had not yet been processed. Data as submitted by ministries is attached at Appendix 5.
- 6.3 Expenditure incurred by government ministries and departments on travel abroad, including accommodation and allowances, during financial years 2003 and 2004 is indicated at 4.1.

Part IV:

ADHERENCE TO PROCEDURES AND REGULATIONS

“whether established public procurement procedures and standing regulations with regard to the purchase of air tickets for official travel abroad were adhered to”

“whether best value for money on expenditure incurred out of public funds on travel abroad was obtained” (cfr. 2.1 b and c)

- 7.1 To address the above, the National Audit Office analyzed (i) the procedure adopted for the procurement of air tickets and (ii) the accounting and processing of 410 visits abroad undertaken by government ministries and departments between April 2003 and June 2004.

8. Procurement of Air Tickets

- 8.1 The main conditions of the PSMC with regard to the purchase of air tickets (applicable during the period under review) stipulate that (a) all air travel and hotel accommodation arrangements should be made through the national carrier and (b) when it is not possible to use the national carrier as it is not economically feasible, air travel or alternative hotel accommodation shall only be authorised on the presentation of three other quotations, one of which must always be from the national carrier.
- 8.2 The more prevalent shortcomings that were encountered in the purchase of air tickets were:
- a. In twenty-one per cent (21%) of visits reviewed, air travel and hotel accommodation arrangements were not made through the national carrier as stipulated by the Management Code. In such cases, ministries and departments did not always benefit from rebates and other discounts offered by the national carrier on official travel and accommodation abroad.
 - b. Quotations were not sought from at least three travel agents in sixty-one per cent (61%) of the visits where travel arrangements were not made through the national carrier. This percentage does not include instances where officers-in-charge travel stated that quotations were obtained verbally and therefore had no documentation to substantiate this, and other instances where copies of quotations were not retained in file. It was also noted that, in a few instances, quotations obtained were undated.
 - c. In six per cent (6%) of visits reviewed it could not be ascertained that the 50 per cent flight discount on sectors operated by the national carrier was claimed as copies of the relevant rebate form were not retained nor could such rebates be traced through the ministry's accounts.

- 8.3 In view of the shortcomings encountered in the procurement of air tickets more stringent compliance to the provisions of the Management Code and the various circulars relating thereto must be enforced.
- 8.4 Moreover, the conditions governing the purchase of air tickets may need to be reviewed in the light of current competition law and developments in the travel industry.

**9. Processing and Accounting of Visits Abroad:
Main Shortcomings**

- 9.1 The following shortcomings were the most common in the actual processing and accounting of visits abroad.
- a. In 2.2 per cent (2.2%) of visits reviewed, officers proceeding abroad had pending statements of expenditure from previous visits in breach of the Management Code.
 - b. In thirteen per cent (13%) of visits reviewed, it could not be ascertained that the approval of the ministry's Permanent Secretary was obtained prior to departure as the relative approvals were undated.
 - c. In forty-eight per cent (48%) of visits reviewed, a copy of the official programme of the event attended was not provided. In the absence of the official programme, it could not be ascertained that the duration of the stay abroad was justified and that relative deductions for accommodation, meals and/or accommodation provided by the host organization were made.
 - d. In five per cent (5%) of the visits reviewed where the official programme was available, the duration of the visit abroad was considered longer than necessary when one considers the dates of the event. In such instances, the ministry/department incurred extra expenses in the payment of additional hotel accommodation and subsistence allowance and the added cost of unwarranted absence from work.
 - e. In five per cent (5%) of visits reviewed, expenses claimed out of contingency allowances were not backed by receipted bills.
 - f. In nine per cent (9%) of visits reviewed, expenses claimed out of contingency allowances included costs which were either not justified or authorised or which were not necessarily incurred in the course of

official business abroad. These included expenses for taxis, laundry, minibar, communications, telephone, internet and TV, theatre and museum tickets, toiletries and other miscellaneous expenses for which receipted bills were not always produced.

- g. In seventy-seven per cent (77%) of visits reviewed, reports of visits abroad were not drawn up.

9.2 Travel documentation indicated that a number of ministries and departments opted to issue an additional "contingency" allowance, over the subsistence allowance entitlement, to public officers on travel abroad. Although travel regulations provide for additional reimbursements over and above the daily subsistence allowance, existing regulations do not fully regulate the criteria over which the additional contingency allowance is to be calculated. In the absence of clear guidelines, the amount of contingency allowance advanced is arbitrarily decided. In a number of visits abroad the amount of contingency allowance was considered excessive when the duration of the visit is taken into account.

9.3 Expenses claimed out of the contingency allowance related mainly to telephone expenses, taxis and gratuities paid. Existing regulations do not clearly indicate what expenses are admissible out of contingency allowances.

10. Processing and Accounting of Visits Abroad: Other Shortcomings

10.1 Other shortcomings encountered during the review were either less prevalent or were one-off incidents.

- a. Approval by the Permanent Secretary was not sought or approval was given *after* the actual date of departure.
- b. The ministry/department did not opt for the cheaper air fare that was available.
- c. Delegates traveled "business class" despite specific provisions limiting such travel to ministers, parliamentary secretaries, members of parliament, public officers in Scales 1 to 3 and one accompanying member of the delegation.
- d. Air fares and/or accommodation of persons not in an official capacity accompanying delegates abroad were paid out of public funds. The

ministry concerned could neither confirm that the official invitation extended to these persons nor could the ministry ascertain that the extra expenses incurred have been refunded.

- e. Delegates were overpaid one day's subsistence allowance.
 - f. Bank "authorization to debit" slips or bank statements were produced instead of receipted bills to support claims for the reimbursement of expenses.
 - g. A statement of expenses was drawn up in respect of various visits abroad lacking essential details and with the added complications of diverse currencies and exchange rates not only from Maltese *lira* to other currencies but also from foreign currencies to other foreign currencies and with amounts due to/owed by delegate offset against each other.
 - h. GA27 forms were not drawn up when all expenses in connection with the visit abroad were borne by foreign organizations or when the delegate, although representing government, was not a public officer.
 - i. There was missing and/or incomplete documentation and/or incomplete GA27 forms and/or statements of expenses.
 - j. It could not be ascertained whether unspent amounts were actually refunded by delegates on return as copies of the relevant receipt issued to refunding delegate were not retained in file.
 - k. Refunds due by or owed to officers in connection with visits abroad were not effected on the delegates' return but were offset against previous visits abroad making it difficult to keep an audit trail of such transactions.
- 10.2 In view of the shortcomings encountered, more stringent compliance to the provisions contained in the Public Service Management Code and the various circulars dealing with official travel abroad is required. What is mainly lacking is an adequate priority given to the observance of regulations and procedures and an appropriate measure of enforcement.
- 10.3 The above findings are supported by a NAO survey on official travel abroad - "Ministry of Finance: Travel Abroad on Official Government Business". The exercise was undertaken to assess future audit work. The data collated was subsequently shared with the Ministry of Finance who

endorsed a line of action that “obliges responsible officers to first secure compliance with the existing framework”.

