

**TRAVEL ABROAD ON
OFFICIAL GOVERNMENT
BUSINESS**

This report has been prepared under paragraph 9 of the First Schedule of the Auditor General and National Audit Office Act (Cap 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

Travel Abroad on Official Government Business – Financial Year 2004

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List of Acronyms

EU	European Union
EBU	Extra Budgetary Unit
FMMU	Financial Management Monitoring Unit
MFEA	Ministry of Finance and Economic Affairs
NAO	National Audit Office
OPM	Office of the Prime Minister
PSMC	Public Service Management Code

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Executive Summary

Introduction

Travel abroad on official Government business includes all costs which relate to Travel conducted on behalf of Government such as participation in international meetings, seminars and conferences. Following Malta's membership in the European Union, such related Travel increased considerably especially due to the participation by Government Officers at Council and Commission meetings. This review seeks to assess the degree of compliance with the prevalent Travel Rules and Regulations and other Rules specifically controlling EU-related Travel.

Findings were derived from replies to a Questionnaire submitted to Ministries and Departments/Divisions/Cost Centres having a separate Vote as detailed in the 2005 Financial Estimates. The Questionnaire was based on directives and provisions contained in the Circulars and Public Service Management Code regulating Travel. Although it was not within the scope of this task to verify the correctness of the information provided in the response to the Questionnaire, when possible replies were checked against the records and documentation held at the National Audit Office.

The scope of the assignment was limited by the fact that not all addressees submitted the Questionnaire within the time frame stipulated by the National Audit Office while some did not submit a reply at all.

Issues and Concerns

The following were the main issues:

- Approximately half of respondents did not prepare a tentative programme at the beginning of the year, thus hindering the proper basis on which Permanent Secretaries approved the various requests for Travel during the year.
- 22% of respondents claimed that detailed official programmes were not always submitted by Officers travelling abroad, since the Public Service Management Code does not include such a provision. Accounting Officers would thus not be in a position to carry out proper deductions from the subsistence allowances, for free accommodation or meals.
- Although the Travel Rules and Regulations allow for certain re-imbursments of expenses over and above the subsistence allowance, these Rules and Regulations fail to regulate the criteria on which contingency money is to be calculated. Furthermore, various Ministries/Departments lacked adequate controls for re-imbursments of taxi expenses, telephone calls, gratuities and other expenses. This creates non-conformity as to the amount advanced as contingency money across Government besides increasing the risk that such contingency funds are utilised to finance non-allowable expenses.
- 47% of respondents replied that a report following the visit was always submitted on time. Furthermore, some respondents stated that they did not take any corrective action against Officers who failed to submit such report. The Public Service Management Code does not clearly and fully regulate this issue.

- There was uncertainty on the applicability of Travel Rules and Regulations to Extra Budgetary Units and other Government Entities. Any misinterpretation could result in having Government funds made available for Travel without being administered and controlled in line with the prevailing Rules and Regulations.
- Some respondents stated that they were at times encountering difficulties in identifying which European Union meetings, listed in Attachments (Ai) and (Aii) to MF Letter Circular dated 5 November 2004, were refundable and to what extent the related travel costs were refundable respectively. Moreover, although Accounting Officers are required to collect from the returning Officers certain documentation including the re-imburement forms, it does not require higher Senior Management to review and approve same documentation prior to their submission to the Director (EU Paying Authority).
- A database of all the visits on European Union related business is not being maintained in general. Moreover, some respondents did not provide a description of the manner by which they ensured that none of the eligible refunds from the European Union were lost.

Recommendations

The report also includes recommendations intended to better manage the relative risks associated with the observations highlighted. Amongst other recommendations, the Office recommends the fine tuning of the Public Service Management Code by including other important provisions, such as:

- requiring Officers proceeding abroad to submit to Accounting Officers and Top Management the detailed official programme of the visit;
- regulating the criteria to be used in calculating the amount of contingency money;
- regulating clearly re-imburements of the costs of local mobile phone cards and foreign tele-cards;
- giving more details regarding the purpose of expected contents of the report, which is to be submitted after each visit abroad, by listing possible categories of information which should be included in the report; and
- formalising the guidelines issued by the Financial Management Monitoring Unit with regards to the applicability of Travel Rules and Regulations to Extra Budgetary Units and other Government entities.

Furthermore, difficulties with regards to European Union related Travel should be immediately reported to the relevant Officer within the EU Paying Authority within the Ministry of Finance and Economic Affairs. Information seminars on Travel, such as that organised by the same Ministry in November 2004, are encouraged especially upon the issue of new updated lists of refundable European Union meetings.

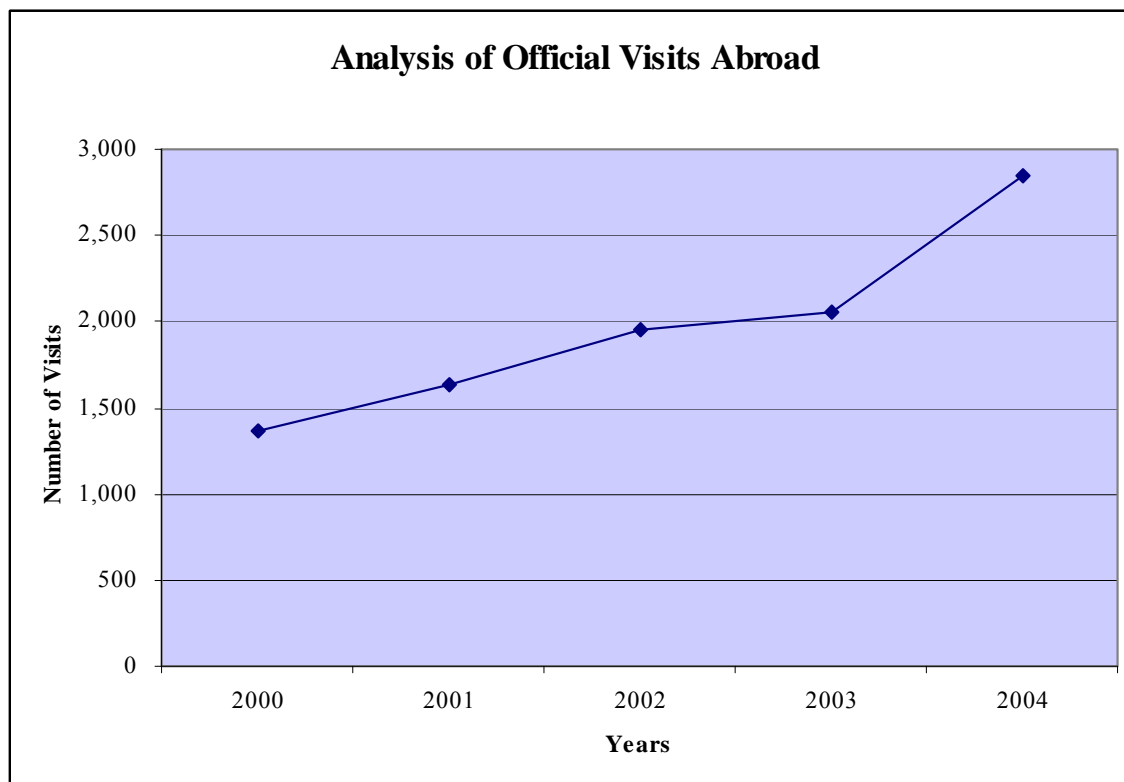
These recommendations are intended to assist Top Management in preparing their frameworks for managing Travel in a way that builds on good practice and practices already in place in the organisation.

It is to be noted that, as from 2005, the responsibility of verifying documents following overseas travel was assumed by the Treasury Department, as communicated in Treasury Circular 6/2005.

A. Introduction

1. Background

Travel abroad on official Government business (*Travel*) includes all costs which relate to Travel conducted on behalf of the Government such as participation in international meetings, seminars and conferences. Immediately before and following Malta's membership in the European Union (*EU*), EU-Related Travel increased considerably especially due to the participation by Government Officers at Council and Commission meetings. As a result, Travel expenditure has increased at a fast rate over the past years, as illustrated in the Graph below:



In the light of the above, MF Circular 12/99 states that:

“The expenditure incurred by public officers who travel abroad on official business is causing serious concern. In view of the fact that present exigencies are requiring more frequent travel, it has become imperative that the proper control and efficient use of funds allocated for this purpose be exercised.

The responsibility and the accountability for the proper usage of such funds rests both on the officials authorising their use as well as on the officials availing themselves of the said funds. Officials are strictly bound to adhere to all rules and regulations.”

Over the years, a substantial number of Government Circulars (*Circulars*) containing Rules and Regulations with respect to Travel were issued by the Office of the Prime Minister (*OPM*) and the Ministry of Finance and Economic Affairs (*MFEA*). (For a list of Circulars, refer to Table 1 in

Appendix II). For ease of reference and better administration, the majority of the directives contained in the above mentioned Circulars were codified in Chapter 8 of the Fifth Edition of the Public Service Management Code (*PSMC*) dated December 2004.

Successive Annual Reports of the Auditor General highlighted the lack of compliance of various Ministries/Departments with the Travel Rules and Regulations, besides recommending new guidelines mitigating identified concerns along with stronger enforcement of current controls.

2. Scope of Assignment

The scope of the assignment was to provide an overview of the extent of compliance with the existing Travel Rules and Regulations. The output of this study will lend support to this process and assist Top Management across Ministries/Departments in preparing their frameworks for managing Travel in a way that builds on good practice.

3. Methodology

In order to meet the scope of the assignment, a Questionnaire was submitted to Ministries and Departments/Divisions/Cost Centres having a separate Vote, as detailed in the 2005 Financial Estimates (*respondents*)¹. The Questionnaire was based on directives and provisions contained in the Circulars² and PSMC regulating Travel. Although it was not within the scope of this task to verify the correctness of the information provided in responses to the Questionnaire, replies were checked against the records and documentation maintained by the latter, whenever possible.

4. Limitation on Scope of Assignment

Not all Ministries/Departments submitted the Questionnaire within the time frame stipulated by NAO and some of them did not submit the Questionnaire at all. In fact, out of the forty-six (46) questionnaires circulated, twenty-one (21) questionnaires were received on time, seventeen (17) questionnaires were received after the stipulated deadline whilst eight (8) questionnaires were not received. (*For an analysis of the questionnaires circulated, refer to Table 2 in Appendix III*)

¹ Respondents refer to the 32 Ministries/Departments that submitted the completed Questionnaire and had Travel in 2004. 3 Departments reported that they had no Travel during 2004. However for the sections relating to EU-Related Travel, Respondents would refer to the 22 Ministries/Departments that submitted the completed Questionnaire and had EU-Related Travel in 2004. Note that both populations exclude the 3 questionnaires which were submitted excessively late to NAO.

² The questionnaire was circulated before the issue of MF Circular 2/2005. Hence, observations contained in this Management Letter are not based on the directives of this Circular, although reference to it is sometimes made in the Recommendations' Section.

B. Key Issues: Non EU-Related Travel

1 Lack of Preparation of Tentative Programmes and Consultation with Permanent Secretary during Programme Preparation

1.1 Forty-four per cent (44%) of respondents did not prepare and provide to their respective Permanent Secretary, a tentative programme at the beginning of the year as required by the PSMC.

Eight (8) out of these fourteen (14) respondents had an estimated Travel Vote ranging from Lm5,000 to Lm43,000. Five (5) of these exceeded the Travel budget by sixty per cent (60%) or more.

*(For an extract from the PSMC requiring Permanent Secretaries to request Head of Departments a yearly tentative programme, refer to **Appendix I (i)**)*

*(For a graphical analysis relating to the preparation of tentative programmes and for a list of respondents, that did not prepare a tentative programme even though their Travel Vote in 2004 Estimates was Lm5,000 or greater, refer to Chart 1 and Table 3 in **Appendix IV**)*

Risk

The failure to prepare a tentative programme hinders the proper basis for approval resulting in exceeding of budgets.

Recommendation

Permanent Secretaries should ensure that Head of Departments prepare a detailed yearly tentative programme as required by the PSMC.

1.2 Out of the seventeen (17) respondents that prepared tentative programmes, twelve (12) submitted them to the respective Permanent Secretary. Out of the latter respondents, eight (8) had cases where the Permanent Secretary was consulted during the preparation of the programme.

2 Non-Submission of Official Programmes

2.1 The PSMC does not provide for Officers proceeding abroad to submit a detailed official programme to the respective Accounting Officer. This would enable the calculation of the exact subsistence allowance, after taking into account meals and/or accommodation provided for by the hosting organisation. On the other hand, MF Circular 2/98 instructs Permanent Secretaries and Directors (Corporate Services) to always request the official literature relating to the visit which may include the conditions and amenities offered by the hosting organisation prior to granting approval of the visit.

*(For extracts from the PSMC and Circulars relating to deductions from subsistence allowance, refer to **Appendix I(iii)**)*

*(For a graphical analysis relating to the submission of official programmes, refer to Chart 5 in **Appendix VII**)*

2.2 Sixty-nine per cent (69%) of respondents replied that the official programme of the visit was always forwarded to the Accounting Officer.

Out of the seven (7) respondents who claimed that official programmes were not always submitted by Officers travelling abroad:

- six (6) always chased the Officers proceeding abroad for the submission of the official programme prior to their visit; and
- six (6) paid the subsistence allowance in full and did not deduct any amounts for possible free meals or accommodation.

Risk

Officers proceeding abroad and Accounting Officers who refer to the PSMC could be misled and interpret that the submission of 'official literature' does not include the detailed official programme relating to their visit. As a result, Accounting Officers could continue advancing the full subsistence allowance without having prior confirmed any accommodations or meals offered by the hosting organisation.

Recommendation

Due to the fact that the PSMC is intended to codify in one document all existing Rules and Regulations relating to Travel, amongst others, it should also include a provision requiring Officers proceeding abroad to submit to Accounting Officers and Top Management a detailed official programme. The PSMC should clearly state that 'official literature' includes the official programme.

3 Lack of Rules and Regulations covering Contingency Allowances

Although the Travel Rules and Regulations allow for certain re-imbursements of expenses, over and above the subsistence allowance, it was noted that rules fail to regulate the criteria over which contingency money is to be calculated.

In fact, Ministries/Departments are adopting different criteria. For instance, thirteen per cent (13%) of respondents claimed that Officers are not given contingency money prior to their visit abroad, whilst the same percentage of respondents replied 'Not Applicable' which could be interpreted to mean the same. Twenty-two per cent (22%) stated that a standard amount of contingency money was advanced to Officers whilst another sixteen per cent (16%) advanced contingency money on the basis of the expected transport costs. The remaining respondents mentioned other different criteria amongst which:

- duration of the visit;
- country visited;
- grade of Officer travelling abroad;
- approvals by Top Management;
- hospitality expenses; and
- payment of hotel deposit.

Eighty-four per cent (84%) of respondents consider the amount of contingency money advanced as not being excessive.

Risk

The absence of adequate guidelines creates non-conformity as to the amount advanced as contingency money across Government besides increasing the risk that such funds are utilised to finance non-allowable expenses.

Recommendation

The PSMC should be amended accordingly to include clear directives regarding the criteria regulating contingency money. The amount advanced should be kept to a bare minimum to cover only those expenses reimbursable under the prevailing Travel Rules and Regulations.

4 Non-Conformity across Government for re-imbursements of Taxi Expenses, Telephone Calls, Gratuities and other Expenses

4.1 Taxi Expenses

Ministries/Departments did not adopt a standard control procedure ensuring that taxi expenses were only reimbursed in the special circumstances spelt out in the PSMC. Nine (9) respondents failed to identify controls in place at their Ministry/Department. The following controls were mentioned by some of the respondents:

- Limiting re-imbursing to taxi journeys from airport to hotel and vice versa.
- Scrutinising taxi receipts and reimbursing money if the expense is reasonable and comparable with prior visits.
- Instructing Officers to use public transport as much as possible.
- Reimbursing only expenses approved by Top Management.

Three (3) respondents claimed that no taxi re-imbursing were made as Officers paid all taxi expenses from their subsistence allowance.

Five (5) respondents exceeded the average maximum taxi cost of Lm43.84 per visit (calculated from 26 respondents' replies). None of the respondents had instances where the Permanent Secretary withheld re-imbursing for taxi expenses.

*(For extracts from the PSMC relating to re-imbursing of taxi expenses, refer to **Appendix I (v)**)*

*(For a list of Ministries/Departments which exceeded the above mentioned average maximum taxi cost, refer to Table 4 in **Appendix IX**)*

Risk

Lack of control increases the risk of reimbursing Officers for non-justified taxi expenses.

Recommendation

Ministries/Departments should strive to maintain taxi costs within an acceptable and reasonable limit. As highlighted by the Department of Information, a suitable control action could be that of requiring Officers claiming taxi expenses to declare in writing the exact reasons why public transport was not resorted to.

Hence, Ministries/Departments should not reimburse any taxi expenses unless such declaration in writing and the relative taxi receipts are submitted by the Officers and approved by Top Management.

4.2 Telephone Calls

Out of the twenty-four (24) respondents that advance contingency money, eleven (11) had cases where Officers claimed local mobile phone cards or foreign tele-cards as contingency. The average cost of these phone cards amounted to Lm19.00 and Lm18.40 respectively. Seven (7) respondents exceeded these averages. Furthermore, no account is taken of the amount claimed compared to the duration of the visit.

Fifty-five per cent (55%) of respondents that reimbursed local mobile phone cards/foreign tele-cards' costs did not obtain a declaration from the respective Officers stating that such telephone charges related to official calls.

*(For extracts from the Circulars relating to the re-imbursements of official telephone calls, refer to **Appendix I(vii)**)*

*(For a graphical analysis relating to claims of local mobile phone cards from contingency money, refer to Chart 13 in **Appendix XI (i)**, and for a list of Ministries/Departments that exceeded the average cost of local mobile phone cards and foreign tele-cards reimbursed, refer to Tables 5 and 6 in **Appendix XI**)*

Risk

Funds from the Travel Vote could be inappropriately utilised to reimburse:

- private or excessive telephone calls; and
- expenses which are supposed to be paid from the Officers' subsistence allowance.

Recommendation

A clear-cut decision should be taken by Government and clear criteria established with regards to the re-imbursements of the costs of local mobile phone cards and foreign tele-cards. This decision should thereafter be clearly reflected in the provisions of the PSMC. The Officers claiming these expenses should provide a written declaration stating that the calls were made on Government business. This declaration should also be approved by Top Management who would also take into consideration the reasonability of the telephone charges being claimed.

4.3 Gratuities

Seventy-eight per cent (78%) of respondents claimed that gratuities were not being reimbursed to travelling Officers. The remaining respondents' replies varied and the control systems described stated that re-imbursements were made:

- as long as gratuities were reasonable or negligible;
- only as approved by Top Management; and
- for gratuities paid by the Minister only.

*(For extracts from the PSMC relating to the payment of gratuities, refer to **Appendix I(vi)**)*

Risk

In the absence of adequate controls, re-imbursments for gratuities could be claimed and hence reimbursed even when there is no heavy or bulky luggage.

Recommendation

Ministries/Departments should refuse any claims for re-imbursments for gratuities unless there is evidence that the delegation needed to carry heavy or bulky luggage. Officers claiming gratuities should declare in writing the reasons why gratuities were paid and such declaration should be approved by Top Management prior to reimbursing the claims.

4.4 Other Expenses

Thirty-eight per cent (38%) of respondents claimed that extra charges included in hotel bills (such as pay-tv, mini-bar and telephone calls) were not refunded back by the Officer to the respective Ministry/Department. An additional twenty-two per cent (22%) replied that such extra charges were not always refunded, whilst nineteen per cent (19%) of respondents stated that such cases were not applicable to them.

*(For a graphical analysis relating to the refunds of extra charges in the hotel bills, refer to Charts 11 and 12 in **Appendix X**)*

Recommendation

Ministries/Departments should not reimburse any extra charges included in hotel bills except for official telephone calls supported by a written declaration stating that the calls were made on Government business.

5 Non-Submission of Reports following Visits Abroad

5.1 Thirty-eight per cent (38%) of respondents replied that a report is not always submitted within one month after the visit. An additional six per cent (6%) stated that a report is never forwarded following the visit. Only forty-seven per cent (47%) of respondents stated that such report was always submitted in time.

Furthermore, fifty-six per cent (56%) of respondents claimed that such report was prepared for eighty-one per cent (81%) or more of total Travel made.

*(For an extract from the PSMC requiring the submission of a report following Travel, refer to **Appendix I (ix)**)*

*(For a graphical analysis relating to the preparation of this report, refer to Charts 16 and 17 in **Appendix XIII**)*

Risk

Given that the PSMC does not give details on the purpose and contents of the report which is currently required to be submitted, there could be the risk that Officers do not understand exactly what type of report they should prepare. On the other hand, the recipients of this report could also not exactly understand what is intended to be submitted to them and as a consequence fail to enforce on their subordinates the submission of this report.

Recommendation

The PSMC should be amended accordingly in order to give more details regarding the purpose and expected contents of the report, which is to be submitted after each visit abroad, by listing possible categories of information which should be included in the report. If necessary, a model report is to be provided in the PSMC.

5.2 Four (4) out of the fourteen (14) respondents that stated that the report was never/sometimes submitted did not take any corrective action against Officers who failed to submit the report following the visit. Four (4) other respondents failed to reply to the question posed in the Questionnaire. Out of the six (6) respondents that claimed that some form of corrective action was taken:

- half of the respondents issued reminders;
- two (2) reported the defaulting Officers to the respective Head of Departments; and
- one (1) did not allow the Officers in default to travel before compliance.

Risk

The absence of stringent controls could instigate defaulting Officers not to comply with the relevant Regulations.

Recommendation

Written reminders should be issued to Officers who do not submit the report within one (1) month from their return. If the required report is not submitted within the given date, a report containing details of defaulters should be presented to the respective Permanent Secretary. Further sanctions may include the exclusion of defaulting Officers from future travel.

5.3 The PSMC does not clearly indicate to whom the report following each official visit abroad is to be submitted. This is also reflected in the replies of the twenty-seven (27) respondents that stated that such report was always or sometimes submitted. Two (2) such respondents failed to mention the recipient. The following different recipients were in fact mentioned:

- Directors/Head of Departments.

- Head of delegation.
- Permanent Secretaries.
- Accounting Officers.

