
Appropriation Accounts 1990-91

Volume 2: Class II Foreign and Commonwealth Office

*Presented pursuant to Acts 29 and 30 Vict., c.39, s.22,
and 11 and 12 Geo. 5, c.52, ss.4 and 6*

*Ordered by The House of Commons to be printed
18 October 1991*

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OTHER REPORTS OF THE COMPTROLLER AND AUDITOR GENERAL

In addition to his reports published with the Appropriation Accounts, the Comptroller and Auditor General reports separately to the House of Commons on the results of his examinations of economy, efficiency and effectiveness. These reports are published during the year as House of Commons papers.

APPROPRIATION ACCOUNTS (VOLUME 2: CLASS II), 1990-91

CLASS II, VOTES 1-4: FOREIGN AND COMMONWEALTH OFFICE

1. In my Report on the Appropriation Accounts (Volume 2: Class II) for 1989-90 (HC 163-II of Session 1990-91) I explained why I had qualified my certificates on the four accounts produced by the Foreign and Commonwealth Office. In essence, the problems associated with the introduction of a new computerised accounting system had resulted in considerable imbalances which the Department were unable to resolve before the statutory deadline for submitting their annual accounts to me.

2. This report sets out the progress the Department have made in clearing the problems affecting the 1989-90 accounts, describes what they have done to improve the computer system, and summarises the outcome of my audit of the 1990-91 accounts.

1989-90 Accounts

3. The Foreign and Commonwealth Office have been working to rectify the imbalances between the new and old accounting systems. By mid-June 1991 Votes 2, 3 and 4 had been balanced; the imbalance on Vote 1 amounted to a debit of £3,000. The Department decided to carry forward this residual sum into 1990-91. The discovery and correction of further errors changed this debit balance to a credit of £149,000 which included a debit of £8,000 which cannot be reconciled with the figures for payments and receipts reported by the Paymaster General. This balance has now been credited to Sub-head A1 in the 1990-91 Class II Vote 1 Account as recorded in a Note to the Account. In addition some problems remained with suspense accounts (paragraphs 33 to 36 of my earlier report); I refer to these in paragraphs 17 to 27 below.

4. My staff have examined the Department's reconciliation exercise, the clearance of imbalances and of the other balances referred to in paragraph 41 of my previous report. The results of these tests were satisfactory.

5. The Department's exercise revealed that no changes were necessary to Votes 3 and 4, which remain as published in HC 163-II of 1990-91. The changes made to Vote 1 were:

	£000	
Subhead A1	+ 1,940	
Subhead C1	+ 736	(paragraph 41 of my previous report)
	<hr/>	
	+ 2,676	
Appropriations in Aid	- 22	
	<hr/>	
Net increase	+ 2,698	

The actual surplus to be surrendered fell by £2,698,701.53 to a total of £11,563,756.75. In addition, receipts of other classes fell by £259,914.31, leaving £6,008,410.21 as the actual sum payable to the Consolidated Fund. An extra case was also added to the Losses Statement when the Department wrote off £1.935 million previously in suspense which they were unable to reconcile (paragraph 35 of my previous report); this largely accounts for the additional charge to subhead A1.

6. The changes made to Vote 2 were:

	£000	
Subhead A12	+ 103	
Subhead B1	+ 1	(paragraph 41 of my previous report)
	<hr/>	
	+ 104	
Appropriations in Aid	+ 64	(paragraph 41 of my previous report)
Net increase	+ 40	

The actual surplus to be surrendered fell by £40,305 to a total of £10,660,710.70. In addition, receipts of other classes rose by £30,000, producing an actual sum payable separately to the Consolidated Fund of £71,714.43.

New Computer System

7. Between February 1988 and March 1991, when the project was designed and implemented, 550 Systems Incident Reports were raised, drawing attention to inaccuracies or defects in the two systems in London and in the Department's major sub-accounting unit at Hanslope Park. There were also 55 requests for system changes, largely to correct weaknesses in the accounting package. In order to overcome these and other problems identified in my previous report the Department reinforced their management team with a professional project manager from consultants, Duhig Berry Ltd, in April 1991 to bring the project under the control of PRINCE, the management methodology approved by the Central Computer Telecommunications Agency. A PRINCE Project Board was set up to identify the most cost effective means of improving the software to ensure that it could produce accurate and reliable accounts.

8. The Project Board found that as at 2 April 1991, 71 System Incident Reports and 19 change requests were outstanding and work was still in progress on others. In addition, the differences between the two versions of the software used by the Department's Finance Branch in London and in Hanslope Park had not been documented thus making it more difficult at the time to complete the remaining work.

9. Seventy per cent of the work required to rectify the problems was assessed by the Project Board as high or medium priority requiring some 456 staff days to complete. A further 125 days were required to rationalise the software and 150 days to document the system to a level where it would be feasible to enter into a maintenance contract through open competition.

10. The Project Board advised by their consultant considered three main options:

Option	Estimated cost	Case for	Case against
i) Do nothing	nil	Only valid if an immediate replacement system was available	Risk of corrupting accounts
ii) Do everything	£675,000	Highly secure system	Not justified on the grounds of cost and further changes would still be likely
iii) Do only essential work.	£145,000	Minimum changes needed to provide accurate accounts	It would allow a negotiated maintenance contract to be placed, but without the benefits of full competition.

11. The Project Board recommended the third option as the best medium term solution and the one most likely to achieve maximum benefit for minimum cost. However, they recognised that the cost of the software support contract might not be the lowest achievable and that the software would be inefficient to operate. For these reasons the Department are considering whether they should also explore alternative packages for the longer term which would provide a more efficient service and be less expensive to support.

