

NATIONAL AUDIT OFFICE



REPUBLIC OF MAURITIUS

REPORT OF THE DIRECTOR OF AUDIT
ON THE ACCOUNTS OF THE
REPUBLIC OF MAURITIUS
FOR THE YEAR ENDED 31 DECEMBER 2014

CONTENTS

| Chapter | | Page |
|----------------|--|-------------|
| 1 | <u>Introduction</u> | 1 |
| 2 | <u>Annual Financial Statements</u> | 11 |
| 3 | <u>The Judiciary</u> | 37 |
| 4 | <u>Prime Minister's Office</u> | 43 |
| 5 | <u>Deputy Prime Minister's Office, Ministry of Energy and Public Utilities</u> | 109 |
| 6 | <u>Vice- Prime Minister's Office, Ministry of Finance and Economic Development</u> | 123 |
| 7 | <u>Vice-Prime Minister's Office, Ministry of Public Infrastructure, National Development Unit, Land Transport and Shipping</u> | 139 |
| 8 | <u>Ministry of Housing and Lands</u> | 159 |
| 9 | <u>Ministry of Social Security, National Solidarity and Reforms Institutions</u> | 173 |
| 10 | <u>Ministry of Education and Human Resources</u> | 181 |
| 11 | <u>Ministry of Agro-Industry and Food Security</u> | 191 |
| 12 | <u>Ministry of Environment and Sustainable Development</u> | 205 |
| 13 | <u>Ministry of Information and Communication Technology</u> | 211 |
| 14 | <u>Ministry of Fisheries</u> | 223 |
| 15 | <u>Ministry of Youth and Sports</u> | 227 |
| 16 | <u>Ministry of Local Government and Outer Islands</u> | 231 |
| 17 | <u>Ministry of Labour, Industrial Relations and Employment</u> | 243 |
| 18 | <u>Ministry of Tourism and Leisure</u> | 247 |
| 19 | <u>Ministry of Health and Quality of Life</u> | 253 |
| 20 | <u>Ministry of Gender Equality, Child Development and Family Welfare</u> | 289 |
| 21 | <u>Statutory Bodies, Local Authorities and Other Bodies</u> | 297 |

LIST OF TABLES

| Table | Description | Page |
|--------------|--|-------------|
| 2-1 | Five Years Summary of Assets and Liabilities | 11 |
| 2-2 | Revenue and Expenditure for Financial Years 2010-2014 | 13 |
| 2-3 | Investments as of 31 December 2014 | 13 |
| 2-4 | Dividend received during Financial Years 2010-2014 | 14 |
| 2-5 | Dividends received during Financial Years 2013 and 2014 | 15 |
| 2-6 | Investments Yielding no Returns in 2014 | 16 |
| 2-7 | Investment Not Yielding Any Return Since Acquisition | 17 |
| 2-8 | Public Sector Debt | 19 |
| 2-9 | Maturity Structure of Domestic Government Debt | 20 |
| 2-10 | Public Sector Debt for Financial Years 2010 to 2014 | 21 |
| 2-11 | Public Sector Debt and Gross Domestic Product | 21 |
| 2-12 | Commitment Fees | 23 |
| 2-13 | Servicing of Debts for Financial Years 2011-2014 | 24 |
| 2-14 | Servicing of Public Debt as a Percentage of Total Government Expenditure | 25 |
| 2-15 | Outstanding Loans due to Government as of 31 December 2014 | 26 |
| 2-16 | Arrears of Capital and Interests due as of 31 December 2014 | 28 |
| 2-17 | New Loans | 30 |
| 2-18 | Arrears of Revenue | 31 |
| 2-19 | Arrears of Revenue Written Off in 2014 | 32 |
| 2-20 | Aged List of Debtors as of 31 December 2014 | 33 |
| 2-21 | Treasury Arrears of Revenue as of 31 December 2014 | 35 |
| 3-1 | Age Analysis of Arrears of Revenue | 37 |
| 3-2 | Expected Start and Completion Dates of the Project | 39 |
| 3-3 | Revised Start and Completion Dates and Delays | 40 |
| 4-1 | Salaries paid to Interdicted Officers | 47 |
| 4-2 | Salaries paid to 31 December 2014 | 47 |
| 4-3 | Cases at Police Enquiry Level | 48 |

LIST OF TABLES (CONTINUED)

| Table | Description | Page |
|--------------|---|-------------|
| 4-4 | Number of Interdicted Officers Awaiting Judgment | 49 |
| 4-5 | Assets and Liabilities of RRA as of 31 December | 60 |
| 4-6 | Cash and Bank balances as of 31 December | 61 |
| 4-7 | Balance of Advances as of 31 December | 61 |
| 4-8 | Balance of Deposits held as of 31 December | 63 |
| 4-9 | Transfers from Rodrigues Consolidated Fund to Deposit Accounts | 65 |
| 4-10 | Revenue Collected by RRA during the Past Three Financial Years | 66 |
| 4-11 | Expenditure of the RRA | 67 |
| 4-12 | Investment of RRA in Private Companies as of 31 December 2014 | 68 |
| 4-13 | Arrears of Revenue for the Past Three Financial Years | 69 |
| 4-14 | Arrears of Revenue as of 31 December | 70 |
| 4-15 | Disbursements To Private Companies Still in Operation | 72 |
| 4-16 | Budget Forecast as per Strategic Plan 2013-2015 | 74 |
| 4-17 | Crop Production at the Crop Stations | 79 |
| 4-18 | List of Works Orders Examined | 86 |
| 4-19 | Amount Spent on Desalination Project | 90 |
| 4-20 | Comparison of Offers | 91 |
| 4-21 | Contract Values and Amounts Paid as of 31 December 2014 | 97 |
| 5-1 | Loans to WMA | 109 |
| 5-2 | Estimated Consultancy and Construction Cost | 114 |
| 5-3 | Ranking by CPB of three qualified bids in 2008 | 116 |
| 6-1 | Ageing of debtors in respect of COR and Claims outstanding as at 31 December 2014 | 129 |
| 6-2 | Movements of Arrears of Revenue from 2010 to 2014 | 133 |
| 6-3 | Ageing Analysis of Arrears of Revenue | 133 |
| 6-4 | Amount due by Companies and Individuals | 134 |
| 6-5 | Range of amount due by Companies and Individuals | 135 |

LIST OF TABLES (CONTINUED)

| Table | Description | Page |
|--------------|--|-------------|
| 7-1 | Estimated and Actual Expenditure | 140 |
| 7-2 | Reallocation of Funds from Item 'Construction & Upgrading of Roads' | 141 |
| 7-3 | Increase in Contract Values | 154 |
| 8-1 | Arrears Figures of the Past Four Financial Years | 167 |
| 10-1 | Contracts for Construction of Final Phases of MGSSs | 183 |
| 10-2 | Watch and Security Services in Schools/Institutions | 186 |
| 11-1 | Status of Agricultural State Land | 193 |
| 12-1 | Revenue Collection | 207 |
| 13-1 | Usage of E-services/E- payment Facilities 1 January 2014 to 30 April 2015 | 214 |
| 16-1 | Details of Bid Summary Sheet | 231 |
| 16-2 | Second Main Contract | 235 |
| 16-3 | Expected Duration of the Contract for Cell 7 | 236 |
| 16-4 | Actual and Estimated Contract costs, Consultancy Fees and Operation and Maintenance and Post Closure Costs | 237 |
| 16-5 | Third Main Contract | 239 |
| 18-1 | Status of Hotel Development Projects | 248 |
| 19-1 | Purchase of Drugs | 255 |
| 19-2 | Drugs Purchased Locally during the Year | 256 |
| 19-3 | Items Purchased Locally during 2014 Exceeding Rs 1 million | 258 |
| 19-4 | Expired Items 2014 | 259 |
| 19-5 | Bids Received | 265 |
| 19-6 | Distribution of Health Workers by Grade | 269 |
| 20-1 | List of Completed Projects | 293 |
| 20-2 | Projects Approved during Period 2009 to 2014 | 294 |
| 21-1 | Financial Statements Certified but have not yet been Gazetted | 299 |

LIST OF APPENDICES

| Appendix | Description | Page |
|-----------------|---|-------------|
| IA | List of Special Funds audited by the Director of Audit | 301 |
| IB | Special Funds - Financial Statements not yet Submitted | 303 |
| IC | Special Funds - Financial Statements Certified but not yet Laid before National Assembly | 305 |
| IIA | List of Statutory Bodies audited by the Director of Audit | 307 |
| IIB | Statutory Bodies - Financial Statements not yet submitted | 311 |
| IIC | Statutory Bodies - Financial Statements Certified but not yet Laid before National Assembly | 315 |
| III | List of Local Authorities audited by the Director of Audit | 325 |
| IVA | List of Other Bodies audited by the Director of Audit | 327 |
| IVB | Other Bodies - Financial Statements not yet Submitted | 329 |

THE NATIONAL AUDIT OFFICE

The National Audit Office and the Director of Audit

The Constitution of the Republic of Mauritius establishes the office of the Director of Audit. The National Audit Office (NAO) headed by the Director of Audit constitutes the Supreme Audit Institution (SAI) of Mauritius in the international context. The Constitution of Mauritius provides for the appointment of a Director of Audit, his independence and security of tenure, as well as his authority and specific conditions of service.

The independence of the Director of Audit is spelt out at Section 110 of the Constitution, which provides that, in the exercise of his functions, the Director of Audit shall not be subject to the direction or control of any person or authority. Also, Section 93 provides that the Director of Audit cannot be removed from office before the legal retirement age, except for inability to discharge the functions of his office, or for misbehaviour, and even that, only by the President acting on the recommendation of a Tribunal which shall consist of at least three persons who are holding or have held office as a judge of the Supreme Court.

The Finance and Audit Act provides the Office of the Director of Audit, the Director of Audit and her staff protection from liability, in the execution, in good faith, of their functions under the Act.

The role of the NAO is to improve public sector performance and accountability through independent reporting to the National Assembly or the appropriate authorities on the financial statements, operations and activities of Government/Public entities.

To discharge her duties, the Director of Audit is supported by a cohort of professional and experienced staff. The NAO operates within regulations pertaining to the Public Sector.

Our Past

NAO has a long history of being at the centre of public accountability that goes back to the beginning of the 20th century. At the beginning of the British rule, the accounts of Mauritius were under the scrutiny of the Imperial Audit.

Over the years, NAO has been known under different appellations. From 1912 to 1954, the Office was known as the Colonial Audit Department and became subject to the direction of the British Colonial Audit Department which had a Central Office in London. In 1955, the appellation was changed to Audit Department and in 2000, the Department was renamed Government Audit Office. Since 2003, we are known under the present appellation of National Audit Office.

In 1956, the incumbent Principal Auditor was promoted to the post of Director of Audit. Since then, the office is headed by a Director of Audit. From 1956 to 1978, all the Directors of Audit were expatriates on contracts. As from June 1978, we have Mauritian nationals serving as established officers. With the independence of Mauritius in 1968, we became an independent body within the Government service.

Audit Mandate

The mandate of the Director of Audit is primarily defined in the Constitution of Mauritius and the Finance and Audit Act. The Director of Audit is required to audit all Ministries and Government Departments and all the Commissions of the Rodrigues Regional Assembly.

Section 110 of the Constitution gives the authority to the Director of Audit to audit and report on public accounts of Mauritius and on all courts of law and all authorities and officers of the Government.

The Finance and Audit Act (Section 16) provides that the Director of Audit has to satisfy himself that:

- all reasonable precautions have been and are taken to safeguard the collection of public money;
- all laws, directions or instructions relating to public money have been and are duly observed;
- all money appropriated or otherwise disbursed is applied to the purpose for which Parliament intended to provide and that the expenditure conforms to the authority which governs it;
- adequate directions or instructions exist for the guidance of public officers entrusted with duties and functions connected with finance or storekeeping and that such directions or instructions have been and are duly observed;
- satisfactory management measures have been and are taken to ensure that resources are procured economically and utilised efficiently and effectively.

Performance Audit is included in the mandate of NAO since 2008, following amendments made to the Finance and Audit Act. The Director of Audit is required to carry out Performance Audit and report on the extent to which a Ministry, Department or Division is applying its resources and carrying out its operations economically, efficiently and effectively.

The Director of Audit is also empowered to audit the accounts of most Statutory Bodies, all Local Authorities, most Special Funds and several donor-funded projects through various legislations and through agreements with several institutions/donor-funded projects.

Powers of Director of Audit

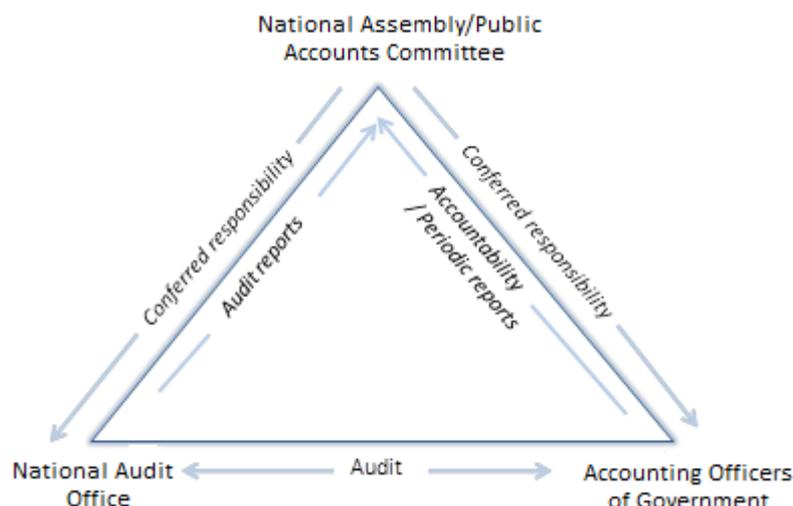
Section 110 of the Constitution gives the authority for the Director of Audit or any other officer authorised by him to have access to all books, records, reports and other documents relating to accounts to be audited by him.

Also, Section 17 of the Finance and Audit Act provides that in the exercise of his duties under this Act, the Director of Audit may

- call upon any public officer for any explanations and information which he may require in order to enable him to discharge his duties;
- with the concurrence of the head of any Ministry or Department, authorise an officer of that Ministry or Department to conduct on his behalf any inquiry, examination or audit and such officer shall report thereon to the Director of Audit;
- without payment of any fee, cause searches to be made in, and extracts to be taken from, any document in the custody of any public officer;
- lay before the Attorney-General a case in writing as to any question regarding the interpretation of any enactment concerning the powers of the Director of Audit or the discharge of his duties and the Attorney-General shall give a written opinion on such case.

Accountability Process

With increased public consciousness, the demand for public accountability of persons or entities managing public resources has become increasingly prominent so that there is a greater need for the accountability process to be in place and is operating effectively. The figure below demonstrates the accountability process and the relationship between key stake holders, namely, National Assembly/ Public Accounts Committee (PAC), the NAO and the Accounting Officers.



Parliament

The only authority for the expenditure of public funds and the raising of revenues by public bodies is that which is given by the Parliament through the National Assembly, either by resolution or by Legislation. The basis of this system is the approval of the annual Estimates by the National Assembly, and this approval is given statutory force by the passing, each year, of an Appropriation Act in which the amount of money to be allocated for each service of the Government is set out under a series of “Votes”. The Appropriation Act is subsequently assented to by the President of the Republic.

Accounting Officers

The Accounting Officers of Ministries/Departments, namely, Senior Chief Executives, Permanent Secretaries, Administrative Heads or anybody designated as such by the Minister of Finance are personally answerable to the National Assembly through the PAC for the administration of the Votes of their Ministries/ Departments, and also of the Votes of the departments within the Ministerial portfolio whether or not these departments are integrated with the Ministry.

The Accounting Officer is responsible for ensuring that the funds entrusted to him are applied only to the purposes intended by the National Assembly, which is to implement Government policy within the resources allocated in the Estimates. Similarly, he should ensure that adequate machinery exists for the due collection and bringing to account of all receipts connected with the Votes and Revenue Heads under his control. He is also responsible for the efficient and effective service delivery in the implementation of Government policies and programmes, maintaining proper financial systems, putting in place internal controls and preventing fraud and error as well as the safe custody of assets and stores.

Accountant General

The Accountant-General prepares statements showing fully the financial position of Mauritius on the last day of every financial year. The statements give consolidated financial information on Ministries and Departments, including revenue raised, expenditure incurred, deposits and advances outstanding. These are submitted to the Director of Audit, within six months of the close of every financial year. The Accountant General is also an Accounting Officer having the responsibility of the Treasury’s Vote and of Religious subsidies.

Director of Audit

The Constitution of the Republic of Mauritius and the Finance and Audit Act confer wide powers and responsibilities on the Director of Audit to ensure that public monies are raised and disbursed in accordance with the intentions of the National Assembly.

The role of the Director of Audit, in the accountability process, is to examine the financial statements of the Republic of Mauritius and the underlying records and provide an Audit Report to the National Assembly. The NAO's report gives an independent assurance to the National Assembly that agencies are operating and are accounting for their performance in accordance with the National Assembly's purpose.

Public Accounts Committee

The PAC is a sessional Select Committee appointed under the Standing Orders of the National Assembly. The PAC consists of a Chairman appointed by the Speaker and not more than nine members nominated by the Committee of Selection.

The function of the PAC is to examine the accounts of the Government of Mauritius for each financial year together with the Audit Report of the NAO on them and such other accounts laid before the National Assembly as the Assembly may refer to the Committee.

The PAC is to satisfy itself that public money is spent for the purposes authorised by the National Assembly and has the power, in the exercise of its duties, to send for Government officials, records and to take evidence. Thereafter, the PAC prepares and submits its report and recommendations to the Speaker for tabling in the National Assembly.

Rodrigues Regional Assembly

The above accountability process also applies for Rodrigues, except for the following:

An Executive Council has been set up, under the Rodrigues Regional Assembly (RRA) Act, for carrying out the functions of the Regional Assembly. Seven Commissions have been set up and are under the responsibility of the Island Chief Executive and Departmental Heads.

The Commissioner, responsible for the subject of Finance, is required to submit to the Director of Audit, within three months of the close of every financial year, annual financial statements, showing fully the financial position of the Island of Rodrigues on the last day of such financial year. The financial statements are prepared in accordance with Section 19 of the Finance and Audit Act.

The Rodrigues Regional Assembly Standing Orders and Rules provide for the setting up of a Public Accounts Committee, comprising a Chairperson and not more than four other members, which shall examine the audited accounts showing the appropriation of the sums granted by the Regional Assembly to meet the public expenditure and other accounts laid before the Assembly, together with the Director of Audit's report thereon.

Public Sector Audits

In order to provide assurance to the National Assembly on the accounting and use of public funds and to fulfil its mandate effectively, two main types of audits are undertaken by the NAO, namely, Financial/ Regularity Audit and Performance Audit.

Regularity audit includes:

- examination and evaluation of financial records and expression of opinions on financial statements;
- audit of financial systems and transactions including an evaluation of compliance with applicable statutes and regulations;
- audit of internal control and internal audit functions;
- reporting of any other matters arising from or relating to the audit that the SAI considers should be disclosed.

Performance Audit is concerned with the audit of economy, efficiency and effectiveness and embraces:

- audit of the economy of administrative activities in accordance with sound administrative principles and practices, and management policies;
- audit of the efficiency of utilisation of human, financial and other resources, including examination of information systems, performance measures and monitoring arrangements, and procedures followed by audited entities for remedying identified deficiencies; and
- audit of the effectiveness of performance in relation to the achievement of the objectives of the audited entity, and audit of the actual impact of activities compared with the intended impact.

Scope of this Report

This Report contains significant findings qualifying my Certificate of the Accountant General's Statements on the Republic of Mauritius for the year ended 31 December 2014 and any other matters of importance that have come to my notice since the date of the Audit Report 2013. The status of the accounts and audit of other public entities are also included.

The Audit findings resulting from four Performance Audits carried out by NAO are not included in this Report. Separate Performance Audit Reports are submitted for each of the following:

- Ministry of Housing and Lands - Acquisition and Use of Lands for Government Projects
- Ministry of Public Infrastructure and Land Transport – Lease and Use of Government Office Accommodation

- Ministry of Youth and Sports – Use and Maintenance of Sports Facilities
- Ministry of Education, Human Resources, Tertiary Education and Scientific Research – Maintenance of Government Primary and Secondary School Buildings

Audit Methodology

The Audit was carried out in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). ISSAIs require that the auditor exercise professional judgment and maintain professional skepticism throughout the audit and, among other things, to:

- Identify and assess risks of material misstatement, whether due to fraud or error, based on an understanding of the entity and its environment, including the entity’s internal control.
- Obtain sufficient appropriate audit evidence about whether material misstatements exist, through designing and implementing appropriate responses to the assessed risks.
- Form an opinion on the financial statements and any additional objectives on which reporting is mandatory based on conclusions drawn from the audit evidence obtained.

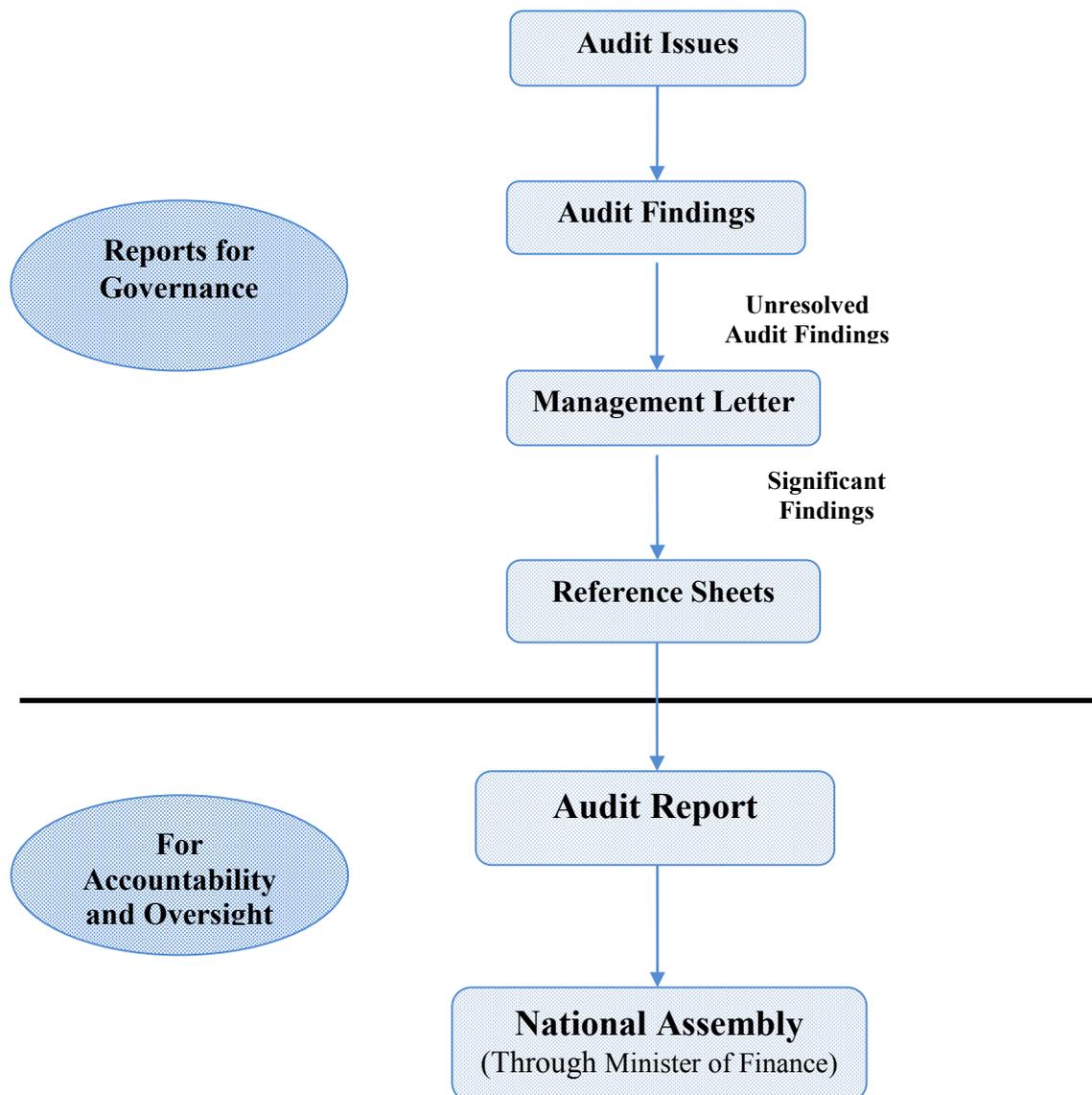
Audit Reporting Process

At the conclusion of an audit, the management of the audited entity is given the opportunity to respond to audit findings through discussions at an exit meeting. Unresolved findings are included in a Management Letter, which is a formal, detailed report addressed to the Accounting Officer.

Audit findings deemed to be of significance and of a nature to be brought to the attention of the National Assembly are then communicated to the Accounting Officer through “Reference Sheets”. The latter is given the opportunity to comment on the “true and fair” view of these audit findings. If management concurs with the “true and fair view” of the findings, then these are included as they are in the Annual Audit Report. Otherwise, the findings are amended if necessary before inclusion in the Annual Audit Report and, where appropriate, a summary of management’s comments are also incorporated.

The Figure at page 8 depicts the process audit issues go through before inclusion in the Annual Audit Report.

Audit Reporting Process



Audit Reports

The Constitution provides that the Director of Audit shall submit his reports to the Minister responsible for the subject of finance, who shall cause them to be laid before the National Assembly.

The Finance and Audit Act requires the Accountant-General to sign and submit to the Director of Audit, within six months of the close of every financial year, statements showing fully the financial position of Mauritius on the last day of such financial year. For the Rodrigues Regional Assembly, the Commissioner is to submit the statements within three months of the close of every financial year.

The Director of Audit is to send, within eight months of the close of every financial year, copies of the statements submitted for Mauritius and the Rodrigues Regional Assembly together with a certificate of audit and a report upon his examination and audit of these accounts to the Minister responsible for the subject of finance. On receipt of the statements and reports, the latter is required as soon as possible to lay these documents before the National Assembly.

Where the Minister fails, within a reasonable time, to lay any report before the National Assembly, the Director of Audit shall send such report to the Speaker of the National Assembly to be by him presented to the National Assembly.

After the Audit Report has been tabled in the National Assembly it becomes a public document and is available on the website of the NAO. Subsequently the PAC, as and when it decides, will hold sessions with the Accounting Officers of Ministries/Departments and their staff to examine the audited accounts together with the Director of Audit's report thereon. The Director of Audit and her staff assist the PAC during the sessions. The comments and recommendations of the PAC are elaborated in a Report which is submitted to the Speaker for tabling in the National Assembly.

Acknowledgement

I wish to take this opportunity to express my appreciation and to thank the Heads of Divisions and all the staff of the NAO for their constant support and commitment, without which the submission of this report would not have been possible. They have collectively performed their duties with professional dedication and goodwill. I would also like to acknowledge the cooperation and collaboration of the Secretary to the Cabinet and Head of the Civil Service, the Financial Secretary, all the Senior Chief Executives, Permanent Secretaries and other Accounting Officers, the Accountant General, the Government Printer and all their staff.

Kwee Chow TSE YUET CHEONG (Mrs)
Director of Audit
Head of SAI Mauritius

6 August 2015

2 - ANNUAL FINANCIAL STATEMENTS

2.1 Statement of Assets and Liabilities

The Finance and Audit Act requires the Accountant General to sign and submit to the Director of Audit, within six months of the close of every financial year, Statements showing fully the financial position of Mauritius.

The Accounts of the Republic of Mauritius for the financial year ended 31 December 2014 comprise a Statement of Assets and Liabilities and a set of other Statements. The main Statement is Statement A - Statement of Assets and Liabilities.

2.1.1 Five Years Summary of Assets and Liabilities

Assets and liabilities for the five years to 31 December 2014 are shown in Table 2-1.

Table 2-1 Five Years Summary of Assets and Liabilities

| | Year ended 31 December | | | | |
|--|------------------------|--------------------|--------------------|--------------------|--------------------|
| | 2010 Rs million | 2011 Rs million | 2012 Rs million | 2013 Rs million | 2014 Rs million |
| Assets | | | | | |
| Cash and Bank Balances | 3,142.8 | 4,014.3 | 3,850.1 | 9,645.8 | 17,396.7 |
| Advances | 1,430.9 | 1,372.6 | 1,346.5 | 2,424.7 | 2,523.1 |
| Investments | 7,424.6 | 20,030.4 | 22,120.2 | 19,216.8 | 16,337.3 |
| IMF-SDR Deposit | | | | 3,762.2 | 3,725.1 |
| Total Assets | 11,998.3 | 25,417.3 | 27,316.8 | 35,049.5 | 39,982.2 |
| Liabilities | | | | | |
| Accounts Payable | 4,063.4 | 4,072.3 | 4,165.1 | 4,406.9 | 4,603.1 |
| Government Debt | 76,238.5 | 74,217.9 | 68,613.0 | 68,683.1 | 75,519.1 |
| Deposits | 985.1 | 1,181.3 | 1,403.9 | 1,408.2 | 1,369.0 |
| IMF-SDR Allocations | | | | 4,492.9 | 4,448.6 |
| Total Liabilities | 81,287.0 | 79,471.5 | 74,182.0 | 78,991.1 | 85,939.8 |
| Net Liabilities | (69,288.7) | (54,054.2) | (46,865.2) | (43,941.6) | (45,957.6) |
| Represented by: | | | | | |
| Special Funds | 6,256.1 | 9,890.4 | 9,248.3 | 10,963.8 | 7,783.1 |
| Accumulated deficit in the Consolidated Fund | (75,544.8) | (63,944.6) | (56,113.5) | (54,905.4) | (53,740.7) |
| | (69,288.7) | (54,054.2) | (46,865.2) | (43,941.6) | (45,957.6) |

Cash and Bank Balances as of 31 December 2014 include cash in hand, cash remitted to Ministries/Government Departments and cash balances with banks and agents, both locally and overseas.

Advances are made under the authority of Warrants issued under Section 6(1) of the Finance and Audit Act. They comprise mainly motor cars and motor cycles advances in favour of Government employees, as well as those of Statutory and Other Bodies, as stated in Statement G – Detailed Statement of Advances.

Investments comprise shares in quoted and unquoted companies, units, equity participation, fixed deposits and foreign investments.

IMF-SDR Deposit represents the rupee equivalent of Special Drawing Rights allocation of SDR 81,061,549 from the International Monetary Fund (IMF) and was held at the Bank of Mauritius.

Accounts Payable consists of interests due as of 31 December 2014 in respect of Central Government Debts, which comprise Government Bonds, Mauritius Development Loan Stock, Treasury Bills, Treasury Notes, Government of Mauritius Savings Certificates/Notes/Bonds and External Loans.

Government Debt comprises mainly Treasury Bills and Treasury Notes issued by Bank of Mauritius on behalf of Government under Sections 5 of the Public Debt Management Act, and mopping up of liquidity instruments which were issued for the first time during financial year 2014.

Deposits are monies deposited with the Government by individuals and organizations under Section 8 of the Finance and Audit Act.

IMF-SDR Allocation represents the rupee equivalent of the total SDR allocation of SDR 96,805,549 made to Mauritius by IMF.

Special Funds comprise monies deposited with the Government by the various Funds set up under Section 9 of the Finance and Audit Act.

2.1.2 Account of Revenue and Expenditure of the Consolidated Fund

The Consolidated Fund was established by Section 103 of the Constitution of the Republic of Mauritius.

In accordance with Section 3 of the Finance and Audit Act, the Consolidated Fund is credited with all revenues collected on behalf of Government and charged with expenses incurred on the authority of Warrant issued by the Minister of Finance.

The transactions for the financial year ended 31 December 2014 closed with a surplus of Rs 943.5 million. Table 2-2 shows the revenue and expenditure for the past five financial years.

Table 2-2 Revenue and Expenditure for Financial Years 2010-2014

| Financial Year | Revenue Rs | Expenditure Rs | Surplus/(Deficit) Rs |
|----------------|-----------------|-----------------|----------------------|
| 2010 | 81,313,164,042 | 79,894,063,594 | 1,419,100,448 |
| 2011 | 87,653,059,839 | 87,816,218,502 | (163,158,663) |
| 2012 | 95,680,475,892 | 89,101,477,784 | 6,578,998,108 |
| 2013 | 105,033,770,981 | 102,924,073,475 | 2,109,697,506 |
| 2014 | 107,636,866,249 | 106,693,317,662 | 943,548,587 |

The accumulated deficit of the Consolidated Fund amounted to Rs 53.74 billion as of 31 December 2014.

2.2 Statement of Investments

Details of investments made by Government are stated in Statement F – Statement of Investments. These investments comprised Shares in Quoted and Unquoted Companies, Units, Equity Participation, Fixed Deposits and Other Investments. As of 31 December 2014, the total investments (*at cost*) were Rs 16,337,317,302 as shown in Table 2-3.

Table 2-3 Investments as of 31 December 2014

| Details | Cost | |
|----------------------|-----------------------|-----------------------|
| | 2014 Rs | 2013 Rs |
| Quoted Shares | 144,853,991 | 144,853,991 |
| Units | 75,789,771 | 75,789,771 |
| Unquoted Shares | 8,531,450,955 | 8,535,404,261 |
| Equity Participation | 3,971,685,060 | 3,971,685,060 |
| Sub Total | 12,723,779,777 | 12,727,733,083 |
| Other Investments | 3,613,537,525 | 6,489,039,039 |
| Grand Total | 16,337,317,302 | 19,216,772,122 |

Other investments comprised long term placement with DBM Ltd of Rs 644 million, EURO placement with MPCB Ltd of Rs 348 million, Foreign investments of EUR 35 million (Rs 1.4 billion) and US \$ 40 million (Rs 1.2 billion) in Fixed Rate Step-up Notes and Single

Fixed Rate Coupon respectively and Rs 6 million fixed deposit with Mutual Aid in respect of the Morris Legacy Fund.

Bank deposits previously classified under 'Investments' have been included under Cash and Bank Balances for financial year 2014 and figures for financial year 2013 have been restated in Statement of Assets and Liabilities.

2.2.1 Equity Participation

A sum of Rs 3,971,685,060 was stated as Equity Participation, and represented Government's contributions or participation of capital in 10 entities comprising mainly statutory bodies.

2.2.2 Return on Investments

The budgeted and actual dividends received during the past five financial years are given in Table 2-4.

Table 2-4 Dividend received during Financial Years 2010-2014

| Financial Year | Budgeted Rs | Actual Rs |
|-----------------------|------------------------|----------------------|
| 2010 | 2,592,800,000 | 1,787,259,799 |
| 2011 | 338,000,000 | 704,044,748 |
| 2012 | 2,477,000,000 | 1,039,755,819 |
| 2013 | 2,633,000,000 | 1,478,778,376 |
| 2014 | 1,295,000,000 | 942,836,943 |

For the current financial year, a total of Rs 1,295,000,000 was budgeted as dividends receivable from these entities and the actual amounts received during the same period were only Rs 942,836,943 compared to Rs 1,478,778,376 for previous financial year.

Details of dividends received for the two financial years 2013 and 2014 are shown in Table 2-5.

Table 2-5 Dividends received during Financial Years 2013 and 2014

| Details | Investment at Cost 31.12.2014 Rs | Dividend Received 2014 Rs | Dividend Received 2013 Rs |
|---|---|--|--|
| <i>Quoted Shares</i> | | | |
| SBM Bank (Mauritius) Ltd | 41,058,573 | 85,229,906 | 59,810,460 |
| Air Mauritius Ltd | 99,178,348 | 4,282,329 | - |
| New National Investment Trust | 4,604,412 | 2,206,587 | 882,635 |
| Alteo Ltd | 840 | 360 | 338 |
| The MDIT Trust Co Ltd | 2 | 7 | 6 |
| New Mauritius Hotels Ltd | 240 | 48 | - |
| <i>Units</i> | | | |
| NMF General Fund | 4,002,000 | 623,926 | 604,489 |
| NMF Property Trust | 15,000,000 | 455,028 | 597,255 |
| <i>Unquoted Shares</i> | | | |
| Mauritius Telecom Ltd | 63,625,174 | 670,609,334 | 750,777,053 |
| Airports of Mauritius Company Ltd | 1,607,774,970 | 119,857,310 | 544,111,073 |
| Air Mauritius Holding Ltd | 87,354,608 | 11,433,138 | - |
| State Informatics Ltd | 32,800,000 | 4,750,522 | 2,972,012 |
| Mauritius Housing Company Ltd | 59,161,634 | 33,190,814 | 36,499,815 |
| Sugar Investment Trust | 19,999,980 | 2,546,443 | 4,873,911 |
| Port Louis Fund | 55,979,090 | 5,038,118 | 4,478,327 |
| PTA Reinsurance Company (ZEP-RE) | 3,783,716 | - | 507,498 |
| FIDEL | 16 | 28 | 32 |
| AFREXIM Bank | 10,776,420 | - | 3,081,122 |
| African Reinsurance Corporation | 28,970,892 | 2,505,121 | - |
| United Investments | 48 | 154 | - |
| Overseas Telecommunications Services | 28,858 | - | 9,235,200 |
| Alma Investments Co ltd | - | 896 | 89 |
| Shelter Afrique | 3,439,811 | 106,874 | - |
| <i>Equity Participation</i> | | | |
| Bank of Mauritius | 2,000,000,000 | - | 60,347,061 |
| Total | | 942,836,943 | 1,478,778,376 |

Department's Reply

The Accountant General informed that actual dividend received is dependent upon the actual financial performance of the institutions /enterprises concerned.

2.2.3 Investments Yielding No Returns in 2014

Investment totalling Rs 4.01 billion did not yield any return for financial year 2014 only. Details of these investments are given in Table 2-6.

Table 2-6 Investments Yielding no Returns in 2014

| | Year of Investments | Cost Price Rs |
|---|----------------------------|----------------------|
| Cargo Handling Corporation Ltd | 1983-2013 | 200,600,000 |
| AFREXIM Bank | 1993 | 10,776,420 |
| COVIFRA Ltee | Prior 2001 | 2,052,356 |
| Overseas Telecommunications Services | Prior 2001 | 28,858 |
| Development Bank of Mauritius Ltd | Prior 2001 and 2005 - 2009 | 216,250,000 |
| Mauritius Shipping Corporation Ltd | Prior 2001 and 2011 | 135,493,000 |
| Editions De L'Ocean Indien Ltee | 2000 and 2001 | 1,140,000 |
| PTA Reinsurance Company (ZEP-RE) | Prior 2001 | 3,783,716 |
| State Investment Corporation Ltd | 2001 and 2012 | 85,000,000 |
| United Docks Ltd | Prior 2001 | 9,600 |
| Stafford Mayer Company South Africa Ltd | Prior 2001 | 16 |
| Bank of Mauritius | 2005 and 2011 | 2,000,000,000 |
| National Real Estate Ltd | 30.06.09 | 500,000,000 |
| Les Pailles International Conference Centre | 2006 - 2009 | 652,688,656 |
| Film Confluences Co. Ltd | 2013 | 1,000,000 |
| Knowledge Parks Ltd | 2013 | 25,000 |
| New DBM Ltd | 2013 | 200,000,000 |
| Total | | 4,008,847,622 |

2.2.4 Investments not Yielding any Return Since Acquisition

Investments (*at cost*) totalling some Rs 6.6 billion and representing approximately 40 per cent of total investments, did not yield any return at all, since they have been acquired.

Details are given in Table 2-7.

Table 2-7 Investment not Yielding any Return Since Acquisition

| | Year of Investment | Cost Price Rs |
|--|--------------------|----------------------|
| Quoted Shares | | |
| Blue Life Ltd | 2013 | 1,976 |
| Unquoted Shares | | |
| African Development Bank | 1992-1993 | 553,289,772 |
| Airports of Rodrigues | 2000-2008 | 538,310,200 |
| Business Parks of Mauritius Ltd | 2001-2009 | 1,105,552,722 |
| Discover Mauritius Ltd | 2006-2007 | 500,000 |
| Eastern and Southern African Trade & Development Bank Ltd | 1990-1991 | 157,868,426 |
| Enterprise Mauritius | 2004-2005 | 79,782,747 |
| Events Mauritius Ltd | 2006-2007 | 1,800,000 |
| Mauritius Educational Development Company Ltd | 2000-2001 | 16,000,000 |
| Multi Carrier Mauritius Ltd | 2001-2004 | 134,000,000 |
| Mauritius Post and Cooperative Bank Ltd | 2001-2005 | 137,166,400 |
| National Housing Development Company Ltd | 2007-2008 | 200,000,000 |
| SME Partnership Fund | 2005-2006 | 50,000,000 |
| State Land Development Company Ltd | 2001-2007 | 385,024,900 |
| State Property Development Company Ltd | 2001-2004 | 663,000,000 |
| The Mauritius Post Ltd | 2001-2005 | 371,111,200 |
| Tourist Villages Company Ltd | 2007-2009 | 170,000,000 |
| Equity Participation | | |
| Mauritius Cooperative Livestock Marketing Federation | 1992-1993 | 450,000 |
| Mauritius Cane Industry Authority (ex-Mauritius Sugar Authority and ex-Mauritius Sugar Terminal Corporation) | 1984-1985 | 173,803,732 |
| Rodrigues Educational Development | 2001-2002 | 80,000 |
| Rose Belle Sugar Estate | 1987-1996 | 98,844,218 |
| Central Electricity Board | 1992-1993 | 670,856,197 |
| Central Water Authority | 1993-2012 | 962,250,913 |
| National Transport Corporation | Prior 01.07.01 | 50,000,000 |
| State Trading Corporation | Prior 01.07.01 | 400,000 |
| Civil Service College | 2012 | 15,000,000 |
| Units | | |
| NIT Local Equity Fund | 03.03.08 | 38,370,116 |
| NIT Global Opportunities Fund | 03.03.08 | 18,417,655 |
| Total | | 6,591,881,174 |

Department's Reply

The Accountant General stated that investments in the public sector have different objectives. Some of the investments made were for social purposes with no expectation of return in the form of cash or dividend, for example NHDC, MCIA, CEB, CWA.

However, a dividend policy framework is being developed for those companies which are either Government owned or controlled taking into account their respective cash flow requirements, investment strategy, loan arrears, overdraft with banks.

2.3 Special Funds

Section 9 of the Finance and Audit Act provides for the creation of Special Funds. Special Funds are monies which are not raised or received for general public purposes, but deposited with the Government for specific purposes.

Special Funds are built up in different ways as follows:

- Donations and legacies e.g. De Chazal Maternity Home Fund.
- Money transferred from expenditure e.g. Food Security Fund.
- Monies levied from other sources e.g. Build Mauritius Fund.

The characteristics of the Special Funds are that:

- they do not form part of the Consolidated Fund,
- they are administered in the manner provided by a law or instrument creating them,
- in the absence of any such provision in the law or instrument, the Minister of Finance, may by regulations, provide for the administration of such Special Fund, or for the better administration of such Special Fund, as the case may be,
- money standing to the credit of Special Funds may be invested and any interest or dividend received is to be credited to the accounts of that Special Fund and becomes in all respect part of that Special Fund.

All Special Funds are either regulated by an Act or a Regulation made under the Finance and Audit Act. The Director of Audit is responsible for the audit of 24 Special Funds which are differently regulated as shown in Appendix IA. Some are required to submit accounts not later than three months after the end of each financial year, while for others there is no such deadline.

Special Funds are required to prepare

- annual statements of the receipts and payments for a financial year; and
- a balance sheet made up to the end of that financial year showing the assets and liabilities of the Fund.

A total of 16 financial statements in respect of eight Special Funds have not yet been submitted for audit purposes. Details are at Appendix IB.

35 financial statements in respect of 15 Special Funds were already certified but not yet laid before the National Assembly as shown in Appendix IC.

2.4 Statement of Public Sector Debt

The Public Sector Debt (PSD) comprised debts of the Central Government raised both internally and externally for financing development projects, debts of Public Enterprises guaranteed by Government and debts of Public Enterprises not guaranteed by Government. All these debts are detailed in a separate Statement of Public Sector Debt.

As of 31 December 2014, PSD amounted to Rs 237.7 billion, compared to Rs 219.8 billion for the financial year ending 31 December 2013. Details are given in the Table 2-8.

Table 2-8 Public Sector Debt

| Debt Category | 31 December 2014 Rs | 31 December 2013 Rs |
|-------------------------------------|------------------------|------------------------|
| Government Debt | | |
| Domestic | 165,285,650,000 | 149,959,430,000 |
| External | 51,429,001,609 | 47,092,645,001 |
| | 216,714,651,609 | 197,052,075,001 |
| Guaranteed by Government | | |
| Agencies Extra Budgetary Units | 23,851,050 | 23,851,050 |
| Public Enterprises | 12,998,623,337 | 12,766,319,659 |
| | 13,022,474,387 | 12,790,170,709 |
| Not Guaranteed by Government | | |
| Agencies Extra Budgetary Units | - | 291,397 |
| Public Enterprises | 7,963,338,185 | 10,024,731,134 |
| | 7,963,338,185 | 10,025,022,531 |
| Total | 237,700,464,181 | 219,867,268,241 |

Domestic Debt is made up of obligations which include proceeds from issues of Treasury Bills, Treasury Notes, Government Bonds, Mauritius Development Loan Stocks, GOM Savings Certificates, GOM Savings Notes, and GOM Savings Bonds.

External Debt refers to Loans from Foreign Governments and Institutions, Government Securities held by Non Residents and IMF SDR Allocations.

2.4.1 Domestic Government Debt

Maturity Structure of Domestic Government Debt

Domestic Government Debt, excluding Government securities for the mopping up of excess liquidity of Rs 5.4 billion, comprised 67.26 per cent of total public debt figure as of 31 December 2014. It comprised Treasury Bills of Rs 22.65 billion, Treasury Notes of Rs 47.91 billion, MDLS of Rs 7.53 billion and Government of Mauritius Bonds of Rs 81.77 billion.

An indication of the years of maturity of the outstanding Domestic Government Debt as of 31 December 2014 is given in Table 2-9.

Table 2-9 Maturity Structure of Domestic Government Debt

| Years of Maturity | Treasury Bills Rs m | Treasury Notes Rs m | MDLS Rs m | Bonds Rs m | Total Rs m | Percentage |
|--------------------------|--------------------------------|--------------------------------|----------------------|-----------------------|-----------------------|-------------------|
| 2015 | 22,652.9 | 13,855.5 | 1,688.1 | 7,660.1 | 45,856.6 | 28.68 |
| 2016 | | 14,610.0 | 2,740.7 | 5,913.6 | 23,264.3 | 14.55 |
| 2017 | | 19,445.0 | 31.0 | 7,175.0 | 26,651.0 | 16.68 |
| 2018 | | | 1,573.3 | 8,825.0 | 10,398.3 | 6.50 |
| 2019 and Onwards | | | 1,503.8 | 52,195.7 | 53,699.5 | 33.59 |
| Total | 22,652.9 | 47,910.5 | 7,536.9 | 81,769.4 | *159,869.7 | 100.00 |

*excluding GOM Securities issued for the mopping up of excess liquidity of Rs 5,415,950,000.

The maturity profile of the Domestic Government Debt indicates that 28.6 per cent of total debt would mature within one year and some 14.5 per cent of the outstanding debts would fall due in 2016. Government would require some Rs 45.8 billion to settle its domestic debt during period ending 31 December 2015.

Government of Mauritius Securities issued for mopping up of excess liquidity

In normal situations, the Bank of Mauritius (BOM) intervenes in case there is a surplus liquidity in the economy. However, it was for the first time that BOM, as agent of Government issued securities on behalf of Government for a total nominal value of Rs 5.4 billion, to mop up the excess liquidity. These securities comprised GOM Treasury Bills, GOM Savings Certificates, GOM Savings Notes, and GOM Savings Bonds.

Total proceeds of Rs 5.4 billion from the issue of the above instruments, were deposited with BOM and included in the Statement of Assets and Liabilities under 'Cash and Bank Balances'.

The total interest payable would amount to some Rs 372.7 million.

2.4.2 Public Sector Debt Figures for Past Five Years

The Public Sector Debt for the five financial years to 31 December 2014 are given in Table 2-10.

Table 2-10 Public Sector Debt for Financial Years 2010 to 2014

| Financial Year | Public Sector Debt | Increase over the previous year | Increase over the previous year |
|----------------|--------------------|---------------------------------|---------------------------------|
| | Rs | Rs | % |
| *2010 | 172,814,286,623 | 4,260,619,435 | 2.52 |
| *2011 | 185,187,034,366 | 12,372,747,743 | 7.15 |
| *2012 | 194,486,933,430 | 9,299,899,064 | 5.02 |
| 2013 | 219,867,268,241 | 25,380,334,811 | 13.05 |
| 2014 | 237,700,464,181 | 17,833,195,940 | 8.11 |

* The figures for PSD for 2010 to 2012 exclude IMF SDR allocations

Over the past five financial years, Public Sector Debt has been increasing. The figure for 2014 has increased by Rs 64.89 billion when compared to Rs 172.8 billion for 2010. This represented an increase of 37.5 per cent over the past five years.

2.4.3 Public Sector Debt and Gross Domestic Product

PSD and PSD as a percentage of Gross Domestic Product (GDP) for the four financial years to 31 December 2014 are given in Table 2-11.

Table 2-11 Public Sector Debt and Gross Domestic Product

| | PSD Rs billion | GDP Rs billion | PSD as Percentage of GDP % |
|------------------|-------------------|-------------------|----------------------------------|
| 31 December 2011 | *189.6 | 323.0 | 58.7 |
| 31 December 2012 | *199.0 | 343.8 | 57.9 |
| 31 December 2013 | 219.9 | 366.2 | 60.0 |
| 31 December 2014 | 237.7 | 386.3 | 61.5 |

*For meaningful comparison, MOFED has adjusted the time series data for PSD in line with the amendments made in the computation thereof

As of 31 December 2014, the total Public Sector Debt was Rs 237.7 billion, that is an increase of Rs 17.8 billion from the previous financial year figure of Rs 219.9 billion. The PSD as a percentage of GDP has also increased to 61.5 per cent as of 31 December 2014 compared to 60 per cent as of 31 December 2013.

For the computation of the PSD for the purpose of debt ceiling, in line with the provisions of the Public Debt Management Act, the PSD of Rs 237.7 billion was adjusted by a sum of Rs 28.4 billion to Rs 209.3 billion.

The figure of Rs 28.4 billion comprised 32 public enterprises' debts discounted by Rs 13 billion and including Government Securities issued to mop up excess liquidity, Cash and Cash Equivalents, Special Drawing Rights, totalling Rs 15.4 billion.

The impact of the adjustment would be a decrease of PSD as a percentage of GDP by 7.3 per cent, that is from 61.5 to 54.2 per cent.

Short and long term strategies need to be planned ahead to ensure that the targeted ceiling of 50 per cent of GDP by the end of December 2018 would be achieved as per the amended Public Debt Management Act.

The Ministry of Finance and Economic Development (MOFED) stated that as part of the Budget Estimates 2015, appropriate measures have already been envisaged to ensure that PSD target of 50 per cent of GDP is achieved by the end of December 2018.

2.4.4 Management of Loans

As previously reported, commitment fees were being paid when funds were withdrawn after the scheduled date specified in the loan agreements. As of 31 December 2014, commitment fees paid on undrawn balances due to delays in implementation of six projects totalled some Rs 16.5 million.

The cumulative amount of commitment fees on these loans since signature of loan was Rs 92.3 million. A breakdown of commitment fees paid on these loans is shown in Table 2-12.

Table 2-12 Commitment Fees

| Funding Agency – Loan Description (Amount) – Period of Withdrawal | Disbursement up to 31.12.14 | Commitment Fees Paid | | | |
|--|---------------------------------|----------------------|----------------|----------------|-------------------|
| | | Up to 31.12.12 | During 2013 | During 2014 | Up to 31.12.14 |
| | | Rs m | Rs m | Rs m | Rs m |
| Exim Bank of China – PW Sewerage Lot 2 (480 m CNY) - 25 February 2009 | 439,484,256 | 36.10 | 3.50 | 0.47 | 40.07 |
| Japan International Coop Agency – Grand Bay Sewerage (7,012 m JPY) - 05 November 2010 | 42,500,000 | 4.30 | 2.19 | 2.02 | 8.51 |
| Exim Bank of India- Offshore Patrol Vessel (48.5 m US\$) - 30 March 2011 | 47,475,310 | 13.20 | 3.84 | 2.29 | 19.33 |
| Exim Bank of China- Bagatelle Dam (580 m CNY) - 30 April 2012 | 428,999,682 | - | 12.64 | 8.41 | 21.05 |
| African Development Bank - Public Sector Efficiency Programme- (420m US\$) & (186 m €) - 30 May 2013 | 324,000,000 & 146,000,000 | - | - | 0.02 | 0.02 |
| European Investment Bank- PW Sewerage Project (35 m €) -01 December 2013 | 27,502,234 | - | - | 3.34 | 3.34 |
| Total | | 53.60 | 22.17 | 16.55 | 92.32 |

Disbursements were not effected as scheduled due to delay in implementation of the six projects. The late disbursement of the first four loans was attributed to the same reasons as stated in the Audit Report for the year ended 31 December 2013. As regards the following two new loans:

- *Public Sector Efficiency Programme* – The drawdown of the remaining tranches of the loan was delayed due to the situation of excess liquidity in the banking system. Accordingly the undrawn balance of the loan was cancelled.
- *PW Sewerage Project* – According to explanation provided by Wastewater Management Authority, the implementation of the sewerage project was delayed due to the increase in the length of the sewer and in the trench depths.

MOFED informed that steps are being taken to reduce payment of commitment fees. However, based on the nature and complexity of projects, it might be challenging to achieve

a 100 per cent implementation of projects on a timely basis and completely eliminate payment of commitment fees.

2.4.5 Servicing of Public Debt

(i) The servicing of Public Debt comprised capital repayments, interest payments on Domestic and External Debts and management service charges.

Total Debts servicing during the past four financial years are shown in Table 2-13.

Table 2-13 Servicing of Debts for Financial Years 2011-2014

| Particulars | Year 2011 Rs million | Year 2012 Rs million | Year 2013 Rs million | Year 2014 Rs million |
|---|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| *Interests | | | | |
| External Debt | 436.5 | 502.1 | 540.6 | 643.3 |
| Domestic Debt | 9,192.7 | 9,627.2 | 9,088.9 | 9,474.3 |
| Management Service Charges | 14.9 | 35.1 | 25.6 | 16.1 |
| Sub Total | 9,644.1 | 10,164.4 | 9,655.1 | 10,133.7 |
| Capital Repayments External Debt | 768.2 | 888.1 | 1,089.6 | 2,831.2 |
| **Capital Repayments Domestic Debt | | | | |
| Debt | 64,308.8 | 65,257.4 | 55,336.4 | 60,466.7 |
| Total | 74,721.1 | 76,309.9 | 66,081.1 | 73,431.6 |

* Interest is computed on an accrual basis

**including redemption of Treasury Bills and Treasury Notes.

Interest payments on Public Debt have slightly increased from Rs 9.65 billion in 2013 to Rs 10.13 billion in 2014. Servicing of Public Debt has increased from Rs 66.08 billion in 2013 to Rs 73.43 billion in 2014.

(ii) The servicing of Public Debt as a percentage of total Government expenditure for the past four financial years 2011 to 2014 is shown in Table 2-14.

Table 2-14 Servicing of Public Debt as a Percentage of Total Government Expenditure

| Fiscal Year | *Servicing of Public Debt Rs million | Total *Expenditure Rs million | Servicing of Public Debt as a % of Total Expenditure |
|--------------------|---|--|---|
| 2011 | 74,721.1 | 148,330.2 | 50.4 |
| 2012 | 76,309.9 | 148,290.2 | 51.5 |
| 2013 | 66,081.1 | 153,874.1 | 42.9 |
| 2014 | 73,431.6 | 157,203.86 | 46.7 |

*including redemption of Treasury Bills and Treasury Notes.

It is the Treasury policy not to include the issue and redemption of Treasury Bills and Treasury Notes in the Statement of Revenue and Expenditure of the Consolidated Fund, but the net outstanding balances were disclosed in the Statement of Assets and Liabilities. New issues of Treasury Bills and Treasury Notes for 2014 amounted to Rs 33 billion and Rs 19.4 billion respectively whilst redemption of these instruments were Rs 36.6 billion and Rs 14.7 billion respectively.

In Table 2-14 above, the servicing of public debt and the total expenditure has been adjusted to include the redemption of Treasury Bills and Treasury Notes in order to give a better picture of the total cost for servicing public debt. As also stated, some 46.7 per cent of the total Government expenditure for financial year ending 31 December 2014 was on servicing of public debt.

2.5 Statement of Outstanding Loans

Government advanced loans from revenue to Statutory Bodies, Private Individuals, State Owned Entities and Other Bodies mainly for capital projects. The Accountant General's Department prepared a Statement of Outstanding Loans Financed from Revenue regarding such loans and as of 31 December 2014, total loans outstanding due to Government by all these Bodies amounted to Rs 13,424,304,050. Details are shown in Table 2-15.

Table 2-15 Outstanding Loans due to Government as of 31 December 2014

| Name of Borrowers | Original Loan Rs | Outstanding Loan Rs |
|---|-----------------------|------------------------|
| Statutory Bodies | | |
| Central Electricity Board | 3,498,269,017 | 2,668,270,692 |
| Central Water Authority | 2,367,193,686 | 1,911,393,798 |
| Mauritius Cane Industry Authority (ex-Sugar Planters Mechanical Pool Corporation) | 20,408,214 | 21,191,793 |
| Mauritius Cane Industry Authority (ex-Mauritius Sugar Industry Research Institute) | 2,631,395 | 761,659 |
| Mauritius Meat Authority | 5,717,943 | 5,669,085 |
| Irrigation Authority | 278,370,422 | 286,923,434 |
| Agricultural Marketing Board | 40,210,830 | 23,523,656 |
| National Transport Corporation | 196,022,528 | 162,071,449 |
| Mauritius Institute of training and Development (ex-Industrial and Vocational Training Board) | 88,534,225 | 89,347,961 |
| Rose Belle Sugar Estate | 92,977,646 | 92,323,794 |
| Mauritius Broadcasting Corporation | 381,631,437 | 453,944,219 |
| Wastewater Management Authority | 1,228,692,616 | 1,623,481,341 |
| Subtotal | 8,200,659,959 | 7,338,902,881 |
| Other Bodies | | |
| Build Mauritius Fund | 4,300,000,000 | 4,300,000,000 |
| Mauritius Shipping Corporation | 107,200,000 | 107,200,000 |
| Pamplemousses/Riviere du Rempart District Council | 42,000,000 | 36,750,000 |
| Airports of Mauritius Ltd | 513,372,400 | 578,368,170 |
| Mauritius Post and Co-operative Bank Ltd | 8,000,000 | 8,000,000 |
| Rodrigues Regional Assembly | 14,847,000 | 14,847,000 |
| Development Bank of Mauritius Ltd | 500,815,876 | 323,847,864 |
| Mauritius Housing Company Ltd | 62,644,315 | 16,441,242 |
| Bus Companies | 25,555,614 | 4,460,006 |
| Mauritius Cooperative Central Bank (MCCB) Ltd (in liquidation) | 81,880,000 | 81,308,000 |
| National Housing Development Co Ltd | 338,870,507 | 133,920,217 |
| Business Parks of Mauritius Ltd | 481,506,283 | 152,782,433 |
| BPML Freeport Services Ltd | 145,446,340 | 105,783,181 |
| Knowledge Parks Ltd | 486,000,000 | 220,424,778 |
| Subtotal | 7,108,138,335 | 6,084,132,891 |
| Private Individuals | | |
| Repatriation Expenses | 2,827,070 | 1,100,177 |
| Small Scale Industries | 546,277 | 168,101 |
| Sub Total | 3,373,347 | 1,268,278 |
| Total | 15,312,171,641 | 13,424,304,050 |

Central Electricity Board and Central Water Authority owed loan amounts of Rs 2.66 billion and Rs 1.91 billion respectively, being capital instalments as of 31 December 2014. These two outstanding loan balances represented some 34 per cent of the total of Rs 13.4 billion.

2.5.1 Loan Instalments in Arrears

Nine Statutory Bodies and eight Other Bodies have not been paying the loan instalments as well as the accrued interests. They owed a total of Rs 2,197,523,867, comprising capital and interest of Rs 1,228,135,636 and Rs 969,388,231 respectively as of 31 December 2014. Details are shown in Table 2-16.

Table 2-16 Arrears of Capital and Interests due as of 31 December 2014

| | Capital Rs | Interest Rs | Period due | Remarks |
|--|----------------------|--------------------|------------|--|
| Statutory Bodies | | | | |
| Central Electricity Board | 1,392,562 | 783,534 | 2014 | Insufficient repayment |
| Central Water Authority (Note 1) | 489,871,247 | 212,644,868 | 1999-2014 | Insufficient repayment |
| Mauritius Institute of Training and Development (ex-IVTB) (Note 2) | 89,306,685 | | 2005-2014 | Repayment of Rs 45,100,000 in Dec.2014 |
| Irrigation Authority (Note 3) | 246,369,308 | 165,174,122 | 1983-2014 | No repayment since August 1996 |
| National Transport Corporation (Note 4) | 154,071,448 | 264,768,794 | 1988-2014 | Insufficient repayment |
| Mauritius Meat Authority | 5,669,085 | - | 1986-1990 | No repayment since 1980 |
| Mauritius Broadcasting Corporation | 48,346,126 | 16,602,915 | 2010-2014 | Outstanding since 2011 |
| Rose Belle Sugar Estate (Note 5) | 70,227,827 | 87,540,035 | 1982-2013 | Request for write off |
| Wastewater Management Authority | | 54,150,519 | 2014 | Outstanding since 2014 |
| Other Bodies | | | | |
| BPML Freeport Services Ltd | 5,329,151 | 34,449,183 | 1999-2014 | Insufficient repayment |
| National Housing Development Corporation | 4,360,193 | 3,966,614 | 2014 | Insufficient repayment |
| Small Scale Industries (Note 6) | 168,101 | 972,153 | 1985-2014 | No repayment since 1992 |
| Business Parks of Mauritius Ltd | 3,200,022 | 49,499,826 | 2003-2014 | Insufficient repayment |
| MCCB Ltd (in liquidation) (Note 7) | 81,308,000 | 61,817,796 | 1997-2014 | In liquidation |
| Bus Companies (Note 8) | 4,460,006 | - | 1979 | No repayment since 1992 |
| Mauritius Shipping Corporation | 22,200,000 | 14,585,357 | 2011-2013 | Outstanding since 2011 |
| Rodrigues Regional Assembly | 1,855,875 | 2,432,515 | 2011-2014 | Outstanding since 2011 |
| Total | 1,228,135,636 | 969,388,231 | | 2,197,523,867 |

As of 31 December 2014, several Bodies were still unable to repay the arrears of loan instalments and interests.

Note 1 Central Water Authority (CWA)

CWA contracted several other loans from Government during 2014 totalling Rs 594,828,158.

Moreover, Government set off Rs 200 million against the arrears amount of capital Rs 145.5 million and interest Rs 54.5 million on a First-in First-out basis. Since 4 February 2013, CWA had ceased to collect the Bottled Water Levy and Government compensated the Authority for the loss of revenue to the tune of Rs 200 million. The amount was provided for, under Programme 443 – Item 25110009, ‘Subsidy to CWA’ in the Programmed Based Budget Estimates since year 2013.

Note 2 Mauritius Institute of Training and Development (MITD) ex –IVTB

The ex IVTB contracted two loans of FF 14 million and FF 21 million from the Agence Française de Développement in November 1989 and September 1993 respectively. In December 2014, MITD paid Rs 45.1 million, representing capital and arrears elements of Rs 1,925,692 and Rs 43,174,308 respectively.

Note 3 Irrigation Authority (IA)

IA contracted 15 loans totalling Rs 278,370,422 during the years 1984 to 2012 and could not repay the loan instalments.

Note 4: National Transport Corporation (NTC)

Of the 12 loans contracted during the years 1988 to 2010 and totalling Rs 196,022,528, the Corporation was effecting regular repayments in respect of only one loan contracted in year 2009.

Note 5: Loans to Rose Belle Sugar Estate

Rose Belle Sugar Estate made a request to MOFED to write off both the African Development Bank Loans and Other Loans borrowed from Government, as it was not in a position to repay them.

Note 6: Loans to Small Scale Industries

Loans and interests in respect of Small Scale Industries totaling Rs 1.1 million have remained unpaid since year 1993.

The Accountant General stated that action has already been initiated to determine whether the amounts are irrecoverable.

Note 7: MCCB Ltd (in liquidation)

MCCB Ltd is in liquidation and the liquidator has not yet repaid the loan.

Note 8: Bus Companies

Bus Companies still owed a balance of Rs 4,460,006 on a loan amount of Rs 25 million disbursed during 1978 to effect payments of end of year bonus and extra remuneration to their employees. The companies have not effected any repayment since 1995. The balancing amount could be considered as irrecoverable.

The Accountant General stated that action has already been initiated to determine whether the amounts are irrecoverable.

2.5.2 New Loans Disbursed during Financial Year 2014

During the financial year 2014 Government advanced new loans to the five bodies stated in Table 2-17.

Table 2-17 New Loans

| Bodies | Rs |
|------------------------------------|----------------------|
| Central Water Authority | 594,828,158 |
| Waste Water Management Authority | 702,488,725 |
| SPV/Knowledge Park Ltd | 220,424,778 |
| Mauritius Broadcasting Corporation | 18,000,000 |
| Private Individuals | 123,022 |
| Total | 1,535,864,683 |

Loan to Central Water Authority (CWA) – Rs 594,828,158

An amount of Rs 594,828,158 was advanced to CWA during the current financial year to carry out five projects namely, Pailles Water Treatment Plant, Bagatelle Treatment Plant and Downstream Works, Reduction of Non - Revenue Water, Transfer of Water from Midlands Dam to Piton du Milieu and Pipe Replacement Project.

The loan agreements were signed between the Government of Mauritius and Central Water Authority in December 2014 to allow the Authority to execute the projects under the Programme Based Budget 2014.

Loan to Wastewater Management Authority (WMA) - Rs 702,488,725

A total of Rs 702,488,725 was disbursed during 2014 to allow WMA to execute projects approved under the Programme Based Budget Estimates 2014.

Loan to Knowledge Parks Ltd – Rs 220,424,778

The loan agreement was signed between Government of Mauritius and Knowledge Parks Ltd, a State-owned company on 7 March 2014. Government agreed to grant a loan of Rs 486 million to finance the construction of University Campuses. The loan period is 15 years with interest at eight per cent per annum.

Loan to Mauritius Broadcasting Corporation (MBC) – Rs 18 million

Government made an advance to MBC in December 2014 to meet expenses in connection with the National Assembly Elections 2014 (Advance No 64 of 2014). The advance was converted into a loan. No loan agreement setting out the terms and conditions was produced.

The Accountant General stated that the advance was converted into a loan in December 2014. A draft loan agreement has already been prepared and will be signed in the context of the restructuring of the MBC.

2.6 Statement of Arrears of Revenue

Arrears of revenue totalled Rs 8,471,499,677 as of 31 December 2014. The Accountant General compiles the figures from returns submitted by all Ministries and Government Departments. The Financial Regulations require that officers responsible for collection of revenue should submit to the Accountant General a Statement of Arrears of Revenue as at 30 June and 31 December of the financial year.

Arrears of revenue for the past five financial years are given in the Table 2-18.

Table 2-18 Arrears of Revenue

| Financial Year | Arrears of Revenue Rs |
|-----------------------|----------------------------------|
| 2010 | 6,505,963,033 |
| 2011 | 6,558,064,757 |
| 2012 | 6,927,931,061 |
| 2013 | 8,386,240,505 |
| 2014 | 8,471,499,677 |

Annual increases have been noted in the arrears of revenue figure. There was a significant increase of Rs 1,965,536,644 in a five-year period.

57.6 per cent of the total arrears figure of Rs 8,471,499,677 related to the Mauritius Revenue Authority, that is Rs 4,879,562,183.

Government wrote off a total of Rs 130,610,949 being long outstanding and irrecoverable debts, as per Table 2-19.

Table 2-19 Arrears of Revenue Written Off in 2014

| Ministries/Departments | Rs |
|--------------------------------------|--------------------|
| Mauritius Revenue Authority | 10,774,501 |
| The Treasury | 333,362 |
| Registrar- General's Department | 9,958,345 |
| Companies Division | 52,727,907 |
| Ministry of Health & Quality of Life | 1,250,000 |
| Judiciary | 55,566,834 |
| Total | 130,610,949 |

2.6.1 Age List of Debtors

Table 2-20 shows an aged list of debtors amounting to Rs 8,471,499,677 as of 31 December 2014. The aged list has been compiled from the Returns submitted by Ministries and Departments to the Accountant-General.

A sum of Rs 4,611,619,755 was outstanding for period prior to year 2013. This represented 54 per cent of the total arrears figure.