Risk

The absence of clear directives as to whom the report is to be submitted could result in different Officers within the same Ministry/Department forwarding their reports to different superiors.

Recommendation

The PSMC should be amended accordingly to include the grade of the Officer who is responsible to collect and review the reports prepared by Officers travelling abroad.

6 Uncertainty on the Applicability of Travel Rules and Regulations to Extra Budgetary Units (EBUs) and other Government Entities

The Office of the Ombudsman claimed that certain questions contained in the Questionnaire were not applicable due to the fact that the Office is a ‘Non-Government Organisation’. For instance, questions relating to the responsibilities of Permanent Secretaries with respect to Travel were marked as ‘Not Applicable’.

The Electoral Office also remarked that certain procedures mentioned in the Travel Rules and Regulations do not apply to their Office as they do to other Ministries/Departments.

Risk

This misinterpretation could result in having Government funds made available for Travel not being administered and controlled in line with the prevailing Rules and Regulations.

Recommendation

As also highlighted in MF letter dated 17 March 2005 received by NAO from the Financial Management Monitoring Unit (*FMMU*), EBUs should also abide with the prevailing Travel Rules and Regulations, such as the provisions of the PSMC and other relevant Circulars. Apart from other guidelines, this letter stated that reference to the Permanent Secretary in these Rules and Regulations should be taken to mean the Chief Executive Officer of EBUs.

However, it is recommended that the guidelines mentioned in this letter be formalised either by inclusion in the provisions of the PSMC or by issuing an MF Circular in this regard.

C. Key Issues: EU-Related Travel

1 Difficulties in identifying and certifying Travel Refunds from the EU

- 1.1 Thirty-six per cent (36%) of respondents stated that they are at times finding difficulties in identifying which meetings, listed in Attachments (Ai) and (Aii) to MF Letter Circular dated 5 November 2004, (**MF Letter Circular**) were refundable. Forty-one per cent (41%) of respondents stated that they are at times finding difficulties to decide to what extent the related travel costs were refundable. In fact, only seventy-seven per cent (77%) of respondents stated that they always identified and certified all the costs of the visits which were refundable.

Moreover, the Department of Information remarked that its Accounting Officers are finding difficulties in identifying a contact person with whom to clarify any queries relating to the compilation of GA27 forms.

*(For an extract from MF Letter Circular and MF Circular 2/2005 relating to refunds from the EU, refer to **Appendix I(xi)**)*

*(For a graphical analysis relating to the identification and certification of refundable meetings and Travel costs, refer to Charts 23 and 24 in **Appendix XVI**)*

Risk

Failure to identify eligibility for refunds of all or part of the expenses incurred in respect of EU-Related Travel could result in loss of EU funds for claims not raised by the Government.

Recommendation

Unresolved difficulties should be immediately reported to the relevant Officer within the EU Paying Authority within MFEA. Moreover, information seminars on Travel, such as that organised by MFEA in November 2004, should be encouraged especially whenever new updated lists of refundable meetings would be issued by the EU.

As remarked by the Department of Information, briefing sessions on this subject matter would also serve to discuss different scenarios encountered by Ministries/Departments which could merit different treatments.

- 1.2 Out of the seventeen (17) respondents that claimed that they always identified and certified the EU-Related Travel costs which were refundable, only two (2) respondents explained that this was done by checking the details of the visits with the contents of MF Letter Circular and its attachments. The following is a summary of the replies given by some respondents:

- Certification by Accounting Officer.
- Listing refundable costs in Letter of Authority for the issue of tickets.
- Checking Travel documentation.
- Forwarding documentation to Top Management.
- Forwarding documentation to EU Paying Authority at MFEA.

Recommendation

As replied by MFEA and the Industrial and Employment Relations Department, refundable EU-Related Travel costs should be identified and certified correct by thoroughly scrutinising the attachments to MF Letter Circular featuring lists of meetings partly or fully refunded by the EU.

1.3 The MF Letter Circular requires Accounting Officers to collect from the returning Officers and forward to the Director (EU Paying Authority) certain documentation including the re-imburement forms. However it does not require higher Senior Management to review and approve the above mentioned documentation.

Certain Ministries/Departments are not complying with the provisions of MF Letter Circular which requires Accounting Officers to forward all the necessary documentation to the Director (EU Paying Authority) **by hand**.

Furthermore, eighteen per cent (18%) of respondents stated that the Officers' submissions were not being forwarded by the Accounting Officer by hand to the Director (EU Paying Authority) within seven (7) days from receipt thereof whilst twenty-three per cent (23%) claimed that this directive was only sometimes followed.

*(For an extract from MF Letter Circular and MF Circular 2/2005 relating to the submission of Travel documentation to the EU Paying Authority, refer to **Appendix I(xi)**)*

*(For a graphical analysis relating to the documentation which is to be forwarded by hand to the Director (EU Paying Authority), refer to Chart 25 in **Appendix XVI**)*

Risk

In the absence of proper reviews and approvals by Senior Management, incomplete and/or inaccurate information could be sent to the Director (EU Paying Authority).

Recommendation

Apart from the case when the Accounting Officer administering the EU-Related Travel documentation holds a grade of 'Principal Officer' or higher, the documentation package should be reviewed by Senior Management before it is submitted to the Director (EU Paying Authority).

Ministries/Departments should also abide with the directives of MF Circular 2/2005, issued after the Travel Questionnaire was circulated by NAO to Ministries/Departments. This Circular requires that all relevant documentation is to be forwarded to the attention of the Director (EU Paying Authority) within 15 days following the date of the meeting. In fact, it was confirmed by the EU Paying Authority that:

- the latter deadline supersedes the deadlines contained in MF Letter Circular; and
- although not explicitly reiterated in MF Circular 2/2005, all documents should be delivered in hard copy, in order to facilitate their accessibility.

1.4 Except for one (1) Respondent that did not reply, all respondents stated that they have kept participation at EU meetings to a minimum, taking into account the requirements of MF Letter Circular.

In fact, nearly all respondents claimed that the percentage of attendance at Council and Commission meetings by more than one Officer did not exceed twenty per cent (20%). However, two (2) respondents replied that such instances ranged from twenty-one to forty per cent (21%-40%) and forty-one to sixty per cent (41%-60%) respectively, and another respondent failed to reply.

*(For an extract from MF Letter Circular relating to the requirement to keep participation of Officers at EU meetings at a minimum, refer to **Appendix I(xi)**)*

Risk

As in some instances refunds are given only in respect of one delegate, there is a risk that the travel cost is borne by the Ministry/Department.

Recommendation

Especially for meetings for which the EU would limit refunds to just one (1) participant per Member State, Ministries/Departments should strive to keep participation to a minimum.

1.5 Except for two (2) respondents that did not reply, all remaining respondents stated that the provisions laid down in MF Letter Circular had been brought to the attention of all concerned so that no refundable funds were lost. However, thirty per cent (30%) of such respondents gave unacceptable replies or did not reply when asked to give further details and explain how this was done.

*(For an extract from MF Letter Circular and MF Circular 2/2005 relating to the responsibility of Directors (Corporate Services) to communicate the related arrangements to all related Officers, refer to **Appendix I(xiv)**)*

(For a graphical analysis relating to the manner by which the provisions of MF Letter Circular were communicated to all Officers, refer to Chart 26 in Appendix XVI)

Risk

Unless all Ministries/Departments communicate effectively the provisions of the prevailing Rules and Regulations governing EU-Related Travel to all travelling Officers, certain refunds from the EU could be lost as some Officers could fail to submit timely and complete documentation.

Recommendation

Ministries/Departments should make sure that all Officers, especially those who frequently Travel on EU-Related Business and Accounting Officers responsible for the administration of related documentation, are made aware of the prevailing Rules and Regulations governing EU-Related Travel. This could be ensured by circulating the relevant Rules and Regulations to all the above-mentioned Officers and, whenever deemed necessary, organising meetings to discuss and clarify any queries.

1.6 The Police Department pointed out that the details related to the refunds by Direct Credit from the Treasury Department were not always sufficient to identify the visits to which they related.

The Department also showed its concern on the procedure related to refunds of air tickets for participation in Council meetings. The current procedure entails the submission of the statement of expenses which in fact is not solely related to the above mentioned expense in itself.

Risk

Considering the ever-increasing number of visits abroad, Ministries/Departments could be devoting excessive time in applying and following up refunds for their participation in Council/Commission meetings.

Recommendation

MFEA should consider and evaluate these remarks in view of improving Ministries/Departments' efficiency in complying with the prevailing Travel Rules and Regulations.

D. Control Issues: Non EU-Related Travel

1 Incomplete Information presented to Permanent Secretaries prior to Approving Visits Abroad

1.1 Permanent Secretaries are not being presented with all categories of information as required by the PSMC prior to each visit abroad.

Moreover, the PSMC does not list these categories of information under one particular section but separately under:

- Section 8.5 (Travelling and Subsistence Overseas); and
- Section 8.8 (Accounting Arrangements for Visits Abroad on Official Duties).

*(For an extract from the PSMC relating to the information to be presented to Permanent Secretaries prior to each visit, refer to **Appendix I(ii)**)*

*(For a graphical analysis relating to the submission of the relative categories of information to Permanent Secretaries, refer to Chart 4 in **Appendix VI**)*

Risk

Permanent Secretaries could not justify the particular visit abroad. As a consequence, approvals could also be granted to those visits which would have been withheld if all the information was provided to the respective Permanent Secretary.

Recommendation

The PSMC should be amended so that all categories of information required to be presented to Permanent Secretaries would feature under one particular section dealing with the procedures to be adopted by Officers seeking the necessary authority. Moreover, a standard Travel Proposal Form should be designed, and attached as an appendix to this section of the PSMC, requiring Officers seeking Travel authority to fill in all the information in accordance with the requirements of the prevailing Travel Rules and Regulations. On their part, Permanent Secretaries should not accept incomplete Travel Proposal Forms.

1.2 Thirty-seven per cent (37%) of respondents failed to describe an acceptable control procedure which was performed prior to the presentation of the information to their respective Permanent Secretary. Forty-four per cent (44%) of respondents stated that they analysed the official documentation of the visit in order to verify the correctness of information presented to Top Management. This also serves as a basis to approve the decision. Nineteen per cent (19%) stated that the information was approved by the respective Directors before it was presented to the Permanent Secretary.

Risk

If the information is not thoroughly checked prior to its presentation to the Permanent Secretary approvals could be based on inaccurate information.

Recommendation

The duly filled proposed Travel Proposal Form should be checked and approved both by the Head of Department and by the Director (Corporate Services) before being forwarded to the Permanent Secretary together with any relevant official documentation.

1.3 Thirty-one per cent (31%) of respondents reported cases where the Permanent Secretary withheld an Officer from proceeding abroad mainly due to:

- financial constraints;
- lack of strong justification for Travel;
- no direct benefit; and
- large size of delegation.

Twenty-two per cent (22%) of the replies were unacceptable whilst three per cent (3%) stated that this issue was not applicable to them.

Recommendation

Permanent Secretaries should thoroughly analyse the proposals submitted and withhold all those proposals which do not have **strong justification**. In such cases, Permanent Secretaries should explain in writing the motives behind their disapproval on the above-mentioned Travel Proposal Form.

2 Adverse Travel Expenditure Variances

Twelve (12) respondents had their Travel Vote exceeded by over forty per cent (40%). Out of these, six (6) respondents exceeded their budget by over eighty per cent (80%) and a further three (3) respondents had an adverse variance of over hundred per cent (100%).

Nine (9) explained that this occurred due to the increase in EU-Related Travel whilst five (5) respondents gave unacceptable replies or did not reply.

*(For a graphical analysis relating to the adverse Travel costs variances, refer to Charts 2 and 3 in **Appendix V**)*

Risk

Funds could be overspent or low travel budgets set at budgetary stage.

Recommendation

Although some of the variances could be justified by the unexpected increase in EU-Related Travel following Malta's EU accession in May 2004, Ministries/Departments should nonetheless start to set reasonable and realistic Travel Budgets and not allow excessive deviations therefrom.

3 Ministerial Delegations' Claims for Non-Entitled Expenditure and Lack of Deductions from the Subsistence Allowance of Accompanying Members

Eighty-two per cent (82%) of the applicable seventeen (17) respondents carried out some form of checking on the Statements of Expenses submitted by Ministerial Delegations. However, twelve per cent (12%) stated that no checking was made whereas six per cent (6%) did not reply.

Out of those respondents that checked Ministerial Delegations' Statements of Expenses, thirty-six per cent (36%) withheld the re-imburement of certain items of expenditure as they were not fully related to official business.

Seventy-one per cent (71%) of the applicable respondents claimed that the subsistence allowance of the accompanying members of Ministerial delegations were deducted for official lunches hosted by the Minister. Seventy-four per cent (74%) of the applicable respondents claimed that the subsistence allowance of the accompanying members of Ministerial delegations were deducted for official lunches hosted by the organising body.

*(For an extract from the PSMC relating to the re-imburements of expenditure incurred by Ministerial Delegations, refer to **Appendix I (iii)**)*

*(For a graphical analysis relating to the withholding of re-imburements to Ministerial Delegations, refer to Chart 7 in **Appendix VII**)*

*(For a graphical analysis relating to the deduction from the subsistence allowances of accompanying members of Ministerial Delegations, refer to Chart 6 in **Appendix VII**)*

Risk

Unless Ministerial Delegations' Statement of Expenses and related evidence is checked, there is the risk that expenditure which does not relate to official business could also be reimbursed from Public Funds.

Accompanying members of Ministerial Delegations could be paid the full subsistence allowance even though they would have benefited from free meals during official lunches and/or dinners hosted either by the Minister or the organising body.

Recommendation

Accounting Officers should:

- analyse Statements of Expenses and receipted bills so as to confirm that claims fully relate to official business;
- scrutinise the receipts for lunches hosted during the Ministerial visit to confirm the accompanying members' claims;
- not advance any subsistence allowance if the members of the Ministerial Delegation do not submit beforehand an official programme of the meeting or an official confirmation issued by the hosting organisation; and
- seek clarifications or official programmes from members of Ministerial Delegations relating to official lunches or dinners hosted by the Minister.

4 Lack of Adequate Controls on Hotel Accommodation Entitlements

4.1 Ministries/Departments are not adopting standard control procedures to ensure that whenever the accommodation was paid for separately, Officers stayed in the appropriate hotel categories as indicated in the PSMC. In fact, when asked to describe the controls in place, twenty-two per cent (22%) of respondents gave unacceptable replies whilst thirteen per cent (13%) replied that the controls were limited to just informing Officers of their entitlements.

Fifty per cent (50%) of respondents had more than eighty-one per cent (81%) of their Officers who opted for the half (1/2) subsistence allowance as the accommodation was paid by their Ministry/Department.

*(For extracts from the PSMC relating to the hotel accommodation entitlements, refer to **Appendix I(iv)**)*

*(For a graphical analysis relating to the hotel accommodation entitlements, refer to **Charts 8 and 9 in Appendix VIII**)*

Risk

In the absence of standard controls exerted by all Ministries/Departments, there could be cases whereby Class B Officers would benefit from Superior I hotels in the absence of a reasonable justification and relative approvals as required by the PSMC.

Recommendation

As replied by sixteen per cent (16%) of respondents, an ideal control system, whenever the half subsistence allowance is paid, could be that of having the respective Ministry/Department make all the hotel arrangements for the Officers proceeding abroad and not delegating this process to the travelling Officers. Ministries/Departments should appoint an Officer who would be responsible for:

- making all the necessary hotel enquiries and bookings;
- making sure that the class of the travelling Officer matches the respective hotel category booked; and
- if the appropriate hotel category cannot be booked, obtain the necessary approvals in accordance with the provisions of the PSMC.

As also replied by forty per cent (40%) of respondents, Ministries/Departments should be forwarded with the original hotel bill and other related documentation, especially when payment is not effected directly by the Ministry/Department. This would confirm that the Officers stayed in hotels booked by the Ministry/Department.

4.2 Two (2) Ministries/Departments had instances where an Officer in Class B booked a hotel in Superior 1 category as the other hotels were heavily booked or due to a short notice invitation. However, these respondents did not get the necessary approvals from MFEA and Management and Personnel Office in order to reimburse the actual cost of the hotel accommodation as required by the provisions of the PSMC.

(For a graphical analysis relating to the instances where a Class B officer stayed in Superior I Hotel, refer to Chart 10 in Appendix VIII)

5 Lack of Controls on Outstanding Travel Funds in respect of Previous Visits

5.1 There are instances across Ministries/Departments of Directors (Corporate Services) failing to confirm that the Officers proceeding abroad have no outstanding Travel Funds in respect of previous visits. Seventy-five per cent (75%) of respondents stated that their respective Director (Corporate Services) always confirmed that this check was being made.

Furthermore, no instances were reported whereby an official visit was withheld because the Officers proceeding abroad either had outstanding Travel Funds or because of incomplete declaration forms. On the other hand, three (3) respondents had instances where an Officer who had not submitted the necessary forms and Statement of Expenses within one (1) month from his return to Malta, was issued with new Travel advances prior to compliance. The reasons given include short notice invitations and unavoidable Travel in the interest of the Ministry/Department.

*(For extracts from the PSMC and Form GA27 relating to outstanding Travel Funds, refer to **Appendix I (viii)**)*

*(For a graphical analysis relating to the confirmation by Head of Department/Director (Corporate Services), refer to Chart 14 in **Appendix XII**)*

Risk

The Director's (Corporate Services) declaration on the GA27 form could be questionable since in practice Travel authority is being granted to Officers who would still need to account for outstanding Travel Funds with respect to previous visits.

Recommendation

Ministries/Departments should maintain a detailed database of outstanding Travel Funds. In this way, Directors (Corporate Services) would be in a better position to confirm whether the Officer seeking travel authority in effect has any pending Travel Funds relating to previous visits.

5.2 Fifty-three per cent (53%) of respondents gave unacceptable or no replies when asked for the action that was being taken to ensure that pending statements were always submitted within the time frame imposed by the Travel Rules and Regulations. On the other hand, thirty-eight per cent (38%) claimed that the action taken was that of reminding the respective Officers of their obligations. The remaining actions mentioned included:

- withholding approval to travel (6%); and
- reporting defaulting Officers to the Permanent Secretary (4%).

The Police Department remarked that due to the ever increasing number of visits abroad, time frames could not be consistently observed.

With regards to the corrective action taken against Officers having outstanding Travel Funds dating back to previous years, eighty-one per cent (81%) replied that such cases were not applicable to them, apart from the nine per cent (9%) of respondents that gave unacceptable replies.

Risk

In the absence of effective controls aimed at collecting outstanding Travel Funds as soon as possible, there is the risk that Ministries/Departments end up with a back log of outstanding Travel Funds.

Recommendation

Ministries/Departments should update and monitor at all times the database recommended in this Report, so that outstanding Travel Funds could be identified immediately. Thereafter, written reminders should be sent to the defaulting Officers and if the necessary documentation is not submitted within the set date, a report containing details of defaulters should be presented to the Permanent Secretary. Furthermore, Ministries/Departments should enforce the contents of Paragraph 8.8.1.5 of the PSMC which prohibits Travel to Officers having outstanding Travel Funds or incomplete declaration forms.

5.3 Fifty-three per cent (53%) of respondents claimed that they were in a position to identify outstanding Travel Funds still pending for 2004 and had been outstanding for more than one (1) month. Apart from the sixteen per cent (16%) of respondents that were not in a position to identify these defaulters, thirty-one per cent (31%) replied 'Not Applicable' which could be interpreted to mean that these respondents did not have any outstanding Travel Funds for 2004. However, the records maintained by NAO showed that six (6) out of the ten (10) respondents that replied 'Not Applicable' had in total forty-two (42) outstanding Travel Funds (Lm11,136) for 2004 which up to 20 April 2005 had not been forwarded to NAO.

(For a list of Ministries/Departments which according to NAO records had outstanding Travel Funds, refer to Table 7 in Appendix XII)

Risk

The fact that certain Ministries/Departments are not in a position to identify outstanding Travel Funds could make it very difficult to follow up and close off outstanding Travel Funds as soon as possible. This could as well trigger the risk of ending up with a back log of outstanding Travel Funds.

Recommendation

The recommended database would facilitate the immediate identification of long outstanding Travel Funds on which immediate corrective action would need to be taken.

5.4 Out of the seventeen (17) respondents that were able to identify outstanding Travel Funds, six (6) respondents replied 'Not Applicable' when asked for the main reasons for having outstanding Travel Funds. Out of the remaining eleven (11) respondents, fifty-five per cent (55%) claimed that Travel Funds remained outstanding due to the non-submission of documentation whereas forty-five per cent (45%) stated that this happened also due to the lack of staff. Furthermore forty-five per cent (45%) of respondents mentioned other reasons such as:

- late receipt of documents from Travel agents and Central Bank;

- delays of arrear charge approvals from MFEA;
- mislaid documentation at MFEA;
- lengthy verification of Statements of Expenses; and
- substantial increase in Travel.

(For a graphical analysis relating to the main reasons for having outstanding Travel Funds, refer to Chart 15 in Appendix XII)

Recommendation

Ministries/Departments should identify the factors which are triggering outstanding Funds and subsequently strive to resolve them.

6 Ineffective Use of Materials and Knowledge achieved from Travel

Sixty-nine per cent (69%) of respondents maintained official materials brought from abroad and in different manners made them available to the Officers in the respective Ministry/Department. Nine per cent (9%) stated that such materials were only filed or archived without explaining if they were actually made available or not to the other Officers, whilst twenty-two per cent (22%) of respondents gave unacceptable replies or did not reply.

In fact, only fifty-six per cent (56%) of respondents claimed that the knowledge and benefits achieved from Travel were passed on to other Officers in the form of training or otherwise. Another thirty-eight per cent (38%) stated that the knowledge is not always shared whilst the remaining six per cent (6%) did not reply or replied 'Not Applicable'.

Out of the thirty (30) respondents that always/sometimes passed on the knowledge achieved to the other members of the Ministry/Department, eight (8) replied 'Not Applicable' when asked to give further details. Out of the remaining twenty-two (22) respondents:

- fifty-five per cent (55%) explained that this knowledge was shared through staff training activities;
- eighteen per cent (18%) filed and made available the materials brought back;
- nine per cent (9%) passed on the knowledge through the preparation and presentation of reports; and
- eighteen per cent (18%) gave unacceptable replies or did not reply.

