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* 1. **Grants to National Empowerment Foundation**

The Ministry of Social Integration and Economic Empowerment is responsible for the implementation of Government measures for poverty alleviation and empowerment of vulnerable families eligible under the Social Register of Mauritius with a view to mainstreaming them in society and improving their quality of life in a sustainable manner through the provision of an effective and efficient service delivery, imbued with equity, fairness and impartiality. Grants have been provided to National Empowerment Foundation (NEF), a wholly state owned private company**,** to meetoperational costs and costs of implementation of programmes entrusted to it by the Ministry.

During the period 1 January 2011 to 30 June 2017, the Ministry had disbursed grants to NEF to the tune of some Rs 1.93 billion for its operational costs and costs of implementation of the programmes as detailed in Table 12-1.

*Table 12-1 Grants disbursed to NEF*

|  |  |
| --- | --- |
| **Financial Period** | **Grant Disbursed****(Rs)** |
| Jan – Dec 11 | 532,500,000 |
| Jan – Dec 12 | 236,000,000 |
| Jan – Dec 13 | 376,890,260 |
| Jan – Dec 14 | 219,900,000 |
| Jan – Jun 15 | 117,450,000 |
| Jul 15 – Jun 16 | 238,842,252 |
| Jul 16 – Jun 17 | 206,701,066 |
| **Total** | **1,928,283,578** |

*Source: Treasury Accounts*

* 1. **Memorandum of Understanding**

A Memorandum of Understanding (MOU) entered into between the Ministry and NEF, mentioned, among others, that ‘*NEF has the required capacity to implement the programmes entrusted to it by the Ministry*’ and ‘*the Ministry undertakes to provide the necessary funding by way of contribution in the annual budget for the running expenses of NEF*’.

Upon examination of the MOU, the following were observed:

*Renewal Period*

The MOU was first signed on 13 June 2012 for a period of three years. Subsequent to few amendments agreed by both parties, an amended MOU was signed on 5 December 2012. Following its expiry on 4 December 2015, a new MOU signed was effective as from date of signature, that is on 18 March 2016 and would remain in force for another period of three years. Consequently, the activities of NEF for the period 5 December 2015 to
17 March 2016 were not covered by any MOU, and hence were outside the purview of the Ministry.

*Monitoring*

The absence of regular reports from NEF would indicate that the Ministry was not adequately monitoring the activities of NEF to ensure that the latter had implemented programmes in an efficient and effective manner and in compliance with the provisions of the MOU.

*Follow up Action*

According tothe MOU*,* NEF undertakes to ‘*submit an Annual Report (including its audited Financial Statements to the Ministry not later than four months after the end of its financial year, that is 31 December of each year*’. As atend of June 2017, NEF had not yet submitted its Annual Report and audited Financial Statements for the years ended 31 December 2011 and 31 December 2012 to the Ministry. As regards Financial Statements for the years ended 31 December 2013 and 31 December 2014 submitted on 25 July 2017, they were under audit examination as at December 2017. NEF had also not yet submitted its Financial Statements for the financial year ended 31 December 2015 and for the 18-month period ended 30 June 2017 to my Office for audit*.* No follow up action had been taken to ensure that NEF complied with the MOU.

*Proper Action Plan and other Documents*

According tothe MOU*,* NEF undertakes to ‘*submit at the beginning of each financial year an Action Plan for the implementation of* *projects specifying targets for each field of activity together with a forecast of expenditure’*. The ‘Action Plan’ submitted on
7 September 2016 comprised only operational expenses items and budget estimates of NEF.

Quarterly Progress Reports, Monthly Cash Flow Statements and Bank Reconciliation Statements were generally not submitted.

Bank Statements in respect of the Corporate Social Responsibility (CSR) account were not available at the Ministry. This was not in line with the MOU, which states that ‘*NEF undertakes to provide a monthly Bank Statement to the Ministry*’.

*Compliance with Provisions*

The MOU stipulates that ‘*NEF clearly understands and acknowledges that failure on its part to comply with the provisions of this MOU will make it ineligible to any further financing by the Ministry*’. Although NEF was not complying with provisionsof the MOU, the Ministry had continued financing NEF with grants totalling some
Rs 1.93 billion during the period 1 January 2011 up to 30 June 2017.

***Recommendation***

The Ministry should henceforth exercise proper monitoring of the activities of NEF ensuring thereby that Government Programmes are being implemented efficiently and effectively and that the terms and conditions of the MOU are complied with.