Table 2-20 Aged List of Debtors as of 31 December 2014

| Ministries/ Departments | Prior to 2013 Rs | 2013 Rs | 2014 Rs | Unallocated Rs | Total Debtors as of 31.12.14 Rs |
|--|----------------------|----------------------|----------------------|-------------------|--|
| Mauritius Revenue Authority | | | | | |
| Income Tax (Including Large Taxpayer) | 1,103,176,820 | 396,103,754 | 486,439,884 | - | 1,985,720,458 |
| Value Added Tax | 1,222,839,616 | 445,698,724 | 584,469,216 | - | 2,253,007,556 |
| Customs and Excise | 5,598,207 | 3,002,842 | 57,902,986 | - | 66,504,035 |
| Betting and Gaming | 80,608,705 | 104,686,848 | 48,868,036 | - | 234,163,589 |
| Sales Tax | 2,007,014 | | | - | 2,007,014 |
| Environment Protection Fee | 6,840,261 | 11,294,216 | 8,571,059 | - | 26,705,536 |
| Pay As You Earn Tax Deduction Scheme | 45,505,145 | 40,705,452 | 41,895,003 | - | 128,105,600 |
| | 47,914,555 | 27,080,136 | 47,999,116 | - | 122,993,807 |
| Others | 7,682,122 | 17,812,522 | 34,859,944 | - | 60,354,588 |
| Sub-total | 2,522,172,445 | 1,046,384,494 | 1,311,005,244 | - | 4,879,562,183 |
| Other Ministries and Departments | | | | | |
| Civil Aviation | 27,034,392 | 997,253 | 4,280,931 | - | 32,312,576 |
| Industry (Commerce Division) | 85,940 | | 54,036 | - | 139,976 |
| Public Infrastructure (Land Transport Division.) | 21,230 | | | - | 21,230 |
| Fire Services | 211,709 | | | - | 211,709 |
| Companies Division | 139,121,586 | 36,683,468 | 52,456,393 | - | 228,261,447 |
| Education and Human Resources | 134,799,250 | 2,964,207 | - | - | 137,763,457 |
| Tourism and Leisure | 710,128 | 360,962 | 107,309 | - | 1,178,399 |
| Public Infrastructure (Public Infrastructure Division) | 976,379 | 12,000 | 166,033 | - | 1,154,412 |
| Renewable Energy and Public Utilities | 6,654,391 | | | - | 6,654,391 |
| Health and Quality of Life | 5,739,672 | 377,840 | 1,120,787 | - | 7,238,299 |
| Police Force | 707,645 | | 866,259 | - | 1,573,904 |

continued

Table 2-20 Aged List of Debtors as of 31 December 2014(continued)

| Ministries/ Departments | Prior to 2013 | 2013 | 2014 | Unallocated | Total Debtors as of 31.12.14 |
|---|----------------------|----------------------|----------------------|--------------------|------------------------------------|
| | Rs | Rs | Rs | Rs | Rs |
| Local Govt. and Outer Islands | 235,620 | | 24,000 | - | 259,620 |
| Ministry of Public Infrastructure (Shipping Division) | 332,478 | 197,367 | 299,316 | - | 829,161 |
| National Transport Authority | 30,734,000 | 3,739,000 | 3,159,000 | - | 37,632,000 |
| National Audit Office | | 1,530,000 | | - | 1,530,000 |
| Attorney General's Office | 292,605 | 87,710 | 178,275 | - | 558,590 |
| Ministry of Labour, IR Empl. (Employment Division) | | | 257,834 | - | 257,834 |
| Ministry of Arts and Culture | | | 895,000 | - | 895,000 |
| PMO (Data Protection Office) | 3,064,850 | 3,277,400 | 4,984,850 | - | 11,327,100 |
| Industrial Court | 108,350 | 67,200 | 77,000 | - | 252,550 |
| Intermediate Criminal Court | 3,562,804 | 6,030,441 | 25,559,140 | - | 35,152,385 |
| Judicial Courts | 10,596,784 | 2,280,800 | 10,772,925 | - | 23,650,509 |
| Commercial Courts | 62,580 | 1,750 | | - | 64,330 |
| Judicial Others | 780,860 | 54,600 | 70,000 | - | 905,460 |
| The Treasury | 1,564,208,848 | 223,588,719 | 418,383,509 | - | 2,206,181,076 |
| Registrar- General | | | 120,992,886 | 319,164,402 | 440,157,288 |
| Housing and Lands | 159,405,209 | 87,274,536 | 157,155,449 | - | 403,835,194 |
| Social Security, NS and RI | | | 435,027 | 3,253,746 | 3,688,773 |
| Agro Industry and Food Security | | | 2,483,980 | 5,766,844 | 8,250,824 |
| Sub-total | 2,089,447,310 | 369,525,253 | 804,779,939 | 328,184,992 | 3,591,937,494 |
| Grand Total | 4,611,619,755 | 1,415,909,747 | 2,115,785,183 | 328,184,992 | 8,471,499,677 |

2.6.2 The Treasury – Rs 2,206,181,077

Arrears in the books of The Treasury as of 31 December 2014 comprised mainly two items, as shown in Table 2-21.

Table 2-21 Treasury Arrears of Revenue as of 31 December 2014

| | Rs |
|---------------------|----------------------|
| Loan | 2,197,706,569 |
| Accident and Claims | 8,474,508 |
| Total | 2,206,181,077 |

The arrears of loan consisted of Rs 1,228,287,661 as capital repayment due and Rs 969,418,908 for interest due by nine Statutory Bodies and eight Private Bodies.

Of the outstanding balance for Accidents and Claims of Rs 8,474,508, there were claims of Rs 3,660,952 relating to accidents that occurred during the years 1979 to 2004 and considered time barred and irrecoverable. A sum of Rs 333,362 was written off during the financial year for arrears due for accidents.

The Accountant General informed that once an amount is determined to be irrecoverable, in the light of advice from the Attorney General's Office or otherwise, action will be taken to write off the amount.

3 - THE JUDICIARY

3.1 Arrears of Revenue – Rs 59.86 million

At paragraph 3.1 of the Audit Report for the year ended 31 December 2013, I mentioned that the management of arrears of revenue of the Judiciary had not improved. As of 31 December 2014, arrears amounted to some Rs 59.8 million against Rs 108 million for the year 2013. The arrears of revenue had decreased by 44.6 per cent as compared to year 2013. The significant decrease in the amount of arrears of revenue of Rs 48.2 million was mainly due to irrecoverable arrears being written off for some 1,900 cases totalling some Rs 55.6 million during the year.

Arrears of revenue included mainly Court Fees and Fines. An age analysis of the arrears of revenue as of 31 December 2014 is shown in Table 3-1.

Table 3-1 Age Analysis of Arrears of Revenue

| Years | Amount Rs | % of Total Arrears |
|--------------|-------------------|-----------------------|
| < 1 year | 36,635,715 | 61 |
| 1-2 years | 11,544,320 | 19 |
| 3-5 years | 6,835,322 | 12 |
| 6-10 years | 4,844,676 | 8 |
| Total | 59,860,033 | |

Arrears of revenue for the past two years represented some 80 per cent of the total amount due. It was again noted that the returns were not consistently prepared by all Courts. No detailed listing was provided for collections for the year amounting to some Rs 47 million.

3.1.1 Irrecoverable Arrears of Revenue

The irrecoverable arrears of revenue written off related to debtors who had passed away, left country, were untraceable, bankrupt and some were outstanding prior to 2000.

Out of the Rs 55.6 million written off, some 73 per cent related to Companies' cases totalling some Rs 40.8 million. Some of these cases were outstanding since 2002. As of December 2014, these companies had already become insolvent and procedures to strike off the names of the companies had been initiated by the Registrar of Companies.

Due to delay in recovering the arrears of revenue, the irrecoverable arrears written off amounting to some Rs 75 million during the past two years represented a loss of revenue for the Judiciary.

Recommendations

To improve the debt recovery process:

- The Police Department should be requested to act more promptly on ‘Issued Arrest Warrants’ and to provide regular feedback on ‘Executed Arrest Warrants’.
- The mechanism for recovery of arrears of revenue should be revisited. An Enforcement Unit should be put in place for the prompt recovery and regular follow up of the arrears of revenue.

Appropriate measures should be taken to ensure that the Statements of Arrears of Revenue are prepared accurately and in a consistent manner.

Judiciary’s Reply

- The Internal Control Unit is looking into the matter and steps are being taken to monitor closely the prompt recovery of fines and costs.
- The delay in recovering the arrears of revenue is due to the time taken by the Police to execute warrants. The Commissioner of Police has been requested to make due diligence in the execution of warrants of arrest.
- The Finance Section has been instructed to take necessary measures to ensure that the statements of arrears of revenue are prepared in a consistent manner and are accurate, complete and reliable.

3.2 Renovation of the Mahebourg District Court Building – Rs 15.1 million

Tender for the renovation of the Mahebourg District Court was launched on 27 March 2013. The scope of the works comprised the removal of the shingles and damaged timber structure, the re-construction of the roof, including electrical works and other ancillary works as per the detailed design. Works were to be executed under four phases.

On 30 May 2013, the Bid Evaluation Committee (BEC) recommended the award of the contract to the lowest evaluated substantially responsive bidder for the sum of Rs 15,115,650 (inclusive of VAT) including a Contingency Sum of Rs 5.1 million.

The site was handed over to the Contractor on 25 November 2013, and Phase I was to start 14 days after handing over of site. Details of the start, completion date and liquidated damages chargeable per day for each phase are shown in Table 3-2:

Table 3-2 Expected Start and Completion Dates of the Project

| Phase | Starting Date | Contract Period | Intended Completion | Liquidated Damages/day |
|--------------|----------------------|------------------------|----------------------------|-------------------------------|
| | | Days | | Rs |
| I | 9 Dec 2013 | 120 | 8 Apr 14 | 25,000 |
| II | 16 Apr 2014 | 90 | 14 Jul 14 | 20,000 |
| III | 27 Jul 14 | 90 | 19 Oct 14 | 15,000 |
| IV | 27 Oct 14 | 90 | 24 Jan 15 | 15,000 |

The contract was signed on 17 February 2014. The insurance policy, with expiry date of 6 April 2015, was submitted on 24 February 2014.

Due to delays in submitting drawings and bills of quantities, the start date of the project was rescheduled to 24 February and subsequently to 4 March 2014.

However, renovation works actually started on 28 May 2014 due to late submission and approval of materials by the Ministry of Public Infrastructure (MPI). The insurance policy was not extended to cover the revised completion period.

It was essential for the project to be implemented phase wise in a sequential order, so as not to disrupt the functioning of the Court. Necessary approval should be sought from the Project Engineer and Architect from the MPI before the start of each Phase.

The revised start and completion dates of the renovation works and delays are shown in Table 3-3.

Table 3-3 Revised Start and Completion Dates and Delays

| Phase/Block | Revised Start Date | No. of days | Revised Completion Date | Delays (Days) | Project Status as at 30 April 2015 |
|--------------------|---------------------------|--------------------|--------------------------------|----------------------|---|
| I/ C2 | 4-Mar-14 | 120 | 1 Jun 14 | 333 | Not Completed |
| D | | | | | Completed |
| II/ C1 | 9-Jun-14 | 90 | 6 Oct 14 | 207 | Not Completed |
| B1 | | | | | Not Completed |
| III/ B2 | 14-Oct-14 | 90 | 11 Jan 15 | 64 | Completed on 17 March 2015 |
| Cell | | | | 109 | Not Completed |
| IV/ A | 19-Jan-15 | 90 | 18 Apr 15 | 12 | Not Completed |
| A1 | | | | - | Completed on 13 April 2015 |

Status of Work at end of April 2015

Block B2 was handed over on 17 March 2015 and part of Block A (Wing A1) on 13 April 2015.

Works were completed for Block D and partly completed in Block C1, C2 and B1, but no handing over was done.

Delays in completion of works

The number of days works were delayed ranged from 12 to 333 for the different Phases. For the first three Phases, the maximum delay in the implementation of the project for which liquidated damages were chargeable, had reached the maximum limit. As for Phase IV, the completion date was not yet determined.

Overall Progress of Works on site

The project had started with six months delay, as site was handed over in November 2013 but works actually started in May 2014, which was contrary to the terms of the contract. It was also hampered by the considerable amount of delays accumulated on site. In spite of several site meetings held to monitor the works, no major progress was noted on site as of 20 January 2015.

Most of the Phases were being partly done at the same time, without respecting the sequential order. Besides, an updated programme of works was not submitted as of 30 September 2014.

Works were not carried out as duly specified in the contract document and without necessary approval from both MPI and the Judiciary. Materials used were not in compliance with specifications. The rectification of same entailed further delays in progress of works.

Samples and specifications of materials were submitted with delay to the Project Engineer. Besides, materials on the local market were not available although the Contractor had confirmed at time of bidding that same would be available.

The slow progress of works was also due to frequent rescheduling of working time as the functioning of the Court was being disturbed due to noise problems. Not enough resources were deployed on site, and works were not being carried out regularly.

There was no approval for the extension of time. The contract was not completed within the extended date of 18 April 2015. As of May 2015, the maximum limit of Liquidated Damages amounting to some Rs 1.9 million was chargeable on the Contractor.

Recommendations

The project implementation should be carried out in accordance with the terms and conditions of the contract. Works should be properly supervised and closely monitored to ensure timely completion.

The penalty clause should be applied by charging liquidated damages for the delay in completion of the project.

Judiciary's Reply

The delay in the submission of the samples and specifications in respect of materials was due to their unavailability on the local market.

The re-roofing of the District Court is over and the penalty clause has been applied following the recommendation of Ministry of Public Infrastructure.

4 - PRIME MINISTER'S OFFICE

Mauritius Police Force

4.1 Revenue Collection

Revenue collected at District Headquarters of the Mauritius Police Force (MPF) comprises items such as Passport Fees, Game Licence, Firearm Licence and Fees for Extra Duty and Certificate of Character.

4.1.1 Revenue Process

A Register of Controlled Forms (Stock Book) is maintained at the level of District Headquarters for recording Controlled Forms (Receipts Books - ABF) received from Head Office and their issue to Revenue Collectors. Controlled Forms are requisitioned from the Finance Section at Head Office. A Cash Book is also maintained, in which all the collections are recorded, as well as remittances to bank.

Cash Deposit Receipts and Cheque Deposit Receipts are prepared in two copies for the banking of cash and cheques collections for the day. One copy is kept by the bank and the other one with the Revenue Clerk of the District Headquarters. After banking, the Revenue Clerk submits a copy of Combined Remittance Voucher and Receipt, on a daily basis, to the Finance Section at Head Office for input into the Treasury Accounting System (TAS) and to enable tracing them to bank statements for reconciliation purposes.

The Internal Control System over revenue collection at four of seven District Headquarters was reviewed, namely Northern Division (Piton), Southern Division (Rose Belle), Eastern Division (Flacq) and Metropolitan South (Line Barracks).

4.1.2 Revenue Collection at Northern District Headquarters (NDH) - Piton

Observations

Banking of Collections

No Evidence that All Collections were Banked. According to Financial Regulations, 'all monies collected should be banked as promptly as possible'.

According to Cash Book maintained at the NDH, total collections for the period January 2014 to March 2015 amounted to Rs 20,226,202. However, copies of Combined Remittance Voucher and Receipt for the sum of only Rs 5,363,544 were produced for audit purposes.

Only a sum of Rs 5,363,544 was accounted for in the TAS. There was no documentary evidence that the difference of Rs 14,862,658 was banked. Moreover, the cash and cheques components of that sum could not be ascertained due to inappropriate recording in the Cash Book whereby all collections were recorded under 'Bank' column as if all collections were made in cheques. However, the examination of used Receipt Books (ABF) showed that collections were made both by cash and cheques.

For the period 1 January 2014 to 31 March 2015, copies of Cheque/Cash Deposit Receipts for a total sum of only Rs 985,353, out of the total collections of Rs 20,226,202, were produced for audit purposes.

No Prompt Banking. There were cases where collections were not promptly banked, contrary to Financial Regulations.

- A sum of Rs 5,557,008 was collected in December 2014, of which only Rs 537,850 were banked in that month and Rs 2,703,799 in April 2015.

As of 16 April 2015, there was no evidence that the remaining collections of Rs 2,315,359 were banked.

- A few receipts (ABF 9E) issued during February, May and June 2014 for a sum of Rs 18,500 were not recorded in the Cash Book and there was no evidence that the collections were banked.

Absence of Segregation of Duties

Financial Regulations require ‘the arrangement of duties in such a way to ensure that no single task is executed from its beginning to its conclusions by only one person.’

The Revenue Clerk at the NDH was responsible for the following:

- Management of imprest
- Collection of revenue
- Issuing of receipts
- Maintaining records in Cash Books
- Banking

Therefore, the same Officer was involved in the different stages of the revenue process, contrary to Financial Regulations.

Internal Control

Financial Regulations require ‘the arrangement of duties in such a way to ensure that the work of each officer involved in the processing of a transaction is subject to independent check in the course of another officer’s duties’.

There was no evidence of any independent check over books and records of the Revenue Section at the NDH. Based on the trend of collections at the other District Headquarters, the Finance Section at Head Office should have enquired on any tardy remittances or irregular amount of collections/remittances.

Non submission of Combined Remittance Voucher and Receipt should have been suspicious. For example, in September 2014, collections banked by NDH amounted to Rs 158,228

whereas collections banked by other District Headquarters ranged from Rs 406,309 to Rs 2,484,745.

The work programme of the Internal Control Unit of the MPF for 2014 did not include internal audit work over revenue, including cash collections and banking at the NDH. There was no evidence of internal surprise cash surveys.

Register of Controlled Forms (Stock Book) not Updated

According to Financial Regulations 'stock books should be kept in the prescribed form in the Finance Division of every Ministry/Department as a controlling register recording main stocks of receipt and licence books received from the Treasury and issues made therefrom to revenue collectors'.

The Register of Controlled Forms at the NDH was last updated in June 2013. From records kept at the Head Office, some 710 Receipt Books (ABF) were issued to the NDH from 1 July 2013 to 31 March 2015.

These receipts books were therefore not recorded in the Register of Controlled Forms. It could not be ascertained whether all used receipts were recorded in the Cash Book and collections banked. Hence, completeness of income could not be ascertained.

Recommendations

- There is a case of serious irregularity in the revenue system at NDH. The findings related to the period 1 January 2014 to 31 March 2015. Along with this period, the MPF should also investigate on collections for the period prior to January 2014 to determine the extent of possible irregularity.
- Actions should be taken to ensure that Financial Regulations are complied with. For instance, the same Officer should not be involved in cash collections, recording and banking of receipts.
- Submission of Combined Remittance Voucher and Receipt and duplicates of Cash/Cheque Deposits Receipts from District Headquarters should be properly monitored. A monthly report on collections banked/remitted by each District Headquarter should be generated for control purpose.
- Internal control system should be reinforced. The accounting records kept by Revenue Clerks should be subject to review by the Finance Section Head Office and the Internal Control Unit. Surprise cash surveys should be carried out at regular intervals.
- All cash and cheque collections should be properly recorded in the Cash Book, that is, cash collections under 'Cash' column and cheques collections under 'Bank' column.

Department's Reply

An enquiry has started in connection with the irregularities at the Northern Division Cash Office. As at 30 June 2015, a total of Rs 6,625,979 has already been credited to bank. All efforts are being made to recover the remaining sum of Rs 8,236,678.

The Manager, Internal Control Unit has carried out surprise cash surveys at all the 15 Cash Offices at Divisions and Branches and made some observations and recommendations. He has also been tasked to carry out an audit at the Revenue Office of NDH for the financial years 2012 and 2013.

As regards absence of segregation of duties, Divisional Commanders have been instructed to implement same so that the same officer is not involved in cash collections, recording and banking of receipts.

The Mauritius Post has been approached to act as collection agent for various fees payable by members of the public to the Mauritius Police Force, and after clearance from the Financial Secretary, the cash collection will start on a pilot basis at two Divisional Headquarters.

4.2 Interdicted Officers

4.2.1 Interdiction Process

The Mauritius Police Force (MPF) seeks approval of the Disciplined Forces Service Commission for interdiction of officers in case of serious offences.

Police enquiries are normally carried out prior to seeking advice of the Office of the Director of Public Prosecutions as to whether there is a case for prosecution. The latter then advises for either Court actions or internal disciplinary procedures against the interdicted officer.

In case of Court action, the officer is either reinstated or his service is terminated after judgment.

4.2.2 Salaries paid to Interdicted Officers

Salaries paid to interdicted officers of the MPF during the past five financial years totalled some Rs 211.8 million as shown in Table 4-1.

Table 4-1 Salaries paid to Interdicted Officers

| Financial Year | Amount Rs million |
|-----------------------|------------------------------|
| 2010 | 33.8 |
| 2011 | 33.9 |
| 2012 | 38.4 |
| 2013 | 50.9 |
| 2014 | 54.8 |
| Total | 211.8 |

Salaries included monthly rent allowance which ranged from Rs 975 to Rs 2,935 and excluded annual increments.

4.2.3 Number of Interdicted Officers as of 31 December 2014

As of 31 December 2014, 201 officers of the MPF were interdicted and salaries paid to them since their interdiction totalled some Rs 160.3 million as shown in Table 4-2:

Table 4-2 Salaries paid to 31 December 2014

| Year of Interdiction | No. of Officers Interdicted | Salaries paid up to 31 December 2014 Rs million |
|---------------------------------|--|--|
| Prior to 2009 | 36 | 54.9 |
| 2009 | 21 | 24.6 |
| 2010 | 16 | 18.6 |
| 2011 | 17 | 15.6 |
| 2012 | 35 | 24.5 |
| 2013 | 42 | 17.4 |
| 2014 | 34 | 4.7 |
| Total | 201 | 160.3 |

4.2.4 Long Time Interval between Interdiction and Finalisation of Cases

In my previous Audit Reports, mention was made of significant costs incurred on interdicted officers and the long time taken to finalise the interdicted cases.

As a result, in 2008, a Fast Track Mechanism (instructions and guidelines) was issued by the MPF to ensure the speedy disposal of cases including:

- Officers of the MPF were to complete enquiry within the least possible delay, one month for less complex cases and up to three months for complex and multifold cases. Delays were to be explained and justified.
- Proper monitoring of interdicted cases and a monthly return had to be submitted to Police Headquarters on status of enquiry.

However, these instructions and guidelines were not followed in all cases.

➤ *Cases at Police Enquiry Level*

As of 31 December 2014, 89 cases were still at Police enquiry level as shown in Table 4-3.

Table 4-3 Cases at Police Enquiry Level

| Year of Interdiction | Number of Officers |
|-----------------------------|---------------------------|
| 2010 | 1 |
| 2011 | 3 |
| 2012 | 18 |
| 2013 | 35 |
| 2014 | 32 |
| Total | 89 |

57 cases originated from the year 2010 to 2013, and 32 new ones in 2014.

➤ *Interdicted Officers Awaiting Court Judgment*

In October 2008, the Supreme Court issued instructions to Law Officers that the hearing of criminal cases/disciplinary proceedings involving public officers under interdiction should be given priority of hearing.

As of 31 December 2014, 82 interdicted officers of the MPF were awaiting Court judgment. There were 11 cases awaiting judgment for over 10 years and 30 between five to 10 years as shown in Table 4-4.

Table 4-4 Number of Interdicted Officers Awaiting Judgment

| Number of Years | Number of Officers |
|------------------------|---------------------------|
| Up to 5 | 41 |
| 5+ to 10 | 30 |
| Over 10 | 11 |
| Total | 82 |

Views of the Judiciary

The Judiciary was consulted on the matter and it informed me that action has already been taken for the main cases to be dealt with on a fast track basis.

Recommendations

A sum of Rs 211.8 million was paid to interdicted officers over the past five years. These officers were paid salary for services not rendered. The cost of interdiction is significant and is on the increase.

Measures should be taken to reduce the time taken to finalise interdicted cases.

- The Fast Track Mechanism should be reviewed and monitored.
- For cases at Police enquiry level, measures should be taken to complete enquiries within a reasonable time and ensure that monthly returns on status of enquiry are prepared and submitted for control purposes.
- Follow up meetings should be held with the Judiciary to ensure disposal of cases in an expeditious manner.

Department's Reply

Divisional Commanders and Branch Officers have, by means of an Order dated 2 July 2015, been reminded to monitor all cases involving Public Officers and to ensure their early completion and onward transmission to the Office of the Director of Public Prosecutions for advice.

As regards disposal of cases involving Police Officers which are long outstanding before Court, the Master and Registrar, Supreme Court has been approached for the early disposal of the cases.

4.3 CCTV Street Surveillance System

The contract for the 'Supply, Installation, Testing and Commissioning of CCTV Street Surveillance System' in the regions of Beau Bassin, Rose Hill and Quatre Bornes was

awarded for the sum of Rs 159,057,823 (inclusive of VAT and maintenance cost for five years) on 13 December 2013. The delivery of the system was to be completed in April 2014.

The Contractor did not perform at all, and in February 2015, the MPF informed the Contractor of the termination of the contract.

Payment of Rs 33.1 million made in advance by MPF in December 2013 was recovered on 16 March 2015 and the performance security of Rs 11.1 million was forfeited.

4.3.1 Objectives not Achieved

The decision to implement the project was taken in January 2012. After more than three years, the CCTV equipment have still not been procured. The objectives behind installation of the surveillance system have still not been achieved.

4.3.2 Assessment of Past Performance of International Bidders

The bid documents for this project provided for the following:

- The bidder to furnish documentary evidence of financial capability and experience requirement in terms of qualification of Project Manager and team members.
- The bidder should have five years of experience in manufacturing similar type of goods.

In spite of the fact that the Contractor had provided a list of projects undertaken in different parts of the world and certificates of successful completion, he failed to fulfill the contract.

That was confirmed by a Factory Acceptance Test carried out by the MPF in January 2014 in China to verify whether the specifications and requirements complied with the bidding documents. Out of 943 tests requested, 529 tests could not be performed due to unavailability of the appropriate equipment for testing. Only 414 tests were performed of which 307 met the technical requirements, 42 were partially complied and 65 did not meet the requirements at all.

It could not be ascertained whether the Contractor had the capacity to implement the project and whether the evidences provided for past experience depict a true picture of his technical knowhow.

4.3.3 Bidding Documents

According to the Instructions to Bidders ‘the purchaser reserves the right to assess the bidder’s capabilities and capacity to execute the contract satisfactorily before deciding on award’.

Under these Regulations, MPF had the right to contact past clients of the bidder to assess on the spot a sample of previous similar projects undertaken by the latter. This was not the case in this project. This would have helped the MPF to determine whether the bidder could perform the contract satisfactorily.

Conclusion

The non-performance of the Contractor should be reported to the Procurement Policy Office (PPO). All the information relating to the contract should be submitted, as well as reasons for its termination to enable the latter to take appropriate measures, such as disqualification of the bidder.

For future projects, the MPF may seek guidance from PPO on how to verify/assess the genuineness of evidences provided by an international bidder on past similar projects prior to award of contracts.

Department's Reply

In this particular case, the Police Communication Branch carried out a Factory Acceptance Test which was very useful in the assessment of the equipment to be procured by the MPF. Hence, it was found that most of the equipment was 'non-compliance' although the Bidder had specified 'compliance' in its bidding documents.

Though bidders usually provide well documented evidence to show proof of their competency, the successful implementation of a particular project cannot be assessed in these documents. The PPO may advise on the way forward to assess the proof of their competency.

Mauritius Prisons Service

4.4 Construction of Prison Facilities for Pirates at Beau Bassin

On 15 March 2013, a Contract was awarded to a private Contractor for the sum of Rs 43,927,700 (inclusive of VAT) for the construction of a building within the Beau-Bassin Prison to house pirates, pending trial. The building was to accommodate 60 detainees. The site was handed over on 23 May 2013 and date of start of works was 7 June 2013. The duration of the works was 180 days and, hence, the due completion date was 5 December 2013. Liquidated damages for delay in completion of works were Rs 41,000 per calendar day. Total amount paid to the Contractor as of end of May 2015 was Rs 37,629,120 (inclusive of VAT) after deduction of retention money and liquidated damages.

4.4.1 Poor Performance of the Contractor

During the construction period, the performance of the Contractor was reported as being poor and of low quality on several occasions, according to documentary evidence. The Contractor was also reported as being behind schedule at almost every site meeting. At date of Practical Handing over on 27 May 2014, a long snag list of 20 defective and outstanding works was drawn for which a total amount of Rs 1,559,940 (VAT exclusive) was deducted from the latest payment certified by Ministry of Public Infrastructure (MPI) in September 2014. Several of these defects were still not remedied, even after the expiry of the Defects Liability Period on 27 May 2015, and new defective works were also observed.

4.4.2 Delay in Completion of the Work.

Due completion date was 5 December 2013. Revised completion date after approval of extension time totalling 173 days (some days concurrent) on five occasions between 16 December 2013 and 1 July 2014 by the MPI was 30 April 2014. The Contractor had nevertheless failed to complete the works by the revised completion date. Practical handing over was thus done on 27 May 2014 with a delay of 27 days for which liquidated damages of Rs 1,107,000 were deducted.

4.4.3 Extension of time approved by the MPI

A total of 74 working days' extension of time was approved by MPI in respect of only one item, namely 'Modification of Grill/Cell doors'. Extension of 26 working days was approved on 16 December 2013 in respect of *manufacturing, galvanising, painting and fixing of Grill/Cell doors* and again on 5 February 2014, 48 working days as from 22 January 2014 for that same item, that is *manufacturing, galvanising, painting and fixing of Grill/Cell doors* without considering the fact that 26 working days had already been granted to the Contractor. Moreover for a project of duration of 180 days, approval of an extension of time of 74 days in respect of only one item of the contract might not be justifiable.

4.4.4 Variation works- Modification of Grill/Cell Doors - Rs 533,830

During preparation of bid documents for launching of tender at a meeting held on 25 July 2012 at MPI, all drawings were reported to have been completed, except for the 'Hinge details of grill door in cells'. The reason was that the Structural Engineer was not present during that meeting. However, during subsequent meetings conducted by MPI, it was noted that this matter was not taken up again. Following submission of a sample of 'Grill/Cell door' by the Contractor on 5 November 2013, the Prison Authorities had expressed their concern on the type of hinge being furnished and had requested for 'concealed pivot' instead of 'pomelle' type. This shortcoming had necessitated 'Variation works' for which the Contractor had claimed an amount of Rs 533,830 (VAT inclusive) and also additional 74 days for completion of same, as already highlighted above.

4.4.5 Electrical Works

According to the contract documents, the Contractor was required to select one from the list of 24 specialist Contractors mentioned for the execution of 'Electrical Works and Allied Services'. It was, however, noted that the Electrical sub-contractor appointed was not from the list. Moreover, in such case, should the Contractor wish to appoint a sub-Contractor other than the listed ones, he had to submit documentary evidence together with his bid submission with regard to

- Qualification and experience of personnel proposed, that is minimum of two works over a period of three years of similar nature and complexity equivalent to the works; and
- List of electrical works of similar nature, value and magnitude completed during the past three years, that is, one project of minimum monetary value over the past three years as that proposed for this project.

No such information was, however, submitted by the Contractor.

For most of the items under the 'Electrical Works', the 'Make' supplied by the Contractor differed from those as per approved bid document. These could be of inferior quality than the proposed ones more so since the 'country of origin' was not even stated in the documents submitted by the contractor. The contract document clearly spelt out that, 'Bidders shall specify clearly the 'Make' of various equipment/materials they propose to use and ... no materials/equipment shall be supplied/installed in the project without the approval of the Director/ or his representative.' However, although requests for formal approval of the Energy Services Division (ESD) were submitted by the Contractor, approval signature of the former was not seen on several of those requests. It could therefore not be ascertained that all the different makes of equipment/ materials installed by the Contractor had in fact received the approval of the ESD.

Mauritius Prisons Service's Reply

- The Quantity Surveying Section of the Ministry of Public Infrastructure (MPI) will be taking action for appropriate deduction for defective/outstanding items. According to the General Conditions of Contract, the Defects Liability Period is extended for as long as defects remain to be completed and that uncorrected defects will be dealt with accordingly.
- All extensions of time have been assessed by the MPI by taking into account the site condition. The Prisons access is restraint for the workers and Contractors, and delivery of materials cannot be done at any time of the day.
- As per correspondence submitted by the ESD, it was stated that they have not been informed of any change in the proposed sub-contractor for electrical works.
- It was the responsibility of the Mauritius Prisons Service to inform ESD on this particular aspect of the contract.

4.5 Eastern High Security Prisons

The contract for the construction of the Eastern High Security Prisons was awarded in August 2010 to a Joint Venture for the contract sum of Rs1,491,686,781 inclusive of VAT. The prison was designed to cater for detainees of Phoenix High Security Prison (which was later closed) and to accommodate some 800 common detainees.

A Security Consultant was enlisted after an agreement with the Singapore Cooperation Enterprise in August 2011 for the provision of Security Consultancy Services which increased the cost of the project. A supplementary agreement with the Joint Venture was signed in August 2012 for the sum of Rs 216,091,929, being the direct consequence of the security enhancement as requested by the Security Consultant. In 2013, the project cost rose to Rs 1.9 billion, excluding professional fees and fluctuation costs. At time of audit, in early June 2015, payments effected in respect of the project totalled Rs 2,135,324,943. The project was handed over to the Mauritius Prisons Service on 30 October 2013 with a Defects Liability Period of one year ending on 1 November 2014.

4.5.1 Absence of Main Store

As per the requirements of the Client, all store items were to be kept in the 'Civil Store, Miscellaneous Store and Machinery Store' located outside the Main Prison Compound, but within the high security perimeter wall of the so-called Service Yard. However, this original plan was not adhered to, and the various small units meant for Kitchen and Bakery stores were used and converted into main stores. The responsibility for catering service for some 800 detainees means that at least two days' supplies of rice, flour, vegetables, pulses, eggs, dried fish, fruits and other Kitchen and Bakery items should be kept within the Kitchen and Bakery areas for convenience purposes.

4.5.2 Consequences of Absence of a Main Store

The Kitchen and Bakery stores have been overloaded with all store items, with deliveries made direct to the Kitchen and Bakery by civilian vehicles and civilians entering high security areas thereby defeating the concept of high security. Hence, it is crucial that the Main Store building be constructed outside the Main Prisons' compound where civilians would not have the least contact with detainees. During a survey of Melrose Prisons, it was observed that enough space was found available which does not have any direct access with the Main Prisons compound. The building can be constructed there, and Prisons vehicles manned by Prisons Officers can transfer the store items inside the prisons to the Kitchen and the Bakery.

4.5.3 Clothing and Bedding Store

Bed sheets and mattresses and other clothing and bedding items were kept in the Kitchen Store next to food and cleaning material items, as well as stationery. This is not appropriate and such conditions may increase risks given that both the Bakery and the Kitchen are considered as high risk areas.

4.5.4 Service Yard Area previously meant for Store

This area is used for a workshop, a store to house generators and huge water pumps and storage of pipes and other related items for repairs and general maintenance. As such, the Service Yard Area could no longer be used for Main Store. Much of the space around was also occupied by several water tanks to service the Main Prisons. Hence, all these factors lead to the necessity of identifying an appropriate and secured place to construct the Main Store.

4.5.5 Water Leakage at the Kitchen

Several site visits were made to the Kitchen and Bakery areas during raining days in June 2015. Water were found to be seeping in through cracks in the wall and in the cold rooms. There were numerous water ponds on the Kitchen floor due to permanent defects in the flooring workmanship. In this particular case, it would be more appropriate for MPI to consider making a deduction from the remaining balance to be paid to the Contractor.

4.5.6 Water Ponds

Poor workmanship in flooring and roof slabs has resulted in uneven level of floors and roof slabs, so that each time it rains water ponds accumulate at several places. As for water ponds on the roof, the accumulation and retention of water over a long period of time could eventually deteriorate the water proofing membrane, and water would penetrate in the roof slabs and cause much damage to the buildings. Water ponds have been found at several other locations.

Mauritius Prisons Service's Reply

- The present plumbing/electrical and locksmith workshop is being relocated, thus giving space for keeping of flour, rice and other stores items at the Service Yard.
- The cost of remedying uncompleted and/or permanent defects from the snag list will be deducted from the remaining monies on the contract.

Rodrigues Regional Assembly

Annual Financial Statements

4.6 Submission of Financial Statements

The Finance and Audit Act requires the Commissioner responsible for the subject of finance to sign and submit to the Director of Audit, within three months of the close of every financial year, annual financial statements showing fully the financial position of the Island of Rodrigues on the last day of such financial year.

The financial statements of the Rodrigues Regional Assembly (RRA) for the financial year ended 31 December 2014, duly signed, were submitted to the National Audit Office on 31 March 2015. These Statements were prepared on a cash basis and in line with the requirements of the Programme Based Budgeting (PBB) system. They comprise a Statement of Assets and Liabilities, and other statements as required under Section 19(6) of the Finance and Audit Act.

It is management's responsibility to maintain proper financial systems. This involves keeping appropriate financial records, and where applicable, following generally accepted accounting principles.

4.7 Annual Report

Section 33 of the RRA Act provides that the Chief Commissioner shall, not later than three months after the end of every financial year, forward to the Minister, for presentation to the President, a report reviewing the activities of the Regional Assembly during that financial year. However, no such report was prepared.

RRA's Reply

The report is under preparation and it is expected to be completed by the end of July 2015.

4.8 Estimates of the RRA

The draft estimates of expenditure of a total amount of Rs 1,973 million for the financial year ended 31 December 2014 were approved by the Regional Assembly on 2 September 2013 and were submitted to the Prime Minister's Office. On the other hand, revenue was estimated at around Rs 23 million.

On 23 September 2013, the Ministry of Finance and Economic Development (MOFED) informed the RRA that it would support financial allocation up to a ceiling of Rs 1,950 million, including Rs 400 million as capital grant.

The Programme-Based Budget Estimates 2014 of Mauritius were approved by the National Assembly in October 2013, providing, under Programme 311: ‘Rodrigues Development’, a total amount of Rs 1,950 million for current and capital grants.

4.9 Statement of Assets and Liabilities of the Rodrigues Regional Assembly

Assets and Liabilities of the RRA for the past three financial years are as shown in Table 4-5.

Table 4-5 Assets and Liabilities of RRA as of 31 December:

| | 2014 | 2013 | 2012 |
|-------------------------------|--------------------|--------------------|--------------------|
| | Rs | Rs | Rs |
| Assets | | | |
| Cash and Bank balances | 97,019,777 | 100,800,095 | 69,439,712 |
| Advances | 53,969,406 | 54,868,870 | 35,101,442 |
| Total | 150,989,183 | 155,668,965 | 104,541,154 |
| Liabilities | | | |
| Rodrigues Consolidated Fund | 19,739,195 | 43,166,517 | 14,805,181 |
| Deposits | 78,321,286 | 59,759,671 | 53,401,718 |
| Loan: Government of Mauritius | 52,928,702 | 52,742,777 | 36,334,255 |
| Total | 150,989,183 | 155,668,965 | 104,541,154 |

The accounts of the RRA were prepared on a cash basis. As such, current assets, such as arrears of revenue amounting to Rs 30,521,656 as of 31 December 2014; and current liabilities, such as pension liabilities, passage benefits and the monetary value of accumulated sick leaves were not disclosed in the Statement of Assets and Liabilities.

4.9.1 Cash and Bank Balances - Rs 97,019,777

Cash and bank balances as of 31 December 2014 were as shown in Table 4-6.

Table 4-6 Cash and Bank balances as of 31 December:

| Details | 2014 Rs | 2013 Rs |
|--|-------------------|--------------------|
| Bank of Mauritius | 81,335,541 | 84,704,813 |
| State Bank of Mauritius Ltd (Main Account) | 79,678 | 709,469 |
| Barclays Bank | 5,215 | 4,531 |
| State Bank of Mauritius Ltd (Other Balances) | 15,599,343 | 15,381,282 |
| Total | 97,019,777 | 100,800,095 |

State Bank of Mauritius Ltd : Main Account

Cheques for a total amount of Rs 349,897, drawn since November 2012, were still outstanding as of 31 December 2014. I was informed that, if same were not cleared as at 30 June 2015, they would be credited to the respective items.

4.9.2 Advances - Rs 53,969,406

The above figure represents outstanding balances on advances made to, amongst others, Members, Officers, a Company of the RRA and Cooperative Societies as of 31 December 2014, as shown in Table 4-7.

Table 4-7 Balance of Advances as of 31 December

| Details | 2014 Rs | 2013 Rs |
|--|-------------------|-------------------|
| Advances to Members of the RRA | 5,327,600 | 4,827,800 |
| Motorcar loan to Officers of RRA | 20,477,354 | 21,631,781 |
| Motorcycle loan to Officers of RRA | 10,606,682 | 10,851,519 |
| Advances to Cooperative Societies | 14,847,000 | 14,847,000 |
| Advance Account Personal | 88,800 | 88,800 |
| Advance to Rodrigues Trading and Marketing Company Ltd | 2,621,970 | 2,621,970 |
| Total | 53,969,406 | 54,868,870 |

Advance to Members of the RRA - Rs 5,327,600

At paragraph 4.11.1 of the Audit Report for the year ended 31 December 2013, I reported that a former Member of the RRA, who was granted an advance for an amount of Rs 1.6 million in September 2011 for the purchase of a motor car, had stopped payments of amount due in January 2012.

Legal action was initiated and the vehicle was seized and sold in November 2012 for Rs 1.5 million. The net proceeds amounting to Rs 832,757 were remitted to the RRA and the advance account was credited accordingly, leaving a balance of Rs 743,976 as of 30 November 2012. The recovery of this amount, together with relevant interests, was initiated through legal proceedings and I was informed that the decision of the Court is being awaited.

RRA's Reply

A date is being awaited by the Courts for hearing.

Advances to Cooperative Societies - Rs 14,847,000

I have, repeatedly, commented on the issue of the five fibre glass boats which were acquired for an amount of Rs 54,208,250 in December 2011 under the 'Promotion of Outer lagoon Fishing Development Scheme'.

Each of the five Cooperative Societies was granted a loan of Rs 2,969,400 to purchase a fibre glass boat, satellite phones, hooks and other accessories.

As stated in the Audit Report for the year ended 31 December 2013, loan agreements were signed for only Rs 2,641,550 and the loans were not secured in the form of a lien in favour of the RRA.

I was informed that a new management plan was being implemented, which was expected to sort out the recovery of the advance made to the five Cooperative Societies. However, no repayments have yet been made as of 30 April 2015.

RRA's Reply

The Commission for Environment, Fisheries and Others is implementing the new management plan. An amount of Rs 10,000 representing first repayment of the loan has been paid on 10 May 2015 by each Cooperative Society.

Advances to Rodrigues Trading and Marketing Company Ltd (RTMC) - Rs 2,621,970

According to the contract signed in November 2013 between the RTMC and the RRA, in the event of delay in repayment of advances, the RRA reserves the right to seize the building, equipment and machinery by serving a memorandum of seizure on the company in compliance with all applicable statutory provisions.

Following my comments last year, the RRA informed that the RTMC was working on a business plan to strengthen its financial situation in order to salvage it from the current precarious situation. As of April 2015, neither reimbursement of the advance had been effected nor the right for seizure had been exercised, as stipulated in the contract.

RRA's Reply

- Covering approval has been obtained by the Executive Council, at its meeting of 27 June 2014, to extend the delay for one additional year which expired on 17 February 2015.
- The RTMC has now worked out its strategic plan to review its structure and revigorate its activities to render itself sustainable.
- The RTMC has received guaranteed price from the Agricultural Marketing Board for onions, lemons, garlic, red beans and turmeric powder.

4.9.3 Deposits - Rs 78,321,286

The total balance of deposits held at the RRA, under different Commissions, amounted to Rs 78,321,286 as of 31 December 2014, and is as shown in Table 4-8.

Table 4-8 Balance of Deposits held as of 31 December

| Commission | 2014 Rs | 2013 Rs |
|--|--------------------|--------------------|
| Chief Commissioner's Office | 56,892,273 | 53,566,829 |
| Deputy Chief Commissioner's Office | 259,453 | 267,065 |
| Commission for Public Infrastructure, Housing, Transport and Water Resources | 16,868,144 | 2,811,047 |
| Commission for Social Security, Employment, Labour and Industrial Relations, Consumer Protection and Trade, Commerce and Licensing | 451,482 | 176,228 |
| Commission for Health and Sports | 2,447,874 | 307,812 |
| Commission for Environment, Forestry, Tourism, Marine Parks and Fisheries | 1,368,784 | 2,607,974 |
| Commission for Youth, Community Development, Library Services, Archives and Others | 33,276 | 22,715 |
| Total | 78,321,286 | 59,759,670 |

Chief Commissioner's Office - Rs 56,892,273

Deposit Account : Food Security Fund - Rs 14,447,415. During the years 2009 to 2014, a total of some Rs 89 million was provided by the Ministry of Agro Industry and Food Security to the deposit account of the Commission for Agriculture for implementing various agricultural projects. This deposit account was operated through an interest bearing bank account.

Over the years, interests accumulated to Rs 310,521 as of 31 December 2014. Section 8 of the Finance and Audit Act provides that any interests or dividend received in respect of a deposit shall, as soon as possible thereafter and unless the Minister of Finance otherwise directs, be credited to the Consolidated Fund. Interests had remained in the Deposit Account.

RRA's Reply

The interest will be transferred to the Consolidated Fund.

Deposit Account- Severe Tropical Cyclone Amara : Rs 3,184,635. Following the passage of cyclone Amara on 21 December 2013, approval was conveyed by MOFED, in March 2014 for the release of an additional grant of Rs 5 million to the RRA to meet expenditure in connection with the procurement of an anemometer and for the support of the agricultural sector, amongst others.

An automatic weather station was acquired in September 2014 for an amount of Rs 1,725,000 out of the deposit account. However, the equipment had still not been installed as of 31 March 2015.

As of 31 December 2014, there was still a balance of Rs 3,184,635 standing to the credit of the deposit account.

RRA's Reply

- A site has been identified for the installation of the automatic weather station, the cost estimates for the fencing of the site are being worked out. It is expected to launch tender by mid-June.
- The balance standing to the credit of the deposit account will be used for the provision of water tanks to planters of Riviere Banane which were affected by sea water during cyclone Amara.

Contribution from NSF - Rs 17,526,350. The Ministry of Social Security, National Solidarity and Reforms Institutions remitted amounts of Rs 14,044,779 and Rs 3,481,571 to the RRA on 18 December 2012 and 11 April 2014 respectively. These amounts have been kept in a deposit account. No repayment has been effected as of 30 April 2015.

The purpose for which these amounts had been received and for which they should be repaid was not known. Financial regulations provide that ‘*In cases where circumstances preclude a direct credit to revenue, receipts may be placed on deposit, but officers should take care that no amounts are accepted as deposits unless fully justified. In cases of doubt, reference should be made to the Accountant-General*’.

A deposit should not be retained for a longer period than is necessary and should either be repaid at the first opportunity or transferred to revenue. Before transferring to the Consolidated Fund, the RRA needs to ensure that the purpose for which the amount was placed on deposit had been fulfilled.

4.9.4 Rodrigues Consolidated Fund (RCF) - Rs 19,739,195

The Rodrigues Consolidated Fund was established under Section 75D of the Constitution. Section 42 of the RRA Act mentions the revenue that are to be credited to the Fund, namely money appropriated by the National Assembly (NA) and all revenue collected by the RRA.

During 2014, the RRA had transferred funds for a total amount of Rs 27,761,500, standing to the credit of the RCF, to a Deposit Account. Thereafter, payments were made from the deposit account in the same year. Details are as in Table 4-9.

Table 4-9 Transfers from Rodrigues Consolidated Fund to Deposit Accounts

| Date | Description | Amount Transferred Rs |
|--------------|--|----------------------------------|
| 24.07.2014 | Acquisition of CT scan | 23,161,500 |
| 21.07.2014 | National Empowerment Foundation | 3,600,000 |
| 23.07.2014 | Assistance for housing to needy families | 1,000,000 |
| Total | | 27,761,500 |

I was informed that:

- the transfer of an amount of Rs 23,161,500 was necessary to finance the acquisition of a CT scan for which funds had been provided in the PPB Estimates of 2013 and for which payment had not been made as of the close of that financial year.
- the RRA had recourse to this practice as there were no budgetary provisions for the current year against which the payments could be made.

However, the attention of the RRA was drawn to the fact that those payments neither appear in the Statement D1: ‘Detailed Statement of Expenditure’ for the year 2013 nor in that of 2014.

RRA's Reply

In order to be transparent and accountable, RRA is in the process of ensuring that in the forthcoming amendment to the RRA Act, provision would be made for a motion to be approved by the RRA for any supplementary expenditure.

4.10 Abstract Account of Revenue and Expenditure of the RCF

4.10.1 Financial Allocation to RRA

In September 2013, Government approved a budget allocation to RRA in the sum of Rs 1,950 million, comprising Rs 1,550 million for recurrent grant and Rs 400 million for capital grant. The actual amount of grant received was Rs 2,170,913,800, including an amount of Rs 220,913,800 as additional contribution from the Programme 311- 'Rodrigues Development' of the Prime Minister's Office. Revenue collected by the RRA amounted to Rs 25,356,042, thus bringing total revenue to Rs 2,196,269,842.

4.10.2 Revenue

Revenue for 2014 has decreased substantially when compared to the previous year. The total amount collected under various Items was Rs 25,356,042. Details are as shown in Table 4-10.

Table 4-10 Revenue Collected by RRA during the Past Three Financial Years

| Item | 2014 Rs | 2013 Rs | 2012 Rs |
|----------------------|--------------------|--------------------|--------------------|
| Taxes | 2,850,524 | 2,237,875 | 2,263,250 |
| Social Contributions | 470,393 | 618,705 | 181,869 |
| Other Revenue | 22,035,125 | 27,285,671 | 24,653,891 |
| Total | 25,356,042 | 30,142,251 | 27,099,010 |

Property Income constitutes the main source of revenue of RRA and includes income from the lease of lands for agricultural, commercial, residential and industrial purposes. There was a decrease of some 23 per cent in revenue from Rs 13,630,026 in 2013 to Rs 10,374,939 in 2014.

RRA's Reply

Legal notice is being sent to all lessees having arrears of more than Rs 100,000.

4.10.3 Expenditure

Total expenditure of the RRA over the past three financial years is as shown in Table 4-11.

Table 4-11 Expenditure of the RRA

| Fiscal Year | Recurrent Expenditure Rs | Capital Expenditure Rs | Total Expenditure Rs |
|--------------------|-------------------------------------|-----------------------------------|---------------------------------|
| 2012 | 1,399,776,229 | 402,980,917 | 1,802,757,146 |
| 2013 | 1,581,492,739 | 392,500,382 | 1,973,993,121 |
| 2014 | 1,706,610,735 | 485,324,929 | 2,191,935,664 |
| Total | 4,687,879,703 | 1,280,806,228 | 5,968,685,931 |

During the financial year 2014, total expenditure amounted to Rs 2,191,935,664 which exceeded the budgeted amount of Rs 1,973,000,000 by Rs 218,935,664. The additional expenditure of Rs 218,935,664 was financed from additional contribution/funds made available by the Prime Minister's Office to the tune of Rs 220,913,800.

Total expenditure incurred during 2014 excluded an amount of Rs 27,761,500, for which no provision was made in the budget, but which was paid out of the RCF through deposit accounts. In addition, payments of pension, gratuities and passage benefits totalling some Rs 92 million in 2014 were met by the Accountant General's Office for employees of the RRA.

Control over Expenditure

Control over expenditure is the responsibility of the respective Accounting Officers, that is the Departmental Heads. A scrutiny of payments vouchers for December 2014 drawn by different Commissions revealed that authority for payment was not always quoted on the payment vouchers and payrolls were not always approved by the Accounting Officers. As such, there is a risk that payments may not have been authorized and any inaccurate data on the payroll might have remained undetected.

RRA's Reply

A circular has been issued to all Accounting Officers for them to approve monthly payrolls.

4.11 Statement of Investments

A total amount of Rs 42,588,590 was invested as equity in six private companies set up by the RRA. The position as of 31 December 2014 is shown in Table 4-12.

Table 4-12 Investment of RRA in Private Companies as of 31 December 2014

| Company | Date of Incorporation | Total investment as of 31-Dec-14 Rs | Winding up in process since |
|--|-----------------------|--|-----------------------------|
| Discovery Rodrigues Co. Ltd | 15-Nov-06 | 2,000,000 | |
| Rodrigues Water Co. Ltd | 29-Oct-07 | 17,000,000 | Aug-2012 |
| Rodrigues Trading and Marketing Co. Ltd | 30-Jun-06 | 4,000,000 | |
| Rodrigues General Fishing Co. Ltd | 08-Jun-07 | 6,400,000 | Apr-2012 |
| Rod Clean Co. Ltd | 19-Sep-07 | 10,188,590 | |
| Rodrigues Housing & Property Development Co. Ltd | 12-Jan-10 | 3,000,000 | Mar-2012 |
| Total | | 42,588,590 | |

Five of the six companies are fully owned by the RRA whilst the RTMC has the State Trading Corporation as a minority shareholder in the proportion 60:40.

4.11.1 Winding Up of Three Companies

Three companies, namely, Rodrigues General Fishing Company Ltd, Rodrigues Water Company Ltd and Rodrigues Housing and Property Development Company Ltd have been in the process of winding up since 2012. RRA had invested some Rs 26.4 million in the shares of these three companies, as of 31 December 2014.

As of 30 April 2015, the three companies had still not been wound up. The process of winding up the three companies, which involves selling all the assets, paying off creditors, and distributing any remaining assets to the RRA as sole shareholder, and then dissolving the companies, has not been completed yet.

RRA's Reply

Liquidation for two companies, Rodrigues General Fishing Co. Ltd and Rodrigues Housing and Property Development Co. Ltd, has been completed. Action is now being initiated to pay the creditors.

4.12 Arrears of Revenue - Rs 30,521,656.

There has been an increase of 20 per cent in arrears compared to the previous year. Management of debts and recovery mechanism put in place may not be effective and needs to be revisited. Arrears of revenue as at 31 December 2014 exceeded revenue generated by the RRA in financial year 2014 by some 20 per cent. Table 4-13 shows arrears of revenue for the past three financial years.

Table 4-13 Arrears of Revenue for the Past Three Financial Years

| Division/Unit | 2014 Rs | 2013 Rs | 2012 Rs |
|-------------------------------|--------------------|--------------------|--------------------|
| Fisheries | 82,694 | 78,526 | 68,476 |
| Judicial | 302,700 | 153,600 | 1,103,927 |
| Rental of Government Property | 24,535,816 | 20,118,769 | 23,392,403 |
| State Land - Old leases | 1,469,834 | 1,469,834 | 1,469,834 |
| Water Unit | 2,245,404 | 2,021,972 | 1,893,287 |
| Health and Sanitary | 139,585 | 81,025 | 720 |
| Rental of Snacks Stalls | 594,203 | 594,203 | 627,203 |
| Rental kiosk | - | 19,000 | 63,750 |
| NHDC Houses | 1,123,340 | 881,025 | 745,670 |
| Sand Removal | 12,080 | 12,887 | 12,686 |
| Tourist Enterprise | 16,000 | - | - |
| Total | 30,521,656 | 25,430,841 | 29,377,956 |

An analysis of arrears accumulated over the years revealed that the slow recovery rate was due, to a large extent, to ineffective enforcement measures. The following were noted:

- Claims in respect of water rates were not made on time.
- The issue of reminders and statements of accounts appear not to be effective in recovery of arrears.
- The penalties and surcharges levied on claims did not serve as deterrent to defaulters.
- Certain fees, rates, and dues were so low that they may not represent a priority for recovery.

There is an urgent need to review not only the fees, dues and rates, but also the mechanism for collection and enforcement.

4.12.1 Rental of Government Property – Rs 24,535,816

Table 4-14 shows arrears of revenue for the four different types of lease of lands.

Table 4-14 Arrears of Revenue as of 31 December

| Type of Lease | Number of Leases | Arrears of Revenue 2014 Rs | Arrears of Revenue 2013 Rs | % Increase |
|----------------------|-------------------------|-----------------------------------|-----------------------------------|-------------------|
| Residential | 13,400 | 14,087,987 | 11,914,940 | 18 |
| Agricultural | 608 | 435,264 | 397,535 | 9 |
| Commercial | 553 | 2,128,545 | 1,292,742 | 65 |
| Industrial | 342 | 7,884,020 | 6,513,552 | 21 |
| Total | 14,903 | 24,535,816 | 20,118,769 | 22 |

In respect of arrears on rental of Government Property, there was an overall increase of 22 per cent over the previous year. The increase for commercial leases was the most significant. It is recommended that the RRA devotes more time and effort in devising efficient and effective recovery methods.

4.12.2 State Land - Old Lease Rs 1,469,834

The above amount, which represents irrecoverable arrears on old leases due by 5,524 lessees as of 30 June 2008, still appears in the Land Management System, despite approval for write off was obtained in April 2013. The arrears of revenue figure had, thus, been overstated to that extent.

RRA's Reply

The advice and support of the IT Section is being sought for write-off of the irrecoverable arrears of revenue in respect of the 5,524 lessees.

4.12.3 NHDC - Rs 1,123,340

The above figure represents amounts owed by beneficiaries of the Low Cost Housing Unit Project in 2006-07.

Arrears had increased by 27 per cent from Rs 881,025 in 2013 to Rs 1,123,340 in 2014. The increase could be attributed to the fact that 35 beneficiaries did not pay their dues in 2014.

Measures need to be taken to enforce payment. Legal means should be contemplated against defaulters

RRA's Reply

Reminders were sent to debtors in January/February and 30 debtors out of 48 have responded positively. Fresh reminders will be sent to those who have not cleared their accounts.

4.12.4 Water Unit - Rs 2,245,404

Arrears of water rates had been increasing constantly over the years. I was informed that recovery of arrears is time consuming and involves much administrative work. It is to be noted that the same rate of Rs 22 per year is being applied for years. High investment has been made in the water sector in Rodrigues, and the Rodrigues Water Rates Regulations of 1928 may no longer be appropriate in the actual context and needs to be reviewed.

RRA's Reply

The Legal Adviser has been requested to draft new regulations but being given that water is not supplied on a regular basis, it was decided not to review the water rates for the time being.

Chief Commissioner's Office

4.13 Investment In Private Companies

At paragraph 4.15 of the Audit Report for the year ended 31 December 2013, I had commented on the private companies set up by the Rodrigues Regional Assembly (RRA). I mentioned, amongst others, that an amount of Rs 149.1 million had been disbursed up to 31 December 2013 to six private companies since their incorporation in 2006 to enable them to meet their operating costs. Investments in equity totalled Rs 42.5 million. In view of the fact that the RRA had continuously injected funds in these private companies and as all of them, except one, were not self-financing and sustainable, my Office recommended that RRA needed to consider the winding up of these companies.

The winding up of three of these companies, namely the Rodrigues Water Company (RWC), the Rodrigues Housing and Property Development Company Ltd (RHPDC) and the Rodrigues General Fishing Company Ltd (RGFC), were approved by the Executive Council in 2012.

RRA's Reply

A Liquidator has been appointed and it was decided to pay only the creditors of the two companies, Rodrigues Housing Property Development Company Ltd and the Rodrigues General Fishing Company Ltd; and same has been effected in June 2015. Necessary action is being made to deregister the two companies.

4.13.1 Disbursements

During financial year 2014, RRA had disbursed an additional amount of Rs 26,632,241 to two companies, namely Discovery Rodrigues Company Ltd and Rod Clean Company Ltd to finance their operating costs instead of considering their winding up.

In addition, an amount of Rs 4,715,019 was disbursed to the Rodrigues Trading and Marketing Company Ltd (RTMC), as subsidy on onions, onions seeds, potatoes, local red beans and garlic seeds, amongst others.

Details are as in Table 4-15.

Table 4-15 Disbursements to Private Companies Still in Operation

| Company | Amount Rs |
|---|----------------------|
| Discovery Rodrigues Company Ltd | 5,119,198 |
| Rod Clean Company Ltd | 21,513,043 |
| Rodrigues Trading and Marketing Company Ltd | 4,715,019 |
| Total | 31,347,260 |

4.13.2 Lack of Accountability

The RRA (Investment Management) Regulations (IMR) require that the company shall cause the annual financial statements to be examined and audited not later than four months after the end of every financial year.

Contrary to the above Regulations, audited financial statements for years ended 31 December 2011, 31 December 2012 and 31 December 2013 for Rod Clean Company Ltd were not submitted.

Further, the Regulations require that the Board of Directors shall publish a report in relation to the company's functions, activities, affairs and financial position in respect of the previous financial year to the Commissioner, who shall lay it on the table of the Assembly not later than six months after the end of the financial year. The Annual Reports for the three companies, listed in Table 4-15, were not laid at the Regional Assembly.

4.13.3 Winding Up of Companies

As of 30 April 2015, the process of winding up the three companies had still not been completed.

RRA's Reply

The liquidator has been appointed and two of the company creditors have been paid and procedure is ongoing.

4.14 Food Security

One of the objectives of Government, in so far as ensuring food security is concerned, is to increase food crop production as well as livestock production. In this context, the Food Security Fund (FSF) was set up in June 2008 under the Finance and Audit (Food Security Fund) Regulations 2008 with the objective of increasing the country's food self-sufficiency level and build resilience in case of food crises in the future.

A three year Strategic Plan (2008-2011) was elaborated and concurrently an implementation plan was worked out whereby a certain number of projects was to be undertaken both in Mauritius and Rodrigues.

In April 2009, a FSF Implementation Committee (Rodrigues) was set up to supervise and monitor the implementation of projects to be undertaken by the Commission for Agriculture, Rodrigues. Another Strategic Plan was prepared for the period 2013 to 2015 as a continuation of the previous Strategic Plan, taking into account shortcomings experienced under the previous Plan and also the challenges facing the agricultural sector.

4.14.1 Strategic Plans and Project Financing

The Strategic Plan 2008-2011 provided for the implementation of 21 projects for a total value of Rs 187 million. Further, 18 projects were to be carried out during the period 2013-2015 for a total amount of Rs 171 million, as in Table 4-16.

Table 4-16 Budget Forecast as per Strategic Plan 2013-2015

| Sector | 2013 Rs million | 2014 Rs million | 2015 Rs million | Total Rs million |
|--------------------------|----------------------------|----------------------------|----------------------------|-----------------------------|
| Crop and Agro Processing | 36.6 | 23.3 | 17.0 | 76.9 |
| Livestock | 54.0 | 18.2 | 22.2 | 94.4 |
| Total | 90.6 | 41.5 | 39.2 | 171.3 |

Projects are financed under the item ‘Food Security Fund’ of the Ministry of Agro Industry and Food Security (MAIFS). In December 2014, an amount of Rs 8 million was credited to the FSF Deposit Account, maintained by the Rodrigues Regional Assembly (RRA). Some Rs 14.5 million stood to the credit of the Deposit Account as of 31 December 2014.

4.14.2 Slow Implementation of Projects

The implementation of projects in Rodrigues had been slow.

- Of the 21 projects mentioned in the Strategic Plan 2008-2011, only four projects had been implemented at a total cost of some Rs 69 million, representing only 37 per cent of the funds earmarked in the Strategic Plan.
- As for the 18 projects mentioned in the 2013-2015 Strategic Plan, only one project had been implemented in 2014 for funds amounting to some Rs 629,600.

The assistance of the Food and Agricultural Organisation (FAO) was sought for the preparation of project proposals which the RRA intended to present for funding to the FSF in Mauritius. Accordingly, a report on ‘Strengthening the capacities of agricultural services in Rodrigues’ was submitted in October 2014, where a series of proposals and recommendations was made. As of 30 April 2015, that is some six months after the submission of the report, no development was noted in that respect.

Most of the objectives set for Rodrigues, in the Strategic Plan 2013-2015, had not been met as of 30 April 2015. It is doubtful that these objectives would be attained as the second Strategic Plan would reach its terminal phase in some eight months’ time, that is, in December 2015.

RRA’s Reply

- As of 22 June 2015, the following schemes have already been approved by the Executive Council and are being processed:

- Provision of subsidy in favour of eligible local planters for the purchase of power tillers
 - Assistance to 40 entrepreneurs for the setting up of chilli farms on 10 acres of agricultural land
 - Assistance to five entrepreneurs for the setting up of five black pig model farms
 - Assistance to cattle, goat and sheep breeders for the setting up of 10 integrated farms
 - Support for the creation of 10 commercial poultry farms.
- Three other schemes are being worked out, namely: ‘Subsidy for the purchase of bird nets’, ‘Setting up of five model orchards’ and ‘Subsidy for the purchase of fencing by farmers’.
- A new Bulldozer has been procured and the Executive Council has already approved the purchase of six additional tractors to improve land mechanisation services over the island.
- Funds for these projects would be made available under the FSF Deposit Account and the RRA budget for 2015. The above projects will be completed by December 2015.

4.14.3 Projects implemented under the Food Security Fund

A review of some of the projects implemented under the FSF was carried out and the following were noted:

Construction of Slaughter House

At paragraph 4.23.2 of the Audit Report for the year ended 31 December 2013, I reported that several files relating to the construction of the slaughter house and the supply of equipment were secured by the Independent Commission Against Corruption (ICAC) in March 2014 and this had hampered the detailed examination of the project. As of April 2015, these files were still in the custody of the ICAC.

Total payments made to the Contractor for the construction of the slaughter house amounted to Rs 44,169,585 as of 31 December 2013, out of the contractual sum of Rs 56.2 million. No payments had been effected in 2014.

The completion date of the project had been extended several times due to slow execution of works. I was informed that the building was finally handed over in 2014, but documents were not available to confirm the exact date of the handing over.

On 9 February 2015, during a site visit by a team comprising Members and Senior Officers of the RRA, it was decided to operationalise the slaughter house by end of March 2015, by equipping same to enable the slaughter of pig, cattle, sheep and goat for butchers operating at Port Mathurin market.

In that respect, a team of Technical Officers of the Commission for Agriculture was constituted to come up with a report, indicating amongst others, a list and specifications of equipment required for the running of the slaughter house, quantities of construction materials to be purchased, with specifications and a training programme for those who will be called upon to operate the slaughter house.

As of 31 March 2015, the slaughter house was still not operational.

RRA's Reply

The Team has already submitted a report on the operation of the slaughter house, which will now be converted into a SMEs Agro-Industrial Park, which is one of the measures for Rodrigues under the National Budget for 2015. The project is being implemented in collaboration with the Deputy Chief Commissioner's Office/Commission for Industrial Development.

Setting up of Milk Pasteurization Unit

The Milk Pasteurization Unit, which was set up at the St Gabriel Livestock Breeding Centre in 2010 at a cost of Rs 2,232,474, and having the capacity to pasteurize up to 1,500 litres of milk per day, had remained unutilised since August 2012.

During a survey carried out by my Officers on 26 March 2015, it was noted that all the items of equipment had started to rust. No benefits are being derived from the investment made in setting up that Unit.

RRA's Reply

Further to policy decision, the pasteurization equipment could be granted to an appropriate Cooperative Society which will make good use of the equipment.

Breaking of Stones at Montagne Goyaves

At paragraph 4.23.4 of the Audit Report for the year ended 31 December 2013, I reported that during a site visit effected on 8 April 2014, it was observed that no land terracing had been done although there were stacks of broken stones. I also stated that a claim for an amount of Rs 920,000 was received on 13 December 2013 but same had not been settled.

The full amount of the contract sum, that is, Rs 920,000 was paid to the Contractor in July 2014. However, as of April 2015, still no land terracing had been done. Stacks of broken stones were found here and there, and they were invaded with grass and creepers.

RRA's Reply

The farmers have faced financial constraints for the construction of their retaining wall. From now on, the Commission for Agriculture will ensure that the capacity of farmers to contribute financially in projects implemented by the Commission is taken into consideration at the very stage of project definition.

Harvesting of Rain Water at Roche Bon Dieu

The contract for the Harvesting of Rain Water Project, comprised the:

- Construction of a pond for rainwater harvesting
- Supply and fixing of approved geo-membrane layer
- Construction of inlet, outlet and overflow structure with pre-treatment facilities
- Construction of perimeter boundary wall with provision of a 5 metre wide gate

The contract was awarded for an amount of Rs 7,327,720, inclusive of VAT on 9 October 2013. The site was handed over to the Contractor on 12 November 2013 and works were to start within seven days of the date of handing over of site and were due for completion on 24 March 2014. Works actually started on 2 December 2013.

Due to variation works and adverse climatic conditions, an extension of time of 117 days was granted to the Contractor without cost. The revised completion date was thus brought to 19 July 2014. Works were completed on 30 July 2014 and the site was handed over on 8 August 2014. Total payments as at 31 December 2014 amounted to Rs 6,855,795 after deduction of Rs 110,000 for liquidated damages.

A request was made on 22 July 2014 for irrigation fittings to convey water from the water harvesting structure of Roche Bon Dieu to the users at Anse Ally for irrigation of food crops. Same were purchased on 15 September 2014 for an amount of Rs 237,475.

During a visit carried out by my Officers, accompanied by Officers of the Commission for Agriculture on 16 March 2015, the following were noted:

- The site was provided with a boundary wall with a 5 metre wide gate. However, the gate was not secured.
- The land surrounding the pond was not levelled, thus rendering access difficult.
- Although the site was handed over on 8 August 2014 and irrigation fittings purchased on 15 September 2014, the outlet was not yet connected to the water pipelines.
- Water was flowing to the pond from a canal alongside a road, which was invaded with creepers, obstructing to some extent the entrance to the pond.
- The pond was nearly full. Potential users were not deriving optimum benefits from the harvested water meant for irrigation purposes.

RRA's Reply

- The Gate of the Rain Water Harvesting structure at Roche Bon Dieu has now been secured with a padlock.
- The levelling of the land surrounding the pond will be referred to the Consultant of the project.

- The Rain Water Harvesting structure has been connected to the irrigation line on 28 May 2015 and water is being distributed to the planters of Anse Ally. It is reported that as of June 2015, some 20 planters are connected. The planters have been trained on water distribution and are managing the network themselves.
- The yard and feeder canal will be cleared shortly.

Setting up of Chili Village

A Chili Village was set up at Baladirou in 2013 which required land derocking/preparation of land, fencing, provision of seedlings and seeds, installation of the irrigation network, installation of a family drip with water tank, and the provision of technical advice to the planters. 50 persons benefited from the scheme and were allocated land for chili cultivation for an extent of 12,000 m².

Observations

- According to a status report prepared by the Commission for Agriculture, dated 6 May 2014, of the 50 beneficiaries, only six were still involved in chili plantation. The number of chili plants owned by these six beneficiaries ranged from 2 to 10 plants making a total of 31 plants over a total area of land of some 1,000 m².
- In July 2014, the Agricultural Services started the excavation of a pond to enable rain water harvesting for the chili planters. As the soil was rocky and the excavator of the Commission was not equipped with a hammer head, the excavation work had to be stopped. It was only in November 2014, that is some four months later, that a request was made to the Commission for Public Infrastructure, for the services of an excavator equipped with a hammer for the completion of the excavation work. As of 30 April 2015, the excavation work had not been completed.

RRA's Reply

- Of the 50 beneficiaries, 35 suffered from plant losses with the passage of cyclone Bansi on the island in January 2015.
- The excavator of the Commission for Public Infrastructure was not made available to the Commission for Agriculture since it was involved in other works. Necessary actions are being undertaken to contract out the excavation works.

4.14.4 Support Facilities Offered by the Agricultural Services

In order to provide certain facilities to the planters/farmers community to boost up crop and livestock production, the Agricultural Services are supported by its two main sections, namely Crop Section and Livestock Section.

Crop Section

The crop production is serviced by four crop stations as listed in Table 4-17

Table 4-17 Crop Production at the Crop Stations

| Crop Station | Area | Main objective |
|-----------------------------|----------------------|--|
| Citronelle | 3,395 m ² | Seed production, seed purification, research, demonstration and training/capacity building |
| Oyster Bay | 3.2 hectares | Seed production , seed purification, fruits plants and ornamental production, queen bee production, research, demonstration and training/capacity building |
| Grande La Fourche - Mangues | 4,523 m ² | Seed production, seed purification, research, demonstration and training/capacity building |
| Port Sud Est | 2,932 m ² | Fruits plants and ornamental production, demonstration and training/capacity building |

In addition to funds made available under the FSF, provisions were also made through the yearly budget. The budgeted expenditure for Programme 802: ‘*Crop Production*’ for 2014 was Rs 44.1 million and actual expenditure amounted to Rs 46.2 million.

Observations

- The land available was not fully utilised. A major portion of the land was either left idle or given on loan. For example, the area under seed production at Oyster Bay station was of an extent of 5,940 m², out of which 4,609 m² were given to certain Cooperative Societies in July 2014.
- From records available, production of seeds/plants in the different stations was negligible for 2014.

RRA’s Reply

- The decrease in area ‘cropped’ on the four stations is mainly due to unavailability of manual labour to ‘crop’ the land available. Several staff members had retired from the service without replacement and most of the remaining ones have grown old.
- The question of giving on loan land on agricultural stations to Cooperatives is a policy decision of the RRA in view of reviving the agricultural plots, while at the same time providing a source of revenue to the beneficiaries.

- For 2015, the target is to crop 1.23 ha of land on these stations with an expected production of 1.75 tonnes of seeds with the assistance of 50 Employment Relief Programme labourers.

Livestock Section

The budgeted expenditure for Programme 803: '*Livestock Production*' for 2014 was Rs 32.3 million and actual expenditure amounted to Rs 30 million as at 31 December 2014.