Risk

The knowledge, benefits and experiences gained from Travel could be only limited to the Officer(s) who actually travelled abroad and no extra value added could be gained for the Ministries/Departments as a whole unless shared with the other Officers at interest.

Recommendation

To attain the uttermost benefits of the visit, information obtained should be shared with all the Officers at interest.

7 Claims for Non-Entitled Expenditure

7.1 Four (4) respondents had some cases where Officers attempted to claim non-entitled expenditure. The following are the most common non-entitled expenditure claimed, as mentioned by the four (4) respondents:

- Unreceipted Transport expenses.
- Telephone expenses.
- Tips.
- Porterage charges.
- Subsistence allowance even when meals were provided for free.

Only half of these respondents withheld the non-entitled expenditure claimed by the Officers.

Risk

In the absence of effective controls, other Officers could be given the impression that the Ministry/Department does not have control over the situation and therefore they could claim non-entitled expenditure without any negative repercussions.

Recommendation

Whilst compiling their Statements of Expenses, Officers should be able to clearly distinguish between entitled and non-entitled expenditure. The same applies for the Accounting Officers who should also encourage other Officers to put forward any enquiries relating to Travel entitlements. Furthermore, the Travel Rules and Regulations should more clearly highlight the categories of non-entitled expenditure.

7.2 Eighty-eight per cent (88%) of respondents stated that travel Officers did not seek written advice in connection with particular expenses before they committed themselves. Only half of these respondents had Officers who sought verbal advice. Forty-three per cent (43%) claimed that they never had a case where an Officer enquired verbally with regards to expenditure re-imbursments whilst seven per cent (7%) of respondents had unacceptable replies or did not reply.

8 Lack of Controls on Refunds of Unused Balances of Foreign Cash

8.1 Out of a population of twenty-four (24) respondents that advanced contingency money to the Officers proceeding abroad, eight per cent (8%) stated that unused balances of foreign cash were refunded by the delegates long after their return to Malta whilst twenty-five per cent (25%) of respondents claimed that this happened only sometimes.

*(For a graphical analysis relating to the lateness of the refunds of unused balances, refer to Chart 18 in **Appendix XIV**)*

Risk

In the absence of basic controls that monitor advances of contingency money, there exists the risk of misappropriation of refundable foreign currency.

Recommendation

Ministries/Departments should take immediate corrective action against delegates who do not return unused balances of foreign cash immediately as required by paragraph 8.9.1.5 which states that: *“Unused balances are to be repaid immediately....”*

If necessary, the corrective action should also extend to reporting the defaulting Officers to the respective Permanent Secretary.

8.2 The majority of respondents stated that they deposited the unused balances of foreign cash at the Central Bank of Malta. Three (3) respondents explained that this lateness derived from the late submission of Statements of Expenses by the delegates.

8.3 Fifty-four per cent (54%) of the twenty-four (24) respondents that forwarded contingency money secured any unused foreign cash balances in a safe. However, twenty-one per cent (21%) claimed that this did not apply to them as deposits were made on the same day the unused foreign cash balances were received from the delegates.

Seventy-five per cent (75%) of the above mentioned population of respondents replied ‘Not Applicable’ when asked if a database was being maintained whenever the refunded foreign cash balances had not been deposited into the Central Bank of Malta. This could either be interpreted to mean that no database was maintained or else the question was misunderstood. In fact only four per cent (4%) stated that movements of foreign currency cash were being recorded in some form of database.

*(For a graphical analysis relating to the security of foreign cash balances before being deposited into the Central Bank of Malta and for a database maintained for foreign cash balances, refer to Charts 19 and 20 in **Appendix XIV**)*

Recommendation

Due to its sensitive nature, cash should always be monitored and controlled by recording its movements. Furthermore, cash must always be physically secured, preferably by keeping it in a safe, even if such amounts are deposited at the Central Bank of Malta on the same day of receipt.

9 Delegation of Permanent Secretary's Final Approvals

9.1 Four (4) respondents stated that Travel final approvals were delegated by the Permanent Secretary to the Director (Corporate Services) or Director General, whereas three (3) respondents claimed that such delegation of authority was made in certain instances only. Except for one (1) Respondent that claimed that the final approval was always delegated whenever the particular visit abroad related directly to the Director General and for another Respondent that did not reply, the remaining five (5) respondents stated that final approvals had to be delegated whenever the respective Permanent Secretary was not available.

Risk

The current Travel Rules and Regulations do not clearly guide Ministries/Departments in cases where the respective Permanent Secretary would not be available to approve or otherwise the particular visit.

Recommendation

MFEA should consider the situations encountered by Ministries/Departments where the respective Permanent Secretary would not be available to approve Travel. Moreover, the recommendation put forward by the Commerce Division in 9.2 should also be evaluated as it could be a plausible solution to the problem.

Whatever the conclusions reached by MFEA, they should be clearly reflected in the Travel Rules and Regulations.

9.2 The Commerce Division within the Ministry for Competitiveness and Communications recommended that whenever a Department has a Director General in place, Travel approvals should be delegated to him in accordance with stipulated parameters. This would avoid unnecessary delays and double-handling. A relevant bi-monthly report should then be prepared for the Permanent Secretary's and Director's (Corporate Services) perusal.

10 Lack of suitable basis on which Officers are nominated to Travel

Half of respondents stated that Officers were nominated to attend official conferences and seminars abroad upon the recommendation by Top Management. Thirty-eight per cent (38%) explained that prior to nominating Officers to Travel, the conference contents were matched with the Officers' areas of competence. Another six per cent (6%) explained that due to their nature of operations, travelling Officers were predetermined as an established practice.

Risk

Lack of a formal basis by which Top Management nominates Officers to attend official conferences and seminars abroad increases the risk that such meetings are not attended by the most suitable Officers.

Recommendation

As remarked by thirty-eight per cent (38%) of respondents, the subject matter of the particular conference/seminar is to be matched with the areas of competence of Officers. Thereafter, on the basis of this analysis, Top Management should nominate the right Officers to Travel. Moreover, approvals should be given in writing clearly stating the reasons why the nominated Officers were deemed to be the most suitable persons to represent the Ministry/Department.

E. Control Issues: EU-Related Travel

1 No database of EU-Related Visits

Sixty-four per cent (64%) of respondents stated that they keep a database of all the visits on EU-Related business in order to ensure that the Ministry/Department properly manages funds due from the EU. However fourteen per cent (14%) of respondents did not keep track of the visits whilst twenty-two per cent (22%) did not reply.

Furthermore, twenty-seven per cent (27%) of respondents did not reply when asked to describe the manner by which they ensured that none of the eligible refunds from the EU were lost. However, fifty per cent (50%) explained that they followed up eligible refunds and coordinated closely with the EU Paying Authority within MFEA. The remaining respondents gave different replies, of which:

- keeping files with pending refunds aside;
- double checking Travel documentation;
- follow up with responsible Officers at the respective Ministry; and
- e-mail reminders.

Risk

In the absence of basic controls, such as that of maintaining a database with all the EU-Related visits and following up effectively the respective applications for refunds, Ministries/Departments could lose out eligible refunds from the EU.

Recommendation

Ministries/Departments should keep records, numbered sequentially and referenced to the relative physical files, of the official visits abroad made by their Officers, but separately identifying non-EU from other Travel. The updated information contained therein would serve as a basis by which Ministries/Departments control and ensure that all applications for refunds from the EU are duly submitted and followed up.

F. Compliance Issues: Non EU-Related Travel

1 No Provisional Bookings for Air Tickets

1.1 Thirteen per cent (13%) of respondents did not always provisionally book air tickets whilst three per cent (3%) of respondents did not reply. The following reasons were given for not making provisional bookings:

- Duration of visits and price fluctuations.
- Air tickets provided by organisers.
- Late notification of visit.

The Ministry for Rural Affairs and the Environment stated that as a result of not making provisional bookings, certain Officers travelled on Business instead of Economy Class.

*(For an extract from the PSMC relating to provisional bookings with Air Malta, refer to **Appendix I(xv)**)*

Risk

Discounted flights with Air Malta could be fully booked if Ministries/Departments do not make provisional bookings as soon as possible.

Recommendation

This Office acknowledges the fact that due to possible short notice Travel invitations, provisional bookings for air tickets could not always be made in advance. However, Ministries/Departments should as much as possible make such provisional bookings with Air Malta so as to ascertain the appropriate class of tickets.

Any difficulties encountered with the services offered by Air Malta should be immediately reported to MFEA.

1.2 The Ministry of Foreign Affairs remarked that very often it happened that the number of seats allocated by Air Malta, under the 50% rebate system, were all booked and as a consequence, the Ministry was obliged to pay the full commercial fare.

1.3 The Registration Division within the Ministry for Justice and Home Affairs remarked that it was encountering difficulties with Air Malta in obtaining the cheapest fare and best route. Likewise, the Consumer and Competition Division within the MFEA claimed that Air Malta took some time to confirm the tickets booked and that the latter charged high prices for itineraries with different return route.

2 Officers entitled to Travel on Economy Class Basis travelling on Club Class Basis

According to respondents, there was a total of three hundred and nineteen (319) delegations that travelled on Club Class basis in 2004. This gives an average of ten (10) such visits per Ministry/Department. Nine (9) Ministries/Departments exceeded this average.

Twenty two per cent (22%) of respondents stated that there were Officers who travelled on Club Class basis even though they were not within Salary Scales 1 to 3 and did not form part of a Ministerial Delegation. Except for one (1) Respondent that explained that such instances were always considered by the Private Secretariat, the other respondents claimed that Economy Class tickets were not always available especially for short notice Travel.

(For a list of Ministries/Departments which exceeded the average number of Business Class visits, refer to Table 9 in Appendix XVIV)

(For an extract from the PSMC relating to the entitlements for Business Class Travel, refer to Appendix I (xvi))

(For a graphical analysis relating to non-entitled Travel on Business Class, refer to Chart 32 in Appendix XVIV)

Risk

Officers not entitled to Travel on Club Class basis may be inappropriately benefiting from this facility financed through Public Funds.

Recommendation

Ministries/Departments should as much as possible make provisional bookings with Air Malta so as to ascertain that travelling Officers always benefit from their entitled class of air travel.

3 Ministerial Delegations accompanied by more than one Officer in Salary Scale 4 or Below on Business Class Basis

Nineteen per cent (19%) of respondents had cases where Officers in Salary Scale 4 or below accompanied Ministerial Delegations and hence travelled on Business Class basis. Four (4) of these respondents explained that this happened because of:

- a decision of the Minister;
- the need for additional security Officers; and
- the need for advice on certain items on the agenda.

The remaining two (2) respondents identified the events attended in these instances but did not explain the reasons for their non-compliance.

*(For an extract from the PSMC relating to the entitlements for Business Class Travel, refer to **Appendix I(xvi)**)*

*(For a graphical analysis relating to Officers in Salary Scale 4 or below accompanying Ministerial Delegations, refer to Chart 33 in **Appendix XVIV**)*

Risk

The number of Officers travelling with a Ministerial delegation may be on the high side leading to costs unnecessarily incurred from Public funds.

Recommendation

MFEA should evaluate the situations portrayed by some Ministries/Departments where more than one Officer in Salary Scale 4 or below accompanied a Ministerial Delegation. On the basis of this evaluation, the Ministry should either confirm the relative provision of the PSMC or amend as deemed appropriate.

4 Air Travel and Hotel Accommodation Arrangements not done through Air Malta

Thirty-eight per cent (38%) of respondents stated that they always made air travel and hotel accommodation arrangements through Air Malta. However, fifty-six per cent (56%) of respondents did not always use the services of Air Malta whereas six per cent (6%) did not reply. Moreover, out of the respondents that did not always use the services of Air Malta, eleven per cent (11%) failed to obtain at least two (2) other quotations from other travel airlines whilst seventeen per cent (17%) claimed that such quotes were not always obtained.

*(For an extract from the PSMC relating to air travel and hotel accommodation arrangements, refer to **Appendix I (xvii)**)*

*(For a graphical analysis relating to the quotations from other travel airlines, refer to Chart 30 in **Appendix XVII**)*

Risk

Unless the services of Air Malta are utilised as much as possible, the special discounts applicable to Officers travelling on Government related duties may not be availed of by Ministries/Departments.

Recommendation

As required by the relative provisions of the PSMC, whenever the services of Air Malta are not used for some permissible reason, alternative air travel arrangements should only be authorised on the presentation of three (3) quotes, one of which must always be from Air Malta.

5 Non-Submission of Documentation to the Auditor General

5.1 The database maintained by NAO showed that seven (7) out of the fifteen (15) respondents claiming that they always respected the deadline of forwarding to NAO the duly filled Travel forms accompanied by originals of documents and receipts within three (3) months of Travel, had as at 20 April 2005 fifty-two (52) outstanding Travel Funds valued at Lm16,015.

*(For an extract from the PSMC relating to the submission of Travel documentation to the Auditor General, refer to **Appendix I(x)**)*

*(For a graphical analysis relating to the submission of Travel documentation to the Auditor General, refer to Chart 21 in **Appendix XV**)*

*(For a list of Ministries/Departments which according to NAO records had outstanding Travel Funds, refer to Table 8 in **Appendix XV**)*

Risk

If outstanding Travel Funds are not closed off as soon as possible, there is the risk that Ministries/Departments end up with a back log of outstanding Travel Funds and the same situation as that of the Pre-1993 could prevail.

Recommendation

Ministries/Departments should check thoroughly if they have any pending Travel documentation for 2004 which has not as yet been submitted to NAO and investigate the reasons for this non-compliance. The recommended database should also serve as a useful tool to identify non-compliance in this regard.

5.2 Fifty-three per cent (53%) of the fifteen (15) respondents that replied that the time-frame was not/not always adhered to explained that this happened as a result of the late submission of:

- credit advices and air tickets' invoices;
- statements of expenses; and
- re-imburements of expenses from foreign organisations.

*(For a graphical analysis relating to the reasons for the late submission of Travel Documentation to NAO, refer to Chart 22 in **Appendix XV**)*

5.3 Sixty-six per cent (66%) of respondents gave unacceptable replies when asked for the action taken to ensure that all Travel documentation was forwarded to NAO within the stipulated time-frame. Thirteen per cent (13%) instructed and reminded the responsible Officers of their obligation to comply with the deadline whilst the remaining twenty-one per cent (21%) of respondents mentioned other actions such as:

- allocating additional staff to process more efficiently outstanding Travel files;
- regular checking by Director (Corporate Services);
- chasing documents from delegates;
- setting deadlines for the submission of documents by delegates; and
- reporting long-outstanding defaulters to the Director (Corporate Services).

G. Compliance Issues: EU-Related Travel

1 Lack of Compliance with the Provisions governing Travelling to Brussels

1.1 Twenty-seven per cent (27%) of respondents claimed that delegates did not always use the services of Air Malta to attend EU meetings whereas five per cent (5%) did not reply. The following are reasons forwarded for non-compliance:

- Flight connections problems, however alternative connections were nonetheless arranged through Air Malta.
- No seats were available on Air Malta flights.
- Air Malta did not submit its quotation in time and as such the services of other airlines had to be sought.

Except for one (1) Respondent that did not reply, all respondents that did not always travel with Air Malta claimed that they obtained at least three (3) quotations, one of which was from Air Malta. Apart from one (1) Respondent that chose the second cheapest quotation (as the cheapest quotation's dates of available flights necessitated extra idle days abroad) all other respondents stated that the cheapest quotation was always chosen.

*(For an extract from MF Letter Circular relating to flights to Brussels, refer to **Appendix I(xii)**)*

Risk

Ministries/Departments which fail to utilise the services of Air Malta would lose the financial benefits derived from the lowest commercial rates made available by the company as originally agreed with the Government.

Recommendation

Ministries/Departments should abide by the prevailing Travel Rules and Regulations governing EU-Related Travel. However, if Ministries/Departments are encountering problems for compliance, they should inform the MFEA with the reasons why the relevant provisions of MF Letter Circular could not be adhered to. The latter should evaluate this feedback and amend the regulations accordingly.

1.2 In cases of no direct flights to Brussels, eighteen per cent (18%) of respondents did not use the alternative routes to Amsterdam and then via rail to Brussels as required by MF Letter Circular. Furthermore, thirty-six per cent (36%) claimed that the above-mentioned alternative routes were not always resorted to. Some claimed that other routes were utilised whilst others stated that alternative routes were provided by Air Malta. Two (2) respondents gave unacceptable replies.

(For a graphical analysis relating to the use of other alternative routes for Brussels, refer to Chart 27 in Appendix XVII)

1.3 The majority of respondents stated that codes DM75G1 and MFIN021 were always inserted by identified signatories with Air Malta to make the necessary EU-Related Travel reservations. However, these respondents did not forward an acceptable reply when asked to briefly describe the controls in place which ensured that these codes were always inserted, when necessary.

Risk

In the absence of control procedures designed to ensure that these codes are inserted as necessary in the letter of authority for the issue of air tickets there is the risk that, due to human error or otherwise, these could not be inserted.

Recommendation

Ministries/Departments should prepare a standard template of the letter of authority for the issue of air tickets by Air Malta and the necessary codes would be pre-printed on the above-mentioned template. This control procedure is in fact already being implemented by OPM and the Ministry of Health.

1.4 MF Letter Circular does not include an article requiring the insertion of code MFIN021 which is to be used whenever Government passengers are entitled to upgrade to business class. In fact this directive was only given during a training seminar entitled 'Travel Abroad on Official Business' organised by MFEA in November 2004 (*Travel Seminar*).

(For extracts from MF Letter Circular and from the training material distributed during the Travel Seminar, refer to Appendix I (xiii))

Risk

This could create difficulties in obtaining a refund from the EU since the Air Malta invoice would not separately identify the economy class portion from the upgrade to business class.

Recommendation

MFEA should make sure that all the instructions contained in any training material made available to Ministries/Departments should be *a priori* incorporated in the prevailing Travel Rules and Regulations.

2 Non-Compliance with the Requirements of MF Letter Circular with regards to Hotel Accommodation in Brussels

2.1 Twenty-three per cent (23%) of respondents stated that delegates who had EU-Related Travel did not make reservations for accommodation via Air Malta at one of the four (4) hotels in Brussels listed in Appendix C of MF Letter Circular, whereas twenty-seven per cent (27%) stated that these hotels were not always used. MFEA explained that the services of Air Malta were not always used by Ministries/Departments because sometimes hotels required the credit card details of the travelling Officer and Air Malta cannot provide this information.

*(For an extract from MF Letter Circular relating to the provision of hotel accommodation reservations by Air Malta, refer to **Appendix I(xii)**)*

*(For a graphical analysis relating to the use of hotels in Brussels provided by Air Malta, refer to Chart 28 in **Appendix XVII**)*

Risk

Unless the instructions given during the Training Seminar are not formalised in official Government Rules and Regulations such as the PSMC or Circulars, Ministries/Departments could encounter difficulties in understanding the exact requirements with regards to hotel accommodation in Brussels.

Recommendation

MFEA should clearly identify those provisions in MF Letter Circular that supersede the relative provisions of OPM/MF Circulars and PSMC. MFEA should make sure that all the instructions contained in any training material made available to Ministries/Departments should be *a priori* incorporated in the prevailing Travel Rules and Regulations. Hence, the MF Letter Circular should be amended to better explain the exact procedures to be followed by Ministries/Departments whilst seeking accommodation in Brussels.

2.2 Fifty-five per cent (55%) of respondents that did not or not always make use of the hotels listed in attachment C of MF Letter Circular explained that this happened because reservations were being made through the Maltese Embassy in Brussels. Eighteen per cent (18%) claimed that the above-mentioned hotels were not used as accommodation was not available at the time of Travel.

In fact, MFEA stated that in practice, when public Officers travelled to Brussels, they could either choose to stay in one of the above mentioned hotels or else they could still make their own arrangements with other hotels, given that the cost of the hotel booked does not exceed half of their entitled subsistence allowance (applicable only for half subsistence allowance basis). However, although the latter was explained to all

Ministries/Departments during the Travel Seminar, MF Letter Circular mentions nothing in this regard.

(For an extract from the training material distributed during the Travel Seminar, refer to Appendix I(xii))

(For a graphical analysis summarising the reasons given by respondents for not booking hotels through Air Malta, refer to Chart 29 in Appendix XVII)

2.3 A further discrepancy between the PSMC and MF Letter Circular was noted in that Public Officers classified as Class B Officers, who travel to Brussels, can stay in hotels with a classification higher than 3-Star, even though the PSMC prohibits this.

3 Non-Compliance with Regulations regarding the Accountability of Cash Advances made to Officers on EU-Related Travel

Thirty-two per cent (32%) claimed that Officers do not always account for the cash advances made to them for EU-Related Travel within fifteen (15) days from their return to Malta. Four per cent (4%) did not reply.

One (1) Respondent noted that travelling Officers did not always attach the documentation required by Article 15 of MF Letter Circular to their respective Statement of Expenses. Another Respondent stated that such documentation was not being attached to the Statement of Expenses as the travelling Officers themselves were directly submitting it to the EU Commission.

Apart from the three (3) respondents that gave unacceptable replies, reasons forwarded to justify non-compliance included:

- respondents made verbal/written reminders in order to ensure compliance in this regard;
- defaulting Officers were not allowed to sign the Form GA27; and
- it was not always possible to submit such documentation in time but without giving any justifications.

(For an extract from MF Letter Circular and MF Circular 2/2005 relating to the accountability of cash advances after the travelling Officers' return to Malta, refer to Appendix I(xi))

Risk

If outstanding Travel Funds are not closed off as soon as possible, there is the risk that Ministries/Departments end up with a back log of outstanding Travel Funds.

Furthermore, refunds from the EU could be forfeited due to the late submission of Statements of Expenditure and other required attachments.

Recommendation

Ministries/Departments should first identify the factors which are triggering long due outstanding funds. On this basis, corrective action aimed to improve compliance in this regard should be implemented.

From their part, Officers travelling on EU- Related business should strive to account for the funds advanced to them as early as possible as detailed by MF Circular 2/2005.