Part V:

BENCHMARKING OF AIR FARES AND VALUE FOR MONEY

- 11.1 The benchmarking of air fares is complex as ideally the price of each and every air ticket is compared with quotes for the same route, date and time of departure/return at the time of confirmation and/or payment.
- 11.2 The benchmarking of air fares is further complicated by the substantial number of variables which impact considerably on the cost of fares. Factors include date of booking, availability, offers/discounts allowed by airlines, connections, number of airlines operating to/from destination, seasonality and level of services offered. The cost of air fares may also be influenced by macro economic factors such as fluctuations in the cost of fuel and global events. All these factors impact significantly on the cost of air travel. Moreover, taxes imposed by and paid to local and foreign airports or government authorities are other factors that have to be considered.
- 11.3 The cost of air fares is also significantly influenced by the “class” opted for, the itinerary undertaken and the duration of the visit abroad. In fact, the cost of air fares differs substantially between “ordinary” and “business” class. The itinerary affects the cost of fares as additional expenses are incurred when connections on other airlines are undertaken. Short stays generally hike up the cost of air fares as a result of the non-availability of direct flights.
- 11.4 The difficulty of undertaking a benchmarking exercise, given the substantial variables indicated above, was corroborated by a specialist in the travel industry when this Office sought to obtain a professional opinion on the matter.
- 11.5 Value for money considerations, however, must not be seen solely in the light of actual expenditure incurred on official travel abroad. Other factors that bear on whether real value for money from official travel abroad was obtained include whether:
 - a. there was justification for the approval of such travel;

- b. officers nominated to represent government abroad were the most suitable for the purpose of the visit;
- c. representation abroad was kept to a minimum;
- d. costs incurred were authorized, justified and properly accounted for; and
- e. the ministry/department benefited as a result of overseas travel.

**Part VI:
CONCLUSIONS AND RECOMMENDATIONS**

Conclusions

- 12.1 Although certain aspects of current travel regulations need to be addressed to reflect current economic realities, the major shortcomings were more in the administration of and the failure to comply with laid-down travel procedures. The shortcomings encountered could not be attributed to unfamiliarity with or ignorance of government accounting and procurement procedures. These failures were more the result of non-adherence to existing regulations.
- 12.2 It is also noted that additional costs were incurred on the grounds of urgency and lack of appropriate forward notification to officers responsible for making the necessary travel arrangements, resulting in departures from procedures that regulate travel abroad and the spending of public moneys.

Recommendations

- 12.3 In the short term adequate policies, procedures and practices should be enforced to ensure that travel expenses and travel needs are met in the most economical means. In this regard Government may:
 - a. review existing travel policies and procedures to take into account current economic circumstances and developments in the travel industry;
 - b. undertake periodic reviews of the overall needs and priorities for travel abroad;

- c. clearly assign the responsibility for authorising and monitoring the use of travel;
- d. issue appropriate guidelines with regard to the payment of "contingency" allowances;
- e. encourage the use of the most economical options available including on-line booking and other services provided through the Internet;
- f. limit the use of "business" class travel particularly on short trips.

12.4 Permanent Secretaries should contribute to the utmost so that travel regulations and administrative practices within their ministry lead to greater efficiency, effectiveness and cost reduction. In more concrete terms it is recommended that Permanent Secretaries:

- a. ensure that travel abroad is undertaken only where strong justification for such travel exists;
- b. limit the number of delegates to a strict minimum;
- c. ensure that the duration of visits abroad is kept to the shortest possible;
- d. ensure that the most advantageous options with regard to air fares and accommodation are availed of;
- e. limit as much as possible the class of travel overseas to "economy" class;
- f. withhold refunds when expenses claimed are inadmissible, unwarranted or not supported by receipted bills;
- g. preclude officers who persistently fail to settle accounts from previous visits from going abroad.

12.5 In the long term, however, Government may wish to take a broader review of travel procurement mechanisms and consider more fundamental changes taking into account current trends in corporate travel. These include:

- a. the re-engineering of travel processes from the present entitlement-based allowance system to the implementation of a capped reimbursement system for travel expenses based on actual costs incurred;

- b. the contracting out of travel arrangements to designated travel service provider/s; and
- c. the establishment of a central travel management unit to oversee travel and establish, monitor and enforce travel policies across government.

(a) Entitlement-based Allowance vs Reimbursement System

12.6 Key aspects of the current entitlement-based system are:

- an allowance is payable in respect of accommodation, meals and incidental expenses for travel on official business abroad
- delegates on official business abroad are entitled to be paid the allowance prior to undertaking travel
- once received the allowance becomes private money
- delegates are not required to pay back any part of the allowance if actual costs incurred are less than the allowance paid
- delegates may be required to refund part of the allowance if there are circumstances (such as meals or accommodation provided by host) which result in a different allowance entitlement.

12.7 Potentially, the entitlement-based allowance system results in higher direct and indirect travel costs than would otherwise be the case under a reimbursement-based system. The use of an entitlement-based travel allowance system has high inherent costs associated with the need to process entitlements on a 'per trip' basis.

12.8 There are indications that savings were realised in organisations where the reimbursement system was introduced. Such savings were not only realised on accommodation, meals, ground travel and other incidentals, but also led to savings on staff costs associated with the arranging, approving and processing of overseas travel. The reimbursement system also eliminates the calculation of up-front entitlements and the further effort that is then required for the acquittal of the expenditure on completion of travel.

12.9 It may therefore be opportune for Government to undertake a cost-benefit analysis of the existing entitlement-based allowance system with a reimbursement system and, subject to results, consider the implementation of a reimbursement system for travel expenses based on actual costs incurred. This must be simultaneous to the drawing up and revision of suitable policies and procedures which need to make clear the

type of expenditure that is allowed, outline clear approval processes, set spending limits or boundaries, and specify monitoring and reporting regimes.