In addition to certain facilities offered to breeders, the mandate of the Agricultural Services includes the production of animal species of improved breed for sale to breeders, either for fattening or milk production. To provide for the service, three Livestock Production Units (LPU) are in place, namely:

| LPU | Purpose |
|-------------|--|
| St. Gabriel | Production of dairy cattle, beef cattle and goat |
| Baie Topaze | Production of pig |
| Crab Island | Production of sheep |

The following were noted:

- At St Gabriel LPU, there was a workforce of 23 staff, assisted by 36 workers employed under the Employment Relief Program. The strength of animals had considerably decreased from 92 heads in 2009 to 41 heads, comprising 18 milk cattle, 17 beef cattle and six goats as of March 2015. The number of lactating cows had also decreased to three and the milk produced by one cow per day has decreased from 12 litres four years back to 1.5 litres in February 2015.

Breeders were rarely provided with animals as the production rate was low. In 2014, only seven weaners were sold to breeders for fattening, three in the 'Cattle Section' and four in the 'Goat Section'.

- The Baie Topaze LPU has a labour force of 13 staff, and another 13 workers employed under the Employment Relief Program. The objective of the Unit is to produce piglets which are to be sold to breeders after weaning, (which normally takes place within 40 to 45 days after birth, representing an average weight of some 15 kg, at a weight price of Rs 40 per kg) for fattening and reproduction. However, as of 31 March 2015, there were 134 heads, of which some were even 10 months old and the average weight could have reached 100 kg.

The keeping of weaners for such a long time no doubt has a bearing on the Unit as,

- Due to limited space in the 'weaners' pen, some 80 of the 134 weaners had to be kept in the maternity pen

- About 134 kg of feed had to be provided for the weaners daily. This is an unnecessary cost to the organisation as if the weaners were already sold, there would have been no feeding cost.

There was a high demand for piglets/weaners. As of March 2015, there were requests for some 300 piglets, some dated as far back as 2013. The last sale of weaners took place in September 2014, where out of 22 weaners sold at a weight price of Rs 40 per kg for Rs 49,080, seven were of some 100 kg and 15 were of an average of 35 kg. This defeats the objectives of the Unit since instead of selling piglet/weaners to breeders, mature pigs were being sold.

- The Crab Island LPU has, as objective, the production of sheep to be sold to breeders. 15 staff members, including six Watchmen, were in post as of 4 April 2015 and the strength of animals as at that date consisted of 146 heads, comprising three reproductive rams, 77 reproductive ewes, 23 young rams, 38 young ewes, three male lambs and two female lambs. Conditions noted were not conducive for achieving the objectives, as shown hereunder:
 - The 146 heads were left together in the open shed after grazing. This could have a bearing on the type of breed produced. Thus, production of animal species of improved breed for sale to breeders for their breeding requirement may not be attained.
 - There was an increasing trend in the number of heads kept at the LPU due to sale not being effected. The last sale dated as far back as September and October 2014 where 36 young rams and five female weaners were sold for a total amount of Rs 73,650 and Rs 4,200 respectively. The average weight of the rams sold was 41 kg, which was some 173 per cent above the normal average weight of 15 kg. This situation gave rise to additional cost to the LPU in terms of feeding the animals beyond schedule.
 - The Strength Book prior to 20 May 2014 was not made available. It was reported to be untraceable.
 - In addition to grazing, the animals were fed with ruminant feed. However, since January 2013, no ruminant feed was provided and the animals were fed entirely from grazing. The grazing area was in a neglected state and was not segregated into different lots so as to keep the animals separately. Wild grasses had invaded the grazing area. Accacia trees were tall, not properly maintained and pruned to enable the animals to feed themselves. Access to the acacia plantation was also difficult for the animals.

RRA's Reply

- The stock of milk cattle at St Gabriel LPU has grown old. Consequently, the milk production capacity of these animals has decreased. The Commission for Agriculture will soon buy a new stock of dairy cattle to replace the actual stock found at St Gabriel.
- For pigs, some 57 weaners were put on sale to applicants on 1 June 2015. The seven weaners having reached 50 kg live weight will be used as replacement stock for old sows requiring culling.

- The Sales Committee will ensure a monthly sale of animals as from June 2015, as far as possible. The possibility of putting the Baie Topaze LPU at the disposal of a Cooperative Society is being studied at Policy Level. The modus operandi for the operation of same by the Cooperative Society is under preparation.
- As regards Crab Island, the shortcomings are being noted for necessary remedial actions.

Conclusion

The time frame for the implementation of the 2013-15 Strategic Plan is nearing its end. Measures proposed therein, which address the immediate need for an increase in the production of food commodities and prepare the way for a stronger food system, have still not been implemented.

4.15 Grant to Co-operatives Federations

On 29 August 2014, the Executive Council approved the implementation of the Land Mechanization and Pasture Development Projects, through two Co-operative Federations in Rodrigues. On 4 December 2014, a one-off grant of Rs 2 million was given to one of the Federations for purchasing a tractor for land mechanization and Rs 1 million to the other Federation for pasture development.

However, a Memorandum of Understanding/Grant Memorandum, setting out the conditions of the grant and the responsibilities of each party, was not signed between the Commission and the two beneficiaries.

As of 30 April 2015, nearly five months after the amount of Rs 1 million had been disbursed for pasture development, same had not yet been utilized. A request made by the Federation, to obtain two plots of land of a total extent of 9.17 hectares for pasture development, had not yet been entertained by the Commission.

Recommendation

There is a need to properly draw a Memorandum of Understanding/Grant Memorandum between the parties concerned, setting out their respective responsibilities.

RRA's Reply

- Actions are being initiated for the drafting of the Memorandum of Understanding/Grant Memorandum.
- The request for land for pasture development is being given due consideration. The procedures are being delayed since the GPS of the Land Unit of the Commission has been damaged and same has been sent to the supplier for repairs.

4.16 Setting up of Mini Laboratories in Rodrigues

At paragraph 4.23.3 of the Audit Report for the year ended 31 December 2013, I reported that three laboratories, namely the laboratory for testing soil, water, plants, pests and diseases, the laboratory for testing animals feed, fodder and silage and the laboratory for testing agro processed products were not fully operational although laboratory equipment for a total value of Rs 710,700 had been received and commissioned since April 2012 and that consumables for an amount of Rs 115,000 had been purchased in February 2013.

During 2014, no tests had been carried out. Tests were performed during the period 1 January to 8 April 2015 on seven different types of products on a total of 21 samples.

The various laboratories were still experiencing a shortage of staff. Further, the 'Modus operandi' for the functioning of the laboratories had not yet been finalized.

Recommendation

There is need to put in place a proper organisational structure, with a clearly defined regulatory framework.

RRA's Reply

- The reason for no tests being carried in the laboratories in 2014 is due to lateness in supplies of consumables to perform tests.
- A proper organizational structure for the mini laboratory has been proposed to the Pay Research Bureau during their recent visits in Rodrigues.
- Delivery of appropriate training programmes in favour of agro-processors in Rodrigues is being carried out.

4.17 Honey Processing and Bottling Unit and Accessories

At paragraph 4.22.2 of the Audit Report for the year ended 31 December 2013, mention was made that several items of equipment costing some Rs 1.6 million were purchased in December 2009 by the then Commission of Agriculture for the setting up of a common Honey Processing and Bottling Unit.

These items of equipment had still not been used since their acquisition. As of 15 April 2015, they were lying idle in one of the mini laboratories.

Recommendation

The Commission should ensure that economic benefits are derived from the investment made.

RRA's Reply

The Commission, in collaboration with the Centre de Cooperation Internationale en Recherche Agronomique pour le Developpement (CIRAD), is working on a quality approach for the promotion of the Rodriguan honey. The Honey Centre will be renovated and converted into a Honey Processing Unit to be managed by a Beekeeping Association. A business plan is being finalised for the operation of the Honey Processing and Bottling Unit by the Association and the honey processing equipment will be vested in the Association. An agreement will be entered between the Commission for Agriculture and the Association.

Commission for Public Infrastructure, Housing, Transport and Water Resources

4.18 Programmes for the Construction and Maintenance of Roads and Bridges and for the Improvement of Public Infrastructure in Villages

4.18.1 Construction and Maintenance of Roads and Bridges

A total amount of some Rs 154.9 million was disbursed in 2014 under Programme 503: 'Construction and Maintenance of Roads and Bridges'. The sum disbursed exceeded the approved budgetary provision of Rs 39.6 million by more than 290 per cent. Additional expenditure of Rs 115.3 million was met from reallocations from projects of other Commissions, for which funds had been earmarked but which had not been implemented, and also from additional funds obtained from the Ministry of Finance and Economic Development (MOFED).

Contract Awarded in 2014 - Rs 99.6 million

A Rate Contract was awarded by the Commission for Public Infrastructure (CPI) for the Construction, Upgrading and Maintenance of roads on 24 April 2014 to Contractor A for an amount of some Rs 99.6 million. The duration of the contract would cover the period June 2014 to June 2015, that is 365 days from the date of issue of the first Works Order.

Works Orders issued in Excess of Contract Value.

As of 31 December 2014, 11 Works Orders totalling Rs 122.8 million were issued under the Rate Contract to Contractor A. Hence, Works Orders for a total value of Rs 23.2 million were issued over and above the maximum contract value.

For the past few years, the total value of Works Orders had consistently exceeded the respective contract value. This practice could indicate that a detailed list of works to be undertaken in a particular year, together with the estimated costs, had not been accurately worked out at the time of bid invitation.

Inadequate Security

Performance Security submitted by Contractor A did not cover for Works Orders in excess of the contractual amount of some Rs 23.2 million, since it was not adjusted to reflect the increase in contract value.

RRA's Reply

The Particular Condition of Contract does not make explicit provision for adjustment of performance bond for Works Order in excess of the contract amount. However, this will be reviewed in future contract to allow change in contract value.

Inadequate Funds to Execute Works Orders

Due to insufficient funds after the implementation of the first Works Order, the CPI sought and obtained financial clearance on 10 June 2014, from the MOFED, to execute the next Works Order, which was for an amount of some Rs 87.62 million, on the condition that its cost be met from re-prioritizing and potential under-spending from other capital projects in the financial year 2014. It was also stated that no funds planned for future years would be made available. Yet, the project was not completed as of 31 December 2014. Amount spent in 2014 totalled Rs 67.15 million and the remaining balance of Rs 20.47 million had to be financed from the 2015 Estimates.

Two projects were implemented at the request of other Commissions which paid for their respective expenses. The remaining seven Works Orders for some Rs 33.2 million were issued without financial clearance, thus further committing the RRA for the disbursement of funds.

The above situation might indicate an absence of an Infrastructural Plan, whereby a list of new roads and resurfacing of existing roads, based on their urgencies in the short, medium or long term, had been worked out.

Examination of Works Orders

A sample of six Works Orders issued, as shown in Table 4-18, was examined and the following were noted:

Table 4-18 List of Works Orders Examined

| Works Order No | Project | Value (Rs) | Contractual Start Date | Contractual Completion Date |
|-----------------------|--|--------------------|-------------------------------|------------------------------------|
| 2 | Construction/Upgrading of road from Gravieres to Coromandel Phase 2 | 87,622,957 | 23 June 2014 | 8 Dec 2014 |
| 3 | Road maintenance around the Island | 2,516,890 | 21 July 2014 | 21 Sep 2014 |
| 4 | Road repairs around the Island | 3,777,768 | 15 Sep 2014 | 28 Nov 2014 |
| 5 | Upgrading of road from P.Gabriel to St Gabriel | 12,284,553 | 8 Oct 2014 | 28 Nov 2014 |
| 6 | Resurfacing of road from Fond Baie aux Huitres towards Fond La Bonte | 9,052,063 | 28 Oct 2014 | 25 Nov 2014 |
| 9 | Upgrading of Access road at Pointe L'Herbe | 4,393,216 | 13 Nov 2014 | 20 Dec 2014 |

- (a) No Feasibility Study. The Construction of the road, from Gravier to Coromandel was of a length of 3.8 km. The project was split into two phases. Phase I involved resurfacing works for a contractual amount of Rs 37,959,191. Works started on 17 October 2013 and were scheduled for completion on 27 December 2013. Works Order No 2, for Phase II of the project, was issued on 16 June 2014 for an amount of Rs 87,622,957. The Contractual Completion date was 8 December 2014.

According to the Capital Project Process Manual, any project exceeding Rs 100 million shall be subject to a feasibility study. The implementation of both phases could have been considered together; in which case a feasibility study would have been carried out highlighting amongst others, a clear, accurate and specific understanding of the need for the construction of the road.

- (b) Extension of Intended Completion Date. Of the 11 Works Orders issued, eight projects were delayed, of which three were still ongoing as of 30 April 2015.

For the: '*Construction and Upgrading of Road from Gravier to Coromandel*', works for the first phase of the project were practically completed on 6 May 2014, that is with a delay of 130 days. Final payment of Rs 5 million was made on 8 December 2014. As approval for the extension of time was not obtained, liquidated damages amounting to Rs 1,625,000 should have been applied.

Works Order No 5: '*Upgrading of Road from Petit Gabriel towards St Gabriel*' was issued on 3 October 2014 to Contractor A for an amount of Rs 12,284,553. Works started on 8 October and were to be completed by 28 November 2014. Works were still ongoing as of April 2015. Neither an application nor approval for extension of time was seen. The delay could be due to the Contractor requesting the intervention of the CPI regarding several issues that were not cleared before issuing the Works Order.

In four Works Orders, Contractor A requested for the extension of the intended completion date due to bad weather. The Contractor submitted only letters informing the Commission about the inclemency of weather but no evidence was submitted to that effect, as stipulated in the Particulars Conditions of Contract. In two cases, materials were not available due to shipments not being made on time. Reasons thereof were not adequately supported.

- (c) Site Meetings. For Works Order No 2, the Engineer did not carry out regular meetings for proper supervision and monitoring of works. Although works were still ongoing as of April 2015, the last meeting was held on 15 December 2014. For Works Order No 4 '*Road repairs around the island*', notes of site meetings were not seen in the relevant file. As such, issues arising during the execution of works were not known.
- (d) Variation Works. The scope of work, for Works Order No 2 and Works Order No 4, was not properly defined. During execution of works, the Contractor had recourse to variation works for which no prior written approval of the Engineer was seen. Variation works for total amounts of some Rs 4.8 million and Rs 693,280 respectively, were paid to the Contractor.
- (e) Ancillary Works. Works Order No 2 also included certain ancillary works, which could have been performed by 'small' and 'medium' (SM) Contractors, other than the Road

Contractor. A comparison of the prices quoted for these ancillary works revealed that the amounts quoted by Contractor A were higher than those quoted by a particular SM Contractor.

Had road works only been entrusted to Contractor A and ancillary works to the SM Contractor, the CPI could have saved some Rs 4.4 million, in the cost of Works Order No 2.

- (f) Laboratory Tests. Testing of materials was only done at the Contractor's laboratory. No comments from the Project Engineer was seen made on test results obtained from the Contractors' own laboratory to ascertain that the quality of material supplied complied with the requirements of the bidding documents. There was also no evidence whether tests done for ascertaining the quality of works undertaken, were as per standard.

4.18.2 Improvement of Public Infrastructure in Villages

A total amount of some Rs 18.9 million was disbursed in 2014 under Programme 506: *'Improvement of Public Infrastructure in Villages'*.

On 4 August 2014, the CPI entered into a contract with Contractor B for the construction of 4.75 km track roads and minor civil works in five local regions in Rodrigues for an amount of Rs 12,392,417, inclusive of VAT. Each region was allotted an equal amount of Rs 2,478,483.

However, five Works Orders were issued under the above contract for a total amount of Rs 15,434,334 which represented an increase of 24 per cent over the original contract value.

The Performance Security, again, did not cover for Works Orders in excess of the contractual amount, that is Rs 3,041,917 since it was not adjusted to reflect the increase in contract value.

Recommendations

Projects should be implemented within available budget and variances need to be justified. Test results from Contractor's laboratory should be duly approved by the Engineer. The specifications for materials used in road works should be tested to ensure that quality was according to specifications. Core testing on completed Works Orders should be done at an independent laboratory approved by the Engineer. The Contractor should justify bad weather conditions and should take necessary precautions so as not to run out of materials during the implementation of projects. Ancillary works could be awarded to small and medium Contractors whenever the prices quoted are lower than the Road Contractor.

4.19 Revetement Wall

At paragraph 4.25 of the Audit Report for the year ended 31 December 2013, I commented on the construction of a 'Revetement wall' at Oyster Bay, for containing the dredged materials arising from the desilting works at Oyster Bay and Pointe Monier, which was undertaken by the Mauritius Ports Authority.

I also stated that the wall was completed on 30 June 2008 but dredging materials had not been deposited within the wall structure. Payments amounting to Rs 26,325,949 had been made to the Contractor but follow up of the project could not be made, as the files and all related documents were in the custody of the Independent Commission Against Corruption (ICAC) for enquiry.

As of 30 April 2015, all documents were still with ICAC.

4.20 Installation of four Reverse Osmosis Desalination Plant

4.20.1 Introduction

On 11 October 2013, the contract for the installation of four Reverse Osmosis Desalination Plant, with a designed capacity of 1,000 m³/day each, with associated civil works in four different locations in Rodrigues, namely at Pointe Venus, Baie Malgache, Pointe Coton and Caverne Bouteille, was awarded to a Contractor for an amount of Rs 156,101,613, inclusive of VAT.

The Contractor was, in fact, a joint venture between two contractors in the same line of business, incorporated on 7 August 2013.

The Contractor was to design, supply, install and commission the Reverse Osmosis Desalination Plant, including training of personnel to operate the Plant and maintaining of same during an initial compulsory period of six months following their successful commissioning.

The works were to be completed on 10 April 2014, that is a completion period of 20 weeks as from the date of commencement of work, which was 21 November 2013.

4.20.2 Approval of Project by the Project Plan Committee (PPC)

Initially, the installation of each Plant was considered as a separate project, and the Commission submitted four projects to the Project Plan Committee (PPC) for consideration. Approval of same was obtained in December 2012, for inclusion, in the Public Sector Investment Programme (PSIP) 2013-15, for the installation of the four Desalination Plant of capacity 500 m³ per day for an amount of Rs 50 million each. The attention of the Commission was also drawn to the following '*A proper assessment needs to be conducted to develop a long term strategy for water sector in Rodrigues, incorporating other alternatives such as desilting of dams, improvement of water distribution network, setting up of appropriate framework for the regulation and management of water sector, together with the introduction of water pricing*'.

Had the desalination project been considered on an integral basis, a feasibility study should have been undertaken since the total cost of the project exceeded the threshold of Rs 100 million, as prescribed in the Investment Project Process Manual. Such study would have defined the scope of works, identifying the location and availability of sites, requirement in terms of infrastructure, risks associated with the project, financing of project, and ways to recoup the amount invested.

Further, on 26 September 2013, the Ministry of Finance and Economic Development (MOFED), requested an updated status for the finalisation of regulations for tariff to be effective by December 2013. MOFED also suggested, to consider as option, amongst others, the setting up of a body under the aegis of the Rodrigues Regional Assembly (RRA) to manage the water sector and apply the tariff. However, these measures had not been implemented as of 30 April 2015.

The PPC approved the project for the installation of Desalination Plant of capacity 500 m³ per day, but the contract awarded was for Plant with a designed capacity of 1,000 m³ per day. No documents were produced to explain this change in specification.

4.20.3 Budgetary Provisions and Actual Expenditure

Provisions of Rs 70 million and Rs 100 million were made in 2013 and 2014 respectively for the desalination project in Rodrigues, which included the following:

- Design and installation of four Reverse Osmosis Desalination Plant in four different locations in Rodrigues.
- Laying of water pipelines to operate the above mentioned four Plant for servicing their respective reservoirs. Total amount spent as of 31 December 2014 is shown in Table 4-19.

Table 4-19 Amount Spent on Desalination Project

| | 2013 Rs million | 2014 Rs million | Total Rs million |
|------------------------------------|----------------------------------|----------------------------------|-----------------------------------|
| Installation of Desalination Plant | 31.2 | 68.2 | 99.4 |
| Laying of Water Pipes | - | 34.0 | 34.0 |
| Others | 0.4 | 9.0 | 9.4 |
| Total | 31.6 | 111.2 | 142.8 |

The amount of Rs 31.2 million, paid in 2013, represented an advance payment made to the Contractor for the installation of the four Reverse Osmosis Desalination Plant.

Expenditure incurred during 2014 had exceeded the initial budgetary provision by some Rs 11.2 million. The contract for the supply and installation of the four Reverse Osmosis Desalination Plant, as reported below, was terminated on 5 February 2015 due to non-performance of the Contractor. Had the contract been on-going, actual expenditure would have largely exceeded the budgetary provision.

4.20.4 Bidding Process and Award of Contract - Rs 156,101,613

Bids were invited on 13 June 2013, both locally and internationally, using the Open Advertised Bidding as method of procurement. Twelve bids were received, of which three

were substantially responsive. These were evaluated on the basis of cost and discounted value of operational cost for five years. There was no clause in the bidding documents as to what course of action to take in case the successful Contractor could not contain the operation costs for the next five years, within the amount quoted. Table 4-20 shows a comparison between two bids.

Table 4-20 Comparison of Offers

| | Successful Bidder Amount Rs | Next Best Bidder Amount Rs |
|--------------------------------------|--|---|
| Offer Price | 156,101,613 | 150,570,777 |
| Discounted value of operational cost | 98,432,728 | 150,948,848 |
| Total | 254,534,341 | 301,519,625 |

In line with the Public Procurement Act, the successful bidder, as well as other bidders, were notified in writing of the name of the proposed successful bidder and the price of the contract.

Subsequently, one aggrieved bidder made an application for review to the Independent Review Panel (IRP) on 8 October 2013. The Commission issued a Certificate of Urgency to the Panel on 10 October 2013 under the Public Procurement Act, certifying that urgent public interest considerations required the ‘procurement proceedings to proceed’.

The successful Contractor was then awarded the contract, on 11 October 2013, based on total least cost of Rs 156,101,613. Although a Certificate of Urgency was issued on 10 October 2013, works started only on 21 November 2013.

4.20.5 Site Investigation

Being a Design and Built contract, the scope of works included a site investigation and the gathering of all data necessary for the proper design of the Desalination Plant at the four locations/regions identified for their construction.

Site investigation had not been carried out effectively by the Contractor, thus delaying project implementation. In April 2014, according to the notes of site meetings, the exact locations for drilling of boreholes were not yet identified. Details were as follows:

- At Baie Malgache, it was difficult to find sea water on drilling of boreholes. Consequently, the Contractor proposed a ‘sea intake’ instead of a ‘beach intake’.
- At Pointe Venus, the Contractor stated that there was lava rock on drilling, and thus had to drill at other places.
- At Caverne Bouteille, the Contractor was informed of the presence of iron in the ‘raw’ water. A firm solution was not found to this problem. As a temporary measure, the

Contractor proceeded with the extraction of water from an existing well. The Contractor was, thus, paid an amount of some Rs 756,000 for the construction of a borehole, which was not actually being used.

Had a proper study been carried out to identify the location of drilling points before the launching of tenders, the contract could have been awarded on a 'built' only basis. This would have avoided, to some extent, the delay in the implementation of the project.

4.20.6 Non Compliance with Conditions of Contract

Advances Not Recouped - Rs 14,829,653

An advance payment of Rs 31,220,322, representing 20 per cent of the contract value, was made in November 2013. It was secured by an advance guarantee security, which 'remained valid until the date of completion or date of taking over or November 2014, whichever comes last'. This amount was to be recouped on successive interim payments based on the percentage of value of work certified.

As of date of termination of contract, an amount of Rs 14,252,756 (exclusive of VAT) had been reimbursed. This amount had been wrongly calculated at a percentage of 52.5 of amount advanced, instead of as a percentage of value of works certified. The amount to be recouped would have been Rs 16,346,263. The advance had thus been insufficiently recouped by an amount of Rs 2,093,507.

On 9 February 2015, the Commission for Public Infrastructure informed the Contractor's bank that it should credit the RRA account at the Bank of Mauritius with the sum of Rs 14,829,653 which represented balance outstanding as per the terms and conditions of the advance security issued by the Bank on 6 November 2013. As of 30 April 2015, the amount had not yet been recouped.

Liquidated Damages

Since the project was not completed on the due date of 10 April 2014 and the Engineer had not approved any extension of time, the Contractor was liable to pay liquidated damages at the rate of Rs 20,000 per calendar day, up to a maximum of two per cent of the contract value per site.

The Conditions of Contract states that '*delay damages shall be paid for every day between relevant Time for Completion and the date stated in the Taking-Over certificate*'. The Contractor had stopped works on two sites since June 2014. However, interim payments were being made during the period June to November 2014. Given that the contract had been terminated, Taking over Certificate will not be issued. Liquidated damages amounting to some Rs 2.8 million had not been applied to the maximum.

RRA's Reply

Liquidated damages could not be applied prior to the issue of the Taking Over Certificate. As the contract has been terminated, maximum delay damages as stated in the Appendix to Bid will be applied. The final account is being prepared by the Consultant and would include retention of liquidated damages as per the conditions of contract.

Warranty Period

The tender documents specified that the Reverse Osmosis Plant should have a warranty period of two years. The warranty certificate was not seen. I was informed that warranty certificate could not be issued as the contract was terminated before the successful commissioning of the plant. Nevertheless, in case of a breakdown/problem with any of the items of equipment, it would be difficult to determine who would bear the cost of repairs or replacement.

4.20.7 Termination of Contract

The project, which was to be completed by 10 April 2014, had been seriously delayed. On 15 December 2014, the Consultant gave formal notice to the Contractor to complete all outstanding works by 31 January 2015. However, no works had been done as per the list of works submitted. Consequently, the Contract was terminated on 5 February 2015, in accordance with the Conditions of Contracts due to non-performance of the Contractor and failure to execute works as per terms and Conditions of the Contract. The Performance Security of Rs 15,610,161 was forfeited and credited to the RRA account.

As per the Conditions of Contract regarding 'Termination of Contract', the Contractor was to leave the site and deliver all documents made by or for him. No 'As-built' drawings and operational manual were submitted to the Commission.

Qualification and Experience Criteria

According to the Instructions to bidders, the bidder should have carried out at least five projects in works to produce potable water, using Reverse Osmosis Technology, within the past five years, each with a value of at least Rs 20 million. However, the project value exceeded Rs 156 million and was in respect of the design and setting up of four distinct Plant of 1,000 m³ in four different locations. As such, it was not known whether the qualification and experience of the Contractor were adequate enough, taking into account the wide scope of this particular project.

It appeared that the Contractor was facing cash flow difficulties. A Sub-Contractor complained that he had not been paid an amount of some Rs 4.6 million for building and civil works done for the Main Contractor.

Disqualification of Contractor

On 24 March 2015, the Procurement Policy Office (PPO) was informed that the contract was terminated on 5 February 2015 due to poor performance of the Contractor. Proposal for disqualification of the Contractor, as per the Public Procurement (Disqualifications) Regulations 2009 was not seen.

RRA's Reply

A recommendation will be submitted to the PPO to consider the disqualification of the Contractor.

4.20.8 Final Accounts Certificate

More than five months have elapsed since the termination of the contract. The Commission had not yet determined the value of works executed as of date of termination of contract. A Final Accounts Certificate needs to be issued to assess the amount due by the Contractor, if any.

RRA's Reply

The Consultant had been required to finalise the final accounts at the earliest convenience.

4.20.9 Rehabilitation of the Desalination Plant

The Consultant advised that separate tenders be launched for the installation of the Reverse Osmosis Plant at Baie Malgache and Pointe Cotton; and for the completion of works at Pointe Venus and Caverne Bouteille. Cost estimates for completing works at Pointe Venus and Caverne Bouteille have been worked out. However, as of 30 April 2015, tenders had not yet been launched for the completion of works at the four sites/locations.

4.20.10 Additional Works -Electrical and Mechanical Works at Pumping Stations

During the execution of the contract, the Contractor was requested to quote a price for electrical and mechanical works at two intermediate pumping stations at Mt Piquant and Anse Goeland. On 14 April 2014, it quoted an amount of Rs 8,263,808 for the works, but the offer was not retained as it was found to be too expensive.

On 23 May 2014, 11 suppliers were invited to bid using restricted bidding as method of procurement. Only two bids were received.

On 19 June 2014, the Departmental Bid Committee approved the recommendation of the Bid Evaluation Committee (BEC), to cancel the procurement proceeding as both bids received were non responsive. The Consultant was required to negotiate with the Contractor. The same amount of Rs 8,263,808 was quoted by the Contractor and the contract was awarded on the same day. The offer had not been technically evaluated by a BEC. It was not known whether the pumps supplied by the Contractor, were according to specifications.

It was noted that, although the Contractor could not complete the main contract on time, it was awarded the contract for the additional works.

Moreover, no diligence had been observed as per the Public Procurement Regulations 2008 which states '*prior to awarding a contract by way of direct procurement under Section 25 of the Act, a Public Body shall ascertain that the provider possesses the qualification required to perform the contract*' and '*the quality and technical aspects of the provider's proposals meet the requirement of the Public Body*'

No Warranty Certificate was secured from the Contractor. Moreover, no 'Operating and Maintenance' manuals, and drawings of the electrical and mechanical works were provided by the Contractor. Problems that would be encountered at the time of repairs and

maintenance of the pumps when the Desalination Plant at Pointe Cotton and Baie Malgache would be operational, would be difficult to address in the absence of these manuals.

RRA's Reply

- The proposal of the Contractor was assessed and recommended by the Consultant. The Contractor was executing similar works under the original contract and was therefore qualified to execute the additional works under the variation.
- It was urgent that these two stations be equipped on time to be ready for the commissioning of the two respective Desalination Plant.

4.20.11 Site Visits - Status of Projects

My Officers, accompanied by Officers of the Water Unit, carried out a site visit on 18 March 2015. It was observed that the installation of the Desalination Plant at Pointe Cotton and Baie Malgache was far from being completed. It was estimated that 35 per cent of the equipment procured had already been delivered. Same were stacked in the building constructed for housing the Plant.

At the other two sites, Pointe Venus and Caverne Bouteille, the Plant had not yet been commissioned and were operating at less than 50 per cent of their capacity. According to records kept, the production of water was some 400 m³ per day. This is low as compared to that mentioned in the condition of contract of the bidding documents. My Officers were informed that the maximum capacity could not be achieved as a major component, namely the energy recovery device has broken down on one of the two trains at each plant.

Besides, the risk of operating equipment/plant which had not yet been commissioned, cannot be ignored.

Conclusion

It is a known fact that one of the main problems in Rodrigues is the shortage of water. There was an urgency on the part of the RRA to attend to this problem. Owing to the fact that an aggrieved bidder made an application for review at the IRP, the RRA issued a Certificate of Urgency certifying that urgent public interest considerations required 'the procurement proceedings to proceed'. The contract, awarded in October 2013 for an amount of some Rs 156 million, was terminated in February 2015 due to poor performance of the Contractor.

As of 30 April 2015:

- None of the four Desalination Plant had been commissioned. Two of them were not completely installed although some 35 per cent of the equipment procured had been delivered and were lying in the buildings constructed for housing these plant. As for the other two Plant, they were operating at some 50 per cent capacity each.
- Funds to the tune of some Rs 99.4 million have been disbursed up to 31 December 2014 for the supply and installation of the four Reverse Osmosis Desalination Plant. Advance payment of some Rs 14.8 million had not yet been recouped

- Action had not yet been taken to launch fresh tenders for the completion of the project. It was not known how much more the RRA would need to disburse to complete the Project. Cost estimates for completing the two Plant which were operating at 50 per cent capacity, have been worked out. No cost estimates had been worked out for the other two Plant.
- In view of the fact that the problems of water shortage in Rodrigues had not been fully resolved, the Commission could not proceed with a revision of water tariff, which is being long awaited.

Recommendations

The shortage of water in Rodrigues needs to be given urgent attention. Action should be taken to complete all works at the four Desalination Plant in order to service their respective reservoirs for onward distribution of water to the inhabitants.

4.21 Laying of Water Pipelines and Construction of Pumping Station at Anse Goeland

Four separate contracts, for a total amount of Rs 36,914,321 were awarded to private Contractors for the laying of water pipelines to operate four Desalination Plant to service their respective reservoirs. Three of these contracts were awarded to one and same Contractor.

By splitting the contracts, which were of the same nature, bids were not referred to the Central Procurement Board for approval, the threshold being Rs 15 million. Economies of scale in procurement and optimum use of administration resources in bid evaluations could also have been achieved, had the contract been awarded as a single project.

Further, a contract was also awarded for the construction of a Pump Station, including a 300 m³ water tank and a pump house, at Anse Goeland, to act as an intermediate pumping station, for an amount of Rs 8,474,052.

The contract values and the amounts paid as of 31 December 2014 are as shown in Table 4-21

Table 4-21 Contract Values and Amounts Paid as of 31 December 2014

| Project No. | Project Name | Contractor | Date of Award of contract | Contract value (Rs) | Amount Paid (Rs) |
|-------------|---|------------|---------------------------|---------------------|-------------------|
| 1 | Water pipeline from Pointe Cotton Desalination Plant to Roche Bon Dieu Reservoir | A | 20.1.14 | 12,767,546 | 8,869,777 |
| 2 | Water pipeline from Pointe Venus Desalination Plant to Creve Coeur Reservoir | B | 31.12.13 | 7,947,837 | 6,580,110 |
| 3 | Water pipeline from Caverne Bouteille Desalination Plant to Vangasaille Reservoir | B | 27.12.13 | 9,367,067 | 7,082,380 |
| 4 | Water pipeline from Anse Goeland to Mt du Sable Reservoir | B | 28.11.13 | 6,831,871 | 4,564,043 |
| | Sub-Total | | | 36,914,321 | 27,096,310 |
| 5 | Pumping Station at Anse Goeland | A | 02.12.13 | 8,474,052 | 6,937,561 |
| | Total | | | 45,388,373 | 34,033,871 |

4.21.1 Project Financing

Funds for a total amount of Rs 100 million were earmarked for the Desalination Project in 2014. Total expenditure incurred during the year was Rs 111.2 million, of which some Rs 34 million related to the laying of pipelines and the construction of the pumping station at Anse Goeland. Approval from the Ministry of Finance and Economic Development (MOFED) for the construction of the pumping station at a cost of some Rs 8.5 million was not sought.

4.21.2 Cost Estimates

A properly worked out cost estimate is an important yardstick used at the stage of bid evaluation, to gauge if the lowest responsive evaluated bid is fair and reasonable.

In respect of Project No 2, the lowest bid exceeded the cost estimates by some 29 per cent. Fresh tenders were launched.

For Projects No. 3 and No.4, the estimated costs exceeded the lowest evaluated bid by some 39 and 37 per cent respectively.

RRA's Reply

For the pipe laying projects, which are not common in Rodrigues, it was difficult to obtain accurate market rates. However, comments of the National Audit Office have been noted for future guidance.

4.21.3 Bid Evaluation Procedures

Constitution of Bid Evaluation Committee

The Commission did not maintain a list of qualified Evaluators. Members of the Bid Evaluation Committee were selected mainly from the technical staff of the Commission for Public Infrastructure.

Evaluation of Bids

During bid evaluation, in one case, although qualification criterion was not met, contract was awarded to a particular bidder. In another case, clarifications were not sought from a competitive bidder and the bid was rejected due to an omission which was not clarified. These are illustrated in the two cases described below:

- Project 3 - Laying of Water Pipeline from Caverne Bouteille Desalination Plant to Vangasaille Reservoir. Tenders were invited through Restricted Bidding, for the above project. The responsiveness of the bids received was evaluated by the Bid Evaluation Committee (BEC). The successful bidder provided only one excavator instead of two, contrary to what was prescribed in the bidding documents. Although criterion was not met, this had been considered as a minor deviation during the bid evaluation stage. The bidder was awarded the contract on 27 December 2013 for an amount of Rs 9,367,067.
- Project 5 - Pumping Station at Anse Goeland. Tenders were invited using Open Advertised Bidding as method of procurement. Five bidders responded to the invitation, and on 2 December 2013, the successful bidder was awarded the contract for an amount of Rs 8,474,052. The works were to be completed within a period of 112 days from the date of start of contract.

During evaluation of bids, a competitive bid for an amount of Rs 7,590,000 was rejected by the BEC due to 'non submission of a programme of work'. This was considered as a major deviation since it was viewed that time was of essence for such contract.

I was informed that the bid was rejected in accordance with paragraph 2.5 of the Evaluation Guide issued by the PPO. However, the BEC could have had recourse to Section 37 of Public Procurement Act (PPA) which provides that a Public Body may seek clarification during the examination of bids from any bidder to facilitate evaluation.

4.21.4 Compliance with Terms and Conditions of Contract

Performance Security

General Conditions of Contract (GCC) stipulates that the performance security shall be valid until the Contractor has executed and completed the works and remedied any defects. In the

Letters of Award issued to the Contractors, it was stated that the performance guarantee/security should be valid up to 28 days after the issuance of the Defects Liability Certificate. However, in respect of four projects, the Performance Security expired before the end of the Defects Liability Period.

Insurance Policy

According to the General Conditions of Contract, the '*Insurance shall be for at least the amount which is stated in the Appendix to Tender*', which is Rs 5 million for any occurrence or series of occurrences arising out of any event. However, with regards to Projects No. 2, 3 and 4, no mention was made of the amount insured for the 'Contractors All Risks and Third Party Insurance'.

RRA's Reply

The Contractor has initially submitted only covers of the certificate of insurance. The full insurance policy was submitted later on 6 August 2014, after completion of the projects. The Third Party liabilities are covered up to an amount of Rs 45 million.

4.21.5 Delay in Completion of Work

The completion of all five projects was delayed.

For Projects No. 2 and 3, liquidated damages had been applied. However, same had been understated to the extent that 'extension of time' of 21 days for delays on account of shipment of materials was allowed. No documentary evidence to that effect was available at the Commission.

As for the other three projects, liquidated damages had not yet been computed.

4.21.6 Lack of Site Supervision

In respect of the project '*Water Pipeline from Anse Goeland Desalination Plant to Mt du Sable Reservoir*', bids were invited on 18 September 2013 through Open Advertised Bidding. Seven bids were received, of which four were substantially responsive.

On 31 October 2013, the BEC approved that the contract be awarded to the Lowest Responsive Evaluated bidder, subject to the latter providing a Contract Manager and a full time Site Technician for supervising the works.

During the site meeting held on 21 May 2014, the Consultant stated that the Contract Manager had not attended site meetings since the start of the project and the necessary 'superintendence' for proper and timely execution of the Contractor's obligation was not provided. Consequently, an amount of Rs 196,879 was deducted from the Contractor's claim. This remedy for breach of a fundamental qualification criteria, as specified in the bidding documents, might not be adequate. In the absence of supervision, it was not known whether works had actually been carried out as per design and specifications.

RRA's Reply

Supervision of works has been carried out by the Consultant's site technician, instead.

4.21.7 Laboratory Testing

According to specifications for pipe laying works, laboratory tests concerning cement concrete and concrete aggregates, soil material for sub-base, aggregates for bituminous surfacing and bituminous materials shall be carried out by the Contractor. However, tests carried out in laboratories of the Contractor or nominated Sub-Contractor were not commented upon by the Engineer to confirm whether facilities available in these laboratories were adequate to carry out control tests on material or workmanship. According to the specifications '*if in the opinion of the Engineer, facilities of the laboratory are inadequate, such tests shall be carried out by a Testing Authority*'

4.21.8 Site Visit

On 6 April 2015, a site visit was carried out by my Officers, accompanied by Officers of the Water Unit, at the Pumping Station at Anse Goeland. It was observed that the pumping station could not be operated although having been practically handed over to the Commission since 10 July 2014. This was due to the non-completion of the Desalination Plant at Baie Malgache.

During another visit, it was observed that the water pipelines laid from Pointe Cotton to Roche Bon Dieu, having been practically completed on 11 June 2014, were also not being used for water distribution.

Recommendations

➤ Preparation of Cost Estimates

Surveys should be carried out to assess the exact scope of works. The computation of costs should take into account all relevant components/accessories/parts required at the most competitive prices, following a market survey. A breakdown or workings of the cost estimate needs to be prepared.

➤ Procurement

The advice of the Procurement Policy Office should be sought in cases of difficulties in applying the procurement laws and regulations

➤ Terms and Conditions of Contract

The Commission should ensure that the terms and conditions of contract in respect of performance security and insurance cover are respected before recommending the release of any payments. Extension of time should be fairly given on the basis of documentary evidence. Laboratory testing should be done as per specifications.

Commission for Health and Sports

4.22 Underutilisation of Assets

The Commission for Health and Sports has under its control, assets, including buildings and items of equipment, valued at several million of rupees, in its endeavour to provide efficient and high quality health services to the inhabitants of Rodrigues.

It is essential that these assets are properly recorded, safeguarded and used for the intended purposes. Asset management was not adequate in that several items were either out of order, underutilised or idle for a significant period of time. The following were noted:

4.22.1 CT Scanner

In the 2013 Budget Speech of the Rodrigues Regional Assembly (RRA), measures were announced to purchase a CT Scanner for the Queen Elizabeth Hospital. In that connection, in 2013, provision was made for an amount of Rs 30 million under Vote Item 702: '*Medical Equipment and Furniture*'.

Tendering procedures were initiated at the level of the Ministry of Health and Quality of life (MOHQL) and the contract for the supply, installation and commissioning of a CT scanner was awarded to a supplier for the sum of Rs 25,735,000 on 20 September 2013. The equipment was expected to be delivered during the period 19 to 27 December 2013. It was received in Rodrigues on 13 January 2014 and installed/commissioned successfully in March 2014.

After a few months of operation, the CT Scanner broke down. It was not available for use from 14 November to 6 December 2014. At time of audit in Rodrigues, in mid April 2015, the Scanner was again found to be out of order and this since 2 March 2015. Clause 28.5 of the General Condition of Contract (GCC) stipulates that, in case of breakdown of the equipment under warranty, the supplier should arrange for same to be repaired within 12 hours (on any day) from being so informed. This was not so.

For the operation of the CT scanner, it is important that the Air Conditioning (AC) Unit functions properly. On 22 January 2015, the attention of the supplier was drawn to the effect that the AC Unit was not functioning. An additional air conditioner was installed by the Commission on 27 February 2015, a month later, and the CT Scanner was operational again. After one week, the CT Scanner broke down once more and reported 'error code'. The supplier was informed accordingly.

For the period 2 March to 16 April 2015, when the equipment was out of order, four patients were referred to Mauritius for diagnosis. Moreover, 17 patients were officially registered on the waiting list for a CT Scan as of 16 April 2015.

RRA's Reply

The operation of the CT Scanner is being followed up very closely in collaboration with the Ministry of Health which administers the contract. A letter was addressed to the Ministry on 17 April 2015 to request that part of the performance security of the supplier of the

equipment be withheld so as to cover for the prejudice caused to the Commission. As of 24 June 2015, the CT Scanner was fully operational and the number of CT scans performed was 273 for the period July to December 2014, and 150 for the period January to June 2015.

4.22.2 Reconversion of Ex-Paediatric Ward into ICU/Cardiac Unit

The Ex-Paediatric Ward at the Queen Elizabeth Hospital was to be converted into a modern ICU/Cardiac Unit. Following tender procedures, the contract was awarded to a private Contractor on 24 April 2014 for the sum of Rs 6,167,935, inclusive of Contingencies and VAT.

It was about a month later that the site was handed over to the Contractor, thus delaying the execution of the project. The works were completed at the end of 2014.

As of mid April 2015, four months after the completion of the contract, the ICU/Cardiac Unit was not yet operational, as only part of the medical equipment to be used therein had been procured. In the meantime, the infrastructure for the ICU/Cardiac Unit was not being used.

RRA's Reply

A first part of the medical equipment pertaining to the new ICU has been ordered and delivered. Furthermore, a second batch of equipment is under procurement process. Once all the main equipment are installed, necessary arrangements will be made for the shifting of the actual ICU in the new building.

4.22.3 Supply, Installation and Commissioning of Medical Equipment

Four firms were awarded the contract for the supply, installation and commissioning of various items of medical equipment at the Queen Elizabeth Hospital on 10 October 2014 for a total amount of Rs 5,816,430, inclusive of VAT.

Included in the above was a portable ultra sound scanner for the Cardiology Department costing Rs 635,000 which was supplied, installed and commissioned on 20 January 2015. It was reported that the printer included therein was not of the appropriate model and was not compatible with the equipment delivered. As of mid April 2015, that is some three months after commissioning of the equipment, a new printer though stated to have been received in March 2015, was not yet installed and put to use. The portable ultra sound scanner could, therefore, not be used since its acquisition. Further, three months in the warranty period had already lapsed.

RRA's Reply

The equipment is now fully operational.

4.22.4 X- Ray Department

The contract for the supply, installation and commissioning of a Heavy Duty X- Ray Film Processor was awarded to a supplier on 1 October 2014 for an amount of Rs 464,840, inclusive of VAT. The equipment was received on 31 December 2014.

On 11 February 2015, the Supplier stated that response was being awaited, as regards the requirements that need to be met before installation and commissioning, in order to adhere to the manufacturer's recommendation for the safe and optimal use of the X-Ray Film Processor.

As of 15 April 2015, the equipment was lying idle in the corridor leading to the X-Ray unit.

Of the three portable X-Ray machines available at the Hospital, only the one kept at the Nursery was in good working condition. The other two machines were reported to be defective since some six months. No action had been taken to repair same.

RRA's Reply

The supplier of Automatic Film Processor is proceeding to Rodrigues before end of June 2015 for the installation and commissioning of same.

4.22.5 New Maternity Block

At paragraph 4.26 of the Audit Report for the year ended 31 December 2013, I reported that a new Maternity Block, comprising an Operating Theatre, an Intensive Care Unit and various Wards and Units was constructed in 2007 in the compound of the Queen Elizabeth Hospital at a cost of Rs 39,045,950 to provide enhanced service and to alleviate space constraint.

Some eight years later, optimum use had still not been made of this new Maternity Block. The Intensive Care Unit, although provided with all its amenities and which can accommodate up to six patients at a time, had not been used. The Operating Theatre which was also equipped with the basic amenities such as sciallytic lamp, had remained unused. As for the various rooms, meant to be used as Wards and Units, these were in an abandoned state.

Medical apparatus/equipment, ordered in April 2009 for a total amount of Rs 5.8 million, had not been fully used as the Maternity Block was not operational. It was stated that these apparatus/equipment had been distributed to other Units and Health Centres.

RRA's Reply

Provision has been made in the 2015 budget for the procurement of equipment for the Operation Theatre at the Maternity Ward. Procurement procedures are under way for same.

4.23 Marechal Swimming Pool

The Marechal swimming pool, of size 50 metres by 35 metres, and having a capacity of some 2,500 m³, was constructed in 2005 at a cost of some Rs 75.8 million. Given its dimension, the swimming pool fits in the Olympic norms and can be used for national and international swimming competitions.

Since its opening in 2006, the swimming pool had not been optimally used. Reasons ascribed for such a situation were:

- Inadequate water supply
- The rapid drawdown of the water level in the swimming pool
- The high running costs of the swimming pool, more particularly the electricity charges which amounted to an average of some Rs 100,000 monthly.

During physical inspections carried out by my Officers in April 2015, it was found that the compound, housing the swimming pool, was no longer opened to the public.

The following were noted:

- (a) The pool was only half full and the water was invaded with organic stains.
- (b) Gutters were fixed in different places in the swimming pool compound to take advantage of the Rain Water Harvesting System. However, part of the gutters was damaged and in several places, they were invaded with grass, hence limiting the quantity of rain water collected at the reservoir where it is filtered before being pumped into the swimming pool.
- (c) Two of the six filter plant were out of order. Water was leaking heavily from the filter plant, even though the stop valves were closed. Due to high humidity, most of the fittings have started to rust. The boiler used to heat the swimming pool was stated to be out of order since some six years, and of the 14 fluorescent tubes available in the 'Technical Room', only three were in good working condition.
- (d) The swimming pool for children was also in a neglected state. The feeder pipe, bringing in filtered water from the reservoir, was broken since long and had not been repaired.
- (e) The compound was not properly maintained. Grass had not been trimmed, and the surrounding fencing, in some places, was burdened with creepers. Grass was also growing on the pavement leading to the pool.
- (f) In the absence of records, it was difficult to ascertain since when exactly the swimming pool had not been open to the public. The Swimming Coach left on 10 January 2014. The staff, comprising a Swimming Pool Technician, two General Workers and one Handyman was most of the time idle.
- (g) Total costs incurred in 2014 for the maintenance of the swimming pool amounted to some Rs 1 million, with no activities being carried out.

Conclusion

Spending such a huge sum of money on an infrastructure and deriving no benefit therefrom is a matter of concern. The Commission needs to seriously look into the matter and makes same operational at the earliest for the benefit of the public in general and more particularly for athletes.

RRA's Reply

- The cost of electricity has dropped by some 50 per cent, following intervention with the Central Electricity Board in August 2012. When the pool is not in use, the electricity cost is lowered to around Rs 5,000 per month.
- The filter plant need repairs. Private expertise is being sought to look into the matter.
- Owing to the drastic decrease in water supply and the level of the pool water, the general treatment of water both in the large and small pool, was suspended at some point in time to save on chlorinated powder given that it is an expensive commodity.
- The necessary was done for repairs of gutters. However some special spare parts were not available on the local market, explaining the works pending at the level of the small pool. Needful is also done for more regular grass trimming and maintenance of the compound.
- A Management Committee chaired by the Departmental Head will be set up to review all the issues pertaining to the swimming pool. A technical survey by private experts has been arranged by the Commission of Health and Sports. Actions will be initiated accordingly following the recommendations of the survey.

Commission for Environment, Forestry, Tourism, Marine Parks and Fisheries

4.24 Rehabilitation of Six Outer Lagoon Fishing boats

Six outer lagoon fishing boats were used for fishing activities under the management of Rodrigues General Fishing Company Ltd, a company fully owned by the Rodrigues Regional Assembly (RRA), until March 2012. The Executive Council approved the winding up of the company in May 2012 and all fishing activities ceased. The boats were taken over by the Fisheries Research and Training Unit in September 2013, that is more than 15 months later. The boats were grounded at Pointe Monier boatyard. According to a survey carried out by an independent surveyor in November 2013, these boats have deteriorated to a large extent and required costly repairs.

4.24.1 Financing of Project

In January 2014, the Executive Council approved that an assessment be carried out by a Marine Engine Expert for rehabilitation works to the fishing boats. The assessment was carried out more than two months later, that is in April 2014. However, it was not known whether the company which had carried out the assessment, was a 'Marine Engine Expert'.

The cost of rehabilitation works was estimated at Rs 5,992,200. Same was to be met from Programme 215: *Sustainable Fisheries Development* of the Commission for Environment, Forestry, Tourism, Marine Parks and Fisheries, Item 31113006 : *Fisheries Development* for which an amount of Rs 2.5 million was provided for in the financial year 2014.

As per instruction issued by the Ministry of Finance and Economic Development (MOFED) in April 2011, Accounting Officers are required to obtain prior financial clearance from MOFED on all proposals that would entail additional provision or commitment of public funds. The approval of MOFED was not sought.

Total expenditure incurred under the above Item was Rs 16,371,674, of which Rs 7,062,000 related to the rehabilitation works. Payments had thus largely exceeded budgetary provision. Reallocations were made from other Programmes/Items to provide for additional funds.

4.24.2 Procurement Method

The Commission had recourse to Restricted Bidding, as method of procurement. The threshold set by the Public Procurement Act (PPA) for this type of procurement is Rs 5 million. However, the cost estimates of rehabilitation works amounted to Rs 5,992,200, hence exceeding the threshold.

The Restricted Bidding method pre-supposes that the Public Body has a database or a list of potential suppliers. Such database/list was not available.

Five potential suppliers were invited to bid for the provision of rehabilitation works for the six fishing boats. Only two of them responded. As per the Public Procurement Regulations

(2008) ‘No decision as to the acceptance or rejection of any bid shall be taken or announced in the bid opening session’. Yet, the DBC decided to award the contract to company K, the lowest responsive bid for the sum of Rs 5,520,000 exclusive of VAT, on 26 June 2014 that is, same as the closing date for submission of bids and also on the day of the opening of bids.

4.24.3 Delay in Completion of Works

In the meantime, the contract for the rehabilitation works was awarded on 30 June 2014. The site was handed over to the Contractor on 15 July 2014. Works were scheduled for completion on 12 September 2014, after allowing for an extension of time of 15 days for additional works. On 3 October 2014, the boats were handed over. Liquidated damages had not been applied.

4.24.4 Additional Works

The Departmental Bid Committee (DBC) approved additional works for an amount of Rs 714,000 on 15 September 2014, based on a statement made by the Marine Engine Expert to the effect that additional works had to be carried out, as recommended by the Contractor itself. It was not known whether these additional works could have been foreseen at the time the assessment of work was carried out in April 2014.

Conclusion

The Commission proceeded with the rehabilitation of the six boats without considering whether it would have been more advantageous to replace the engines and auxiliary systems rather than repairing same.

RRA’s Reply

The decision to go for the rehabilitation works was based on the report of the Consultant who recommended that the engines and auxiliary systems be repaired.

4.25 Assistance to Professional Fishermen

I had, in the past, drawn attention to the fact that overpayments of Bad Weather Allowance for a total amount of Rs 15,394,731 arising in the year 2006-07, had not yet been recouped. During 2013, arrears of allowances amounting to Rs 15,706,562 had been paid to fishermen, without considering the possibility to recoup the overpayments at that point in time.

As of 30 April 2015, the overpayments of allowances had still not been recouped.

RRA’s Reply

An investigation is being conducted into the issue of alleged overpayment and the circumstances to determine the future course of actions.

5 - DEPUTY PRIME MINISTER'S OFFICE, MINISTRY OF ENERGY AND PUBLIC UTILITIES

[Back to Index](#)

5.1 Acquisition of Financial Assets – Loan to Non-Financial Public Corporation.

5.1.1 Loan to Wastewater Management Authority (WMA) for Construction of Wastewater Infrastructure

Financing of WMA Projects

Prior to financial year 2013, all sewerage projects undertaken by WMA were funded by Government through grants under Budget Item ‘Acquisition of Non-Financial Assets’ of the Ministry of Energy and Public Utilities (MEPU).

However, as from 2013, funds for the implementation of WMA capital projects were provided through loan to the WMA under the Budget Item ‘Acquisition of Financial Assets – Loan to Non-Financial Public Corporation’ of MEPU.

Loans to WMA

During the two financial years to 31 December 2014, loan agreements for the sum of Rs 1,736,142,616 were signed between the Ministry of Finance and Economic Development (MOFED) and WMA as shown in the Table 5-1.

Table 5-1 Loans to WMA

| Date of Loan Agreement | Amount of Loan Rs | Loan Repayable Period |
|-------------------------------|--------------------------|------------------------------|
| 6 May 2014 | 920,992,616 | March 2018 to September 2027 |
| 19 August 2014 | 307,700,000 | March 2019 to September 2028 |
| 14 November 2014 | 507,450,000 | October 2019 to April 2029 |
| Total | 1,736,142,616 | |

As of 31 December 2014, loans disbursed to WMA amounted to Rs 1.62 billion.

Impact

➤ *Interest not yet Paid by WMA - Rs 68.4 million*

Interest was accrued as from the date the loans were disbursed to WMA. As of 31 December 2014, WMA was unable to pay the interest of Rs 68.4 million accrued on the loans, including Rs 12.8 million accrued for the year ended 31 December 2013.

In May 2014, the WMA explained that the actual revenue derived from wastewater charges just covered its operational expenditure. As such, it would inevitably default in repayment of loans.

➤ *Monitoring of Projects*

With the loan formula, monitoring, supervision of projects and approval of payments are carried out at the level of the WMA.

Under the grant formula, the projects were scrutinised in terms of progress of works, approval for variations, costs of projects by the MEPU. The latter had a Project Monitoring Committee to monitor these sewerage projects.

Ministry's Reply

It is considered that even with a reduction of operational costs and reasonable increase in tariffs, the WMA will not have the capacity to repay the Government loan. The MEPU will hold discussions with MOFED on this matter.

Following the introduction of the system of Government loans, the WMA is the sole authority to take decisions regarding the award of contracts and project implementation. The MEPU is no longer involved in approval of payments and monitoring the project implementation.

The MEPU is in the process of reviewing the two contracts – the ‘Contrat de Delegation’ and the ‘Contrat de Maitrise d’Ouvrage Deleguee’, between the WMA and the MEPU to provide for more accountability and specific performance targets.

5.2 Bambous Pumping Station

The Contract WW80F Lot 1A awarded under the Plaines Wilhems Sewerage Project included the construction of the Bambous Pumping Station for the sum of Rs 29.1 million.

After completion of 75 per cent of building works, the inhabitants protested against the location of the pumping station which was situated in the vicinity of a religious place. In December 2010, Government decided to stop all works.

Subsequently in March 2011, Government decided that the pumping station be relocated at some 50 metres back from the existing site. Works started on the new site on 8 June 2011 and were completed in July 2013.

5.2.1 Financial Impact of relocation of the Pumping Station

- In June 2014, a sum of Rs 10.2 million was paid to the Contractor, representing costs of unproductive resources, suspension costs and additional costs caused by disruption following relocation of the pumping station 50 metres back from its original location. This included Rs 1.5 million, representing variation in prices due to delay and disruption.

- An amount of Rs 5.6 million was paid to the Contractor for the partly completed building at the initial location, which is presently not utilized.
- Land to the extent of 1,500 m² was purchased in July 2012 for the sum of Rs 2 million to accommodate the pumping station at the new location compared to a sum of Rs 925,000 which was paid in November 2010 for the purchase of 1,566 m² of land to build same at its initial location.
- A sum of Rs 7.8 million was paid for the civil and building cost of the pumping station at the new location.
- A sum of Rs 29.1 million was provided for the construction of the pumping station but its actual cost amounted to Rs 48.7 million.

Conclusion

For future sewerage projects, proper consideration must be given on the choice of the location of a pumping station before its construction in order to avoid change in location and incur unnecessary costs. The views of all stakeholders must be sought. Not only the location must be based on technical requirements but environmental issues must be considered.

As a result of change in location, unnecessary cost of Rs 15.8 million has been incurred consisting of Rs 10.2 million paid to Contractor as disruption cost and Rs 5.6 million for the partly completed building.

Ministry's Reply

According to the WMA, the site of the Bambous Pumping Station was determined on the basis of technical requirements. The additional cost resulted from the relocation of the pumping station. Following persistent outcry from the inhabitants of the region regarding the location of the pumping station, the then Government decided that the station should be relocated.

5.3 Plaines Wilhems Sewerage Project – Contract WW80F Lot 1A

The Contract WW80F Lot 1A for the construction of reticulation network and house connections was awarded on 19 October 2009 for the sum of Rs 2,842,498,362. The original completion date was scheduled for 31 May 2014 and was revised to 30 November 2016.

Works included 102 km of reticulation sewer network and approximately 13,000 house connections, as well as replacement of 50 km of potable water pipelines.

Total payments as of 31 December 2014 amounted to Rs 2,131,439,169.

5.3.1 Project Design

At design stage of project, a Consultant was appointed, and his scope of work included a general site survey without detailed topographical survey study and house surveys. These surveys formed the basis for preparation of tender documents including Bill of Quantities and working drawings.

5.3.2 Increase in Scope of Works

The scope of works of the Contractor comprised detailed topographical survey including house to house survey. Following completion of all surveys and design, the Contractor claimed that an increase in depths and lengths of excavation was needed in the project.

The length of the sewer under the contract increased from 102 km to 142 km. The depths of excavations, following house to house survey, exceeded significantly those included in the tender documents.

5.3.3 Stoppage of Works due to Substantial Increase in Project Value

Due to revised scope of work, the project value increased from Rs 2,842,498,362 to Rs 3,920,360,438, representing an additional amount of Rs 1,077,862,076. In October 2014, the WMA approved implementation of the full scope of the work and a variation order was issued to the Contractor.

However, due to the substantial increase in project value, WMA was informed in April 2015 of Government decision that it should not proceed with the extension of the project with a variation of Rs 1,077,862,076. As a result, decision was taken for closure of Lot 1A South and for completion of Lot 1A North.

5.3.4 Impacts of Stoppage of Works

- Due to reduction of scope of works, the Contractor has notified his intention to make contractual claims for items, such as labour termination, unrecovered fixed cost, idle equipment costs and materials already ordered.
- The Consultant, in a report dated 19 May 2015, stated that as a result of the closure of Lot 1A South, materials for the sum of Rs 25 million already ordered/procured, for ongoing works would be in excess.
- The Consultant further stated that the estimated cost of completion of Lot 1A North and closure of Lot 1A South would amount to some Rs 331 million.

Conclusion

The scope of works of the Contractor included detailed topographical study and house surveys. Thus, the Contractor carried out both design works and construction works. As a result, he claimed for longer and deeper excavations which would have entailed a significant increase of Rs 1,077,862,076 in the cost of the project.

Had detailed design works been carried out prior to inviting tenders for the project, the precise scope of works and the corresponding project value would have been known at the outset. In this project, the final quantities of works to be executed were known in the course of construction works which led to a significant increase in project value. As a result, decision was taken for stoppage of works.

The consequences of the stoppage gave rise to the Contractor signifying his intention to submit claims for reduction in scope of works.

Ministry's Reply

The WMA Board awarded the contract on a Design and Build basis. The Contractor included additional lanes during his survey and claimed that deeper excavations were required. The then WMA Board approved the extension of works and variation of the project value by an additional Rs 1,077,862,076. The cost overrun for this project represents 40 per cent of the original contract value with a three year extension.

In March 2015, this matter was brought to the attention of Government which after taking note of this serious matter has decided that:

- The project be closed with the completion of works initiated on the northern part.
- The contract with the Consultant and the Contractor be closed on completion of these works.
- A full technical and management audit of all wastewater management projects be carried out with a view to improving project and monitoring and supervision and avoiding cost overruns.

The WMA Board has been requested to implement this decision. As for the remaining works, the WMA will be required to carry out a new bidding exercise when funds are provided by the MOFED.

Water Resources Unit

5.4 Capital Projects

5.4.1 Payments under Contract

The Ministry paid some Rs 1,747 million on capital projects during 2014. This amount included some Rs 1,620 million paid to Construction Contractors. The Interim Payment Certificates were raised by the Water Resources Unit (WRU) operating under the aegis of the Ministry.

The Officers of the WRU did not carry out any joint measurements of the quantities of the different Bills of Quantities (BOQ) items claimed by the Contractors, certified exclusively by the Consultants.

Recommendation

To safeguard Government's interest, joint measurements should also be undertaken by the technical staff of the WRU to ensure that payments are released to the Contractors only for value of works actually executed on sites.

Ministry's Reply

The project is implemented in accordance with the FIDIC Conditions of Contract. Under the FIDIC model, it is the sole responsibility of the Consultant/Engineer to carry out measurements before certifying payments based on all BOQ items. The WRU verifies that the items in the BOQ are complied with, and seeks clarifications in cases of deviation. In order to ensure more stringency, WRU has been instructed to be present on a sample of measurements as and when the measurements are being taken.

5.4.2 Project Management

Since 2011, the Ministry has embarked, inter alia, on the implementation of three major dams and feeder canal projects as shown in Table 5-2.

Table 5-2 Estimated Consultancy and Construction Cost

| Name of Project | Consultancy Cost Rs million | | Construction Cost Rs million | |
|---------------------------|--------------------------------|---------|---------------------------------|---------|
| | Initial | Revised | Initial | Revised |
| Bagatelle Dam | 169.4 | 319.0 | 3,332.4 | 5,654.0 |
| Arnaud Project | 7.7 | 11.2 | 240.6 | 226.0 |
| Riviere des Anguilles Dam | 120.0 | 250.0 | Not Yet Awarded | |

Observations

- The capital projects were not subject to Internal Audit review.
- There were already significant cost and time overrun for the Bagatelle Dam, and time overrun for the Arnaud Project. The project for the Riviere des Anguilles Dam was still at the embryonic stage after expenditure of some Rs 128 million up to 31 December 2014.

Ministry's Reply

There is no full time Internal Control Unit at the Ministry. A request is being made to the Ministry of Finance and Economic Development to provide for a full-fledged Internal Control Unit.

The Ministry is proposing to submit a comprehensive proposal to restructure and strengthen capacity at the WRU. An independent panel of experts will support WRU on dam design and construction.

5.5 Bagatelle Dam Project

At paragraph 5.2 of the Audit Report for the year ended 31 December 2013, I mentioned a number of shortcomings relating to the design and implementation of the Bagatelle Dam Project. These shortcomings continued to have a bearing on the execution of the project during the year under review.

At time of audit in May 2015, the construction works were still in progress. Due to the significant changes made during construction, in dam foundation, from grouting to Cut-off Wall (COW), and in spillway, from 'ogee' type to 'morning glory' type, the contract for the construction works awarded to the foreign firm in July 2011 for the sum of Rs 3,332 million, was revised to Rs 5,654 million in July 2014.

As of 31 December 2014, payments under the construction contract totalled Rs 3,517 million, including Rs 978 million for COW paid during 2014.

5.5.1 Contract with first Consultant for Consultancy Engineering Services

At paragraph 5.2.2 of the Audit Report for the year ended 31 December 2013, I pointed out that the Ministry had terminated the contract with the Consultant for the provision of 'Consultancy Engineering Services for the Detailed Design and Construction Supervision of the Bagatelle Dam' in February 2014 for having failed to perform the detailed design of the Bagatelle Dam with the standard of care and diligence expected from a Consultancy Firm of international repute.

Out of the contract sum of Rs 169.4 million with the Consultant, the Ministry paid a total amount of Rs 135.5 million as of 31 December 2014, that is 80 per cent. In March 2014, the Ministry issued a Notification of Claim for damages for Rs 935.7 million, as prepared by the Independent Expert who was appointed to review the major changes to the original design in spillway and foundation treatment done by the Consultant.

In order to assist Government to resolve the claim for damages, the Ministry appointed a foreign legal firm and another independent geotechnical expert in 2014. The latter submitted his report on 27 November 2014 and was paid some Rs 1.5 million. The advice of the legal firm was obtained in January 2015.

Observations

- The decision to resolve the claim for damages amounting to Rs 935.7 million against the first Consultant was still pending at time of audit in April 2015.
- In April 2014, the Consultant submitted three claims for services rendered during period January to February 2014 totalling Rs 3.7 million. The WRU proposed that legal advice be sought for the option of withholding them. Payments totalling Rs 3.7 million were however released to the Consultant in July 2014 in spite of the pending claim for damages against the latter preferred by Government. Moreover, no legal advice has been sought as to whether withholding these claims would be the best option for Government.

Ministry's Reply

- In view of the complexity of the claims and the contract implications, this Ministry has been maintaining close consultation with the Attorney General's Office on the course of action to be followed. It is proposed to have recourse to an amicable settlement on the dispute, in accordance with the provisions of the contract.
- Outstanding payments to the Consultant and the amounts claimed in respect of design changes, which is the subject of dispute, have been retained.

5.5.2 Replacement of the Consultant by Another One

Government approved the issue of a Notice of Termination to the first Consultant and the appointment of another one, under emergency procurement, in November 2013. The Ministry terminated the consultancy contract with the first Consultant in February 2014.

According to a letter from the Central Procurement Board (CPB) dated 3 December 2013, the first Consultant was awarded the contract in January 2009 as it ranked first among three qualified bids. Details of the three bids are shown in Table 5-3.

Table 5-3 Ranking by CPB of three qualified bids in 2008

| Financial Proposal Rs million | Rank of Bid |
|--|--------------------|
| 169.3 | 1 |
| 180.5 | 2 |
| 117.9 | 3 |

Source: Faxed letter dated 3 December 2013 from CPB to the Ministry

Subsequently, Government approved the Ministry's proposal to procure consultancy services of the second ranked Consultant on a fast track basis to take over the supervision of the project from the first Consultant in order to avoid any disruption in construction works.

Fresh proposals of the second bidder only were then received in February 2014, and same were evaluated by a Bid Evaluation Committee at the Ministry. Following negotiation with the firm, on 25 March 2014, the Ministry awarded the contract to take over the consultancy services on the project for some Rs 183.6 million, to the second ranked Consultant. Payments to the latter as of 31 December 2014 totalled Rs 76.6 million.

Observations

The price tendered in May 2008 by the third ranked qualified bidder was some Rs 117.9 million against Rs 180.5 million for the second one, that is a difference of some Rs 62.6 million. No consideration was given to the third ranked bidder though its bid was retained by the CPB in 2008. Also, there was a minor difference between the final marks scored by the second and third qualified bidders.

Ministry's Reply

In the light of the termination of the contract of the first Consultant in February 2014, urgent action had to be taken to appoint a new Consultant to take over the services so that the supervision of works on site would not be hampered, with consequential claims from the Contractor. A committee set up by the Ministry requested the second ranked bidder to submit its proposals. On receipt of the proposal from the latter on 18 February 2014, a Bid Evaluation Committee was set up at the Ministry. The Bid Evaluation Committee confirmed that the firm was fully qualified to undertake the consultancy services. Thereafter, the approval of Government was sought and obtained to appoint a new Consultant, the second bidder.

It is the practice to resort to the second best evaluated offer, in case of discontinuity of service of the first ranked bidder. It is to be pointed out that for such complex contracts, the evaluation is based on quality/costs and not exclusively on cost.

5.6 Project : Construction of a Diversion Dam and Canal at Arnaud

To alleviate water shortage in winter/dry periods, the WRU together with the Ministry decided to explore the possibility of diverting flood flows from Riviere du Poste into Mare aux Vacoas Reservoir in 2008.

The project 'Construction of a Diversion Dam and Canal at Arnaud' comprises the following components:

- Construction of an earth dam of length about 220 metres and height 18 metres;
- Construction of a canal of length of about 1 km and width 30 metres; and
- Construction of a free crest spillway on the left bank of the river with crest width 40 metres.

5.6.1 Cost Estimates

In March 2010, the Feasibility Study Report submitted by the Consultant, mentioned a project cost of Rs 144 million, that Government subsequently approved. Following detailed design, the project cost was revised to Rs 315.3 million in November 2011. In May 2012, the construction contract was awarded for an amount of Rs 240.6 million.

Observation

Government's approval was initially obtained in July 2010 for the project cost of Rs 144 million. However, Government's approval for the revised project cost of Rs 315.3 million was not available.

5.6.2 Consultancy

Consultancy contract

In June 2009, following a bidding exercise, the Ministry awarded the consultancy contract for Phases I and II to a firm for some Rs 4.5 million and Rs 7.7 million respectively. The consultancy services under the project consisted of the following two phases.

- Phase I - Feasibility study.
- Phase II - the preparation of detailed design and of tender documents and the provision of construction supervision.

The Consultant submitted his feasibility study report, which was endorsed by the WRU in January 2010. Government's approval was obtained in July 2010 to proceed with Phase II of the project.

In addition, the Ministry paid some Rs 1.9 million under a separate contract for geological and geotechnical investigations done by another firm under the supervision of the Consultant. The geological and geotechnical report was submitted in 2011. Subsequently, the Consultant completed his design report in September 2011.

Change in Scope of Project during Construction and Extensions of Time

In April 2013, the Contractor for the construction of the dam/canal submitted a proposal for a change in dam axis and dam type with a change in completion date from April to November 2013. The Consultant recommended the change.

On 29 April 2013, the WRU reported to the Ministry that the change in dam axis would have a smaller impoundment of 100,000 m³ compared to the original design of 350,000 m³. Subsequently, in June 2013, March and September 2014, the Ministry approved the extensions of time for the project completion to November 2013, August and November 2014 respectively.