4 Non-Submission of Documentation providing Details of All Council Meetings attended by Officers since 1 May 2004

Fifty per cent (50%) of respondents stated that their Directors (Corporate Services) submitted to the EU Paying Authority the relative documentation, as specified in Article 17 of MF Letter Circular, providing details of all Council meetings listed in Attachment (Ai) attended by Officers since 1 May 2004. Nine per cent (9%) claimed that this documentation was not submitted yet whereas eighteen per cent (18%) stated that this requirement was not applicable to them. The remaining twenty-three per cent (23%) of respondents did not reply.

*(For an extract from MF Letter Circular relating to the requirement imposed on Directors (Corporate Services) to submit the aforementioned documentation to the EU Paying Authority, refer to **Appendix I(xiv)**)*

Risk

Refunds of EU-Related Travel costs incurred in respect of attendance to certain Council meetings since 1 May 2004 could have been lost.

Recommendation

MFEA should take corrective action against defaulting Directors (Corporate Services) especially if non-compliance resulted in lost refunds from the EU. Furthermore, Directors (Corporate Services) should submit the required documentation to the EU Paying Authority at their earliest, if the said Article is still applicable.

5 Non-Submission of a Copy of the Personal and Financial Identification Form (*Form C*) by Officers attending Commission Meetings

Eighty-two per cent (82%) of respondents stated that they did not lose any refunds as a result of not submitting a copy of Form C to the organisers of Commission meetings. The remaining eighteen per cent (18%) of respondents gave unacceptable replies or did not reply.

Forty-one per cent (41%) of respondents claimed that in some instances, the above-mentioned Form was submitted by the respective Ministry/Department either by post, fax or e-mail.

*(For an extract from MF Letter Circular relating to the requirement to submit a copy of Form C, refer to **Appendix I(xi)**)*

*(For a graphical analysis relating to the methods by which a copy of Form C is sent whenever Officers fail to submit it, refer to Chart 31 in **Appendix XVIII**)*

Risk

Refunds of EU-Related costs incurred in respect of participation by Government Officers to Commission meetings could be lost unless a copy of an accurately compiled Form C is always submitted in time by each Officer to the organisers of these meetings.

Recommendation

Ministries/Departments should take corrective action against Government Officers who fail to submit a duly filled Form C to the organisers of Commission meetings as non-compliance in this regard could deprive the Government of refunds from the same Commission.

6 Refunds for Pre-Accession Meetings still due from the EU

Four (4) respondents stated that they still had refunds due from the EU for Pre-Accession meetings sponsored by the TAIEX Office of the EU Commission and/or any other Office within the EU.

Except for one (1) of the above mentioned respondents that explained that e-mail reminders were being sent but without specifying to whom, the remaining three (3) respondents stated that they were following up pending refunds with the EU Paying Authority.

Risk

Unless immediate attention is given to these outstanding matters, Ministries/Departments could fail to collect the Pre-Accession refunds from the EU.

Recommendation

The EU Paying Authority should identify the factors which are triggering the excessive delays of refunds for Pre-Accession meetings from the EU and take immediate action accordingly.

H. Management Comments

FMMU agrees with the recommendations put forward by NAO. The Unit urges OPM and the Ministry of Finance to implement these recommendations so as to assist Top Management across Ministries/Departments in preparing their frameworks for managing travel in a way that builds on good practices already in place in the Organisation.

The Ministry of Finance concurs generally with the recommendations put forward in the report and has no objection in principle to the introduction of appropriate provisions, where applicable, with a view to implementation. This applies in particular to issues relating to contingency money, telephone claims, outstanding travel advances and updating of the relative chapter on official travel in the PSMC.

However, the Ministry reiterates that, while action will be taken to fine-tune regulations where practicable, it favours a line of action that obliges responsible officers to first secure compliance with the existing framework. What would appear to be mainly lacking is an appropriate measure of enforcement.

Appendices

Appendix I – Extracts from the Relevant Travel Rules and Regulations

(i) tentative programmes

Paragraph 8.5.1.2 of the PSMC states that:

“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.”

(ii) Information presented to Permanent Secretaries prior to Travel

Paragraph 8.5.1.3 of the PSMC states that:

“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.”

Paragraph 8.5.1.4 of the PSMC states that:

“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.”*

Thereafter, paragraph 8.8.1.1 requires that:

“...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.”

(iii) Provisions of Subsistence Allowances

Paragraph 8.6.3.1 of the PSMC states that:

“(a) When accommodation is provided free, the standard allowance is to be reduced by half (½) 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 (⅓).

(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 (½) 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.”

To enforce the above-mentioned provision, MF Circular 2/98 requires that:

“Before approving, Permanent Secretaries / Directors of Corporate Services should ask for the official literature that relates to the visit and which may include the conditions and amenities offered by the hosting organisation.”

With regards to Ministerial Delegations, paragraph 8.9.1.3 of the PSMC states that:

“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.”

(iv) Hotel Accommodation Entitlements

Paragraph 8.6.5.1 of the PSMC states that:

“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.”

Paragraph 8.6.5.2 adds that:

“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.”

(v) Re-imbursments of Taxi Expenses

Paragraph 8.6.7.1 of the PSMC states that:

“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.”

(vi) Re-imbursments of Gratuities

Paragraph 8.6.6.1 of the PSMC states that:

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

(vii) Re-imbursments of Official Telephone Calls

Circular PS/6/94 states that:

“The following expenses may be allowed in addition to the subsistence allowance:

- (a) Telephone charges in respect of official calls, possibly receipted;*
- (b) Hospitality expenses may be incurred by Ministers, Parliamentary Secretaries and Officers in Grades 1 to 4; relevant details justifying expenditure to be provided... ”*

MF Circular 12/99 also states that:

- (a) Telephone charges in respect of official calls, are to be receipted and justified.*
- (b) Hospitality expenses may be incurred by Minister, Parliamentary secretaries and Officers in Grades 1 to 4; the details justifying the expenditure are to be provided.”*

(viii) Outstanding Travel Funds and Incomplete Declaration Forms prior to Travel

Paragraph 8.9.1.1 of the PSMC states that:

“...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.”

Paragraph 8.8.1.2 of the PSMC states that:

“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.”

The GA 27 Form template which is found in Appendix 8.V of the PSMC requires the Director (Corporate Services) to declare the following:

“It is hereby confirmed that none of the above officers have yet to submit statements of expenses in respect of visits abroad dating back more than one month. This notwithstanding, there may still be advances pending due to reasons beyond their control, such as reimbursement of expenses from foreign sources.”

Paragraph 8.8.1.5 of the PSMC adds that:

“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.”

(ix) Submission of Reports following Travel

Paragraph 8.9.1.1 of Chapter 8 of the PSMC requires that:

“A report on the visit is to be submitted by not later than 1 month after the visit...”

(x) Submission of Travel Documentation to the Auditor General

Paragraph 8.9.1.6 of the PSMC requires that:

“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.”

(xi) Re-imbursements for EU-Related Travel

Articles 3 to 5 of MF Letter Circular dated 5 November 2004 provide that:

“3. As a new member state, Malta is now eligible for reimbursement of expenses related to travel incurred by Maltese officials (including non-government officials) travelling alone or in delegation. Reimbursement of travel expenses relates to both Council and Commission meetings. However, Malta is not entitled to recover expenses in respect of all meetings organized by these two institutions. Moreover, travel expenses relating to certain meetings are only partly funded by the Commission depending on the type of meeting.

4. These meetings are listed in Attachments (Ai) and (Aii) which also give information as to the extent of reimbursement applying, if any.

5. Attachment (Ai) is a list of the meetings organised by the European Council which are classified in two categories, viz. (a) European Security and Defence Policy (ESDP) meetings and (b) non-ESDP meetings. In the case of Council meetings only travel costs are reimbursable.”

6. Attachment (Aii) is a list of Commission meetings where refunds will be as follows:

(a) Meetings held under Budget Line Item A7030 for which the Commission will refund:

- travel costs*
- subsistence expenses*
- incidentals.*

(b) Meetings held under Budget Line Item A7031 for which the Commission will refund on the basis of group reference as follows:

- (i) Group 1 for Government and other experts entitled to a refund of travel and subsistence expenses,*
- (ii) Group 2 for non-Government experts entitled to a refund of travel and subsistence expenses,*
- (iii) Group 3 for Government experts entitled to a refund of travel expenses only,*
- (iv) Group 4 for Government experts and others, the former being entitled to a refund of travel expenses only and the latter to a refund of both travel and subsistence expenses.”*

Article 8 adds that:

“Participation is to be kept at a minimum, not least because reimbursement at some of the meetings is applicable only to one participant per member state.”

Articles 14 to 17 of the same MF Letter Circular require that:

“14. The current procedure of advancement of funds to government officials travelling on official business shall continue to apply in terms of Section 8.11.2.1 of the Public Service Management Code. Subsistence allowance shall likewise continue to apply by category according to the grade/position held by the recipient.

15. *These advances shall be accounted for by the recipient within 15 calendar days from his/her return to Malta. The returning official shall invariably attach the following documentation to his/her statement of expenses to be submitted to the Accounting Officer in his/her Ministry/Department:*

- *Air ticket receipt/air ticket back copy and/or train tickets;*
- *Boarding card stubs;*
- *Hotel Bills;*
- *Reimbursement Form A (in the case of Council Meetings) and Form B (in the case of Commission meetings). Both these forms are attached at Di and Dii respectively.*

16. *Officials participating at Commission meetings will be required by the organisers to furnish a copy of their Personal and Financial Identification Form (Attachment E), as reimbursement will be made by the Commission by direct credit to an appropriate account at the Central Bank of Malta. These details are standard and should be quoted clearly by all participants.*

17. *Within 7 working days from receipt of the returning official's submissions, the Accounting Officers in each Ministry/Department shall forward **by hand** to the Director (EU Paying Authority) – - at the Ministry of Finance, Valletta, the following documentation:*

- *Original air ticket invoice (or certified true copy of same);*
- *Statement of expenses;*
- *Air ticket receipts/air ticket back copy/train tickets;*
- *Boarding card stubs;*
- *Reimbursement Claim Forms 'A' and 'B' aforementioned;*
- *GA27 (or equivalent in the case of public sector entities) original form (or certified true copy of same)."*

Moreover, MF Circular 2/2005 dated 26 July 2005 requires that:

"The documentation to be compiled for the reimbursement of funds for both Council meetings and Commission Working Groups was clearly outlined in the Letter-Circular of 5 November 2004. In addition, a copy of the agenda of the meeting will henceforth be required. The relevant documentation is to be forwarded within 15 days following the date of the meeting to the attention of(EU Paying Authority) within this Ministry."

(xii) EU-Related Travel and Hotel Accommodation Arrangements

Articles 10 to 12 of the MF Letter Circular states that:

"10. Arrangements have been made with Air Malta for the carriage of 'government passengers' on EU-related travel to Brussels. As Air Malta is the only airline that currently operates direct to Brussels, its services should be utilised invariably.

11. When there are no direct flights in operation to Brussels, alternative routes to Amsterdam, and then via rail to Brussels, are to be taken. A copy of the winter timetable together with applicable travel rates is appended at Attachment Bi and Bii.

12. Air Malta will also provide reservations for accommodation at any one of four (4) hotels in Brussels (according to the option expressed by the government official) a list of which is appended at Attachment C.”

However, a paragraph contained in the slides distributed during the Travel Seminar, held by MFEA during November 2004, states that:

“Air Malta will be also making reservations in any one of four (4) designated hotels in Brussels with which Government has special arrangements. The choice of hotel will remain up to the travelling officials who are free to make their own arrangements provided total costs are contained within the applicable subsistence rate.”

(xiii) EU-Related Travel Approvals and Relative Code Numbers

Article 13 of MF Letter Circular states that:

*“In all instances, the Permanent Secretary, and in his immediate absence, the Director (Corporate Services) within the Ministry shall authorize travel abroad whether EU-related or not. Where reservations are requested for travel for Council/Commission meetings for which costs are reimbursable, **the respective Ministry/Department should invariably quote code number DM75G1** on the letter of authority for the issue of tickets. This applies also in the case of non-public officers (including both public sector officials and private sector officials) travelling on EU-related matters, to the extent that costs are certified as reimbursable by the Ministry responsible for the core area of activities to be discussed at the Council/Commission meeting. In their case, too, the current procedures of advancement of funds shall apply and shall be administered by the respective accounting officers in that line Department/Ministry.”*

However, a paragraph contained in the slides distributed during the MF Travel Seminar states that:

“Moreover, Government passengers entitled to upgrading to business class will also be coded. This code will be MFIN021 and will be inserted by the Permanent Secretary or the Director, Corporate Services authorising the travel.”

(xiv) Responsibilities delegated to on Directors (Corporate Services) and Directors (Finance and Administration)

Articles 21 and 22 of MF Letter Circular state that:

“21. Directors (Corporate Service) are required to communicate these arrangements to all the Chief Executive Officers in the Public Entities falling within the portfolios of their respective Ministries as they will be equally applicable to them.

22. *Also, with immediate effect, Directors (Corporate Services) are required to submit to the EU Paying Authority relative documentation, as specified in para 17 above, in respect of all Council meetings listed in Attachment Ai attended by officials within the Ministry/Departments under their charge, since 1 May, 2004.*

Directors (Corporate Services) and Directors (Finance and Administration) are requested to bring this Letter Circular to all Accounting Officers and Officers connected with the processing of travel arrangements in their Ministries/Departments.”

Furthermore, MF Letter Circular 2/2005 states that:

“Directors (Corporate Services) are required to communicate these arrangements to all the relevant personnel in their Ministry / Department as well as to all the entities falling within the portfolios of their respective Ministry given that these procedures are equally applicable to them. It is also the responsibility of Directors (Corporate Services) to collate the required documentation from such entities with a view to timely submissions to the Ministry of Finance as outlined above.”

(xv) Provisional Bookings with Air Malta

Paragraph 8.7.1.1 of the PSMC states that:

“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.”

(xvi) Travel on Business Class Basis

Paragraph 8.7.1.2 of the PSMC states that:

“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.”

(xvii) Non-EU-Related Air Travel and Hotel Accommodation Arrangements

Paragraph 8.7.1.3 of the PSMC states that:

“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.”

Paragraph 8.7.1.5 of the PSMC adds that:

“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.”

Appendix II – Travel Circulars

Table 1 – List of Circulars regulating Travel

Circular/Letter Circular No.	Date	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 III – Questionnaires sent and Replies received

Table 2 - Questionnaires sent to Ministries/Departments and corresponding Replies received

Ministry/Department ³	Reply Date Received		Received on time	Received late	Not received
	E-mail	Post			
<i>Office of the President</i>		15/03/05	√		
<i>House of Representatives</i>					√
<i>Office of the Ombudsman</i>		14/03/05	√		
<i>Office of the Prime Minister</i>		05/04/05		√	
Armed Forces of Malta		15/03/05	√		
Government Printing Press		02/03/05	√		
Public Service Commission		15/02/05	√		
Department of Information	07/04/05			√	
Electoral Office		13/06/05		√*	
<i>Ministry for Justice and Home Affairs</i>		01/04/05	√		
Judicial		29/04/05		√	
Department of Local Government		26/04/05		√	
Police	23/03/05		√		
Correctional Services	26/04/05			√	
Civil Protection		16/03/05	√		
Government Property Division	08/03/05		√		
Registration	02/05/05			√	
<i>Ministry of Finance and Economic Affairs</i>		01/04/05	√		
Treasury and Pensions		05/05/05		√	
Inland Revenue					√
Customs	04/04/05		√		
Commerce	04/04/05		√		
Consumer and Competition		18/04/05		√	
VAT					√
Contracts	07/03/05		√		
Economic Policy		05/05/05		√	
<i>Ministry of Education</i>		28/04/05		√	
Education					√
Libraries and Archives		05/04/05		√	
<i>Ministry for Tourism</i>					√

*These questionnaires were not analysed due to the fact that they were submitted very late after the deadline of 4 April 2005.

³ The names and structure of the Ministries/Departments are in accordance with the 2004 Financial Estimates

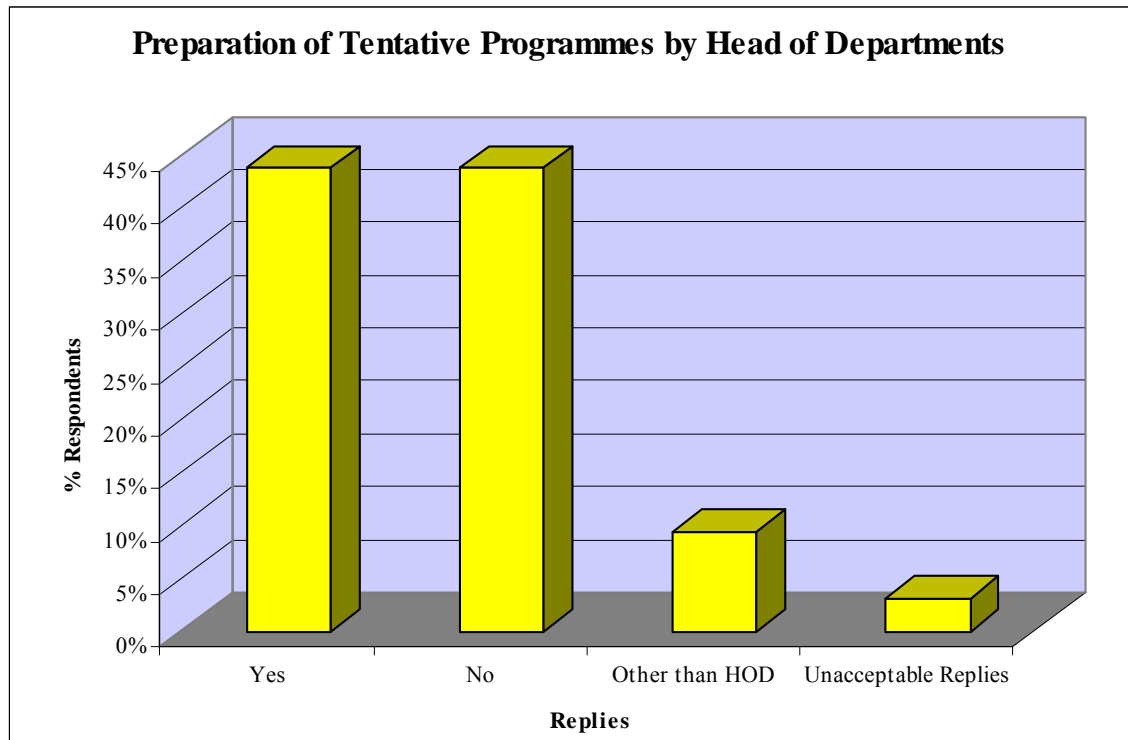
Table 2 Continued... Questionnaires sent to Ministries/Departments and corresponding Replies received

Ministry/Department	Reply Date Received		Received on time	Received late	Not received
	E-mail	Post			
Ministry for Transport and Communications		04/04/05	√		
Civil Aviation	14/03/05		√		
Ministry for Resources and Infrastructure	15/03/05		√		
Finance and Administration Department (Cost Centre 02)		29/03/05	√		
Ministry for Gozo		26/05/05		√*	
Ministry of Health	01/04/05		√		
Ministry for Information Technology and Investment					√
Ministry for Rural Affairs and the Environment	06/04/05			√	
Ministry for Urban Development and Roads		29/03/05	√		
Ministry for Social Policy					√
Industrial and Employment Relations		01/04/05	√		
Care of the Elderly and Community Services		20/04/05		√	
Social Security & Social Security Benefits					√
Family and Social Welfare		01/04/05	√		
Housing	04/05/05			√	
Ministry of Foreign Affairs		25/07/05		√*	
TOTALS			21	17	8

*These questionnaires were not analysed due to the fact that they were submitted very late after the deadline of 4 April 2005.

Appendix IV – Tentative Programmes

(i) Chart 1



(ii) Analysis of Travel Vote in 2004 Estimates

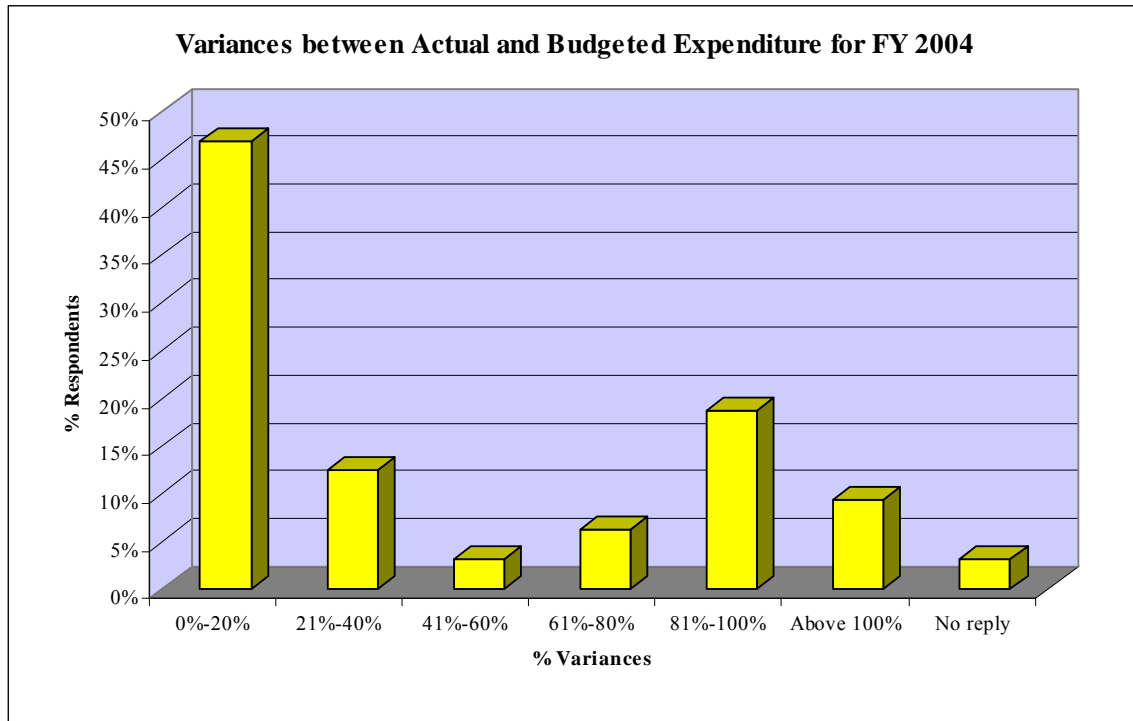
The following table highlights those Ministries/Departments that did not prepare a tentative programme for 2004 even though they had a Travel Vote of Lm5,000 or more.