(b) Contracting Out of Travel Arrangements

- 12.10 Another option available to Government is the contracting out of travel arrangements to designated travel service provider/s. By moving to competitive tendering for travel agency services, Government may gain savings on volume-related rebates and scale advantages in travel and accommodation contract management. In such agreements Government, with its significant air travel requirements, can use financial leverage to periodically negotiate better across-the-board rebates to achieve real cost savings.
- 12.11 By moving to competitive tendering, Government not only has the opportunity to negotiate at a whole-of-government level but can harness industry expertise brought in by the travel service provider/s.
- 12.12 Potential advantages can also accrue through the development of management information systems and reports which can be modified to reflect organisational structures and management needs in the public service.
- 12.13 Negotiations with travel service provider/s can also address the management and control issues surrounding frequent flyer points and achieve some public benefit.
- 12.14 Contracts with travel service provider/s would include provisions covering information that may be considered confidential.
- 12.15 There are other benefits resulting from such agreements - such as lower staff costs related to the booking and processing of travel - that can lead to further cost savings for Government.

(c) Setting up of a Central Travel Management Unit

- 12.16 Another option to Government may be a move towards the centralisation of the travel function and the consolidation of travel and accommodation management and processing.

- 12.17 A central travel management unit would be responsible to oversee corporate travel and establish, monitor and enforce travel policies. It could also process supplier payments and expense reimbursements. This form of centralisation, aided by the advances in technology, could result in the more effective management of corporate travel within government.
- 12.18 E-travel management can facilitate the setting up of such a unit. Opportunities for greater automation in arranging, booking and approving travel and in expense report processing can aid the centralisation of the travel function while providing a significant opportunity for cost reduction. There are internet distribution systems that can offer internet-based travel services for corporate clients. Such systems are more than on-line booking tools but offer a broad-range of web-based products that enable organisations realise significant improvement in time use, paperwork and efficiency. There are also options that offer integration with back-office systems which benefit the purchasing process as well as the accounting function.
- 12.19 Centralising the processing of travel arrangements has the potential to make travel policy enforcement more effective across the public service once the unit would be responsible for establishing an internal control framework with cohesive policies, processes and procedures.
- 12.20 A centralised unit can offer the opportunity for staff to specialise in travel that can obtain the best deals on behalf of Government.
- 12.21 Another benefit that may be accrued through centralisation is to limit the 'hidden' processing and administration costs of travel if such unit were made responsible for the processing of payments and reimbursements.
- 12.22 A centralised unit may improve overall efficiency and effectiveness. Moreover, Government can achieve better flexibility and control over overseas travel.

Although there are several options open to Government, government ministries and departments and entities funded out of public moneys must ensure that expenditure policies, procedures and decisions meet standards of probity and financial prudence that will withstand parliamentary and public scrutiny.

APPENDICES

APPENDIX 1

**REQUEST BY THE PRIME MINISTER
AND MINISTER OF FINANCE**



IL-PRIM MINISTRU
MALTA

7 ta' Lulju 2004

Is-sur Joseph Galea
Awditur Generali

Ghaziz Sir Galea,

Nirreferi għall-allegazzjonijiet li saru dwar ix-xiri tal-biljetti ta' l-ajru minghand kumpannija privata *Tourist Resources Limited*.

Gentilment nitolbok biex tezamina l-procedura ghax-xiri ta' biljetti ta' l-ajru li qiegħda tintuza mill-Ministeri, d-dipartimenti u l-agenziji kollha tal-Gvern, u filwaqt li tivverifika li qiegħda tintuza l-procedura stabbilita minn kull min hu involut, nistiednek biex tagħmel eżercizzju ta' *benchmarking* li jindika jekk il-Gvern huwiex qiegħed jieh u l-ahjar valur għal flus pubbliċi li qiegħdin jintefqu għas-safar.

Inkunlek grat jekk dan l-eżercizzju jsir bi priorità.

Inselli għalik,

Lawrence Gonzi
Prim Ministru u Ministru tal-Finanzi

APPENDIX 2

TERMS OF REFERENCE



National Audit Office
Ms. Anne Ravelin
Floriana CMR 02
Malta

Phone: (+356) 21224013/4/5
Fax: (+356) 21220708
E-mail: nao.malta@gov.mt
Website: www.nao.gov.mt

Awditur Ġenerali

Ref Tagħna: NAO 12/2004
Ref Tiegħek:

22 ta' Lulju, 2004

L-Onor Lawrence Gonzi
Prim Ministru u Ministru tal-Finanzi

Onor Dr Gonzi

Allegazzjonijiet dwar xiri ta' biljetti ta' l-ajru

B'riferenza għat-talba tiegħek tas-7 ta' Lulju, 2004 biex neżamina l-proċedura li qiegħda tintuża għax-xiri ta' biljetti ta' l-ajru mill-ministeri, id-dipartimenti u l-aġenziji kollha tal-Gvern skond kif hemm imnizzei fil-Paragrafu 9(a) ta' l-Ewwel Skeda ta' l-Att dwar l-Awditur Ġenerali u l-Uffiċċju Nazzjonali tal-Verifika (Kap 396), jiena h'art Bord immexxi mill-Assistent Awditur Ġenerali biex jinvestiga u jrapurtali dwar:

- ix-xiri ta' biljetti ta' l-ajru li sar minn fondi pubblici minn April 2003 sa l-aħħar ta' Gunju 2004
- jekk il-proċeduri kif stabbiliti mill-Gvern dwar ix-xiri ta' biljetti ta' l-ajru kienux qegħdin jigu osservati
- jekk il-Gvern hux qiegħed jieħu l-aħjar valur għall-fondi pubblici li qegħdin jintefqu għas-safar.

It-termini hawn fuq imsemmija huma kif dan il-Bord se jkun iggwidat.