12. The Department have so far limited work on the software to that identified in the third option, undertaking further medium priority tasks considered essential for the continued running of the system. Total expenditure was estimated at £152,000 and the work was completed in August 1991, within the estimated timescale, at a cost of £155,000.

13. Maintenance and support expenditure between April and July 1991 was £46,000; these costs included a large element for staff training and support needed to operate the end of year procedures.

14. The total cost of the Department's computerised accounting project is now £1,230,000, excluding the maintenance expenditure referred to in paragraph 13, compared to an original estimate of £560,000 in March 1988 (see table below):

	Estimate (March 1988) £000	Actual (March 1991)	Total (August 1991)	% of Estimate
Hardware	192	207	207	108
Software	140	182	182	130
Software support	—	82	95	—
Consultants	228	572	746	327
Total	560	1,043	1,230	220

Audit of 1990-91 Accounts

15. Because of the hard work and good progress made by the Foreign and Commonwealth Office in resolving problems with the new computer system I was able to obtain sufficient information to complete my audit of the Foreign and Commonwealth Office's 1990-91 Accounts. My staff undertook their usual sampling and testing of transactions with generally satisfactory results and I have been able to give a clear audit certificate to Votes 2 to 4. However, for Vote 1 some uncertainty remained which is described in paragraphs 16 to 27.

i) Suspense Accounts—General

16. Suspense accounts record receipts and payments which, for various reasons, cannot be charged directly to the main ledger accounts at the time the transactions take place—for example, advances to overseas posts or receipts awaiting identification. Departments are required by the Government Accounting manual to review suspense accounts at least every three months and to clear items as quickly as possible. This is particularly important at 31 March when failure to clear items can result in mis-statements in the final accounts.

17. My earlier report (paragraphs 33 to 36) noted that the system of control over suspense accounts maintained at headquarters had broken down to the extent that no reliance could be placed on the records maintained within the accounting system. In April 1991 the Department took steps to re-establish control over these suspense accounts and put in place training and other arrangements to ensure that these accounts were properly maintained.

18. In April 1991 the Department also set up a special unit of four staff to ensure that items in the accounts were properly recorded and cleared speedily; that long-outstanding items that could not be cleared or traced were submitted for write-off action; and that account holders maintained adequate records to allow independent reconciliation of the balances recorded by the main accounting system. The team were also tasked with reviewing procedures for controlling headquarters suspense accounts. From June 1991, a further five staff were added to the unit.

ii) Suspense Accounts—Headquarters

19. The Department maintain about 1,700 separate suspense accounts relating to Vote 1. Those relating to headquarters comprise:

- 178 suspense accounts operated within the Department, largely relating to pay and travel, but also covering a range of other subjects;
- 197 accounts held in London to control transactions by overseas posts (one account for each post accounting direct to London); and
- 160 accounts held in London to record and control funds advanced to posts.

20. By the end of July 1991, the Unit had examined 149 of the 178 suspense accounts in the first headquarters group. Of these, 62 had errors, long-outstanding balances or had not been recently reconciled; and of 87 accounts cleared, 37 were recommended for closure as being no longer required. The main problems identified by the Unit were the absence of print-outs from the accounting system, the lack of adequate manual records, and poor training given to account holders. Although the Department have arrangements in hand to address these shortcomings and are continuing their efforts to clear these accounts, it was not feasible, because of their disparate nature and value, for me to assess accurately the extent to which the uncleared balances affected the 1990-91 account for Vote 1.

21. The 197 accounts in the second headquarters group were in regular use and contained very large numbers of entries. The Department's initial examination covered all outstanding balances and 40 accounts were cleared. In order to ensure that all material transactions were properly recorded in the 1990-91 accounts, the Department gave priority to examining individual balances exceeding £10,000. As a result, the following adjustments affecting the 1990-91 accounts were made:

Charges to suspense	£4.774 million
Credits to suspense	£6.470 million

There was a net charge to the 1990-91 Appropriation Account of £220,000; the remaining adjustments were between suspense accounts and did not affect the Vote.

22. Work on the clearance of outstanding balances under £10,000 is expected to be completed by the end of September 1991. The balances outstanding on these accounts at 1 August 1991 was £970,000 but, as this figure included some 1991-92 transactions, it was difficult to determine what amount should have been debited or credited to the 1990-91 account.

23. Approximately 40 of the 160 accounts held in headquarters to control funds advanced to overseas posts have been cleared with a further 60 awaiting final scrutiny. No material errors affecting the Appropriation Account have come to light.

iii) Suspense Accounts—Overseas

24. Suspense accounts are held by overseas posts for the control of such items as long term rent deposits, travel advances and recoveries for the private use of telephones. They also include about 1,000 small imprest accounts for such items as postage, petty cash for consular work and maintenance. The Department require all of these accounts to be subject to monthly examination, surprise checks and certification by local management.

25. Although control of overseas posts' suspense accounts was not affected by the problems with headquarters computer, the Department extended the special unit's work to cover these as a lower priority. However, work was suspended in July 1991 in order to concentrate on those accounts held in London. At that time the accounts for 115 of the 194 posts had been examined to ensure that all outstanding suspense items were cleared within three months of the date of the transaction. Approximately one-third of those examined were found to be in order without the need for further action; but more information is required from posts before the remainder can be checked.

iv) Suspense Accounts—Current Position

26. The Department have told me that at 11 September, the position on each of the four types of suspense accounts was as follows:

- a) All 178 accounts in the first headquarters group (paragraph 20 above) had been examined with 121 cleared. Of these, 49 had or will be closed as being no longer required, 51 accounts require further work.
- b) 120 of the 197 accounts in the second headquarters group (paragraphs 21 and 22 above) had been cleared.
- c) 120 of the 160 of the third group (paragraph 23) had also been cleared.
- d) All of the 194 suspense accounts held at overseas posts (paragraphs 24 and 25 above) had been examined of which 114 had been cleared. Information is still required from posts before the remaining 80 can be fully checked.

v) Conclusions

27. I have been able to complete my normal testing of transactions with generally satisfactory results. However, although the Foreign and Commonwealth Office have taken steps to re-establish control over their suspense accounts, the fact that this process was not complete when I finalised my audit means that I cannot be certain that all relevant sums paid and received by the Department have been properly charged to Vote 1. I have therefore qualified my opinion on grounds of uncertainty.