Table 3 – Ministries/Departments that did not prepare a tentative programme

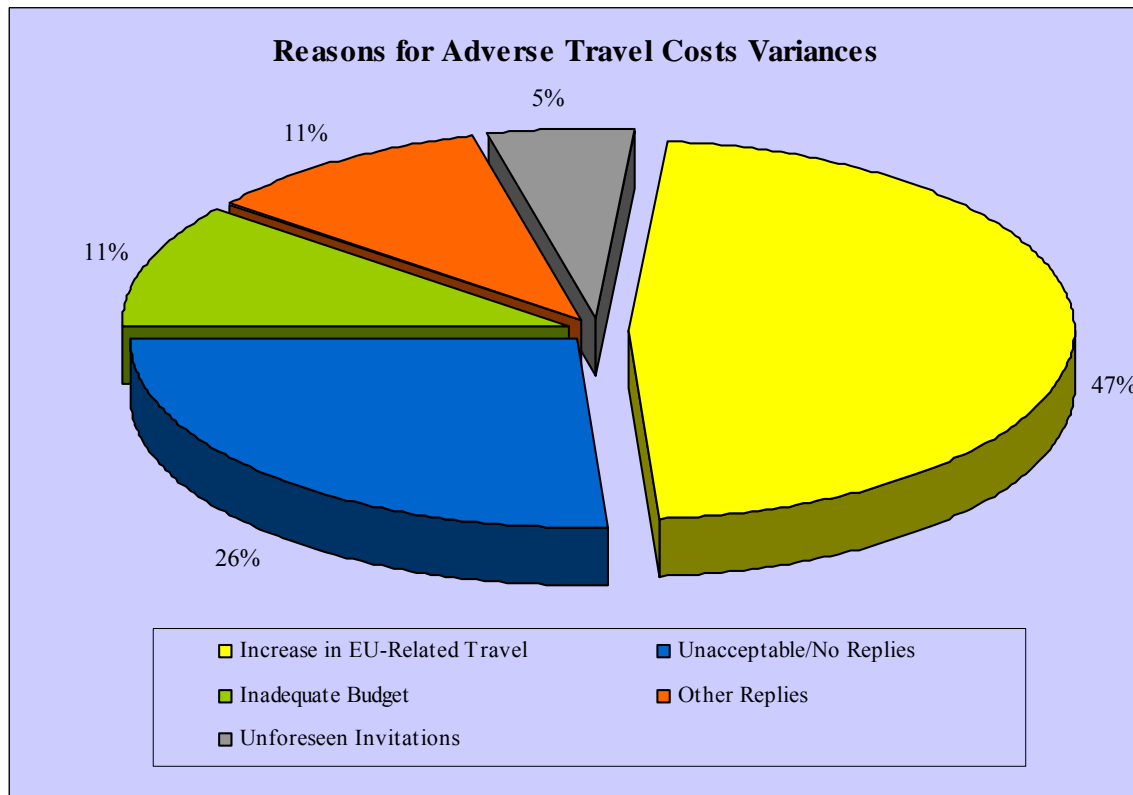
Ministry/Department	2004 Budget (Lm)	2004 Variance (%)
Ministry for Rural Affairs and the Environment	43,000	81-100
Ministry for Transport and Communications	25,000	0-20
Ministry for Justice and Home Affairs	24,000	81-100
Police	13,000	Above 100
Civil Aviation	13,000	No reply
Ministry of Education	12,000	21-40
Industrial and Employment Relations	12,000	61-80
Customs	5,000	81-100

Appendix V – Adverse Travel Expenditure Variances

(i) Chart 2

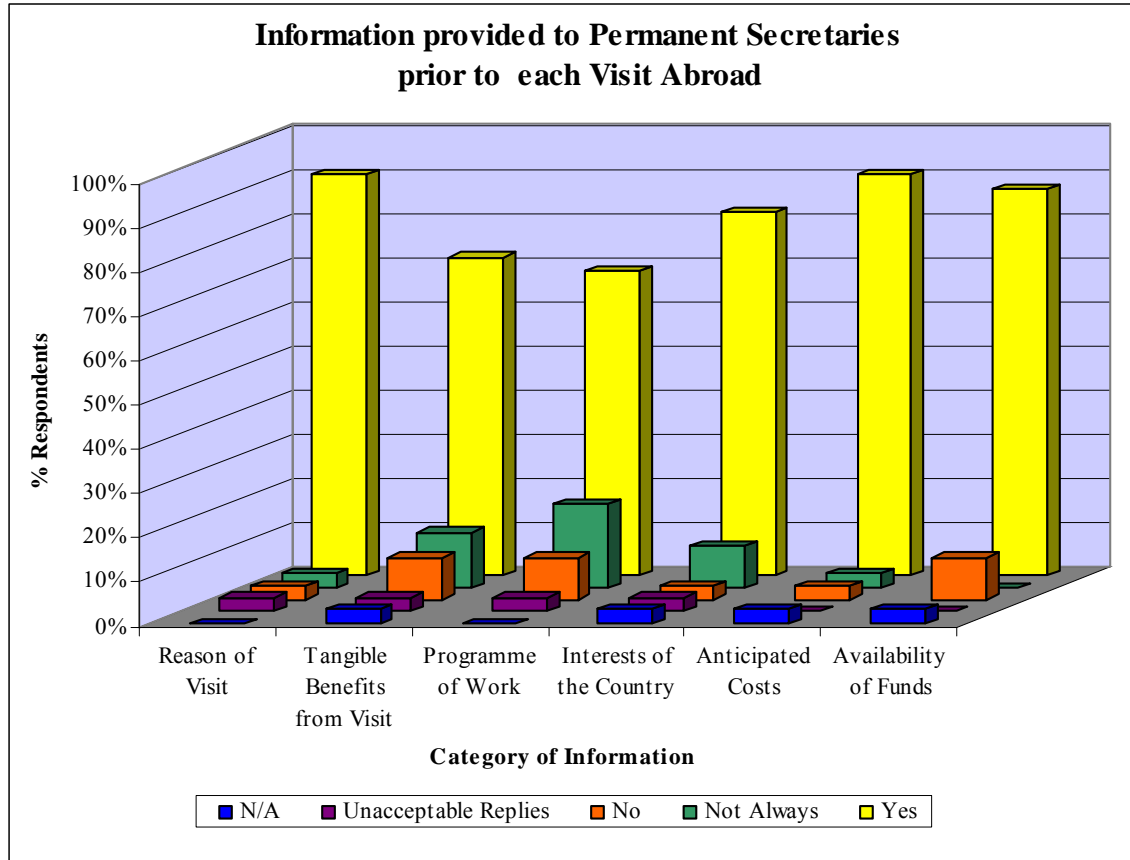


(ii) Chart 3



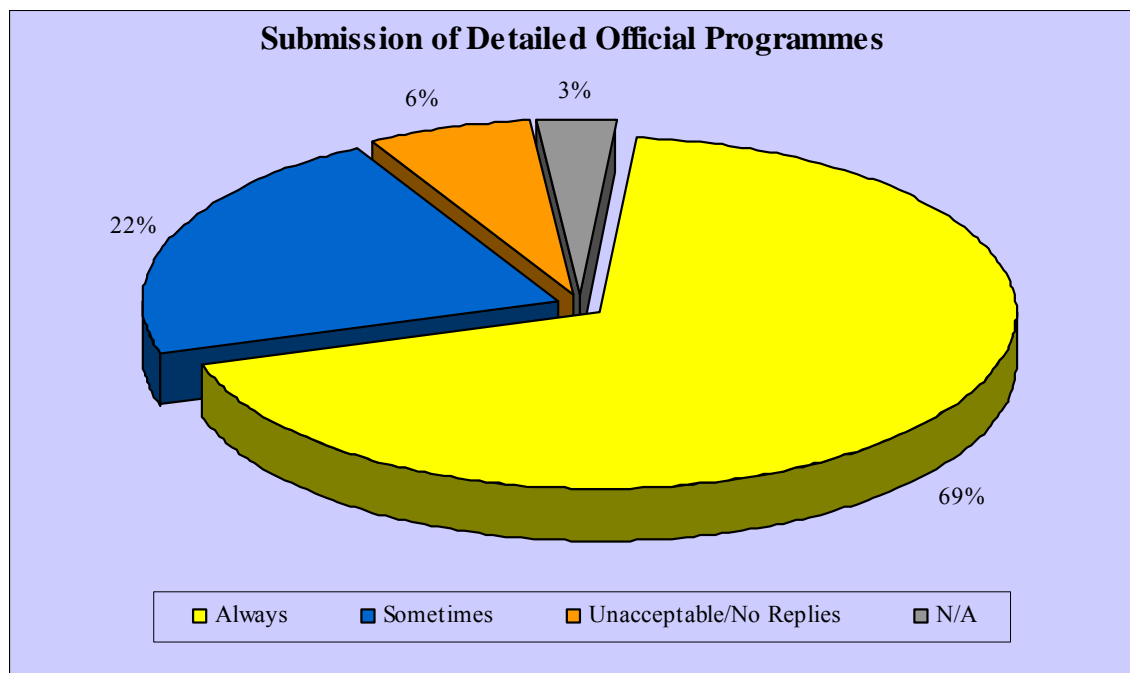
Appendix VI – Information presented to Permanent Secretaries prior to Travel