As of 31 December 2014, the Consultant was paid a total amount of Rs 15.3 million for

services rendered for period up to November 2013, under Phase I and Phase II. The difference between contract price and actual payment was mainly due to a variation on account of change in dam type and extended supervision fees.

Observations

- The Consultant, who was assigned the feasibility and design of the project, concurred with the Contractor's proposal to change the dam axis two years after in April 2013, time when the project was initially expected for completion. The Consultant justified the acceptance of change in dam axis which was more oriented towards timely completion of the project rather than based on technical benefits.

However, there is the risk that the initial design was not properly done.

- Contrary to the terms of reference of the Consultant, the latter has not yet submitted a post completion report, executed drawings and operation and maintenance manual as of 30 April 2015.
- The Consultant has extended his services from mid November 2013 to mid December 2014. However, no amendment to the contract thereof has yet been made.

5.6.3 Contract for Construction Works

Following procurement exercise, the Ministry awarded the construction contract in May 2012 to a foreign firm for some Rs 240.6 million. The construction works started in mid July 2012. The contractual period was for a duration of 10 months, with expected completion by mid April 2013.

Subsequently, the Ministry approved the extensions of time thrice to the Contractor without cost for the project completion to November 2013, August 2014 and 30 November 2014.

As of 31 December 2014, payments to the Contractor totalled some Rs 130 million out of the revised contract value of Rs 226 million.

Observations

- Of the total revised cost of Rs 15 million for the component relating to canal construction for a length of 1 km, and width 30 metres, payments reached some Rs 4.2 million as of 30 April 2015.
- A site visit was effected by my Officers in May 2015 and noted that the banks were eroded along some 700 metres of the canal towards Mare aux Vacoas reservoir. Further,
 - no drawings were available at the Ministry to confirm whether the banks along the 700 metres should consist of rip-rap and other concrete works;
 - there is the risk that the banks can further be eroded during periods of heavy rainfall

leading to loss of flood flows, which is against the objective of the project.

- The dam is operational since December 2014. A list of outstanding works was submitted by the Contractor on 15 January 2015 to the WRU for completion by September 2015. However,
 - No practical taking over certificate has yet been signed.
 - Final measurements were not yet available in April 2015.

Ministry's Reply

- The amount of pending payments for the canal construction is estimated at Rs 11 million.
- The erosion is only over a stretch of 70 metres.
- The risks of erosion have been mitigated as grass has already been planted to hold the top soil.
- The taking over certificate has been delayed as the Ministry has been advised by the Attorney General's Office to sign a new contract in respect of the services of the Consultant as from November 2013 to the end of the Defects Liability Period.

5.7 Project: Riviere des Anguilles Dam

The Riviere des Anguilles Dam (RAD) Project was conceived in order to satisfy the increasing demand of water for domestic purposes, and the tourism and for irrigation sector in the South and part of Western region of Mauritius. Government has, during the past six years already spent some Rs 128 million on the project as at end of April 2015.

5.7.1 Consultancy

Feasibility Study

The contract for the feasibility study was awarded to a foreign firm in March 2007 for Rs 22.5 million. The feasibility report, which was completed in May 2009, mentioned the following:

- that a dam on the Riviere des Anguilles is the suitable solution to provide additional water resource in the South and part of Black River District;
- that the construction of rockfill dam with cut-off wall and asphalt sealing on the RAD was recommended;
- that the dam will have a capacity of 14 million cubic metres.

Preparation of Detailed Design

In May 2009, the Central Procurement Board (CPB) approved the request for a variation of

the contract for feasibility study for Rs 6.8 million for the preparation of the detailed design and bidding documents for the construction stage.

The design reports and the final bidding documents were submitted in October 2009 and May 2011 respectively.

5.7.2 Activities Undertaken that were Completed

Since May 2009, the Water Resources Unit initiated other activities simultaneously. As of April 2015

- Geological investigations were completed in February 2010 by a local firm at a cost of Rs 12.8 million.
- The Environment Impact Assessment (EIA) report for dam and the quarry area was completed in October 2010.
- The EIA licence was obtained in July 2011.
- Government paid some Rs 107 million for land acquisition of some 331 arpents for the dam site that has already been vested in the Ministry since September 2012.
- Rs 1.3 million were paid to a private Surveyor for survey works for land and rock quarry for the dam. This was completed in November 2010.

5.7.3 Activities not yet Finalised

Some activities were yet to be finalised and included the following:

- finalisation of a lease agreement with the Mauritius Broadcasting Corporation (MBC) for a rock quarry of 13.4 arpents;
- finalisation of an agreement for a rock haulage road with stakeholders;
- acquisition of another quarry site of some 6 arpents under negotiation since 2012.

5.7.4 Contract for the Design Review and Construction Supervision

The Ministry, awarded the contract for the Design Review and Construction Supervision of the RAD project to the same foreign firm who was also awarded the consultancy contract for Bagatelle Dam Project in March 2012. Following problems encountered on the latter project with the Consultant, the Ministry also terminated the contract for RAD Project with the Consultant in August 2013.

Subsequently, the Ministry again invited for another Expression of Interest (EOI) for consultancy services on *Design Review and Construction Supervision* in November 2014. These EOIs were still under evaluation at the CPB at time of audit in April 2015.

Observations

- In mid 2009, the project for the dam construction was expected for completion by end of 2014 at an estimated cost of some Rs 2.5 billion, excluding the water treatment estimated at Rs 0.9 billion. In March 2014, the expected date for completion has been rescheduled to February 2020. Consequently, the overall project duration has overrun by over five years and the dam construction would now cost some Rs 4.5 billion, an increase of some 80 per cent over the initial estimated cost.
- The previous owners of the 331 arpents of land acquired by Government since September 2012 were still occupying the land for cultivation of sugar cane.

The Ministry of Housing and Lands has claimed from the previous owners a fee of Rs 1,500 per arpent per annum only on 30 March 2015, that is 30 months after having vested the land in the Ministry. The claim covered the period of occupancy since the date of acquisition.

- In September 2012, Government signed an agreement with the Agence Francaise de Development (AFD) to finance the project to the tune of Euro 62.5 million (Rs 2.5 billion). The loan was to be disbursed over a period of some six years, that is from November 2012 to March 2018. However, no fund was disbursed and Government had lost the opportunity of having fund for the project at preferential rate of interest.

Ministry's Reply

Initially the project was planned for completion by end of 2014. However, the project has suffered delays due to the following factors:

- Based on the CPB recommendations, the Consultant was awarded the contract for consultancy services for design review and construction supervision on 25 March 2012. The contract was terminated in August 2013 on grounds that the Consultant has failed to maintain the appropriate standards on the Bagatelle Dam Project;
- the land acquisition for the dam site and quarry has taken longer time than expected in view of the statutory procedures to be followed by the Ministry of Housing and Lands;
- the Ministry of Finance and Economic Development had to find additional financial resources for the Bagatelle Dam, and this impacted on the funding of the Rivière des Anguilles Dam.

The Expression of Interest for the consultancy services has been completed and the Request for Proposal will be issued shortly. Works are expected to start in mid-2017 for completion by end 2020. Provision has been made in the budget for the project.

6 - VICE- PRIME MINISTER'S OFFICE, MINISTRY OF FINANCE AND ECONOMIC DEVELOPMENT

6.1 Tourist Villages Project

Introduction

Since 2006, Government intended to set up five Tourist Villages around the island to enhance growth in the tourism sector, and at the same time to give opportunities to small operators. The objectives of the Tourist Villages Project were:

- to offer shopping outlets, restaurants and leisure facilities that would cater for tourists;
- to provide spaces that would be reserved mostly to SMEs and the promotion of Mauritian arts and crafts;
- to be a powerful instrument to democratise the tourism industry.

To fulfill the objectives of the Empowerment Programme that also included the setting up of five Tourist Villages around the island, Government set up a Steering Committee to implement the Programme.

6.1.1 Implementation Team set up by Ministry of Finance and Economic Development

In October 2006, the Ministry of Finance and Economic Development (MOFED) set up an Implementation Team comprising seven representatives from the private sector, three Officers of MOFED and a representative of the Ministry of Tourism to oversee the implementation of the above mentioned Tourist Villages Project.

A state owned company was designated as the Implementing Agency for the project in October 2006.

Project Financing

Following Government approval, the Tourist Villages Company Ltd (TVCL) was incorporated in June 2007. A private firm was appointed as Company's Secretary.

Government injected funds totaling Rs 315 million in the share capital of the TVCL between June 2007 and June 2009.

Funds raised for the share capital were partly applied for the construction of Belle Mare and Mahebourg Tourist Village Projects. Following completion of the projects in September 2013, the Company refunded Government a sum of Rs 145 million.

6.1.2 Belle Mare Tourist Village Project (BMTV)

The Belle Mare Tourist Village project, constructed over leasehold land of an extent of 21,000 m² has a total rental space of 1,352 m² and comprises 35 shops, seven food courts, an auditorium, a museum and an administrative block. On 31 March 2015, TVCL reported to

MOFED that the BMTV has never been operational, that is 42 months after its completion in September 2011.

The market value of the property of BMTV was estimated at Rs 194 million as of 31 December 2012. Little has been collected in terms of rental of shops, that is Rs 149,030 between 2010 and 2012.

From documentation available at the MOFED, the following were noted:

Construction Phase

In February 2008, TVCL informed the Ministry that the cost estimate was revised from Rs 100 million to Rs 120 million. The architectural design competition was finalised in October 2007. Tenders for consultancy services for mechanical, electrical, civil and structural works at Belle Mare were floated in October 2007, whereas tenders for construction works were scheduled to be launched in May 2008. TVCL completed the construction of the first Tourist Village at Belle Mare at a total cost of some Rs 185 million in September 2011.

Operations Management

The monthly minimum operating cost would be Rs 1 million. TVCL would have to charge SMEs a minimum rental of Rs 1,300 per m² to ensure its viability. It is unlikely that small entrepreneurs will be in a position to pay such a rental given that lower rentals are charged by other owners in the vicinity. It was found that it would be more appropriate to consider disposing of the BMTV.

Disposal Procedure

Subsequently, Government approved that a competitive tendering exercise be carried out for the disposal of BMTV. The State Investment Corporation (SIC) invited Expression of Interest for the disposal of BMTV in April 2012, but no responsive bid was received.

Observations

- No feasibility study report for the BMTV was available at MOFED though it was a major project.
- The contract for the procurement of works was for some Rs 185 million. There was no approval of this major contract by the Central Procurement Board although the State Owned Company designated as the Implementing Agency was listed as a public body under the Public Procurement Act.
- No documents were available at the Ministry regarding the procurement exercise for the main contractor, payment details, and managing the construction project. These included bids, contract, Handing Over Certificate between the State Owned Company and TVCL and Final Accounts.
- As per financial statements of TVCL for year ended 31 December 2013, the Company has cumulative net profits (retained earnings) of Rs 29.8 million, resulting mainly from

interests received totalling some Rs 71.5 million. However, details and nature of the Debtors figure of Rs 27.8 million could not be ascertained.

- Lease terms for rental were of 12 months renewable upon mutual agreement. Given that these villages were set up to help local artisans by leasing out space, little has been collected in terms of rental of shops.

6.1.3 Mahebourg Tourist Village

In addition to the BMTV, the Company has also invested Rs 5.9 million for the setting up of the Mahebourg Tourist Village (MTV). The MTV Project was to cater for 11 individual craftsmen and two associations from south of the island.

Observations

- The total figure for investment in MTV Project of Rs 5.9 million as per the Company's financial statements for the year ended 31 December 2011 was written off as a loss.
- For both projects, significant Government funds and resources of some Rs 170 million were not properly managed. Public funds have also been tied up in these unutilized assets for more than four years now.

Ministry's Reply

- In May 2007, Government was informed that there was no need for a feasibility study given that the Belle Mare region is surrounded by hotels and the site is easily accessible to tourists as per criteria established.
- All the Directors of the TVCL had resigned. A new Board has recently been constituted. One of the responsibilities of the Board will be to look into the future of Belle Mare Village, including the possibility of transferring all assets to an appropriate Government owned entity or disposing same through open bidding exercise.

Mauritius Revenue Authority

Customs

6.2 Transfer of goods to Auction Sales

Section 61(1) of the Customs Act provides that where goods are landed and are not claimed or removed within two months of being landed, the Director-General may cause the goods to be sold by public auction or public tender, as he may determine, after giving public notice of the sale.

Observations

6.2.1 Overlying goods at freight Stations

A scrutiny of the Un-stuffing Register of two freight stations revealed that as of June 2015, 78 vehicles, as well as several other items, such as spare parts, fittings, construction materials and garments have been overlying beyond the prescribed delay of two months, as per Customs Regulations. Some of these goods have even remained at the freight stations since four years back.

The overlying vehicles comprised imported second hand cars of various makes and models. These vehicles were in good condition with an average market value ranging from Rs 350,000 to Rs 600,000. Had these vehicles been sold in accordance with Section 61(1) of the Customs Act, Government could have benefited from additional revenue of some Rs 30 million.

Most of the overlying vehicles at freight stations were imported by dealers who were delaying payment of customs duties while some of them were already benefiting from deferred payment facilities for Bonded Warehouses, under Section 67 of the Customs Act.

Management's Reply

Auction sales are carried out at Customs warehouses. However, the existing Customs warehouses do not provide enough space to display a large volume of goods for sale. Action has been initiated to look for additional space for storage and auctioning of goods.

A high proportion of goods that are sent for auction do not fetch the reserve price that is laid down in the legislations, and have to be auctioned again at a second/third attempt.

Over the past five years, auction of vehicles have yielded, on average, some Rs 142,600 per vehicle. The estimates of Rs 350,000 to Rs 600,000 are on the high side.

NAO's Comment

The average price fetched over the past five years cannot be used due to the concept of time value of money.

6.2.2 Overlying Vehicles at New Container Terminal of Mauritius (NCTM)

A site visit was carried out by my Officers on 3 June 2015 at the NCTM. 15 vehicles were found overlying there for more than five years and have been subject to deterioration, thereby affecting their sale value. No records were available at the Seaport Operations Section regarding the ownership of these vehicles and the reasons for their non-clearance. One of the vehicles was a high value luxury car. Had timely action been taken by Customs, significant proceeds could have been obtained from the sale of these vehicles.

Management's Reply

MRA will organize dedicated auction sales for motor vehicles by September 2015.

6.2.3 Overlying Containers at Cargo Handling Corporation Ltd (CHCL)

There were 99 imported containers which were overlying for more than six months at CHCL, including 26 containers, which have remained there for a period ranging from two to four years. These containers held valuable items such as vehicles, plumbing materials and new spare parts. Given that Customs has not taken prompt action for disposal of these unclaimed containers, there is the likelihood that substantial revenue might have been foregone. Further delay in selling these goods will negatively impact on their disposal value.

Management's Reply

An action plan has already been prepared to proceed with the timely transfer and disposal of overlying goods.

6.2.4 Detained Goods at Customs Warehouse

There were several items lying at the Warehouse which had been identified by Customs for destruction since January 2013. These included electronic wastes, medical products and hazardous waste. However, no action has been taken to date, that is, after more than two years, for their disposal.

Management's Reply

No appropriate site was available for the destruction of goods. Sites for destruction of hazardous goods and for waste recycling have been identified as per paragraph 124-125 of Budget Speech 2015 and the Mauritius Revenue Authority will do needful.

Recommendations

- Proper control should be exercised on overlying goods.
- Timely remedial action should be taken to transfer goods to the auction sales to maximize revenue as long outstanding items are likely to bring in lesser revenue.

- There is a need to carry out a complete survey of overlying containers and goods at freight and landing stations. A realistic period/interval to carry out such surveys has to be set out by Customs for the timely transfer of items to auction for disposal.
- Procedures should be initiated for disposal of hazardous waste in a timely manner.

Management's Reply

- Proper mechanism will be put in order that overlying goods are transferred for auction sale in a timely manner as per law and established procedures.
- The number of auctions to be carried out by Customs will be increased substantially.
- In order to safeguard revenue, the MRA will consider offering for auction, on a priority basis, goods which have higher market value and are easily saleable.
- With a view of expediting the disposal of overlying goods, an e-auction sales project is being developed.
- Following the Finance Act 2015, the MRA will use its new powers under the Customs Act to liquidate unclaimed goods and free capacity in customs warehouses.

6.3 Customs – Return of Arrears of Revenue - Rs 621,225,740

Arrears of Revenue consist of duties and taxes together with penalties and interests payable in respect of claims raised and Customs Offence Reports (CORs). These debts are classified as collectible and non-collectible.

The Arrears of Revenue as at 31 December 2014 were reported at Rs 621.2 million, of which only some 11 per cent (Rs 66.5 million) were accounted as recoverable. Debts totaling Rs 554.7 million have been reported as non-collectible as these debts have not yet been compounded since the debtors were not agreeable to settle the amount claimed as shown in the Table 6-1.

Table 6-1 Ageing of debtors in respect of COR and Claims outstanding as at 31 December 2014

| | Total No of cases | COR | | Claim | | Total Amount Rs |
|-----------------------|-------------------|-------------------|-----------------------|-------------------|-----------------------|--------------------|
| | | Collectible Rs | Non-Collectible Rs | Collectible Rs | Non-Collectible Rs | |
| 2010 & previous years | 92 | 3,621,702 | 133,339,403 | - | 139,458,426 | 276,419,531 |
| Year 2011 | 198 | 37,197 | 5,505,481 | - | 2,622,022 | 8,164,700 |
| Year 2012 | 119 | 50,000 | 147,910,170 | 1,841,526 | 6,997,845 | 156,799,541 |
| Year 2013 | 125 | 300,000 | 20,661,117 | 2,749,624 | 22,125,282 | 45,836,023 |
| Year 2014 | 181 | 1,291,449 | 38,811,265 | 56,612,537 | 37,290,694 | 134,005,945 |
| Total | 715 | 5,300,348 | 346,227,436 | 61,203,687 | 208,494,269 | 621,225,740 |

Observations

6.3.1 General

- The Statement of Arrears was drawn up manually as debts prior to 2012 totalling some Rs 284.6 million were not included in the Customs Management System (CMS).
- The total amount of debts raised in respect of claims for period 2012 to 2014 as per Return of Arrears of Revenue differed from the balance of debts in the CMS by Rs 61.5 million. No reconciliation exercise was carried out to tally these two figures.

Management's Reply

- At the time of creation of the COR Module in 2010 and CDMS Module in 2012, a cut-off date was established by the MRA. All unsettled CORs and claims prior to the above periods were to be maintained and monitored in an excel database.
- All the figures submitted in the Statement of Arrears have been manually checked and reconciled. MRA is prepared to look into system problems which may result in the discrepancies highlighted.

6.3.2 Accuracy of the Figure - Rs 621,225,740

The accuracy of the figure for arrears of revenue as per the Return submitted to the Accountant General could not be ascertained for the following reasons:

- Included in the figure of Rs 346,227,436 was an amount of some Rs 51.1 million which had been earmarked for write off as Court judgment has already been delivered or the Customs Legal Services Department has recommended to set aside these cases.
- Further to paragraph 6.2 of the Annual Report for the year ended 31 December 2013, deferred payment in respect of Maurice Ile Durable (MID) levy, excise duties and VAT payable by State Trading Corporation (STC) relating to the financial year ending 31 December 2014 and amounting to Rs 364.5 million was not included in the Return of Arrears of Revenue.

Management's Reply

- Debts will be reduced in the Statement of Arrears of Revenue where decisions/judgments have been given by the legal institutions. For other types of debts which need to be reduced, an administrative mechanism will be put in place.
- Section 8(2) of the Customs Act 1988, provides for deferred payment by the State Trading Corporation within a period of 30 days. Therefore the sum of Rs 364.5 million is considered as a deferred payment.

6.3.3 Recovery of debts /long outstanding debts

- Long outstanding non-collectible debts pertaining to period prior to 2011 were Rs 273 million which represented 44 per cent of total arrears of revenue. Recovery of those prior years debts appeared to be remote due to the following:
 - During 2014, only a sum of Rs 2.6 million was collected representing less than one per cent of total debts relating to the period prior to 2011. For the years 2012 and 2013, sums of Rs 857,224 and Rs 441,948 respectively were collected.
 - Total repayment in respect of previous years' debts was only Rs 24.3 million, that is less than 4 per cent of total debts of Rs 621.2 million.
- Included in the non-collectible debts of Rs 273 million was an amount of Rs 174.6 million in respect of debts for period prior to 2010, for which Court proceedings for recovery of duties and taxes had not been instituted as at 31 December 2014.

Management's Reply

Debts can only be collected after a Court decision has been delivered. Thus, the slow recovery is quite normal and also beyond the control of MRA. Conscious of the time taken for debt to materialise once at Assessment Review Committee (ARC) and Court, the MRA has requested and obtained additional powers such as inscriptions, attachment orders etc in 2015 through the Finance Act.

6.3.4 Debt Management

Claims and CORs initiated by different units were registered in CMS and forwarded to Debt Management Unit for follow up. Out of a total of 715 debtors reported as at 31 December 2014, 591 cases amounting to Rs 413.8 million were still under process at the Legal Services Department (LSD) or the Debt Management Unit at Customs and the Attorney General's Office (AGO).

Observations

- There were delays in the processing of debts to be sent to Court. Thus, over 80 per cent of debtors were not compounded or sent to Court.
- Delay in processing of claims may lead to cases being time barred and debts irrecoverable after five years, in line with Section 148(1). Further, Section 15 (1B) (a), which was amended in 2013, stipulates that any claims arising with respect to a validated bill of entry, in respect of goods already cleared by Customs, should be made by the Director General within three years from the date of the validated bill of entry. As per this provision, claims in respect of all bills issued in 2013 will thus become time barred in 2016.
- Several cases were referred to the AGO or ARC since more than ten years back. However, no reminder was issued to these Offices regarding status of the debts during 2014. No correspondence was also sent to the Police regarding status of the cases referred thereto or whether these cases have already been filed.

Management's Reply

- No Attorney was available at the MRA and these cases had to be referred to the AGO for recovery. Unfortunately, the cases were not lodged. Since March 2015, three claims have been forwarded to a private Attorney for plaints to be lodged.
- MRA has put in place a monitoring system to ensure that cases are dealt with within the stipulated time limit.
- A working arrangement is being put in place for the exchange of information between the different Legal Institutions and the MRA.
- Regular meetings are being held with the Debt Management Unit and the LSD for the proper administration of debts and claims.

Registrar-General's Department

6.4 Revenue Collection

During 2014, some Rs 5.9 billion were collected as revenue by Registrar General's Department (RGD). The core system of RGD was computerized since 19 May 2014. However, no computerized daily Cash Book Report and transactions listings could be generated from the system for the period 19 May to 31 December 2014.

According to the Revenue Collection Report, provided by RGD's IT Unit, total collections amounted to some Rs 2,894.4 million, whilst the net revenue reported in the Treasury Accounting System (TAS) was Rs 3,687.5 million for the same above period. No reconciliation exercise was carried out to explain the difference of Rs 793.1 million.

Department's Reply

The Registration of Deeds and Documents System captures all revenue collections at RGD and is shown in the Daily Analysis Collection Report. Collections for period 19 May to 31 December 2014 amounted to Rs 3,499.7 million whereas the TAS figure indicated Rs 3,674.0 million. Some departments collect revenues on behalf of RGD and adjustments are made at the level of the Treasury.

6.5 Debtors

According to records maintained by the Valuation Section of the RGD, debtors totalled Rs 438 million whilst in the Statement of Arrears of Revenue, for inclusion in the Accountant General's Report, the amount recorded as due was Rs 440 million, that is, a net difference of Rs 2 million as at 31 December 2014.

Department's Reply

The amount recorded in the Statement of Arrears of Revenue for inclusion in the Accountant General's Report should have been Rs 439 million. The difference of Rs 1 million will be adjusted in the current financial year after an indepth analysis on previous debts.

6.5.1 Debtors Management at RGD

Financial Review of Arrears of Revenue – Rs 440 Million

Arrears of revenue remained a high risk area. Total debtors balances stood at Rs 440 million at 31 December 2014 compared to Rs 331 million at 31 December 2013, that is, an increase of 33 per cent. This is shown in Table 6-2.

Table 6-2 Movements of Arrears of Revenue from 2010 to 2014

| | 2010 | 2011 | 2012 | 2013 | 2014 |
|----------------------------|---------------|---------------|---------------|---------------|---------------|
| | Rs million | Rs million | Rs million | Rs million | Rs million |
| Balance at 1 January | 181 | 196 | 213 | 290 | 331 |
| Adjustment to Debits | 3 | (5) | (14) | (40) | (24) |
| Collections | (13) | (12) | (19) | (27) | (32) |
| Write Off | | | | (1) | (10) |
| Sub Total | 171 | 179 | 180 | 222 | 265 |
| New Debtors | 25 | 34 | 110 | 109 | 175 |
| Balance 31 December | 196 | 213 | 290 | 331 | 440 |

Source: Return of Arrears of Revenue and Past Audit Reports

An ageing analysis of arrears of revenue of Rs 438 million as at 31 December 2014 obtained from the Valuation Section of RGD showed long outstanding debtors as shown in Table 6-3.

Table 6-3 Ageing Analysis of Arrears of Revenue

| | To Dec 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | Total |
|-----------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | Rs million |
| Registration Duty | 52.5 | 3.5 | 3.1 | 9.0 | 21.0 | 71.6 | 160.7 |
| Land Transfer Tax | 29.8 | 6.0 | 7.6 | 26.7 | 32.2 | 77.4 | 179.7 |
| Leasehold Rights Tax | 2.1 | 0.2 | 4.1 | 2.5 | 16.4 | 10.9 | 36.2 |
| Capital Gains Tax | 11.6 | | | | | | 11.6 |
| Campement Site Tax | 10.8 | 0.8 | 0.6 | 0.6 | 1.6 | 0.3 | 14.7 |
| Campement Tax | 3.7 | 0.3 | | | | | 4.0 |
| Short on Deed | 11.8 | | | 15.7 | 0.1 | | 27.6 |
| Incorrect Declaration | 3.5 | | | | | | 3.5 |
| Total | 125.8 | 10.8 | 15.4 | 54.5 | 71.3 | 160.2 | 438.0 |

Source: Valuation Unit: Arrears July-December 2014 Individual

- The arrears arose because additional taxes raised after the valuation exercise were not being settled since several years.
- Debtors' position had not much improved. Between 1 January 2010 and 31 December 2014 total Debtors balances have increased from Rs 181 million to Rs 440 million. During the past five years, new debtors totalled Rs 453 million, but amount recovered from debtors totalled some Rs 103 million. Debtors of some Rs 91 million have been written off as adjustment.

6.5.2 Debt Recovery

There is a low rate of recovery of debtors. From January 2010 to December 2014, Amounts recovered were between Rs 12 million and Rs 32 million, that is, between six per cent and nine per cent of balance due at start of the year.

6.5.3 Significant Companies and Individuals as Debtors

569 companies and 6,388 individuals owed RGD some Rs 219.3 million and Rs 218.7 million respectively as at 31 December 2014, as shown in Table 6-4.

22 companies and 16 individuals each owing above Rs 1 million to RGD owed a total of Rs 223.3 million and which account for 51 per cent of the total arrears figure.

Table 6-4 Amount due by Companies and Individuals

| Category of Debtor | No. of Debtors | % No. of Debtors | Amount Due Rs million | % of Amount Due |
|---------------------------|-----------------------|-------------------------|------------------------------|------------------------|
| Company | 569 | 8% | 219.3 | 50% |
| Individual | 6,388 | 92% | 218.7 | 50% |
| Total | 6,957 | 100% | 438.0 | 100% |

Of the 6,957 debtors, 5,996 of them (86 per cent) owed up to Rs 50,000 each and for a total amount of Rs 80.8 million as of 31 December 2014. Table 6-5 refers.

Table 6-5 Range of amount due by Companies and Individuals

| Amount Range | Companies | | Individual | | Total Debtors | | |
|------------------------|----------------|-------------------|----------------|-------------------|----------------|-------------------|------------|
| | No. of Debtors | Amount Rs million | No. of Debtors | Amount Rs million | No. of Debtors | Amount Rs million | % Due |
| Rs 1 m and above | 22 | 174.8 | 16 | 48.5 | 38 | 223.3 | 51 |
| Rs 0.5 m- <Rs 1m | 18 | 12.4 | 22 | 14.3 | 40 | 26.7 | 6 |
| Rs 0.1m- <Rs0.5m | 99 | 20.2 | 276 | 51.8 | 375 | 72.0 | 17 |
| Rs 50,000 - <Rs0.1 m | 76 | 5.3 | 432 | 29.9 | 508 | 35.2 | 8 |
| Rs 10,000 - <Rs 50,000 | 230 | 5.9 | 2,725 | 60.4 | 2,955 | 66.3 | 15 |
| Rs 1 - <Rs 10,000 | 124 | 0.7 | 2,917 | 13.8 | 3,041 | 14.5 | 3 |
| Total | 569 | 219.3 | 6,388 | 218.7 | 6,957 | 438.0 | 100 |

6.5.4 Debtors Campement Owners

337 Campement Owners owed taxes for a total amount of Rs 18.9 million as of 31 December 2014, including some Rs 1.9 million for debts relating to years 1982 to 2002.

6.5.5 Controlled Environment for the Management of Debtors at the RGD

The legislation provides for the procedures that RGD needs to follow in case of reassessment and measures to be taken for non- payment of additional tax/duty.

Normal recovery of debt involves mainly the departments of Valuation, Enforcement Unit and Objection Unit of RGD. The RGD also has the support of the Valuation Office, Ministry of Finance and Economic Development (MOFED), the Judiciary, the Attorney General's Office (AGO), the Commissioner of Police (COP), the Companies Division, etc for the management of debtors. It has to report to the Accountant General on debtors figures every semester.

Despite the measures taken by RGD, arrears of revenue were still on the high side because time taken to recover payment was long.

Department's Reply

Section 44 of the Land Duties and Taxes Act provides that a case is time barred after the expiry of five years from the date on which the deed was registered or from the date of the decision of the Assessment Review Committee. This office has made a proposal to the MOFED to extend the time limit from five to 10 years.

6.5.6 Untraceable Debtors

There was no proper follow up on Untraceable Debtors by RGD Officers. No report from the COP was available. The register of untraceable debtors was not updated.

Department's Reply

Section 36 of the Registration Duty Act has been amended by the Finance Act 2015 to include the Postal Code in the address of each party to the deed. The Register for Untraceable Debtors and the list in soft copy are records of cases where Notices could not be served. On receipt of the reply from COP, the report is classified in the respective file and the procedures are continued in the case file. Due to lack of staff no proper follow up on Untraceable Debtors in the soft copy could be carried out.

6.5.7 Non-compliance with Financial Instructions relating to 'Arrears of Revenue'

Contrary to financial instructions issued by MOFED, no Revenue Register, Manual of Instructions, proper management information system and revenue analysis were maintained to ensure timely follow-up of receivables and for subsequent enforcement action.

Department's Reply

Qualified staff for Debt Management is needed to follow instructions given in the Financial Instructions on 'Losses, Arrears of Revenue, Write-off and Advances' for compliance by Ministries/Departments. The more recruitment will be done, the higher will be the running costs of the department without any guarantee that the debt will be recovered.

There is an effective mechanism put in place at the Mauritius Revenue Authority (MRA) to recover debts. Another option is to outsource the debt recovery to MRA.

6.5.8 Examination of Files

A sample of 15 files relating to companies owing some Rs 122.4 million was examined.

- Two companies, the buyer and seller of a property, owed a total of Rs 105 million since November 2014.
 - The seller who owed Rs 52.5 million has not raised any objection to the amount assessed by the Valuation Department. It has not yet settled its debt despite it has quite recently encashed a large sum of money from the above transaction. The seller was in the process of liquidation since October 2013.
 - The buyer, also indebted to the RGD for Rs 52.5 million has not raised any objection to the amount assessed by the Valuation Department within the deadline. He has lodged an objection to the Assessment Review Committee afterwards, that has yet to be determined.
- The time taken to determine objection cases by the Valuation Department was too long.

- No proper follow-up was made. Reminders were not sent in six cases, whereas for the other nine cases, reminders were sent only once.

Department's Reply

Finance (Miscellaneous Provisional) Act 2015 (Act No. 9 of 2015) has amended the Land Duties and Taxes Act and provides that all cases pending before the Objection Unit will have to be dealt with before 1 September 2015 and those where objections have been lodged after 1 June 2015 will be dealt with within four months.

6.5.9 Cases Referred to Judiciary – Contrainte

From October 2013 to December 2014, 675 cases totalling Rs 73.3 million were referred for legal action.

Observations

- 81 cases totalling Rs 5.9 million were settled in full.
- Seizures were effected in 17 cases involving a total amount of Rs 1.7 million.
- 447 cases totalling Rs 38.3 million were awaiting for Judge's Orders.
- No Service Orders were effected in 75 cases totalling some Rs 12.7 million for which Judge's Order had already been obtained.
- Of 62 cases amounting to Rs 8.9 million for which service orders were effected, part payments were effected in three cases and in two cases only, seizure procedures have been initiated.

Recommendations

- The systemic problems leading to increasing debtors have not been resolved despite the continuous improvements in the system of registration of immovable properties. There is need for paradigm shift, and to be forward looking for a less complex, but more effective system. The Valuation Department may produce regular Valuation Rolls. LAVIMS needs to be updated regularly by capturing all properties being registered. Alternatively, a Professional Valuer's report needs to be produced at time of registration. However, Regulations would be required for registration of Professional Valuers, as for other Professionals in Mauritius.
- Attachment Orders need to be enforced. Some companies, though indebted, have significant assets on their Balance Sheets for which RGD could impose necessary recovery measures, such as Attachment Orders on bank balances and Property, Plant and Equipment.

Department's Reply

In the Finance Act 2015 provision has been made to allow the RGD to enforce payment through Attachment Orders.

This Office reiterates its recommendation for the establishment of Valuation Roll whereby the value of immovable property will be available prior to registration. This office is strongly in favour of Valuation Roll.

Valuation of property prior to Registration is a matter of policy decision. Same will be implemented once a policy decision is taken.

7 - VICE-PRIME MINISTER'S OFFICE, MINISTRY OF PUBLIC INFRASTRUCTURE, NATIONAL DEVELOPMENT UNIT, LAND TRANSPORT AND SHIPPING

7.1 Disbursements of Grants to the Road Development Authority (RDA)

One of the objectives of the Ministry (MPI) is to improve access, connectivity and mobility of commuters and road assets management. By virtue of the RDA Act, the responsibility for the construction, care, maintenance and improvement of motorways and main roads rests upon the RDA. The duties of the Authority amongst others are:

- Plan, design and supervise the construction of roads and construction and reconstruction of bridges
- Prepare and implement road development schemes
- Conduct and coordinate research and investigation on materials required for road construction

Also all contracts, deeds and other documents are executed by or on behalf of the Authority if signed by the Chairman of the Board and the General Manager.

7.1.1 Disbursements to RDA

The MPI has provided a budget of Rs 799 million for RDA to execute its projects for the year 2014. Actual amounts disbursed for RDA's projects totalled Rs 1,021.3 million during the year as shown in Table 7-1.

Table 7-1 Estimated and Actual Expenditure

| Item Code | Description | Estimates Rs million | Actual Cost Rs million | Over/Under Provision Rs million |
|-----------|--|----------------------------|------------------------------|---------------------------------------|
| 31113-003 | Construction & Upgrading of roads | 360.5 | 246.9 | 113.6 |
| 31113-004 | Construction & Upgrading of bridges | 20.0 | 32.3 | (12.3) |
| 31113-403 | Road Rehabilitation & Maintenance | 418.5 | 742.1 | (323.6)* |
| | Sub Total | 799.0 | 1,021.3 | (222.3) |
| | Recurrent Expenditure and other project acquisitions | 113.0 | 112.8 | 0.2 |
| | Total | 912.0 | 1,134.1 | (222.1) |

Source: PPB Estimates and Treasury Accounting System 2014

*The budgetary shortfall of Rs 323.6 million to meet additional expenditure for Road Rehabilitation & Maintenance Programme (RMP) was funded through reallocation of Rs 123.6 million from other Items and Rs 200 million from 'Contingency and Reserves' on 13 November 2014.

7.1.2 Processing of Disbursements Released to RDA

The RDA examines claims received from Contractors and then applies to the Ministry for release of funds. The 'Requests for Disbursements' are submitted to the Deputy Permanent Secretary responsible for the assignment, for onward approval by the Permanent Secretary, and subsequently, to the Finance Section of the MPI. The MPI disbursed funds for the capital projects to RDA.

7.1.3 Construction & Upgrading of Roads

The Ministry budgeted an amount of Rs 360.5 million for 22 projects under the Item 'Construction & Upgrading of Roads'. This included a sum of Rs 170.5 million for nine projects of which a total amount of Rs 121.7 million was reallocated to other projects, that is some 71 per cent of earmarked funds as shown in Table 7-2.

Table 7-2 Reallocation of Funds from Item 'Construction & Upgrading of Roads'

| Description | Estimates Rs million | Amount Transferred Rs million | Percentage Transferred (%) |
|--|-------------------------|-------------------------------------|----------------------------------|
| Upgrading of A7 from Providence to Flacq | 83.1 | 53.8 | 64.8 |
| New drawing Registry & QS Section | 37.5 | 23.9 | 63.6 |
| Upgrading of access to Flic en Flac | 11.9 | 11.7 | 98.3 |
| Development of Mauritian Standards for Roads Design and Construction | 10.0 | 10.0 | 100.0 |
| Upgrading of Hugnin Road (Study) | 10.0 | 8.7 | 87.2 |
| Traffic Management Plan for Port Louis | 5.0 | 5.0 | 100.0 |
| Consultancy for Recycling of Asphalt | 5.0 | 5.0 | 100.0 |
| Reconstruction of Black River Bridge at La Mivoie | 6.0 | 2.5 | 41.6 |
| Review and Updating the Road Management System | 2.0 | 1.1 | 55.0 |
| Total | 170.5 | 121.7 | 71.4 |

Source: PPB Estimates and Treasury Accounting System 2014

7.1.4 Rehabilitation & Maintenance Programme (RMP)

Actual payments for the RMP reached some Rs 742.1 million in 2014. The RMP is implemented via Work Orders issued by the RDA. This includes works such as resurfacing, patching, road marking, landscaping, rehabilitation and acquisitions of materials.

The Ministry seeks advice of the RDA prior to effecting any reallocation of funds from available budget Items.

Observations

- Although the Ministry has a pool of Engineers, there was no independent Technical Audit Section set up to examine the RDA claims.
- Nine approved projects have been kept in abeyance as a result of the reallocation of funds as per Table 7-2 above.
- Out of a sample of 10 payment vouchers totalling some Rs 300.9 million examined, disbursements amounting to Rs 173.3 million for 57 Work Orders could not be traced to the approved list of projects submitted by the RDA.

Ministry's Reply

- There is no technical audit at the Ministry, amongst others to examine the RDA claims and their processing. The section may be set up bearing in mind the staff constraints, the time to set up, the TORs and the supervision of the Unit.
- The list of projects to be undertaken are prepared at least six months before the start of the fiscal year and the necessity to consider new projects which become urgent cannot be predicted. These unplanned urgent projects are funded from reallocations from other projects which may be forestalled.

7.2 Traffic Management Road Safety Unit (TMRSU)

The TMRSU of the Ministry is responsible among others, for the improvement of road safety and traffic systems and provision of adequate, appropriate and reliable public transport services to ensure safer roads with a free traffic flow environment.

7.2.1 Maintenance of Traffic Signal Equipment

The TMRSU is also responsible for the maintenance of traffic signal equipment that has been outsourced to a private firm. The contract entered into with the private firm on 5 August 2013, was to end in September 2014, but has been extended on three occasions, till March 2015. The Ministry has paid the Contractor some Rs 6.9 million during financial year 2014.

The Contractor is required to perform daily site visits of all traffic lights throughout the country and to keep a log book. TMRSU's Engineers also counter check maintenance works being done by effecting site visits, as well as examining the weekly reports of repairs carried out by the Contractor.

However, control over Contractor's performance and payments was not adequate. No weekly report of the Contractor was available after May 2014. Engineers of the TMRSU did not submit any report nor keep any log book of site visits effected.

7.2.2 Contract for Construction and Installation of Road Safety Devices

Following open advertised bidding, the Departmental Tender Committee of the Ministry approved the award of the contract for construction and installation of road safety devices to a private Contractor for the period 31 March 2011 to 31 March 2013, in July 2011. There was no fixed contract sum. The contract included a schedule of rates. The works consisted of construction of handrails, guardrails, and fixing of traffic sign, etc.

Payments to the Contractor

The Ministry paid the Contractor a total amount of Rs 226.6 million for the period March 2011 till December 2014. This included payments of Rs 75.4 million for 2014.

As per Public Procurement Act (PPA), expenditure regarding civil engineering works of above Rs 50 million should be referred to Central Procurement Board for procurement procedures.

Observations

- (a) The contract was extended by 16 months in five instances in June 2013, January 2014, April, July and August 2014. During the extended period, the Contractor was paid Rs 162.7 million. Proper procurement procedures were not followed. Contrary to the PPA, the Contract was approved by the Departmental Tender Committee instead of the Central Procurement Board (CPB). The Contract was based on a schedule of rates without any financial limits or fixed contract sum, as required by the Public Procurement Act.
- (b) The original budgeted amount of Rs 40 million provided for the construction of safety devices was revised to Rs 85 million in August 2014. The revised amount was already spent by October 2014. The Ministry had outstanding claims of Rs 44.8 million due to the Contractor at 31 December 2014.
- (c) Performance security of Rs 200,000 provided by the Contractor was much below the requirements, as per bid document of Rs 2.5 million.
- (d) Payment Certificates were not authorized by a Senior officer of the TMRSU.
- (e) Some joint measurement sheets were not dated and the signatories could not be identified.
- (f) No proper exercise was carried out to determine actual scope of work of the Contractor to be done. There were no detailed workings for the cost estimates for Work Orders.
- (g) Three Work Orders for a total of Rs 4.2 million have actually cost some Rs 7.5 million, resulting in a variance of some Rs 3.3 million.

Ministry's Reply

- (a) With regards to the requirements of PPA for projects to be approved by the CPB, the Ministry will see to it that necessary actions are taken to prevent such occurrence in the future.
- (b) The loophole as mentioned in the contract based on a schedule of rates has been corrected. The new contract which was signed in September 2014 makes provision for a fixed contract sum.
- (c) Letters of award issued for any contract will be prepared in accordance with requirements of bids and contract documents to include performance security stated therein.

- (d) Necessary measures have been initiated to have all Payment Certificates issued to be authorised and signed by the Director of TMRSU jointly with the respective officer certifying the work done.
- (e) Necessary instructions will be issued to the Officer making joint measurement so that their names and designation are clearly readable and such documents should be dated.
- (f) Henceforth, the Director of the TMRSU will exercise proper control and monitoring of the project implementation.

7.2.3 Automatic Speed Enforcement Camera Project

The main objective of the Automatic Speed Enforcement Camera Project was to extend the fixed speed enforcement camera network to other black spots areas with a view to acting as a deterrent against road traffic violations, especially inappropriate speeding and aiming at reducing Killed and Seriously Injured (KSI), accidents on the road networks and enhancing road safety.

The project is monitored by the TMRSU falling under the aegis of the Ministry.

In September 2012, the Ministry awarded the contract for the supply, installation, commissioning and operation of 50 Fixed Speed Enforcement Cameras and six Mobile Speed Enforcement Cameras to a private firm for some Rs 172.2 million.

A total amount of Rs 146.8 million was paid during the period September 2012 to December 2014.

Project Plan Committee

The project for the supply, installation commissioning and operation of 56 Automatic Speed Enforcement Cameras with an estimated cost of Rs 141.7 million was referred to the Project Plan Committee (PPC) in September 2011.

According to the Capital Project Process Manual, each Public Body is required to present its project proposal with an estimated cost that exceeds Rs 25 million to the PPC. For each project above Rs 100 million, Public Bodies are required to conduct a feasibility study. A project is included in the Investment Plan after assessment and recommendation by the PPC and approval by Government.

Observations

- No feasibility study was conducted
- The project was referred to the PPC, but the latter did not assess the project on the ground that the estimated cost of one unit of camera was Rs 1.5 million, that is below Rs 25 million although the estimated cost of the project was some Rs 141.7 million.

Ministry's Reply

TMRSU recommended the use of speed cameras based on a pilot scheme, which was implemented at Pailles and Camp Chapelon, which proved to be effective and produced the expected results as far as KSI accidents at these sites are concerned.

Procurement of 11 additional speed cameras

In August 2014, the TMRSU informed the Ministry that 11 additional Fixed Speed Cameras under the contract had to be procured. The request was supported by a list of some 20 potential sites where installation of new speed cameras had been identified. The TMRSU issued a Variation Order letter to the Contractor on 12 November 2014 for the procurement of the 11 additional fixed speed cameras and some computer equipment for some Rs 23.6 million.

Observations

- The sites for installation of the fixed speed camera were identified by the TMRSU, but were not approved by a Committee.
- There were no detailed justifications or criteria applied for the identification of each of the abovenamed additional potential sites for the above procurement.

Ministry's Reply

Out of the 20 sites identified, only five sites have been finalized. The Ministry has recently decided to cancel the order of six speed cameras out of the 11 ordered.

7.2.4 Revenue Management of Fines

The speed camera system at the TMRSU generates a Photographic Enforcement Device Notice (PEDN) for each case of speed violation registered on sites by speed cameras. The PEDNs are signed and despatched to offenders by Police Officers at the TMRSU.

Offenders are required to settle their fines at the District Courts.

Observations

- The information system did not, among others, generate status of all PEDNs raised, whether fines have been paid, outstanding cases and debtors balance. The extent fines from PEDN have been collected at the District Courts could not be established as the Judiciary reports all fines collected for all Ministries/Government Departments under one revenue code.
- The fact that the computerized system is at the TMRSU, all the revenue should be collected at the Unit itself for better management of the penalty system, as done in other Ministries and Government Departments.

- A Statement of Arrears of all fines on speed violations were not submitted to the Accountant General, as required by financial regulations.
- Proper follow up of unpaid PEDN was not being made.

Ministry's Reply

The Ministry has recently approved a proposal to improve the information system in order that it may generate status of all Photographic Enforcement Device Notice raised, whether fines have been paid and for outstanding cases.

National Development Unit

7.3 General

One of the objectives of the National Development Unit (NDU) is to improve the safety of inhabitants by providing an effective drainage system in flood prone areas and enhance community welfare. To achieve its objectives, NDU has divided the island into four zones.

Over the past four years, NDU had incurred total expenditure of some Rs 4.9 billion to finance these three main activities; namely

- Provision of community-based infrastructure and amenities;
- Implementation of land drainage programme;
- Provision of information, advice and related services to empower citizens.

For 2014, the activities were financed under the Programmes 404 'Community Based Infrastructure and Public Empowerment' and 405 'Land Drainage and Watershed Management' of the Programme Based Budget Estimates, and additional funds from 'Build Mauritius Fund'. During 2014, NDU had spent a sum of some Rs 1.5 billion.

7.4 Over Commitment of Funds

At paragraph 7.1 of the Audit Report for the year ended 31 December 2013, I mentioned that NDU undertook more projects than initially planned and without having duly assessed the financing requirements, which resulted in significant outstanding commitments at year end.

No improvement was noted in the management of funds of some Rs 749 million provided for financing projects under both Programmes of the Estimates 2014, and provision of additional funds of Rs 1.3 billion from Ministry of Finance and Economic Development in order to support continuity in the execution of the projects already committed/embarked prior to 2014.

As per the Contract Register (CR), NDU had, during 2014, issued 493 Work Orders (WOs) for different projects totalling some Rs 1.6 billion, that is about 114 per cent more than the budget of Rs 749 million. As of 31 December 2014, 365 WO with outstanding commitments of some Rs 1.4 billion, were still ongoing. The accuracy of the latter figure could not be ascertained as the CR was not regularly updated and reconciled with the payments records at the Finance Section.

According to NDU, commitments of some Rs 431 million prior to 2014 and some Rs 1.1 billion for 2014 were still outstanding as of 31 December 2014.

Recommendations

It is again emphasized that there should be proper planning of the projects thereby ensuring that funds are available prior to undertaking them. To minimize risks of not meeting its contractual obligations, NDU should monitor closely the issue of WOs so that the financial resources allocated are sufficient to meet all commitments.

NDU's Reply

Management has during period January to June 2015 endeavoured to mop all outstanding commitments. In this respect, no new WOs have been issued. Moreover, WOs where way leaves and other clearances were not yet obtained, were systematically cancelled.

7.5 Planning and Managing Contracts and Projects

Rate contracts for the construction and upgrading of roads and drains were awarded on a zone wise basis through Open Advertised Bidding while emergency projects were awarded to either the existing zonal Contractors or other private Contractors through emergency procurement. At NDU, a time frame of about six months was set for the implementation of emergency projects. Following award of rate contracts, WOs were issued as and when projects were approved.

The examination of the zonal contracts and 46 projects of total contract values of some Rs 714 million and Rs 732 million respectively had revealed below mentioned weaknesses.

7.5.1 Zonal Contracts

The rate contracts for Zones 1 and 4 were awarded to Contractors A and C respectively in March 2012 and for Zones 2 and 3 to Contractors B and C respectively in February 2013. The contracts of 18-month period each expired in September and October 2013 for Zones 1 and 4 respectively, and in August and September 2014 for Zones 2 and 3 respectively.

In July 2014, rate contracts for Zones 1 and 4 for construction and upgrading of drains and associated civil works for 2014-15 only were awarded to Contractors C and B respectively. Though all the other rate contracts had expired, tenders were still not yet launched and they were extended up to March 2015.

Price Adjustment (PA)

The clauses that related to PA in the bidding documents for zonal contracts were not clearly defined resulting in inappropriate application of PA on the WOs, as shown hereunder:

➤ *Contracts Awarded - March 2012*

Contradiction of the Clauses. Instruction To Bidders (ITB) 14.6 of the bidding documents, '*the prices quoted by the bidder shall be subject to adjustment ... applicable for fluctuation in prices of bitumen, diesel, cement and reinforcement*' was in

contradiction with the Clause 44.1 of the Particular Condition of Contract (PCC), which stipulates that *'the Contract is not subject to PA'*.

Such clauses within same bidding documents were misleading and could have impeded on the proper evaluation of bids. As per Clause 1.5 on priority of documents of International Federation of Consulting Engineers (FIDIC), PCC takes prevalence over other documents. PA was therefore not applicable and all amounts paid as escalation cost would deem to be overpayment.

Contractor A submitted two claims for escalation costs of some Rs 9.5 million for 85 WOs completed in 2012, and Rs 13 million for 76 WOs completed in 2013. The first claim was paid on 18 November 2013 and the second one was still outstanding as of March 2015. NDU needs to seek advice to establish whether these claims are payable.

PA Formula. The uniform application of PA formula based on fluctuations of bitumen, diesel, cement and reinforcement, was not relevant for all WOs issued. For instance, the use of bitumen would either be insignificant or none in drain works and dredging of rivers compared to road works. PA should be based on inputs, which have large impact on the works.

For three WOs namely 'Cleaning and Dredging River Sèche Canal at le Hochet', 'Construction of Rock Bunds at Canal Dayot' and 'Cleaning of St Louis Downstream Ring Road' of a total contract value of some Rs 43 million, the major items supplied were rocks and geotextile. The input of bitumen, cement, reinforcement and fuel did not have any impact on the said WOs. Thus, escalation costs of some Rs 3.5 million for works certified of some Rs 31 million, were not justifiable.

Application of PA. PA was applied as soon as Contractor was entrusted with the works. There should not be any PA on works undertaken during the first year of contract as Contractors would normally quote for current market prices. Further, the Public Procurement Regulations (PPR) stipulates that *'where the procurement contract provides for the possibility of PA, the contract shall specify the conditions, the frequency with which PA may be implemented, and the procedures to be followed'*. Thus, the date applicable to charge PA should have been specified.

➤ *Contracts Awarded - February 2013*

ITB 14.6 stipulates that *'the bidder shall furnish the indices and weighting for the PA formulae in the Schedule of Adjustment Data'*. According to Clause 13.8 of FIDIC, *'in this sub clause, table of adjustment data means the completed table of adjustment data included in the Appendix to Tender. If there is no such table of adjustment data, this sub clause shall not apply'*.

As per Clause 13.8 of FIDIC, PA was not applicable as no formula was provided in the bid document. Hence, escalation cost of some Rs 4.5 million claimed on 24 projects should not have been paid to Contractor B.

Recommendations

NDU needs to review and ensure consistency in every aspect of the bidding documents. It should stand guided by the provision of the PPR thereby ensuring that among others, the

contract shall specify the conditions in which PA is permitted, the formulae and indices to be referred to.

NDU's Reply

According to the then Adviser on Quantity Surveying, all PA were calculated as per contract. All tenders to be launched would henceforth not make any provision for escalation cost. There would also be no provision for same in the Framework Agreements.

7.5.2 Non Compliance with PPA and PPR

Extension of Contracts and Additional Works

There were cases of additional works, which exceeded the limit of 30 per cent prescribed in the Public Procurement Act (PPA) and the PPR. For example:

- For zonal contracts, the additional WOs issued during the extended periods, that is from expiry of the existing contracts to December 2014, to the Contractors of Zones 1, 2 and 4 amounted to Rs 334 million, Rs 109 million and Rs 380 million respectively. These figures represented about 185, 63 and 244 per cent of the respective initial contract values of Rs 181 million, Rs 173 million and Rs 156 million.
- For the project 'Construction of Mini Soccer Pitch', the sites were not yet identified prior to bid and at time of awarding the contracts. Additional works allocated for four pitches ranged from 43 to 80 per cent of their respective initial contract values.

Emergency Projects

For three emergency projects, extension of time ranging from 5 to 17 months was granted beyond the time frame of six months. This was not in line with the PPA, which provides that the scope of the emergency procurement shall as far as possible be limited to the period of the emergency.

Award of Major Contract

The contract for 'LPG - Fired Human Cremation Furnaces' of Rs 55.2 million, which was above the prescribed amount of Rs 50 million and considered as a major contract, was awarded without approval of the Central Procurement Board (CPB). This was not in accordance with the PPA, which stipulates that '*no public body shall award a major contract unless the award has been approved by the Board*'.

7.5.3 Non Compliance with Instructions/Conditions of Contracts

Instructions To Bidders (ITB)

For 2014, the awards of zonal contracts for Zones 2 and 4 to Contractor B and for Zones 1, 3 and 4 to Contractor C were not in accordance with ITB 39, which stipulates that '*any one bidder will be awarded one contract for one Zone only*'. Moreover, such award of more than

one Zone might raise concerns as to the performance and capacity of, among others, personnel/labour and equipment of the selected Contractors.

Unresponsive Bid

The Tender File for the project 'Construction of Mini Soccer Pitch' was untraceable. The tender procedures related to this procurement could therefore not be assessed. From documents available, it was noted that the Contractor was selected despite his bid was not responsive as the financial statements submitted were for two periods instead of three; and the average turnover of the two periods was less than Rs 3 million, as provided at ITB 6.2(g) and 6.3(a).

Performance Security

According to the General Conditions of Contract (GCC), the Performance Security (PS) shall be valid up to the issue of the Defects Liability Certificate. In two projects, the PS was not extended to cover the Defects Liability Period in respect of works, which were not completed within the contractual period.

Extension of Time (EOT)

According to GCC, if the Contractor failed to give early warning of a delay or has failed to cooperate in dealing with a delay, same shall not be considered in assessing the new Intended Completion Date (ICD). In four projects, neither early warning was given by the Contractor nor was the EOT approved by the Project Manager (PM) supported by documentary evidence. Further, in one project, there was no approval of EOT despite the fact that the ICD was revised.

Liquidated Damages (LD)

According to GCC and PCC, the Contractor shall pay LD at the rate per day stated in the PCC for each day that the completion date is later than the ICD. In six projects for which there was no approval for EOT, LD totalling Rs 6,520,000 were not charged. Further, for two projects, NDU refunded LD of Rs 1,560,000 due to EOT of twice/thrice the initial duration for completion of works granted afterwards to the Contractors.

Variations of Works

For the project 'Drainage Works at Bell Village', a sum of Rs 21,685,928 representing several items for which no provisions were made in the WOs, was paid to the Contractor. No supporting evidence was seen in terms of instruction issued or agreement reached for justification of such payments.

Changes in the Contract Price

According to GCC, 'The PM shall not adjust rates from changes in quantities if thereby the initial contract price is exceeded by more than 15 per cent, except with the prior approval of the NDU'. For the project 'Construction of Drains at Amaury', no approval was seen for revised rate of one item resulting in additional payment of Rs 12,065,807, that is about 35 per cent of the agreed amount of Rs 34,233,245.

7.5.4 Clearances and Approval of Projects

Financial Clearances

As per Circular No 3 of 15 April 2011 from Ministry of Finance and Economic Development (MOFED), '*financial clearance has to be obtained from MOFED before seeking Government approval on all proposals that would entail additional provision or commitment of funds*'. However, as of January 2015, 99 WOs totalling some Rs 314 million were awarded in 2014 without prior financial clearance from MOFED.

Project Plan Committee's Approval

Infrastructure projects of values, which exceeded Rs 25 million each, such as 'Construction of Bridge at Ilot, Camp Diable, contract sum (CS) of Rs 33.1 million', 'Construction/Upgrading of Roads/Drains and other works at Constituency No 18, CS of Rs 90 million', 'Additional Drain Works at Bell Village, CS of Rs 86.4 million', and 'Additional Drain Works at Amaury, CS of Rs 32.9 million', were awarded without prior approval from Project Plan Committee contrary to the provisions of the Capital Project Process Manual.

Clearances from Authorities

Way leaves from RDA and clearances from CWA, CEB and WMA were not obtained prior to the issue of WOs for the construction of jogging tracks, roads, drains and Trianon footbridge at Constituency No 18, and for drains at Bell Village.

As regards Constituency No 18, advance payment of Rs 3,687,514 was already effected to the Contractor but works at two sites had not yet started due to delay in obtaining way leaves as of March 2015.

For the project 'Construction of Drains at Amaury', inadequate coordination with relevant authorities has entailed expenditure of Rs 1,624,389 for which no benefits were obtained. The drains already constructed had to be realigned due to the intention of the RDA to enlarge B17 road.

Recommendations

NDU should ensure that planning and management of all projects are properly exercised and that all financial, procurement and other regulations are complied with. Financial clearances and necessary way leaves should be obtained prior to issuing WOs and any variance/cost overrun of the projects are avoided.

NDU's Reply

Present Management is of the view that there has been some mishandling on this issue and no proper planning. The CPB had drawn attention to proper procedures. The extension of the zonal contracts was not administratively in order. NDU will henceforth ensure compliance with the provisions of the PPA and PPR. As regards ITB 39, it will ensure that remedial actions are taken.

7.5.5 Comments on Specific Contracts/Projects

Drain works at Signal Mountain

In May 2013, following flash floods of 30 March 2013, NDU awarded contracts for drain works downstream Signal Mountain and in the vicinity for the sum of Rs 190.8 million to a private Contractor under the emergency procurement method. The time frame for the completion of works was six months subject to finalisation of all way leaves.

A Consultant was appointed to prepare preliminary design and supervise the works. As of February 2015, payments to the Contractor and the Consultant amounted to Rs 136.6 million and Rs 18.7 million respectively.

Observations

- The works completed within six months amounted to only Rs 48.7 million. The remaining unutilised sum of Rs 142.1 million, that is about 74 per cent of the Rs 190.8 million implied that the costs for the works carried out at the targeted sites have been considerably over estimated.
- The existing Contractor was entrusted additional works amounting to Rs 125.2 million under the same four WOs. These works allocated after the six month period could not be considered emergency procurement. Thus, proper procedures relating to availability of funds, and procurement for works as stipulated in the PPA, that is authority/approval, tendering exercise and procurement method, have thus been bypassed. Approval of the Accounting Officer for the additional works was also not found.
- The time frame for completion of the additional works was not specified. Thus, from the initial ICD to the revised completion dates, the duration of the works ranged from 343 to 515 days. The reasons for granting so much EOT were neither recorded nor prior approval sought from NDU.
- According to GCC 42 and GCC 44 of the RDA contract, *'rates and prices shall remain fixed for the entire duration of the initial contract of twelve months, and during extended period, sub clause of GCC 44 shall apply'* and *'PA will be applicable in respect of each WO issued during the Extended Contract period'*.

Payments of price adjustment (PA) of Rs 7,364,445 to the Contractor and Rs 957,378 to the Consultant should not have been effected as GCC 44 was not applicable given that the initial contract was completed within the six months set for emergency projects. For the extended periods of about 17 months, there should not be any PA according to the PPR, which provides that *'no PA shall be allowed during the period of delay in performance if the delay is caused by the Contractor'*.

Recommendations

NDU should ensure that procurement procedures are followed in a competitive, transparent and ethical manner. All documents evidencing the steps followed must be properly filed so that they are readily available, as and when required by relevant stakeholders.

NDU's Reply

Only on receipt of way leaves that the works at different places were started, which resulted in having different start dates and different completion dates. Procedures have been followed because all the works undertaken formed part of the report submitted by the Consultant and agreed by NDU. Reconstruction of Gayasing bridge and the upgrading and opening of the second span of the bridge along Ruisseau de Creole were initiated in 2014 within the same WOs.

Construction of Reinforced Concrete (RC) Buildings

The constructions of 12 RC buildings to accommodate incinerators across the island were divided into four lots of three sites each. Following tender exercise, the contracts for a sum of some Rs 37.9 million were awarded to four Contractors on 26 June 2012.

An examination of records relating to works under Lots 1 and 4 revealed that there were delays in starting and completing the construction of the RC buildings at five sites. For two sites of Lot 4, the lands were not yet identified at time of award of contract, and the works started more than one and half years later, at the respective sites after purchase of lands.

Upon termination of the contracts for the five sites, although the performance was unsatisfactory and there were considerable delays in completion of the works, the Contractors were already paid part of the contract sums. Further, both PS of Rs 937,000 and Rs 780,000 were not forfeited and LD were not claimed. The remaining works were thereafter re-awarded to zonal Contractors. The contract sums and the percentage increase in initial contract values for each Lot are given in Table 7-3.

Table 7-3 Increase in Contract Values

| Lot | Initial Value Rs | Paid on Termination Rs | Re-awarded Rs | Total Rs | Increase in Value % |
|------------|-----------------------------|-----------------------------------|--------------------------|---------------------|--------------------------------|
| 1 | 9,368,094 | 4,662,809 | 12,895,136 | 17,557,945 | 87 |
| 4 | 7,800,000 | 5,179,090 | 8,301,500 | 13,480,590 | 73 |

Recommendation

NDU should ensure that all requirements specific to particular projects are available prior to tendering exercise so as to avoid cost overrun and delay in completion.

NDU's Reply

Major increase in value was due to site condition, additional facility, tarmac enlarged, additional items in Mechanical & Electrical, cut and fill operation was not included in the original contract and drawings had been modified. EOT will be assessed and LD will be applied in due course. As regards PS of more than Rs 1,000,000 not being forfeited nor claimed for delays, Management will look into the advisability of appropriate action

The project comprised three components namely 'Construction of RC Building', 'Site works' and 'Supply and Installation of gas incinerators'. The original amount earmarked was Rs 47 million. As at date, the project has yet to be completed and cumulative amount paid so far was Rs 84,970,449 for all components of the project. The expected amount outstanding is roughly Rs 30,190,000. Consequently, the project is estimated to be completed at an amount of Rs 115,160,449.

7.6 Consultancy Services

NDU had recourse to private firms for consultancy services under different projects, like drains and road works, buildings, embellishment and infrastructure and lighting to sports infrastructure. For the past three years, payments for consultancy services totalled some Rs 173.4 million.

Observations

No Approval for Extension of contract

The contracts awarded to four Consultants, which had expired since long, with two of them since 31 July 2010, were extended. However, approval for extension was not obtained given that:

- For two Consultants, Clause 3.03 of Conditions of Contract stipulates that '*the employer shall not extend the contract period for whatsoever reasons*'.
- For two other Consultants, the CPB did not approve the request for extension in view of Clause 5.10 of the tender documents, which stipulates that '*the contract period shall in no case, be extended beyond the period of 18 months...*'.

Hence, over and above the agreed estimated contract values (ECV) and consultancy fees, NDU did not have any covering approval for allocating further ECV and the corresponding fees during the extension. For instance, there was no approval for allocating further ECV of some Rs 1.0 billion and for payment of fees of some Rs 25 million to one Consultant as of 31 December 2014.

Non Compliance with Clause 6.2

In the two cases mentioned below, NDU should not have effected payment for additional consultancy services as claims were submitted well after the 28 days, and not inclusive of records of corresponding time inputs as per Clause 6.2 of the Special Conditions of Contract, which states that ‘*within a period of 28 days .., the Consultant shall submit all relevant particulars as regards the detailed tasks undertaken and the corresponding time inputs*’.

- Claims of Rs 2,935,375 and Rs 3,987,165 submitted on 8 October and 11 December 2012 related to projects that were completed in April 2012 and in years 2009 and 2010 respectively.
- Another claim of Rs 10,132,018 submitted in December 2012 was in connection with additional services provided to amenities, road works, building, infrastructure and lighting projects prior to June 2012.

Fees paid for projects not implemented

As per Payment Certificate of 27 November 2014, consultancy fees for preliminary and detailed design stages of seven projects totalling Rs 8.1 million have been paid. Five of the projects were initiated in 2013 and the dates of the other two were not available as their respective files were untraceable. As of March 2015, all the seven projects were still not yet implemented.

Professional Indemnity Insurance and Performance Security

As of January 2015, the Professional Indemnity Insurance (PII) of two Consultants for an amount of Rs 25 million each and one of Rs 8 million were not produced. For another Consultant, the PII of Rs 15 million produced was for the period 1 January 2009 to 1 January 2010. Further, the PS of each Consultant was not renewed to cover the extended contractual period.

Recommendations

NDU should ensure that it has obtained the necessary approval prior to extending the contract of any procurement and effecting any payment. It should also see to it that all the conditions specified in the contracts are strictly complied with. Any overpayment made should be recouped/adjusted in subsequent payments.

NDU's Reply

At the meeting held on 27 February 2015, Consultants were informed that their existing tacit contract with the NDU cannot go on forever, and were requested to ensure that projects falling under their responsibilities should be closed with the least possible delay. NDU proposes to launch bids under the Framework Agreement for consultancy services shortly. Management will ensure that the Engineering Unit makes adjustments and any overpayment to Consultants be recouped.

7.7 Project Management System (PMS)

The PMS is a management tool for the keeping of up to date records and information, exercising proper control at various stages and effective monitoring of projects. It was developed by a public enterprise at a cost of some Rs 3 million, inclusive of supply of hardware and software, and commissioned in 2004. For maintenance of hardware and software, some Rs 2 million were also spent up to August 2013.

As of March 2015 that is more than 11 years after commissioning, the PMS was still not operational. Moreover, records in Excel sheets from different Sections, for instance the Contract Register at Engineering Unit and payments records at Finance Section, were not reconciled and could not be relied upon. NDU did not therefore have a proper information system despite it had to handle various projects totalling more than Rs 1.3 billion annually over the past three years.

Value for money was not yet obtained for Rs 5 million spent on the PMS. Further, unreliable information was hindering proper management control.

Recommendations

NDU should initiate action at the earliest for a proper implementation of a computerised system so as to have updated information about its projects. It should ensure that the system would enable appropriate and regular monitoring during and after the implementation of any projects. It should also ensure that the systems are fully operational as originally intended and for the purpose for which it was procured.

NDU's Reply

Necessary measures have been taken to reactivate the system and make it functional.

8 - MINISTRY OF HOUSING AND LANDS

8.1 State Land

8.1.1 Summary of Audit Findings on Industrial Leases of State Land

Companies were granted large portions of State land on the Pas Geometriques for hotel and bungalow projects and these plots were still undeveloped.

The law provides that all leases of State land shall be by public or private contract, approved by the Minister. However, all leases were effected by private contracts. Had the leases of State land been effected solely through public auction, this would have generated higher income. Allocating leases of all State land by private contract have opened the way to a number of abuses and malpractices.

The Ministry extended the reservation periods of State land for long periods of time.

Leases were granted for the construction of bungalows, which is against the objective of the industrial lease allocation.

There were delays in signing the lease agreements. The lessees have not signed the lease agreements, in spite of the fact that they have opted for the new 60 year lease. The lessees who opted for the new 60-year lease were still paying the old rentals. The Finance (Miscellaneous Provisions) Act 2008 brought a number of amendments and changes to the State Lands Act. In the case of campement site leases, where the lessees have opted for a 60 year lease, the new rent is payable as from the scheduled date of signature of the lease agreement.

There were two contradictory rulings given by the Attorney General's Office (AGO) on the rental charges.

On 27 December 2008, the AGO advised that the new lease and the new rental were to take effect as from 19 July 2008, that is the coming into operation of the amendment to the State Lands Act.

In February 2012, AGO gave another ruling that the terms and conditions of the old lease should prevail until such time as a new lease was signed between the parties

8.1.2 Introduction

State land is an asset. If properly managed on a commercial basis, it can become a major source of revenue for Government.

It was not possible to quantify the total area of State land and the percentage it represents of the total area of Mauritius, as well as the number of acres of State land managed by the Ministry of Housing and Lands.

There was also no repertory of State land. This lack of information is considered a major drawback for an efficient management of State land.

The legislations governing the State land are mainly the State Lands Act, the Pas Geometriques Act and the Land Acquisition Act.

The scope of audit covered mainly the industrial leases of State land. A number of files especially those dealing with leases of State land were not made available for examination, as they have been referred to the Land Fraud Squad and the Independent Commission Against Corruption (ICAC).

8.1.3 Grant of Industrial Leases by Government

Companies were granted valuable and large portions of State land on the Pas Geometriques for hotel and bungalow projects, and these plots were still undeveloped.

Case 1 - In two cases, the same promoters have obtained two separate plots of State land in the name of two different companies along two different coastal regions. These lands have not yet been developed.

The Ministry has stated that both cases are currently under Police investigation.

Case 2 - A plot of land of an extent of 10 acres situated at Solitude was compulsorily acquired by the Ministry for a public project at the price of Rs 8.5 million. The project was abandoned, and the plot of land was then awarded to a private company for the setting up of an entrepreneurial village.

The original owner of the land has served a Notice of Motion to the Ministry.

Case 3 - State Land at Balaclava

State land of an extent of 44A 68p located on Balaclava Pas Geometriques, was leased to nine companies, in lots varying from 2A19 to 11A68 and consisting of seven bungalows and two hotels projects.

Only one project relating to the construction of bungalows was operational. The promoter who initially obtained the State land of extent 18,995 m² (4A50), has already sold the lease to a new private investor who invested massively in the project.

Eight of the nine companies have not yet developed their projects. The promoters were not financially capable to undertake those projects.

One company was granted a 60 year lease of State land of 9,200 m² (2A19) on 19 September 2007. The shareholders have already transferred 3,066 shares to private investors for cash proceeds of Rs 57,688,082.

Another entity obtained a plot of State land of an extent of 11A68 on 18 September 2007 on the same Pas Geometriques. The company was incorporated on 4 July 2008. The promoters of this company have already transferred all their shares to new investors.