John Bourn
Comptroller and Auditor General

National Audit Office
4 October 1991

CLASS II
FOREIGN AND
COMMONWEALTH OFFICE

CLASS II: FOREIGN AND

Page	No. of Vote	SERVICE	Estimated Gross Expenditure	Authorised Appropriations in Aid	Supply Grant
			£000	£000	£000
4	1	Foreign and Commonwealth Office: overseas representation	583,703	30,923	552,780
7	2	Foreign and Commonwealth Office: other external relations	208,427	18,506	189,921
12	3	Foreign and Commonwealth Office: external broadcasting and monitoring	150,053	2,608	147,445
14	4	Foreign and Commonwealth Office: British Council	78,309	—	78,309
15	5	Foreign and Commonwealth Office—Overseas Development Administration: Overseas aid	1,551,567	72,614	1,478,953
19	6	Foreign and Commonwealth Office—Overseas Development Administration: Overseas superannuation	139,437	1,179	138,258
		Total	2,711,496	125,830	2,585,666

COMMONWEALTH OFFICE

Gross Expenditure	Appropriations in Aid applied	Net Expenditure	Gross Expenditure compared with Estimate: Saving or (Excess)	Deficiency of Appropriations in Aid	Amount to be surrendered	Extra Receipts payable to Consolidated Fund	No. of Vote
£000	£000	£000	£000	£000	£000	£000	
573,027	30,617	542,410	10,676	306	10,370	36,860	1
201,043	17,216	183,827	7,384	1,290	6,094	664	2
148,871	2,607	146,264	1,182	1	1,181	—	3
78,309	—	78,309	—	—	—	30	4
1,545,145	72,614	1,472,531	6,422	—	6,422	36,383	5
135,837	703	135,134	3,600	476	3,124	7,326	6
2,682,232	123,757	2,558,475	29,264	2,073		81,263	
Total amount to be surrendered					27,191		
Actual total amount to be surrendered					<u>£27,190,249-55</u>		

**FOREIGN AND COMMONWEALTH OFFICE:
OVERSEAS REPRESENTATION**

See also Report of Comptroller and Auditor General

SUMMARY OF OUTTURN, and the ACCOUNT of the sum expended, in the year ended 31 March 1991, compared with the sum granted, for expenditure by the Foreign and Commonwealth Office on its salaries, building and other accommodation services, and administration, and those of HM Diplomatic Service, official information services, sundry services and loans and payments in connection with catering services.

SUMMARY OF OUTTURN

Section	Estimated			Actual		
	Gross Expenditure £000	Appropriations in Aid £000	Net Expenditure £000	Gross Expenditure £000	Appropriations in Aid £000	Net Expenditure £000
OVERSEAS REPRESENTATION						
A	492,472	16,423	476,049	486,324	15,471	470,853
B	4,039	—	4,039	3,045	—	3,045
C	87,192	14,500	72,692	83,658	15,146	68,512
Total	<u>583,703</u>	<u>30,923</u>	<u>552,780</u>	<u>573,027</u>	<u>30,617</u>	<u>542,410</u>

ACCOUNT

Service	Grant £000	Expenditure £000	Expenditure compared with Grant	
			Less than Granted £000	More than Granted £000
Section A				
RUNNING COSTS				
A1 Running Costs	491,182	485,225	5,957	—
A2 Government Hospitality Fund	1,290	1,099	191	—
Section B				
OTHER CURRENT EXPENDITURE				
B1 Broadcasting: FCO Relay Stations	3,229	2,692	537	—
B2 Outward Secondments	810	353	457	—
Section C				
CAPITAL EXPENDITURE				
C1 Capital	87,192	83,658	3,534	—

EXPLANATION of the causes of variation between Expenditure and Grant.

B1 Projected Locally Engaged staff costs did not materialise.

Service	£000	Grant £000	Expenditure £000	Expenditure compared with Grant	
				Less than Granted £000	More than Granted £000
GROSS TOTAL					
Original (revised sum)	561,645				
Supplementary	22,058				
		583,703	573,027	10,676	—
		Estimated	Realised	Surplus of Gross Estimate over Expenditure 10,676	
		£000	£000		
Deduct					
Z Appropriations in Aid	26,923				
Original	26,923				
Supplementary	4,000				
		30,923	30,617		Deficiency of Appropriations in Aid realised 306
NET TOTAL					
Original (revised sum)	534,722				
Supplementary	18,058				
		552,780	542,410		Net Surplus 10,370
		Actual surplus to be surrendered		<u>£10,370,018.14</u>	

Receipts

	Estimated £000	Realised £000
Receipts payable to Consolidated Fund		
(i) Receipts of classes authorised to be used as Appropriations in Aid	30,923	30,617
(ii) Receipts of other classes	40,787	36,860
Gross Total Appropriated in Aid	71,710	67,477
Net Total		36,860
Actual sum payable separately to Consolidated Fund		<u>£36,860,241.46</u>

Details of Receipts

	Estimated £000	Realised £000
(i) Receipts of classes authorised to be used as Appropriations in Aid		
Subhead AZ		
Refunds of running costs of diplomatic staff on loan and locally engaged staff	2,001	1,870
Wiston House fees	583	748
Receipts for the sale of information material overseas	183	186
Income from subletting and receipts from sales of surplus works material and equipment	771	1,267
Receipts at home and overseas from sale of official vehicles, legalisation fees, telephone and postage recoveries, medical scheme recoveries, bank interest and other sundry receipts	6,388	5,898
Repayment by locally engaged staff overseas of loans for car purchase and medical and other assistance	33	17
Receipts from Government Departments including receipts from ODA for Aid Administration	6,081	4,979 (a)
Refunds of value added tax	383	506
Subhead CZ		
Receipts from the sale of certain land and buildings forming part of the overseas estate rationalisation programme	14,500	15,146
Total	30,923	30,617

(a) Expected recovery of costs of Drug Liaison Officers (DLOs) was not made in year of account.