(i) Chart 4

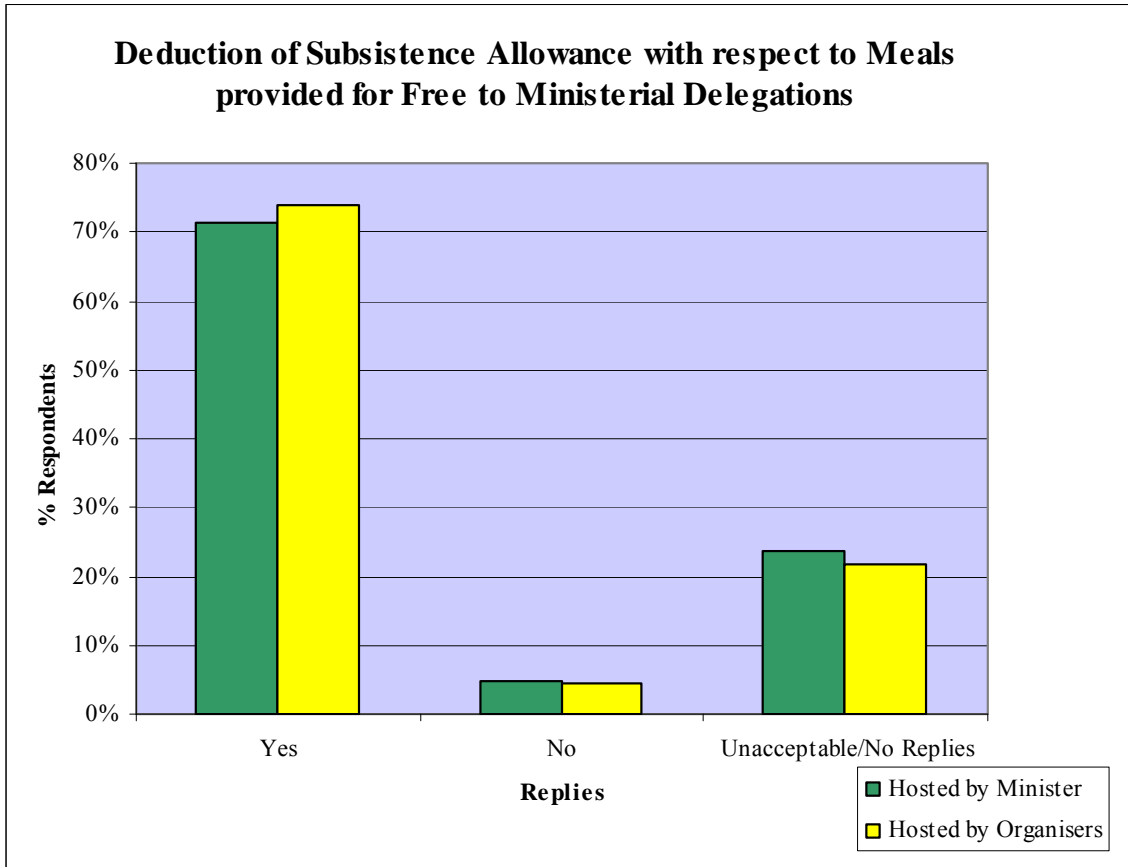


Appendix VII – Deductions from Subsistence Allowance

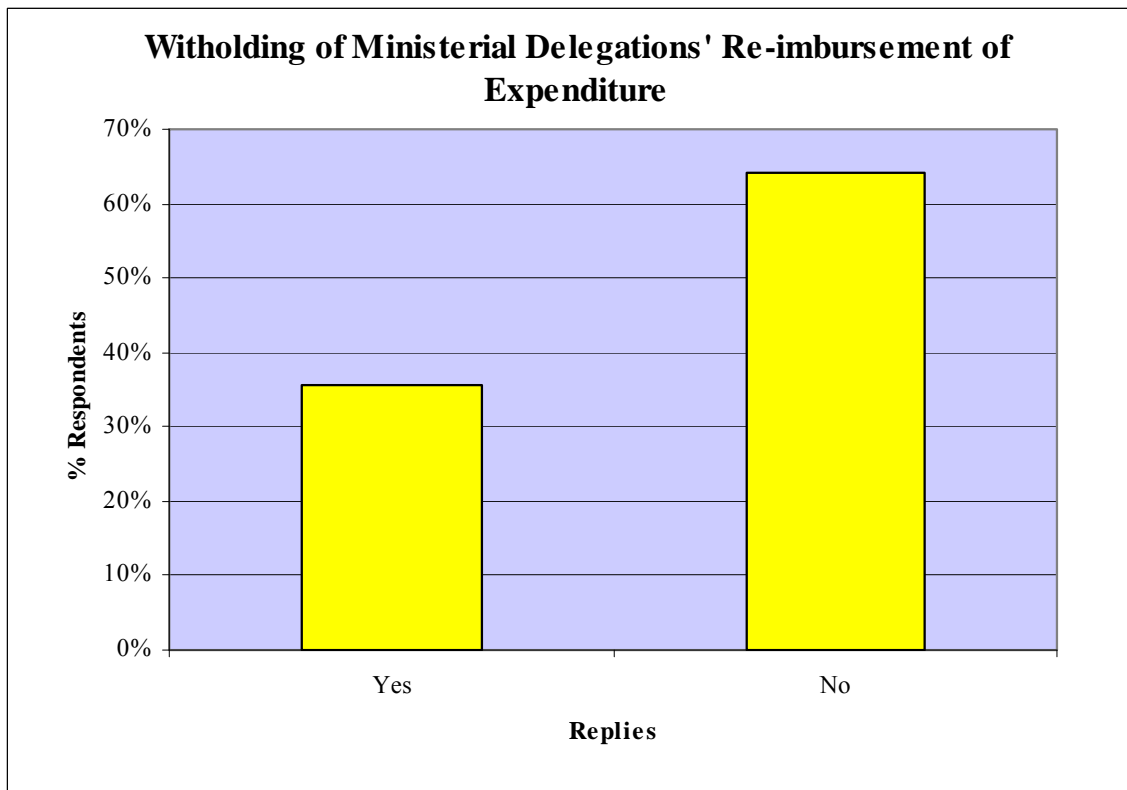
(i) Chart 5



(ii) **Chart 6**

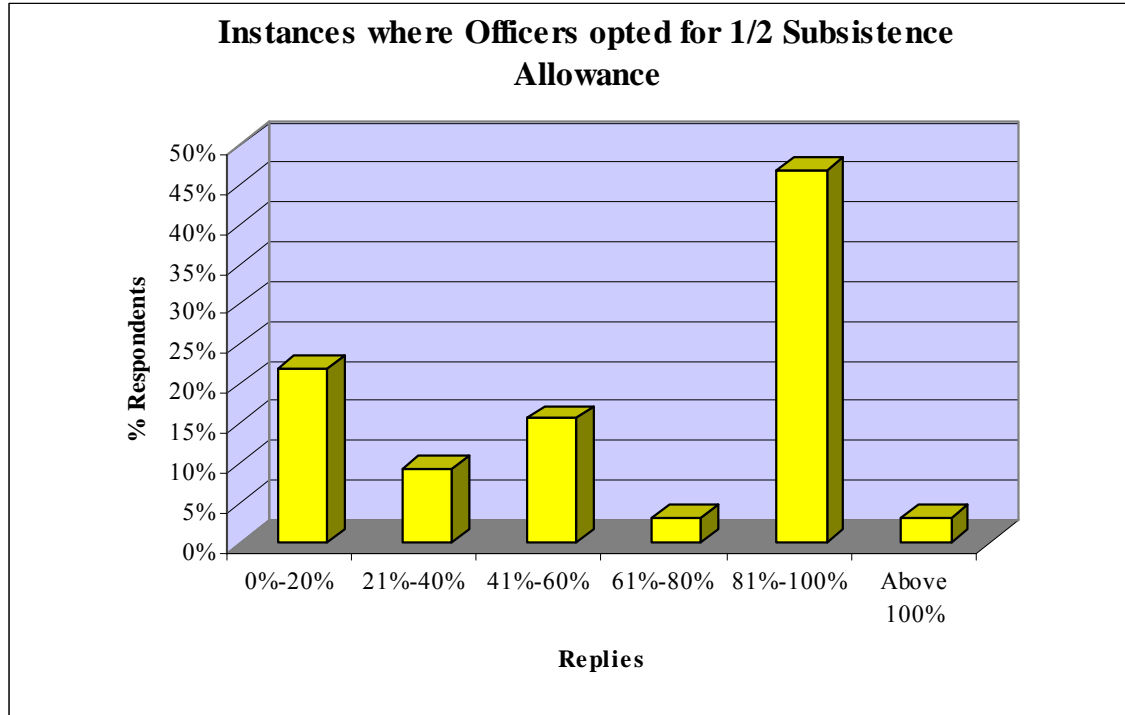


(iii) **Chart 7**

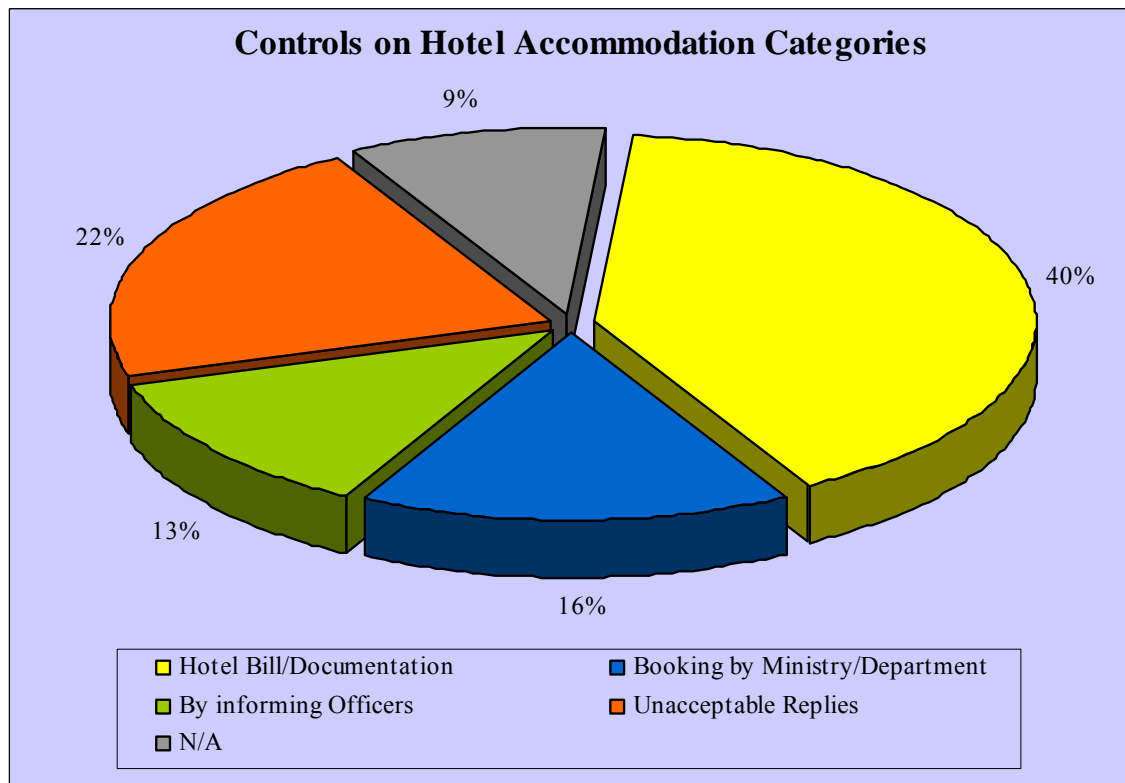


Appendix VIII – Hotel Accommodation Entitlements

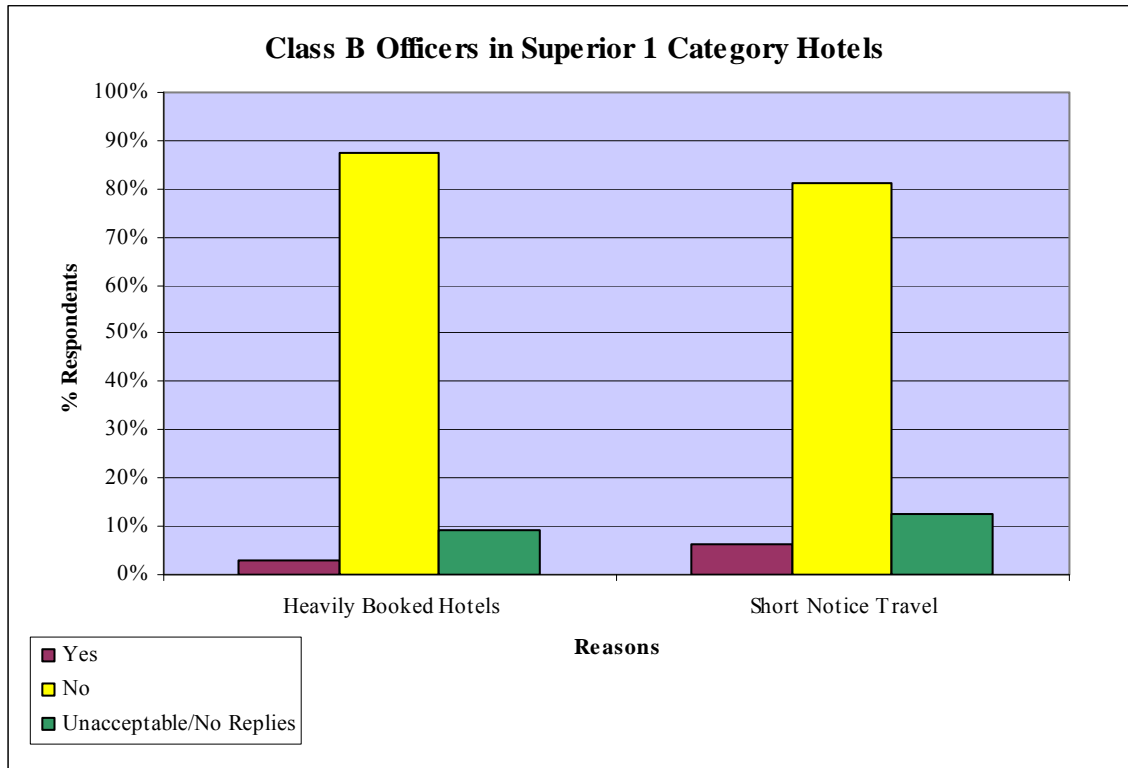
(i) Chart 8



(ii) Chart 9



(iii) **Chart 10**



Appendix IX – Re-imburements for Taxi Expenses

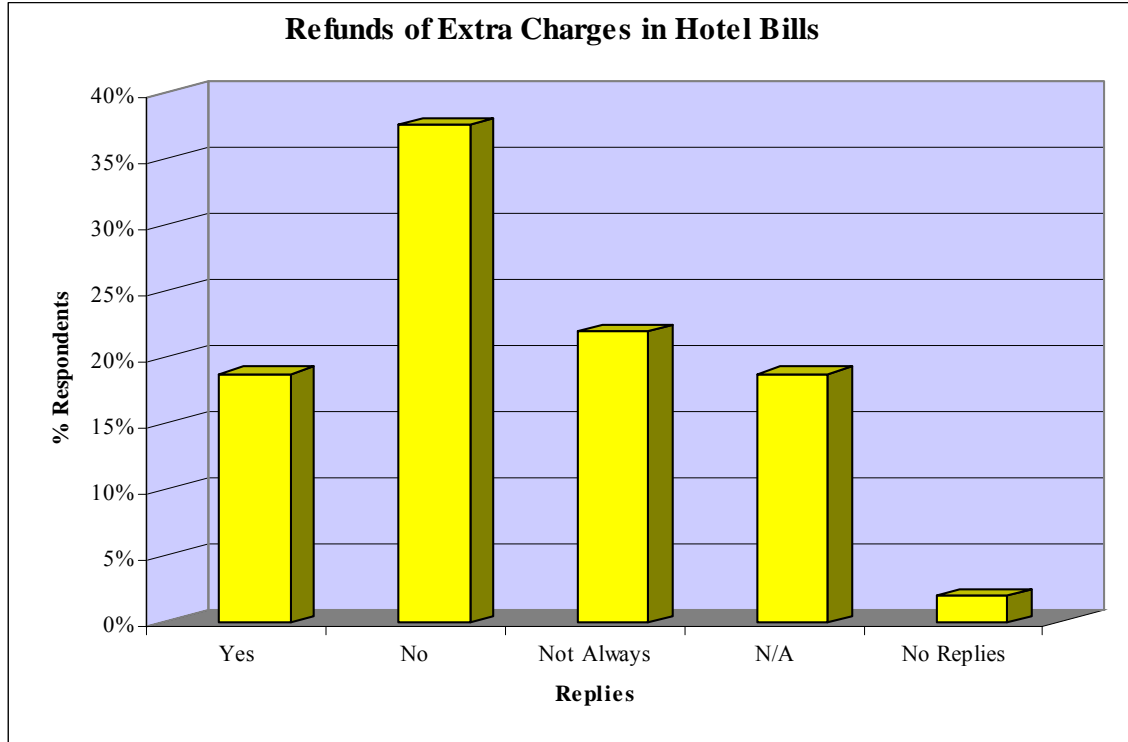
The following table lists those Ministries/Departments that exceeded the average maximum taxi cost reimbursed in one official visit abroad:

Table 4 – Ministries/Departments that exceeded the average maximum taxi cost reimbursed

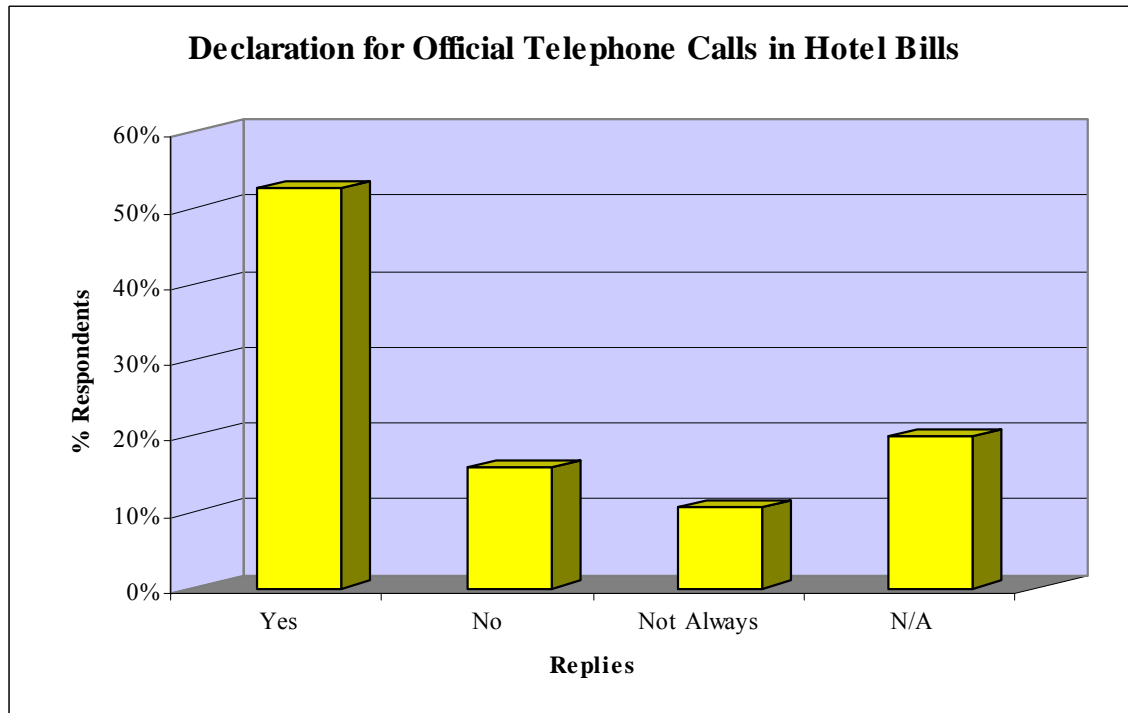
Ministries/Departments	Lm
Ministry for Urban Development and Roads	291.76
Civil Aviation	90.00
Ministry of Finance and Economic Affairs	82.00
Ministry for Rural Affairs and the Environment	56.15
Ministry for Justice and Home Affairs	51.85

Appendix X – Refunds of Hotel Extra Charges

(i) Chart 11

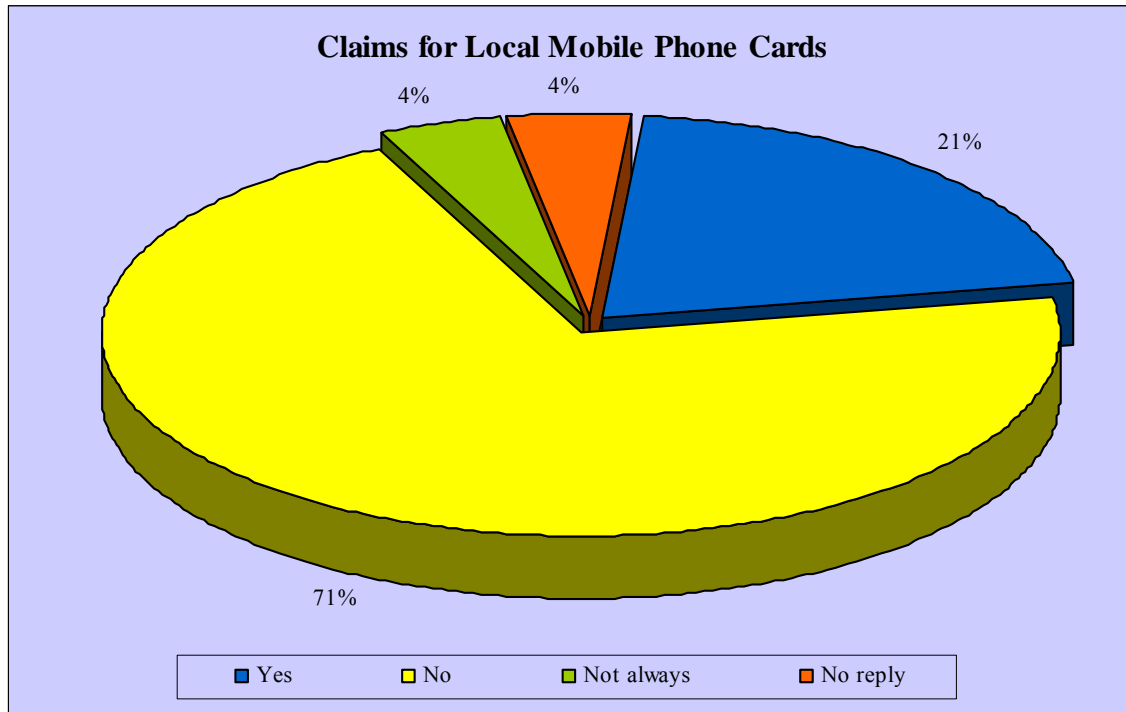


(ii) Chart 12



Appendix XI – Claims for Local Mobile Phone Cards and Foreign Tele-Cards

(i) Chart 13



(ii) The following table lists those Ministries/Departments that exceeded the average maximum cost of local mobile phone cards reimbursed:

Table 5 – Ministries/Departments that exceeded the average maximum local mobile cost

Ministry/Department	Lm
Police	25*
Commerce	20
Department of Information	20
Ministry for Justice and Home Affairs	20
Judicial	Unacceptable Reply

* This was the only claim made for mobile phone cards

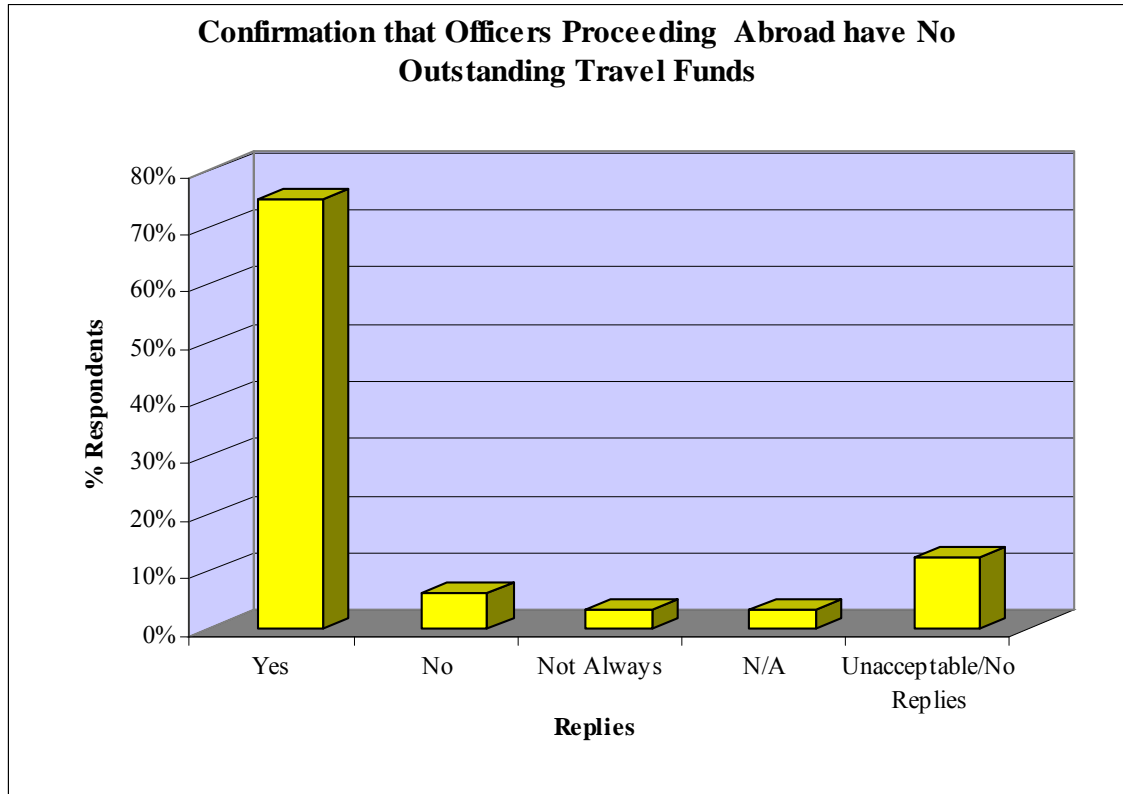
(iii) The following table lists those Ministries/Departments that exceeded the average maximum cost of foreign tele-cards reimbursed:

Table 6 – Ministries/Departments that exceeded the average maximum foreign tele-cards cost

Ministry/Department	Lm
Office of the Prime Minister	64.24
Armed Forces of Malta	21.74
Industrial and Employment Relations	26.00

Appendix XII – Outstanding Travel Funds

(i) Chart 14

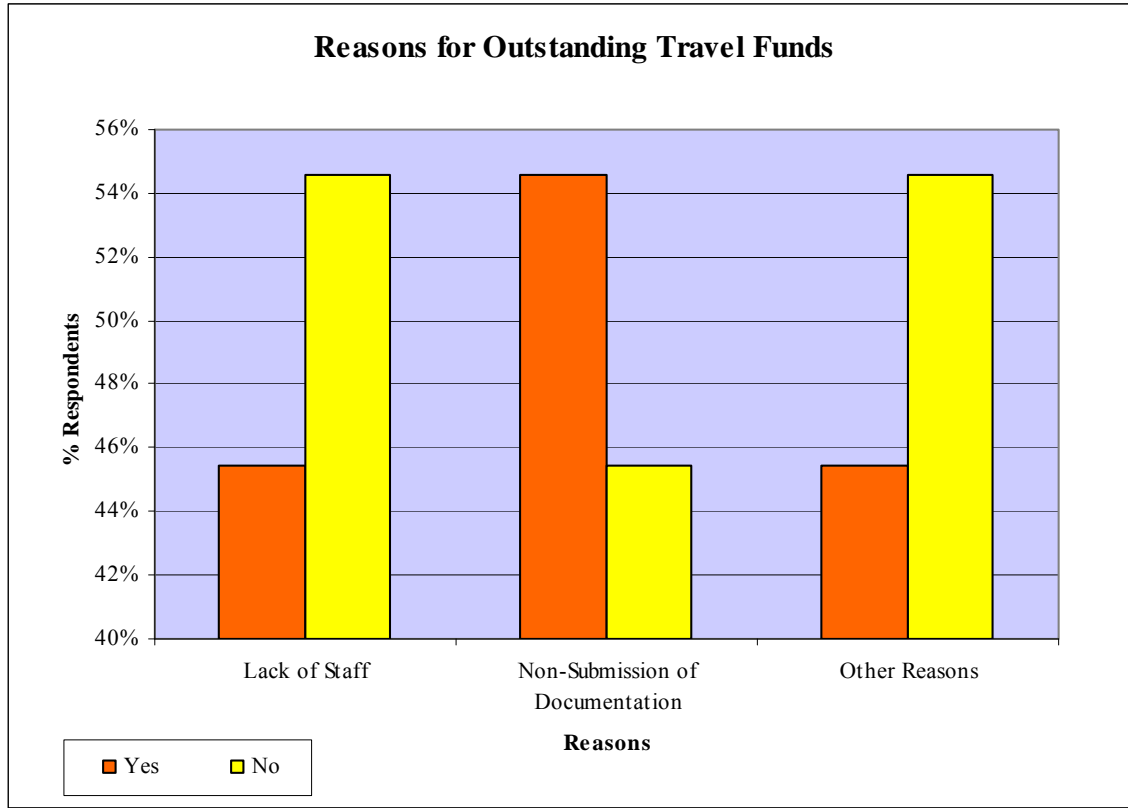


(ii) The following table lists those Ministries/Departments that although they claimed that they had no outstanding Travel Funds for 2004, NAO records show that the following Travel Funds were still not submitted to NAO as at 20 April 2005.

Table 7 – Outstanding Travel Funds as at 20 April 2005

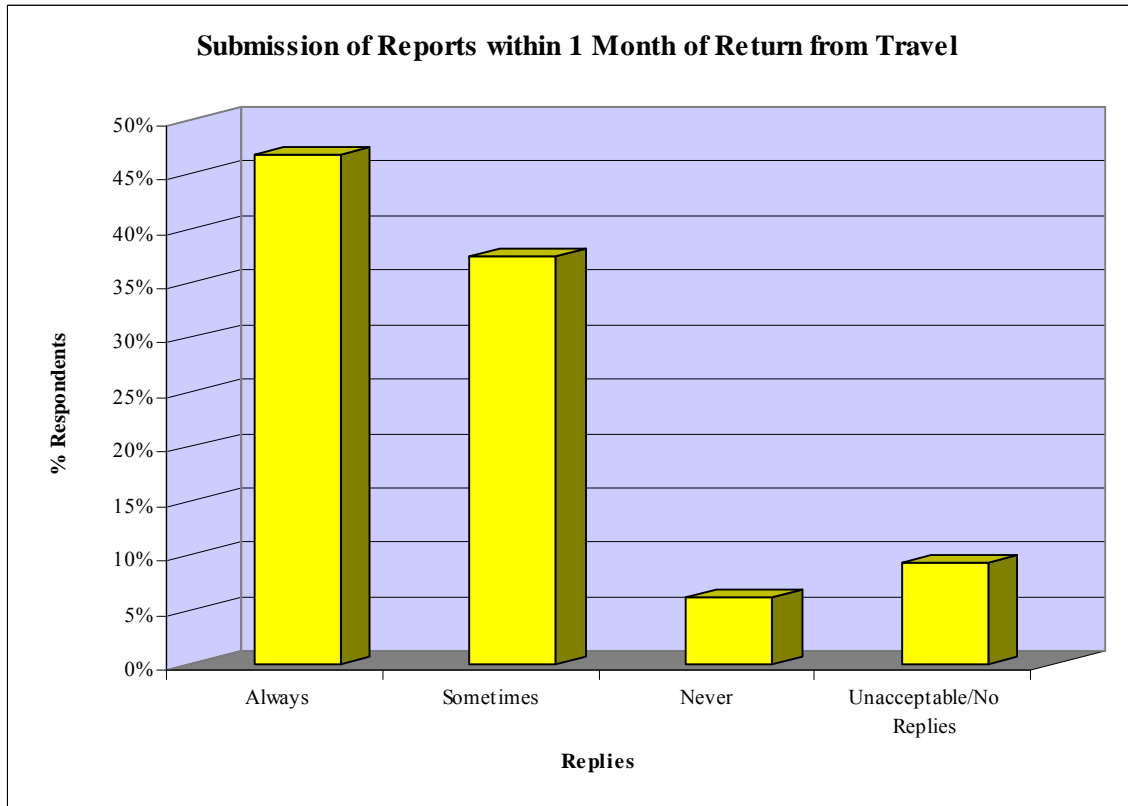
Ministry/Department	Visits	Lm
Ministry for Justice and Home Affairs	26	7,146.00
Customs	3	593.38
Ministry of Education	5	1,226.31
Commerce	4	981.00
Civil Aviation	2	842.00
Finance and Administration Department (Ministry for Resources and Infrastructure-Cost Centre 02)	2	347.32
TOTALS	42	11,136.01