***Ministry’s Reply***

* Pending the signature of the amended MOU during the period 5 December 2015 to
17 March 2016, it is understood that the conditions of the prevailing MOU would still apply;
* The Ministry concurs that NEF was not submitting reports on a regular basis. However, the monitoring of the activities of NEF was also carried through regular management meetings held under the chair of the Permanent Secretary of the Ministry;
* The Annual Report for the year ended December 2012 has been submitted by NEF to the Ministry on January 2018. NEF has also informed that the Annual Reports for the years 2015 and 2016/2017 have been submitted to your Office in January 2018 for auditing purposes. The Ministry is closely monitoring the situation with NEF through its management meetings held on a fortnightly basis;
* The funds under the CSR bank account have already been transferred to the Ministry of Finance and Economic Development. NEF is no longer receiving CSR funds;
* NEF has been requested to comply with all provisions of the MOU with effect from July 2017.

**12.3 Empowerment Support Scheme**

In line with the recommendations of the Marshall Plan against poverty and the measures enunciated in the Budget Speech 2016-17, the Ministry is also responsible for the implementation of a new scheme known as the ‘Empowerment Support Scheme (ESS)’ to provide financial support to households living in absolute poverty as from December 2016. The main objectives are to combat extreme poverty and promote socio-economic empowerment of these persons. The ESS provides for an income support, that is payment of a monthly subsistence allowance to an eligible adult or, as the case may be, the two or three adults living under the same roof, having been registered in the Social Register of Mauritius, for an initial period of one year, renewable for another year.

For the period December 2016 to June 2017, the Ministry had disbursed subsistence allowances totalling Rs 106,446,947 as detailed in Table 12-2.

*Table 12-2 Amount disbursed under ESS*

|  |  |  |
| --- | --- | --- |
| **Month Year** | **Number of Beneficiaries** | **Amount Paid****(Rs)** |
| Dec 2016 | 7,993 | 14,905,399 |
| Jan 2017 | 8,123 | 15,126,628 |
| Feb 2017 | 8,166 | 15,198,675 |
| Mar 2017 | 8,207 | 15,260,862 |
| Apr 2017 | 8,214 | 15,270,077 |
| May 2017 | 8,216 | 15,269,357 |
| Jun 2017 | 8,278 | 15,415,949 |
|  | **Total** | **106,446,947** |

*Source: Treasury Abstracts*

* + 1. ***Social Register of Mauritius***

The Social Integration and Empowerment (SIE) Act effective on 15 December 2016, provides the necessary parameters for the Ministry to implement the ‘Empowerment Support Scheme (ESS)’.

Section 4 of the SIE Act provides that ‘*a register to be known as the Social Register of Mauritius (SRM), in which shall be registered the names and other relevant particulars of every person who lives in absolute poverty and the SRM shall be kept and maintained by the Minister to whom responsibility for the subject of Social Security is assigned or by such other body as may be prescribed’.* The UNDP Expert on the Marshall Plan has also recommended the maintenance of a unique register for all social protection programmes implemented by Government to promote the sharing of a common administrative system.

The Ministryhas neither complied with Section 4 of the SIE Act nor considered the recommendation of the UNDP Expert as it has developed and implemented another Social Register of Mauritius (SRM) for the registration of the names and particulars of potential beneficiaries instead of using the SRM kept by the Ministry of Social Security, National Solidarity, and Environment and Sustainable Development (MSS) for other Social Aid Schemes. The Ministry informed that the SRM is a sub Register to the main Register kept at MSS.

***12.3.2 Payment of Subsistence Allowance***

The Ministry forwarded the data captured and recorded in its SRM to the MSS for the final assessment of eligibility and determination of quantum of subsistence allowance payable to an applicant(s). Thereafter, monthly lists of all eligible beneficiaries with the respective subsistence allowance payable (some Rs 15 million monthly) were generated by the Ministry for payment. However, as at March 2017, these lists were neither being certified correct nor approved by the Accounting Officer/delegated person prior to effecting payments of the allowances. Correctness of the amounts paid could thus not be ascertained.

***12.3.3 Social Contract***

Pending the finalization of the format for the Social Contract by the UNDP Expert, beneficiaries were required to sign a temporary ‘Agreement’ through NEF in order to benefit from this ESS and receive the monthly subsistence allowance. As from April 2017, all new beneficiaries were required to sign a ‘Marshall Plan Social Contract (MPSC)’ and NEF was requested to have an ‘Addendum to Agreement’ signed by all existing ones.

The following weaknesses were identified in the implementation of the Social Contract:

*No segregation of duties.*

The Agreement/MPSC was signed, on behalf of NEF, by junior staff, such as Family Social Workers, who were themselves called upon to effect site visits and certify correctness of information submitted by applicants before capture of data for assessment of eligibility. Hence, there was no segregation of duties. Moreover, the signed agreement did not bear any seal of NEF for authenticity.