Details of Receipts (contd.)

	Estimated	Realised
	£000	£000
(ii) Receipts of other classes		
Consular fee receipts for passport services provided at consular offices	5,053	4,322
Receipts for visa and other consular services provided at consular offices	35,734	32,538
	<hr/>	<hr/>
Total	40,787	36,860
	<hr/>	<hr/>

Losses Statement

Total (188 cases) £000
121

Note

The 1989-90 Appropriation Account for this Vote was based on a trial balance which had an imbalance of £9.7 million which was transferred to 1990-91. Subsequent investigations have reduced that imbalance to a net amount of £148,974.59 which has been credited to subhead A1.

David Gillmore

Accounting Officer

12 September 1991

I certify that I have examined the above account in accordance with the Exchequer and Audit Departments Acts 1866 and 1921 and the National Audit Office auditing standards except that, as explained in paragraphs 15 to 27 of my report, the Foreign and Commonwealth Office failed to maintain proper suspense account records.

Subject to this limitation on the scope of my examination, in my opinion the sums expended have been applied for the purposes authorised by Parliament and the account properly presents the expenditure and receipts of Class II Vote 1 for the year ended 31 March 1991.

John Bourn

Comptroller and Auditor General

**FOREIGN AND COMMONWEALTH OFFICE:
OTHER EXTERNAL RELATIONS**

See also Report of Comptroller and Auditor General

SUMMARY OF OUTTURN, and the ACCOUNT of the sum expended, in the year ended 31 March 1991, compared with the sum granted, for expenditure by the Foreign and Commonwealth Office on grants and subscriptions, etc., to certain international organisations, certain grants in aid, special payments and assistance, scholarships, military aid and sundry other grants and services.

SUMMARY OF OUTTURN

Section	Estimated			Actual		
	Gross Expenditure £000	Appropriations in Aid £000	Net Expenditure £000	Gross Expenditure £000	Appropriations in Aid £000	Net Expenditure £000
OTHER EXTERNAL RELATIONS						
A	97,102	3,475	93,627	95,423	3,295	92,128
B	4,181	—	4,181	4,212	—	4,212
C	67,199	13,837	53,362	59,859	12,726	47,133
D	27,994	1,194	26,800	28,026	1,195	26,831
F	11,951	—	11,951	13,523	—	13,523
Total	<u>208,427</u>	<u>18,506</u>	<u>189,921</u>	<u>201,043</u>	<u>17,216</u>	<u>183,827</u>

ACCOUNT

Service	Grant	Expenditure	Expenditure compared with Grant	
			Less than Granted	More than Granted
	£000	£000	£000	£000
Section A				
GRANTS AND SUBSCRIPTIONS ETC TO INTERNATIONAL ORGANISATIONS				
A1 United Nations regular Budget	24,590	24,564	26	—
A2 United Nations Force in Cyprus	27,416	27,777	—	361
A3 United Nations Disengagement Observer Force	1,619	1,574	45	—
A4 United Nations Interim Force in Lebanon	4,185	3,950	235	—
A5 Commonwealth Secretariat	2,371	2,340	31	—
A6 Council of Europe	9,927	9,500	427	—
A7 Western European Union	1,536	1,533	3	—
A8 Organisation for Economic Cooperation and Development	5,267	5,126	141	—
A9 North Atlantic Treaty Organisation	13,127	12,795	332	—
A10 United Nations Iran/Iraq Military Observer Group	1,150	852	298	—
A11 United Nations Committee on Torture	103	12	91	—
A12 United Nations Angola Verification Mission	150	131	19	—
A13 Subscriptions to other international organisations	1,652	1,637	15	—
A14 United Nations Observer Force in Central America (ONUCA)	1,490	1,077	413	—
A16 United Nations Transitional Assistance Group	19	55	—	36
A17 International Committee of the Red Cross	2,500	2,500	—	—
Section B				
GENERAL EXPENSES AND GRANTS ETC TO NON-GOVERNMENTAL AND STATUTORY ORGANISATIONS				
B1 Commonwealth Institute: grant	2,722	2,759	—	37
B2 Other Grants-in-Aid	1,459	1,453	6	—
Section C				
GENERAL EXPENSES				
C1 Miscellaneous payments in respect of individuals	4,583	2,240	2,343	—
C2 British Indian Ocean Territory	115	60	55	—
C3 UK/Iran Compensation Agreement	1,456	546	910	—
C4 General Services	12,873	10,867	2,006	—

EXPLANATION of the causes of variations between Expenditure and Grant.

- C1 Most of the additional provision for the Gulf War was consular expenditure not needed. Part of this expenditure is presently unvouched because it was not possible in the difficult and confusing circumstances of the Iraqi Crisis to return all post account papers to the UK when our Embassy in Baghdad was evacuated.
- C3 Final payment of compensation postponed because of delay in refurbishment of Iranian Embassy, London.
- C4 Due mainly to planned expenditure being curtailed and expenditure on cost of conferences being less than expected.