Għoddni tiegħek

J.G. Galea

APPENDIX 3

**LIST OF CIRCULARS REGULATING
GOVERNMENT TRAVEL ABROAD**

List of Circulars regulating Official Travel Abroad

Circular/Letter Circular No.	Issued On	Summary of Contents
MFCP 23/68	28/11/1968	Time-limits for winding up Special Advance Accounts
MFCP 8/69	12/05/1969	Request to Government Officers proceeding abroad to obtain Travellers' Cheques from the Central Bank of Malta
MFCPFI 12/78	07/06/1978	Instructions to change unutilised cash balances into convertible currency prior to the delegation's departure from the countries concerned
OPM 85/87	22/10/1987	Reminder of the directive to use the services provided by Air Malta
OPM 21/89	21/02/1989	Information on the 50% discount allowed by Air Malta on its flights and the possibility to use other airlines for overnight stops
OPM 102/89	28/07/1989	Directions to invariably channel all official visits through the Ministry of Foreign Affairs
OPM 100/91	17/12/1991	Allowing the option to obtain quotations for air tickets from other airlines and travel agents
OPM 5/92	22/01/1992	Highlights that 50% discount allowed by Air Malta applies only to Government Departments
MF 9/92 (para.7)	31/12/1992	Instructions to charge Travel expenses to Item 28 - Travel; Permanent Secretaries responsible for the verification and accounting of the amounts spent by delegations; and prohibiting Departments to charge any amount to Item 4170 appearing under the Treasury Vote
MF 15/93 (para.4 b)	27/12/1993	Stressing the responsibility of Permanent Secretaries for verifying and accounting for the amounts spent during official visits
MPO/BI 1/94	20/01/1994	Classification of Officers into Class A and Class B in accordance to Salary Scales
PS/6/94	09/02/1994	New arrangements introduced relating to the approvals of Travel, accounting procedures and format of GA27 form
MF 2/98	February 1998	Stressing Permanent Secretaries' duty to ensure the provisions of Estacode are strictly adhered to; Attachment of a copy of 'The Guidelines for Visits Abroad on Official Visit' which accompanied OPM Circular PS/6/94; Amendment of Forms GA27 and GA27B requesting the officers to declare whether they are/are not to receive compensation for accommodation/meals/transport/subsistence
MF 12/99	18/11/1999	Re-stating the existing Travel guidelines and proposing new revised guidelines
MF 100/00/5	17/03/2000	Agreement with Hotel Crown Plaza providing accommodation for the period 9 March 2000 to December 2000, to delegates (except those at Ministerial level) travelling to Brussels on EU Negotiations
MF 7/2000	13/06/2000	Procedures for the financing of visits abroad/missions sponsored by the TAIEX Office of the EU Commission
MF 8/2000	07/07/2000	Measures for closing outstanding pre-1993 Travel Advances
MF 3/2001	23/01/2001	Amendments to MF Circular 12/99
MF 100/00/5	08/02/2001	Agreement with Hotel Europa International for the period ending 31 December 2001 providing accommodation to Maltese officers travelling to Brussels on EU Negotiations
MF 9/2001	22/08/2001	Introduction of new provisions in line with the recommendations put forward by NAO
MF 85/99	26/03/2003	Restatement of certain existing regulations especially to clarify issues regarding claims for extra meals
MF 85/99	03/04/2003	Directions to write-off Pre-1993 Outstanding Travel Advances
MF Letter Circular	05/11/2004	Introduction of provisions solely related to Travel on EU-Related Business
MF Circular 2/2005	26/07/2005	Reiterates the procedures for the re-imburement of funds from participation in Council meetings and Commission Working Groups

APPENDIX 4

**EXTRACTS FROM THE "PUBLIC SERVICE MANAGEMENT CODE:
CHAPTER 8 - TRANSPORT AND SUBSISTENCE"**

8. TRANSPORT AND SUBSISTENCE

8.5. Travelling and subsistence overseas

8.5.1. Attendance by public officers at conferences abroad

8.5.1.1. "Conferences" should be taken to include congresses, meetings of experts and symposia organised by international or national bodies.

- 8.5.1.2. Permanent Secretaries are to request individual Heads of Department to prepare at the beginning of each year, a tentative programme of duty visits abroad, with a contingency for unforeseen visits. The size of the programme should be linked to the funds actually available to the Department for duty travel overseas. The estimated expenditure for the visit is to be well-calculated and any contingent amount advanced is to be kept to a minimum. Such programmes would provide the Permanent Secretary with the basis on which to approve requests.
- 8.5.1.3. All "Official Travel" abroad by Government employees requires prior approval of the Permanent Secretary of the Ministry concerned. Strong justification must exist for the official travel abroad for which approval is being sought. The respective Permanent Secretary will consider proposals for public officials to attend conferences abroad and the proposals should be in such a way that the number of delegates is kept down to a strict minimum.
- 8.5.1.4. Only those proposals for which strong justification exists should be submitted. Those which merit such submission should state:
- (a) whether the invitation to participate arises because of Malta's membership of the organisation holding the conference;
 - (b) whether attendance is at the expense of the Government or not: where attendance is at Government expense the anticipated cost should be given and a declaration as to whether funds are available should be made;
 - (c) whether the conference agenda includes items which directly or indirectly affect the interests of the country; or
 - (d) whether, in the case of international professional conferences, the attendance will help to diffuse new knowledge and techniques of value to the Administration.
- 8.5.1.5. Public officials travelling abroad fall into two classes:
- (a) Class A - Officers in salary scales 1 to 5
Class B - All other officers
 - (b) If, for proper performance of official duty, it is necessary for junior officers to travel with senior officers and to stay at the same hotel, they may receive the same subsistence allowance as their senior if prior approval is obtained.

Departments should be in a position to certify that it is in the public interest for the two officers to travel and stay together. In such cases the approval of the Permanent Secretary has to be obtained.

8.5.1.6. The appropriate class of travel overseas is as follows:

	Air	Sea and rail
Class "A" Officers	Economy or tourist class ⁷	1 st class
Class "B" Officers	Economy or tourist class	2 nd class

8.5.2. Offers of attendance at meetings abroad

8.5.1.6. Public officers should be advised that when approached by any embassy or any international or other (local or foreign) institution or organisation in connection with attendance at meetings abroad, the officer concerned should advise the embassy, institution or organisation that such approach should be made to Government through the established channels.

8.5.1.7. The embassy, institution or organisation should also be advised at the same time that any such offer should be made without indicating any specific nominee and that it is up to the Government to decide on the most suitable nomination. Any individual so referred to by name will automatically be disqualified from nomination by Government.

8.6. Subsistence allowance for official travel

8.6.1. General

8.6.1.1. "Official travelling" means travel on duty and includes attendance at selection boards.

8.6.1.2. Officials travelling abroad are to be made aware of their entitlements; this will avoid difficulties when accounting for the advance.

8.6.1.3. Public officials travelling abroad may be paid subsistence allowance and reimbursed only the travelling expenses which they actually and necessarily incur in the course of official business.

⁷ Ministers, Parliamentary Secretaries, Members of Parliament and public officials in Scales 1 to 3, together with accompanying members of their delegation, are entitled to travel on Business Class basis.