(iii) Chart 15

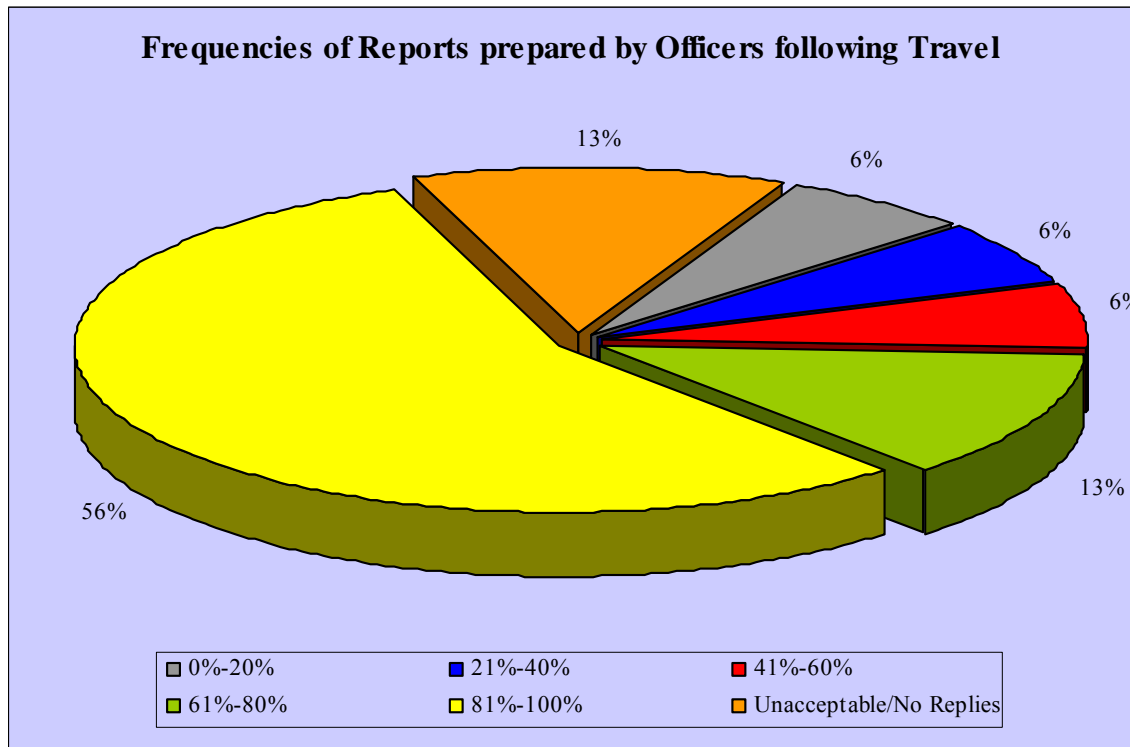


Appendix XIII – Submission of Reports following Travel

(i) Chart 16

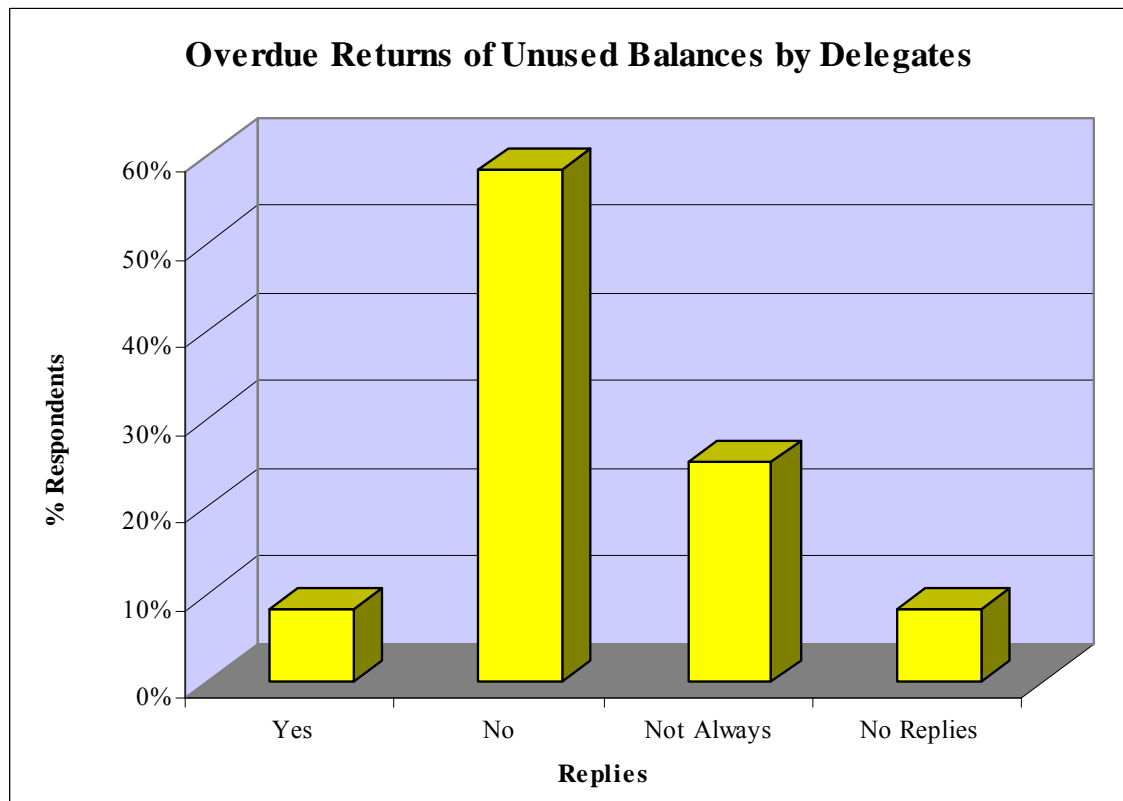


(ii) Chart 17

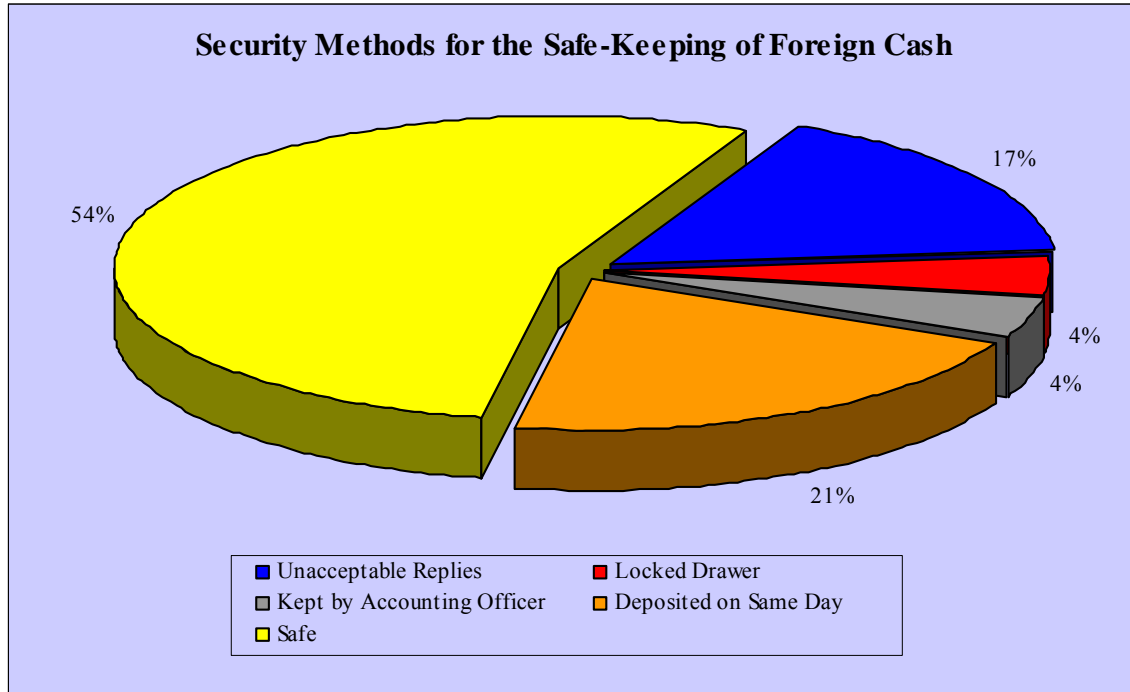


Appendix XIV – Control of Unused Balances

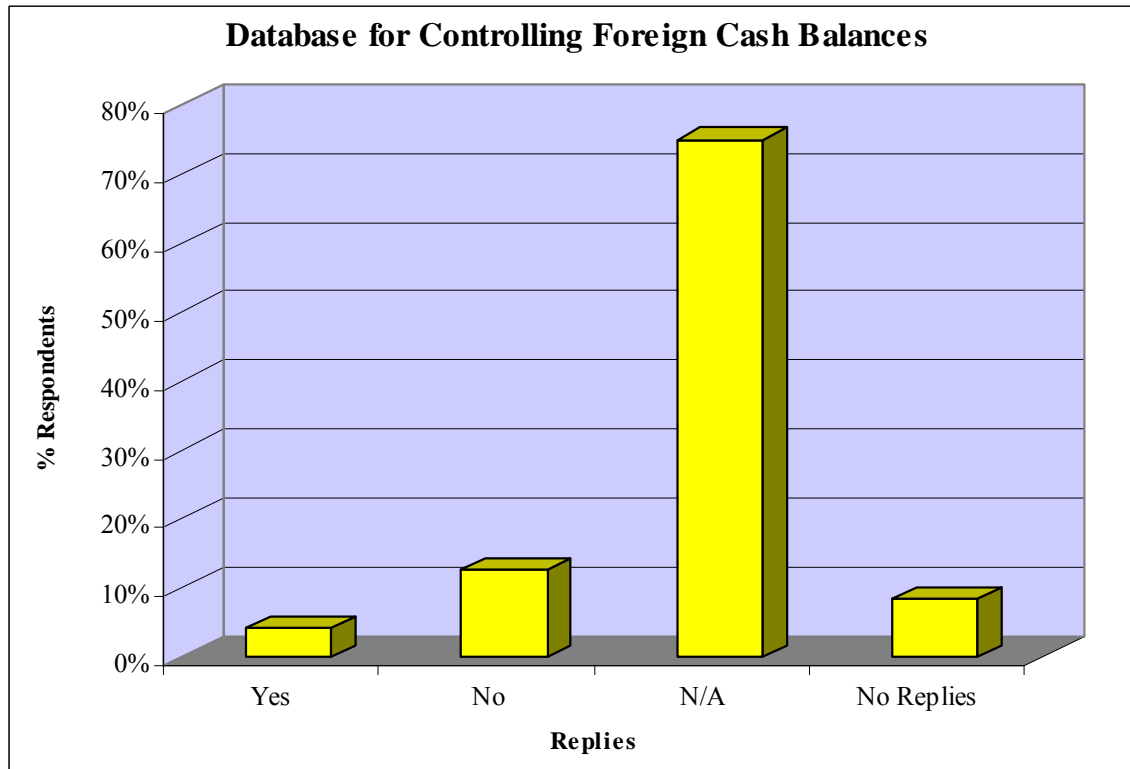
(i) Chart 18



(ii) Chart 19

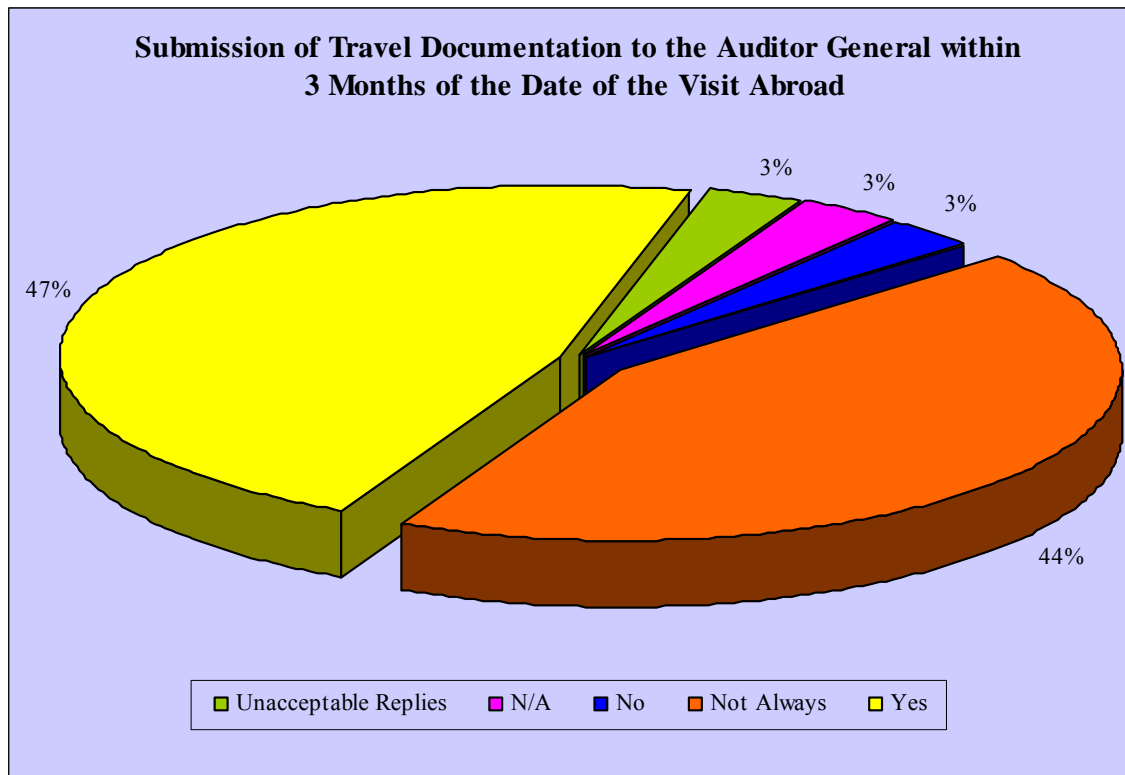


(iii) Chart 20



Appendix XV – Submission of Travel Documentation to the Auditor General

(i) Chart 21

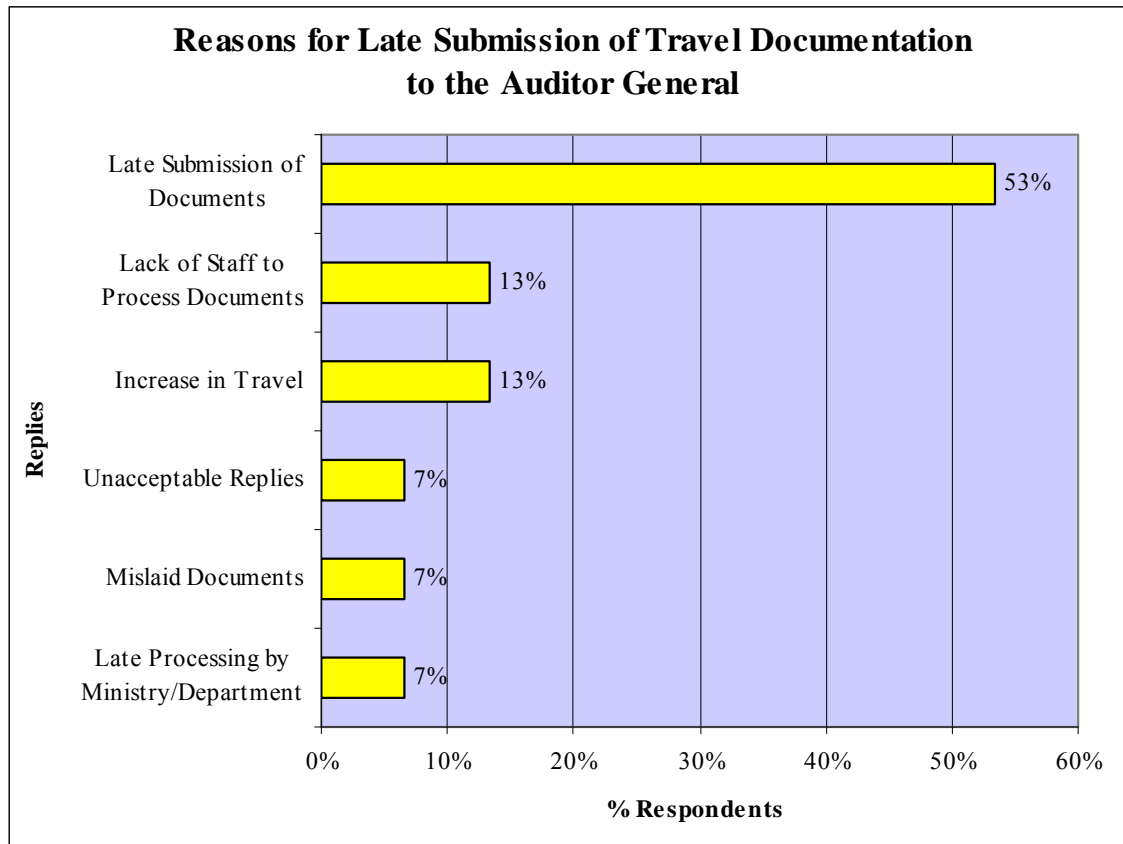


(ii) The following table lists those Ministries/Departments that although they claimed that they had always submitted all the required Travel documentation to NAO within three (3) months of Travel, NAO records showed that they still had outstanding Travel Funds for 2004 as at 20 April 2005.

Table 8 – Outstanding Travel Funds at 20 April 2005

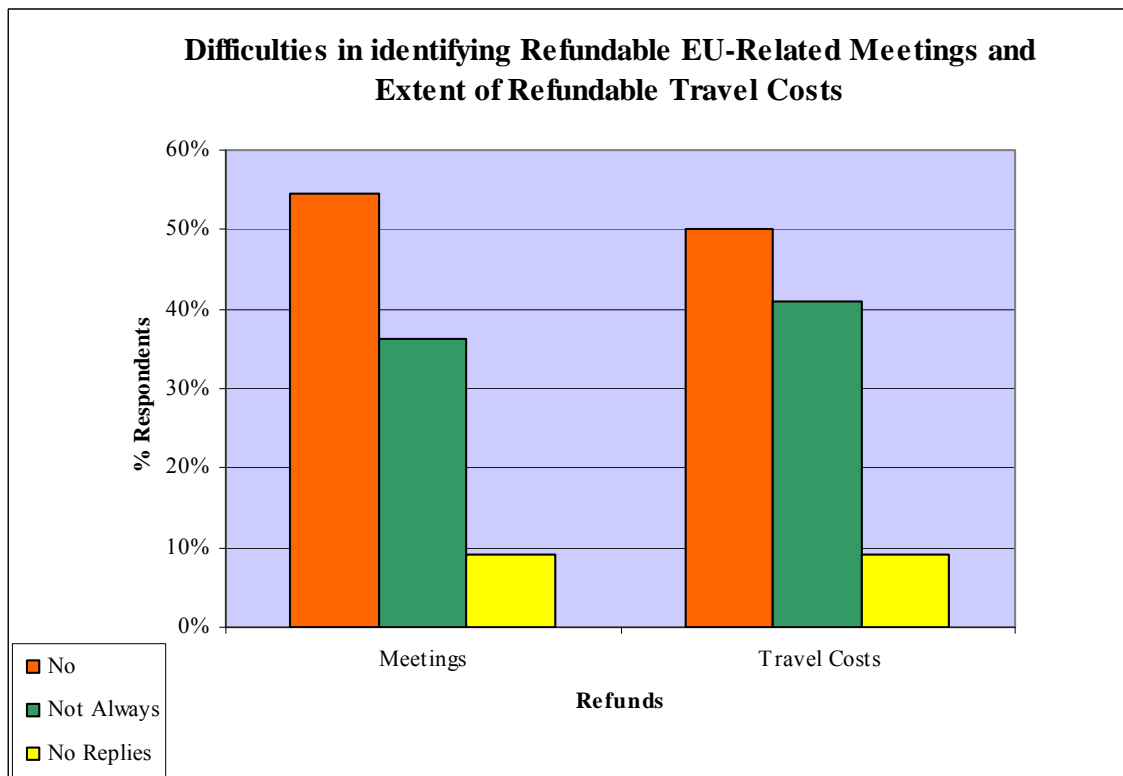
Ministry/Department	Outstanding Travel Funds	Lm
Civil Protection	1	290.00
Finance and Administration Department (Ministry for Resources and Infrastructure-Cost Centre 02)	2	347.32
Customs	3	593.38
Armed Forces of Malta	1	850.00
Judicial	14	3,213.00
Family and Social Welfare	5	3,575.00
Ministry for Justice and Home Affairs	26	7,146.00
TOTALS	52	16,014.70