Service	Grant	Expenditure	Expenditure compared with Grant	
			Less than Granted	More than Granted
	£000	£000	£000	£000
C5 Scholarships, awards and other assistance to UK overseas students	26,905	26,459	446	—
C6 Marshall Aid Commemoration Commission grant in aid*	970	891	79	—
C7 Other Cultural Programmes	147	160	—	13
C8 Vietnamese Boat People	14,300	13,282	1,018	—
C9 Assistance to Eastern Europe	1,150	1,179	—	29
C10 Drugs Assistance to Colombia	3,500	2,930	570	—
C11 Assistance to Dependent Territories	1,200	1,245	—	45
Section D				
MILITARY AID				
D1 Military training assistance	18,094	18,237	—	143
D2 Mozambique defence aid	650	670	—	20
D3 Other defence aid	3,150	3,019	131	—
D4 Military assistance to Portugal	6,100	6,100	—	—
Section F				
REIMBURSEMENT OF CERTAIN DUTIES, TAXES AND LICENCE FEES				
F1 Reimbursement of certain duties, taxes and licence fees	11,951	13,523	—	1,572

*The accounts of the Marshall Aid Commemoration Commission are published separately as a White Paper.

EXPLANATION of the causes of variations between Expenditure and Grant.

C8 Full provision not used because of postponement of the repatriation programme.

C10 Delay in submission of invoices by contractors.

F1 Claims for VAT refunds greater than expected.

Service	£000	Grant £000	Expenditure £000	Expenditure compared with Grant	
				Less than Granted £000	More than Granted £000
GROSS TOTAL					
Original	180,744				
Supplementary	12,130				
Supplementary	15,553				
		208,427	201,043	9,640	2,256
		Estimated	Realised	Surplus of Gross Estimate over Expenditure	
		£000	£000	7,384	
Z					
Deduct Appropriations in Aid	16,855				
Original	1,651				
Supplementary		18,506	17,216		
				Deficiency of Appropriations in Aid realised	
				1,290	
NET TOTAL					
Original	163,889				
Supplementary	12,130				
Supplementary	13,902				
		189,921	183,827		
				Net Surplus	
				6,094	
		Actual surplus to be surrendered		£6,093,949.84	

Receipts

	Estimated £000	Realised £000
Receipts payable to Consolidated Fund		
(i) Receipts of Classes authorised to be used as Appropriations in Aid	18,506	17,216
(ii) Receipts of other classes	40	664
Gross Total Appropriated in aid	18,546	17,880
Net Total		664
Actual sum payable separately to the Consolidated Fund		£663,760.60

Details of Receipts

	Estimated £000	Realised £000
(i) Receipts of classes authorised to be used as Appropriations in Aid		
Subhead AZ		
UN Force in Cyprus: recoveries from the UN and Cyprus	3,239	3,094
Multinational force and observers in Sinai: refund of special allowances	57	57
Contribution by the Overseas Development Administration (Class II, Vote 5, B3(5)) towards the subscription to the Commonwealth Foundation (subhead A12)	165	116
Refund in respect of the Commonwealth Secretariat (subhead A5)	14	28
	3,475	3,295

Details of Receipts *contd.*

	Estimated	Realised
	£000	£000
Subhead CZ		
Recoveries from the Foreign Compensation Commission of the cost of distributing compensation*	1,100	1,899 (a)
Repayment of sums advanced to distressed British nationals	245	26
Repayment of loans and advances originally made by the Anglo Egyptian Resettlement Board	1	—
Miscellaneous	1	—
Payment from the Overseas Development Administration Class II, Vote 5 for the FCO's Scholarships and Award Scheme (subhead C5)	10,673	10,512
UK/Iran Compensation Agreement. First instalment by the Iranian Government of the equivalent of 120,000,000 riyals for damage to British official property in Iran	817	289 (b)
Recoveries of the cost of assistance to the British Community in the Gulf (C1(4))	1,000	—
	<u>13,837</u>	<u>12,726</u>
Subhead DZ		
Singapore loan: repayment of principal	1,041	1,042
Malaysia loan: repayment of principal	153	153
	<u>1,194</u>	<u>1,195</u>
TOTAL	<u>18,506</u>	<u>17,216</u>
*The accounts of the Foreign Compensation Commission are published separately as a White Paper.		
(a) Fluctuations in the timing of recoveries resulted in higher receipts than anticipated.		
(b) Final payment of compensation postponed because of delay in refurbishment of Iranian Embassy, London.		
(ii) Receipts of other classes		
Miscellaneous	20	664
Irish Soldiers and Sailors Land Trust: UK share of surplus funds	20	—
	<u>40</u>	<u>664</u>
Losses statement	£000	
Total (18 cases)	106	

David Gilmore
Accounting Officer

12 September 1991

I certify that I have examined the above account in accordance with the Exchequer and Audit Departments Acts 1866 and 1921 and the National Audit Office auditing standards.

In my opinion the sums expended have been applied for the purposes authorised by Parliament and the account properly presents the expenditure and receipts of Class II Vote 2 for the year ended 31 March 1991.

John Bourn
Comptroller and Auditor General

**FOREIGN AND COMMONWEALTH OFFICE:
EXTERNAL BROADCASTING AND MONITORING**

See also Report of Comptroller and Auditor General

SUMMARY OF OUTTURN, and the ACCOUNT of the sum expended, in the year ended 31 March 1991, compared with the sum granted, for expenditure by the Foreign and Commonwealth Office on grants in aid of the British Broadcasting Corporation for external broadcasting and monitoring services and for contractual services in connection with FCO relay stations.