8.6.1.4. Officers are required to take advantage of any cheap facilities which may be available.

8.6.2. Rates

8.6.2.1. Standard daily rates of subsistence allowances, calculated to cover complete periods of 24 hours, are fixed for countries to which civil servants may be sent for duty visits. They are designed to meet the cost of accommodation at good but not luxury class hotels, three-meals a day, plus service charges, taxis and transport. Incidental expenses are considered to be offset by home savings. Standard rates of subsistence allowance ensure that officers know their entitlements in advance and are spared the trouble of keeping detailed accounts of their expenditure. The standard daily rates of subsistence allowances are to be found in circulars issued from time to time by MPO.

8.6.2.2. The total subsistence allowance rate is apportioned as half ($\frac{1}{2}$) for bed/breakfast accommodation, one-third ($\frac{1}{3}$) for meals and one-sixth ($\frac{1}{6}$) for other expenses. There are three alternative options;

(a) payment of the approved standard rates in full; or

(b) payment of accommodation on bed/breakfast basis plus half ($\frac{1}{2}$) subsistence allowance;

(c) when accommodation is on full board basis, officers are allowed one-sixth ($\frac{1}{6}$) of the subsistence rates for other expenses; or

(d) the total subsistence allowance entitlement for travel abroad on official business is normally calculated on the number of nights spent abroad multiplied by the full subsistence allowance irrespective of the time of departure from Malta. An additional portion of the subsistence allowance in respect of extra meal/s taken on the last day due to a late arrival in Malta, may be allowed taking into consideration that such claim can be counterbalanced by the meal/s that the delegate was only notionally entitled to on the day of departure due to the fact that he/she left Malta late during the day, that is an additional one-sixth ($\frac{1}{6}$) of the full subsistence allowance (i.e. an extra meal) when time of departure from Malta is very early in the morning say 8.00 a.m. and time of arrival in Malta is late in the evening say 6.00 p.m.

8.6.3. Provisions of subsistence allowance

- 8.6.3.1. (a) When accommodation is provided free, the standard allowance is to be reduced by half ($\frac{1}{2}$) of the full rate.
- (b) When meals are provided free, or claimed as hospitality, the standard allowance on the date in question is to be reduced by one-third ($\frac{1}{3}$).
- (c) Subsistence allowance is not paid for ocean voyages or air journeys during which officers are provided with meals.

Public officers who are members of Ministerial delegations are allowed to opt for half ($\frac{1}{2}$) the normal subsistence allowance at paragraph 8.6.2.2(b). The appropriate deductions as provided for in paragraph 8.6.3.1(b) should be made for official lunches and dinners.

8.6.4. Duration

- 8.6.4.1. The rates of allowances at sub-sections 8.6.2 and 8.6.3 are to be paid in respect of periods of duty abroad not exceeding 3 months. Where it is known at the outset that an officer will remain at a place abroad for more than 3 months, Departments should seek the approval of MPO and the Ministry of Finance for the payment of an appropriate rate of expatriation allowance.

8.6.5. Accommodation

- 8.6.5.1. For the purposes of these guidelines the hotel classification is as follows:

Category	Continent	United Kingdom
Superior I	Four- or Five-star	Superior First and Moderate Deluxe
Superior II	Two- and Three-Star	All Tourist Class and Moderate First

Public Officials in Class A shall be entitled for accommodation in hotels which are of a class not higher than Superior I. Public Officials in class B are entitled to seek accommodation in hotels of a class not higher than Superior II.

- 8.6.5.2. In certain cases, for example when hotels are heavily booked and an officer has no choice of accommodation, Finance and MPO should be asked to approve reimbursement of actual expenditure costs against receipted bills. Where such prior authority is not sought, the standard rate will be payable.

8.6.6. Gratuities

8.6.6.1. Claims for reimbursement of gratuities to hotel and transport staff are inadmissible, except that departments may admit reasonable portage charges when very heavy and bulky luggage is to be handled.

8.6.7. Taxis

8.6.7.1. *Taxis and public transport.* Taxi fares are refunded only for journeys for which there is no other suitable means of public transport from Airport to hotel and vice-versa, where heavy luggage is to be transported to or from terminal stations or where the saving of official time is of paramount importance.

Unless fully justified the relevant Permanent Secretary will reserve the right to withhold refunds on Taxi journeys. Public officials are to purchase, when available, the one-day, five-day or weekly travel cards.

8.6.8. Travel insurance coverage

8.6.8.1. Travel insurance coverage is provided by the chosen insurance company for officers proceeding abroad on short-term duty visits. The benefits provided under the Open Cover Policy are as follows:

Item	Benefit
1	Personal accident
2	Medical expenses
3	Bagagge
4	Public liability

8.6.8.2. *Returns.* Departments are requested to submit to the chosen Insurance Company monthly returns showing the number of duty visits abroad, on the declaration forms supplied by the Company. Nil returns should also be submitted.

8.7. Air travel on duty

8.7.1. General procedures and provisions

8.7.1.1. Bookings for air travel are to be made in good time even provisionally, so that proper class of travel is obtained both for the delegates and for officers posted abroad.

8.7.1.2. Ministers, Parliamentary Secretaries, Members of Parliament and Public Officials in Scales 1 to 3, and one accompanying member of their delegation, are entitled to travel on Business Class basis.

- 8.7.1.3. All air travel tickets and hotel accommodation arrangements should be done through Air Malta. Where the use of an Air Malta flight results in excessive delay abroad or in an overnight stay, use may be made of another airline for that particular flight, but the arrangements should be made through Air Malta. The 50% flight discount for public officials proceeding abroad on duty travel and the reduced rates for hotel accommodation offered by Air Malta are to be availed of.
- 8.7.1.4. Permanent Secretaries are to appoint a signatory for requests to Air Malta for the 50% concession of the air fare. Air Malta should be informed immediately whenever there are changes in the signatories of the Ministry concerned furnishing specimen signatures of the new officials.
- 8.7.1.5. When it is not possible for Air Malta to make the necessary air travel or hotel accommodation arrangements or it is not economically feasible alternative air travel or hotel bookings are permissible. Air travel or alternative hotel accommodation shall only be authorised on the presentation of three other quotations, one of which must always be from Air Malta. The 50% flight discount on flights directly operated by Air Malta should continue to apply.
- 8.7.2. **Air travel to sit for local official examinations**
- 8.7.2.1. Public officers posted abroad are entitled to re-imbusement of 50% of Air Malta and non-Air Malta flight expenses against receipts for travel to Malta to sit for examinations which pertain to their career stream.