Case 4 – Hotel Project at Les Salines, Black River

Two plots of State land of 44A65 and 22A for two separate hotel projects were leased to the same company for a lease term of 60 years. Both lands were not yet developed. The company has so far not paid any rental and the arrears totalled some Rs 82.2 million and Rs 51.3 million respectively for both plots as of 31 December 2014.

Case 5 – State Land at Quatre Soeurs

The company holds two plots of industrial State land lease of extent 66,091 m² and 14,463 m² respectively at Quatre Soeurs Pas Geometriques. The company has not developed both plots of land.

It also holds a third industrial lease for a fish farming project at Pointe aux Feuilles over 24,165 m² of State land.

The company has not paid any rental in respect of the above leases. At 31 December 2014, it owed a total of Rs 6,985,863.

The main promoter of the same company has also obtained some 104 acres of State land at Riviere Des Anguilles Pas Geometriques, for the construction of a hotel.

The Ministry has informed that an exercise is on-going whereby cases of default on the part of the proponents are being sanctioned by either a withdrawal of the reservation, or the Letter of Intent or cancellation of the Lease Agreement, with forfeiture of deposit as advised by the AGO.

8.1.4 Non-implementation of the State Lands Act

Section 6 of the State Lands Act requires all leases of State land to be made by public auction, notice of which shall be given in the Gazette, and two daily newspapers, two weeks at least before the day fixed for the auction, or by private contract upon such terms and conditions, as the Minister may approve.

No State land has been leased by public auction. Almost all leases of State land were made by private contract after being duly approved by the Minister.

The Ministry has stated that it is a matter of policy to grant all leases of State land by private contract. In a spirit of fairness and based on equal opportunity principle, it has granted/is now granting lease without having recourse to auction. Rent claimed, is according to the Finance Act whereby the market value is already taken care of.

8.1.5 Industrial Lease of State Land used for the Construction of Bungalows

According to the Ministry's Guidelines, it is the policy of Government to grant leases of State land for the construction of bungalows. However, this is against the objective of the industrial lease allocation.

Case 1 – State land of extent 44A68 situated at Balaclava Pas Geometriques was allocated to nine companies to develop seven projects relating to construction of bungalow complexes and boutiques and two hotel projects.

Case 2 – A lease for hotel project was converted into that of bungalows for sale at Palmar Pas Geometriques.

On 12 August 1987, Government approved the grant of an industrial lease to a company on part of Pas Geometriques Palmar of an extent of 8,442 m² for hotel development and which was subsequently extended by another 3,465m² on 3 July 1989.

On 19 February 1991, the promoters made a request to change the project to that of constructing a bungalow complex for high class tourists wishing to have all facilities within it.

During 1997, the company made another request to modify the lease to that of bungalows for sale among the shareholders of the company.

In August 2006 and as per documentary evidence, it had already constructed 12 bungalows, in spite of the fact that there was, then, no approval to construct the individual bungalows.

The Ministry approved the grant of 60 year lease for a bungalow complex on 16 February 2011.

The company has not yet signed the lease agreement and has been paying the old rental charge of Rs 45,000 per annum since 1 July 2007.

The Ministry has informed that the case is currently the subject of an enquiry by ICAC.

8.1.6 Letter of Reservation

The Ministry issues a Letter of Reservation (LOR) to the applicant, once approval of Cabinet is obtained.

The following conditions apply:-

- The reservation is for a period of 12 months;
- A cash deposit, to be determined by the Ministry is required to be made within a period of one month as from the date of the LOR;
- Submission of three copies of the preliminary plans within a period of three months as from date of the LOR
- For failure to comply with the conditions of the LOR, the reservation fee would be forfeited.

In one case, the Ministry did not process any application and therefore did not issue the LOR and yet, approval was obtained on 7 May 2014, to grant a plot of State land of an extent of

5,571 m² to a lessee for construction of bungalow complex. The promoter has already paid a Contribution of Rs 1,980,000 to the Consolidated Fund. The lease agreement has not yet been signed.

The Ministry stated that the case is currently under investigation.

The Ministry did not carry out enquiries on the financial capabilities of the applicants applying for lease of State land to be developed for industrial purposes.

There were cases of State land having been leased to promoters since 2006 for projects and these lands were not yet developed.

In a number of cases, the Ministry extended the reservation periods following requests received from promoters. In the other cases examined, the Ministry had neither revoked the LOR nor forfeited the reservation fee despite the fact that companies failed to comply with the conditions of the LOR.

The Ministry issued LOR to entities which did not exist. In three cases examined, it was noted that LORs were issued to companies that were not yet incorporated.

Case 1– LOR and Letter of Intent relating to a lease of 16,882 m² of State land situated at Palmar were issued to a company on 16 March and 30 November 2009 respectively. The company was incorporated on 7 January 2010.

Case 2 – LOR relating to a lease of 49,300 m² of State land at Balaclava Pas Geometriques was issued to the company on 18 September 2007. The company was incorporated on 4 July 2008.

Case 3 – A private company was incorporated on 17 August 2006 and was granted 10 acres of land at Solitude. The land was acquired under the Land Acquisition Act. The deal has been modified a number of times and the Ministry issued the first LOR on 27 July 2006.

Ministry's Reply

The Ministry does not have the necessary manpower and expertise to assess the financial capability of the promoter in undertaking the project

In the new policy framework for allocation of State land, it is being proposed to set up a multi sectoral committee comprising inter alia representatives of Ministry of Finance and Economic Development (MOFED) and Board of Investment. This Committee will be required to assess the viability of the project as well as the financial profiling of the proponent prior to any recommendation being made to Cabinet for allocation of land.

The Ministry is presently closely monitoring the situation. All cases where development has not taken/is not taking place or any conditions not satisfied, retrieval of land is being resorted to, subject to AGO's clearance.

8.1.7 Abuses and Malpractices on the Part of Lessees

The promoters used the LORs to either sell the lease or transfer the shares to realize capital gains

LORs for the leases of State land on the Pas Geometriques were issued to newly incorporated companies that did not have sufficient funds to develop tourism related projects such as construction of hotels and bungalow complex. The development of such projects necessitated huge capital investment of above Rs 100 million.

Once they obtained the LOR, the promoters put forward various arguments that were accepted by the Ministry to extend the reservation periods on several occasions. In the meantime, the shareholders of the companies were selling their shares to other companies at extremely high prices and benefit from high capital gains.

Case 1 – The Ministry issued LOR of a portion of 9,200 m² of State land at Balaclava Pas Geometriques to a company for the construction of bungalow complex and boutique on 19 September 2007.

In July 2009 and September 2011, the only two shareholders of the company sold 3,066 shares to overseas investors for a total sales proceeds of Rs 57,688,082.

Case 2 – The Ministry issued the LOR to another company on 18 September 2007 for a plot of State land of an extent 49,300m² (11A68) at Balaclava Pas Geometriques, for the construction of bungalow complex and boutique.

The company was incorporated on 4 July 2008. The two shareholders owned 100 shares each. The reservation period was renewed a number of times.

According to documents filed with the Registrar of Companies, both shareholders have sold and transferred their shares to another company for a total sale proceeds of Rs 15.2 million.

Ministry's Reply

For projects which have not been fully operational for at least one year, a Committee has been set up, with representatives of different stakeholders, including the MOFED, the Board of Investment and AGO to examine the whole issue of change in shareholding structure of companies holding State land leases.

8.1.8 Payment of Old Rentals by Lessees who Opted for the New 60 year Lease

The Finance (Miscellaneous Provisions) Act 2008 brought a number of amendments and changes to the State Lands Act, whereby it is stipulated that a lease granted for industrial or commercial purposes shall be for a period not exceeding 60 years, and be subject to payment of an annual rental corresponding to the zone specified in the Second Schedule.

Option forms were sent to all lessees to either irrevocably opt to enter into a new lease or may choose to pay the existing rentals until the lease expires. The closing date was extended to 30 September 2009.

The Ministry received two contradictory rulings on the issue of rental charges payable in accordance with the above law.

Advice was sought on 14 October 2008 as to the course of action to be adopted in respect of industrial leases and to which, on 27 December 2008, AGO advised that the new lease and the new rental were to take effect as from 19 July 2008 that is the coming into operation of the amendment to the State Lands Act and in case of a lease which had already expired before 19 July 2008 and was awaiting renewal, the 'lessee' was required to pay an indemnity for use and occupation of land for the period starting from the expiry of the lease to 19 July 2008. The indemnity to be calculated on the basis of the new rental provided for in the State Lands Act.

The Ministry again sought another advice on 21 February 2012 from the AGO, which then stated in a specific case, that:

- The terms and conditions of the old lease should prevail until such time as a new lease is signed between the parties;
- The indemnity payable for the period running from 1 July 2007 to date of signature of a new lease to be at the old rate.

The Ministry has stated that the specific case is currently under inquiry at the level of ICAC.

Recommendations

- (a) Leases of State land are to be granted for genuine development projects.
- (b) A screening of the application for State land is necessary to assess the financial capability and experience of the promoter who is undertaking the project.
- (c) New terms and conditions are to be inserted in the LOR and Letter of Intent compelling the lessee to sign the lease agreement within a period of time. The reservation period cannot be extended for unduly long periods of time.
- (d) The State Lands Act and the Pas Geometriques Act should be amended to empower the Ministry to lease plots of land solely by public auction.
- (e) The Ministry should consider the possibility of repossessing any undeveloped land so that judicious use can be made of this resource.
- (f) The Ministry must establish an Inventory of State land, as this vital information will assist in a better planning of all its land, both in the short term and long term.
- (g) Provisions of the law and the terms and conditions stated in the LOR, Letter of Intent as well as the Lease Agreement should be enforced.

Ministry's Reply

The Ministry is presently examining and identifying weaknesses in the present system of allocation of State land to propose a new and detailed mechanism to bring fairness, transparency and accountability in the whole process of State land allocation.

It is also working on a revised policy framework which will lay down the procedures for processing of applications for the allocation of State land by including appropriate harmonized legislative frameworks. The approval of Cabinet will be sought on the policy proposal. The new policy framework will be made to capture a procedure whereby the necessary competencies will be tapped from Ministries/Departments concerned to screen in a structured manner the profile of proponents.

The Ministry has already cancelled a number of leases, Letters of Intent and Letters of Reservation and the cash deposits have been forfeited in all the cases concerned. As regards unpaid rent and arrears, the cases have been and are being referred to AGO for legal action.

8.2 Arrears of Revenue - Rs 403,835,194

The arrears of revenue as at 31 December 2014 totalled Rs 403,835,194 and comprised the following:

| Item | Type of lease | Rs | Rs |
|-------------|-------------------------|-------------------|---------------------------|
| 141-5-002 | Campement site leases: | | |
| | - Rent for campement | 17,790,910 | |
| | - Premium for campement | <u>37,594,512</u> | |
| | | | 55,385,422 |
| 41-5-003 | Other land leases | | 330,739,181 |
| 141-5-003 | Ex CHA | | <u>17,710,591</u> |
| | Total | | <u>403,835,194</u> |

The aged list of the above total arrears figure is as follows:

| | Rs |
|--------------------------|---------------------------|
| Up to 31.12.2012 | 159,405,208 |
| Financial Year 2013 only | 87,274,536 |
| Financial Year 2014 only | <u>157,155,449</u> |
| Total | <u>403,835,194</u> |

Observations

- (a) Annual lease rentals are payable in advance on 1 July. The above total arrears figure was also stated in the Return of Arrears of Revenue submitted to the Accountant General Department for the financial year ending 31 December 2014.
- (b) The above figure excluded a sum of Rs 398.4 million representing amount due by lessees who had already opted for the 60 year lease, but have not yet signed the lease agreements.
- (c) The arrears figures of the past four financial years, as stated in the Accountant General's Statement of Arrears of Revenue are shown in Table 8-1.

Table 8-1 Arrears Figures of the Past Four Financial Years

| Financial Year ending | Rs |
|------------------------------|-------------|
| 31.12.2011 | 355,828,173 |
| 31.12.2012 | 386,003,828 |
| 31.12.2013 | 409,806,285 |
| 31.12.2014 | 403,835,194 |

- (d) Management of debtors was not satisfactory and follow up action considered inadequate.
- (e) Article 13 (a) of the lease agreement refers to cancellation of lease 'de plein droit', without the payment of any indemnity where the rental has remained unpaid for more than three months. A written notice is sent by registered post to the lessee requiring him to pay the rent within a specified period. This provision has not been complied with.
- (f) Interest at the legal rate of eight per cent is applicable for late payment of rent from the due date. However, as per Return of Arrears of Revenue, the amount did not include the accrued interest.
- (g) The majority of arrears comprised lease rentals of State land allocated to lessees who have not developed them.
- (h) For the financial year ending 31 December 2014, only four cases of arrears were referred to AGO for prosecution. For the two financial years to 31 December 2013, the Ministry had referred 62 and 6 cases of arrears respectively to AGO. The outcome of legal action was still not known.
- (i) Annual increases have been noted in the arrears figures. Following a sample examination of 16 such cases, it was noted that the lessees were not paying the lease rentals. The possibility of these lessees not paying the arrears exists and the amounts due from them may be considered irrecoverable.

Ministry's Reply

Action has already been initiated/taken by the newly set up Debt Recovery Unit in February 2015 to recoup the remaining arrears.

The Ministry sends three reminders to lessees for recoupment of arrears and rent not paid. It has recouped Rs 17 million following the issue of reminders.

In cases where land has been developed and the lessees are not paying rent, the three reminders are sent by the Debt Recovery Unit. If still the lessees do not comply, the cases are referred to AGO for recovery of debt or ultimately the resumption of the possession of the land after clearance from the latter.

Action is being taken to cancel the lease 'de plein droit' when the AGO so advises the Ministry.

In certain cases, the Ministry has had recourse to Article 15 (c) of the lease whereby the lessee is served a 48 hour notice to settle all claims due, failing which the lease is cancelled.

8.2.1 Sample List of Arrears Cases

Of the 16 cases of arrears examined, details of six of them are given below:

Case 1 – Three hotels already in operation and located at three different coastal regions and being managed by an international group of hotels under a management contract, owed a total of Rs 84.6 million in terms of lease rental.

The Ministry has stated that it is still awaiting for documents from one hotel. The second hotel has requested for waiving of rental for three years, due to its closure, and a decision has yet to be taken by the Ministry. The third hotel has applied for a moratorium and waiving of interests. The case is still under consideration.

Case 2 – A company obtained 29A65 of State land at Palmar Reserves in November 2012, to set up an Ayurvedic Sanctuary and has not yet developed the site. It opted for the 60 year lease but has not signed the lease agreement. At 31 December 2014, the company owed some Rs 27.1 million for lease rental.

The Ministry has stated that the Letter of Intent was cancelled on 28 May 2015 and it has also forfeited the cash deposit of Rs 4 million in favour of Government. Moreover, the case has been referred to AGO for recovery of unpaid rent.

Case 3 - A Societe was granted nine acres of State Land at Les Salines in June 2006 for the construction of bungalows. At 31 December 2014, it owed some Rs 62.9 million. In October 2014, the Societe informed the Ministry that it had not yet started the project due to the fact that the site was not provided and serviced with roads and utilities. It had also made a request to the Ministry to waive all the arrears.

The Ministry has stated that MOFED has yet to come with a solution regarding cost sharing mechanism for contribution to the infrastructural works.

Case 4 – A fish farming company holds two industrial leases of 15.6 acres and 3.4 acres respectively at PG Quatre Soeurs and a third one of 5.7 acres at Pointe aux Feuilles Village. It was also carrying out fish farming activities in the Old Grand Port Lagoon against payment of an annual rental. The company owed some Rs 6.9 million and it had not paid any rent since the date the leases were granted.

Case 5 – A company was granted two plots of State Land of 44A65 and 25A38 at PG Les Salines for hotel development on 17 February 2006. At 31 December 2014, it owed some Rs 82.2 million and Rs 51.3 million respectively for the two plots. The company opted for the 60 year lease but has not yet signed the lease agreements.

At 30 June 2015, both State lands were not yet developed.

The Ministry stated that the AGO advised revocation of letters of intent and forfeiture of cash deposit of Rs 6 million in favour of Government of Mauritius for breach of conditions of the Letter of Intent dated 24 July 2009. It has already issued the Letter of Revocation on 5 June 2015.

Case 6 – A company was granted two plots of State land for a hotel project at Barachois, Les Salines of 5A85 and 32A17 on 7 June 2005 and 7 December 2011 respectively. At 31 December 2014, it owed some Rs 17.4 million and Rs 36.2 million respectively for the rentals of the two plots of land.

The company has made a request to the Ministry to waive all rental amounts due until they are able to start construction of the hotel, which has not been possible yet, because water and electricity are not available.

The Ministry has not yet taken a decision as to the rent due and that MOFED has not yet come with a solution regarding the cost sharing mechanism for contribution to the infrastructure works.

Recommendations

- Debtors should be closely followed up. Reminders should be sent monthly. The Ministry should consider it a priority to clear the long outstanding debts. Other debt recovery methods should be explored, that is, phone calls to the debtors and visiting the lessees. Legal action should also be contemplated for non-payment of arrears.
- The Return of Arrears of Revenue should be inclusive of the interest element of eight per cent on the amount due to the Ministry.

The Ministry has informed that a close monitoring is being carried out by the newly set up Debt Recovery Unit. All accrued interests are being captured as from 30 June 2015 by the Revenue System in place and claimed from debtors.

8.3 Campement and industrial site leases opted but not yet signed

The Finance (Miscellaneous Provisions) Act 2008 brought a number of amendments and changes to the State Lands Act whereby it is stipulated that a lease granted for industrial or commercial purposes shall be for a period not exceeding 60 years and be subject to payment of an annual rental corresponding to the zone specified in the Second Schedule.

Option forms were sent to all lessees to either irrevocably opt or enter into a new lease or may choose to pay the existing rentals until the lease expires. The closing date was extended to 30 September 2009.

From records kept at the Land Information Unit, 43 campement site lessees and 44 industrial/commercial lessees have still not signed the new lease agreements and were therefore paying the old rentals, despite the fact that they opted for the 60 year lease.

There was a substantial shortfall of revenue estimated at Rs 398 million, as a result of non-payment of the revised rental charges.

Recommendation

The Ministry should enforce the provisions of the law.

Ministry's Reply

As at 17 June 2015, out of the 43 campement site lessees, in two cases of subdivision, the lessees have already signed their new leases (comprising five lots), two lessees have not opted for the new 60 year lease while three cases are subjudice.

Out of the 44 industrial/commercial leases, six lessees have signed their new leases; in 13 cases documents are awaited from the lessees, and two cases are subjudice. Action is being taken to resume possession in one case.

New rent payable in respect of campement sites is effective as from scheduled date of signature of lease.

8.4 Deposits Sundries Account – Rs 81,978,471 (of which Rs 81,959,057 comprise Land Reservation Fees)

The above figure is made up of deposits received from potential investors, companies and individuals relating to reservation of State Land for the construction of industrial, commercial enterprises and bungalows

The procedure is that an application for State land must be addressed to the Ministry. The latter will issue a Letter of Intent to the applicant upon satisfying all the conditions in the Letter of Reservation. A lease agreement is then signed between the two parties.

One of the conditions of the lease agreement is that the lessee should complete the construction of the industrial building and installation of its plant within a period of 36 months from the date of signature of the lease.

Observations

There were a number of cases where the Ministry had already received deposits from potential investors relating to reservation of State land and no construction works have yet started. At 31 December 2014, it was estimated that some 590 acres of State land were reserved by 64 beneficiaries for projects to be developed in the coastal regions. In a few cases, the Ministry had issued the Letters of Reservation since 2004.

Recommendation

The Ministry should revoke those reservations of State lands that have not yet been developed.

Ministry's Reply

Ten leases, ten Letters of Intent and ten Letters of Reservation have been cancelled. Some 22 more cases have already been referred to AGO for retrieval of land. However, replies are still awaited in 11 cases. In the remaining 11 cases, land cannot be retrieved as per AGO's advice.

For cases of cancellation of leases and Letters of Intent, the matter has been/is referred to AGO for recoupment of unpaid rent and arrears.

Another ten more cases were identified for retrieval of land. Due to investigation which is presently on, these cases have had to be put in abeyance.

8.5 Deposits not Transferred to Miscellaneous Revenue

Financial Regulations provide that deposits outstanding for more than five years are to be transferred to Revenue.

Deposits outstanding for more than five years and totalling some Rs 47,531,614 were not transferred to Miscellaneous Revenue.

Recommendation

Deposits of over five years should be transferred to Revenue in the absence of any special reasons to the contrary.

Ministry's reply

Reservation fees held in deposit account for more than five years and totalling Rs 28,016,614 have been transferred to the Miscellaneous Revenue, Treasury

A total of Rs 14,805,500 of the reservation fees held in Deposit Account at the Ministry has been forfeited in favour of Government.

9 - MINISTRY OF SOCIAL SECURITY, NATIONAL SOLIDARITY AND REFORMS INSTITUTIONS

9.1 Construction of Recreation Centre at Pointe Aux Piments – Rs 155.89 million

The project for the construction of a Recreation Centre in the north of Mauritius was initiated by the Ministry of Social Security, National Solidarity and Reform Institutions (MSS) since August 2009. The project objective was to provide recreational facilities by enhancing the quality of life of senior and disabled citizens. Land at Pointe Aux Piments was vested in the MSS on 21 October 2010 for the project, which consisted of 60 twin-bedrooms, auditorium, day care centre, gymnasium and swimming pool.

The initial project value, which was Rs 166.5 million in October 2010 was first revised to Rs 194.7 million in June 2011 and subsequently to Rs 197.6 million in September 2011, which was after invitation of bids on 19 August 2011. Officers of the Ministry of Public Infrastructure (MPI) were paid Rs 1.94 million for the preparation of drawings and cost estimates on a fast track basis. Contract was awarded on 16 February 2012 to the lowest responsive bidder for Rs 155,896,100 inclusive of Contingencies of Rs 7 million and VAT. The contract document was signed on 26 March 2012. Liquidated damages applicable for the contract were Rs 80,000 per day up to a maximum of Rs 8 million.

9.1.1 Construction Contract

The site was handed over on 27 March 2012. The works which started on 10 April 2012 were due for completion on 3 July 2013. The contractual completion date was extended on six occasions, cumulating 114 days up to 26 October 2013. Sectional completions were accepted though they were not applicable as per Conditions of Contract. Delays in these sectional completions ranged from 40 to 75 days.

The overall performance of the Contractor was not satisfactory and the project was not completed within the contractual period. Weaknesses highlighted during the execution of the project were poor quality control, inadequate labour force, absence of provision for access of handicapped persons and unevenness of main entrance. Electrical items including solar water heaters supplied, were not as per specifications and make of products were not as per contract agreement.

Works were completed on 9 January 2014. The Certificate of Completion was signed on 8 September 2014, that is, 10 months after the revised completion date of 26 October 2013.

An amount of Rs 140,266,265 was paid to the Contractor as of 31 May 2015 and Rs 3,841,840 were retained as liquidated damages. However, liquidated damages were calculated as from 19 November 2013 instead of the revised completion date of 26 October 2013. A sum of Rs 1.84 million relating to period 27 October to 18 November 2013 was thus not retained.

Defects were noted after the completion date. However, the Defects Liability Period which ended on 9 January 2015 was not extended as stipulated in the General Conditions of Contract. Defect Liability Certificate was not issued as at mid June 2015. The renewed

Performance Security expired on 8 January 2015 and would thus not be valid up to the end of the Defects Liability Period.

9.1.2 Project Completion

The Centre which was completed on 9 January 2014 was inaugurated on 5 March 2014. It was operational as from 15 May 2014 and the first intake of residents was on 28 June 2014. Defects were noted after intakes of residents and were reported to have caused much discomfort to users.

Proposal for the disqualification of the Contractor in future procurement proceedings in accordance with Public Procurement (Disqualification) Regulations which was initiated by the MSS was, however, not pursued further.

9.1.3 Site Visit

A site visit was effected by my Officers on 4 June 2015. A hot banqueting equipment purchased at a cost of Rs 197,951 and delivered on 24 December 2013 could not be accommodated in the kitchen due to narrowness of the door and was therefore left in the dining room. This is contrary to regulations made under the Food Act requiring that food prior to consumption needs to be handled within the kitchen area for protection against contamination.

The Centre was not provided with rain water drainage system. Hence there might be risks of flooding during heavy rainfall. The compound of the Centre was flooded after the approved completion date and it was reported that the ballast tank and the pump room of the swimming pool were flooded with muddy rain water, thus damaging the pool plant. The swimming pool was put out of use since 22 April 2015, after notification made by the maintenance contract Service Engineer of the absence of an essential electrical life protection device.

The Day Care Centre forming part of the compound was not yet operational.

Recommendations

- The Contract works should be adequately supervised and closely monitored to ensure quality of works and its completion within the time frame specified in the letter of award so that the MSS could have optimal benefits of the Centre.
- Contract management should be enhanced to ascertain compliance with all conditions of contract, including Performance Security to safeguard Government's interests.
- The requirements of the MSS should be thoroughly discussed with the MPI so that proper drawings and accurate cost estimates are prepared prior to invitation of bids. There should be proper planning for works to be carried out so that problems such as, absence of provision for access of handicapped persons, impossibility of placing equipment in the kitchen do not arise during or after contract works

- The Project Manager should ensure that the Contactor supply all equipment according to specifications and make, specified in the Bills of Quantities.

Ministry's Reply

- (a) Extension of time was granted for additional works and for preserving the National Heritage Site located in the compound of the Centre which was being attended by another Contractor. The Certificate of Completion was not issued promptly as the advice of the Attorney General's Office on the issue of sectional completion was awaited.
- (b) Sectional completions were accepted as space was required for the storing of furniture and equipment purchased for the Centre in December 2013.
- (c) The solar water heaters which were not as per contract were replaced without additional cost. The hot banqueting equipment is being kept in a well-partitioned closed area. The electrical security device was provided on the swimming pool distribution board. The Contractor has been requested to provide a security device to the main circuit.
- (d) Rain water drainage system was provided and the external areas were covered with green surfaces, paving blocks and coral finish. The MPI has provided design for additional soakaways for implementation outside the contract.
- (e) Liquidated damages for period 27 October to 18 November 2013 will be applied and deducted in the Final Payment Certificate. The Defects Liability Certificate could not be issued since defects and snag lists were not remedied. No action was taken by the MSS for the disqualification of the Contractor from participating in future procurement proceedings as no such recommendation was made by the MPI.
- (f) The Day Care Centre was not yet operational due to budgetary constraints.

9.2 Social Protection – Rs 1.56 billion

The Social Aid Act provides for the payments of social assistance by the MSS to low income and needy persons. Social aid is payable to persons who are unable to earn a living, to dependents of prisoners and to abandoned spouses.

Regulations for payments of new rates for the various types of social aid applied as from January 2013 and January 2014, were made by the Minister on 11 February 2015 and gazetted on 14 March 2015. New rates were however, applied well before regulations were made by the Minister. This is not in line with the Social Aid Act.

9.2.1 Social Safety Net - Rs 1.3 billion

Payments of some Rs 1.56 billion were effected for Social Protection. Rs 1.3 billion (83 per cent) related to the Social Safety Net, which included Rs 1.09 billion as social benefits. The following shortcomings were noted:

Eligibility for Social Aid

Investigation was made on neither the other sources of income derived by claimants nor assessment of their assets. Correctness of income disclosed by claimants might not therefore be correct for eligibility purpose.

Immediate Payments

Beneficiaries were also regularly drawing Immediate Payments (IPs) which were meant only for urgent purposes and on one-off basis. Rs 137.96 million were paid in respect of some 25,000 IPs. According to data received from the IT Unit, IPs were processed and approved by the same officer.

Allowances to Fishermen

Bad weather and closed season allowances were paid to fishermen by the Ministry of Fisheries through Departmental Warrant issued by the MSS. In 2014, an amount of Rs 79.9 million was disbursed. However, detailed listing of beneficiaries was not available at the MSS. A certified list of beneficiaries should be submitted by the Ministry of Fisheries for control purposes.

Examination Fees

The MSS disbursed some Rs 146.1 million as assistance for examination fees. Of these, some Rs 140.5 million represented examination fees while the remaining Rs 5.5 million represented costs such as overtime, advertisements and stationeries. The Independent Commission Against Corruption started an enquiry in December 2014 on alleged acts of corruption in respect of six beneficiaries of examination fees for 2011. As of May 2015, the outcome of the enquiry was not known.

9.2.2 Domiciliary Visits

The Medical Unit (MU) was still using a standalone old computerised system. The absence of linkage with the Benefits System led to poor control measures and undetected death cases.

In November 2012, the Internal Audit Section pointed out cases of Domiciliary Visits (DV) performed in 2012 in respect of beneficiaries who had passed away as far back as 2003. These cases were referred to the Police Department in 2013. As of May 2015, the outcome of the Police enquiry was not yet known.

Ministry's Reply

- Finalisation of regulations requires several stages and discussions with different stakeholders.
- A new IT system will be implemented and business processes reviewed to ensure better transparency.

- Information relating to other sources of income was not readily available from stakeholders within the short timeframe required for approval of award. The MSS ensures that any wrong declaration is subject to severe penalties.
- The review of the standalone computerised system for DV and linkage with other Systems is one of the priorities of the e-Social Security Project.

9.3 Transfers to Charitable Institutions- Rs 77.7 Million

A sum of Rs 77,778,821 was disbursed as Capitation Grant to Charitable Institutions and Inmate Allowances in 2014. Payment of Capitation Grant was computed according to the number of inmates admitted in the Charitable Institutions. Shortcomings, such as absence of Controlled Forms for input into Computer System, Register of Visits by Officers of the MSS, and receipts of cash not acknowledged by inmates as reported at paragraph 9.6 of the Audit Report for the year ended 31 December 2013 still prevailed. However further shortcomings were noted in 2014:

- Payments of Inmates Allowance as well as Capitation Grant could not be substantiated in the absence of the Death Certificates of inmates. The Capitation Grants, in respect of two inmates who passed away on 17 July and 17 August 2014 were computed up to 31 December and 30 November 2014 respectively, hence, an overpayment of the Grant.
- In October 2014, an amount of Rs 308,398 was overpaid to another Charitable Institution.

Ministry's Reply

- The comments made in Audit Report for the year ended 31 December 2013 were being closely monitored.
- Controlled Forms for variation of Capitation Grant are now being used. Actions will be initiated to obtain monthly updated list of inmates, reconcile pay sheets and retrieve overpaid amounts.
- Inmates/Managers of Charitable Institutions will henceforth acknowledge receipts of Inmate Allowance.
- In all cases, copy of Death Certificate is now annexed in the respective case file of inmate. The Charitable Institutions have agreed to refund the overpaid amount.

9.4 National Pension Management

Expenditure amounting to some Rs 12.69 billion was incurred during 2014 in respect of National Pension Management, including Rs 12.48 billion for payments of basic pensions. An increase of 43.7 per cent was noted in the disbursements of basic pensions over the past five years.

There is an urgent need for the MSS to review the whole system of payment of basic pensions from initial stage of applications by claimants to payments to eligible beneficiaries. I previously reported on the numerous cases of overpayments detected by MSS.

9.4.1 Overpayment of Basic Pensions – Rs 72.9 million

Overpayments of basic pensions recur due to the undetected death or prolonged absences of beneficiaries, remarriage of widows and processing errors by Officers of the MSS. Most of these overpayments have still not been recovered and other similar cases were continuously being detected. These overpayments totalling some Rs 28.5 million were detected by the MSS during 2014. An amount of Rs 22.6 million was recovered in 2014 including Rs 14.6 million in respect of overpayments detected during the year. According to the National Pensions Act, any person who fails to disclose a material fact commits an offence. No legal action was seen taken against persons who had not reported material changes in circumstances, and who had intentionally and fraudulently cashed benefits.

Prolonged Absence of Beneficiaries – Rs 32.63 million

The major cause of overpayment resulted from the prolonged absence of beneficiaries. A sum of Rs 10.54 million was overpaid in 2014. Since 2012, meetings were held with the Prime Minister's Office for transmission of data with the Passport and Immigration Office (PIO). However, the matching of records of beneficiaries with PIO System through the electronic exchange channel was not completed as of May 2015.

Undetected Death of Beneficiaries- Rs 13.6 million

The death of a beneficiary which occurred on 15 March 1998, that is 16 years back, was detected in November 2014, and amount overpaid was not included in the cumulative overpayment as of 31 December 2014. Basic Retirement Pension (BRP) was paid to another beneficiary up to October 2014, though the death occurred 21 years back, that is on 31 July 1993. The overpaid amount was recouped from the bank.

The death of two private inmates, who were drawing BRP and other benefits, was detected when their corpses were found in a Medical School. In one case, the death occurred in April 2004 and the overpayment was recovered from the bank. In the other case, the beneficiary died in August 2001 according to Police Report, and a sum of Rs 730,718 overpaid was not yet recouped.

The electronic exchange channel with the Civil Status Division (CSD) to enable matching with live data was not yet fully developed as of May 2015. Death of beneficiaries arising abroad still remained undetected as they were not recorded on the database of the CSD.

Cases Lodged with Police Department

Overpayments of benefits amounting to Rs 3.8 million in respect of 17 cases were referred to the Police Department in 2013 and 2014 for prosecution. 25 other cases totalling Rs 3.9 million were under process, waiting to be referred to the Police Department. As of May 2015, the outcome of these cases was not known.

Recommendations

- The provisions of the National Pensions Act, regarding absence of notification of material changes leading to fraudulent cashing of basic pensions should be enforced.
- The computerised system needs to be reviewed to provide effective IT controls and regular management reports generated for control and monitoring purposes. Memorandum of Understanding should be signed with all stakeholders and beneficiaries should be requested to submit life certificates on a yearly basis.

Ministry's Reply

- Cases of overpayments detected have increased following better controls introduced by the Ministry and cases are now more complex. The overpaid amount of Rs 72.9 million represented a cumulative overpayment of basic pensions since the late 1970's.
- Recoupment of overpayments was difficult due to closure of bank accounts and unknown address of heir. The application of penalties in the National Pensions Act for fraudulent cashing of basic pensions was being envisaged.
- The actual computer system was hampering the exchange exercise with the PIO.

9.5 Information Technology Audit

At paragraph 9.1 of the Audit Report for the year ended 31 December 2013, I drew the attention of the MSS on numerous weaknesses relating to the Information Technology Systems of the MSS. The MSS has three major Systems namely, Contribution, Benefits and Social Aid. The whole process of determination and payments of basic pensions and social aid (from receipt of applications by claimants, processing and authorisation to payment) rested on the use of Information Technology (IT). In 2014, an amount of Rs 13.57 billion was disbursed for the payment of basic pensions and social aid.

However, some issues reported in the Audit Report for the year ended 31 December 2013 were still outstanding as of June 2015:

- An IT Steering Committee with proper terms of reference to oversee the whole IT operations within the MSS, was not yet set up.
- An approved IT policy customised for the MSS was still not available.
- Critical issues were reported regarding IT Security Audit which was carried out by a private firm in 2012. These were to be addressed immediately by the MSS. Actual

implementation status was still not available. Critical issues might still remain unattended after three years.

- Access rights were not properly managed. Active users in the System exceeded the number of officers servicing respective Units. Users had access with two different login ID. Access Rights were not removed in respect of Officers whose roles had changed. Common login ID was still being used by different Officers.
- A Contingency Plan ensures that the business process and IT Infrastructure of an organisation are able to support mission needs after a service disruption or disaster. An IT Contingency Plan was not available as of June 2015.

In September 2014, Government approved the e-Social Security System to replace the existing Systems and weaknesses reported would be taken on board. In the meantime, the IT Systems still remain vulnerable. Promptly addressing the shortcomings highlighted will enable the MSS to ensure that it is operating in an environment free of IT related frauds and irregularities for the payment of pensions and benefits, and that its IT Systems are resilient to threats pertaining to natural calamities or malicious attacks.

This would require among others, setting up of a Steering Committee, adoption of approved IT policies, addressing the existing security flaws, ensuring continuity of the service through the adoption of an approved Contingency Plan.

Ministry's Reply

- A Joint Committee with the Ministry of Technology, Communication and Innovation has been looking on major issues relating to the poor performance and delivery of solutions by the present software developer.
- Officers were trained on IT security issues.
- The complexity of the old IT System did not provide for immediate intervention. Necessary manual procedures and security features have been introduced to ensure that there is required control.
- The issue of access rights was being cleared and necessary procedures have already been reviewed and implemented.
- The implementation of a Contingency Plan is a priority earmarked as part of the e-Social Security Project.

10 - MINISTRY OF EDUCATION AND HUMAN RESOURCES

10.1 Supply and Commissioning of Tablet Computers for Form IV Students and Educators – Rs 134,349,018

10.1.1 Award of Contract

On 8 November 2013, contract for the supply and commissioning of 26,100 Tablet Computers for Form IV Students and Educators, was awarded to Company A for the sum of Rs 134,349,018, inclusive of VAT.

The Tablets, originally meant for Form IV Students in 2013, Year 4 Pre-vocational Students and Educators, were actually distributed to Form V Students and Educators in July 2014 when the Students were busy preparing for the School Certificate Examinations.

As of 31 March 2015, total payments effected to the Company A amounted to Rs 127,631,568.

10.1.2 No Access to Internet Facility (WiFi)

A Steering Committee comprising representatives of the Ministry of Education and Human Resources (MEHR), the then Ministry of Information and Communication Technology (MICT) and the Ministry of Finance and Economic Development (MOFED), was set up to drive the Tablet Computers project.

The implementation of the project was not properly coordinated, since access to WiFi facility was not made available by the MICT in all Secondary Schools at time of distribution of Tablets. Hence, the integrated Classroom Management Software that enabled a virtual environment in which Educators and students could interact, within a classroom, was not utilised.

It was only in 2014 that funds were provided to the MICT for the WiFi project, following which tender was launched in August 2014. However, as of 31 May 2015, the WiFi project has still not materialized, due to challenges lodged against the proposed award.

10.1.3 Tablet Computers Not Distributed to Pre-vocational Students

The Tablet Computers were meant to be distributed to 20,700 Form IV Students, including those of Pre-vocational Sector and 5,400 Educators. However, Tablets were neither distributed to students of the Pre-vocational Sector who were in Year 4 in 2013 since they had already left schools nor to students who were in Year 4 in 2014, since at time of distribution in July 2014, they were nearing completion of their studies. As of 15 April 2015, 2,490 Tablets were consequently left dormant at the Central Stores Division (CSD) of the Ministry.

10.1.4 Tablet Computers Not Registered in Company's Tablet Tracking System

Company A operated a Tablet Tracking System for the provision of support services on Tablet Computers after delivery and throughout the warranty period of two years. According to records available at the Ministry, 3,026 Tablets were distributed but not registered in the System by the respective Secondary Schools, as of 15 April 2015. Hence, these Tablets would not be entitled to any support services.

Conclusion

In the absence of WiFi facilities in Secondary Schools, the Tablet PC Project could not be successfully implemented despite all students of Form V and Educators were provided with Tablets, thus hampering stakeholders in the education sector from attaining the intended objectives, namely to:

- induce a paradigm shift in teaching and learning process at Secondary Level;
- improve learning by providing students with anytime, anywhere opportunities to become independent learners through technology; and
- improve pass rate of students at Cambridge SC/GCE Ordinary Level through a diversification of pedagogy, making use of multimedia tools.

Recommendations

- The Tablet Computers project should, in future, be properly monitored to ensure that Tablets are delivered to Form IV Students at the very start of the year and effective coordination with the Ministry of Technology, Communication and Innovation be made for the provision of WiFi facilities in all Secondary Schools so that maximum benefit can be reaped from their use.
- Pending the availability of WiFi access, the Ministry should encourage Educators and students who have obtained the Tablets to make optimal use of them in their educational activities. Selected educational programmes can be downloaded from where Internet facilities are available to be used offline at schools for teaching purposes.

Ministry's Reply

Although delivery and commissioning of the equipment were completed by 10 March 2014, delivery to students could only start in July 2014, as the Tablets had to be registered before being allocated to each student. Besides the specifications for the Insurance Policy to cover for any theft, damage not covered by the warranty of the Tablets, had to be worked out. In spite of two expressions of interest launched, no responsive bid was obtained. The Ministry in consultation with the Ministry of Finance and Economic Development had to devise, establish, and run a scheme for coverage of the Tablet PCs on its own.

The Steering Committee had, during its discussions, recognised the fact that the school connectivity project should be run concurrently with the Tablet PC Project. However, since

no provision for funds had been made for the school connectivity project in the 2013 Budget, there was no other solution than to implement both projects separately.

Distribution of Tablets to Year 4 students in the Pre-vocational Schools has started since June 2015.

The online registration of the Tablet PCs in the Tablet Tracking System was dependent on the availability of connectivity in the schools. However, its absence in many schools, has led to a registration process that could not be completed.

10.2 Contracts for Construction of Final Phases of Mahatma Gandhi State Secondary Schools – Rs 291.28 million

Contracts for the construction of final phases of three Mahatma Gandhi State Secondary Schools (MGSSs) for a total contract value of Rs 291.28 million, inclusive of VAT, awarded by the MEHR to two Contractors, as shown in Table 10-1, were examined.

Table 10-1 Contracts for Construction of Final Phases of MGSSs

| Project | Contractor | Contract Amount Rs million | Date of Award | Contractual Completion date | Date of Handing over | Amount disbursed as of April 2015 Rs million |
|---|------------|-------------------------------|---------------|-----------------------------|----------------------|---|
| Project 1 Construction of Forms I - V MGSS Moka - Phase IV | A | 149.37 | 09.08.12 | 25.03.14 | Not yet completed | 86.15 |
| Project 2 Construction of MGSS Flacq - Phase IV | B | 84.85 | 03.06.13 | 10.09.14 | 27.02.15 | 87.29 |
| Project 3 Construction of MGSS Nouvelle France - Phase III | A | 57.06 | 05.10.12 | 26.11.13 | 18.02.14 | 56.48 |
| Total | | 291.28 | | | | 229.92 |

The scope of works of the projects comprised, among others:

Project 1 – Construction of Music and Dance Block, Design and Technology Block, Home Economics Block, football grounds, extension to Toilet Block and site works.

Project 2 – Construction of the Music and Dance Block, Design and Technology Block, Home Economics Block, covered links and site works.

Project 3 – Construction of Music and Dance Block, Design and Technology Block and Home Economics Block, Computer/Library Block and site works.

The MEHR and Ministry of Public Infrastructure, Land Transport and Shipping (MPI) adopted a holistic approach with a view to harmonizing the designs and drawings of the different blocks of the MGSSs to be constructed.

10.2.1 Project 1

The project was hampered due to considerable delays accumulated on site which were attributed mainly to discrepancies in original site plan, modifications of internal layout of changing rooms, and review of electrical works in existing toilet block. The Contractor was regularly requested to increase labour force, to catch up with delays and to submit revised programmes of works.

Over and above the delay noted, certain works were not carried out in accordance with specifications and drawings. The rectification of same entailed further delays in progress of works. There was also a lack of interest on the part of the Contractor to complete the works.

As per the Standard Bidding Documents, the total amount of liquidated damages '*is not to exceed between 5 and 10 per cent of the Contract Price*'. The contract provided for a maximum of 135 days' delay and the maximum Liquidated and Ascertained Damages (LAD) of Rs 8.1 million, which represented some 5.4 per cent of the contract price. The revised contractual date of completion, after granting total extension of time (EOT) of 158 days was 1 September 2014. However, as of 30 April 2015, the project was still ongoing and LAD chargeable had already exceeded the maximum amount. Had the upper limit of 10 per cent been set, LAD chargeable would have amounted to some Rs 14.9 million.

10.2.2 Project 2

Essential features such as acoustic treatment to walls, false ceilings and double glazing of windows in the Music and Dance Block, wash basins for the Design and Technology Workshop and electrical works in several blocks were not provided for in the tender documents, despite the harmonization of the designs and drawings. During construction stage, the Contractor was requested to submit urgent quotations for these omissions.

Variation works amounting to Rs 9,555,915 had to be incurred due to the above omissions and additional works, leading to cost overrun of Rs 7,255,915, net of Contingencies.

Total EOT of 96 days, bringing the revised completion date to 12 December 2014, was granted to the Contractor to carry out the variation works. Despite the EOT, the provision of sound proofing treatment to walls and the subsequent electrical and air conditioning works in the Music and Dance Block, were executed during Defects Liability Period.

10.2.3 Project 3

During handing over exercise on 18 February 2014, several shortcomings were noted, namely in the Design Technology and Home Economics Block. The Home Economics Block was not operational as no provision was made for gas and water installation in the Cookery Rooms for Food and Nutrition practical classes. It was only in April 2015, more than a year later, that cookery classes were held in the new block, but still practical sessions could not be carried out since the gas installation works were still not functional. In the new Design and Technology Workshop, health and safety prerequisites, such as provision of washbasin, and smoke/fumes and dust extractor, were not provided.

Variation works amounting to Rs 5,282,745 had to be incurred due to omissions and additional works, leading to cost overrun of Rs 2,625,156, net of Contingencies. Given that the Ministry adopted a holistic approach to the infrastructural works of the different MGSSs, no omissions and additional works should have arisen.

Remedial works requested immediately after handing over could not be entertained under the contract as the one-year maintenance period had already expired on 4 February 2015. According to MPI, these works would have to be carried out by the District Contractor.

Recommendations

- Projects should be regularly and closely monitored so that prompt corrective actions are taken in respect of problems identified. It is the responsibility of MEHR to ensure that deliverables are done in a timely manner and as per conditions of contract.
- Description of works in the Standard Bidding Documents needs to be accurate and comprehensive to prevent changes in scope of works after award of contract, which eventually lead to delays and costs overrun.
- Adequate site supervision by MPI is imperative for ensuring that client's requirements, as defined in the contract, are met and constructions are done as per design and specifications.
- Shortcomings encountered during implementation of the project should be taken into consideration before awarding future contract to the same Contractor.

Ministry's Reply

➤ *Project 1*

The MPI has been approached to set the upper limit of LAD for future projects. Subsequently, the issue was taken up with the Procurement Policy Office (PPO). The latter has stated that it would issue a circular to clarify public bodies on the rationale of the Standard Bidding Document having indicated a range in the LAD as per best practices.

➤ *Projects 2 and 3*

The Design Review Committee which reviews the projects at the preliminary design and final working drawing stage will ensure that the clients' requirements are met, are according to norms and required standards, and that there is consistency in typical or similar projects.

10.3 Procurement of Watch and Security Services in Schools/Institutions – Rs 136,598,058

Contracts for the 'Procurement of Watch and Security Services in Schools/Institutions' were awarded on 2 December 2013 to two Service Providers for a sum of Rs 136,598,058 for a period of three years renewable each year subject to satisfactory performance, as shown in Table 10-2.

Table 10-2 Watch and Security Services in Schools/Institutions

| Service Provider | Total Contract Value Rs | Payments as of December 2014 Rs |
|-------------------------|------------------------------------|--|
| A | 76,249,278 | 25,787,847 |
| B | 60,348,780 | 19,336,408 |
| Total | 136,598,058 | 45,124,255 |

10.3.1 Non-compliance with Terms and Conditions of Contract

In March and April 2015, visits were effected by my Officers to 23 Primary Schools, seven Secondary Schools and three Institutions, out of the 293 Schools/Institutions. The Service Providers have not complied with the following terms and conditions of contract:

- In almost all schools visited, Occurrence Books were not kept by the Security Guards to record details of daily patrols, handing over between the Guards and School Caretakers, and other relevant incidents arising on sites.
- The required profile of the Security Guards in terms of literacy, age limit of up to 65 years and wearing of distinctive uniform on duty, amongst others, have not always been complied with.
- All school premises were left unattended between 8 am to around 11 am, that is, for some three hours without any replacement on every Saturday, contrary to terms of contract which provide for 24 hours coverage during weekends and public holidays. The Ministry has therefore been paying for the 3-hour service that was not being performed on Saturdays.

- With the exception of one Zone Directorate, no regular meeting was held at the level of the remaining three Zone Directorates and the Ministry with the Service Providers to review their performances with a view to ensuring quality standard of service. Only one meeting was held between the Ministry and the Service Providers on 1 October 2014 prior to renewal of contracts.
- No liquidated damages for non-performance have been charged on the two Service Providers following reports of the Squad Unit of the Ministry on absences of Security Guards in 56 instances during the months of April to June 2014.

10.3.2 Control over Attendance of Security Guards

Attendance Registers were not kept to record the time in/out of the Security Guards in nine of the 33 schools/institutions visited, while in certain schools same were kept in the custody of the Security Guards which is not a good practice as the Register may be tampered with. It could not therefore be justified on what basis the School Authorities were certifying the certificates of attendance submitted to Zone Directorates for payments.

Recommendations

- Regular monitoring meetings should be held with the representatives of the Ministry, Zone Directorates, School Authorities and Service Providers to ensure compliance with conditions of the contract and good service delivery.
- The Ministry and Zone Directorates should request Heads of School to submit monthly report on the performances of the Service Providers and instances of non-compliance with contractual obligations. Contract should not be renewed unless the Service Providers have been favourably reported.
- A penalty clause sufficient to deter any non-compliance with conditions of contract should be included in all future contracts.

Ministry's Reply

- A fresh circular is being issued to remind Head of Schools to ensure that the Occurrence Book is properly kept and all relevant details are recorded therein, and the names, ID No. of the Security Guards and also a Certificate of Medical fitness are submitted prior to commencement of delivery of services.
- The Ministry will ensure that meetings are held with the Service Providers on a regular basis, both at the level of the Head Quarters and Zone Directorates, with a view to monitoring performance and ensuring better quality service.
- The Ministry will, after consultations with the PPO, review the general conditions of the bidding documents on expiry of the present contract, so as to make clearer and more specific provisions for certain conditions and for deduction of payment on non-compliance of terms and conditions.

- The attention of Heads of School will be drawn for keeping an Attendance Register at the Usher's Office for proper monitoring of attendance and reporting of persistent lateness of Security Guards to the Zonal Directorate for necessary action.

10.4 Supplementary School Feeding Programme in Zones D'Education Prioritaires (ZEP) Schools

At paragraph 10.3 of the Audit Report for the year ended 31 December 2013, mention was made of the suspension of the Hot Meal Programme by the Ministry as from 18 February 2013, following cases of collective food poisoning reported in a ZEP school in the same month.

On 28 February 2013, the Ministry decided to construct kitchens and eating corners in four ZEP schools where food can be stored, heated and served to pupils. The aim is to provide all the ZEP schools with appropriate kitchens and eating corners, in a phased manner, before resuming the Hot Meal Programme in order to avoid any health risk to pupils.

10.4.1 Hot Meal Programme ('Repas Chaud') – Rs 46.71 million

Since the suspension of the Programme in February 2013, pupils of ZEP schools have been provided with a meal costing Rs 40 daily, comprising bread, butter, cheese, fruit, water and other supplements proposed by the Ministry of Health and Quality of Life (MOHQL) pending the construction of adequate infrastructure in all ZEP schools.

For the financial year 2014, some Rs 46.71 million, representing some 36 per cent of the budgeted amount had been disbursed on this Programme.

10.4.2 Status of Construction of Kitchens/Eating Corners

As of 31 May 2015, the status of the construction works in the four ZEP schools was as follows:

- For Pointe aux Piments and Aimé Césaire Government Schools (GSs), tenders were floated with closing dates 30 June and 14 July 2015 respectively.
- Regarding Bois des Amourettes GS, contract was awarded on 28 May 2015, with expected completion date November 2015.
- In the case of Cascavelle GS, the contract was awarded to a Contractor on 26 March 2015 for the sum of Rs 4,616,675, inclusive of contingency and VAT. However, the Contractor did not sign the contract within the prescribed time limit. On 14 May 2015, the Ministry decided to annul the award as per the Public Procurement Act. Contract has been awarded to the next lowest bidder on 28 May 2015, with expected completion date December 2015.

The cost estimates for the construction of kitchen and eating corner in a ZEP school ranged from Rs 4 million to Rs 6 million.

Observations

- More than two years after the occurrence of food poisoning incident, the Hot Meal Programme has not resumed, as necessary infrastructural facilities have not yet been provided in ZEP schools. The delay in the construction of appropriate infrastructure will no doubt have a direct incidence on the resumption of the Hot Meal Programme in the four ZEP schools and eventually to all ZEP schools.
- The Programme had initially been implemented in a short timeframe, without proper planning. It has eventually not materialised due to logistical problems encountered during its implementation. Thus, the Ministry's objective of providing a daily hot meal to pupils of ZEP schools has not been attained.

Recommendations

- Since Government has announced the provision of a hot meal to all pupils of Primary Schools in the Government Programme 2015-2019, the setting up of appropriate infrastructure in all schools, the appointment of HACCP Certified Caterers, the cost implications and the sustainability of the project should be properly considered.
- To ensure success of the Programme, the health of pupils, including the nutritional and educational benefits of providing hot meals to them should be of prime importance. The Ministry should enlist the cooperation of the Health Inspectors of the MOHQL to make regular visits to all schools, as well as to suppliers' premises to ensure compliance with sanitary and hygienic norms.

Ministry's Reply

- Funds to the tune of Rs 14 million have been provided in financial year 2015-16 and the duration for construction of such infrastructure is approximately four months. Bids will be invited for the appointment of caterers who should be HACCP certified so as to ensure control of the food all along the chain including conditions at caterers' premises, transport, storage and service, among others.
- Further cooperation with the MOHQL will be enlisted for regular visits both at school and suppliers premises to ensure compliance with sanitary and hygienic norms.
- A cost estimate of about Rs 1.4 billion for the annual procurement of meals for 278 schools had been worked out. The infrastructural works had been estimated to over another Rs 1.4 billion.
- The Ministry will set up a Technical Committee which will examine, plan and discuss on the different implications of providing hot meal to all pupils of primary schools. In view of the fact that the financial implications will be substantial, a policy decision regarding the implementation of the project in all schools is required.

11 - MINISTRY OF AGRO-INDUSTRY AND FOOD SECURITY

11.1 Land Use Division

The Land Use Division (LUD) of the Ministry of Agro Industry and Food Security is currently managing state agricultural land of a total extent of 9,129 arpents, including 298 arpents of land obtained under an agreement with the Mauritius Sugar Producers Association (MSPA). It is responsible, amongst others, for the drafting of agricultural lease agreements and collecting of rents accruing therefrom.

11.1.1 Allocation of Land

In order to adopt a holistic approach towards land utilisation, a Committee was set up at the level of the Ministry to examine applications and to make recommendations for allocation of land.

The following were observed:

- Notes of meetings were neither signed nor approved at the next Committee meeting.
- Applications for State Land and recommendations of the Committee could not always be traced, as in the following cases:
 - Some 9.1 arpents of Pas Geometriques at Ile D'Ambre were allocated to two beneficiaries for crop production for a period of seven years starting 25 September 2014. Both plots of land fall under the purview of the LUD. However, the recommendations of the Committee were not seen.
 - 10 arpents of Pas Geometriques at Roches Noires were allocated to an Agricultural Cooperative Society for the setting up of a nursery for fruit and vegetable production. The file kept at the Ministry's level in respect of this Cooperative Society was not made available. As such, both the application and the recommendation were not produced.

Given that the plot of land was mostly covered with filao trees and that the lease agreement stipulated that no felling of trees was allowed on the land, the granting of lease for the purpose of setting up a nursery for fruit and vegetable production, was not understood as the condition of the lease agreement would probably not be respected.

- The recommendation for the allocation of 23.96 arpents of MSPA land at Bel Etang, was not produced.

Recommendations

- Notes/minutes of meetings should be duly signed and approved.
- All applications for State Land, as well as recommendations/approval for ultimate allocation, need to be properly filed and safeguarded.

Ministry's Reply

Normally, the notes of meeting are never signed and the agenda is included in the convocation letter. All notes of meeting will, henceforth, bear the signature of the Chairperson of the Committee. For proper monitoring, the State Land Unit will have its own recording system. A copy of the approval sheet will be recorded in each individual file.

11.1.2 MSPA Lands Scheme

An Agreement was signed, in April 2008, between Government and the MSPA whereby sugar cane land of an extent of 2,000 arpents would be granted to Government by Corporate Planters who are members of the MSPA. Land would be released as and when required during the period of the lease, which is valid up to 31 December 2017.

Following Government decision in March 2013, the responsibility for the acquisition of MSPA land was transferred to the Ministry. Of the 2,000 arpents of land, 1,214 arpents were to be allocated for agricultural projects and the remaining extent of land was earmarked for housing and other social infrastructural projects.

As of April 2015, out of the 1,214 arpents to be allocated for agricultural projects, only an extent of 460 arpents had so far been acquired.

Acquisition procedures had started for another 657 arpents. Survey Reports regarding some 560 of the 657 arpents were still being awaited. Since 2013, the Ministry had already addressed its requests, for consideration by the MSPA, in respect of the remaining 97 arpents.

As of 30 April 2015, some 32 months prior to the expiry of the Agreement, 62 per cent of the extent of land to be allocated for agricultural projects had yet to be finalised.

The Ministry deplored that land already made available under the Agreement was marginal one, which had required investment on its part to improve the physical soil characteristics.

Recommendation

The Ministry should ensure that the acquisition of land as agreed between Government and the MSPA be finalised and completed by the due date of the Agreement. It should also liaise with the MSPA to obtain land of improved quality.

Ministry's Reply

Procedures are well engaged for the acquisition of another lot of 657 arpents, out of which deeds of sale for 473 arpents are being finalised at the level of Notary Public.

Criteria for Allocation of MSPA Land

The Committee, set up to consider applications for State Land, at its meeting of 14 June 2012, finalised the evaluation criteria for the allocation of MSPA lands.

Prior to that date, an extent of some 188 arpents of land located at Rouge Terre, L'Esperance, St Hubert and Mare D'Albert had been allocated to some 40 beneficiaries, without clearly defined/established evaluation criteria.

Ministry's Reply

Land at Rouge Terre, L'Esperance, St Hubert and Mare D'Albert, covering a total extent of 188 arpents was acquired in 2010 and allocated to 40 Co-operative Societies/Agro-leased companies on basis of the profile of project promoter/s, experience of members of Co-operative Societies in proposed agricultural activity, feasibility of project proposals, relevance of proposed activities of food security, distance of promoter's/applicant's place of residence with respect to land being allocated and the financial/Investment capacity of promoters.

11.1.3 Management of Agricultural State Land

As of January 2015, the status of the 9,129 arpents of agricultural State Land managed by the LUD, was as shown in Table 11-1.

Table 11-1 Status of Agricultural State Land

| Status of Lease | Acreage (Arpents) | | | Total |
|------------------------|--------------------------|------------------|----------------------|-----------------|
| | Occupied | Abandoned | Not Available | |
| Valid | 2,617.34 | 1,025.62 | 252.25 | 3,895.21 |
| Expired & Not Renewed | 3,743.44 | 599.25 | 69.79 | 4,412.48 |
| Not Signed | 133.78 | 677.10 | 10.34 | 821.22 |
| Total | 6,494.56 | 2,301.97 | 332.38 | 9,128.91 |

Source: Land Use Division

Of the 3,895.21 arpents of land, for which there were signed lease agreements, nearly 1,026 arpents were reported to be abandoned.

The lease agreements of some 3,743 arpents had already expired and were not yet renewed though the plots of land were reported to be occupied.

Recommendation

The Ministry should ascertain that prompt action is taken to retrieve the land in respect of beneficiaries not adhering to the condition of lease, such as abandoned land, and that there is a duly signed lease agreement for all cases of occupied land.

Ministry's Reply

Many sugarcane planters have kept their land abandoned due to delay in the implementation of the Field Operation Regrouping Irrigation Project (FORIP). In cases where the planters are not concerned with the FORIP, the Ministry had already initiated actions to retrieve 600 arpents of land representing 284 lessees.

11.1.4 Non Compliance with State Lands Act

At paragraph 11.4.2 of the Audit Report for the year ended 31 December 2013, I reported that contrary to the requirement of the State Lands and Cadastral Survey Acts, the majority of lease files kept at the LUD did not have an individual descriptive survey plan, but there were, instead, layout plans and site plans that dated back to 1980. Since October 2012, reference to an individual descriptive survey and Parcel Identification Number (PIN) is mandatory for all new lease agreements.

Between October 2012 and February 2015, a total of 794 lease agreements had been drawn without an individual descriptive survey plan and a PIN, as required by law. Of these, 306 agreements had already been signed. However, as of 30 April 2015, beneficiaries had still not been allocated their land for occupation, as the individual survey plan had not yet been finalised.

In November 2012, it was proposed to enlist the service of Surveyors of the Ministry of Housing and Lands (MOHL) to carry out an extensive survey of all land currently under the purview of the Ministry. As of 30 April 2015,

- Most of the lease agreements kept at the LUD still did not have an individual descriptive survey plan and PIN. There were only 109 plots to which a PIN had been assigned and individual survey plans were finalised for only 250 plots.
- The Ministry was still in negotiation with the MOHL for the services of Land Surveyors.

Recommendation

The Ministry should abide by the above legal requirements. It should ascertain that an individual survey plan is drawn and a PIN assigned at the earliest for all cases of lease agreements.

Ministry's Reply

Consultations with the MOHL have reached an advanced stage. The Terms of Reference for the survey works have already been agreed by both parties.

11.1.5 Illegal Construction on State Land Leased for Agricultural Purpose

At paragraph 11.4.4 of the Audit Report for the year ended 31 December 2013, I drew attention that 12 lessees had illegally constructed concrete buildings between 90 m² and

1,140 m² on land leased to them at Petit Sable, Grand Sable, Pointe aux Feuilles, Elysee and Terre Rouge. The LUD had ceased to renew their lease agreements since 2002, except for that of Terre Rouge which will expire in 2029. The Ministry had sought the views of the MOHL as to the course of action to follow. As of 30 April 2015, a reply from the MOHL was still being awaited.

Ministry's Reply

A reply from MOHL is being awaited.

Terre Rouge Land Settlement

A lessee was granted, in August 2011, a second lease of 3.75 arpents (Lot B) adjacent to his previously allocated land of 4.75 arpents (Lot A), although it was found during a site visit in May 2011 that he had illegally constructed a building of approximately 600 m² on lot A.

During a site visit carried out on 14 April 2014 by Officers of LUD at lot B, it was found that a concrete building was under construction, and works for the casting of roof slab were in progress.

On 2 March 2015, following another site visit by Officers of LUD, it was reported that they did not have access to the leased lands, as both plots were fenced with rock wall and heavy duty gates. The lessee was thereafter contacted on several occasions for a visit, but to no avail.

Recommendations

Cases of illegal construction need to be dealt with promptly. Penalty/corrective action should be rigorously applied by the Ministry. I reiterate the need for frequent site visits for early detection of any breach of terms and conditions of lease agreements.

Ministry's Reply

Henceforth, all cases of illegal construction will be dealt with promptly.

11.1.6 Illegal Occupation

At paragraph 11.4.3 of the Audit Report for the year ended 31 December 2013, I mentioned that since March 2006, a Cooperative Society had stopped paying rent for an extent of 86 arpents at La Brasserie. The lease was for a period of 10 years starting March 1998, at an annual rent of Rs 129,000.

Upon expiry of the lease agreement in March 2008, the lease had not been renewed though the land was continuously being occupied. The extent was reduced from 86 arpents to 61.98 arpents as from July 2009. Amount owed for the period March 2006 until the expiry of the lease agreement, that is, March 2008 was Rs 258,000. As of 30 April 2015, the arrears of Rs 258,000 had not yet been settled and the new lease agreement was still not drawn.

The lessee was allowed to occupy nearly 62 arpents of agricultural state land for about seven years without a duly signed lease agreement and payment of rent.

Had a lease agreement been drawn in March 2008, the amount collectible from the lessee would have been some Rs 850,000 for the period March 2006 to December 2014. In the absence of a signed agreement, the Ministry may not be able to claim the additional amount of Rs 592,000.

Recommendation

Renewal of lease agreements and recovery of rental should be properly monitored.

Ministry's Reply

The lessee has accepted to settle the rent due from April 2009 to May 2015. The case is being processed.

11.1.7 Revision of Annual Rental

Undue delay had been noted in revising the annual rental of the 33 beneficiaries of State Land at Arsenal and Bois Marchand who were still paying an annual rental of Rs 120 instead of the prescribed rate of Rs 1,500 for 'irrigation land' and the nine beneficiaries who were leasing some 4,700 m² of concrete buildings within the 141 arpents of agricultural state land allocated to them

Recommendation

The Ministry should not further delay revision of rental.

11.1.8 Arrears of Revenue - Rs 7,403,483

Arrears of revenue as of 31 December 2014 amounted to Rs 7,403,483. This represented a decrease of some 20 per cent compared to 2013. According to the Return of Arrears submitted to the Accountant General's Department, total amount collected from July to December 2014 and total arrears as of 31 December 2014 were stated at Rs 4,555,838 and Rs 7,403,483 instead of Rs 2,582,209 and Rs 6,137,069 respectively.

The Return also included an adjustment of Rs 2,326,242, for which no details were made available.

Recommendation

The Ministry should exercise more control over computation of arrears and ascertain the correctness of the figures for inclusion in Accountant General's Report.

Ministry's Reply

Henceforth, more control over the computation of arrears will be effected.

11.2 Division of Veterinary Services

The Division of Veterinary Services (DVS) of the Ministry comprises five main Units namely, the Ambulatory Veterinary Services, Reproduction Unit, Control of Stray Animals Unit, Animal Disease Surveillance Unit and the Animal Welfare Unit.

11.2.1 Ambulatory Veterinary Services

Ambulatory Veterinary Services, are provided on a 24 hourly basis by the DVS to animal breeders, mainly of cattle, goats, pigs and poultry. During office hours (9 a.m to 3.15 p.m), the services are provided at four regional Sub Offices, namely, at Abercrombie, Saint Pierre, Flacq and Rose Belle. After office hours, emergency cases are reported at the DVS Headquarters, in Reduit and are attended to by Veterinary Officers (VOs) on call.

Evaluation of Services Provided

In addition to the Free Drug Scheme, the Ambulatory Veterinary Services also provide for the supply of vaccines, and diagnostic services at the breeder's farm.

During the period July 2008 to 31 December 2014, the Ministry had spent some Rs 23 million on veterinary drugs and products.

An evaluation of the services provided by the DVS had, so far, not been carried out. This exercise would have allowed the DVS to assess the effectiveness and efficiency of the service provided. Feedbacks from breeders are useful in order to improve the quality of services offered to breeders and to the public in general.

Ministry's Reply

The recommendation made for an evaluation is taken on board.

Animal's Health Cards

6,000 Animal Health Cards were printed, for distribution to breeders, in March 2014. However, the DVS did not have a list of Registered Breeders.

The purpose of keeping the Animal Health Cards was to keep a record of the health status of each animal, the problems encountered by them, the treatment provided and drugs administered to them. As of 31 May 2015, some 4,000 cards had yet to be distributed.

Ministry's Reply

- The necessary amendment to the legislation is being made to provide for the registration of breeders.
- For follow up of health status of each animal, ARIS II is being implemented, while smart phone technologies are being envisaged in collaboration with Animal Risk Ocean Indien Project.

Control over Veterinary Drugs and Products

Significant amount is being spent by the Ministry, in terms of veterinary drugs and products for the Ambulatory Veterinary Services. Control thereon, however, was not adequate, as illustrated below:

- Requests for drugs/products, to be used by the VOs to perform their duties, were made verbally to the Stores of the DVS. The latter, then, prepared the necessary Goods Forms to support the issue of these drugs/products. However, same were, in most cases, not authorised by a Senior Officer of the DVS. In some cases, receipts had not been acknowledged by VOs.
- Drugs, in the custody of VOs, were not stored in appropriate conditions. They were, most of the time, stored in the VOs vehicles and exposed to heat.
- For control purposes, Drug Books and Clinical Sheets were issued to VOs to record, amongst others, receipt of drugs from the DVS Store and their distribution/issues to breeders. However, same were in most cases not verified by Senior Officers of the DVS. There was also no evidence that survey of drugs in the custody of VOs had been carried out; hence, defeating the purpose of keeping the Drug Book and the Clinical Sheets.
- Issues of drugs are also made directly to breeders calling at the DVS Headquarters in Rudit upon presentation of a Prescription Form, duly issued by VOs. However, control over these Prescription Forms was also not adequate. Cases were noted where the signatures of VOs were missing on the Prescription Forms, items of drugs had been added on the Prescription Forms in different handwritings. In several cases, a memorandum was used to support the issue drugs to breeders, instead of the appropriate Prescription Forms. At times, drugs were issued, following instructions given on phone by VOs and thereafter a memorandum was drawn and signed by the Officer issuing the drugs. Some Prescription Forms had not been produced although issues of drugs had been made.
- The DVS Store was under the responsibility of an Officer who was involved in the receipts and issues of drugs/products, keeping records thereof and responsible for warehousing of these drugs/products. Due to the absence of segregation of duties, the risk of misappropriation of veterinary drugs and products could not be ignored.

Recommendations

- There should be clearly laid down procedures for the issue of drugs. Requests for drugs should be duly authorized and receipts need to be acknowledged.
- Arrangements could be made to issue stocks of drugs/products to Sub Offices, where same could be issued to VOs in limited quantities. Appropriate storage facilities need to be provided at these Sub Offices.
- The Ministry needs to ensure that records, kept for control purposes, are complete, properly kept and are independently verified.

- Instructions should be given by the Ministry to ensure that Prescription Forms are used in all cases to support issues of drugs/products and that they are properly filled in. The Ministry could also consider introducing Prescription Forms which are pre-numbered.
- To enhance control, the duties of Officers of the DVS Stores need to be segregated.

Ministry's Reply

- Procedures for the proper issue of drugs have now been worked out.
- Necessary measures are being taken for the appropriate storage of veterinary drugs.
- Corrective measures will be taken as recommended in respect of Drug Books and Clinical Sheets.
- The proposal in respect of Prescription Forms will be considered.
- The recommendation regarding the segregation of duties will be implemented.

11.2.2 Reproduction Unit

The main activities of the Reproduction Unit of the DVS are to provide Artificial Insemination (AI) service and Pregnancy Diagnosis for cows, on application at the Headquarters or at regional Sub-Offices. At the Reproduction Unit, semen from bulls are to be collected, processed and conserved.

The following were noted:

- The Reproduction Unit of the DVS has an Artificial Insemination Laboratory for the production of semen. However, this Laboratory has not been in operation since several years. Most of the laboratory equipment found therein was not being used. Maintenance was also not being carried out thereon.
- Given that semen are no longer produced by the AI Laboratory, same are being acquired from both overseas and locally. For the past three years, the Ministry had disbursed a total of some Rs 1 million for the purchase of frozen semen.
- Records for the stock of semen were not properly kept. Except for the month of October 2014, the quantity of semen straws issued by the Reproduction Unit during 2014 was greater than the number of AI performed. A reconciliation had not been carried out.
- Seven bulls were kept for the production of semen. Of these, four bulls were sold/died. The remaining three bulls had not produced semen for years. Rearing these bulls is costing the Ministry some Rs 600,000 annually for the supply of animal feed, fresh fodder and overtime of three Stockmen responsible for taking daily care of the bulls. The Ministry is, therefore, spending money without deriving any benefit from keeping the bulls.

Recommendations

The Ministry needs to come up with a decision as to whether or not to proceed with the production of semen locally. Assets such as the AI laboratory and its equipment, if remaining unutilised for long, may run the risk of deterioration.

A decision also needs to be taken regarding the three bulls.

Ministry's Reply

The Ministry will shortly take a decision regarding the production of semen.