SUMMARY OF OUTTURN

Section	Estimated			Actual		
	Gross Expenditure £000	Appropriations in Aid £000	Net Expenditure £000	Gross Expenditure £000	Appropriations in Aid £000	Net Expenditure £000
EXTERNAL BROADCASTING AND MONITORING						
A	150,053	2,608	147,445	148,871	2,607	146,264

ACCOUNT

Service	Grant £000	Expenditure £000	Expenditure compared with Grant	
			Less than Granted £000	More than Granted £000
A1 BBC World Service external services: grant in aid				
(1) External broadcasting	135,912	135,649	263	—
(2) External monitoring	13,159	12,240	919	—
A2 FCO relay stations	982	982	—	—
GROSS TOTAL				
Original	142,528			
Supplementary	2,765			
Supplementary	4,760			
	150,053	148,871	1,182	
	Estimated	Realised	Surplus of Gross Estimate over Expenditure	
	£000	£000	1,182	
<i>Deduct:</i>				
AZ Appropriations in Aid				Deficiency of Appropriations in Aid realised
Original	2,608			1
	2,608	2,607		
NET TOTAL				
Original	139,920			
Supplementary	2,765			
Supplementary	4,760			
	147,445	146,264		Surplus 1,181
			Actual surplus to be surrendered	
			£1,180,500-00	

	Estimated	Realised
	£000	£000
Receipts authorised to be used as Appropriations in Aid		
Contributions by the Ministry of Defence (Class I, Vote 1) towards the cost of BBC external monitoring services	2,480	2,480
Refunds of VAT on BBC Contracts	128	127
Gross Total	2,608	2,607
Appropriated in Aid		2,607
Net Total		—
Actual sum payable separately to Consolidated Fund		£—

Note

The expenditure is divisible between current and capital as follows:

	Grant	Sums issued
	£000	£000
A1 (1) Current expenditure	106,178	107,878
Capital expenditure	29,734	27,771
	135,912	135,649
A1 (2) Current expenditure	10,290	10,290
Capital expenditure	2,869	1,950
	13,159	12,240

David Gillmore
Accounting Officer

12 September 1991

I certify that I have examined the above account in accordance with the Exchequer and Audit Departments Acts 1866 and 1921 and the National Audit Office auditing standards.

In my opinion the sums expended have been applied for the purposes authorised by Parliament and the account properly presents the expenditure and receipts of Class II Vote 3 for the year ended 31 March 1991.

John Bourn
Comptroller and Auditor General

**FOREIGN AND COMMONWEALTH OFFICE:
THE BRITISH COUNCIL**

See also Report of Comptroller and Auditor General

ACCOUNT of the sum expended, in the year ended 31 March 1991, compared with the sum granted, for expenditure by the Foreign and Commonwealth Office on a grant in aid of the British Council.

Service	Grant	Expenditure	Expenditure compared with Grant	
			Less than Granted	More than Granted
£000	£000	£000	£000	£000
BRITISH COUNCIL				
A1 British Council: (grant in aid)*				
<i>Original</i>	74,433			
<i>Supplementary</i>	1,800			
<i>Supplementary</i>	2,076			
	78,309	78,309	—	—

Receipts

	Estimated	Realised
	£000	£000
Receipts payable to Consolidated Fund	20	30
Actual sum payable separately to Consolidated Fund		£29,599.56

Note

The original estimates showed a gross provision of £98,758,000 reduced by appropriations in aid of £24,325,000 to a net provision of £74,443,000. The supplementary estimate changed the format removing the appropriations in aid and providing an increased net provision of £76,233,000. The appropriations in aid which represented part of Overseas Development Administration's contribution to the Council have been accounted for directly by the Administration.

*For details see the 1990-91 Annual Account of the British Council.

David Gillmore
Accounting Officer

12 September 1991

I certify that I have examined the above account in accordance with the Exchequer and Audit Departments Acts 1866 and 1921 and the National Audit Office auditing standards.

In my opinion the sums expended have been applied for the purposes authorised by Parliament and the account properly presents the expenditure and receipts of Class II Vote 4 for the year ended 31 March 1991.

John Bourn
Comptroller and Auditor General

OVERSEAS AID

SUMMARY OF OUTTURN, and the ACCOUNT of the sum expended, in the year ended 31 March 1991, for expenditure by the Foreign and Commonwealth Office: Overseas Development Administration under the Overseas Development and Co-operation Act 1980 on the official United Kingdom aid programme and for assistance to Eastern Europe; including financial and technical assistance to governments, institutions, voluntary agencies and individuals; pensions and allowances in respect of overseas service including contributions to pension funds; capital and other subscriptions and contributions, including payments under guarantee, to multilateral development banks and other international and regional bodies; emergency, refugee and other relief assistance; loans to the Commonwealth Development Corporation; running costs, related capital expenditure, and other administrative costs including for the Natural Resources Institute (an executive agency).

SUMMARY OF OUTTURN

Section	Estimated			Actual		
	Gross Expenditure	Appropriations in Aid	Net Expenditure	Gross Expenditure	Appropriations in Aid	Net Expenditure
	£000	£000	£000	£000	£000	£000
OVERSEAS AID						
A	898,378	1,513	896,865	946,132	2,222	943,910
B	511,925	933	510,992	462,184	867	461,317
C	40,565	142	40,423	39,412	158	39,254
D	6,194	2,091	4,103	5,633	1,039	4,594
E	—	45,170	(45,170)	—	48,314	(48,314)
F	19,505	—	19,505	16,784	—	16,784
G	75,000	22,765	52,235	75,000	22,765	52,235
Total	1,551,567	72,614	1,478,953	1,545,145	75,365	*1,469,780

*This figure is £2,751,000 less than the net total of expenditure on the Appropriation Account, being the difference between the Appropriations in Aid realised (£75,365,000) and those authorised to be applied (£72,614,000).