8.8. Accounting arrangements for visits abroad on official duties

8.8.1. Authority

- 8.8.1.1. No accounting officer may incur expenditure on visits abroad, without the prior approval of the respective Permanent Secretary on form GA 27 (see Appendix 8.V). In seeking authority accounting officers should be provided by the officer proceeding abroad, with details of the nature of the visit and the expenditure to be incurred. These details are to be submitted through the Head of Department and the DCS who has to confirm the correctness of the officer's declaration (where applicable). The details should include the following:

- (a) full reasons as to why the visit is necessary;
- (b) details of the tangible benefits which are expected to be achieved; and

(c) a detailed programme of the work which is expected to be done abroad by the delegation as a whole and the duties which each member is expected to perform during the duration of the entire visit.

8.8.1.2. Officers proceeding abroad on official business have to declare that they have no pending statement of expenses to submit in connection with any advances which may have been received in respect of previous visits abroad dating back more than 1 month.

8.8.1.3. Ministerial delegations or delegations which include Parliamentary Secretaries and/or Members of Parliament should be notified to the Secretary to the Cabinet for clearance by the Prime Minister prior to the issue of an advance. The request should be made on Form GA27A (see Appendix 8.VI).

In addition accounting officers should provide:

(a) a plan of cheapest travel to and from the intended destinations, and the relative cost involved; and

(b) a detailed statement of the cost involved.

8.8.1.4. The necessary clearance embodying the above details should be obtained at least 1 week before the intended date of departure.

8.8.1.5. Requests for travel by officials with outstanding incomplete declaration forms and outstanding accounts, and who persistently fail to meet the set deadlines for the filling of the said forms and the settling of the said accounts are to be precluded from going abroad.

8.8.1.6. Accounting officers should not process, and are to withhold blank or incomplete declaration forms (GA27 and GA27A).

8.8.1.7. Expenses related to hotel accommodation should be invoiced locally to the paying Department rather than being settled by the official concerned directly at the hotel; thereby the Department would benefit from an exemption on the overseas VAT element, which would otherwise be incurred.

8.9. Accounting procedures for duty travel

8.9.1. Accounting arrangements for expenditure incurred

- 8.9.1.1. A report on the visit is to be submitted by not later than 1 month after the visit. Officials travelling abroad who do not account for the advance made to them within 1 month from their return, by way of submitting the necessary forms and statement of expenses, should not be issued with a new advance before they comply.
- 8.9.1.2. Delegates and officials should be told that, if they are in doubt about their entitlements, they should seek written advice before committing themselves to particular expenditure.
- 8.9.1.3. All expenses incurred by ministerial delegations are met out of public funds against production of detailed statements of expenditure, accompanied, where possible, by receipted bills.
- 8.9.1.4. Officials travelling abroad are to account for the advance made by not later than one month after their return to Malta. A statement of expenses is to be drawn up and presented for vetting and approval on form GA27B (Appendix 8.VII). Members of Ministerial delegations are also required to fill in GA27B.
- 8.9.1.5. Unused balances are to be repaid immediately. Expenditures are to be calculated at the rate of exchange used for the issue of the foreign exchange. Differences in rates of exchange are to be supported by local and foreign bank exchange cheques.
- 8.9.1.6. Forms GA27 or GA27A and GA27B, duly filled in, accompanied by originals of all documents and receipts is to be forwarded by the DCS to the Auditor General within 3 months of the date of the visit abroad, unless there are concrete reasons why this deadline cannot be respected.
- 8.9.1.7. Accounting officers should not process and are to withhold blank or incomplete declaration forms (GA 27, 27A and 27 B). The DCS of the Ministry concerned shall prior to forwarding to the Treasury approve each completed declaration form.

8.10. Non-convertible currencies

- 8.10.1.1. Prior to the departure abroad of officers, the advice of the Foreign Exchange Section of the Central Bank of Malta should be sought in order to ascertain whether the currency of the country being visited is convertible in Malta or not. All officers embarking on official duties abroad should be instructed to change unutilised cash balances in non-convertible currencies into convertible currency prior to the delegation's Departure

from the country concerned. When inconvertible currency is brought back from abroad and a loss is incurred in conversion, such loss will have to be made good by the officer responsible for the money.

8.11. Activities abroad sponsored by the TAIEX Office of the European Commission

8.11.1. Process of approval

8.11.1.1. Expenses incurred are normally eligible for financing under the Malta-EU Financial Protocol and all requests for visits abroad by Maltese delegations are to be submitted to the EU Directorate. The EU Directorate will then seek the approval of the Delegation of the EU Commission in Malta so that the activity can actually qualify for funding under the Protocol.

8.11.2. Maltese delegations travelling abroad

8.11.2.1. Once the composition of the delegation has been established, the following documentation is to be submitted by the Head of Delegation to the EU Directorate at least 10 working days before the departure of the delegation:

- (a) a copy of the TAIEX invitation;
- (b) a list showing the full composition of the delegation; and
- (c) a statement indicating the estimated expenditure for the visit and specifically including:
 - (i) the cost of the tickets (economy class). The maximum refundable amount is €500 per ticket;
 - (ii) the cost of hotel accommodation, on a bed and breakfast basis only; and
 - (iii) the applicable TAIEX per diem allowance. Where public officers opt to receive the Government subsistence allowance, reimbursement under the Protocol will only cover the official TAIEX rate. The TAIEX rates are published periodically by the Ministry of Finance.

8.11.3. The process of funding / reimbursement under the Protocol

8.11.3.1. Delegation members are to make the normal arrangements applicable to their Ministry/Department in respect of travelling abroad on official business.

- 8.11.3.2. On their return to Malta, individual members of the delegation are to submit the following documentation to the National Authorising Officer at the Ministry of Finance through their respective DCS/DFA, within 2 weeks from the termination of the visit:
- (a) the original air ticket, together with the relevant original invoice;
 - (b) the boarding cards (outgoing and incoming flights);
 - (c) the invoice and receipt for the cost of hotel accommodation (only bed and breakfast costs are reimbursable); and
 - (d) a receipt in respect of the subsistence allowance received to be signed by the respective participant before the departure of the delegation. The standard receipt is obtained from the Ministry of Finance.
- 8.11.3.3. The correct procedures having been followed, the National Authorising Officer will then take steps for the reimbursement of the relevant amount to the Ministry/Department.