The three bulls will be replaced by Creole Breed bulls for genetic conservation project

11.2.3 Control of Stray Animals Unit

A sterilization campaign was initiated in 2006 by the DVS with the objective to sterilize dogs/cats at national level. In order to deliver the sterilization service, two caravans and two double cabs were provided to the DVS.

The caravans are equipped with the necessary surgery equipment, consumables for surgery and protective equipment. The first caravan and the double cab used to pull it were acquired in 2006. In 2013, a second equipped caravan was acquired for an amount of Rs 1,495,000.

Only the newly bought caravan is being used for the sterilization campaign. The first caravan, though in good condition, had not been used since June 2014 and was left in the open yard of the DVS, exposed to the inclemencies of weather.

As of April 2015, some 100 requests for dogs/cats sterilization had still not been attended to at the Flacq Sub Office. Some of these requests dated as far back as February 2015.

Ministry's Reply

- Both caravans will henceforth be used optimally.
- Requests for sterilization by the public will be attended within reasonable delay.

11.3 Grant to Statutory Bodies

The Ministry has various Statutory Bodies under its aegis. Funds are provided by the Ministry to these Statutory Bodies to meet their capital and recurrent expenditure.

Funds for a total amount of some Rs 290 million, disbursed by the Ministry to three Statutory Bodies, had remained outside the framework of parliamentary accountability. As required by Law, the Ministry was not in the presence of their Annual Reports and audited Financial Statements, to be laid before the National Assembly.

11.3.1 Irrigation Authority

Subsequent to paragraph 11.2 of the Audit Report for the year ended 31 December 2013, the Ministry received Annual Reports, inclusive of audited financial statements, of the Irrigation Authority (IA) for the period July 2006 to December 2010.

For the period 1 January 2011 to 31 December 2013, the Ministry disbursed Rs 279,280,275 to the IA for its recurrent and capital expenditure. The Annual Reports and the audited financial statements for the same period were not submitted to the Ministry.

IA informed the Ministry that its financial statements for the year ended 31 December 2011 had already been audited and were awaiting approval of IA Board. Financial statements for the years 2012 and 2013 had been prepared and will be audited once those of year 2011 have been approved by IA Board.

Funds of some Rs 279 million released by the Ministry to IA, for the period 1 January 2011 to 31 December 2013, had remained outside the framework of parliamentary accountability.

11.3.2 Tea Board

The Tea Industry Control Act, under which Tea Board was established as a body corporate, was repealed following the enactment of the National Agricultural Products Regulatory Office (NAPRO) Act 2013. The Statutory Bodies (Accounts and Audit) Act was also amended by deleting 'Tea Board' under Part II of the First Schedule and Part I of the Second Schedule, with effect from 26 November 2013.

NAPRO is a division within the Ministry which aims at the integration of the Tea Board, the Tobacco Board and regulatory functions of the Mauritius Meat Authority. NAPRO is operational since 26 November 2013.

For its last year of operation, the Ministry disbursed Rs 4 million to the Tea Board for its recurrent expenditure. The Ministry was not in the presence of the Annual Report and audited financial statements for the period 1 January to 25 November 2013.

Funds of Rs 4 million released by the Ministry to Tea Board had remained outside the framework of parliamentary accountability

11.3.3 Former Mauritius Society for the Prevention of Cruelty to Animals

The former Mauritius Society for the Prevention of Cruelty to Animals (MSPCA) was a body corporate established under the MSPCA Act. It received annual grant from the Ministry for its recurrent expenditure. One of the conditions stipulated in its Annual Memorandum for Grant In Aid was '*rendition to Government within 6 months of the close of the Beneficiary's financial year, the annual statements of the Beneficiary, certified by the Beneficiary's Auditors, together with the report showing, inter alia, the receipt of the grant from Government*'

With the enactment of the Animal Welfare Act in October 2013, the MSPCA Act was repealed and the Mauritius Society for Animal Welfare (MSAW) was established. Financial

statements for the year 2014 were submitted for audit, but MSAW was requested to submit a new set of financial statements to comply with certain statutory requirements.

Rs 7 million were granted to the former MSPCA during the period 1 January 2012 to 29 October 2013. The Ministry was not in presence of the audited financial statements for that period from the former MSPCA.

Funds of Rs 7 million released by the Ministry from 1 January 2012 to 29 October 2013 had, thus, remained outside the framework of parliamentary accountability.

Ministry's Reply

Irrigation Authority. The audited financial statements for the year ended 31 December 2011 have been approved by the IA Board on 14 May 2015. The financial statements for the year ended 31 December 2012 are presently being audited whilst those for the year ended 31 December 2013 have been prepared and will be audited once that of the year 2012 will be approved by the IA Board. The next Annual Report of the IA will cover the period 2011 to 2013 and will include financial statements for the years 2011, 2012 and 2013.

Tea Board. The ex-Tea Board ceased to operate on 25 November 2013. All its assets and liabilities have been vested in Government. As the NAPRO operates as a Regulatory Body, it does not have the logistics to prepare financial statements. Necessary arrangements will therefore be made to prepare the financial statements.

Former MSPCA/MSAW. The financial statements for the years 2012 and 2013 have been prepared and arrangements have been made by the MSAW for a private audit firm to audit the accounts. The financial statements for the year 2014 are being amended.

11.4 Mass Sterilisation Project for Dogs

Following a first island-wide survey on the number of street dogs present in the island in July 2013 and a second door to door survey in December 2013 to determine the number of owned dogs, a mass sterilization programme was to be conducted by an international animal protection organisation, in collaboration with the Ministry, through the Mauritius Society for Animal Welfare (MSAW).

A two-phased approach was adopted to humanely manage the overpopulation of dogs. The first phase of the project consisted in carrying out a pilot testing in the region of Grand Bay/Mont Choisy for a period of three months. Based on the effectiveness and efficiency of the pilot testing, the mass sterilization would be extended to the whole island as the second phase.

The pilot project, with an initial estimated cost of some Rs 4 million, would be financed by the Ministry. The project started in mid-October 2014.

Up to December 2014, Rs 2,257,670 were disbursed by the Ministry, in respect of accommodation, salaries of staff of the international organisation, air tickets, veterinary supplies and others, for the implementation of the pilot project. Included in the above sum, were Rs 1 million which had been transferred to MSAW to meet expenses in relation to the project.

In addition to the above costs, vehicles, namely a caravan and a double cab of the Ministry were attached to the Sterilization Team.

In March 2015, the Ministry decided not to go ahead with the project as no consensus had been reached between the Ministry and the international organisation regarding the Memorandum of Understanding.

The Ministry had disbursed a sum of about Rs 2.2 million without a *modus operandi* for the implementation of the pilot project.

About 56 per cent of the total cost for the pilot project had been spent, yet no substantial benefit had been derived.

Before disbursement of fund for any project, the Ministry needs to ensure that the terms and conditions of funding or assistance had been formally set and agreed.

Ministry's Reply

The project was undertaken on a pilot basis in collaboration with the international organization. However, the collaboration is being reviewed and the Ministry is considering to undertake the programme with local Veterinary Officers and the MSAW. A final decision will be taken shortly.

11.5 Salle de Decoupe

In order to respond to the request of pig breeders, the Ministry intended to set up a modern Salle de Decoupe in an existing building situated in the compound of the Mauritius Meat Authority (MMA) located at Roche Bois.

In 2013, the Ministry disbursed Rs 1,015,075 for the renovation and extension of the existing building, to be converted into a Salle de Decoupe. The works were carried out both during and after normal working hours. Overtime totalling Rs 417,927 had been paid for the period September to November 2013. In 2014, additional expenses relating to the renovation and extension works amounted to Rs 156,513. Resurfacing of existing parking area at MMA, Roche Bois for the Salle de Decoupe was also undertaken at a cost of Rs 256,500 in July 2014.

For the Salle de Decoupe to be operational, the Ministry had to acquire new refrigeration equipment. On 11 December 2013, bid for the supply, installation, testing and commissioning of new refrigeration equipment had to be cancelled due to a major change in specifications. Specifications were reviewed and fresh bid was launched on 23 January 2014. The two bids received were found to be non-responsive by the Bid Evaluation Committee in June 2014.

A year had already lapsed, yet the new refrigeration equipment had not been acquired, and new bid exercise had not been conducted.

Although a total amount of Rs 1,846,015 had been disbursed by the Ministry, the Salle de Decoupe could not be operational due to the delay in acquiring refrigeration equipment.

The Ministry needs to take the necessary steps in order not to further delay the acquisition of the new refrigeration equipment for the operation of the modern Salle de Decoupe.

Ministry's Reply

It has been decided that the MMA will take over the Salle de Decoupe. However, confirmation from MMA is still being awaited. Once the new management of MMA confirms its agreement to take over the Salle de Decoupe, tenders for the acquisition of the refrigeration equipment will be launched.

11.6 Food Technology Laboratory- Genetically Modified Organism (GMO) Unit

At paragraph 11.1 of my Audit Report for the year ending 31 December 2013, I reported that the GMO Unit of the Ministry was still not fully operational. A proper Legal Framework was to be put in place to enable the GMO Unit to carry out fully its activities. The Ministry had, so far, disbursed Rs 5.6 million on equipment specifically purchased for the GMO Unit.

As of 31 May 2015, the required legislation had yet to be finalised. Most of the equipment acquired had not been optimally put to use.

The National Biosafety Committee (NBC), which was mandated to look into the regulations pertaining to the GMO Act, was reconstituted in May 2014. The main task of the NBC was, in the first instance, to review and to fine-tune regulations and guidelines to support the GMO Act. In March 2015, the NBC proposed various recommendations for amendments to legislations, regulations and guidelines. Meetings of the NBC are ongoing before proceeding with the regulations and amendments to the Act.

Further delay, in the finalization of the GMO Act 2004, would hinder the smooth functioning of the GMO Unit.

Ministry's Reply

Three Regulations, namely the Genetically Modified Organism (Labelling and Identification of the Genetically Modified Organisms) Regulations 2015, the Genetically Modified Organisms (Consignment in Transit) Regulations 2015 and the Genetically Modified Organisms (Fees) Regulations 2015 have been finalized by the NBC. These Regulations will be submitted shortly to the Attorney General's Office for vetting, after which the relevant Sections of the GMO Act 2004 will be proclaimed.

Pending the proclamation of the GMO Act 2004, decision has been taken by the Ministry for the staff of the GMO Unit to carry out tests on a pilot basis on a number of products to determine whether those products are GMO's. Hence, the equipment will now be fully utilized.

12 - MINISTRY OF ENVIRONMENT AND SUSTAINABLE DEVELOPMENT

12.1 The Use of Economic Instruments as a Tool for Sustainable Environmental Management: Problems Identified

Background

The major policy instruments/tools used to ensure the sustainability in environment management included tools such as Environmental Legislation, Standards, Environment audits and Impact Assessment and Economic Instruments (EIs). Governments worldwide, including Mauritius, make use of EIs to influence good behaviour towards the environment by discouraging undesirable practices or by encouraging the good ones through instruments, such as taxes, duties, levies, environment protection fees, user charges as well as incentives in the form of subsidies and rebates. EIs are not substitutes for other policy tools; rather they complement them.

Over the years, many EIs were introduced by Government in various sectors: energy, transport, water and sanitation to address environmental hazards such as emission of greenhouse gases, poor air quality, urban road congestion and improper waste disposal. EIs developed included environment protection fees, MID Levy on petroleum and coal, excise taxes on petroleum and plastic products and other vehicle emission and ownership charges, as well as waste water user charges. Yearly, Government revenue associated to environmental protection taxes, levies, charges, fees, subsidies and rebates were roughly estimated at some Rs 8 billion met by entities generating the pollution and the general public.

Purpose of the Review

This review was not aimed at a performance appraisal of the effectiveness of EI but rather aimed at raising concerns for an integrated use of EI as a tool for national development planning process including environmental strategies as well as future budget processes. EIs have been applied in many sectors at different points in time but it is the institutionalised systematic approach to their introduction, implementation, monitoring and evaluation that needs to be improved. The major problems identified are listed below.

Major Problems Identified

12.1.1 Regulatory Framework for EIs

EIs were formulated in a staggered and fragmented manner at different points in time with economic instruments split among different stakeholders (Ministry of Finance, Environment, Registrar General, Wastewater Management Authority, etc.) and under various policy decisions embodied in different legislations, such as the Finance Act, Mauritius Revenue Authority (MRA) Act, Excise Act, Environment Protection Act, Registration Duty Act, and Wastewater Management Authority Act.

12.1.2 Independent Mechanism to Oversee the Implementation and Review of EIs

Government has implemented a wide range of EIs for environmental management in some sectors. However, it did not adopt an integrated approach to ensure harmonisation in the implementation, monitoring and evaluation of EIs. No dedicated, centralised and independent mechanism existed to oversee the effectiveness of EIs in terms of meeting primarily the environmental, equity and revenue objectives.

The Ministry did not also seek the support of international bodies such as UNEP/UNDP to assist in the evaluation of the effectiveness of the EIs in meeting revenue and environmental objectives as was the case with some other countries. The impact of taxes and incentives was mixed, with achievements couched in revenue generation, but none to date gauging the state of the environment.

12.1.3 Role and Responsibilities of Ministry of Environment in EI Issues

All stakeholders involved in the policy framing, implementation, monitoring, evaluation and review of the EIs were not always fully aware of their responsibilities. They were managing their EI in isolation. The MOFED has taken centre stage in the introduction of most of the EIs but did not cater for a more inclusive and comprehensive approach towards an environmental fiscal reform programme with properly allocated responsibilities to this Ministry (Environment) and other implementing entities.

The role and mandate assigned to the Ministry as sole environment expert was not adequately fulfilled in respect of the use of EI as Mauritius had internationally committed itself to the use of EI in environmental management at the Rio Conference of the United Nations held in 1992 and furthered through successive National Environment Strategies (NES 1 and NES 2) of the Ministry. In 1999, the Ministry had its own EI namely the Environment Protection Fee on listed activities and products. However, little breakthrough was made at the level of the Ministry to set up a formal mechanism to institutionalise the design and use of its EI as well as other EIs:

- *Setup-* There was no dedicated Unit/Cell/ mechanism/platform at the Ministry to follow the implementation of all EIs and to discuss EI environmental management issues.
- *Development Framework/Methodology-* The methodology/framework to develop EI was fragmented and unstructured. The Ministry's involvement in the design/ review of EIs was minimal as implementing agencies, including the Ministry were not required to integrate their EI with other broader environment management objectives.

12.1.4 Management information for EI

No thorough EI information/centralised database was readily available or compiled by the Ministry despite the basis of introduction of EIs related primarily to a serious environment concern. Without consistent and reliable information, it is difficult to set rational EI policies, to choose appropriate policy instruments, to address perceived problems, or to measure progress once such policies are in place. Implementing agencies did not continually collect

and organised environment data into time series to document changing conditions of the environmental parameters under their respective purview.

Compendium of all EIs

A compendium of all operational EIs was not available at the Ministry in order to have a snapshot of all EIs so as to oversee their implementation and assess their effectiveness in curbing environmental degradation. My Office had compiled a non-exhaustive compendium with available information and had worked out the yearly financial envelope relating to revenue collected on environment taxes, levies, charges, as well as Government revenue foregone in terms of subsidies and rebates. The estimated figure was some Rs 8 billion as per Table 12-1.

Table 12-1 Revenue Collection

| Taxes/ Levies/ Charges/Fees | Amount (Rs million) |
|---|---------------------------------|
| Vehicle ownership charges – Excise duties on motor vehicles/ motor cycles excluding Registration Duties and Road Tax | 2,403 |
| Taxes/ Excise duty on petroleum products including MID Levy on petroleum products and coal | 3,219 (MID levy- 320) |
| Environment Protection Fee on Hotels/Guest houses/ Tourist residences, Stone Crushing Plants, Tyres, Batteries and Mobiles | 169 |
| CO2 levy or rebate from Excise duty payable depending on the CO2 emission of cars | 109 (taxes) 300 (rebates) |
| Excise Taxes on Plastic Products- Bags, PET bottles, Cans | 242 |
| Waste water Charges | 389 |
| Passenger Fee and Solidarity Levy | 1,266 |
| Total | 8,097 |

12.1.5 Monitoring, Evaluation and Review of EIs

There is no mechanism in place at the Ministry to continuously monitor the extent to which environment concerns were being addressed by the EI. Measurement was needed to evaluate progress, to determine when policy modifications were needed and to learn from the existing applications as both the environmental problem and the baseline conditions change over time. As sole technical expert of Government in environmental matters, the involvement of the Ministry in continuous monitoring was minimal since no scientific data compilation and

evaluation of the EI was seen. Also, there was no public reporting of the monitoring process outcome to change mind-sets towards environment protection.

In the absence of serious, regular and scientific monitoring as well as rigorous evaluation of programs, policy makers were deprived of vital information needed to continuously improve environmental management. Some EIs needed more support while others may need to be terminated as they no more serve their purposes. It was difficult to ascertain whether policy modifications to the EI were always being carried in a structured manner.

12.1.6 Environment Protection Fee

In 1999, the Environment Protection Act (EPA) was amended to cater for an Environment Protection Fee (EPF) which ‘was set up to provide for the imposition of an environment protection fee in order to raise funds for the promotion of local environment initiative aimed at preventing and reducing pollution.’

Initially hotels/ boarding-houses were targeted for the levy of the fees. Amendments were later made to add stone crushing plants and polluting products such as tyres, batteries and mobiles. EPF collected in 2014 amounted to Rs 169 million. Since its inception in 2000, the collection and management of the EPF was assumed by the Ministry until 2007 when the MRA took over the EPF in terms of the collection and revenue management. However, the Ministry did not ensure that the EPF was effective in meeting environmental objectives. The following issues were noted:

EPF Management Set-up

No protocol/coordination mechanism was set up by the Ministry for the management of the EPF in a holistic manner despite being an environmental management tool under its purview. No EPF information/data were available at the Ministry for the details of EPF collected under the EPA for 2014. In fact, no Memorandum of Understanding existed between the MRA and the Ministry to allow for the exchange of information for environmental policy monitoring evaluation and review.

Review and Modifying the Portfolio of EPF Polluting Activities and Basket of Polluting Products

The two designated polluting activities, hotels and stone crushing plants, remained the same since their introduction more than 10 years ago, without any fundamental change/broadening of the spectrum of the polluting activities. EI rates were not indexed on periodic inflation rates to cater for erosion of taxes over time. The list of unsustainable products was also worked out in an ad-hoc manner to adapt to new circumstances involving the market forces, new technology and market dynamism. In November 2010, the Ministry recommended to the MOFED a list of new items (computers, refrigerators, air conditioners and washing machines) for inclusion in the EPF scheduled list, but were not supported by information, such as their pollution load and import trends. None of the proposed products were retained by the policy makers till to date.

EPF Management Information System and Enforcement Strategy

Reliable tax collection data represented a vital MIS for gathering information for better decision making in environmental management. Tax collection database was not used strategically by the Ministry in order to gather intelligence to identify industries, firms and communities that represented the main polluting agents and to develop risk based enforcement strategies. In the absence of information on polluting agents engaged in hotel and stone crushing activities, it was not known if polluters were paying their share of environment taxes/penalties in a commensurate manner with their pollution load and their nuisance value environment-wise.

Reconciliation of EPF Data with Independent Data Sources

The Ministry did not ensure that the Polluters Pay Principle (PPP) was adequately implemented as mandated by its law. The PPP is an environmental policy principle which requires that the costs of pollution be borne by those who cause it.

No data analysis was performed by the Ministry as it was not aware of the database of the EPF from the MRA. The NAO attempted to reconcile EPF data with data from independent sources such as the Statistics Mauritius (for stone crushing plants in operation) and from Tourism Authorities (for list of registered hotels/ tourist residences and guesthouses). Discrepancies were noted. Out of a total of some 560 licensed entities required to comply with the Polluters Pay Principle, some 105 entities only were complying as 95 were yet to settle their dues. Some 360 officially licensed entities were not captured in the MRA database of payees and debtors. Non complying entities were not identified by the Ministry for a risk based enforcement action prompting them to settle EPF or fine them under the environment law.

Consultants' Report Extracts - Implementation of the Polluter Pay Principle (PPP)

In 2007 the Ministry awarded a contract to an Australian Consultancy Firm to update the National Environment Strategy (NES) 2 and review the NEAP2. It commented adversely on the Implementation of the PPP and the EPF as follows:

At present, PPP was not used as a guide for environmental protection. The EPF that is imposed on certain sectors comes closest to this; however, the implementation mechanism of the EPF does not address the externalities which should be the objective of the application of the principle. In fact, such ad-hoc environmental protection measures may distort not only the trade and investments (which needs to be based on economic efficiency) but also does not help realise the environmental objectives for which such measures are supposed to be introduced in the first place.' Little changes were brought to the EPF since 2008 to date.

Recommendations

There is no policy in place for the use of EIs as a means to ensure sustainability in environmental management. No monitoring has been carried out over the effectiveness of the different types of EIs introduced in Mauritius. Government must adopt a structured approach to manage EI in a holistic and harmonised manner for achieving sustainable environmental management. EIs need to be independently reassessed to ascertain their need and effectiveness in meeting revenue, social and environmental objectives. It should also consider

building institutional capacity at Government and the Ministry of Environment level to monitor the implementation of the EIs.

Other urgent corrective actions deemed important include:

- The roles and responsibilities of all stakeholders need to be clearly defined and assigned. The appointment of an EI champion at each implementation agency to monitor implementation and progress achievement might be considered.
- Establish a consolidated repository of information that generates sound environment data from implementing agencies for EI policy formulation and review. A Memorandum of Understanding with the MRA and other agencies might be considered to build a platform for intelligence gathering and a more focused enforcement strategy
- Introduce new EIs, modify existing EIs within an established framework/methodology as per recommended practices prescribed by UNEP and UNDP in order to take advantage of emerging/existing opportunities and challenges.
- Challenge and support the business sector to finance complementary environmental management initiatives and programmes. Hotels may be called to make more efforts in coastal conservation initiatives in view of the stress the hotel activities create on the coastal resources. Polluters should pay according to their level of pollution created and the depletion of natural resources.

Ministry's Reply

- It is understood that EIs are used mainly as a source for revenue raising and that most of the EIs were introduced by the Ministry of Finance and Economic Development (MOFED) and are implemented by different agencies and institutions. The Ministry advised the NOA that the views of the MOFED be sought on issues regarding EIs and also added that the need to set up a dedicated unit and compile a compendium was therefore not felt.
- The Ministry also considered that it had the required framework to raise awareness, monitor and use regulatory instruments to ensure sustainable environmental management. Nevertheless, it also proposed to use EIs as a tool, amongst others, to attain the objective of a few forthcoming environmental projects.
- The effectiveness of the EPF in meeting environmental objectives was partly observed through the monitoring of ambient air quality around a few stone crushing plants. The setting up of a coordinating mechanism for the EPF activities could not be established as same were cross-sectoral and under the purview of the different Ministries.
- Given that the MRA took the responsibility to manage the collection of the EPF, the onus to monitor same rests with the line Ministries concerned. The absence of an EPF Information System was mainly due to a lack of expertise in the field of EIs and Environment Economics.
- In respect of the PPP, it was noted that the EPA provisions such as fines (up to Rs 500,000 and 10 years imprisonment) and fixed penalty (ranging from Rs 2,000 to Rs 10,000) for polluters were acting as deterrent to polluters.

13 - MINISTRY OF INFORMATION AND COMMUNICATION TECHNOLOGY

13.1 Government Email Services

13.1.1 Background

The first Government Email Services which were set up in 2003 for the provision of email services to initially some 400 Government employees was thereafter increased to some 7,000 users in 2008. In the same year, Government signed the Microsoft Enterprise Agreement (MEA) for a contract value of Rs 223 million (inclusive of the supply of four Exchange Server Licences for Rs 725,000). Two licences have been allocated to two Government Bodies and the two others to the Government Online Centre (GOC), of which one is not in use.

In 2009, as the Ministry was already in possession of the email licence which could cater for some 8,000 to 10,000 users, it decided to replace its original email platform to take advantage of the five-year MEA (2008-2013) under which free updates and other services were to be available for the software. However, the software could not be installed in the existing platform, whereby a decision was ultimately taken to acquire new Exchange Server Infrastructure. The deployment of the software licence was to be free of charge by Supplier A under the Microsoft Premier Support Agreement (2008-2011) which formed part of the MEA.

A first tender was launched for the Exchange Server Infrastructure in May 2011, but as no bid was found technically responsive, a new one was floated in October 2011. Meanwhile in January 2012, that is before this award, Supplier A informed that the software deployment exercise would no longer be free of charge as the Microsoft Premier Support Agreement had already expired by that time. In June 2012, that is eight months after floating of tender, Supplier B was awarded the tender for the Exchange Server at a cost of Rs19 million (VAT inclusive) together with maintenance costs of Rs 8 million (VAT inclusive) over a period of five years. The server was commissioned in September 2012.

Thereafter, Supplier C was approached by the Ministry for the deployment of software and associated support services, following which a three- year agreement (June 2013-June 2016) was signed for the sum of Rs 7 million (VAT inclusive). The licence software was finally deployed in January 2014, 16 months after the commissioning of the server and it was operational as from July 2014.

Observations

- (a) The email software licence worth Rs 181,250 had eventually necessitated additional costs of Rs 27 million for the exchange server and Rs 7 million for its support services.
- (b) For a total disbursement of some Rs 34 million, the justification for acquisition of the new platform did not appear to be reasonable as it would cater for a maximum of 10,000 users while the old one was already catering for 8,000 users and could have been increased for additional 2,000 new users. The new platform acquired was nearing its maximum

capacity of 10,000 users and further expenditure would be required to increase its capacity for additional users.

- (c) According to available records at the Ministry, there were certain features which could not be migrated to the new platform and there were even reported unauthorized access by external users.
- (d) There was inadequate planning at the level of the Ministry in that the exchange server was acquired at a time when the 3 years Microsoft Premier Support Agreement (2008-2011) had already lapsed. No benefit has therefore been derived from this agreement which would have entailed free support services to Government for the deployment of the exchange licence.
- (e) Although the provision of mail services is a project which is not of a short time frame, the Microsoft Mail Exchange was operational after a time lag of six years from acquisition of licence in 2008. It was not until July 2014 that the Microsoft Exchange Server was operational, some two years after its acquisition.
- (f) Due to the late deployment of the software licence, the benefits of the warranty period from Supplier B on the hardware had been reduced while the first year support services had already expired. Further, Government has also not benefited from one year service out of the new Microsoft Premier Support Agreement as the mail server was operational only in July 2014.
- (g) According to Addendum of Tender for Exchange Server in November 2011, the supplier was to assist the software licence provider in the whole implementation process. However, at that time, the software provider was not yet known.
- (h) It was reported that the Exchange Server was configured in September 2012. This implied that the Server Operating System had been installed for which no documentary evidence was produced.
- (i) There was no evidence that the Supplier B collaborated with Supplier C and provided three months support on system software as per its contract.
- (j) In 2013, additional expenditure of some Rs 856,000 was incurred for 1,000 additional users' licences and one year renewal of 8,000 licences for the old mail platform, when the new Exchange Server had already been configured in September 2012.
- (k) No report was available at the Ministry on the successful implementation of the new email platform, despite several problems were encountered during this exercise.

Conclusion

Value for money has not been derived for the new email platform worth some Rs 34 million for 2,000 additional/maximum users, while the old platform could have been upgraded to cater for the same service.

Ministry's Reply

- (a) The old email platform was limited and was no longer supported. There were no servers available at that time which would cater for 8,000-10,000 users.
- (b) As part of the project implementation, several issues delayed the project, such as lack of expert knowledge on Exchange, hardware acquisition, migration of existing email accounts and training.
- (c) The new agreement with Microsoft included implementation, consultancy services together with other benefits, such as training of administrators and deployment of Engineers as support services.
- (d) All IT systems and infrastructure require enhancement and upgrade when the requirements increase.
- (e) The migration exercise to the new email platform was done in stages and there were no incident reports.
- (f) Projects with high impacts always undergo adjustments in planning. This project included several planning stages, namely technical, administrative and deployment planning.
- (g) The new email platform was live in July 2014, and as such 1,000 additional licences had to be procured for the old one and 8,000 licences renewed.

13.2 Government Portal: E-Services/E-Payment

Background

The first Government Portal was revamped in February 2013 at a cost of Rs 60 million (inclusive of VAT). This cost excluded maintenance charges and licences totalling Rs 30 million. The main objective of this project was to achieve the E-Government vision to enable citizens and business to interact with Government electronically through the provision of E-Facilities (E-Services and E –Payment). Included in the figure of Rs 60 million was an amount of Rs 6 million for the E-Payment option while the cost for the E-Services was not available.

13.2.1 Statistics on Usage of E-Facilities

According to GOC statistics, the usage of e-services/e-payment facilities over 16 months up to April 2015 was as in Table13-1

Table 13-1 Usage of E-services/E- payment Facilities 1 January 2014 to 30 April 2015

| No of Hits | No of E-services | No of E-payment |
|-----------------------------------|------------------|-----------------|
| De-activated | 1 | - |
| 0 | 28 | 3 |
| 1-10 | 16 | 5 |
| 11-50 | 9 | - |
| 51-100 | 3 | - |
| Above 100 : <i>See note below</i> | 7 | 2 |
| Total | 64 | 10 |

Note: There were three e-services where the number of hits ranged from 6,000 to 15,000 while it was more than 40,000 in respect of the e-service for Driving Learners' Licence.

Observations

- The usage of most of the 74 e-facilities has remained quite low, two years after the setting up of the new portal, while 31 of them (42 per cent) have not been used at all. Further, except for four e-facilities, the remaining facilities were minimally used and therefore, the public was still making applications/payments manually.
- The above statistics were not channelled to the Ministry for any appropriate action.
- The none or low usage of the e-facilities was attributed mainly to the fact that citizens and businesses were not aware of the e-services and e-payment.
- My Office further inquired at some Ministries/Departments on the reasons for which these facilities were not being optimally used. I was informed that registration for new users could not be activated, attachments could not be uploaded due to limited capacity and e-payment option was not available for some e-services. Further, user name/password was not sent to Data Administrators and there was not even internet connection in some offices.

Hence, the objectives of providing citizens and businesses to interact with Government do not appear to have been met so far.

Recommendations

- The Ministry must use the statistics from GOC as management information and seek other relevant information from user Ministries/Departments in order to analyse the reasons for which the e-facilities were being underutilized.
- The Ministry should remedy the problems identified and thereafter launch a sensitization/awareness campaign so that the e-facilities are operated at optimum level.

Ministry's Reply

- Low usage of e-facilities is attributed to non awareness of services by citizens and businesses. A marketing campaign will be undertaken in this respect. In addition, some services have to be mandatory via the e-services channel. The Help Desk of the GOC will be enhanced to cater for technical issues. New e-services such as e-work permit and e-registry will also be operational in 2015. The Treasury Department is collaborating with Orange Money to launch Mobile Payment Services.
- Management did not agree with the reasons advanced by data administrators for the non/low usage of e-facilities.
- Statistics from GOC will be used to analyse reasons for the low-utilisation or under-utilisation of e-services, and corrective actions will be taken accordingly.

13.3 Projects

13.3.1 General

In line with Government vision to modernize the public sector and enhance IT technology, the Ministry of Technology, Communication and Innovation (MTCI) has embarked on several IT projects under Programmes 661 - Policy and Strategy for ICT and 662 - Provision of Citizen-Centric Services through ICT. These projects included consultancy services, acquisition of IT equipment/software, network infrastructure and rental of lines.

Budgeted provisions for 2014 totalled Rs 254.1 million for nine expenditure items of the two above mentioned Programmes, whilst actual expenditure was only Rs 11.5 million, that is 4.5 per cent of allocated funds. Hence, 95.5 per cent of estimated amounts have remained unutilized at year end. Further, no funds were disbursed at all in respect of six out of the nine expenditure items.

This was attributed mainly to the fact that, in general, project implementation was considerably delayed. In one case, the project was temporarily shelved pending a policy decision to proceed with its implementation. In another case, further delay was being encountered due to a challenge lodged by an aggrieved bidder which has not yet been finalised at the Independent Review Panel (IRP) level.

As IT technology evolves rapidly, the timely implementation of IT projects is crucial, otherwise intended benefits may not be reaped due to technological swift. The delay in executing the projects might not only result in specifications being obsolete or ineffective, but also increase in project cost.

Ministry's Reply

Projects have been turned down/shelved and delayed due to change in policy decisions of line Ministries, variation of user requirements and consultations with stakeholders. The lengthy

procurement process, IRP issues, changes in technology and commitment/late response of key users have also contributed to delay in project implementation.

The above issues are elaborated in the following five projects, together with other unsatisfactory features.

13.3.2 School Net II Project

In line with the Budget Speech 2013, relating to the distribution of tablets for Form IV students and provision of high speed connectivity in every secondary school, two projects were to be implemented, namely the Tablet and School Net II projects. The Tablet Project was implemented by the Ministry of Education and Human Resources (MOEHR) while the School Net II Project was to be undertaken by MTCI. The two Ministries worked in collaboration for these two projects. Funds were provided in the 2013 MOEHR budget for the acquisition of tablets. The contract for 26,100 tablet computers was awarded in November 2013 for Rs 135 million (VAT inclusive). Those tablets which were initially intended for Form IV students in 2013 were subsequently distributed to Form V Students in 2014.

Project Background Objectives

The Tablet Project was planned to be rolled out in Form IV and would subsequently be deployed in Forms V and VI in the coming years. The early implementation of School Net II Project was crucial for the optimal use of tablets in schools and other educational institutions as it would provide high speed secure Internet links and wireless connectivity.

The deployment of a school wide area network would connect all secondary schools in Mauritius/Rodrigues, public libraries and the Mauritius Institute of Education to the Government Online Centre (GOC). Wireless connectivity to access the Internet/online educational content hosted at the GOC would be provided to users of tablets through deployment of hotspots within the school compound. Users would also have access to the contents of the e-learning platforms to be hosted on upgraded GOC servers.

Project Time Schedule

The project was to be of duration of 12 months and was expected to start around October 2013 and to be completed by September 2014. The tender which was to be floated in August 2013 was finally launched in July 2014, although technical specifications for the project had already been worked out by the Central Informatics Bureau (CIB) as of March 2013. It is to be noted that these specifications were thereafter reviewed in several instances and numerous amendments were brought to the bidding documents.

However, the time taken to finalise the tender specifications was quite lengthy and the delay in floating of tenders has therefore undermined the implementation of the project itself. In fact, tenders were launched at time when the project was initially expected to have been completed.

Award of contract /Challenges

The MTCI invited bids through Open International Bidding method for Procurement of a *turnkey solution for connectivity in secondary schools* and the Central Procurement Board awarded the contract to the lowest evaluated substantially responsive bidder, for the sum of Rs 122,457,992 (VAT inclusive) in November 2014. Thereafter, two applications for challenge were received, of which one was dismissed while the other one was still at the level of the Independent Review Panel (IRP) as of mid-June 2015.

Cost Estimates of the Project

The estimated cost of the project worked out by the Ministry was Rs 242 million. The contract amount of Rs 122.5 million was substantially lower than the estimated cost, that is, some 50 per cent below estimates.

This procurement included fibre optic or alternative technologies, where the former was the most costly option. I was informed that the cost estimates of Rs 242 million were in respect of fibre optic technology. The Ministry did not work out separate cost estimates for the available alternative technologies, and in the absence of such information, it could not be ascertained whether the award was above or below a fair cost, at time of award.

Observations

- (a) Major delay was being encountered in the implementation of School Net II. This project which was initially expected to be completed by September 2014 has not yet been awarded to date although 26,100 tablets have already been distributed in schools since May 2014. The project has been further delayed as a result of challenges lodged at the IRP from two aggrieved bidders and where one challenge was still pending as of mid-June 2015.
- (b) The School Net II Project was crucial for the successful implementation of the Tablet Project where Government has already injected funds to the tune of Rs 135 million. The distributed tablets were thus being sub-optimally utilised with the existing relatively low/unusable bandwidth coupled with no tutor support and interactions between them.
- (c) The delay in implementing the School Net II Project has therefore negatively impacted on the objectives of the Tablet Project itself.
- (d) Provisions of Rs 87.5 million and Rs 47.6 million which were made in the Budget 2014 under items 31132401 (School Net II –including routers and wifi) and 22030007 (Rental of lines for School Net II) respectively have thus remained unutilized.
- (e) Another award of 23,400 tablets was made for Rs 108,501,120 (VAT inclusive) on 6 May 2015 at a time when the award for the School Net II Project has not yet been finalized and the implementation of which would take at least an additional year.
- (f) In view of the criticality for the early implementation of the School Net II Project, the Ministry has even appealed to the IRP to expedite pending matters.

Ministry's Reply

- The first batch of tablet computers was pre-installed with pedagogical content which could be accessed in off-line mode (without connectivity).
- The MOEHR is coming up with training programmes to ensure that Educators use the tablet in an off-line mode.
- Project was delayed due to variations of user requirements and lengthy procurement process.

13.3.3 Document Management System (DMS) Project of Rs 10,980,791 and Maintenance costs of Rs 6,910,000

Project Background

The DMS project was to be implemented on a pilot basis at the MTCI and Ministry of Finance and Economic Development (MOFED). Thereafter, it would be replicated in other Government bodies after its successful implementation. The DMS would enable the Ministries/Departments to electronically store and retrieve files, aiming eventually at a paperless office.

The procurement exercise for the DMS was carried out only for the two pilot Ministries as its roll out in the Civil Service might span over several years and its contract value could not be determined at that point in time.

Procurement exercise

The tender for the DMS Project was launched on 29 January 2014 and was awarded by the Ministry on 15 July 2014 to the substantially lowest responsive bidder for the sum of Rs 10, 980,791 (VAT inclusive). The contract was signed on 7 August 2014.

Delivery Schedule

A Draft Process Manual was to be submitted and presented within six weeks from date of signature of contract and the Final Process Manual within two weeks from receipt of comments from Ministry. After approval of the Manual, the supplier must, within a period of 10 weeks, deliver, install and commission the hardware and software and implement their technical solution.

Observations

- (a) One rejected bid, being ranked second in the evaluation report of the Ministry, was not made available.
- (b) The award of the contract did not include the maintenance costs of Rs 6.9 million although the evaluation and ranking of bids were based on the total contract amount, inclusive of maintenance charges.

- (c) No working was made available for the application of the margin of preference used in the evaluation process.
- (d) The DMS project was to be completed by mid-December 2014. However, the lengthy delay of some seven months in the finalization of the manual has adversely affected the whole project.
- (e) The rationale for implementing the e-DMS was to ensure the optimum use of Digital Signature Certificates (DSCs) amongst others. It was however reported that the DSCs was not working properly and that the benefits of the project could be reaped only if the DSCs were effectively used.
- (f) There was no proper planning for the hosting of servers as these were already supplied since November 2014 but could not be installed at the GOC due to extension works. The Ministry was actually contemplating to install them temporarily in the MCSAR Server Room.
- (g) Due to the delay in project execution, no fund was disbursed in 2014 out of the budgeted amount of Rs 12 million.

Ministry's Reply

- Regarding the exclusion of the maintenance cost in the contract agreement, the Ministry was of the view that it was used as a safeguard to exit from the maintenance contract in case of necessity.
- The approval of the Process Manual was delayed at the level of the user Ministries.
- The use of DSCs was compromised due to policy decision of the change in the domain name from gov.mu to govmu.org.

13.3.4 Acquisition of IT Equipment- Other Servers and IT Equipment for Upgrading of Government Online Centre - Rs 8.4 million

In Estimates 2014, funds totaling Rs 48 million were provided for three GOC projects, namely the Secured g-Cloud access, Consolidate Data Centre (CDC) and the Security Audit of GOC.

Observations

- Out of the provisions of Rs 48 million, only Rs 8.4 million have been spent. Further, the figure of Rs 8.4 million comprised an amount of Rs 4.3 million which did not relate to the three above mentioned projects.
- Funds were also provided in the 2012 (Rs 21.5 million) and 2013 (Rs 39 million) budgets for these three projects but only Rs 3.5 million were spent in 2013 for the Secured g-Cloud Access Project.

- Expenditure incurred for these projects over the past three years was quite low due mostly to the lengthy delay in awarding the various tenders.

Ministry's Reply

- The g-Cloud Project was partly implemented due to unavailability of physical space at GOC.
- A feasibility study was required upon submission of the CDC Project to the Project Plan Committee. This study has been completed and tender for the project will be floated shortly.
- The procurement exercise for the Security Audit of the GOC was cancelled due to non-responsive bids and a new one has been undertaken.

13.3.5 Implementation of Wide Area Network (Sky GovNet Project)

The setting up of a wide area network under Sky Gov Net Project was vital for increasing the existing interconnectivity between several Ministries/Departments. However, no major development was noted to date, that is after some 19 months, despite the submission of the Consultancy Report (October 2013) on the various options to implement this project.

Ministry's Reply

This project has three main components, namely infrastructure, provision of higher bandwidth and telecommunication services. One phase of the infrastructure component is nearing completion.

Recommendations on IT Projects

The MTCI should coordinate effectively projects which are interrelated with other Ministries so as to derive optimum use of resources. A Committee must be established at the level of the Ministry to oversee and monitor the progress of all IT Projects under its purview so that they are implemented within reasonable time. Timely decisions must be taken in order not to hamper the progress of projects, otherwise it might be difficult to obtain intended benefits.

Ministry's Reply

The Ministry is organizing monthly meetings to monitor progress of the project implementation. It is also holding meetings with line Ministries to assist them in prioritizing projects and build up top management commitment.

13.4 Rental of Telecommunication Lines - Rs 74,056,507

Rental of telecommunication lines comprised four components linking all Ministries and Government Departments. Provisions of Rs 97 million were made for rental of all these lines in the Ministry's budget 2014, out of which a sum of Rs 74 million was disbursed during the year. Included in the figure of Rs 74 million was an amount of Rs 44.5 million relating to the Government Online Centre (GOC) for which payments were refunded by the Ministry to the

National Computer Board (NCB). The remaining payments of some Rs 29.5 million were borne directly by the Ministry.

Rental of lines for the four components were in three cases based on agreements which had already expired while there was no contract in one case.

13.4.1 Payments for GINS and GFN: Rs 29.5 million

The payments comprised Rs 18.8 million for one component (Government Intranet System (GINS) for the Ministry) and Rs 10.7 million for two others (Government Fibre Network (GFN) - GPON I and II)

Observations

- Invoices relating to payments of Rs 29.5 million were not certified correct by the Technical Division of the Ministry and were limited to arithmetical check by the Finance Section. In the absence of such certification, the completeness and accuracy of these payments could not be ascertained. It was only as from May 2015 that the Central Information Systems Division (CISD) has been certifying these invoices whereby it reported that an amount of Rs 127,137 representing more than 11 per cent of the invoice amount of Rs 1,115,923 was erroneous and should be deducted before payment. It also advised that payment for ISDN backup lines totaling Rs 10,925 monthly should not be effected. As invoices prior to May 2015 were not certified, the risk of overpayments could not be ignored.
- The following shortcomings have been noted in respect of the payments of Rs 18.8 million:
 - The Ministry had to pay yearly charges of Rs 5,134,704 (VAT inclusive) as per agreement based on proposal for period July 2013 to June 2015 from the service provider. However, a scrutiny of payments for 2014 revealed that actual disbursements totalled Rs 12,917,116, resulting in a difference of Rs 7,782,412. The difference represented additional services such as Ethernet link, Frame Relay Port/SS 1 for GOC and ISDN line charges totalling some Rs 6 million as per invoices but these did not form part of the proposal. No correspondence was available between the Ministry and the service provider regarding these additional services, and invoices were not certified by the Technical staff up to April 2015. Hence, some Rs 14 million disbursed for period July 2013 to April 2015, over and above the proposal, could not be ascertained.
 - The number of lines was not specified in the proposal/agreement. Hence, it could not be ascertained how the contractual sum of Rs 5,134,704 was arrived at and subsequently agreed by the Ministry. In addition, the agreement provided for the upgrading of various lines for which no confirmation was obtained.
 - With the upgrading of lines to fibre optics in 11 main Government buildings under GPON I and II in 2010 and 2012 respectively and for which separate payments were made, the GINS rentals should have normally been decreased. However, rental

charges have remained at an average monthly cost of Rs 1.1 million for period 2010 to date.

- As for payments of Rs 10.6 million for GFN relating to GPON II, the Ministry had paid arrears of rental charges of Rs 3,099,250 in June 2014 for seven sites in respect of period September 2013 to March 2014, while the commissioning of these lines actually took place in February/March 2014. No explanation was obtained as to why those payments were effected before commissioning.

Recommendations

- Following award of tenders for the rental of telecommunication lines and ancillary services for the Government Intranet System, the Ministry must draw formal contract agreements with the service providers.
- The GINS comprises mainly:
 - the related servers/other equipment at the GOC; and
 - the interlinking telecommunication lines between the Ministries/Departments and the GOC.

The rental charges for the telecommunications lines for the Ministries/Departments were being borne by the Ministry while those of the GOC were being paid by the NCB. I am of the opinion that these two items formed the main components of the intranet system/infrastructure and that both were complementing and supporting each other, and hence these should be treated as a single overall contract. This would also be in line with the Public Procurement (Framework Agreement) Regulations 2013 which became effective as from July 2013.

- The Ministry should come up with a comprehensive Service Level Agreement (SLA) to attend to issues related to, amongst others, required quality and level of service, expected security requirement and confidentiality parameters. The SLA may also form part of the bidding document so that the risk of disruption of service would be mitigated to an accepted level in the event that another service provider was selected in a new tendering procedure.

Ministry's Reply

- The Ministry has increased control over monthly payments.
- There was a lack of visibility on the number of lines to be upgraded at time of proposal. As for additional services not included in proposal, the bandwidth of Ethernet links at GOC level was dependent on the number of links and bandwidth utilization at each remote GINS site, hence requiring upgrades on an ad-hoc basis.
- Regarding commissioning, corrective measures have been taken by the setting up of a more elaborated process to ease communication between different stakeholders, better monitoring of works and increased control over monthly payments.

14 - MINISTRY OF FISHERIES

14.1 Development of Aquaculture

14.1.1 Supply, Mounting and Floating of Cage Structures

In its endeavour to promote the development of aquaculture, the Ministry decided to acquire 10 circular floating cages of diameter 12 metres to distribute to Fishermen Cooperatives and Associations.

Invitation to bid for the 'Supply, Mounting and Floating of Cage Structures' was launched on 20 December 2013 through Open Advertised Bidding. On 23 April 2014, the contract was awarded to the successful bidder for a fixed sum of Rs 8,803,900 and the floating cages to be delivered within 120 days, on 20 August 2014 at the 'Albion Fisheries Research Centre' (AFRC). The contract was signed on 20 May 2014.

On 23 May 2014, the Contractor submitted an Advance Payment Guarantee in the sum of Rs 2,640,000, representing some 30 per cent of the contract amount valid until 31 October 2014. This guarantee was extended to 17 December 2014 due to delay in delivery. The Performance Security in the sum of Rs 880,390 was also extended to 17 December 2014.

14.1.2 Project Site Final Destination

On 25 June 2014, the Contractor sought clarifications on the exact sites and location for the mounting and setting up of the floating net cages as this was crucial to the contract. The Ministry informed the Contractor that the sites would be communicated in due course, following the award/allocation of cages to Fishermen Cooperatives by the Ministry of Business and Cooperatives.

14.1.3 Delivery of Floating Net Cages

The Contractor failed to deliver the floating net cages on the due date of 20 August 2014. An extension for delivery up to 30 November 2014 was granted to the Contractor as he had extended its Performance Security up to 17 December 2014. However, as at that date, the floating cages were not delivered and the Ministry forfeited both the Performance Security and the Advance Payment Guarantee which amounted to Rs 3,520,000 on 5 January 2015, as recommended by the Departmental Bid Committee on 17 December 2014.

On 3 December 2014, the Ministry requested the Contractor to delay the mounting of the cages until February/March 2015. However, the Contractor insisted for the Ministry to take delivery of the floating cages as the Engineer from the overseas supplier was already present in Mauritius to complete the mounting of the cages since 22 November 2014.

Subsequently, on 31 December 2014, the Ministry informed the Contractor that it was prepared to accept delivery in an un-mounted state at the AFRC. As of 4 March 2015, the Ministry had not taken delivery of the floating cage structures, as no storage facilities were identified.

Observations

Due to inadequate planning, the Ministry was not able to take delivery of the net cages at the revised expected delivery date of 30 November 2014.

The Ministry was aware that it would not be able to set and mount the floating cages, at time of delivery. On 3 December 2014, it therefore requested for the postponement of the date of delivery to March 2015. However, action was taken against the Contractor, and both the Advance Payment Guarantee and the Performance Security for delays were forfeited, contrary to the requirements of the Public Procurement Act (PPA).

The setting up and mounting of the net cages required the expertise of an Engineer. However, on 31 December 2014, the Ministry decided to take delivery in an un-mounted state of the floating cage structures at its own risks, contrary to the scope of the bid, which consisted of the Supply, Mounting and Setting of floating cage structures.

As of 20 March 2015, nearly a year after the award of the contract, procedures for the proclamation of the sites for the setting up of the cages had not yet started and the allocation of the cages to the Fishermen's Cooperatives/Associations had not yet been finalised.

Before finalising the procurement exercise, the Ministry should have consulted all the stakeholders concerned with the aim of obtaining value for money. It is also essential that the requirements of the PPA be strictly followed.

Ministry's Reply

After award of the contract, the difficulties associated with the setting up of the floating cages at the AFRC and the subsequent transfer to the final fish farming sites were raised.

The fish farming sites have been proclaimed on 4 May 2015, and details of the 10 sites, together with their GPS have been communicated to the Contractor for the setting up of the Net Cage Structures on site. A meeting was held with the Contractor in May 2015, where consensus was reached that the Contractor would set up the floating cages at the sites that have been identified.

A Committee has been set up and is evaluating applications to make recommendations for the allocation of the cages to Fishermen's Cooperatives/Associations. Necessary measures have been taken to ensure that the project is implemented so that the beneficiary fishermen/associations can start the pilot fish farm project.

14.2 Fish Auction Market (FAM)

At paragraph 14.2 of the Audit Report for the year ended 31 December 2013, I drew attention, that the Fish Auction Market building had remained idle for more than three years after completion of its construction, as the Ministry had not yet found any really interested party to operate the Fish Auction Market (FAM). Further, the Ministry should determine the exact breaches of the Contractor and losses incurred regarding the detachment of the false ceiling. The information should be submitted to the Attorney General's Office (AGO) for guidance on the necessary legal action to be taken against the Contractor. However, as of May 2015, the Ministry did not submit the required information to the AGO and therefore, no legal action was initiated against the Contractor.

An Expression of Interest (EOI) was again launched on 15 May 2014 with closing date of 20 June 2014 for the lease of the FAM and the related facilities on an 'as is where is' basis. Three eligible operators engaged in seafood activities were shortlisted. As of January 2015, the Request for Proposal (RFP) document for the lease of the building was under preparation. However, as of March 2015, the document was not yet finalised.

Observations

Despite the fact that the building had suffered some internal damages, three potential operators were interested to lease the building on an 'as is where is' basis, but the Ministry had decided to stop the process. The Ministry has invested some Rs 6 million in equipment, which has remained unutilised during the whole period of three years. There is, thus, the risk that the equipment become unusable.

The building had remained idle for nearly four years after its completion regardless of several attempts made for its operation. Since then, the Ministry had incurred fixed costs annually in terms of rental fees paid to the Mauritius Ports Authority for the lease of land and cost of security services for the period October 2010 to May 2015 totalling some Rs 3.2 million, over and above the cost of the project of Rs 30 million.

Ministry's Reply

In June 2014, an evaluation of the 'Expressions of Interest' was carried out and it was recommended that the operators be invited to submit their proposals. In this context, a draft lease agreement was prepared to be annexed to the 'Request for Proposal'. The inputs of the Valuation Department and the Energy Services Division were sought to work out the value of the assets of the FAM and to determine a fair rental value.

Further action was stayed on the proposal for the lease of the FAM. On April 2015, the decision was taken not to limit the 'Request for Proposal' exercise to only three operators who had submitted their interest in 2014, but to widen the exercise to all interested operators involved in the seafood sector in order to create more competition which would be in the best interest of the Ministry. Actions have been initiated accordingly.

15 - MINISTRY OF YOUTH AND SPORTS

15.1 Extension to St François Xavier Stadium at Port Louis

At paragraph 15.1 of the Audit Report for the year ended 31 December 2013, mention was made of the project “Extension to St François Xavier Stadium at Port Louis”, consisting of the renovation and upgrading of the Stadium so as to conform with International Standards. The Contract was awarded on 19 July 2010. The works were practically handed over on 17 December 2013, some 18 months after the revised completion date, with a snag list, and a list of additional works for the main Contractor totalling Rs 1,160,900 (exclusive of VAT). The Defects Liability Period was one year. It was also reported that “as made drawings” and the Final Accounts were not submitted to the Ministry. Total payments to the Contractor as at 31 December 2014 amounted to Rs 56,390,439.

The Defects Liability Period was to end on 16 December 2014. By that date, there was no evidence of any correspondence or other action to survey the works for the final handing over. As of mid April 2015, “as made drawings” and the Final Accounts were not yet submitted to the Ministry.

In the Audit Report for the year ended 31 December 2012, mention was made that during a survey of openings carried out in March 2013, there were several discrepancies between quantities claimed and actual number of openings fixed in the buildings, and that a sum of about Rs 1.4 million was claimed in excess.

In July 2014, an Officer of the Ministry of Public Infrastructure, Land Transport and Shipping (MPI) was requested to carry out an evaluation exercise, and to inform the Ministry before final handing over, whether there had been any payment in excess which would have to be deducted from the Retention Money.

At mid April 2015, more than nine months later, there was no evidence of any assessment having been made.

There was no proper follow up by the Consultant, on one hand, whom the Ministry has employed for that specific purpose, and the Infrastructure Unit of the Ministry on the other hand, as all the above issues should have been addressed, and all snags attended to, so that final handing over could have been effected by the due date.

Ministry’s Reply

It is a fact that there has been considerable delay for the final delivery of the site which was mainly because, as rightly pointed out, there has not been proper follow up by the Consultant. It has taken more than one year to provide electricity to the facility by the Central Electricity Board in view of the delay to get way leave from the Municipal Council of Port Louis. Much time has also been taken to attend to the snags/ defects which have been an on-going exercise as the Consultant has, without any prior approval from the Ministry, continued to give instructions for variation works. Meetings were held with all relevant stakeholders (Contractor, Consultant and representatives of the Ministry) in April and May 2015. The Consultant was requested to stop all variation works and to submit the final accounts.

The Ministry will also seek the advice of the Attorney General’s Office as to whether final Completion Certificates can be issued despite all snags not having been attended to. The

project will be considered as completed, and any shortcomings on behalf of the Contractor will be adjusted by the Project Coordinators upon receipt of the final claim

After numerous requests, the Consultant has finally submitted the Final Accounts on 19 June 2015, which are presently being scrutinised by the Infrastructure Unit with a view to ensuring that there has been no overpayment, in particular regarding the discrepancies amounting to some Rs 1.4 million.

15.1.1 Consultancy Services

In the Audit Report for the year ended 31 December 2013, I mentioned that in December 2012, the Consultant appointed for the project submitted another claim of Rs 803,157 for additional services provided due to late instructions given by the Ministry during an extended period of 13 months in respect of additional works not stated in the original Scope of Works. The advice of the MPI was sought on the claim. The latter informed the Ministry that according to the conditions of appointment “any delay in receiving instructions will be additionally charged on a time basis”.

As of mid April 2015, more than two years later, the matter was still pending. No payment was effected to the Consultant during 2014.

Ministry’s Reply

Claim for the additional fee will be referred to the Attorney General’s Office for advice in view of the fact that the contract was for a lump sum one, and as such, no additional payment is effected unless there are additional works duly approved by the client. As for any additional works which might have been done, the Attorney General’s Office will have to be consulted regarding any further payment to the Consultant as no prior approval of the Ministry was sought for these works.

15.2 Bulldozing Works at Camp Levieux

At paragraph 15.3 of the Audit Report for the year ended 31 December 2013, mention was made that in October 2010, a plot of land of an extent of 10A 00P, situated at Camp Levieux, was vested in the Ministry for the construction of a Recreation Complex/ Velodrome. In June 2012, the Cycling Federation submitted the preliminary drawings for the Velodrome and informed the Ministry that financial assistance would be obtained from an International Organisation for the project. Hence, in November 2012, a contract for bulldozing and clearing works was awarded for the sum of Rs 1,050,000 (inclusive of VAT). The works were completed in December 2012. A site visit was effected by my Officers in May 2014. The plot of land was found to be in an abandoned state, covered with bushes, shrubs and vegetations.

In its reply to my previous Report, the Ministry stated that the land had to be cleared as the Ministry of Housing and Lands, which was approached for the pegging exercise, informed that the exercise could not be undertaken as the land was covered with shrubs and trees. The project has been kept in abeyance as sponsors were not responding favourably.

Subsequently, in March 2015, the Infrastructure Unit of the Ministry submitted the scope of works and revised preliminary drawings for the construction of an open-air Velodrome, Boulodrome, toilet blocks and appropriate lighting facilities at Camp Levieux. The cost of works was estimated at Rs 44 million.

Due to the high cost implications, the Ministry has decided that the project will be taken up during the Budget Proposal Exercise for 2016-17. Moreover, arrangements have been made with the Mauritius Sports Council and the Ministry's Maintenance Team to clean the plot of land and keep shrubs and grasses at bay.

Ministry's Reply

A request has been made to the Ministry of Finance and Economic Development to consider the possibility for the project to be financed under the "Capital Project Requiring Assistance of the Chinese Government".

15.3 Maintenance of Youth Centres and Sports Facilities

My Officers had carried out several site visits in March and April 2015.

15.3.1 State of Buildings and Grounds

At Youth Centres/Sports Complexes, structural cracks in buildings, leaks in most buildings, damaged and rusty fencing, and damaged synthetic tracks were common features. The state of roofs of stands at the stadia was deteriorating, with frames and roofing corroded and leaking.

Metal purlins were also damaged at certain Facilities. With chemicals used in Swimming Pools, the ambient air quality was causing the metal roofs and structures to corrode quickly resulting in serious damage. Bolts and nuts holding whole roof structures were rusted.

The seating areas, with or without bucket seats, were generally dirty in all stadia and required pressure cleaning.

Grass was not cut at certain places as the required equipment was out of order or there was no staff to do the work.

15.3.2 Preventive Maintenance of Infrastructure

As far as the state of the buildings is concerned, and from observations made on site, the impression gathered was that there has been a lack of preventive maintenance. Carrying out ad hoc repairs or giving a fresh coat of paint is not considered as preventive maintenance.

Preventive maintenance is the systematic inspection to detect and correct failures at the start before they occur or before they develop into major defects. While the aesthetic qualities of the building and grounds are maintained, it also ensures timely identification of building degradation that may otherwise be unnoticed.

At the Ministry, there was no programme of any form of planned preventive maintenance. There was a team of Tradesmen doing minor repairs and remedial works on infrastructure for youth activities. Those linked with sports activities were maintained by the Mauritius Sports Council (MSC) with funds provided by the Ministry.

Absence of preventive maintenance has led to considerable degradation of structures as water seeping into concrete has corroded reinforcement to the extent of bursting the concrete. Metal sheets started rusting, and were eventually so corroded that holes have appeared and continued to increase in size.

Recommendations

- The Ministry should carry out a comprehensive survey of all its infrastructures to assess the extent of damage and what remedial action and funding are needed.
- There should be a team of qualified personnel to carry out regular preventive maintenance in all facilities. They should work according to a programme done in collaboration with the Infrastructure Unit and checklists worked out by the Engineer and Architect.

Ministry's Reply

The concept of preventive maintenance will, in fact, be very helpful for the Ministry for the up-keeping of its infrastructures. However, the following problems have to be considered:

- Funds are not made available for preventive maintenance by the Ministry of Finance and Economic Development.
- There is a lack of qualified skilled workers on the establishment of the Ministry. Repair works are carried out by General Workers, where possible.
- Safety and Health regulations in force do not allow workers to work above a certain height. Most of the infrastructures require working at high altitude which is beyond the competence of the employees of the Ministry/ MSC.
- High cost implications of carrying maintenance works by Contractors.
- Damage caused by users is constant and continuous repairs are required.

16 - MINISTRY OF LOCAL GOVERNMENT AND OUTER ISLANDS

Mauritius Fire and Rescue Service

16.1 Supply, Testing and Commissioning of Articulated Turn Table Ladder - Rs 35 million

16.1.1 Award of the Contract

Invitation of bids for the Supply, Testing and Commissioning of one Articulated 32 metres Turn Table Ladder (TTL) was launched on 28 March 2011 through Open Advertised Bidding with closing date on 11 May 2011. In accordance with the bid document, bidders were also required to quote for maintenance charges for a period of five years after the warranty period for the vehicle. The estimated cost of the vehicle was Rs 40 million.

On 10 August 2011, the Bid Evaluation Committee recommended that the contract be awarded to the best evaluated and complying bidder for the Supply, Testing and Commissioning of one Man Metz, Articulated 32 metres TTL, TGM 18.20 (L32 A) with engine capacity of 6,871 cc, for the sum of Rs 38,118,360 and the maintenance for the seven years of operation at Rs 2,244,432 with defined terms and conditions.

On 13 October 2011, the contract was awarded for the sum of Rs 38,118,360 for the purchase of the vehicle only, excluding maintenance. The agreement was signed on 8 November 2011. Delivery was to be effected within 365 days following award of contract. However, a month later, on 11 November 2011, the Supplier informed that the contract for the Maintenance Charges as stipulated on Part B of its Bid Summary Sheet was not awarded and it would not be committed towards the Mauritius Fire and Rescue Service (MFRS) concerning this issue.

The Bid Summary Sheet was split into three parts as in Table 16-1.

Table 16-1 Details of Bid Summary Sheet

| Part | Details | Amount Rs |
|------|--|-------------------|
| A | Supply, Testing and Commissioning | 38,118,360 |
| | Including first certification | |
| | Year 1 and Year 2- warranty period- Free | - |
| B | Maintenance Charges | |
| | Year 3 – including 2 nd Certification | 400,200 |
| | Year 4 | 433,320 |
| | Year 5 to Year 7 – (Rs 470,304 per year) | 1,410,912 |
| | Sub-total | 2,244,432 |
| C | Training | - |
| | Total quoted price | 40,362,792 |

16.1.2 Pre-delivery Inspection

According to the contract, the Pre-Delivery Inspection (PDI) was to be carried out at the completion stage on the premises of the manufacturer in Germany, which was scheduled for the period 22 to 31 July 2012. However, it was on 5 to 7 November 2012, three months later, that the PDI was attended to.

16.1.3 Revision of the Agreed Contract Price

One year after the signature of the agreement, following a meeting held on 10 October 2012, it was decided to re-negotiate the contract price of the vehicle. The bid price was considered to be on the high side as compared to that of the second lowest bidder of Rs 31.4 million. The Supplier agreed to revise the contract price for a fixed sum of Rs 35 million on the condition that no liquidated damage would be imposed on the Supplier and no storage fee would be claimed to the MFRS. A new agreement was drawn on 11 January 2013. The vehicle was delivered and commissioned on 14 January 2013, with warranty period of two years. In January 2013, the contract sum of Rs 35 million was paid to the Supplier.

16.1.4 Approval of the Project Plan Committee

Contrary to the Investment Project Process Manual (IPPM), no approval was sought from the Project Plan Committee (PPC) of the Ministry of Public Infrastructure (MPI) for the Supply, Testing and Commissioning of the vehicle, whose value was above Rs 25 million.

The vehicle was delivered with a delay of three months, that is on 14 January 2013, instead of 12 October 2012 as per contract.

16.1.5 Maintenance Charges

The offer price comprised the maintenance for a period of five years operation after the two year warranty period for the sum of Rs 2,244,432 which was within the estimated costs. Despite, the recommendation of the BEC, there was no agreement for the maintenance of the vehicle with the Supplier.

16.1.6 Deficiency of the Ladder

After the end of the two year warranty period, on 10 February 2015, while starting the ladder drill operation, the jacking system control panel was neither responding nor functioning. The Supplier was informed of the deficiency on the same day.

As per the bid document, the warranty period ended on 13 January 2015 while the first Certification would lapse on 13 January 2016.

According to the Supplier, the certification of the vehicle had expired on 14 January 2015. In the absence of any certification of the vehicle, the Supplier refused to carry out the necessary repairs.

As of 31 May 2015, the clarifications on the end of the first certification period had not yet been obtained from the Supplier. Necessary repairs had not yet been carried out and the

vehicle had remained off the run since February 2015, for nearly four months at the Coromandel Fire Station.

16.1.7 Advice from Attorney General's Office

On 2 February 2015, the advice of the Attorney General's Office (AGO) was sought. On 9 February 2015, AGO pointed out that the status of the certification was not clear, and hence the Supplier might be in breach of contract or needful should be done for the certification to be reinstated within a set of reasonable delay or to consider terminating the contract.

On 23 February 2015, the Supplier reiterated that the certification could not be reinstated. The MFRS should request for a certification to be effected upon payment of the required charge.

Recommendations

MFRS should ensure that the requirements of all relevant legal frameworks be complied with, before finalizing any procurement exercise.

The importance of the maintenance of the vehicle should be assessed and a prompt decision be taken for carrying out the necessary repairs in order to avoid the vehicle from being left unutilised for long.

MFRS's Reply

The Parent Ministry initiated this project and necessary funds were made available.

The Pre-Delivery Inspection was delayed due to administrative procedures with the Parent Ministry.

As the maintenance of the Vehicle was to occur in two years time after warranty, it was considered to take it in due course of time. On 16 February 2015, the Supplier refused to enter a contract based on maintenance fees proposed at the time of its bid.

16.2 Airport Crash and Fire Fighting Vehicle - Rs 15.7 million

On 17 June 2013, One Mercedes Benz Actros Fire Fighting vehicle, fitted with 11,946 cc diesel engine was acquired by Outer Islands Development Corporation (OIDC), operating under the aegis of the Ministry of Local Government and Outer Islands (MOLG), for the sum of Rs 15.7 million inclusive of VAT from a local Supplier. The Airport Crash and Fire Fighting vehicle was initially acquired for use at Agalega Island.

The vehicle was registered on 2 July 2013 in the name of OIDC. On 2 December 2013, MOLG decided to transfer the vehicle to the MFRS on a temporary basis. The vehicle had remained in the custody of the Supplier from 17 June 2013 to 15 January 2014, for some seven months.

On 16 January 2014, the Fire Fighting Vehicle was transferred to MFRS pending its shipment to Agalega. On 12 February 2014, one month later, the vehicle was sent to the Supplier for

repairs as the bolts of propeller shaft, the mounted pump propeller shaft and the delivery clamp were found to be rusted and corroded and there was leakage of air while in operation.

Two months later, on 16 April 2014, after repairs, the vehicle was returned to the MFRS. However, after eight months use by the MFRS, on 23 December 2014, the vehicle was again sent to the Supplier, in connection with pump accelerator defects and oil light indicator showing 'On' permanently. The vehicle had remained at the Supplier's workshop for repairs for seven months.

On 9 April 2015, according to the Supplier, several difficulties were encountered to diagnose the defects on the vehicle and the expertise of the Engineer of the overseas Supplier was required.

As of 31 May 2015, the vehicle was still under repairs at the Supplier's workshop and had remained unutilised for nearly 14 months from the time of its acquisition. The period of transfer to the MFRS was not defined.

The acquisition was made to fight air crash. However, the Agalega Island did not have a proper airstrip and rarely do airplanes land there. Besides, there was no fire station in the Island. Therefore, the acquisition could be considered as an unnecessary expenditure, as nearly two years after its acquisition, it had not yet been shipped to Agalega.

Acquisition should be properly planned and public funds judiciously used.

MFRS's Reply

In December 2013, the Parent Ministry entrusted the vehicle upon the responsibility of the Department. It is the Outer Islands Development Corporation which has considered all aspects prior to acquiring this vehicle.

The vehicle was still under warranty and the Supplier informed that an Expert from abroad was being awaited imminently.

Solid Waste Division

16.3 Mare Chicose Landfill

Background

The present system of solid waste disposal comprises a unique sanitary landfill at Mare Chicose, which covered an area of 49.88 ha, and the construction of the last Cell 7 will provide void space for landfilling of wastes till 2018-19. The Ministry has spent more than Rs 4 billion for the creation, operation and maintenance of the landfill since 1997.

In 2014, some 450,000 tonnes of solid waste were collected over the island compared to 381,000 tonnes in 2004. This is expected to increase over the years, and the total amount of waste requiring management and disposal will be around 472,500 tonnes in 2015.

As of January 2010, the landfill comprised six cells and covered a total area of 32 ha. To ensure sufficiency and continuity in waste disposal capacity beyond 2011, additional landfilling space was required for the extension of the landfill.

In April 2010, negotiation with the land owner was held for the lease of an additional plot of land. The owner exceptionally agreed to lease out two final plots of land of an area of 14.84 ha and 4.3 ha in June 2012 and July 2013 respectively.

The contract for Consultancy Services for the Supervision, Management and Operation of the Mare Chicose Landfill ended on 30 June 2011. The contract for the Operation, Management, Construction of Cells, and Post Closure Management (the Second main contract of the landfill), was awarded on 26 September 2006 for the sum of Rs 1.3 billion, inclusive of VAT, for a period of 10 years in two distinct phases each, with a duration of five years as shown in Table 16-2.

Table 16-2 Second Main Contract

| Phase | Details | Period |
|--------------|---|-------------------------------------|
| I | Operation, Management and Construction of Cells | 1 December 2006 to 30 November 2011 |
| II | Post closure management | 1 December 2011 to 30 November 2016 |

In April 2010, as Cell 6 was nearing saturation, the Ministry decided to extend the existing landfill to provide for additional waste disposal capacity beyond 2011 through the construction of additional waste cells.

16.3.1 Construction and Operation and Maintenance Contracts

Financing of the Project

The Project Plan Committee gave its approval for the extension of the Mare Chicose Landfill through the construction of the new Cell 7. The total project cost for the extension of the landfill was estimated at Rs 1.97 billion, comprising Rs 40 million for Consultancy Services and Rs 1.93 billion for Construction works, Operation and Maintenance and Post Closure for a period of 10 years in two phases. Expected duration of the project is shown in Table 16-3.

Table 16-3 Expected Duration of the Contract for Cell 7

| Phase | Details | Duration |
|--------------|---|---------------------|
| I | Operation, Management and Construction of Cells | Jan 2012 – Dec 2016 |
| II | Post closure management | Jan 2017 – Dec 2021 |

Actual Costs Incurred for Consultancy, Constructions, Operation, and Maintenance and Post Closure

Details of the Construction contract costs and consultancy fees incurred for the construction of sub Cells and Cell 7 and Operation and Maintenance and Post Closure management are given in Table 16-4.