ACCOUNT

Service	Grant	Expenditure	Expenditure compared with Grant	
			Less than Granted	More than Granted
	£000	£000	£000	£000
Section A				
BILATERAL AID				
A1 Country Programmes	591,967	628,647	—	36,680
A2 Aid and Trade Provision	90,000	94,425	—	4,425
A3 Sectoral Programmes	177,423	183,990 (a)	—	6,567
A4 British Council: grant in aid	24,325	25,004	—	679
A5 Pensions	14,663	14,066	597	—

(a) A3(8) is a net subhead which accounts for gross expenditure of £13,603,642.45 and gross receipts of £1,355,822.16. A3(9) (see estimate HC2-II of 1990-91 Page 30). From a grant of £25,000,000 the sum of £7,588,356.17 was not fully vouched at the time of closing the accounts. Cases in which it proves impossible to obtain vouchers will be included in future losses statements.

Service	Grant	Expenditure	Expenditure compared with Grant	
			Less than Granted	More than Granted
	£000	£000	£000	£000
Section B				
MULTILATERAL AID				
B1 European Community	150,875	149,995	880	—
B2 International Financial Institutions: Grants in aid	238,053	194,888	43,165	—
B3 United Nations, Commonwealth and Other Multilateral	122,997	117,301	5,696	—
Section C				
ADMINISTRATION				
C1 Running costs	33,424	33,401	23	—
C2 Capital expenditure	7,141	6,011	1,130	—
Section D				
OVERSEAS DEVELOPMENT NATURAL RESOURCES INSTITUTE (ODNRI)				
D1 ODNRI Current Expenditure	4,801	4,419	382	—
D2 Capital expenditure	1,393	1,214	179	—
Section E				
UNALLOCATED				
E1 Unallocated (<i>b</i>)	—	—	—	—
Section F				
OTHER ECONOMIC ASSISTANCE				
F1 Assistance to Eastern Europe	19,505	16,784	2,721	—
Public Corporations				
Section G				
COMMONWEALTH DEVELOPMENT CORPORATION				
G1 Commonwealth Development Corporation (CDC)	75,000	75,000	—	—

(b) No expenditure has been brought to account under Subhead E1, the sums provided having been used, with Parliament's authority, to increase the amounts available on other Subheads of this Vote.

EXPLANATION of the Causes of Variation between Expenditure and Grant.

- B2 Rephasing of payments to the International Development Association. The requirements of several other institutions were less than expected.
- C2 Downward revision in the capital requirement for the refurbishment of the new London headquarters and delays in billing arising from accidental flooding of the new building prior to its completion.
- F1 Delay in securing a permanent EBRD HQ building.

Service	Grant	Expenditure	Expenditure compared with Grant	
			Less than Granted	More than Granted
	£000	£000	£000	£000
GROSS TOTAL	£000			
Original	1,513,578			
Supplementary	30,000			
Supplementary	3,514			
Supplementary	4,475			
	<u>1,551,567</u>	1,545,145	54,773	48,351
			Surplus of Gross Estimate over Expenditure 6,422	
	Estimated	Applied		
	£000	£000		
Z				
Deduct Appropriations in Aid				
Original	71,924			
Supplementary	—			
Supplementary	(2,341)			
Supplementary	3,031			
	<u>72,614</u>	72,614		
NET TOTAL				
Original	1,441,654			
Supplementary	30,000			
Supplementary	5,855			
Supplementary	1,444			
	<u>1,478,953</u>	1,472,531		
				Net Surplus 6,422
				<u>£6,421,564-00</u>

Actual surplus to be surrendered

Receipts

	Estimated	Realised
Receipts payable to Consolidated Fund	£000	£000
(i) Receipts of classes not authorised to be used as Appropriations in Aid	72,614	75,365
(ii) Receipts for other classes	31,561	33,632
Gross Total	104,175	108,997
Appropriated in aid		72,614
Net Total		36,383
Actual sum payable separately to Consolidated Fund		<u>£36,383,575-78</u>

Details of Receipts

	Estimated	Realised
	£000	£000
(i) Receipts of classes authorised to be used as Appropriations in Aid		
Subhead AZ		
Receipts including those from overseas governments arising from bilateral country and sectoral programmes; recoveries of loan advances to overseas pensioners and of contributions to widows' and orphans' pensions schemes taken over by the UK; including VAT recoveries.		
(1) Country and Sectoral Programmes	1,497	2,205 (c)
(2) Pensions	16	17
	<u>1,513</u>	<u>2,222</u>
Subhead BZ		
(1) Contributions towards certain subscriptions.	133	136
(2) Payments clearing defaults on European Investment Bank loans.	800	731
	<u>933</u>	<u>867</u>

(c) Higher receipts than forecast for country programmes.

Details of Receipts <i>contd.</i>	Estimated	Realised
	£000	£000
Subhead CZ		
Recoveries in respect of running costs services including VAT refunds.	142	158
Subhead DZ		
Income from non-ODA customers	2,091	1,039 (d)
Subhead EZ		
Capital Receipts	45,170	48,314
Subhead GZ		
Repayment of aid programme loans to CDC	22,765	22,765
TOTAL	<u>72,614</u>	<u>75,365</u>
(ii) Receipts of other classes		
(1) Interest on loans from overseas recipients	4,609	6,210
(2) Interest on loans from Commonwealth Development Corporation	25,352	25,352
(3) Miscellaneous	1,600	2,070
TOTAL	<u>31,561</u>	<u>33,632</u>
(d) Less work than forecast on external contracts by NRI.		