*Beneficiary’s signature missing*

Despite the fact that the agreements were not signed in eight cases, beneficiaries were being paid the monthly subsistence allowance. The allowance was payable as from date of signature of the agreement.

*Beneficiary’s Bank Account*

There were 10 other cases where thesubsistence allowances were paid into the bank account of persons other than the one signing the agreement/social contract. As per the agreement form, the allowance was payable into the bank account of the beneficiary.

***12.3.4 Prescribed Income Poverty Threshold***

In order to determine whether a person was eligible for the ESS, Section 6(2)(b) of the SIE Act provides that ‘*in assessing the monthly income or combined monthly income of an adult or, as the case may be, the 2 or 3 adults living under the same roof …, shall take into consideration* – *(b)* *any social aid being received under the Social Aid Act by any of them and, as the case may be, by any child living under the same roof’.* The prescribed income poverty threshold for person living in absolute poverty is listed at the Schedule of the SIE Act. For example, the prescribed threshold for one adult, and one adult and one child is Rs 2,720 and Rs 4,080 respectively.

From a sample of 100 out of some 8,000 eligible cases in the SRM examined, 30 cases of overpayment of monthly subsistence allowance ranging between Rs 500 and Rs 2,720 were noted due to the following:

*Threshold Eligibility in SRM not as prescribed*

There were cases where the threshold eligibility recorded in the SRM for a beneficiary was greater than that prescribed in the Schedule to the SIE Act. For example, for cases of beneficiaries comprising one adult and three children, threshold eligibility was Rs 8,160 instead of Rs 6,800 as prescribed. Hence, quantum of computed monthly subsistence allowance was overstated and overpaid for those cases.

*Interpretation of ‘Child’*

Other cases of overpayment were due to a different interpretation of ‘Child’ by the Ministry. According to the Social Aid Act (Section 2), the interpretation of child is ‘*an unmarried person who is under the age of 20’* or *‘an unmarried person of age 20 but not above the age of 23 who is pursuing full time course at a tertiary education institution’.* For the purpose of ESS and since ‘Child’ had not been defined in the SIE Act, the Ministry hadinterpreted ‘Child’ as *‘any person below the age of 16 years’* as recorded at a meeting held on 8 August 2016. However, amendment to the SIE Act by way of regulation as per Section 12 of the Act, was not made.

***12.3.5 Development of another SRM by Ministry***

A contract for the development of Social Integration Management Information Systemfor the implementation of another SRM (SIMIS-SRM) was awarded to a company for
Rs 184,000 on 16 September 2016. The estimated cost of the contract was Rs 350,000.

Given that the Ministry had essentially focused on the urgency of having the SRM operational for implementation of this new ESS as from December 2016, it had overlooked the contract management aspects completely since condition of payment as per contract was not complied with and also the required milestones, namely the agreed ‘Software Requirement Specifications’ and the ‘User Acceptance Certificate’ were not signed as per the conditions of contract.

As of October 2017, a sum of Rs 681,748, that is an increase of Rs 497,748 representing about 270 per cent more than the awarded contract value of Rs 184,000, had already been paid to the service provider. This increase was due to request for enhancements to the software after approval of the software requirement specifications and design document. Other enhancements involving additional costs were expected due to other shortcomings already identified in the software.

***Recommendations***

* Decision should be taken on the justification for the Ministry to maintain a separate SRM for the implementation of the ESS instead of complying with the SIE Act, that is the use of the existing SRM maintained by MSS;
* Interpretation of ‘child’ needs to be clarified and should be same for all social aids schemes of Government;
* Remedial action should be taken for other shortcomings identified in the implementation of this ESS.

***Ministry’s Reply***

* The decision to have a unique register for all social protection programmes implemented by Government calls for a policy decision at Government level;
* The payment of the Subsistence Allowance is approved on file by the Accounting Officer;
* NEF has been requested to verify that all the social contracts are duly signed. SRM Unit of the Ministry has been requested to ensure that the contracts have been properly signed before processing the payment of subsistence allowance. Necessary arrangements will be made to ensure that the beneficiary who signs the social contract is the one to be provided with the subsistence allowance in his bank account;
* The review on the age of the child will be given due consideration once the Children’s Bill is enacted in the National Assembly by the Ministry of Gender Equality, Child Development and Family Welfare so that the age criteria for a child can be harmonized.

It is also to be noted that the calculation of the threshold is done at the level of MSS at the time when the date on the application form has been captured and submitted to that Ministry for Proxy Means Test determination;

* The SIMIS was developed primarily for data capture and had to be gradually enhanced to improve the system to make provision for the implementation of the Subsistence Allowance Scheme and for the creation of the vehicle table structure in the software application.

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