APPENDIX 5

**EXPENDITURE ON AIR FARES
IN CONNECTION WITH
GOVERNMENT TRAVEL ABROAD**

APRIL 2003-JUNE 2004

MINISTRY FOR COMPETITIVENESS AND COMMUNICATION

PORTFOLIO	COST OF AIR TICKETS PURCHASED BETWEEN	
	April-December 2003 (Lm)	January-June 2004 (Lm)
Ministry (Transport and Communications)	26,525✓	23,619✓
Ministry (Competitiveness and Communications)	nil	7,417*
Malta Communications Authority	9,608	9,275
Malta Maritime Authority	32,081	25,517
Malta Standards Authority		32,450**
Consumer and Competition Division	11,050*	3,430*
Commerce Division	4,390	5,172
Civil Aviation Department	1,658	2,316
Commission for Fair Trading	11,442	2,919
Intellectual Property		not submitted
Small Business and the Self Employed		not submitted
Wireless Telegraphy		not submitted

* indicates amount advanced and includes air fares, accommodation and allowances
 amount covers period April 2003 to June 2004

✓ indicates amount for financial years 2003 and 2004 respectively and includes air fares, accommodation and allowances

MINISTRY FOR GOZO

PORTFOLIO

**COST OF AIR TICKETS PURCHASED BETWEEN
April-December 2003 January-June 2004
(Lm) (Lm)**

Ministry	11,115*	8,298*
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** indicates amounts advanced and include airline tickets, overseas allowance, accommodation and overseas hospitality*

MINISTRY FOR INFORMATION TECHNOLOGY AND INVESTMENT

PORTFOLIO	COST OF AIR TICKETS PURCHASED BETWEEN	
	April-December 2003 (Lm)	January-June 2004 (Lm)
Ministry	7,474	5,782
Malta Enterprise/MDC	6,411	18,442*
Maltacom plc	26,374	7,530
Malta Freeport Terminals Ltd	39,190	17,819
Malta National Laboratory	796	592
Office of the Commissioner for Data Protection	2,379	5,137
Interprint Ltd		4,251**
Tug Malta Ltd	3,720	1,959
Selmun Palace Hotel	494	258
Hal Ferh Holiday Complex	716	586
Collective Bargaining Unit	nil	nil
Gozo Channel Ltd	nil	176
MITTS	10,529	4,117
Malta Shipyards	25,642	12,453
Sea Malta Company Ltd		12,260***
Malta Air Traffic Services		48,894***
MIMCOL	3 175	5,157
Air Malta plc	duty travel is on the basis of 100% rebated tickets	
Public Broadcasting Services	not submitted	
Water Service Corporation	not submitted	
Maltapost plc	not submitted	
Enemalta Corporation	not submitted	
Data Protection Appeals Tribunal	not submitted	
e-Malta Commission	not submitted	
Industrial Projects and Services Ltd	not submitted	

* in nineteen of the seventy-five visits amount includes accommodation

** indicates amount for period April 2003 to June 2004; in seven of the fourteen visits amount includes accommodation

*** indicates amount for period April 2003 to June 2004

MINISTRY FOR JUSTICE AND HOME AFFAIRS

PORTFOLIO	COST OF AIR TICKETS PURCHASED BETWEEN	
	April-December 2003 (Lm)	January-June 2004 (Lm)
Ministry	35,245*	26,200*
Judicial	1,560**	6,293**
Local Government	1,079*	1,444*
Police ¹	77,316✓	32,519✓✓
Correctional Services	nil	nil
Civil Protection	1,398*	1,989*
Registration	707**	950**
Government Property Division	2,675**	2,957**
Malta Arbitration Centre	323	727
Attorney General's Office	8,089*	10,244*
Notary to Government	nil	nil
Passports		not submitted
ID Cards		not submitted
Department of Land		included under Government Property Division
Joint Office		included under Government Property Division

* indicates amount advanced and includes air fares, accommodation and allowances

** indicates amount for financial years 2003 and 2004 respectively and includes air fares, accommodation and allowances

✓ in 60 of the 152 visits, amount indicates actual expenditure incurred and includes air fares, accommodation and allowances

✓✓ in 125 of the 158 visits amount indicates amount advanced and includes air fares, accommodation and allowances

¹ includes fares paid in respect of deportees

MINISTRY FOR RESOURCES AND INFRASTRUCTURE

PORTFOLIO	COST OF AIR TICKETS PURCHASED BETWEEN	
	April-December 2003	January-June 2004
	(Lm)	(Lm)
Ministry	7,436	5,140
Malta Resources Authority	3,015	2,104
Building Industry Consultative Council	nil	nil
Works Division	3,183	2,504
Manufacture Services		not submitted
Cleansing Services Department		not submitted
Oil Exploration		included with Ministry

MINISTRY FOR RURAL AFFAIRS AND THE ENVIRONMENT

PORTFOLIO

**COST OF AIR TICKETS PURCHASED BETWEEN
April-December 2003 January-June 2004
(Lm) (Lm)**

Ministry (including divisions/departments)	35,331	45,315
Malta Environment Protection Authority	20,710	13,735
WasteServ	2,055	1,448

MINISTRY FOR THE FAMILY AND SOCIAL SOLIDARITY

PORTFOLIO

**COST OF AIR TICKETS PURCHASED BETWEEN
April-December 2003 January-June 2004
(Lm) (Lm)**

Ministry	23,030*	19,215*
Kummissjoni Nazzjonali Persuni b' Dizabilita	2,220	1,374
Sedqa, Appogg u Sapport	5,325	1,843
Housing Authority	nil	881
Welfare Committee		not submitted

* indicates amount advanced and includes air fares, accommodation and allowances

MINISTRY FOR TOURISM AND CULTURE

PORTFOLIO	COST OF AIR TICKETS PURCHASED BETWEEN	
	April-December 2003	January-June 2004
	(Lm)	(Lm)
	Apr-Dec 2003	Jan-Jun 2004
Institute of Tourism Studies	4,035	3,215
Ministry of Tourism	26,664*	28,884**
Department of Tourism	1,271	nil
Malta Council for Culture and the Arts		not submitted
Cultural Heritage		not submitted
Maltasong Board		not submitted
National Orchestra		not submitted
Heritage Malta		not submitted
Malta Tourism Authority		not submitted
Mediterranean Conference Centre		not submitted
Manoel Theatre		not submitted
National Festivities Committee		not submitted
Malta Society of Arts, Manufacture and Commerce		not submitted

* indicates amounts actually spent between April and December 2003 and includes air fares, accommodation and allowances