Losses Statement

Total (137 cases) £000
8,871

Five cases of expenditure, for which proof of discharge would have been obtained by means of Annual Audited Statements but where through circumstances beyond the control of the department, it has not been possible to obtain unqualified statements, or statements from a properly constituted independent audit authority, or satisfactory proof of discharge. From other evidence it examined the department is satisfied that the projects were satisfactorily completed and has no reason to doubt that the aid funds were properly used.

2,449

Waiver of recovery of pre-independence loans to the PDR Yemen.

6,099

Gifts Made

Total (10 cases) 195

Loans Statement

Loans: Total issues 1990-91 £000
87,728

Details

Bilateral Loans*	New Commitments
New commitments	£000
UK/Guyana bridging loan 1989	6,135

Other Loans*

Commonwealth Development Corporation 75,000

Loans remitted in the year

Total (2 cases) 3,569

Details

Remission of outstanding debt (including interest of £695,317.63) against the UK/British Virgin Island (Wickhams Cay) loan 2,215

Remission of outstanding debt (including interest of £420,296.20) against the UK/British Virgin Island (Anegada) loan 1,354

*Details of bilateral loans are shown on the basis of new commitments over £100,000. Details of actual issues only, over £100,000, are provided for other loans.

Other Notes

Audited statements are required from overseas Governments to cover advances made under Subheads A1, A2 and A3. Final audited statements which were due to be certified covering issues totalling £119.830 million on these Subheads had not been certified at 31 March 1991.

T. P. Lankester

Accounting Officer

27 August 1991

I certify that I have examined the above account in accordance with the Exchequer and Audit Departments Acts 1866 and 1921 and the National Audit Office auditing standards.

In my opinion the sums expended have been applied for the purposes authorised by Parliament and the account properly presents the expenditure and receipts of Class II Vote 5 for the year ended 31 March 1991.

John Bourn

Comptroller and Auditor General

OVERSEAS SUPERANNUATION

SUMMARY OF OUTTURN, and the ACCOUNT of the sum expended, in the year ended 31 March 1991, compared with the sum granted, for expenditure by the Foreign and Commonwealth Office (Overseas Development Administration) on pension and superannuation payments etc. in respect of overseas service and sundry other services and expenses.

SUMMARY OF OUTTURN

Section	Estimated			Actual		
	Gross Expenditure £000	Appropriations in Aid £000	Net Expenditure £000	Gross Expenditure £000	Appropriations in Aid £000	Net Expenditure £000
OVERSEAS SUPERANNUATION						
A	113,628	1,179	112,449	110,371	703	109,668
B	25,809	—	25,809	25,466	—	25,466
Total	<u>139,437</u>	<u>1,179</u>	<u>138,258</u>	<u>135,837</u>	<u>703</u>	<u>135,134</u>

ACCOUNT

Service	Grant £000	Expenditure £000	Expenditure compared with Grant	
			Less than Granted £000	More than Granted £000
Section A				
OVERSEAS SUPERANNUATION				
A1 Superannuation payments to and in respect of certain overseas pensioners and their dependants	111,261	108,604	2,657	—
A2 Other superannuation and related payments	2,367	1,767	600	—
Section B				
OTHER EXPENDITURE NOT INCLUDED IN THE PLANNING TOTAL				
B1 Other pensions payments	25,809	25,466	343	—
GROSS TOTAL	139,437	135,837	3,600	—
	Estimated £000	Realised £000	Surplus of Gross Estimate over Expenditure 3,600	
<i>Deduct</i>			Deficiency of Appropriations in Aid realised 476	
AZ Appropriations in Aid	1,179	703		
NET TOTAL	138,258	135,134	Net Surplus 3,124	
	Actual surplus to be surrendered		<u>£3,124,217.57</u>	

EXPLANATION of the Causes of Variation between Expenditure and Grant.

A2 Payment for outward transfer values were not made in a number of cases where police officers' overseas contracts were extended beyond 1990/91.

Receipts

	Estimated	Realised
	£000	£000
Receipts payable to Consolidated Fund	10,700	7,326
Receipts of classes not authorised to be used as Appropriations in Aid		
Actual Sum payable separately to Consolidated Fund		<u>£7,326,490.28</u>

Details of Receipts

	Estimated	Realised
	£000	£000
(i) Receipts of classes authorised to be used as Appropriations in Aid		
Superannuation transfer values from home police forces and fire services when officers are seconded for overseas service; transfer values and any interest payment for overseas service from the overseas employing government when such officers return to their home forces	1,173	698
Police Pension receipts	6	5
Total	<u>1,179</u>	<u>703</u>
(ii) Receipts of other classes		
Capital sums received from overseas governments for the post-independence service element of pensions taken over by HMG; and contributions by overseas governments for serving officers' contingent pension benefits, which become an HMG liability when the officer retires	—	31
Proceeds of the sale of the assets of certain colonial pensions funds which are being wound up	10,700	7,022 (a)
Interest earned on Crown Agents' pensions accounts	—	—
Refunds of overpayments of pensions in respect of previous years	—	103
Miscellaneous	—	170
Total	<u>10,700</u>	<u>7,326</u>

(a) Conversion of the Overseas Superannuation Scheme to Pay As You Go deferred until 1991-92.

Losses Statement

Total (144 cases)	£000
	113

T. P. Lankester
 Accounting Officer

27 August 1991

I certify that I have examined the above account in accordance with the Exchequer and Audit Departments Acts 1866 and 1921 and the National Audit Office auditing standards.

In my opinion the sums expended have been applied for the purposes authorised by Parliament and the account properly presents the expenditure and receipts of Class II Vote 6 for the year ended 31 March 1991.

John Bourn
 Comptroller and Auditor General

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