(iii) Chart 22

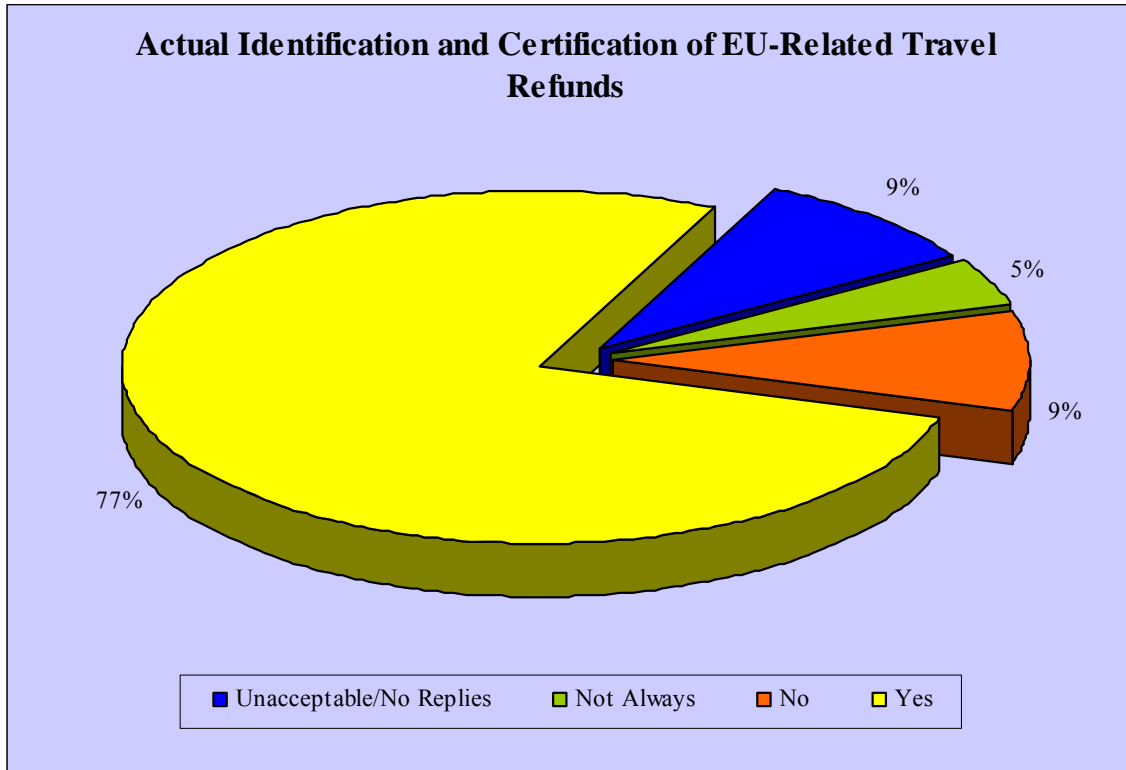


Appendix XVI – EU-Related Travel Refunds

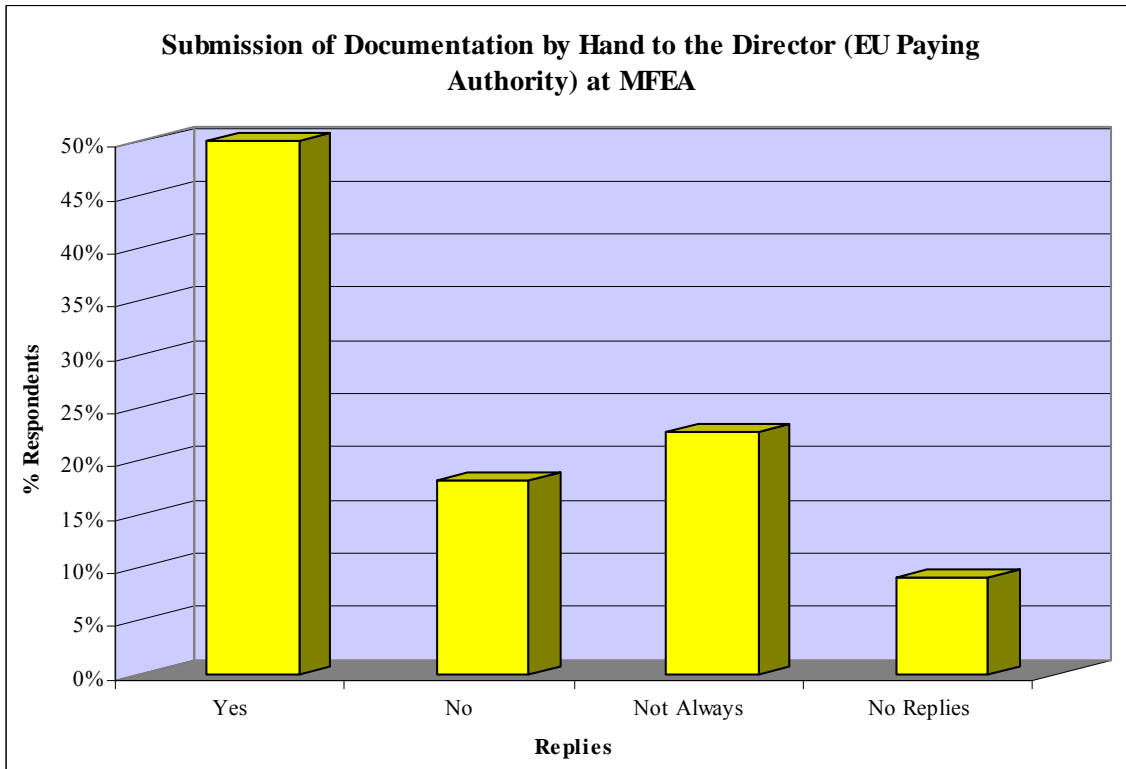
(i) Chart 23



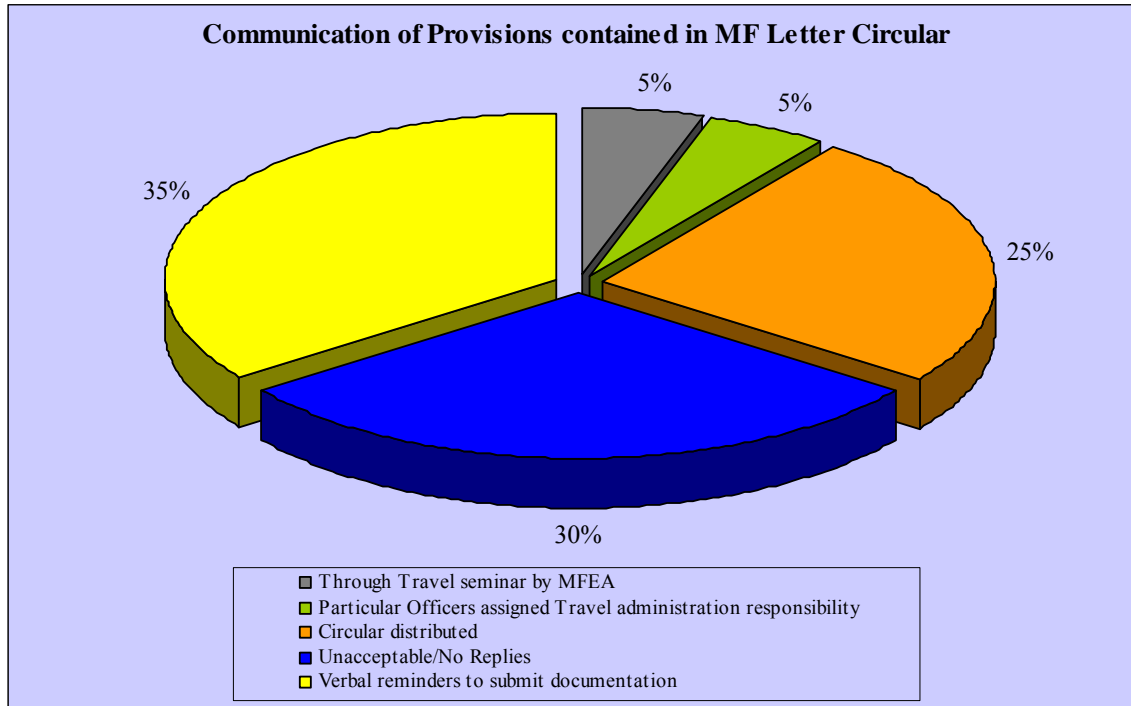
(ii) Chart 24



(iii) Chart 25

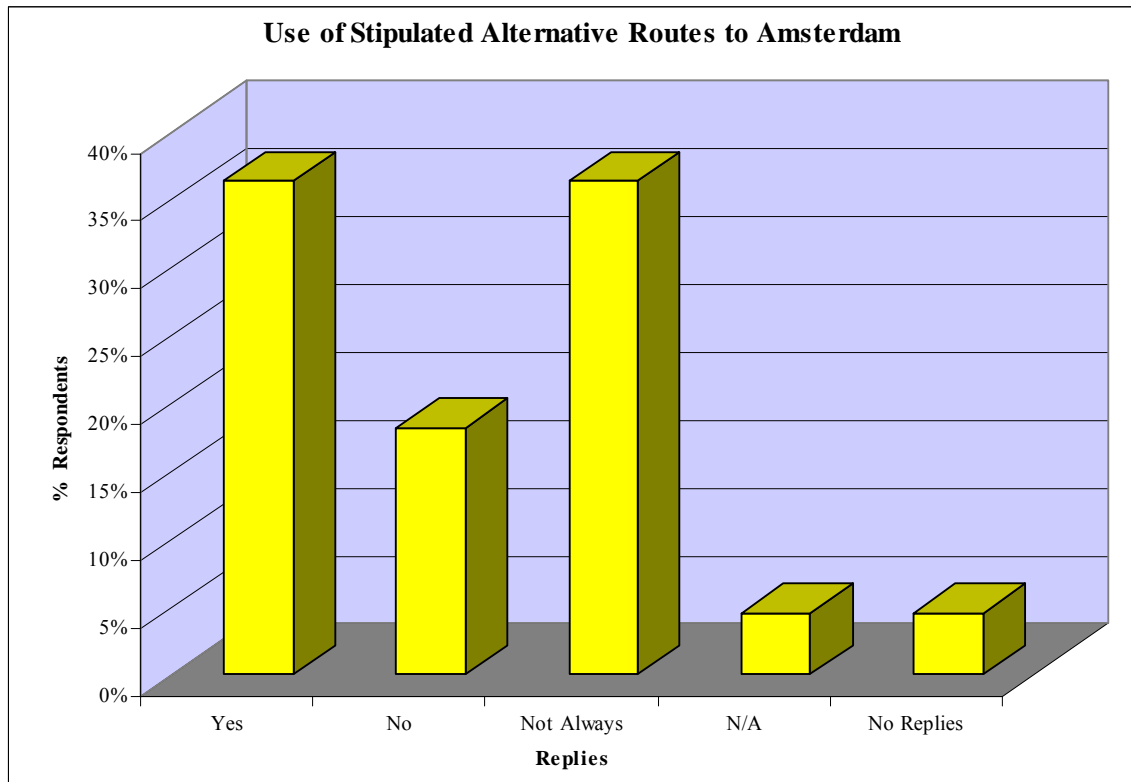


(iv) Chart 26

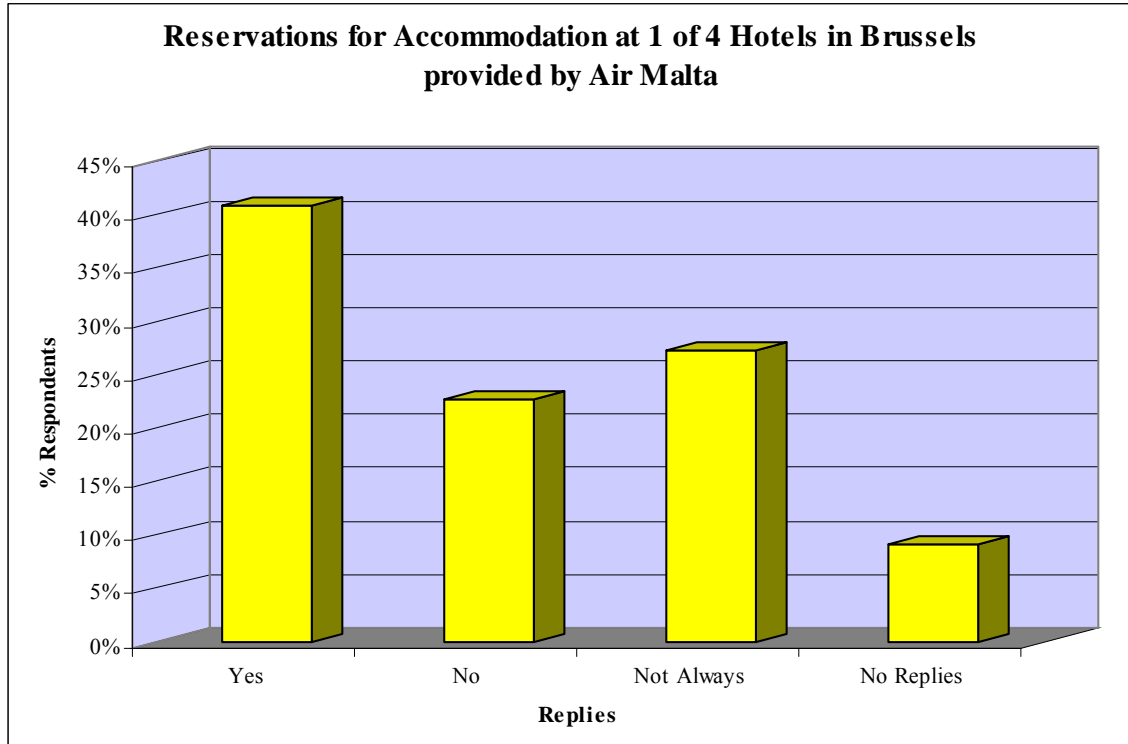


Appendix XVII – Travel Flights and Hotel Accommodation Arrangements

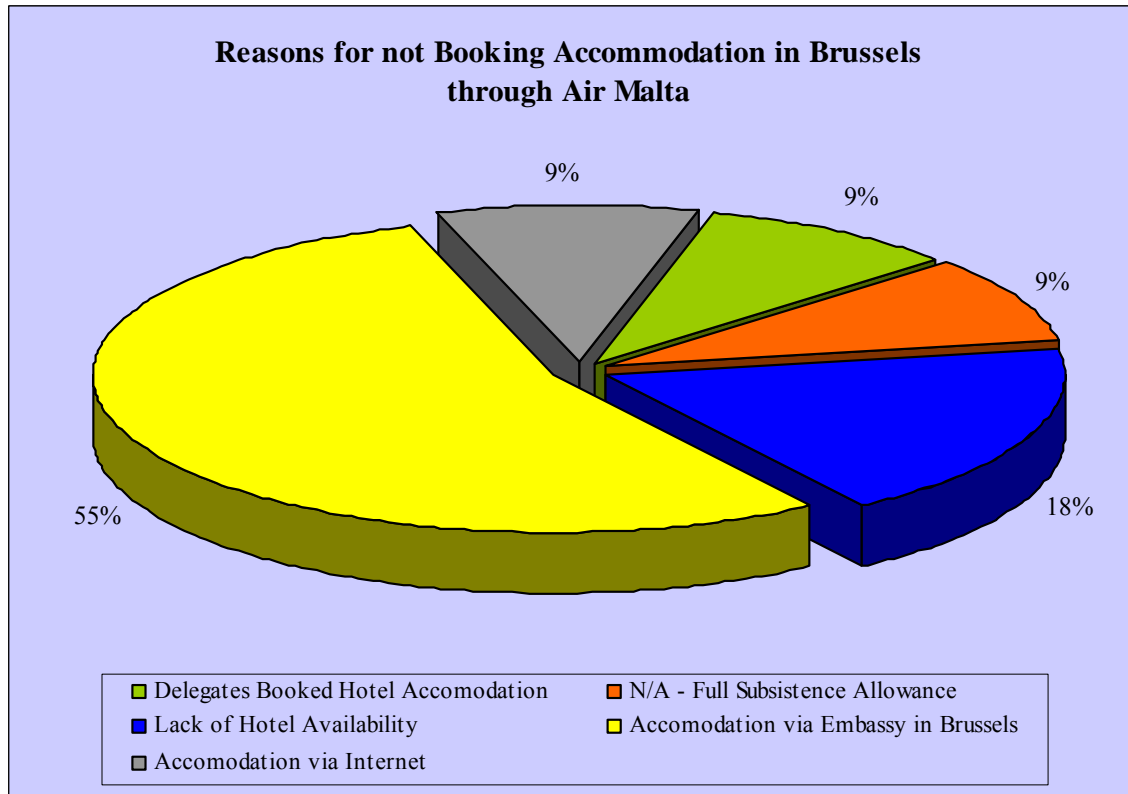
(i) Chart 27



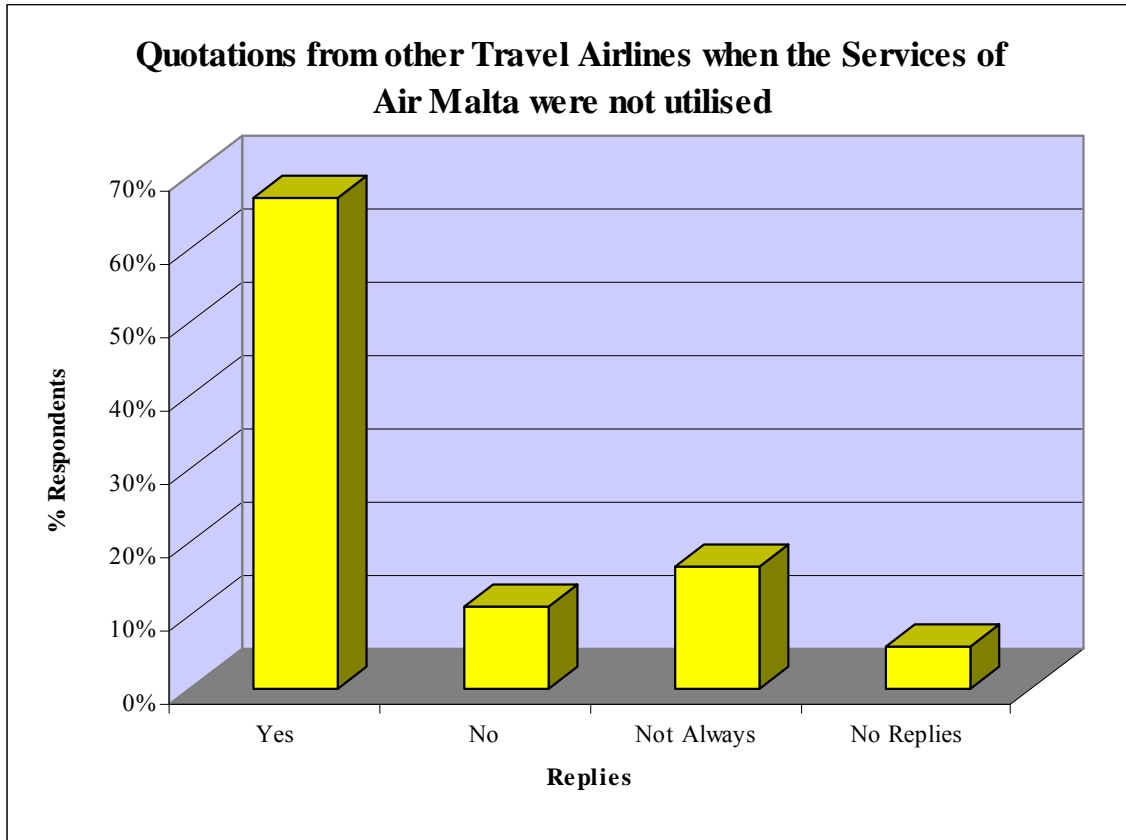
(ii) Chart 28



(iii) Chart 29

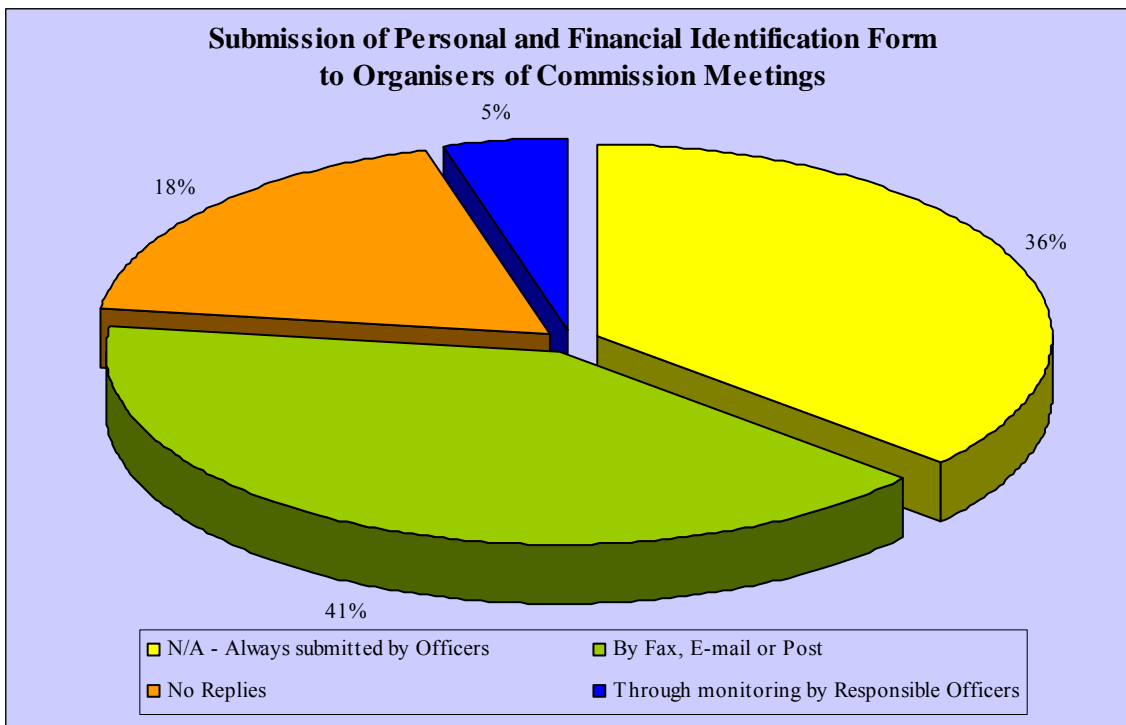


(iv) Chart 30



Appendix XVIII – Submission of Financial Identification Form

(i) Chart 31



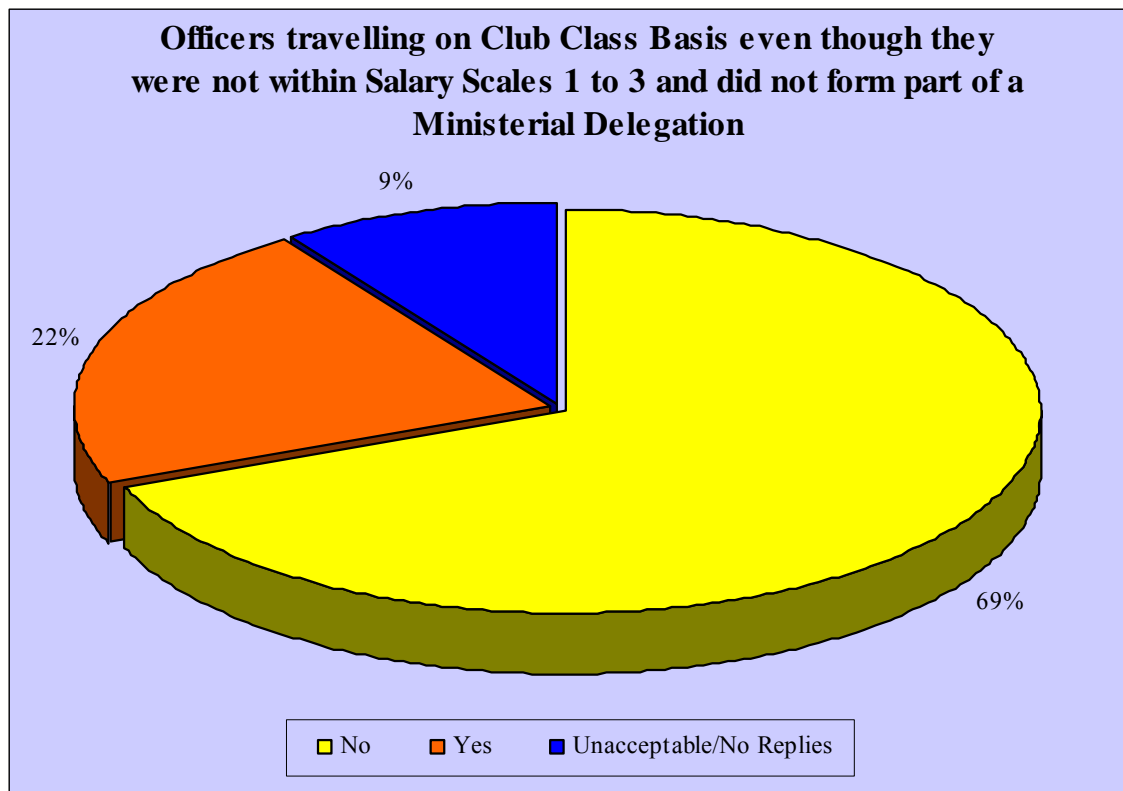
Appendix XVIV – Classes of Air Travel

- (i) The following table lists those Ministries/Departments which exceeded the calculated average number of visits made on Club Class basis in 2004.

Table 9 – Visits on Club Class Basis

Ministry/Department	No. of visits
Ministry for Rural Affairs and the Environment	72
Office of the Prime Minister	49
Ministry of Finance and Economic Affairs	48
Ministry for Justice and Home Affairs	28
Economic Policy	19
Ministry for Transport and Communications	17
Police	16
Armed Forces of Malta	13
Ministry for Resources and Infrastructure	13

- (ii) **Chart 32**



(iii) Chart 33