Table 16-4 Actual and Estimated Contract Costs, Consultancy Fees and Operation and Maintenance and Post Closure Costs

| Consultancy Services | Procurement Methods | Amount (Rs) (incl.VAT) |
|--|---|-----------------------------------|
| Sub Cell 7 | Direct procurement | 5,370,500 |
| Sub Cell 7A | Direct procurement | 7,916,600 |
| Cell 7 | Request For Proposal (RFP) | <u>22,829,027</u> |
| <i>Sub -total</i> | | <u>36,116,127</u> |
| Construction Contracts | | |
| Sub Cell 7 | Emergency procurement | 120,814,486 |
| Sub Cell 7A | Open Advertised Bidding (OAB) | 84,781,289 |
| Cell 7 | Restricted Bidding | <u>447,957,563</u> |
| <i>Sub -total</i> | | <u>653,553,338</u> |
| Operation and Maintenance and Post Closure Management for sub Cells | | |
| Dec 2011-May 2013 | Direct procurement | 204,035,720 |
| June 2013 – May 2014 | Emergency procurement | <u>173,731,131</u> |
| | | <i>377,766,851</i> |
| Operation and Maintenance | | |
| Cell 7 and other Cells | Restricted Bidding following pre-qualification exercise | 1,142,456,589 |
| <i>Sub -total</i> | | <u>1,520,223,440</u> |
| Total Actual Costs | | <u>2,209,892,905</u> |
| Estimated Costs | | |
| Consultancy Services | | 40,000,000 |
| Construction, Operation and Maintenance and Post Closure | | <u>1,930,000,000</u> |
| Total Estimated costs | | <u>1,970,000,000</u> |
| Excess of Actual over Estimated costs | | 239,892,905 |

Source: Contract documents

The actual total costs for the Consultancy Services, Constructions of sub Cells and Cell 7 including the Operation, Maintenance and Post Closure amounted to some Rs 2.21 billion as compared to the approved estimated cost of Rs 1.97 billion.

16.3.2 Additional Landfilling Space Capacity

As a result of the significant time taken in finalizing the award of the main contract for the extension of the landfill and the lease of the additional land, the Ministry had to create sub Cells to provide void space for waste disposal.

Extension of Cell 6

Cell 6 was reaching saturation, and procedure for the lease of additional land was ongoing. The extension of the Cell 6, through variation orders which was allowed under the main contract, was awarded on 25 March 2010, to the existing Contractor and the existing Consultant for the sum of Rs 112,787,746 and Rs 3,726,000 inclusive of VAT respectively to meet landfilling space capacity up to April 2012 under the same terms and conditions. The services of the Consultant were hired by the Ministry since 2008.

Construction of Sub-Cell 7

The Consultancy contract was awarded in September 2011 to the existing Consultant in order to ensure continuity of the Consultancy Services for an amount of Rs 5.4 million inclusive of VAT. The contract was awarded through direct procurement method, as the Consultant had the necessary knowledge of the landfill site, the geotechnical conditions and required minimum time to be mobilised. The contract for the construction of sub Cell 7 was awarded to the existing Contractor on 6 October 2011 for the sum of Rs 120.8 million inclusive of VAT, based on emergency procurement method without resorting to competitive tendering procedures to provide landfilling space for a period of 10-12 months as from May 2012.

Construction of Sub Cell 7A

Contract for Consultancy Services for the construction of the Sub Cell 7A was awarded on 9 May 2012 to the existing Consultant for the sum of Rs 7.9 million inclusive of VAT, through direct procurement method, for the same reason as stated in the contract for sub Cell 7. However, an open advertised bid was launched for the construction contract which would provide additional landfilling space for one year as from February 2013. The existing Contractor was the successful responsive bidder and the contract was awarded on 5 November 2012 for the sum of Rs 84.8 million inclusive of VAT.

16.3.3 Design and Construction of Cell 7 and Operation and Maintenance Contract

Consultancy Services

The tender procedures for the Consultancy services started on 15 September 2010. The contract was initially awarded on 3 June 2011. Due to challenge filed against the Ministry and appeal lodged before the Independent Review Panel (IRP), a second bidding exercise was carried out. The contract was finally awarded on 17 December 2012 for the sum of some Rs 22.8 million inclusive of VAT to the aggrieved bidder who was found to be the lowest and substantially responsive bidder. The contract was awarded some 18 months after the initial award.

Construction, Operation and Maintenance Contract for Cell 7

On 26 December 2013, 28 months after the pre-qualification exercise carried out on 15 August 2011, the bid was finalized. The contract for the Construction of Cell 7 and Operation and Maintenance of Cells at Mare Chicose Landfill site which was the third main contract of the landfill, was awarded to the Contractor for the sum of Rs 1,590,414,152 inclusive of VAT for duration of five years, but excluding the Post Closure Management phase. Details of the contract are shown in Table 16-5.

Table 16-5 Third Main Contract

| Details | Expected Duration |
|---|--|
| Construction Works | |
| Phase I - Construction of a bund and a leachate monitoring well | 180 days –January to June 2014 |
| Phase II - Construction of remaining part of Cell 7 | 545 days –January 2014 to July 2015 |
| Operation and Maintenance of Cells | 1638 days as from June 2014 to December 2018 |

The contract sum for the construction of Cell 7 was Rs 447,957,563. The construction works of Phase I started in January, and were completed in September 2014.

Tenders were launched to the two pre-selected bidders through restricted bidding method because of the urgency to ensure timely provision of new landfill space.

According to the Central Procurement Board, after a period of more than 20 months, new potential bidders might be interested to participate in the procurement process and recommended that a fresh pre-qualification process be initiated. However, the Ministry decided to proceed with the procurement process on the basis of the pre-qualification exercise concluded in December 2011.

16.3.4 Operation and Maintenance and Post Closure Management contracts

The Contract for Operation and Maintenance of Cells, Phase I of the second main contract, of the Landfill expired in November 2011. It was subsequently extended by means of variation orders on three occasions with the existing Contractor for the Operation and Maintenance of sub Cells for a period of 17 months as from December 2011 to May 2013, and the sum disbursed was some Rs 204 million.

Further, in April 2013, the contract for the Operation and Maintenance and Post Closure Management of the sub Cells was awarded to the existing Contractor for a sum of Rs 173.7 million on an emergency basis without resorting to competitive bidding.

Conclusion

In view of the rapid increase in the volume of solid waste collection and the reduction in void space available in respect of Cell 6, the construction of the new Cell should have been timely planned. Initially, the contract for the construction of the new Cell 7 should have been awarded by November 2011 and completed by July 2012.

The actual total costs for the extension of the landfill had exceeded the estimated contract costs by some Rs 240 million, representing 12 per cent of the estimated cost. Due to the urgency for providing space capacity for waste disposal, contracts totalling some Rs 512 million were awarded to Consultants and Contractors through direct and emergency procurement methods without resorting to competitive bidding procedures.

Owing to procedural problems, the award of the Consultancy services for the construction of Cell 7 was awarded to the successful bidder, some 18 months after the initial award. The Ministry had to construct sub Cells in order to ensure the sufficiency and continuity in waste disposal capacity.

The construction contract for Cell 7 was awarded after more than two years of the intended period of November 2011. Contrary to the approved scope of the project, the total estimated costs of Rs 1.97 billion for duration of 10 years included the Post Closure Management Phase which was excluded in the third main Contract. The contract was awarded for a duration of five years. Consequently, a new contract will have to be awarded for the Post closure Management Phase for the next five years with additional costs which would exceed the approved total estimated costs by more than Rs 240 million.

The same Consultant was awarded Consultancy contracts for some Rs 39 million for the constructions of sub Cells 6, 7A, 7 and Cell 7 since 2008, of which some Rs 13.3 million were awarded through direct procurement. The same Contractor was awarded contract amounting to some Rs 120.8 million on a fast track basis, through emergency procurement.

Additional costs were incurred for the Operation and Maintenance of the sub Cells and an amount of some Rs 377 million was paid to the existing Contractor from December 2011 to April 2013 through extension of the contract and emergency procurement method and without competition.

Recommendations

Based on experiences gathered during the construction of Cells and Operation and Maintenance of the landfill in respect of previous contracts, the project implementation should be properly planned and monitored closely. Tenders should be launched well in advance to ensure the timely completion of the project.

Regular and timely feedback should be obtained from the Consultant to ensure proper management of landfill space capacity.

In view of the fact that management of the landfill involves huge investment, the Ministry should ensure that proper competitive bidding procedures are followed so that contracts are awarded at the most competitive prices. The timely award of contracts also means that

additional costs could be minimized in terms of escalation costs and increase in foreign exchange rates.

The existing landfill will be saturated within the next five years and no extension of the landfill will be possible. The Ministry should start procedure for the creation of another landfill site, and to ensure that proper tendering procedures are followed and disposal waste capacity is available. It should also ascertain that value for money is obtained.

Ministry's Reply

The construction of sub-Cells had not only impacted on the contract value but also resulted in a longer lifespan of the landfill. Initially, it was expected to provide landfilling space up to 2017 through the construction of Cell 7, but ultimately, landfilling capacity would now be available up to end 2018.

The Ministry had no alternative than to resort to direct procurement in order to avoid disruption in waste disposal services. It could not afford to spend time on seeking other tenders and running the risk of having no landfilling space available as from May 2012.

The extension of Cell 6 was warranted in view of the discrepancy that existed between quantities in the Bills of Quantities and the lay-out plans in the tender documents, and also additional landfill space was required.

The delay in concluding the award of the Consultancy Contract was due to challenge by one unsatisfied bidder, which resulted in a re-evaluation of the bids, the subsequent cancellation of the bid exercise and launching of fresh tenders for Consultancy Services.

It was decided not to call for a new pre-qualification exercise but to pursue the procurement process on the basis of the pre-qualification exercise concluded in December 2011. This decision was taken to avoid a situation whereby precious time could be lost again in challenges and appeals, and there could have been no void space available for landfilling. In view of the national importance of the project, Government was continuously briefed at all the different stages in the tender procedures for the construction of Cell 7.

Since time was of essence to provide waste disposal capacity, the Ministry had no alternative left than to solicit the services of the serving Consultant.

The landfill would reach saturation in 2018/2019, and land identification procedures have started since almost three years but have not yet been concluded. The Current Consultancy contract will expire in January 2016, and a new Expression of Interest for Consultancy Services is currently being evaluated by the Ministry.

17 - MINISTRY OF LABOUR, INDUSTRIAL RELATIONS AND EMPLOYMENT

Employment Division

17.1 E-Work Permit System

The objective of the e-Work Permit System was to improve the work processes through online applications, linkages with stakeholders, online payments and printing of permits on cards. On 9 February 2013, tenders were launched for the supply, development, implementation and commissioning of the Back-end Web-based Work Permit System. On 16 July 2013, the Departmental Tender Committee recommended the award of the contract for the sum of Rs 15.1 million, representing Rs 12.7 million for core items and Rs 2.4 million for optional items.

The selected bidder was notified on 22 July 2013. The Letter of Award of Contract was issued on 3 September 2013 for Rs 13.4 million, representing Rs 12.7 million for core items and Rs 700,000 for optional items, and the contract was signed on 27 September 2013. The Front End of e-Work Permit Portal which was not included in the previous contract was awarded on 24 December 2013 to the same entity for Rs 1.1 million, inclusive of VAT. The e-Work Permit Project which started in September 2013 was due for completion in July 2014.

17.1.1 Joint Venture with a Foreign Company

A local company and its foreign counterpart were to enter into a joint venture for a period of two years to set up a new company through which all transactions were to be undertaken. The new company was incorporated on 6 September 2013. However, tender was awarded to the local company on 3 September 2013, that is, prior to the existence of the new entity. The agreement, entered on 4 September 2013 between the two companies was reported not to be valid and the Procurement Policy Office recommended that a proper notarised Joint Venture Agreement (JVA) be drawn up. The JVA and an addendum to contract were subsequently signed on 25 September 2014, that is after the initial scheduled completion date.

17.1.2 Launching of Front End of E-Work Permit Portal

A sum of Rs 1.1 million was paid for the Front End of the e-Work Permit Portal and Applicant Registration, which was launched on 30 September 2014 to enable registration by companies.

17.1.3 Project Implementation

Various problems were encountered during the execution of the project. Basic requirements of the Employment Division (ED) were not taken on board in the software developed according to prototype presentation of the Contractor in March 2014. Closed companies still had valid status.

Access to the test platform, located in the servers of the foreign counterpart of the Joint Venture, was slow and this hindered the testing phase. The test platform was transferred to

the server of the Government Online Centre and was available for testing as from 1 December 2014. Screens, which were not as per specifications were amended by the Joint Venture in mid-January 2015. Major changes were brought to the System and testing of a module led to other module being affected. Officers of ED reported that only debugging was being performed instead of actual testing. As of March 2015, only 45 per cent of the System was tested.

The Project, which was scheduled for completion in July 2014, was extended to 31 May 2015. However, as of June 2015, the e-Work Permit System was not operational. The Performance Security which expired on 30 September 2014 was not renewed. Except for the advance payment of Rs 4.02 million, representing 30 per cent of the contract price for the Back-End of the System, no further disbursement was effected.

17.1.4 Present Status of Project

As of 30 April 2015, the e-Work Permit Portal was not fully operational. The User Acceptance Test was still outstanding. Software Requirement Specifications (SRS), Contingency Plan and Backup Policy were not yet approved and signed by both parties. Bids for procurement of pre-personalised work permit cards and card printer were still at evaluation stage.

The security features of the System were not vetted by the Information Technology Security Unit, and built-in alerts were not yet incorporated in the System. The linkage with Lodging Accommodation Permit (LAP) was not effective, while the Labour Market Information System needed upgrading prior to linkage. Business proposal for the setting up of the linkage with Passport and Immigration Office System was not yet finalised.

Module for medical clearance of expatriates was not completed and access was not yet provided by the Government Online Centre. The test platform for the e-Payment Gateway was not operational since March 2015. Data on the Work Permit Application System were not yet migrated to the e-Work Permit System.

The Ministry's interests might not have been safeguarded. The delay in execution of project would lead to delay in provision of efficient and effective services.

Ministry's Reply

- The relocation of the ED delayed the testing phase of the project.
- The Contractor was informed that no payment would be effected pending submission of Performance Security and was being pressed for remedial action for the completion of the project.
- The modules for medical clearance and testing of e-payment were completed. As of 17 July 2015, linkage with LAP was established and was operational.
- The registration of the Ministry as a Data Controller was under process. Data will be cleansed prior to migration to the new System.
- The project was being closely monitored and daily testing was being effected to ensure the viability of the System.

17.2 Grant of Recruitment Licence

At paragraph 17.1 of the Audit Report for the year ending 31 December 2013 shortcomings relating to the grant or renewal of Recruitment Licences for recruitment of workers for employment abroad and in Mauritius were highlighted. These included the absence of a Register for the follow up of status of Recruitment Licences and the non-submission of quarterly returns.

The Recruitment Licence was to be issued as per specimen form specified in the Second Schedule of the Recruitment of Workers Regulations. However, the Licence Forms were neither designed as controlled form nor printed on special type of paper such as azur laid paper with watermark. Hence, control over licences, regarding their validity and authenticity could not be ascertained.

As of 31 December 2014, there were 49 Recruitment Licences including six awaiting renewal and 12 new Licences issued during 2014. A Register was introduced on 21 January 2015 to follow up the processing of applications for Recruitment Licences or their renewal. However, it did not allow proper follow up on actual status of Recruitment Agencies as essential data such as dates of approval and issue of Licence and expiry of Security Bond were not recorded therein.

Regular site inspections were not effected to ascertain compliance with Regulations and whether the Agency had ceased activities or was operating without a valid Licence. A Licence was renewed in October 2014 without inspection by Officers of the Employment Division.

Every Licensee was required to submit returns within 10 days of expiry of each quarter. However, 16 of the 37 Licensees had not submitted any quarterly returns for 2014 nor were they submitted by the 12 new Licensees. Only five of the remaining 21 Licensees had submitted all returns for 2014. Placements effected by these Recruitment Agents were thus not known.

A Licensee applied for the renewal of his Recruitment Licence which was valid up to 28 February 2015 in his company's name instead of his own name. On 12 December 2014, the Licensee was informed that there was no objection to operate in the name of the company pending expiry of current Licence. However, the Recruitment Licence is not transferable as per the Recruitment of Workers Act.

Recommendations

- The Licensing Authority needs to enhance the uniqueness and security features of the Recruitment Licence Forms to ensure their validity and authenticity for control purposes.
- Regular inspections should be effected to ascertain compliance with Regulations.

Ministry's Reply

- Action is being taken to insert the missing details in the Register and measures will be taken to enhance the uniqueness and security features of the Recruitment Licence.
- Regular inspections were not carried out due to shortage of staff. Inspections will be effected in cases of non-submission of quarterly returns.
- A High Level Committee was set up in February 2015 to review the whole procedure for issue, renewal and monitoring of Recruitment Licence.
- Application for a Recruitment Licence in the name of the company was made.

18 - MINISTRY OF TOURISM AND LEISURE

18.1 Hotel Development Projects

One of the responsibilities of the Ministry of Tourism and External Communications (Tourism Division) is to give clearance to promoters for development of hotels, including villas and bungalows.

Any hotel promoter, prior to submission of his proposal to the Ministry, must first obtain and be granted State Land or have freehold land for his project. For State Land, Government's approval is first obtained for reserving the land. The Ministry of Housing and Lands (MOHL) issues a Letter of Reservation to the promoter pending the obtention of other clearances from other institutions and Ministries.

To obtain the lease agreement of State Land, the promoter must obtain, amongst others:

- A 'No objection letter' from the Ministry, subject to compliance with the Planning Policy Guidance (PPG) regarding tourism sector, the hotel development strategy of the Ministry, and after consideration of the project write-up, feasibility study with artistic impressions and eco-friendly devices.
- An Environment Impact Assessment (EIA) licence from the Ministry of Environment which requires the submission of an EIA report.

A list of 38 hotel development projects, that was last updated on 15 January 2015, was submitted by the Ministry in June 2015.

Observations

- No proper register was kept to record hotel development projects. Hence, it could not be ascertained whether the list of 38 hotel development projects submitted by the Ministry was complete.
- The 'No Objection Letter' issued by the Ministry was not subject to any timeframe to remain valid.
- There was inadequate control mechanism in place to follow up on project status with promoters.

18.1.1 Status of 38 Hotel Development Projects

Included in the list of 38 promoters for hotel development projects, some were already issued with 'No Objection Letter' since 2006. This list comprised 25 projects involving 548 Arpents (A) of State Lands, 12 projects of some 1,407 A of freehold land and the last one both State Land (51.59 A) and freehold Land (73.46 A).

Of the 38 project proposals, there were 23 proposals for which project status either could not be determined or have not yet been realised, and 13 others were in the pipeline, as shown in Table 18-1.

Table 18-1 Status of Hotel Development Projects

| Status | Total No of Promoters | Freehold Land | | State Land | | Period No Objection Letter Issued |
|--|-----------------------|----------------|--------------------|-----------------|--------------------|-----------------------------------|
| | | No of Projects | Extent of Land (A) | No of Projects | Extent of Land (A) | |
| Project status could not be determined | 13 | 9 | 1,174.76 | 4 | 117.63 | 2008- 2014 |
| Projects not yet realised | 10 | 2 | 182.29 | 8 ^a | 288.88 | 2008-2010 |
| Projects in pipeline | 13 | 1 | 49.50 | 12 ^a | 138.19 | 2006-2014 |
| Land is in possession of another State Owned Company | 1 | | | 1 | 3.00 | |
| Project for which EIA has not yet been issued | 1 ^b | 1 | 73.46 | 1 | 51.59 | |
| Total | 38 | | 1,480.01 | | 599.29 | |

Source: Ministry of Tourism and External Communications (Tourism Division) and Ministry of Housing and Lands.

^a Includes one project for which a 'No Objection letter' has not been issued.

^b For this promoter, the project involved both State and Freehold Land

Status of Project

Project status could not be determined. The status of 13 project proposals could not be determined. It was not known whether the projects would in fact be undertaken. These included four projects involving 117.63 A of State Land. Of these, one has a reservation letter dated 15 January 2009, two have lease agreements dated 5 November 2008 and 11 December 2009 respectively and no information was available for the fourth one.

Nine other hotel development projects involved 1,174.76 A of freehold land.

Unrealised Projects. Ten projects have not yet been realized. In one case, the Ministry issued the 'No Objection Letter' on 3 December 2009. The project was to be on an extent of 155 A of State Land at Ile aux Benitiers. Proposal was made for a 6 Star Hotel project comprising 145 villas, an over water restaurant, spa pavillons, fitness centre, eco park and bio centre, among others, which would have cost some Rs 3.3 billion.

The promoter was not going ahead with the project. In January 2015, the MOHL reported that a lease agreement for 20 years for coconut plantation as from October 2014 has been signed.

Projects in Pipeline. As of 30 June 2015, there were 13 projects which have not yet been developed after several years and were reported to be in the pipeline. These consisted of 12 projects involving 138 A of State Lands and one project involving freehold land.

For eight projects, lease agreements for 78.21 A of State Land were already signed but the projects have not yet been implemented. These included three lease agreements signed as far back in 2006 and 2007, and for two other projects, lease agreements have been recently signed in 2012 and 2013. In three other cases, lease agreements were signed in 2006, 2007 and 2009 and which have been amended in August and November 2014 and June 2015 respectively.

For the remaining four projects, letters of intent have been issued between 2010 and 2014.

For one of the projects in the pipeline, the MOHL reported that ‘on subject site stands one concrete bungalow’. It was not possible to ascertain the extent of completion of the project for which 4.5 A of State Land had been leased and for which lease agreement was signed since September 2007. As per records at the Companies Division, the financial statements of the company showed fixed assets owned and valued at Rs 7.3 million during the three years 2012 to 2014. This would indicate that no major capital expenditure has been incurred during these three years.

Ministry's Reply

- (a) The database is kept in an Excel Sheet format and is regularly updated. The database includes approved hotel projects which will start construction. It excludes hotel projects which have materialized and are included in Statistics Mauritius List as hotels under operation.
- (b) The decision to issue a ‘No-Objection Letter’ with a two year validity has been approved on 24 January 2015.
- (c) It is the Ministry of Housing and Lands which is the guardian and is vested with the powers to allocate, retrieve and extend deadlines with respect to State Land. A promoter cannot proceed with the development of any site solely on the basis of a ‘No Objection Letter’ from the Ministry. Construction on site can only be possible if the Lease Agreement and the EIA Licence are still valid. Stand alone, the ‘No Objection Letter’ from the Ministry does not give the promoter the possibility to develop a site. In case the EIA has lapsed after a period of 3 years, the ‘No Objection Letter’ has no validity.
- (d) New elements have recently been introduced for the processing of hotel projects including Feasibility study, Marketing plan and financial resources.
- (e) Circulars Letters, on a regular basis, were sent to promoters requesting for project status and were followed up by telephone calls and the database was updated accordingly. A coordination committee comprising inter-alia, representatives of the Ministry of Housing

and Lands and Ministry of Environment, has been set up to look into State Lands which have not yet been developed by the promoters and to decide on future course of action.

- (f) Project status cannot be determined solely at the level of this Ministry being given that other statutory clearances and permits, such as land conversion, appeal to EIA Tribunal are required for the implementation of the project.
- (g) The project on Ile aux Benitiers did not materialize as no EIA Licence was issued, despite the promoter being a holder of a 'No Objection Letter' from this Ministry.

18.2 Management of Tourist Infrastructure at Le Citadel

The Ministry and the ex Tourism Fund had already disbursed a total amount of some Rs 26.5 million to the Tourism Authority for building and infrastructural works at Le Citadel. The investments on historical infrastructure were meant to convert Le Citadel into a tourist attraction with a view to generating income and making a profit.

Income generated by renting spaces since 2012 at Le Citadel amounted to some Rs 115,000 per month. Out of the 14 slots, nine slots are vacant at Le Citadel. The Ministry is not obtaining value on investment of some Rs 26.5 million.

It is recommended that the Ministry should review the business plan of Le Citadel.

Ministry's Reply

- The vacant slots could not be rented due to structural defects in the building which cause heavy leakage during rainy season. A huge investment is required for the rehabilitation of the building.
- In the context of the implementation of the measure announced in the Budget 2015/2016 to transform the Citadel into an '*Espace Artistique*', a taskforce, comprising relevant stakeholders, has been set up to look into all issues pertaining to the site.

18.3 Illegal Occupation of 'Le Batelage ' Premises at Souillac

At paragraph 7.1 of Audit Report for the year ended 30 June 2006, mention was made of unpaid debts of Rs 265,000 in respect of two commercial lots at Le Batelage, Souillac Tourist Village . The Ministry is still managing this Government premise of an area of 620 m². Of the 290 m² of space available for renting, a tenant is currently occupying 212 m² for a restaurant business.

Observations

- Nearly 10 years later, the tenant owing Rs 265,000 between 2001 to 2005 has not settled his debt.
- The current tenant owed a total amount of Rs 913,398 at 31 December 2014 which has increased to Rs 1,015,834 at 31 May 2015.

- The lease has expired in June 2012. Since then, the tenant has been occupying the premises illegally. Only one reminder was sent to the tenant in February 2014. This would indicate a lack of proper follow up by the Ministry.

Ministry's Reply

- The Ministry has issued several reminders to the tenants. Two meetings were held with the tenants last year to convince them to settle the arrears, but to no avail.
- The Attorney General's Office is currently finalising procedures for the eviction of the tenants and to recoup all outstanding rental.

19 - MINISTRY OF HEALTH AND QUALITY OF LIFE

19.1 Drugs, Medicine and Medical Disposables

Expenditure for the procurement of drugs and medicine for 2014 totalled Rs 672.7 million. Purchases were effected mainly through Annual Bulk Tenders, bridging quotations/tenders and local purchases at hospitals.

19.1.1 Issues at CSD and Dispensing Units

Controls over issues at the Central Supplies Division (CSD) and at the Dispensing Units of hospitals were not satisfactory:

- (a) Financial Regulations were not being complied with. Requisition Forms were not being properly filled in. They were not always barred and signed and different handwritings were noted on the same forms. The signed and returned copies of Delivery Notes at the CSD were not always attached to the Requisition Forms of hospitals/health centres. Hence, the CSD was exposed to risk of misappropriation.
- (b) There were no written procedures for input in the Computerised System. Issues, totalling Rs 1,058,681 for 2013 (Rs 764,548) and 2014 (Rs 294,133), treated as adjustments in the System were not supported by authorised Store Forms.
- (c) The reasons for the issues of items totalling Rs 2.1 million from Sections B and C of the CSD to the CSD itself during 2013 and 2014 were not known.
- (d) There was no proper monitoring over quantities of drugs issued to hospitals. Comparison of annual requirement of drugs/medicines submitted by the hospitals at the start of the year with quantities issued during the year, to determine any abnormal consumption, was not carried out.
- (e) The hospitals and health centres were no longer providing details on the stock balances at their end when submitting their requests for drugs and other items.
- (f) Prescription Forms were not properly filled in and classified at the hospitals. The Medical Officers were not using their personal seals and were not writing their full names on the Prescription Forms when prescribing medicine to patients as required by instructions issued by the Ministry.
- (g) An official list of Medical Officers posted at the hospitals was not kept at the Pharmacy Unit. Hence, prescriptions issued could not be authenticated.
- (h) A reconciliation exercise of quantity of any non-expensive drugs dispensed with Prescription Forms has never been carried out at the Pharmacy Unit.

19.1.2 Control over Expensive Drugs

The Ministry has established a list of 82 expensive items for which proper records need to be kept at the Pharmacy Dispensing Unit. However, control was being exercised over a few of them only at the hospitals and in some cases, the records were not up to date.

Ministry's Reply

- Action is being taken at all units for the proper filling of Requisition Forms and instructions have been issued to all Officers in charge at the CSD to ensure that all signed Delivery Notes are attached to the respective Requisition Forms.
- Action is being initiated with regard to procedures for input in the system and adjustments would be made on duly authorized forms.
- Issues to the CSD were in respect of adjustments for items short/partly received, wrong postings and transfer of expired items.
- Medical Officers have been instructed to write their names properly on Prescription Forms. Reconciliation of drugs dispensed with Prescription Forms would be carried out on a random basis.
- A new list of expensive items/drugs has been circulated to all Pharmacists for implementation with immediate effect.

19.1.3 Reconciliation of Issues from CSD

As the Pharmacy Unit and the Surgical Stores at J. Nehru Hospital (JNH) are computerised, a comparison of issues from the CSD and receipts at the hospital was carried out.

- Discrepancies were noted between issues from the CSD and receipts at the Pharmacy Unit of the hospital.
- At the CSD, the Delivery Notes could not be traced. These were not attached to the respective Requisition Forms.
- Instances were noted where quantities received at the hospital were either less or greater than the quantities as per the Delivery Notes. Amended Delivery Notes, duly signed, to show the actual quantity received, were returned to the CSD but no correction was made at the CSD.
- Issues of drugs from the Pharmacy Main Stores to the Dispensing Unit were not supported by authorised Store Forms. From January to December 2014 over 525 issues, recorded in the system, were not approved by a Senior Officer.

Ministry's Reply

All Officers in charge at the CSD have been instructed to mandatorily attach the Delivery Notes to their respective Requisition Forms for identification of receiving officers at hospital level.

19.1.4 Local Purchases

- Local purchases of drugs/medicine by hospitals amounted to Rs 88.5 million (including some Rs 9.8 million for non-listed drugs) during 2014, as compared to Rs 47.9 million for the year 2013. An increase of 84.7 per cent over year 2013 was noted. Victoria Hospital (VH) accounted for more than 45 per cent of the total local purchases for year 2014. The local purchases during the past two years are detailed in Table 19-1.

Table 19-1 Purchase of Drugs

| Description | Year 2013 | Year 2014 |
|---|---|---|
| Medicine, Drugs, Vaccines | Rs 605,942,077 | Rs 672,708,900 |
| Local Purchases | Rs 47,935,486 | Rs 88,554,541 |
| Percentage of Local Purchases over Annual expenditure | 7.9 % | 13.16 % |
| Local Purchases Victoria Hospital | Rs 25,956,671 (54.15 % of local purchases) | Rs 42,339,116 (47.81 % of local purchases) |

Source: TAS

- Drugs were procured at higher prices at hospital level. Price variance as compared to CSD price was significant and ranged as high as 2,500 per cent.
- A sample check carried over 70 local purchases at hospital level totalling Rs 3,676,617 revealed that difference in cost, when CSD price is used, amounted to Rs 3,058,054 (494 per cent).

Considering that procurement of listed drugs through local purchases totalled some Rs 80 million, the difference in cost for such procurement would be substantial. Cases were noted where Suppliers defaulted and the hospitals resorted to local purchases, the higher amount disbursed was recouped from the faulty Suppliers. Some Rs 2 million were so recouped during 2014, in addition to liquidated damages for late deliveries. However, it was not possible to recoup excess amount paid from Overseas Suppliers as payments were usually made before shipment.

- Same drugs were procured at different prices by different hospitals during the same periods. In several cases, the hospitals were resorting to split purchases to avoid thresholds beyond which more competitive procurement methods might have been used.

Cost information was not readily available. Higher prices paid and amount recouped from suppliers, additional costs paid for air lifting and liquidated damages deducted from payment for late deliveries in some cases, etc, were available only in individual order files.

- Split purchases of some drugs made by the Regional Hospitals during periods of stock out during 2014 exceeded Rs 1 million as shown in Table 19-2. Purchases at VH represented a high percentage of total local purchases.

Table 19-2 Drugs Purchased Locally during the Year

| Item | Period of Local Purchase | Value Rs | Victoria Hospital Value Rs | % |
|--------------------------|---------------------------|-----------|----------------------------|-----|
| Metformin tabs 500 mg | Jan- Nov 2014 | 3,442,029 | 1,480,239 | 43 |
| Capecitabine tabs 500 mg | Jan - Apr, Jun - Aug 2014 | 1,805,203 | 1,631,140 | 90 |
| Cefotaxime inj 1g | Apr - Dec 2014 | 1,414,634 | 1,414,634 | 100 |
| Atorvastatin 20 mg | May - Nov 2014 | 2,042,642 | 1,249,010 | 61 |
| Ceftriaxone inj 1g | Apr - Oct 2014 | 2,602,761 | 1,529,235 | 59 |

Source- TAS & Issues from CSD

Regular local purchases were resorted to at hospital level. However, there was no adequate control over the dispensing of drugs purchased locally.

- It was not possible to reconcile the issue of drugs purchased against Prescription Forms on a particular date.
- There was no proper coordination between the Stock Control Unit and the Procurement Unit of the Ministry. The first correspondence in file 'Drug monitoring at the CSD' dated July 2014. Follow up of deliveries were done in individual order files; information was not readily available.

The responsibilities for drawing Management's attention whenever an item is reaching re-order or critical level have not been assigned by the Ministry.

There was also no proper coordination among the hospitals, the CSD and the Procurement Unit for addressing stock out problems. Hence, the possibility of items/drugs flagged as out of stock at the CSD and yet being available at a Regional Hospital or at Health Centres exists. Such eventuality has not been given due consideration by Management.

Ministry's Reply

- During 2014, there were over 120 drugs out of stock at the CSD. This was due to delay in the processing of tenders for 2013 and 2014. Tenders for 2013 returned by the Central Procurement Board in September and October 2012 for separate bidding exercises for each category of items resulted in delay in the processing of the tenders for 2013 and 2014 as well.
- Local purchases are carried out for both the hospitals and the health centres in case of stock out at the CSD. The catchment area for VH is greater than those of other hospitals.
- Treatment for Cancer patients starts at VH and follow up may be carried out at other hospitals. The drugs are purchased at VH and distributed to the other hospitals.

- Follow up of orders is carried out by the Procurement Unit and as from 2015, weekly meetings are being held with the CSD for closer monitoring and for procurement to palliate stock out problems.

19.1.5 Annual Requirements for Drugs

There was no efficient use of Information Technology (IT) at the Ministry. For years, it was noted that the compilation of the annual requirements took some 12 to 16 months and was not based on readily available information.

This process could have been streamlined by the use of IT:

- The lead time for the compilation of the annual requirements can be considerably reduced. Data for past and current years could be downloaded for analysis. The assistance of the Central Information Systems Division should be used to streamline the processes for better efficiency.
- Returns of local purchases were sent on a monthly basis by hospitals in hard copies. Same could be sent electronically for data compilation.

Recommendation was previously made for use of Management Information System (MIS) available at the CSD.

19.1.6 Medical Disposables

Amount disbursed for procurement of medical disposables (excluding Medical Gas) during 2014, was Rs 381.6 million

Observations

- Some 23 per cent of the hospital requirements for medical disposables was procured locally at hospital level. Local purchases during 2014 totalled some Rs 90 million. The hospitals were resorting to split purchases to avoid thresholds beyond which more competitive procurement methods might have been used.
- The process for the compilation of the annual requirements for medical disposables, in 36 groups, was lengthy. Requirements for 24 groups for 2014 were submitted to the Procurement Unit from April 2013 to June 2014.
- Local split purchases of some medical disposable items by the different hospitals exceeded Rs 1 million during the year as shown in Table 19-3.

Table 19-3- Items Purchased Locally during 2014 Exceeding Rs 1 million

| Item | Period | Value Rs |
|---------------------|----------------|---------------------|
| Glucose test Strips | Jan - Nov 2014 | 4,501,322 |
| Bandage (assorted) | Jan - Nov 2014 | 3,688,337 |
| Gloves (Assorted) | Jan - Nov 2014 | 1,135,009 |
| Syringes (assorted) | Jan - Oct 2014 | 1,042,590 |

- Verification carried out by my Officers at four Regional Hospitals revealed that control was not satisfactory over receipts and issues :
- The ledgers of the Surgical Stores were not up to date at all the four hospitals
 - Duplicates of Local Purchase Orders were not pasted back to the counterfoils. It was difficult to ascertain whether items received were taken on charge.
 - There was no control over consumption by user units as there was no accountability of items received from the Surgical Stores.

Ministry's Reply

Several items of medical disposables are often out of stock at the CSD. The hospitals have no alternative than to procure same on the local market in order not to disrupt the smooth running of the service. Ledgers are being updated.

Action is being taken to paste back the duplicates of local purchases.

19.1.7 Expired/Deficient Items

The value of expired items/items unfit for consumption transferred to the Deficient Stores Ledger during 2014 totalled Rs 21.1 million, of which 81 per cent (Rs 17.2 million) was from Section A of the CSD as detailed in Table 19-4.

Table 19-4 Expired Items 2014

| Section | Description | Value Rs |
|---------|--------------------------------|-------------------|
| A | Pharmaceutical Products | 17,177,479 |
| B | Medical disposable | 15,664 |
| C | Solutions, Solvents, Syrup etc | 1,234,743 |
| F | Family Planning | 363,156 |
| V | Aryurvedic | 2,358,223 |
| | Total | 21,149,265 |

Source: CSD Data

As of 31 December 2014, value of items awaiting write off at the CSD totalled Rs 108.9 million (Rs 87.8 million in respect of previous years and Rs 21.1 million in respect of 2014)

- Several items, such as Paracetamol 500 mg, Enalapril 10 mg ACE Inhibitors and Norplant Contraceptive Sets, amounting to Rs 1.8 million, were transferred to the Deficient Stores Ledger prior to expiry due to deterioration. There was no evidence that the Procurement Unit had been informed for necessary action in accordance with Financial Regulations.
- Details of expired items held and disposed of at hospitals/Mediclinics/health centres were not available at the Ministry.
- As of May 2015 at VH, 129 drugs had expired (53 of which expired in 2014). The expired items, the costs of which were not recorded, were not transferred to a Deficient Stores Ledger.
- The expired items were occupying considerable space.

Damaged Items

From November 2014 to February 2015, three consignments of Sodium Bicarbonate Solution/Powder and Acid Concentrate valued at US \$ 7,163 (Rs 214,890 approx) were received damaged. The Insurance Company was informed and surveys have been carried out but a claim was not preferred on the Company, A Claim Register was not being kept at the Ministry or the CSD for follow up action in accordance with Financial Regulations.

Ministry's Reply

- A percentage of expiry of pharmaceutical items is unavoidable in all health systems. In fact, World Health Organisation allows a margin of 2 to 3 per cent of expiry on all pharmaceutical items.
- A Deficient Store Voucher has been processed for items received damaged. The Manager, CSD has been requested to take immediate action for the keeping of a Claim Register and initiate action for claim to be issued to the Insurance Company.

- Action was being taken by the Ministry to streamline procedures for disposal of unwanted goods.

19.2 Procurement of Equipment

For several years I have been drawing the attention of the Ministry on a number of shortcomings relating to the procurement of equipment. These included the following:

- Lack of proper procurement planning and cases where cost estimates were understated. Specifications were not well set and evaluation exercises were not properly carried out,
- Delays in invitation to and processing of bids resulting in cancellation and re-launching of bids, extension of bid validity period.
- Delays in installation of equipment or their remaining dormant for long period.
- Assets Management Information System was not adequate. A proper Fixed Assets Register was not available and there was no evidence of physical verification of the assets.

19.2.1 Procurement Planning, Bid Preparation and Evaluation

Some Rs 168.2 million were disbursed under Capital item for the procurement of Medical Equipment during 2014.

Annual Procurement Plan

An Annual Procurement Plan as stipulated under the Public Procurement Regulations (PPR) was not prepared for 2014 and requests from different units were not consolidated for grouping of similar items before calling for quotations/tenders. Existing equipment and space availability were not always taken into consideration when needs/requests submitted by hospitals/units were assessed. A priority list was not worked out. At Dr A. G. Jeetoo Hospital (JH) and Flacq Hospital (FH), several items of equipment were found to be lying dormant in the Stores while at JH, several others which were in working condition have been put aside after purchase of new ones.

Ministry's Reply

- The Ministry has already initiated action for launching of bids after consolidation of needs.
- The Planning Committee will be reactivated to ensure that priorities are determined at the level of each hospital. The Equipment Committee will further establish a final priority list taking into consideration availability of funds.
- A circular will be issued to all Regional Health Directors (RHDs) regarding prioritisation of needs at regional level.

Procurement Lead Time.

The lead time between the submission of the lists from hospitals/user departments and finalization of lists of items that would be procured ranged from six to eight months.

As bids were launched for a group of items, the lead time between the closing date of bids and award of contract ranged from one to over 14 months. Request for extension of bid validity period was quite a common practice at the Ministry. Awards made in 2014 were mostly in respect of bids launched in 2013 while most of the bids launched in 2014 were still being processed as of December 2014.

Ministry's Reply

Bids will be launched in family groups to shorten evaluation process.

Equipment Specifications and Estimated Costs

Differences in specifications were noted in the lists submitted by different user departments for same items (for example, Scialytic Lamps). Complaints were received from potential bidders about specifications being tailor made. There were also complaints from unsuccessful bidders and/or challenges lodged after notice of selected bidders for award.

Substantial differences were noted between estimated cost and value of contract awarded.

Ministry's Reply

- The Ministry will circulate guidelines to all hospitals with regard to standardisation of specifications for similar equipment.
- End users will be requested to submit breakdown of estimated costs.

Bid Evaluation

After opening of bids, Bid Evaluation Committees (BECs) were set up and the number of BECs usually depended on the number of items involved and these ranged from one to six.

- The preliminary examination to determine compliance with the bidding documents regarding eligibility was carried out at different BECs, for the same bidding exercise, thus involving wastage of time and resources.
- In cases where bids were sought for a series of items at a time, a template to record the name of bidders and the prices quoted in respect of each item was not prepared.
- A proper technical compliance template has not been designed to determine responsiveness. The bidding documents themselves were used for determination of responsiveness and overwriting on the evaluation sheets were noted in three cases of the sample selected.

- The Ministry was not usually resorting to a marking system for evaluation of bids for complex equipment.
- Since a proper planning was not carried out, the same items were being procured at different costs after separate procurement exercises. For example, anaesthetic machines and Infant Incubators were procured at prices ranging from Rs 695,000 to Rs 847,000 and Rs 325,000 to Rs 439,000 respectively.

Recommendations

- An Annual Procurement Plan in accordance with the PPR should be prepared after a proper assessment of the needs of each health institution.
 - The needs of each Regional Hospital should be discussed and similar items should be grouped together well before the beginning of the financial year for budget/planning purposes.
 - A priority list depending on funds availability should be established.
- Specifications should be broad and the Global Medical Device Nomenclature (GMDN) which is based on international standard should be adopted as this has been compiled by Medical Experts from around the world. The GMDN is also updated on a regular basis.
- Proper templates should be designed for bid opening and evaluation. Preliminary examination to determine responsiveness to bidding documents and correctness of bid prices should be carried out only once for the same bidding exercise.
- The Ministry should consider the adoption of a marking system for equipment with complex technical specifications to avoid rejection of competitive bids with minor deviations/differences.

Ministry's Reply

- The compliance sheet was being revised to make it more effective and transparent.
- A standard bidding document for supply, installation of plant and equipment has been prepared and is awaiting vetting from the Procurement Policy Office. This will help to set up a proper marking system.
- The lead time depends on the complexity of the tender exercise and the formulation of the specifications. The legal provision in the Public Procurement Act (PPA) with regard to appeal procedures add further to the delays in awarding the contract. Proposed remedial action started earlier will reduce lead time considerably. Defaults on the part of Suppliers further extend the lead time as fresh tendering exercise has to be launched.

19.2 2 Assets Management

Assets Register

The Ministry owns medical and other equipment worth billions of rupees. Contrary to Financial Regulations, a Master Register, a Distribution Register and Inventories were not being kept. Physical surveys were not always carried out. Hence, loss of equipment could remain undetected.

Physical Assets Management System

A project for the implementation of a Physical Assets Management System (PAMS) to build up an electronic register of all assets belonging to Government was developed by the Office of Public Sector Governance (OPSG). The system went live in November 2013. The Ministry of Health and Quality of Life was one of the Ministries selected in the development and testing for implementation of the project.

In the first instance, it was decided to start input of assets purchased since 2013 for the Headquarters (HQ) at Emmanuel Anquetil Building (EAB) and JH. All inventory items identified after a complete survey of all assets at HQ in September/October 2013 were input into the system. The risk of loss of items procured prior to 2013 was high.

As of December 2014, vehicles for the Transport Section and all purchases for the HQ in 2014 notified to the Office Management Executive (OME) by the Stores Section have been input into the system, while at JH, few assets have been input.

The PAMS has not yet been implemented at the other hospitals/Units.

Recommendations

There is need to ensure completeness and accuracy of data input into the PAMS. Adequate measures need to be taken to ensure that there is proper control over Government property.

Ministry's Reply

- The list of equipment at the level of hospitals is being updated pending the implementation of the PAMS.
- The PAMS is presently being implemented at the Headquarters of the Ministry and at JH on a pilot basis. The OPSG is responsible to follow up on the implementation of the PAMS. It is currently monitoring and evaluating the project before deciding on its extension to the other hospitals.
- As at date, training has been provided to the officers who have been designated to operate the system.

19.2.3 Supply, Installation & Commissioning of Thermal Scanner at SSR International Airport.

Bids were invited on 13 March, with closing date 23 April 2014 and the evaluation was carried out in July 2014.

On 11 April 2014, one of the bidders pointed out that '*restricting the country of origin to the four countries is in direct violation of the PPA, in particular Directive No 11 of 2012*' which states that '*Public Bodies shall not prepare, adopt or apply technical specifications with the effect of eliminating or restricting competition, or discriminating against eligible Suppliers.*'

As per the Bid Evaluation Report dated 14 July 2014, none of the offers was responsive.

Since none of the bids met the specifications, the BEC recommended re-bidding with revised specifications. However on 6 August 2014, the BEC was requested to review its report urgently in view of the Ebola outbreak. The bidders were requested to extend their bid validity period to 22 August 2014.

A second evaluation was carried out on 8 August 2014 where four offers were found to meet specifications and the lowest compliant bid among the four responsive bids was recommended. These bids were found to be non-responsive during the first evaluation.

Ministry's Reply

In view of urgency of the matter, the Ministry could not envisage for a fresh tendering exercise. The scanner was commissioned in October 2014, and is presently operational.

19.3 Procurement of Vehicles

19.3.1 Procurement of three Advanced Cardiac Resuscitation Life Support (ACRLS) Ambulances

Tenders were launched through the Open Advertised Bidding Method on 23 August with closing date 25 September 2013 for the procurement of three ACRLS Ambulances.

Bids ranging from Rs 13.5 million to Rs 23.3 million were received from five bidders as detailed in Table 19-5

Table 19-5 Bids Received

| Bid No | Bidders | Bid Price Rs |
|--------|----------|-----------------|
| 1 | A | 19,980,000 |
| 2 | B | 19,970,670 |
| 3 | C | 14,165,220 |
| 4 | D | 23,287,500 |
| 5 | E | |
| | Option 1 | 13,500,000 |
| | Option 2 | 14,250,000 |

After evaluation, the highest bid from D, of make Mercedes Benz of French origin, was found to be technically responsive and the contract for the supply of the Ambulances was awarded to D on 20 January 2014.

The following were noted:

- (a) On 26 August 2013, D informed the Ministry that the delivery period of 12 weeks from the date of Letter of Acceptance was not realistic as these types of Ambulances were not readily available on the market and had to be designed and constructed as per requirements laid down in the Tender Specifications. The bidder considered that a fair delivery period for such specialized vehicles should be at least “6 months from the date of Letter of Acceptance”.
- (b) The bids from A, B and E were considered to be non-responsive as the delivery schedule proposed was not as per requirement of the bidding documents, that is eight to 12 weeks and were not retained for further evaluation.
- (c) The bids from C and D were retained for further evaluation, the one from D (the highest offer) was found to be the technically responsive bid.
- (d) The Letter of Award was issued to D on 20 January 2014 and the Ambulances were to be delivered within eight to 12 weeks, that is by 15 April 2014.

However, on 30 January 2014, that is, 10 days later, the Supplier D informed the Ministry that due to bad weather in France, the Manufacturing plant was flooded, and that it would not be possible to supply the vehicles as per the initial delivery schedule and that there would be a delay of three months. The Ambulances were delivered on 28 July 2014 that is with a delay of some 14 weeks. The Supplier referred to Clause “Force Majeure” as stipulated in the Conditions of Contract and no liquidated damages were claimed.

Payment to the Supplier after adjustment for parity and exchange rate totalled Rs 23,009,818.

- (e) More competitive bids from the other bidders were not considered for further evaluation as they did not comply with the delivery schedule. However, the Ambulances were delivered six months after the Letter of acceptance.

The delivery schedule of eight to 12 weeks for such specialized items was not realistic. This matter should have been given due consideration during the evaluation exercise.

- (f) The Commissioning Certificate was signed on 29 May 2015, that is, 10 months after delivery.
- (g) The Performance Security representing 10 per cent of the contract value requested from the Supplier was to be valid for a period of 13 months as from the date of the letter of acceptance.

One of the General Conditions of Contract mentions that “*the Performance Security shall be discharged by the Purchaser and returned to the Supplier not later than twenty eight (28) days following the date of Completion of the Supplier’s performance obligations under the Contract, including any warranty obligations, unless specified otherwise in the Special Conditions of Contract*”.

The Performance Security submitted was valid up to 20 March 2015 and did not cover the period 21 March to 27 July 2015. The vehicles were delivered on 28 July 2014 and the one year warranty period would end on 27 July 2015.

There should be adequate follow up on Supplier’s obligations to the Ministry to ensure that its interest is safeguarded. The Supplier should be requested to extend the Performance Security up to 27 July 2015.

Ministry’s Reply

- It is common practice to set delivery schedule for procurement of vehicles for 8 to 12 weeks. In fact, two bids were responsive to the delivery requirements.
- Delivery schedule was one of the criteria for evaluation. Bids that were not responsive to the commercial requirements of the bidding documents had not been retained for further evaluation.
- The Supplier has now been requested to extend the performance security to cover the warranty period.

19.4 Medical Gas

Payments for medical gas during 2013 and 2014 totalled Rs 83,306,296 and Rs 98,841,954 respectively. Medical gas was delivered in cylinders of different volumes at the hospitals while liquid oxygen was delivered by replenishing the liquid oxygen tank at Dr A. G. Jeetoo Hospital.

Observations

Control over supplies and payments were not satisfactory as shown below.

19.4.1 Liquid Oxygen at Dr A. G. Jeetoo Hospital

- The award was for the supply of liquid oxygen in litres. Deliveries at the hospitals were made in kilograms (kgs) and converted to litres for payment purposes.
- Gas Attendants were taking deliveries and were recording oxygen level in percentage before and after delivery. Deliveries were not verified by the Procurement and Supply Officer/Senior Procurement and Supply Officer (PSO/SPSO), contrary to Financial Regulations.
- There were discrepancies in the invoices from the Supplier. The weight supplied in kgs and percentage increase in tank were not always correctly recorded and these units were converted to litres for payment purposes. The unit of conversion from kgs to litres was communicated to the hospital in December 2014 after repeated requests from the hospital authorities.
- Based on the official conversion rate from kgs to litres and scrutiny of claims/invoices and delivery notes from the Supplier from June 2013 to February 2015, the Supplier has overcharged the hospital by Rs 1,886,000 for the said period.
- In several cases, claims were not supported by delivery notes. Hence, correctness of amount claimed could not be ascertained.

19.4.2 Deliveries of Gas Cylinders to Hospitals

Control over delivery was not satisfactory:

Medical gas cylinders used by wards were exchanged at the Surgical Stores while Nitrous Oxide, Medical Oxygen 300 cubic ft, Compressed Air Cylinders were delivered by the Supplier to the different units using the pipe system, at Victoria, SSRN, Dr A.G Jeetoo, Flacq and J. Nehru Hospitals, after notification by the Gas Attendant and request from the PSO/SPSO. Except at JNH, deliveries were not verified by the PSO/SPSO, contrary to Financial Regulations.

A Gas Attendant was responsible for replacement of cylinders and an invoice was submitted by the Supplier after delivery. It was not possible to identify the Officer acknowledging receipts of delivery on invoices submitted for payment in the absence of name and designation.

At Dr A. G. Jeetoo Hospital, a register was kept by the Gas Room Attendant for recording of gas level during morning and afternoon handing over. However, replacements of cylinders were not recorded therein.

A Register for recording replacement of cylinders was not kept at the other four Hospitals using the pipe system. Wards were also not keeping records for the exchange of Medical Gas cylinders.

The Supplier had free access for the exchange of cylinders to the Gas room and the stock at the Cardiac Unit of Victoria Hospital which were not under lock.

Oxygen cylinders were delivered to a VH patient's residence on a regular basis. The authority for such delivery was not made available.

In the past, an electronic receipt, recording the serial number of refilled and empty cylinders exchanged, was issued by the Supplier after each delivery; this practice has been discontinued.

The risk of invoices being submitted for items not delivered was high at these hospitals.

19.4.3 Payments to Supplier

Except for JNH, all hospitals were submitting a recapitulation of invoices from Supplier together with the Local Purchase Orders to the Finance Section for settlement.

Contrary to Financial Regulations, the invoices from the Supplier were not attached to the Local Purchase Orders and were not stamped paid. Moreover, claims were not being examined and payment vouchers were not fully supported by relevant documents.

Recommendations

- Control over delivery should be strengthened at all hospitals. Delivery should be done in the presence of the PSO/SPSO.
- Registers for recording of exchange of Medical Gas should be kept at all units.
- The name and designation of the Officer recording and supervising replacement of cylinders should also be recorded in the Register.
- Invoices from Supplier should be annexed to the recapitulation sheet and the Store Forms should be duly stamped paid and classified after payment.

Ministry's Reply

Controls as recommended are being implemented. Control over delivery has been strengthened at all hospitals and is being done under the supervision of the Stores Cadre. Registers are being kept in all wards to record the number of cylinders exchanged.

The Supplier has agreed that there has been an overpayment. The Ministry's Finance Section is working on the amount overpaid and a letter will subsequently be sent to the Supplier for refund.

19.5 Overtime and Allowances - Rs 1 billion.

Staff costs for 2014 totalled some Rs 5.7 billion and represented 62.2 per cent of the expenditure of the Ministry. Staff costs included overtime and allowances amounting to Rs 1 billion for working outside office hours to provide round the clock service

Most services at hospitals are provided on a 24 hour basis, and this was extended to the Mediclinics as from February 2015. There were 75 different staff cadres/grades serving the Ministry and the Hospitals. Some of the grades operated on a shift system while others, although they are required to provide a 24 hour service, were not on shift. The Pay Research Bureau, in its various reports, has introduced different types of allowances among the different grades to ensure a smooth delivery of service round the clock.

19.5.1 Payments

An analysis carried out revealed the following:

- 639 employees, that is, 5.2 per cent of total staff, among the different grades have drawn overtime/allowances amounting to Rs 196.9 million. This represented 18.9 per cent of the total overtime/allowances effected in 2014 and ranged up to 300 per cent of annual basic salaries earned during 2014. In two cases, overtime/allowances paid exceeded Rs 1 million.
- 20 per cent of the staff (all grades) has drawn Rs 556.8 million, that is, 53 per cent of the total overtime/allowances paid by the Ministry.
- The overtime/allowances paid by grade ranged from 15 to 115 per cent of the basic salaries. For five grades, more than 50 per cent of staff was drawing 70 to 100 per cent of their annual basic salaries as overtime/allowances.
- Overtime paid to the Officers of the Administrative staff (Management Support Officers, Procurement and Finance Cadres) totalled some Rs 28.4 million.

Distribution of Health Workers by grade as of 30 June 2015 is given in Table 19-6.

Table 19-6 Distribution of Health Workers by Grade

| Regions | Population 2013 | Medical Practitioners as at June 2015 | | Nursing Staff as at June 2015 | Other Grades as at June 2015 |
|--------------|--------------------|--|-------------|----------------------------------|---------------------------------|
| | | MHOs | Specialists | | |
| R1 | 327,390 | 159 | 74 | 612 | 881 |
| R2 | 216,701 | 120 | 54 | 517 | 691 |
| R3 | 164,689 | 107 | 41 | 492 | 393 |
| R4 | 182,318 | 110 | 48 | 498 | 656 |
| R5 | 361,902 | 153 | 84 | 942 | 647 |
| Total | 1,253,000 | 649 | 301 | 3,061 | 3,268 |

Source: Health Economics Section and Human Resource Department

- The ratio of MHOs to population region wise ranged from 1:1539 (R3) to 1:2365 (R5) while that of Nursing staff was from 1:335 (R3) to 1:535 (R1).
- Other grades included Ambulance Care Attendants on shift (ACAs), Drivers, General Workers, Attendants (Hospital Services). The ratio of ACAs by population region wise varied from 1:7597 (R4) to 1:13404 (R5).

The above would indicate that there was an uneven distribution among the staff in general and the different grades in the five regions, which might have had a direct incidence on the amount of overtime and allowances disbursed by the Ministry. However, the Ministry has so far not carried out an exercise to determine whether there was a fair distribution of staff.

Ministry's Reply

- Distribution of staff is dependent on the population served by the region.
- The Ministry of Civil Service and Administrative Reforms will be requested to carry out an HR audit to assess the HR needs in the five regions.

19.5.2 Control over Overtime and Allowances at Regional Hospitals

Sample checks carried out at the four Regional Hospitals, namely Dr A. G. Jeetoo (JH), Victoria Hospital (VH), Flacq Hospital (FH) and SSRN Hospital revealed weak control over overtime and allowances.

- Claims for overtime/allowances were submitted with considerable delay for payment and were not subject to verification against Attendance Records and Roster at JH, VH and FH. Cases of over or under claim were noted at JH and SSRNH. Attendance Records and Roster were not available for Specialist/Senior Specialists and Consultants at JH. Hence, On call and In attendance allowances claims could not be substantiated.
- At JH, cases were noted where the claims were not correct; these were either submitted for dates on which no night duty was performed or were not submitted for dates on which such duty was performed. Claims for "Bank Sessions" did not correspond to the dates and time recorded in the Attendance Register.
- Staff performing overtime at JH and VH were not always signing the Attendance Register.
- It was not possible to identify the officers certifying and verifying the claims at JH and VH as they were not stating their names on the Overtime Claims.
- The use of correction fluid has been noted in Roster forms at FH.

In view of the above, there was a risk of overpayment of overtime/allowances.

19.5.3 Control over Attendance

Refund of Sick Leave by the Ministry in 2014 totalled Rs 120.5 million. A circular on control over attendance and leave was issued to all Regional Health Directors (RHDs) in July 2014.

Observations

Verifications carried out by my Officers at the Ministry's Headquarters and four Regional Hospitals, namely JH, VH, FH and SSRN Hospital, revealed a lack of control over attendance

- Daily absences were not recorded in the manual Register at Headquarters, JH and FH for follow up purposes. Absences were not always deducted from leave entitlement at VH and FH.
- Leaves of absence were not always supported by Applications for leaves at JH, FH and SSRNH.
- At VH, Applications for Leave Forms for the Nursing Officers (Male) for 2014 could not be produced.

The risk of staff enjoying leave in excess of their entitlement and overpayment of Sick Leave was high.

Recommendations

- (a) Adequate control should be exercised over attendance to ensure that staff is not benefiting from 'unrecorded leave'.
- (b) Attendance Registers should be subject to checks and daily absences should be duly recorded therein for follow up action. Application for Leave should be submitted within a reasonable delay. Leave Sheets should be properly filled and updated.
- (c) Claims for overtime/allowances should be subject to independent verification against Attendance Records and Roster. Claims should be submitted promptly for payment (on a monthly basis) for better control and by all Officers of the same cadre simultaneously to ensure that there is no double payment for a particular date.
- (d) Specialist/Senior Specialists and Consultants should record their attendance when called for duty or when on call.
- (e) To strengthen control, management should assign the responsibility for monitoring the attendance of officers of Nursing Grades to a responsible Officer of the Administration or HR Cadre. Attendance Registers should be kept in suitable places such as in the Administration Department.
- (f) The Ministry should consider the implementation of a shift system among the grades that are required to provide a round the clock service. Staff of various grades should be fairly distributed in the different regions so as to curb expenditure on overtime, and at the same time that would help to provide better services in each region. Overtime performed by staff should be closely monitored.

Ministry's Reply

- Instructions have been given to all Officers for strict control over attendance and for verification of claims.
- Overtime will henceforth be granted in exceptional circumstances only subject to full and valid justifications. Heads of Section have been advised to reorganise the work in their sections by optimising human resources through redeployment of staff and reviewing work systems and practices regularly.

19.6 Upgrading Project at Dr A.G Jeetoo Hospital

19.6.1 Background

The project comprised the construction of a multi-storeyed building to house the new 550 bed hospital equipped to modern hospital standards, rehabilitation/reassigning of space in existing buildings, demolition of obsolete buildings and completion of site infrastructure. The approved project value was Rs 2.0 billion over the five-year period 2010-2014, and revised to Rs 2.3 billion in 2014.

In January 2008, a contract was awarded to a team of Consultants to provide pre and post consultancy services for the fixed lump sum of Rs 92,077,924 inclusive of VAT. A Resident Project Manager (RPM) was appointed in November 2008 for the management of the project, which was implemented in three stages. Stage 1 consisted of demolition works and covering of a canal for the contract sum of Rs 31.1 million and was completed by Contractor A in May 2009. The contract for Stage 2 which comprised the construction of the new Dr A.G. Jeetoo Hospital, was awarded to Contractor B in August 2009 for the sum of Rs 1.47 billion and was practically completed on 24 July 2012. However, the procurement of medical equipment and furniture was not completed as of that date. Stage 3 of the project which comprised the renovation of H-Block and Doctors' Mess was awarded on 30 May 2013 for the sum of Rs 175.5 million to Contractor B. Post consultancy services for Stage 3 were provided by a team of Officers of Ministry of Public Infrastructure (MPI) and Energy Services Division (ESD).

19.6.2 Works Contract under Stage 3 – Renovation of H-Block and Doctors' Mess

Stage 3 of the project consisted of the complete restoration of the stone structures, including flooring, roofing, partitioning, mechanical, electrical and plumbing services of the H-Block and Doctors' Mess, an ancient stone building of over 100 years old. The renovated building was planned to house, among others, Rehabilitation Services, Doctors' Dormitory and Mess, Paramedic Mess, Methadone Clinic.

Observations

Project Approval

The renovation of the H-Block and Doctors' Mess was approved by the Building Plan Committee in March 2012 for the sum of Rs 173 million. The estimated Project Manager's

fees for Stage 3, and the operation and maintenance cost of the building, were not indicated in the Project Request Form (PRF) as required under the Capital Project Process Manual (CPPM).

Award of Contract for Renovation of Works

The award of the contract to Contractor B, for the sum of Rs 175,485,363, was approved by the Central Procurement Board (CPB) in November 2012. It was only on 30 May 2013 that the award was made, that is, six months after. The delay was mainly due to the following:

- Decanting Process. At time of invitation of bids for Stage 3 in September 2012, the construction of the new Dr A.G. Jeetoo Hospital under Stage 2 had practically been completed since July 2012, but was not fully operational. There were significant delays in the procurement of medical equipment and furniture under Stage 2 and outstanding builders work associated with their installation.
- Change in Consultants for Post Contract Services. The change in the Consultancy team for post consultancy services for Stage 3 took nearly one year. In March 2012, the Consultants proposed a fee of Rs 8,797,000 (excl VAT) for the consultancy services on the ground that these works were originally to take place simultaneously with the construction of the main building. In May 2012, MPI found the fees to be on the high side. When bids for Stage 3 were invited in September 2012, the Consultants were named as the “Consultants/Engineers” in the bid documents. In October 2012, they revised their fee to Rs 11,025,000 (excl VAT) subsequent to the increase in the contract period for Stage 3 by two months. Two counter-proposals of Rs 4,681,750 (excl VAT) and Rs 4,981,750 (excl VAT) were made by the MPI in November 2012, but the Consultants were not agreeable to both proposals.

Clearance from the Ministry of Civil Service and Administrative Reforms (MCSAR) and advices from the CPB and Attorney General’s Office (AGO), concerning provision of post consultancy services by MPI for Stage 3, were obtained in February and May 2013 respectively.

Structural Condition of Building, Survey and Modifications to Works

In April 2011, the Consultants recommended that a preliminary contract for structural investigations and testing be included in the main renovation contract prior to the start of renovation work since the H-Block and Doctors’ Mess were old buildings. However, a survey to assess the structural condition of the building was not done before the start of the renovation works.

A structural survey was carried out by the MPI after the start of the works under Stage 3. The MPI reported, among others, that:

- The survey carried out by the Consultants at the design stage for the balcony structures, wooden structure, flooring and ceiling on the first floor and toilet block for Block 4, was inadequate;
- There were major discrepancies between drawings, specifications and Bill of Quantities (BOQ). The final drawings submitted by the Consultants were based on surveys which were proved to be inaccurate and should have been verified and confirmed by the Ministry prior to launching of tenders.

- Project documentation submitted by the Consultants was inadequate and inappropriate.

MPI stated that the above led to a lot of changes to the scope of the works. As a result, the MPI redesigned several items of works, prepared the relevant drawings and specifications for which the supervising team had to input extra hours of work. The Ministry had to disburse additional funds for payment of allowances, amounting to Rs 714,795, to the MPI.

The views of the Consultants on the above were not sought although full payment of Rs 39,883,150 was made for pre contract services which included Rs 797,663 for Stage 3 and were paid upon satisfactory completion of drawings, specifications and BOQ. This is not in line with the CPPM which stipulates that the design team shall ensure that all designs, details and specifications are complete and integrated to avoid variations during the operation stage.

Modifications in Scope of Works, Additional and Variation Works

There were several modifications and variation works requested by the Ministry/RPM relating to the overall layout of the H-Block and Doctors' Mess, partitioning works and relocation of certain facilities/services. There were also new requirements resulting in additional works such as covered passages, conversion of ground floor of Block D into Chemotherapy Ward, conversion of the Ex Post Natal Ward into two Isolation Wards. Additional funding for these works amounted to Rs 34 million.

Extension of Time

The project duration for Stage 3 was eight months. The works started on 20 July 2013 and were due to be completed on 20 March 2014. The contractual completion date was extended on five occasions by 181 days, of which 45 days were with costs, up to 25 September 2014. Payments for extension of time with cost amounted to Rs 4,199,879.

The extensions of time were due to:

- Modifications in scope of works and variations which according to MPI resulted from inadequate survey at the design stage by the Consultants and discrepancies in drawings, BOQ and specifications;
- Late instructions and drawings issued for additional works in the Ex Post Natal Ward and delay in procurement of certain items.
- New requirements requested by the Ministry in the course of the project.

Sectional Taking Over of Works

The sectional taking over of the H-Block and the Doctors' Mess was effected on 23 July 2014. As of that date, the renovation of the Ex-Post Natal Ward being additional works, were still ongoing and specialised items such as Fire Alarm System, Building Management System (BMS) and CCTV were not yet tested.

Delay in the Completion of the Renovation of Ex Post Natal Ward

The renovation of the Ex-Post Natal Ward was not completed by the contractual date of 25 September 2014. The building was taken over by the Ministry on 5 December 2014. Outstanding items included remedy to leakages to roof and submission of test certificates for

the Mechanical and Electrical Works. The Taking Over Certificate was issued on 8 June 2015, that is, six months later.

A sum of Rs 176,708, representing three per cent of the value of works (Rs 5,890,250) being the maximum amount of liquidated damages, was deducted from payment for delay in the completion of the Ex-Post Natal Ward. This percentage was below the minimum percentage of five to 10 per cent prescribed in the Standard Bid Documents (SBD) for works up to Rs 400 million.

Testing, Commissioning and Defective Works

Mechanical, Plumbing and Electrical Works. The renovated service lift was put back to service on 27 March 2015. The Fire Alarm System was operational in April 2015. As of 22 July 2015, testing of the BMS equipment and Earthing for Lightning Protection was still outstanding.

Water Leakages and Other Defects In January 2015, the MPI reported that during the cyclonic weather, there were leakages from the roof and the stone wall of Block A, through windows in Block 4 and 5. There were also leakages from the roof of the Ex Post Natal Ward. According to the MPI, these were due to bad workmanship. In April 2015, it was reported that the roof of the attic of the H-Block was leaking at several places during rainfalls. There were also other defects, such as termite invasion of the timber roof structures, timber boarding of floor of attic not properly fixed and several holes in the roof sheets. The Contractor failed to attend promptly to the outstanding and defective works contrary to the General Conditions of Contract (GCC).

In February 2015, the RPM reported that there were no resources on site to attend to “*uncompleted services*”. The RPM recommended the MPI to explore the possibility of forfeiting the Performance Bond after serving the appropriate notice. The Performance Bond and Insurance Policy subscribed by the Contractor expired on 25 May 2015 and would expire 30 September 2015 respectively. The Defects Liability Period (DLP) for the H-Block/ Doctors’ Mess and for the Ex-Post Natal Ward ended on 23 May and would end on 5 December 2015 respectively.

The Contractor did not increase the value of the Performance Bond and Insurance Policy for the construction works although the renovation of the Ex Post Natal Ward which were additional works of the contract value of Rs 6.5 million, were not within the scope of the contract price of Rs 175 million.

Site Visit

During a site visit made by my Officers on 10 April 2015, it was observed that the Rehabilitation Services on the ground floor of the renovated building were operational and the Doctors’ Dormitory/Mess was also functional. The Chemotherapy Ward on the ground floor and the two wards on the first floor were not yet operational. The Ex Post Natal Ward was being used as store for equipment.

Ministry's Reply

➤ *Project Approval and Award of Contract for Renovation of Works.*

The renovation of the H-Block formed part of the Master Plan for the Upgrading Project. As and when parts of Stage 2 were completed and handed over, H-Block was vacated and services transferred to the new building around January 2012. Delays in awarding the contract to Contractor B occurred as there was a change in Consultants which asked for additional fees, amounting to Rs 11,025,000. In view of the contractual implications, same had to be referred to the CPB, MPI and the AGO for advice.

➤ *Structural Survey by MPI, Modifications in Scope of Works, Additional and Variation Works.*

The structural survey by the MPI revealed several shortcomings that were not identified by the Consultants. Their views could not be invited on account of the fact that they had already demobilized from site due to untimely handing over of the building by the Ministry. Several modifications works had to be carried out by MPI. The Ministry had requested that the space be optimised in as much as the original approved layout as agreed with the Consultants, had to be revised as some of the requirements were obsolete and this entailed rearrangement of partitioning and other services. All extra works have been accommodated in the original contract price of Rs 175 million. These variations are well within the limit authorised by the CPB.

➤ *Sectional Taking Over, Testing, Commissioning and Defective Works*

Water leakages to roof, Block A and Block 4 and 5 have been remedied. Leakages at H-Block during heavy rainfall were observed. Only item remaining was leakage at the valley between main roof and dormer for which a water test will be arranged again. Remedial works have been slow on the Contractor's side. Liquidated damages have been applied as per Conditions of Contract prepared by the Consultants.

Testing and commissioning of the building have been seriously delayed due to the fact that the Construction Company was winding up. All testing and commissioning have been completed except for BMS and Earthing for Lightning Protection.

The Chemotherapy Ward is operational since July 2015. One Ward on the first floor has been designated as an Isolation Ward while the second one will be used for Endoscopy. The Consultant in Charge is working on the necessary modifications.

19.6.3 Consultancy Services

Consultancy Services by Private Consultants

The scope of the consultancy services provides that the Consultants shall assume full responsibility with regards to the design, calculation and drawings. Further, according to the Consultancy Contract, payments would be made to the Consultants for pre consultancy services at the satisfactory completion of the Master Plan, Preliminary and Production drawings stages, final document including specifications and BOQ and Tender Action Stage up to the award of contract.

Payments for Consultancy Services - Rs 121,813,623. The original contract, which was awarded in January 2008 for a sum of Rs 92,077,924 was made up of Rs 39,883,150 for pre contract and Rs 52,194,774 for post contract consultancy services. A supplementary contract for Rs 8,738,103 was signed in June 2012 for additional services, and the Consultants also provided services relating to procurement of medical equipment and furniture to the tune of Rs 40,621,250. Hence, the total contract value of the services was Rs 141,437,277.