** indicates amounts advanced between January and June 2004 and includes air fares, accommodation and allowances

MINISTRY FOR URBAN DEVELOPMENT AND ROADS

PORTFOLIO

**COST OF AIR TICKETS PURCHASED BETWEEN
April-December 2003 January-June 2004
(Lm) (Lm)**

Ministry for Urban Development and Roads

up to March 2004 included with Ministry for
Transport and Communications

Malta Transport Authority

nil 808
12,540 10,483

MINISTRY FOR EDUCATION, YOUTH AND EMPLOYMENT

PORTFOLIO	COST OF AIR TICKETS PURCHASED BETWEEN	
	April-December 2003 (Lm)	January-June 2004 (Lm)
Ministry (Education, Youth and Employment)	14,067 ✓	15,412 ✓✓
Education Division	29,431**	21,773**
Foundation for Tomorrow's Schools	nil	436
Occupational Health and Safety Authority	2,537	2,057
Employment and Training Corporation	12,653	5,745
MCAST		9,107*
Co - Operatives Board	445	1,072
Youth Service Organization		2,498*
University of Malta		58,945*
Foundation for International Studies	37,068	15,296
Kunsill Malti għall-Isport		1,929*
Malta Council for Science and Technology	16,241	11,448
Libraries and Archives	1,818**	169**
Industrial and Employment Relations Department	15,010**	15,092**

* amount is in respect of period April 2003 to June 2004

** indicates amount and includes air fares, accommodation and allowances

✓ in respect of financial year 2003 and includes air tickets, overseas allowances, accommodation and overseas hospitality

✓✓ in respect of financial year 2004 and includes air tickets, overseas allowances, accommodation and overseas hospitality

MINISTRY OF FINANCE

PORTFOLIO	COST OF AIR TICKETS PURCHASED BETWEEN	
	April-December 2003	January-June 2004
	(Lm)	(Lm)
Ministry	41,467	15,432
Public Lotto Department	199	nil
Economic Policy Division	7,376	9,776
Economic Services	7,527*	nil
Inland Revenue Department	6,546	3,018
Contracts Department	1,118	872
Treasury Department	559	240
VAT Department	8,535	5,877
Customs Department	17,305**	18,197***
Tax Compliance Unit	nil	nil
National Statistics Office	11,382	9,138
Lotteries and Gaming Authority	779	2,154
Financial Intelligence Analysis Unit	1,733	856
Malta Stock Exchange	4,211	6,797
Malta Financial Services Authority	10,913	9,246
Central Bank of Malta	44,464	32,121

* indicates amount actually spent between April to December 2003 and includes air tickets, overseas allowances, accommodation and overseas hospitality

** in respect of financial year 2003 and includes air tickets, overseas allowances, accommodation and overseas hospitality

*** in respect of financial year 2004 and includes air tickets, overseas allowances, accommodation and overseas hospitality

MINISTRY OF FOREIGN AFFAIRS

PORTFOLIO

**COST OF AIR TICKETS PURCHASED BETWEEN
April-December 2003 January-June 2004
(Lm) (Lm)**

Strasbourg	7,641 Eur	294 Eur
Canberra	10,720	6,760
Copenhagen	2,849	nil
Athens	2,103+1,405 Eur	nil
International Institute of Ageing	6,866	1,738
Beijing	3,704	1,816
Berlin	710 Eur	1,848 Eur
Brussels	13,102 Eur	5,124 Eur
Budapest	nil	30
Cairo	118	nil
Madrid	348 Eur	1,928 Eur
New York	14,344 US\$	7,059 US\$
Riyadh	nil	257
Toronto	nil	nil
Tunis	495	83
Dublin	nil	587
Geneva	763	1,125
The Hague	207 Eur	nil
Head Office	146,246	103,112
London	357	218
Moscow	1,552	126
Paris	893	217
Rome	2,363	659
Stockholm	884	1,048
Tripoli		123***
Vienna	5,979	2,367
Washington	7,216	1,541
EU Directorate	21,355*	10,957*
Malta Information Centre	2,740**	25,005**

* indicates amount advanced between April to December 2003 and includes air fares, accommodation and allowances

** indicates amount advanced between January to June 2004 and includes air fares, accommodation and allowances

*** in respect of period April 2003 to June 2004

MINISTRY OF HEALTH, THE ELDERLY AND COMMUNITY CARE

PORTFOLIO

**COST OF AIR TICKETS PURCHASED BETWEEN
April-December 2003 January-June 2004
(Lm) (Lm)**

Ministry and Division	66,525*	49,457*
Elderly and Community Care	180*	700*
Foundation for Medical Services	5,786	3,203
Mater Dei Hospital	2,550	3,050
Medicines Authority	8,065	4,327
Health Information	694*	nil

* indicates amount advanced and includes air fares, accommodation and allowances

OFFICE OF THE PRIME MINISTER

PORTFOLIO	COST OF AIR TICKETS PURCHASED BETWEEN	
	April-December 2003	January-June 2004
	(Lm)	(Lm)
Office of the Prime Minister	45,260*	47,572*
Central Information Management Unit	8,221	473
Management Efficiency Unit	996	nil
Armed Forces of Malta	19,397✓	19,991✓✓
Malta Council for Economic and Social Development	856	1,916
Broadcasting Authority	1,009	636
Government Printing Press	802*	920*
Department of Information	869*	1,131*
Electoral Office	nil	3,111*

* indicates amount advanced between April to December 2003 and includes air fares, accommodation and allowances

✓ in respect of financial year 2003 and includes air tickets, overseas allowances, accommodation and overseas hospitality

✓✓ in respect of financial year 2004 and includes air tickets, overseas allowances, accommodation and overseas hospitality

HOUSE OF REPRESENTATIVES

**COST OF AIR TICKETS PURCHASED BETWEEN
April-December 2003 January-June 2004**

(Lm)	(Lm)
86,701*	48,217**

* *in respect of financial year 2003 and includes air tickets, overseas allowances, accommodation and overseas hospitality*

** *in respect of financial year 2004 and includes air tickets, overseas allowances, accommodation and overseas hospitality*

OFFICE OF THE PRESIDENT

**COST OF AIR TICKETS PURCHASED BETWEEN
April-December 2003 January-June 2004
(Lm) (Lm)**

30,162*

60,829**

* *in respect of financial year 2003 and includes air tickets, overseas allowances, accommodation and overseas hospitality*

** *in respect of financial year 2004 and includes air tickets, overseas allowances, accommodation and overseas hospitality*