As of 31 December 2014, payments totalling Rs 121,813,623 were made to the Consultants. They were paid the full contract sum for pre consultancy services amounting to Rs 39,883,150 which included Rs 797,663 for Stage 3. However, as per reports of the MPI, the services provided under Stage 3 were not satisfactorily done in that there were poor design, discrepancies in drawings, specifications and BOQ, and project documentation was inadequate and inappropriate.

Payments for post consultancy services under the main contract amounted to Rs 38,799,765. An amount of Rs 1,370,000 was withheld for part of services which were not provided under Stage 2 of the project.

The supplementary contract was extended to October 2013 to oversee builders' work relating to late installation and commissioning of medical equipment received beyond the DLP of 23 July 2013. Total payments under the supplementary contract amounted to Rs 8,340,332, including Rs 5,190,603 for extended contract administration from August to October 2013, Rs 920,000 for four additional visits by the Bio Medical Engineer and Rs 804,909 for additional services relating to late procurement of equipment.

Claim for Damages - Rs 2,628,675. In September 2013, the Consultants claimed Rs 2,628,675 (plus interest) as damages on the ground that there was a breach of contract on the part of the Ministry, since Stage 3 was under their consultancy contract and when the bids for Stage 3 were invited in September 2012, they were named as the "Employers Agent". In April 2015, the Ministry approved the invitation for Expression of Interest to designate an Arbitrator for resolution of the dispute.

Consultancy Services by MPI/ESD – Rs 4,429,805

MPI stated that Stage 3 of the project was not in their priority list of projects and the assignment was to be carried on a fast track basis outside normal working hours. In March 2013, the Ministry approved that allowances amounting to Rs 2,571,200 be payable to a MPI/ESD team comprising Architects, Engineers, Quantity Surveyors, Mechanical and Electrical Engineers, Technical Officers and Draughtsmen, at the rates determined by the MCSAR for a contract period of eight months. Allowances were also paid to the Directors and Deputy Directors on a monthly basis for fast track projects. During the period August 2013 to 31 December 2014, payments made to the team totalled Rs 2,623,004.

In January 2014, the MPI/ESD team requested for additional allowances of Rs 714,795 for the period September 2013 to February 2014 for additional services performed as result of variations and additional works under the contract. Approval was obtained after eight months, in October 2014, and an amount of Rs 234,375 was paid in May 2015.

In October 2014, a third request for additional payment amounting to Rs 1,143,810 for extra hours of work during the period March to July 2014 was made because the contract period was extended to 25 September 2014. Approval was obtained on 2 July 2015 and the request was being processed.

In January 2015, a request for additional allowances was made by MPI regarding arbitration following the claim for damages by the Consultants but was not yet approved as of 31 May 2015.

Ministry's Reply

The Consultants finally came up with a budget of Rs 175 million which to all intent and purposes, was not overrun and that in spite of several changes as directed by the Ministry.

19.6.4 Project Management and Monitoring

The Financial Regulations and CPPM set out the essential features of the management of and accounting for capital projects and organisation of the capital project process leading to a timely completion of projects within approved budget.

Observations

Project Management and Supervision

According to their contract, the Consultants were required among others, to administer the contract during the execution of the works and provide a Clerk of Works, a resident Engineer, a representative of the Mechanical/Electrical Engineer and an Assistant to the Quantity Surveyor to be permanently posted on site throughout the construction period. Further, they should conduct daily inspection of all work activities to ensure strict compliance of construction work with contract quality requirements.

In view of the nature of the works, the RPM recommended MPI to post on site a full time Clerk/Works Inspector knowledgeable in structural timber and stone masonry and the latter would also act as the liaison person for the day to day supervision and administration of works on site.

No full time officer of the MPI was posted on site throughout the construction period for the supervision and administration of works. Hence, the Ministry was deprived of the permanent posting of different grades of personnel on site throughout the construction period, a condition which is important to ensure quality of work.

Ministry's Reply

The MPI does not have full time officers who are posted on site throughout the construction period. A Technical Officer from the Architects Section was responsible for inspection works on site through weekly site visits and additional visits when required.

Project Monitoring

Project Implementation Unit (PIU). A PIU, as mentioned in the Consultancy Contract, was not set up for the implementation of the Dr A. G. Jeetoo project which started in 2009.

In 2013, a High Powered Committee recommended the setting up of a PIU on a pilot basis in four Ministries, the Ministry of Health and Quality of Life being one of them. Provision for the setting up of a PIU at the Ministry was made in the budget but due to shortage of staff, the MPI stated that it could not accede to the request of the Ministry to provide the services of an Architect and Engineer who were to form part of the PIU. Pending the recruitment of a Director and a Deputy Director, the contract of employment of the RPM which expired on

14 May 2015, was extended on a month to month basis for a period of one year with effect from 15 May 2015.

Project Steering and Monitoring Committees. The CPPM provides for the setting up of a Project Steering Committee to follow up the timely completion of projects. A Steering Committee was set up, in 2009, at the Ministry but notes of meeting for the project were seen up to March 2011 only. At start of the project in 2008, there was a Project Monitoring Committee comprising representatives of the Ministry, the MPI and the Consultants. Notes of meetings were seen up to May 2008 only.

Ministry's Reply

There has so far been no candidate to man the PIU and advertisement was being made for the recruitment of an Architect and Engineer on a contract basis.

Recommendations

The Ministry should request the MPI to include in its priority list all projects considered as urgent. For budget and planning purposes, the Ministry should include in the PRF all costs associated with the project. This will help in the smooth implementation of projects and minimize the delay in the delivery of the services when the buildings are completed. A realistic time frame must be set for the decanting process before embarking on projects.

The responsibilities for the administration and supervision of works during the construction stage should be clearly defined and agreed with the parties concerned before initiating procedures for the bidding process. During the design stage, the requirements of the Ministry should be thoroughly discussed and agreed with the Consultants/MPI, and drawings as well as project documentation must be complete and accurate before invitation of bids. This will help to minimize variations as well as time overrun.

The Ministry should ensure that Contractors comply with all the terms and conditions of the contract including submission of performance security and insurance policy to safeguard Government's interests. The works should be adequately supervised and closely monitored so that all projects in particular those put on fast track basis are executed within the agreed time frame.

The Ministry should ascertain that Consultants adhere to their contractual obligations at each stage of the project before payments are released and adequate remedies are provided in the contract in case of default. When projects are supervised by MPI, the MPI Officers should be involved at each stage of project implementation and during the execution of works and monitor progress so that projects are completed in time and quality of work is up to expectations.

Given the Ministry spends significant funds on capital projects, the PIU should urgently be put into operation for the effective planning and monitoring of projects and their timely completion. Critical issues relating to the timely procurement of equipment should be duly addressed through the preparation of a Procurement Plan.

The Steering Committee should meet regularly and guide the PIU for the successful implementation of projects and achievement of the desired results. Regular progress reports should be submitted by the MPI/Consultants to the Committee for follow up of progress.

19.7 Construction of New Operation Theatres and Wards at Victoria Hospital

19.7.1 Background

The objectives of the project “New Operation Theatres and Wards at Victoria Hospital” are to improve the quality of care and to provide timely and specialised medical and surgical services by reducing congestion and waiting time for surgeries.

The design and construction of the project was financed through three interest free loans and a grant, following agreements signed between a foreign country’s Government and the Mauritian Government in 2007, 2008 and 2009. The foreign country was to be responsible, among others, for the investigation, design of the project, construction, provision of medical equipment and furniture. On the other hand, the Ministry would be responsible, among others, for provision of land for the project, land levelling, water and power supply, road access to the project site, and would bear all the expenses thereof.

In March 2010, a Contract was signed between the Ministry and a Designer from the foreign country for the design of the project. The design fee was seven per cent of the construction contract value and the geotechnical investigation was for a value of Rs 3.63 million. Payments to the Designer totalled Rs 36.97 million excluding Rs 5.55 million being VAT remitted to the Mauritius Revenue Authority (MRA).

19.7.2 Construction Contract

In May 2012, the contract for the construction of a building of 8,190 m² comprising a basement floor, a ground floor and four additional floors, was signed between a foreign Contractor and the Ministry for Rs 435 million. The construction was financed by loans of Rs 290 million and a grant of Rs 145 million. The building was planned to accommodate six Operation Theatres, two Recovery Rooms, one Autoclave Room, one Intensive Care Unit, one Post-Operative Emergency Room and four wards with the capacity of 120 beds.

Observations

Payments to Contractor

As of 31 May 2015, payments totalling Rs 438.92 million were made to the Contractor. These excluded Rs 65.84 million being VAT remitted to the MRA. The fifth settlement amounting to Rs 23.78 million due after the signing of the certificate of acceptance was still outstanding.

Construction Works by Contractor

According to the Construction contract, the Ministry shall appoint representatives (Ministry of Public Infrastructure) who will oversee the works executed by the Contractor. On the other hand, it is stipulated that the Contractor shall complete the project according to the design drawings and specifications. Any work found to be in non-compliance with the design

requirements shall be remedied by the Contractor at its own costs before handing over of the project during the warranty period of one year.

The site was handed over on 28 December 2012 and the works were due to be completed within 23 months, that is, by 27 November 2014. The construction was completed on 15 July 2014 and the building was handed over on 16 October 2014.

At the handing over, there was a snag list comprising several outstanding items/defects such as retouching of paint and making good to rendering in certain areas, ponding of water in shower and lobby of male and female rooms. Progress reports on items attended during the warranty period were not available. Hence, it was not possible to ascertain whether all outstanding items/defects as per snag list had been remedied as of 31 May 2015.

The New Operation Theatres and Wards were still not operational although seven months have elapsed since the handing over of the building.

Ministry's Reply

The fifth settlement will be paid at the end of the Defect Liability Period, that is, by 15 October 2015.

The MPI has drawn a snag list on 17 June 2015.

19.7.3 Works to be executed by the Ministry

As per agreement signed on 29 May 2012, the Ministry is responsible, among others, for the provision of water, electricity, road access, communication cable and public facilities.

Observations

Procurement Planning

An Implementation Programme clearly showing all services and works to be executed by the Ministry, together with the target dates for survey, design, preparation of bid documents, invitation, evaluation and award of bids, site handing over and start and completion of works, was not prepared. A Procurement Plan was not produced.

No target date was set for the New Operation Theatres and Wards to become operational.

Electricity Works

In May 2014, the contract for the supply, installation, testing and commissioning of electrical works was awarded to a local Contractor for the sum of Rs 6,778,500. The works, to be supervised by the Energy Services Division (ESD), were due to start on 7 July 2014 and be completed within a contract period of six months, that is, by 7 January 2015.

There were delays in the completion of the works since the site was partially handed over to the Contractor on 7 July 2014 and the final handing over of the site was made on

29 January 2015. The contract period was extended to 23 April 2015. The works were completed on 26 May 2015.

The Performance Security of Rs 677,850 which expired on 2 January 2015 was not extended to cover the Defects Liability Period which would end on 26 May 2016.

Water Supply

Water was already available in the building and the main meter was to be connected to the building by the Central Water Authority. The latter was agreeable to carry out the works by 3 April 2015.

The date on which the works started and due to be completed were not known. The works were still outstanding as of 31 May 2015.

Covered Passage from New Operation Theatres to Wards

In September 2014, the MPI was requested to carry out a survey and submit the design and cost estimates for the construction of a covered passage from the new Operation Theatres to the Wards.

The MPI started the survey on 17 March 2015. As of 31 May 2015, the design and the estimated costs were still being awaited.

Levelling of Yard and Upgrading of Boundary Walls.

The above two items would be under the responsibility of the Ministry. On 1 April 2015, the MPI stated that these works would be carried out together under one project. As of 31 May 2015, surveys have not yet been carried out.

Ministry's Reply

The works relating to the water supply were carried out by the Hospital Plumbers and were completed on 28 June 2015.

The MPI is finalizing the preliminary design of the covered passage and the estimated cost for the project. Approval of fund to the tune of Rs 4 million has been conveyed to MPI on 9 July 2015 for implementation of resurfacing works and upgrading of the boundary wall under the Framework Agreement 2015-2016.

19.7.4 Medical Equipment and Furniture

As per agreement signed on 29 May 2012, 25 sets of medical equipment were to be supplied by the foreign Contractor.

Observations

Supply of Medical Equipment

The Ministry selected 16 of the 25 sets of medical equipment proposed by the foreign Contractor which formed part of the construction contract, based on the Ministry's requirements.

The 16 sets were supplied during the period July to October 2014. The Maintenance Manual and guarantee/warranty certificates on the equipment were not provided in English language to enable the Ministry to ensure their proper maintenance.

Ministry's Reply

The Ministry has raised the matter with MPI regarding the submission of the manual and guarantee certificates in English language.

Supply of Furniture, Equipment and Ambulances by Contractor.

The remaining balance of Rs 37.3 million under the Construction Agreement was used to finance the supply of a list of furniture, equipment and two ambulances.

On 27 May 2015, most of the furniture and equipment received in October 2014 were found packed in boxes in the New Operation Theatres. Items issued to other Units were not recorded in Inventory Ledgers. A comprehensive list showing details of these items and their location was not available.

The two 15-seater ambulances of a capacity of 3000 cc received in July 2014, were put to use as from 15 June 2015, 10 months after their receipts because there was a delay for their registration.

Ministry's Reply

A complete list of furniture and equipment and their location is being worked out by the Procurement and Supply Unit and will be ready by the first week of July 2015.

Procurement of Medical Equipment

The cost of the 25 items of equipment required for the New Operation Theatres was estimated at Rs 67.3 million and the procurement was to be to be financed from the Ministry's budget. The position as of 31 May 2015 was as follows:

- Following bid exercises, contracts were awarded for the supply of 18 items for some Rs 42 million. 14 items costing Rs 39 million were delivered, while the other four items costing Rs 3 million had not yet been supplied.
- Items, already commissioned, have so far not been put to use because the Operation Theatres and Wards were not yet operational. Only a few items such as six Scialytic Lamps and two Autoclaves were installed. The warranty period of several items of equipment could have expired before the Operation Theatres and Wards become operational. Hence, the Ministry might have to bear cost of maintenance and repairs which normally would have been incurred by the Suppliers.
- The bid exercises, for the remaining seven items of equipment, were cancelled and new tenders would be re-launched.

Ministry's Reply

The Supplier has verbally informed the Ministry that the warranty period will be extended.

On 16 June 2015, the Ministry has launched tenders for the procurement of Medical Equipment with closing date 22 July 2015.

Recommendations

There should be proper planning in the procurement of services and works as well equipment/furniture through the preparation of an implementation programme and a procurement plan in order to ensure delivery in time and avoid delays so that building become operational as planned. This will also help to maximise use of resources and ensure that the warranty period does not lapse before equipment/furniture are put to use.

The MPI/ESD should forward the snag lists to the foreign Contractor, and ensure, that these are duly attended to before the final handing over of the building.

The Ministry should liaise with the MPI/ESD and other bodies concerned for the completion of outstanding works so as not to further delay the implementation of the project.

Contract management must be enhanced so that contract conditions pertaining to handing over of site and renewal of Performance Security, relating to electrical works, are duly complied with.

Pending the setting of the Project Implementation Unit as provided in the 2014 Budget, the Ministry should set up the Project Steering Committee to ensure the timely implementation of projects.

19.8 Rental of Space for Warehousing.

At paragraph 18.4.1 of the Audit Report for the year ended 31 December 2013, I reported that the conditions prevailing in the building at Coromandel were not suitable for the storage of medical supplies. Part of the stock was kept in two rented buildings namely the Ex-Tobacco Board at Plaine Lauzun and another one at Coromandel. Amount paid to the owner of the building at Coromandel and to Ex-Tobacco Board for rental totalled Rs 5.6 million and Rs 2.7 million respectively during 2014.

In January 2015, the owner of the building at Coromandel claimed arrears totalling Rs 2,054,000 for an additional space of 1,800 square feet occupied since October 2001 (at a rental of Rs 13,000 per month).

As previously reported, the conditions at the warehouse at Coromandel was not appropriate to store medical supplies as part of the building was not fitted with air conditioners.

A bidding exercise was carried out in May 2014 for the renting of 6000 square metres of storage space. The exercise was cancelled as no responsive bids were received. A second tender exercise based on revised specifications was carried out in December 2014 but no responsive bids were received.

Expression of Interest was invited on 19 March 2015 with closing date 22 April 2015. Evaluation of bids was under process.

During a site visit effected by my Officers in January 2015, the building at Coromandel was found to be in a deplorable state with traces of leakage at several places. During the heavy rainfall in December 2014 and January 2015, part of the Stores was flooded and some 200 m² were condemned and could not be used.

Ministry's Reply

- On 15 July 2015, the Attorney General's Office has advised that the Ministry may apply to the Court for an order to compel the Landlord to effect repairs to the premises within such period as the Court may determine and to reduce the rent payable for the premises until such time as the order is complied with.
- The Ministry is planning to move to the Ex-Tobacco Board Building by December 2015 and to vacate the building at Coromandel.

19.9 Consultancy Services for Feasibility Study for the Construction of a Modern Warehouse.

Due to increase in demand for additional storage space and unsuitable storage conditions at the rented locations, the Ministry decided to conduct a full scale feasibility study for the construction of a Modern Warehouse of International Standard in 2013.

Following an exercise for Expression of Interest, Requests for Proposals were invited in July 2013. After evaluation, a contract was awarded for the Consultancy Services for the feasibility study for Rs 5 million (exclusive of VAT) in December 2013. The contract was signed on 11 March 2014.

The Consultant has submitted a draft Feasibility Report in August 2014. As of December 2014, 35 per cent of the contract sum totalling Rs 2 million (inclusive of VAT) was paid to the Consultant.

As of the beginning of May 2015, no development was noted.

Ministry's Reply

- A portion of State Land at La Tour Koenig was vested with the Ministry for construction of a modern warehouse. The Consultant has submitted a draft feasibility report and the Ministry is considering the recommendations.

19.10 Procurement of Security Services

Total disbursements for the provision of security services during 2014 amounted to some Rs 33.2 million.

As reported at paragraph 18.1.1 of the Audit Report for the year ended 31 December 2013, the performance of the Contractor that was awarded the contract for the Security Services was not satisfactory.

19.10.1 Performance of the Contractor

Despite the fact that several safeguards were provided in the contract, the following shortcomings previously reported, still prevailed during 2014:

- (a) The complete and updated list of security guards posted to the various health institutions could not be produced.
- (b) The Morality Certificates and two recent passport size photographs for each Security Guard were not provided.
- (c) The list of Security Guards provided by the Contractor included persons who were beyond the age limit specified in the contract.
- (d) There was no proper supervision over the work of the Security Guards. The services provided were not satisfactory. Several cases of theft were reported at SSRN Hospital.
- (e) Advance daily and weekly reports regarding the posting of Security Guards with details of their respective duties were not submitted to the management of hospitals and other health institutions.
- (f) Some guards did not comply with instructions and replacements were not provided for guards who were absent.

In January 2015, the Contractor was informed that the Ministry would have no alternative than to consider terminating the contract in case of non compliance or action initiated not deemed satisfactory. In March 2015, the above shortcomings were discussed anew and assurance was sought for remedial action.

The Ministry has so far not taken remedial action in that:

- No claim has been preferred on the Insurance Company for repeated larceny cases under the Professional Indemnity Insurance Cover as per the General Conditions of Contract
- Despite the fact that the Contractor was in breach of its obligations under the Contract, the performance security (guarantee) submitted by the Contractor was not forfeited.

19.10.2 Renewal of Contracts

As pointed out at paragraph 18.1.2 of the Audit Report for the year ended 31 December 2013, the second year contract was renewed for a period of one year starting 1 December 2013 for Regions 1 to 4 and other health institutions, on the grounds of “time constraints”, despite unsatisfactory performance of the Contractor at all hospitals. The Contractor was again informed that failure to perform to the satisfaction of the Ministry, may lead to the termination of the contract by giving one month’s notice.

Although there was no improvement in the Contractor’s performance after repeated requests for remedial action, the contract for Regions 1 to 4, and other health institutions for the period starting January 2015 was renewed on 13 April 2015 on a month to month basis up to 30 June 2015. The contract for Region 5 which expired on 31 May 2015, was also renewed on a month to month basis as from 1 June 2015.

In April, May and June 2015, the health institutions were still complaining about the poor performance of the Contractor and the situation has worsened. Several cases of theft at SSRN and Victoria hospitals were reported.

The decision to renew the above two contracts was taken by the Ministry as no funds were earmarked in the budget to implement Government’s decision to recruit its own security guards. Hence, according to the Ministry, the contracts were renewed on a month to month basis in the absence of any other alternatives.

19.10.3 Insurance and Performance Security

The Professional Indemnity Insurance and Performance Security for Region 5 which expired on 31 May and 28 June 2014 respectively have not been extended to cover the renewed contracts.

Ministry’s Reply

The problems of security services are also relevant to other Ministries/Departments and no alternative is available. Ministries/Departments are being serviced by poor performing Suppliers. Contract for these services are awarded by the Central Procurement Board.

Funds have not been made available for recruitment of staff for security services.

A lasting solution has not been found due to dearth of good Contractors on the market.

The Professional Indemnity Insurance and Performance Security could not be extended as it was decided to renew the contract on a month to month basis.

A new bidding exercise is currently under process for the award of new contracts for security services for all the five regions. Separate contracts would be awarded to separate bidders for each region.

19.11 Procurement of Laundry Services

At paragraph 18.2 of the Audit Report for the year ended 31 December 2013, I reported that rates charged by the sole provider of the laundry services were escalating from year to year. The Contractor was awarded the contract in July 2013 for a three-year period from 1 September 2013 to 31 August 2016.

The amount disbursed for laundry services for 2014 totalled some Rs 53.8 million.

In June 2013, the Central Procurement Board recommended that *“in view of the monopolistic situation prevailing on the market, a Committee be set up at the level of the Ministry to undertake a preliminary study on a Public Private Partnership project for laundry services to be provided in the five Regional hospitals by private developers”*.

However, as of 31 May 2015, no decision had yet been taken.

Ministry’s Reply

The recommendation of the Technical Committee, for a feasibility study to be carried out regarding the possibility of embarking on a Public Private Partnership project for laundry services estimated to cost around Rs 20 million, is being considered.

20 - MINISTRY OF GENDER EQUALITY, CHILD DEVELOPMENT AND FAMILY WELFARE

20.1 Software Development and Implementation of a Web-based Child Protection Register (CPR)

A contract was awarded to a private company in December 2012 for the sum of Rs 2,856,472 (VAT inclusive) for the implementation of a Web-based 'Child Protection Register'(CPR) which would act as a central database for some 6,000 cases of children in distress, for example child violence, abuse and delinquency, reported annually. The scope of the assignment included the software development and implementation of a Web-based CPR to be accessed by the Ministry and six Child Development Units (CDU). The Web-based CPR was to improve record keeping of all reported cases, improve management and monitoring of all relapsed cases.

As of March 2015, 90 per cent of the contract price, that is Rs 2,570,817 had already been paid to the company, excluding an additional amount of Rs 230,000 for enhancement to the Register requested by the Ministry. The Register was operational at the Ministry's Headquarters during two months only, and not yet operational at any CDU outstations.

20.1.1 Performance Security not Renewed

The Performance Security (PS) was to be valid for two months beyond the delivery date, that is up to 24 February 2014. The Contractor had, however, provided a PS for the amount of Rs 249,742 in January 2013 which was valid up to 29 October 2013 only. Moreover, renewed PS was neither requested by the Ministry nor submitted by the Contractor to cover the period during which implementation had been delayed.

20.1.2 Liquidated Damage

As per the Special Conditions of Contract, Liquidated Damages were to be deducted for delay in completion of the works. Although the implementation was delayed, no deduction in respect of same was made from payment to the Contractor.

20.1.3 Bank Guarantee for Payment on Signature of Contract not Adequate

A Bank Guarantee of Rs 749,226 only was submitted by the Contractor for an advance payment of Rs 856,939 made by the Ministry upon signature of the contract.

20.1.4 Delay in completion

According to the bidding documents, delivery, installation and commissioning of the Application Software (AS) were to be within six months from the date of signature of the agreement. Completion was thus due by December 2013 since contract was signed in June 2013. However, by December 2013, the Application System had only been installed on the Government Online Centre (GOC) server. Testing and training of users had not even

started. Final version of the Software was delivered to the Ministry in August 2014, with a delay of some eight months.

20.1.5 Implementation of the CPR at the CDU Outstations

The Project scope included implementation of a Web-based CPR which would be accessed and updated by the Ministry and also by six outstations where most of the cases are being reported. The Register was set live and was made operational on 28 August 2014 at the Ministry's Headquarters only, but not at any CDU outstations, due to absence of adequate physical infrastructure and networking. At time of audit (April 2015) more than eight months later, although a contract had already been awarded for Local Area Network connections at four of the CDU outstations and already executed, the commissioning could not be done due to absence of telecommunications lines. The Register could thus not be made operational at those locations.

Ministry's Reply

- Due to oversight, the renewal of the Performance Security was not attended to.
- Liquidated damages could not be deducted from payment made to the Contractor, as the latter was not to be blamed.
- It is a fact that the Bank Guarantee submitted by the Contractor upon signature of the Contract covers only 26 per cent instead of 30 per cent of the contract price. Henceforth, the Ministry will ensure that all conditions mentioned in the Bidding Documents are respected.
- Delay in completion of the project was due to key users' commitment and heavy workload during the requirement's gathering phase.
- Commissioning of the LAN could not be done due to inadequate electrical installations and telecommunications lines.

20.2 Building to House a Drop in Centre at GRNW

The building constructed on a plot of land at Grand River North West, vested in the Ministry since 2001 and completed in May 2012, was to be used as a Residential Care Centre/Drop in Centre for children victims of commercial and sexual exploitation. Expenditure incurred on construction works and furniture and equipment as at 31 December 2014 amounted to Rs 20.84 million and Rs 646,977 respectively. Contract for the management of the Centre was awarded to a service provider on 29 May 2014, at the cost of Rs 3,803,636 for one year.

20.2.1 Centre Still not Operational

The building was still unoccupied more than 30 months after its completion, as the Drop in Centre was still not operational. The Ministry had already inaugurated the Centre on 10 September 2014.

20.2.2 Contract for Management of the Centre

A Contract for the management of the Centre was awarded on 29 May 2014 for the quoted price of Rs 3,803,636 and the modalities of the functioning of the Centre were to be included in a 'Memorandum of Understanding' (MOU) to be signed by the bidder. As of April 2015, the MOU had still not been signed.

Recommendation

Ministry should endeavour to make the Centre operational without delay to avoid idle resources

Ministry's Reply

It is the urgent wish of the Ministry that this project takes off as early as possible to be in line with the commitment taken at international level.

20.3 Shelter La Marguerite at Belle Rose

A contract was awarded for the management of the above shelter to a Non-Governmental Organization as from 10 April 2013 for an amount of Rs 4,725,600 for a period of one year. The contract had since been renewed on a month-to-month basis with effect from 10 April 2014 until further notice.

Observations

- As of April 2015, that is almost one year later, new tender has still not been launched by the Ministry for the management of the Shelter.

➤ Several conditions stipulated in the MOU, signed by the Ministry and the service provider, have not been complied with:

▪ *Staff Employed*

- There was no clear demarcation of duties for specialized staff such as Carers, Cooks, Teachers or Cleaners. In fact, Carers were also performing duty of Cooks or even Cleaners, and sometimes, Teachers also.
- The ratio of Carers to children was not being complied with, that is five during the day and six during the night. The actual number of Carers was often less than required especially during the day.

These shortcomings had also been highlighted on several occasions by the Family Welfare Protection Officer who conducted site visits.

- *Accounts Book*. This record was not available on site.
- *Commodities Book was not properly kept*. The quantity of items purchased for the day to day running of the Shelter was not being recorded therein. Balance of stock of provisions and other commodities available on a particular day was therefore not available. Hence, it was not possible to ascertain the adequacy of provisions of foodstuffs and other items on any particular day.
- *Menu Sheet*. This was not affixed on the Notice Board.

At time of visit carried out by my Officers, there was no Security Guard present on site (from 13.00 to 15.30 hrs).

Ministry's Reply

Attention of the service provider was drawn to these shortcomings, and the latter was also reminded to comply with the conditions of the MOU.

20.4 Shelter for Children in Distress at Floreal

Following a site visit carried out by my Officers on 14 April 2015, several shortcomings were noted:

- *Accounts Book not available on site*. These were not kept on site and could thus not be produced.
- *Staff employed*. Ratio of Carers to babies which was 1:4 (subject to a minimum of 3) was not being complied with. For instance on the day of the visit, only two Caregivers instead of three or four were present for 15 babies.

- *Register of Furniture and Equipment was not Kept.* Only a list of such items was produced. It should be pointed out that the Shelter had benefited from the Social Collaborative Programme of some Rs 1.89 million in 2011 for its refurbishment through the National Children's Council.
- Proper uniform and identification was not worn by the person on duty as Security Guard on the day of visit.

Ministry's Reply

With the recruitment of Enforcement Officers, monitoring of Shelters will be undertaken in a more effective manner.

20.5 Special Collaborative Programme (SCP)

Since July 2009, the Ministry has been implementing the Special Collaborative Programme for support to women and children in distress in Mauritius and Rodrigues. The Programme aimed at providing financial support to Non-Governmental Organizations (NGOs), Community Based Organizations (CBOs), non-state actors including Local Authorities, Rodrigues Regional Assembly and non-profit Statutory Bodies, working for the social empowerment of women and children in distress. A maximum grant ceiling of Rs 2 million for each project has been established and was subject to a maximum period of implementation of two years. The Programme was managed by a Coordinator appointed for that purpose who was formerly assisted by three Social Facilitators but only one at present. The main eligibility criterion was the welfare of women and children in distress.

20.5.1 Funds Disbursed

The Ministry had disbursed some Rs 116.4 million in respect of 148 projects approved during period July 2009 to December 2014, more than 69 per cent of which had already been completed as of April 2015, as shown in Table 20-1.

Table 20-1 List of Completed Projects

| Year | Number of Approved projects | Total Amount Approved Rs million | Total Amount Disbursed Rs million | Completed Projects |
|---------------|------------------------------------|---|--|---------------------------|
| 2009(Jul-Dec) | 17 | 20.01 | 20.01 | 17 |
| 2010 | 32 | 27.71 | 27.13 | 32 |
| 2011 | 29 | 28.90 | 22.40 | 29 |
| 2012 | 25 | 17.57 | 21.70 | 20 |
| 2013 | 30 | 22.44 | 14.07 | 5 |
| 2014 | 15 | 7.22 | 11.10 | - |
| Total | 148 | 123.85 | 116.41 | 103 |

As of April 2015, the Register of Application was not up to date and not reliable.

20.5.2 Projects Submitted by Statutory Bodies Falling under the Purview of the Ministry

The Ministry had approved seven projects for a total amount of Rs 7,648,414 submitted by Statutory Bodies falling under its purview, as shown in Table 20-2.

Table 20-2 Projects approved during period 2009 to 2014

| Year | Statutory Body | Projects Description | Total Amount Rs |
|-------------|-------------------------------------|--|------------------------|
| 2009 | National Women Entrepreneur Council | Training in Serigraphy | 112,350 |
| | National Children Council | Empowerment of deprived children through creativity and other development activities | 1,608,327 |
| 2011 | National Children Council | Refurbishing and promoting child care quality services to babies on the early child care Centre at Floreal | 1,949,593 |
| 2012 | National Women Entrepreneur Council | Training in Serigraphy | 111,090 |
| | National Women Council | Service de proximite pour les femmes vulnerables | 2,000,000 |
| 2013 | National Women Entrepreneur Council | Production of healthy food, preserved from fruits and vegetables | 166,320 |
| 2014 | National Children Council | Purchase of 16 Seater Van and CCTV camera | 1,700,734 |
| | | Total | 7,648,414 |

According to the provisions of the Act for the respective Bodies, all documents shall be deemed to be executed by or on behalf of the Council if signed by the respective Chairperson and the Council Secretary. However, all application forms and undertakings were signed by the Secretary/Acting Secretary of these bodies only, in contravention to the requirement of the Act.

20.5.3 Lack of Adequate Monitoring of Project Implementation

The Programme Coordinator, appointed under the above Programme, together with two Social Facilitators, effected site visits once or twice during the period of implementation of the project. In view of the number of projects and the limited staff resources, proper monitoring could not be done. Moreover site visits to assess whether projects had been

completed in accordance with conditions of the grant were either not yet carried out or done after a long delay.

Examination of Completed Projects (Year 2009-2011)

A sample of completed Projects was examined to verify whether the conditions of the undertakings had been complied with, and also whether the objectives were met. The following were noted:

- Total amount as per payment vouchers produced by some organizations was less than the amount disbursed by the Ministry. The amount not spent was not recovered by the Ministry.
- Completion reports had not been submitted in several cases more than five years after the implementation period had lapsed. It was thus not known whether project objectives had been met and potential beneficiaries had in fact benefited from same.

20.5.4 Mechanism for Independent Evaluation of Projects after Completion not set up.

The Ministry has up to now not evaluated the Programme independently to assess whether the objectives have been attained, and also whether the targeted beneficiaries had in fact benefited from those projects.

Ministry's Reply

Final progress reports will be closely monitored. The Ministry is currently undertaking an exercise for the selection of a Consultant to evaluate the Programme.

21 - STATUTORY BODIES, LOCAL AUTHORITIES AND OTHER BODIES

The Director of Audit is empowered, in addition to the audit of all Ministries/Departments and the Rodrigues Regional Assembly, to audit the accounts of all Local Authorities, most Statutory Bodies, several Special Funds and several other bodies including donor-funded projects as per provisions made in the Finance and Audit Act, the Local Government Act, the Statutory Bodies (Accounts and Audit) Act, and various legislations/agreements of institutions/donor-funded projects.

21.1 Statutory Bodies

A statutory body is a body created by statute and it is usually established to carry out specific functions which a Government considers may be more effectively performed outside a traditional departmental structure. While it is recognised that statutory bodies may be established to allow a certain level of independence from Government, there is need to ensure that taxpayers' funds allocated to the operations of statutory bodies are spent in an efficient, effective and economic manner.

Statutory bodies are subject to varying degrees of Ministerial control which are specified in the legislation establishing them. Ministers are responsible to the National Assembly for the operation of all statutory bodies within their portfolios, and are required to table their annual reports in the National Assembly.

The Statutory Bodies (Accounts and Audit) Act as subsequently amended in 2014 provides that every statutory body shall cause to be prepared an annual report. The annual report shall consist of:

- the financial statements in respect of the financial year to which the report relates
- in the case of a statutory body specified in Part I of the First Schedule, a report on the activities of the statutory body, its outcomes and outputs together with information on its key performance indicators, during the financial year
- in the case of a statutory body specified in Part II of the First Schedule, a report on the activities of the statutory body during the financial year
- a corporate governance report in accordance with the National Code of Corporate Governance.

Provisions made in the Act regarding the timelines to be respected are as follows:

- (a) The Chief Executive Officer of every statutory body shall, not later than three months after the end of every financial year, submit to the Board for approval the annual report in respect of that year. (The previous deadline was two months, applicable for financial years prior to 2011)
- (b) After approval by the Board, the Chief Executive Officer shall, not later than 30 April

after the end of every financial year, submit the annual report to the auditor. (The previous deadline was three months, applicable for financial years prior to 2011)

- (c) The auditor shall, within six months of the date of receipt of the annual report, submit the annual report and his audit report to the Board.
- (d) Where, in the opinion of the Board, the Chief Executive Officer or any other officer of a statutory body has not properly performed his duties with the result that the above requirements of the Act cannot be complied with within the prescribed time, the Board may, after giving an opportunity for the officer to be heard, take appropriate disciplinary action against the officer.
- (e) On receipt of the annual report, including the audited financial statements and the audit report, the Board shall, not later than one month from the date of receipt, furnish to the Minister such reports and financial statements.
- (f) The Minister shall, at the earliest available opportunity, lay a copy of the report and audited accounts of every statutory body within his portfolio before the National Assembly.

The Director of Audit is responsible for the audit of 104 Statutory Bodies. Appendix IIA refers.

41 Statutory Bodies have not yet submitted a total of 96 financial statements. Appendix IIB refers.

216 financial statements in respect of 73 Statutory Bodies have been certified but have not yet been laid before the National Assembly. Appendix IIC refers.

21.2 Local Authorities

The Local Government Act (LGA) 2011 provides that the Chief Executive of every local authority, other than a Village Council, shall, within three months after the end of the financial year submit financial statements to the Council. The LGA 2011 also provides that the approved annual financial statements shall be audited by the Director of Audit and that

- they shall be submitted for audit within four months of the end of every financial year;
- the Director of Audit shall address to the Minister and to the Local Authority concerned, a copy of the certified financial statements and his report.
- the Chief Executive shall cause the certified financial statements and the report of the Director of Audit to be published in the Gazette within 14 days of their receipt by the Local Authority.

The Director of Audit is responsible for the audit of 12 Local Authorities. Appendix III refers

Two financial statements in respect of two Local Authorities have been certified but have not yet been gazetted. Details are given in Table 21-1.

Table 21-1 Financial Statements Certified but not yet Gazetted

| Client | Period | Date Certified |
|---|-----------------------|-----------------------|
| The Grand Port Savanne District Council | 01.07.2008-31.12.2009 | 06.09.2011 |
| The Moka Flacq District Council | 2012 | 02.10.2014 |

21.3 Other Bodies

The Director of Audit is responsible for the audit of 27 Other Bodies including donor-funded projects. Appendix IVA refers. 12 of these organisations have not yet submitted a total of 21 financial statements to my Office for audit purposes. Appendix IVB refers.

List of Special Funds audited by the Director of Audit

- 1 Build Mauritius Fund
- 2 Cooperative Development Fund
- 3 Curatelle Fund
- 4 De Chazal Maternity Home Fund
- 5 Food Security Fund
- 6 Local Development Fund
(Previously Local Infrastructure Fund-Ceased operation on 31/12/2013)
- 7 Maurice Ile Durable Fund
- 8 Morris Legacy Fund
- 9 National Environment Fund
- 10 National Habitat Fund
(Previously Social Housing Development Fund - Ceased operation on 18/05/2013 and then Social Housing Fund-Ceased operation on 12/03/2014)
- 11 National Parks and Conservation Fund
- 12 National Pensions Fund
- 13 National Resilience Fund
(Previously Saving Jobs and Recovery Fund - Ceased operation on 31/12/2010 and then Business Growth Fund - Ceased operation on 31/12/2011)
- 14 Non Government Organisation Trust Fund
- 15 Permanent Resident Investment Fund
- 16 President Fund for Creative Writing
- 17 Prime Minister Cyclone Relief Fund
- 18 Prime Ministers Relief Fund
- 19 Recovered Assets Fund
- 20 Residential Care Homes Fund
- 21 Special Fund for the Welfare of the Elderly
- 22 Students Relief Fund
- 23 Treasury Foreign Currency Management Fund
- 24 Trust Fund for the Social Integration of Vulnerable Groups

* *Tourism Fund - Ceased operation on 31/12/2011- Financial statements for the year 2011 are still under Examination.*

Special Funds - Financial Statements not yet Submitted

| | Special Funds | No of Financial Statements | Period | Statutory Date Limit |
|--------------|--|---|---------------|---------------------------------|
| 1 | Cooperative Development Fund | 2 | 2013 | 31.03.2014 |
| | | | 2014 | 31.03.2015 |
| 2 | National Pensions Fund | 3 | 2012 | 31.03.2013 |
| | | | 2013 | 31.03.2014 |
| | | | 2014 | 31.03.2015 |
| 3 | National Resilience Fund | 1 | 2014 | 31.03.2015 |
| 4 | President Fund for Creative Writing | 2 | 2013 | 31.03.2014 |
| | | | 2014 | 31.03.2015 |
| 5 | Residential Care Homes Fund | 1 | 2014 | 31.03.2015 |
| 6 | Special Fund for the Welfare of the Elderly | 1 | 2014 | 31.03.2015 |
| 7 | Students Relief Fund | 1 | 2014 | 31.03.2015 |
| 8 | Trust Fund for the Social Integration of Vulnerable Groups | 5 | 2010 | 31.03.2011 |
| | | | 2011 | 31.03.2012 |
| | | | 2012 | 31.03.2013 |
| | | | 2013 | 31.03.2014 |
| | | | 2014 | 31.03.2015 |
| Total | | 16 | | |

**Special Funds - Financial Statements Certified
but not yet Laid before National Assembly**

| | Statutory Bodies | No of Financial Statements | Period | Date Certified |
|----|--|---|-----------------------|-----------------------|
| 1 | Business Growth Fund | 1 | 2011 | 27.06.2014 |
| 2 | Food Security Fund | 4 | 20.06.2008-30.06.2009 | 14.05.2010 |
| | | | 01.07.2009-31.12.2010 | 23.04.2012 |
| | | | 2011 | 04.09.2012 |
| | | | 2012 | 05.12.2013 |
| 3 | Maurice Ile Durable Fund | 2 | 2012 | 04.12.2013 |
| | | | 2013 | 08.01.2015 |
| 4 | National Environment Fund | 2 | 2012 | 07.11.2013 |
| | | | 2013 | 24.10.2014 |
| 5 | National Parks and Conservation Fund | 2 | 2012 | 24.09.2013 |
| | | | 2013 | 14.11.2014 |
| 6 | Non Government Organisation Trust Fund | 1 | 2013 | 29.10.2014 |
| 7 | President Fund for Creative Writing in English | 3 | 2005-06 | 29.03.2007 |
| | | | 2006-07 | 21.04.2008 |
| | | | 2007-08 | 08.10.2009 |
| 8 | Recovered Assets Fund | 2 | 01.02.2012-31.12.2013 | 24.03.2015 |
| | | | 2014 | 24.03.2015 |
| 9 | Residential Care Homes Fund | 3 | 2011 | 09.10.2012 |
| | | | 2012 | 17.10.2013 |
| | | | 2013 | 29.10.2014 |
| 10 | Saving Jobs and Recovery Fund | 1 | 01.07.2009-31.12.2010 | 10.02.2014 |

continued

**Special Funds - Financial Statements Certified
but not yet Laid before National Assembly (continued)**

| | Statutory Bodies | No of Financial Statements | Period | Date Certified |
|--------------|---|---|-----------------------|---------------------------|
| 11 | Social Housing Development Fund | 4 | 26.05.2008-30.06.2009 | 04.01.2011 |
| | | | 01.07.2009-31.12.2010 | 30.04.2012 |
| | | | 2011 | 23.10.2012 |
| | | | 01.01.2012-17.05.2013 | 07.07.2014 |
| 12 | Social Housing Fund | 1 | 18.05.2013-31.12.2013 | 22.09.2014 |
| 13 | Special Fund for the Welfare of the Elderly | 1 | 2013 | 25.08.2014 |
| 14 | Students Relief Fund | 1 | 2013 | 26.02.2014 |
| 15 | Treasury Foreign Currency Management Fund | 7 | 2006-07 | 30.11.2007 |
| | | | 2007-08 | 10.03.2009 |
| | | | 2008-09 | 24.02.2010 |
| | | | 01.07.2009-31.12.2010 | 10.10.2011 |
| | | | 2011 | 19.09.2012 |
| | | | 2012 | 30.08.2013 |
| 2013 | 19.01.2015 | | | |
| TOTAL | | 35 | | |

List of Statutory Bodies audited by the Director of Audit

- 1 Apravasi Ghat Trust Fund
- 2 Agricultural Marketing Board
- 3 Beach Authority
- 4 Board of Investment
- 5 Bus Industry Employees Welfare Fund
- 6 Central Electricity Board
- 7 Central Water Authority
- 8 Chagossian Welfare Fund
- 9 Chinese Speaking Union
- 10 Civil Service Family Protection Scheme Board
- 11 Competition Commission
- 12 Conservatoire de Musique François Mitterrand Trust Fund
- 13 Construction Industry Development Board
- 14 Early Childhood Care and Education Authority
- 15 Employees Welfare Fund
- 16 Fashion and Design Institute
- 17 Financial Reporting Council
- 18 Fishermen Investment Trust
- 19 Fishermen Welfare Fund
- 20 Food and Agricultural Research and Extension Institute
(Previously Food and Agricultural Research Council - Ceased operation on 14/02/2014)
- 21 Gambling Regulatory Authority
- 22 Hindi Speaking Union
- 23 Human Resource Development Council
- 24 Information and Communication Technologies Authority
- 25 Islamic Cultural Centre Trust Fund
- 26 Law Reform Commission
- 27 Le Morne Heritage Trust Fund
- 28 Lottery Committee
- 29 Mahatma Gandhi Institute
- 30 Malcome De Chazal Trust Fund
- 31 Manufacturing Sector Workers Welfare Fund
(Previously Export Processing Zone Labour Welfare Fund - Ceased operation on 28/02/2014)

List of Statutory Bodies (Continued)

- 32 Mauritian Cultural Centre Trust
- 33 Mauritius Broadcasting Corporation
- 34 Mauritius Cane Industry Authority
(Farmers Service Corporation, Mauritius Sugar Authority, Mauritius Sugar Terminal Corporation and Sugar Planters Mechanical Pool Corporation merged w.e.f 19/03/12)
- 35 Mauritius Council of Registered Librarians
- 36 Mauritius Examinations Syndicate
- 37 Mauritius Ex-Services Trust Fund
- 38 Mauritius Film Development Corporation
- 39 Mauritius Institute of Education
- 40 Mauritius Institute of Health
- 41 Mauritius Institute of Training and Development
(previously Industrial and Vocational Training Board - Ceased operation on 15/11/2009)
- 42 Mauritius Marathi Cultural Centre Trust
- 43 Mauritius Meat Authority
- 44 Mauritius Museums Council
- 45 Mauritius Oceanography Institute
- 46 Mauritius Qualifications Authority
- 47 Mauritius Research Council
- 48 Mauritius Revenue Authority
- 49 Mauritius Society for Animal Welfare
- 50 Mauritius Sports Council
- 51 Mauritius Standards Bureau
- 52 Mauritius Tamil Cultural Centre Trust
- 53 Mauritius Telugu Cultural Centre Trust
- 54 Mauritius Tourism Promotion Authority
- 55 Media Trust
- 56 National Adoption Council
- 57 National Agency for the Treatment and Rehabilitation of Substance Abusers
- 58 National Agricultural Products Regulatory Office
(Previously Tea Board - Ceased operation on 26/11/2013)
- 59 National Art Gallery
- 60 National Children's Council
- 61 National Computer Board

List of Statutory Bodies (Continued)

- 62 National Council for the Rehabilitation of Disabled Persons
- 63 National Economic and Social Council
- 64 National Heritage Fund
- 65 National Human Rights Commission
- 66 National Institute for Cooperative Entrepreneurship
- 67 National Library
- 68 National Productivity and Competitiveness Council
- 69 National Solidarity Fund
- 70 National Transport Corporation
- 71 National Women Entrepreneur Council
- 72 National Women's Council
- 73 National Youth Council
- 74 Nelson Mandela Centre for African Culture Trust Fund
- 75 Open University of Mauritius
(Previously Mauritius College of the Air - Ceased operation on 11/07/12)
- 76 Outer Islands Development Corporation
- 77 Private Secondary Schools Authority
- 78 Professor Basdeo Bissoondoyal Trust Fund
- 79 Public Officers' Welfare Council
- 80 Rabindranath Tagore Institute
- 81 Rajiv Gandhi Science Centre Trust Fund
- 82 Rights Management Society
(Previously Mauritius Society of Authors - Ceased operation on 31/07/2014)
- 83 Road Development Authority
- 84 Seafarers' Welfare Fund
- 85 Senior Citizens Council
- 86 Sir Seewoosagur Ramgoolam Botanical Garden Trust
- 87 Sir Seewoosagur Ramgoolam Foundation
- 88 Small and Medium Enterprises Development Authority
(Previously Small Enterprises and Handicraft Development Authority - Ceased operation on 28/01/2010)
- 89 Small Farmers Welfare Fund
- 90 St Antoine Planters Cooperative Trust
- 91 State Trading Corporation
- 92 Sugar Industry Labour Welfare Fund

List of Statutory Bodies (Continued)

- 93 Sugar Insurance Fund Board
- 94 Tertiary Education Commission
- 95 Tourism Authority
- 96 Tourism Employees Welfare Fund
- 97 Town and Country Planning Board
- 98 Trade Union Trust Fund
- 99 Training and Employment of Disabled Persons Board
- 100 Trust Fund for Specialised Medical Care
- 101 University of Mauritius
- 102 University of Technology Mauritius
- 103 Vallée D'Osterlog Endemic Garden Foundation
- 104 Wastewater Management Authority

* Sugar Cane Planters Trust - *Ceased operation on 24/07/2010.*

Financial statements for the financial year 2007-08 to period 01.07.2009-24.07.2010 have not yet been submitted for audit. The Financial statements for financial year 2006-07 were certified on 20.10.2008, but not yet laid before the National Assembly.

** Technical School Management Trust Fund - *Ceased operation on 15/11/2009.*

Financial statements for the financial year 2007-08 and period 01.07.2008 – 15.11.2009 are still under Examination.

APPENDIX IIB

Statutory Bodies - Financial Statements not yet submitted

| | Statutory Bodies | No of Financial Statements | Period | Statutory Date Limit |
|------|--|-----------------------------------|-----------------------|-----------------------------|
| 1 | Construction Industry Development Board | 2 | 2013 | 30.04.2014 |
| | | | 2014 | 30.04.2015 |
| 2 | Fashion and Design Institute | 1 | 2014 | 30.04.2015 |
| 3 | Fishermen Investment Trust | 1 | 2014 | 30.04.2015 |
| 4 | Food and Agricultural Research and Extension Institute | 1 | 14.02.2014-31.12.2014 | 30.04.2015 |
| 5 | Hindi Speaking Union | 1 | 2014 | 30.04.2015 |
| 6 | Information and Communication Technologies Authority | 1 | 2014 | 30.04.2015 |
| 7 | Islamic Cultural Centre Trust Fund | 1 | 2014 | 30.04.2015 |
| 8 | Le Morne Heritage Trust Fund | 2 | 2013 | 30.04.2014 |
| | | | 2014 | 30.04.2015 |
| 9 | Malcom de Chazal Trust Fund | 3 | 2012 | 30.04.2013 |
| | | | 2013 | 30.04.2014 |
| | | | 2014 | 30.04.2015 |
| 10 | Mauritian Cultural Centre Trust | 10 | 2004-05 | 30.09.2005 |
| | | | 2005-06 | 30.09.2006 |
| | | | 2006-07 | 30.09.2007 |
| | | | 2007-08 | 30.09.2008 |
| | | | 2008-09 | 30.09.2009 |
| | | | 01.07.2009-31.12.2010 | 31.03.2011 |
| | | | 2011 | 30.04.2012 |
| | | | 2012 | 30.04.2013 |
| | | | 2013 | 30.04.2014 |
| 2014 | 30.04.2015 | | | |
| 11 | Mauritius Broadcasting Corporation | 1 | 2014 | 30.04.2015 |
| 12 | Mauritius Council of Registered Librarians | 1 | 2014 | 30.04.2015 |
| 13 | Mauritius Museums Council | 2 | 2013 | 30.04.2014 |
| | | | 2014 | 30.04.2015 |

continued

Statutory Bodies - Financial Statements not yet submitted (continued)

| | Statutory Bodies | No of Financial Statements | Period | Statutory Date Limit |
|----|--|----------------------------|-----------------------|----------------------|
| 14 | Mauritius Sports Council | 1 | 2014 | 30.04.2015 |
| 15 | Mauritius Tamil Cultural Centre Trust | 1 | 2014 | 30.04.2015 |
| 16 | Mauritius Telugu Cultural Centre Trust | 1 | 2014 | 30.04.2015 |
| 17 | Media Trust | 9 | 2006 | 31.03.2007 |
| | | | 2007 | 31.03.2008 |
| | | | 2008 | 31.03.2009 |
| | | | 2009 | 31.03.2010 |
| | | | 2010 | 31.03.2011 |
| | | | 2011 | 30.04.2012 |
| | | | 2012 | 30.04.2013 |
| | | | 2013 | 30.04.2014 |
| | | | 2014 | 30.04.2015 |
| 18 | National Adoption Council | 5 | 01.07.2009-31.12.2010 | 31.03.2011 |
| | | | 2011 | 30.04.2012 |
| | | | 2012 | 30.04.2013 |
| | | | 2013 | 30.04.2014 |
| | | | 2014 | 30.04.2015 |
| 19 | National Agricultural Products Regulatory Office | 1 | 27.11.2013-31.12.2014 | 30.04.2015 |
| 20 | National Art Gallery | 1 | 2014 | 30.04.2015 |
| 21 | National Children's Council | 1 | 2014 | 30.04.2015 |
| 22 | National Computer Board | 3 | 2012 | 30.04.2013 |
| | | | 2013 | 30.04.2014 |
| | | | 2014 | 30.04.2015 |
| 23 | National Economic and Social Council | 1 | 2014 | 30.04.2015 |
| 24 | National Heritage Fund | 3 | 2012 | 30.04.2013 |
| | | | 2013 | 30.04.2014 |
| | | | 2014 | 30.04.2015 |

continued

Statutory Bodies - Financial Statements not yet submitted (continued)

| | Statutory Bodies | No of Financial Statements | Period | Statutory Date Limit |
|----|--|----------------------------|-----------------------|----------------------|
| 25 | National Institute for Cooperative Entrepreneurship | 2 | 2013 | 30.04.2014 |
| | | | 2014 | 30.04.2015 |
| 26 | National Library | 1 | 2014 | 30.04.2015 |
| 27 | National Productivity and Competitiveness Council | 1 | 2014 | 30.04.2015 |
| 28 | National Transport Corporation | 1 | 2014 | 30.04.2015 |
| 29 | National Women Entrepreneur Council | 2 | 2013 | 30.04.2014 |
| | | | 2014 | 30.04.2015 |
| 30 | Nelson Mandela Centre for African Culture Trust Fund | 1 | 2014 | 30.04.2015 |
| 31 | Open University of Mauritius | 1 | 2014 | 30.04.2015 |
| 32 | Professor Basdeo Bissoondoyal Trust Fund | 9 | 04.04.2005-30.06.2006 | 30.09.2006 |
| | | | 2006-07 | 30.09.2007 |
| | | | 2007-08 | 30.09.2008 |
| | | | 2008-09 | 30.09.2009 |
| | | | 01.07.2009-31.12.2010 | 31.03.2011 |
| | | | 2011 | 30.04.2012 |
| | | | 2012 | 30.04.2013 |
| | | | 2013 | 30.04.2014 |
| | | | 2014 | 30.04.2015 |
| 33 | Rajiv Gandhi Science Centre Trust Fund | 1 | 2014 | 30.04.2015 |
| 34 | Sir Seewoosagur Ramgoolam Botanical Garden Trust | 7 | 2007-08 | 30.09.2008 |
| | | | 2008-09 | 30.09.2009 |
| | | | 01.07.2009-31.12.2010 | 31.03.2011 |
| | | | 2011 | 30.04.2012 |
| | | | 2012 | 30.04.2013 |
| | | | 2013 | 30.04.2014 |
| 35 | Sir Seewoosagur Ramgoolam Foundation | 1 | 2014 | 30.04.2015 |

continued

Statutory Bodies - Financial Statements not yet submitted (continued)

| | Statutory Bodies | No of Financial Statements | Period | Statutory Date Limit |
|--------------|--|----------------------------|-----------------------|----------------------|
| 36 | Small and Medium Enterprises Development Authority | 3 | 2012 | 30.04.2013 |
| | | | 2013 | 30.04.2014 |
| | | | 2014 | 30.04.2015 |
| 37 | Sugar Cane Planters Trust | 3 | 2007-08 | 30.09.2008 |
| | | | 2008-09 | 30.09.2009 |
| | | | 01.07.2009-24.07.2010 | 31.03.2011 |
| 38 | Tea Board | 1 | 01.01.2013-26.11.2013 | 30.04.2015 |
| 39 | Training and Employment of Disabled Persons Board | 2 | 2013 | 30.04.2014 |
| | | | 2014 | 30.04.2015 |
| 40 | University of Technology Mauritius | 4 | 2011 | 30.04.2012 |
| | | | 2012 | 30.04.2013 |
| | | | 2013 | 30.04.2014 |
| | | | 2014 | 30.04.2015 |
| 41 | Vallée D'Osterlog Endemic Garden Foundation | 2 | 2013 | 30.04.2014 |
| | | | 2014 | 30.04.2015 |
| Total | | 96 | | |

APPENDIX IIC

**Statutory Bodies - Financial Statements Certified
but not yet Laid before National Assembly**

| | Statutory Bodies | No of Financial Statements | Period | Date Certified |
|----|--|---|-----------------------|---------------------------|
| 1 | Apravasi Ghat Trust Fund | 1 | 2013 | 15.10.2014 |
| 2 | Agricultural Marketing Board | 2 | 2012 | 31.10.2013 |
| | | | 2013 | 28.04.2015 |
| 3 | Beach Authority | 2 | 2012 | 04.06.2014 |
| | | | 2013 | 05.03.2015 |
| 4 | Central Electricity Board | 1 | 2012 | 14.09.2014 |
| 5 | Central Water Authority | 1 | 2013 | 04.12.2014 |
| 6 | Competition Commission of Mauritius | 1 | 2013 | 08.09.2014 |
| 7 | Conservatoire de Musique François Mitterand Trust Fund | 1 | 2012 | 21.10.2013 |
| 8 | Employees Welfare Fund | 1 | 2013 | 31.10.2014 |
| 9 | Export Processing Zone Labour Welfare Fund | 1 | 01.01.2013-28.02.2014 | 24.02.2015 |
| 10 | Farmers Service Corporation | 2 | 2011 | 28.12.2012 |
| | | | 01.01.2012-18.03.2012 | 21.07.2014 |
| 11 | Fashion and Design Institute | 3 | 2010 | 04.04.2014 |
| | | | 2011 | 04.09.2014 |
| | | | 2013 | 01.04.2015 |
| 12 | Fishermen Investment Trust | 1 | 2012 | 31.10.2013 |
| 13 | Human Resource Development Council | 1 | 2013 | 28.10.2014 |
| 14 | Industrial and Vocational Training Board | 1 | 01.07.2009-15.11.2009 | 11.07.2014 |
| 15 | Islamic Cultural Centre Trust Fund | 6 | 2005-06 | 26.07.2011 |
| | | | 2006-07 | 26.07.2011 |
| | | | 2007-08 | 26.07.2011 |
| | | | 2008-09 | 07.02.2014 |
| | | | 01.07.2009-31.12.2009 | 07.02.2014 |
| | | | 2010 | 07.02.2014 |

continued

**Statutory Bodies - Financial Statements Certified
but not yet Laid before National Assembly (continued)**

| | Statutory Bodies | No of Financial Statements | Period | Date Certified |
|----|---|---|-----------------------|---------------------------|
| 16 | Le Morne Heritage Trust Fund | 7 | 2004-05 | 30.03.2010 |
| | | | 2005-06 | 30.03.2010 |
| | | | 2006-07 | 30.03.2010 |
| | | | 2007-08 | 10.10.2014 |
| | | | 2008-09 | 10.10.2014 |
| | | | 01.07.2009-31.12.2010 | 10.10.2014 |
| | | | 2011 | 10.10.2014 |
| 17 | Lottery Committee | 1 | 2013 | 21.08.2014 |
| 18 | Mahatma Gandhi Institute | 1 | 2013 | 31.10.2014 |
| 19 | Malcom de Chazal Trust Fund | 8 | 2003-04 | 04.07.2013 |
| | | | 2004-05 | 14.10.2014 |
| | | | 2005-06 | 14.10.2014 |
| | | | 2006-07 | 14.10.2014 |
| | | | 2007-08 | 14.10.2014 |
| | | | 2008-09 | 14.10.2014 |
| | | | 01.07.2009-31.12.2010 | 14.10.2014 |
| | | | 2011 | 14.10.2014 |
| 20 | Mauritian Cultural Centre Trust | 2 | 2002-03 | 30.03.2005 |
| | | | 2003-04 | 22.01.2007 |
| 21 | Mauritius Broadcasting Corporation | 2 | 2007-08 | 20.10.2009 |
| | | | 01.07.2009-31.12.2010 | 07.02.2013 |
| 22 | Mauritius Cane Industry Authority | 1 | 19.03.2012-31.12.2013 | 31.10.2014 |
| 23 | Mauritius College of the Air | 1 | 01.01.2012-11.07.2012 | 31.10.2014 |
| 24 | Mauritius Council of Registered Librarians | 1 | 2012 | 03.12.2014 |
| 25 | Mauritius Examinations Syndicate | 3 | 2011 | 23.10.2012 |
| | | | 2012 | 08.10.2013 |
| | | | 2013 | 25.09.2014 |

continued

**Statutory Bodies - Financial Statements Certified
but not yet Laid before National Assembly (continued)**

| | Statutory Bodies | No of Financial Statements | Period | Date Certified |
|----|--|---|-----------------------|---------------------------|
| 26 | Mauritius Film Development Corporation | 2 | 2011 | 08.10.2013 |
| | | | 2012 | 20.10.2014 |
| 27 | Mauritius Institute of Education | 1 | 2013 | 15.10.2014 |
| 28 | Mauritius Institute of Training and Development | 3 | 16.11.2009-31.12.2010 | 11.07.2014 |
| | | | 2011 | 24.07.2014 |
| | | | 2012 | 29.01.2015 |
| 29 | Mauritius Marathi Cultural Centre Trust | 1 | 2011 | 20.11.2014 |
| 30 | Mauritius Meat Authority | 2 | 2012 | 04.02.2014 |
| | | | 2013 | 09.10.2014 |
| 31 | Mauritius Museums Council | 4 | 2008-09 | 06.09.2010 |
| | | | 01.07.2009-31.12.2010 | 04.06.2012 |
| | | | 2011 | 03.09.2014 |
| | | | 2012 | 09.10.2014 |
| 32 | Mauritius Oceanography Institute | 1 | 2013 | 24.02.2015 |
| 33 | Mauritius Qualifications Authority | 1 | 2012 | 18.04.2014 |
| 34 | Mauritius Research Council | 3 | 2011 | 27.12.2012 |
| | | | 2012 | 06.12.2013 |
| | | | 2013 | 30.12.2014 |
| 35 | Mauritius Sports Council | 4 | 2008-09 | 09.09.2013 |
| | | | 01.07.2009-31.12.2009 | 09.09.2013 |
| | | | 2010 | 09.09.2013 |
| | | | 2013 | 02.12.2014 |

continued

**Statutory Bodies - Financial Statements Certified
but not yet Laid before National Assembly (continued)**

| | Statutory Bodies | No of Financial Statements | Period | Date Certified |
|----|---|---|-----------------------|---------------------------|
| 36 | Mauritius Sugar Authority | 6 | 2006-07 | 03.12.2009 |
| | | | 2007-08 | 13.12.2011 |
| | | | 2008-09 | 13.12.2011 |
| | | | 01.07.2009-31.12.2010 | 29.03.2013 |
| | | | 2011 | 31.05.2013 |
| | | | 01.01.2012-18.03.2012 | 21.07.2014 |
| 37 | Mauritius Sugar Terminal Corporation | 1 | 01.01.2012-18.03.2012 | 02.09.2014 |
| 38 | Mauritius Tamil Cultural Centre Trust | 6 | 2004-05 | 24.10.2012 |
| | | | 2005-06 | 24.10.2012 |
| | | | 2006-07 | 21.11.2012 |
| | | | 2007-08 | 21.11.2012 |
| | | | 2008-09 | 23.12.2013 |
| | | | 01.07.2009-31.12.2010 | 23.12.2013 |
| 39 | Mauritius Telugu Cultural Centre Trust | 9 | 2004-05 | 13.05.2011 |
| | | | 2005-06 | 07.10.2011 |
| | | | 2006-07 | 21.05.2012 |
| | | | 2007-08 | 21.05.2012 |
| | | | 2008-09 | 21.05.2012 |
| | | | 01.07.2009-31.12.2010 | 30.10.2013 |
| | | | 2011 | 07.05.2014 |
| | | | 2012 | 21.08.2014 |
| | | | 2013 | 29.10.2014 |
| 40 | Mauritius Tourism Promotion Authority | 1 | 2013 | 07.11.2014 |
| 41 | National Agency for the Treatment and Rehabilitation of Substance Abusers | 2 | 2012 | 21.08.2013 |
| | | | 2013 | 22.08.2014 |

continued

**Statutory Bodies - Financial Statements Certified
but not yet Laid before National Assembly (continued)**

| | Statutory Bodies | No of Financial Statements | Period | Date Certified |
|----|---|---|-----------------------|---------------------------|
| 42 | National Art Gallery | 2 | 2012 | 17.10.2014 |
| | | | 2013 | 02.12.2014 |
| 43 | National Children's Council | 7 | 2006-07 | 28.01.2013 |
| | | | 2007-08 | 30.07.2013 |
| | | | 2008-09 | 13.02.2014 |
| | | | 01.07.2009-31.12.2010 | 13.02.2014 |
| | | | 2011 | 12.05.2014 |
| | | | 2012 | 22.09.2014 |
| | | | 2013 | 07.10.2014 |
| 44 | National Computer Board | 4 | 2007-08 | 05.12.2014 |
| | | | 2008-09 | 30.12.2014 |
| | | | 01.07.2009-31.12.2010 | 30.12.2014 |
| | | | 2011 | 20.01.2015 |
| 45 | National Council for the Rehabilitation of Disabled Persons | 3 | 01.07.2009-31.12.2010 | 18.11.2011 |
| | | | 2011 | 04.10.2012 |
| | | | 2013 | 16.10.2014 |
| 46 | National Economic and Social Council | 1 | 2013 | 17.03.2015 |
| 47 | National Heritage Fund | 4 | 2007-08 | 19.11.2012 |
| | | | 2008-09 | 19.11.2012 |
| | | | 01.07.2009-31.12.2010 | 28.01.2013 |
| | | | 2011 | 17.02.2014 |
| 48 | National Library | 1 | 2013 | 16.02.2015 |
| 49 | National Productivity and Competitiveness Council | 1 | 2013 | 16.01.2015 |

continued

**Statutory Bodies - Financial Statements Certified
but not yet Laid before National Assembly (continued)**

| | Statutory Bodies | No of Financial Statements | Period | Date Certified |
|----|--|---|-----------------------|---------------------------|
| 50 | National Women Entrepreneur Council | 6 | 2006-07 | 19.04.2011 |
| | | | 2007-08 | 19.04.2011 |
| | | | 2008-09 | 01.08.2012 |
| | | | 01.07.2009-31.12.2010 | 07.12.2012 |
| | | | 2011 | 08.10.2013 |
| | | | 2012 | 01.10.2014 |
| 51 | National Women's Council | 5 | 2006 | 14.05.2013 |
| | | | 2007 | 26.07.2013 |
| | | | 2008 | 05.12.2013 |
| | | | 2009 | 24.04.2014 |
| | | | 2011 | 27.02.2015 |
| 52 | National Youth Council | 14 | 1999-00 | 12.11.2001 |
| | | | 2000-01 | 26.03.2002 |
| | | | 2001-02 | 13.03.2003 |
| | | | 2002-03 | 16.02.2004 |
| | | | 2003-04 | 05.07.2006 |
| | | | 2004-05 | 21.06.2007 |
| | | | 2005-06 | 21.06.2007 |
| | | | 2006-07 | 02.07.2008 |
| | | | 2007-08 | 05.05.2009 |
| | | | 2008-09 | 24.06.2011 |
| | | | 01.07.2009-31.12.2010 | 23.10.2012 |
| | | | 2011 | 09.09.2013 |
| | | | 2012 | 09.09.2013 |
| | | | 2013 | 21.07.2014 |

continued

**Statutory Bodies - Financial Statements Certified
but not yet Laid before National Assembly (continued)**

| | Statutory Bodies | No of Financial Statements | Period | Date Certified |
|----|--|---|-----------------------|---------------------------|
| 53 | Nelson Mandela Centre for African Culture Trust Fund | 12 | 1996-97 | 21.07.2001 |
| | | | 1997-98 | 12.05.2003 |
| | | | 1998-99 | 12.05.2003 |
| | | | 1999-00 | 12.05.2003 |
| | | | 2000-01 | 08.07.2004 |
| | | | 2001-02 | 08.07.2004 |
| | | | 2002-03 | 08.07.2004 |
| | | | 2003-04 | 07.04.2009 |
| | | | 2004-05 | 08.10.2010 |
| | | | 2005-06 | 24.04.2012 |
| | | | 2006-07 | 24.07.2014 |
| | | | 2007-08 | 24.07.2014 |
| 54 | Outer Islands Development Corporation | 4 | 01.07.2009-31.12.2010 | 31.07.2013 |
| | | | 2011 | 31.07.2013 |
| | | | 2012 | 11.12.2013 |
| | | | 2013 | 31.10.2014 |
| 55 | Private Secondary Schools Authority | 2 | 01.07.2009-31.12.2010 | 13.04.2012 |
| | | | 2013 | 19.01.2015 |
| 56 | Rabindranath Tagore Institute | 1 | 2013 | 31.10.2014 |
| 57 | Rajiv Gandhi Science Centre Trust Fund | 6 | 2006-07 | 23.06.2009 |
| | | | 2007-08 | 11.03.2010 |
| | | | 2008-09 | 11.03.2010 |
| | | | 01.07.2009-31.12.2010 | 13.04.2012 |
| | | | 2011 | 21.12.2012 |
| | | | 2012 | 21.04.2014 |

continued

**Statutory Bodies - Financial Statements Certified
but not yet Laid before National Assembly (continued)**

| | Statutory Bodies | No of Financial Statements | Period | Date Certified |
|----|--|---|-----------------------|---------------------------|
| 58 | Road Development Authority | 5 | 2007-08 | 28.06.2012 |
| | | | 2008-09 | 12.07.2013 |
| | | | 01.07.2009-31.12.2010 | 12.07.2013 |
| | | | 2011 | 19.11.2013 |
| | | | 2012 | 19.11.2013 |
| 59 | Seafarers' Welfare Fund | 2 | 2012 | 02.09.2014 |
| | | | 2013 | 02.09.2014 |
| 60 | Sir Seewoosagur Ramgoolam Botanical Garden Trust | 8 | 05.06.1999-30.06.2000 | 28.02.2014 |
| | | | 2000-01 | 28.02.2014 |
| | | | 2001-02 | 28.02.2014 |
| | | | 2002-03 | 02.05.2014 |
| | | | 2003-04 | 13.05.2014 |
| | | | 2004-05 | 13.05.2014 |
| | | | 2005-06 | 27.05.2014 |
| | | | 2006-07 | 25.06.2014 |
| 61 | Small Farmers Welfare Fund | 3 | 2011 | 23.10.2012 |
| | | | 2012 | 30.10.2013 |
| | | | 2013 | 10.10.2014 |
| 62 | Small and Medium Enterprises Development Authority | 1 | 29.01.2010-31.12.2010 | 27.10.2014 |
| 63 | State Trading Corporation | 2 | 2012 | 29.10.2013 |
| | | | 2013 | 16.09.2014 |
| 64 | Sugar Cane Planters Trust | 1 | 2006-07 | 20.10.2008 |
| 65 | Sugar Industry Labour Welfare Fund | 2 | 2012 | 24.10.2013 |
| | | | 2013 | 27.10.2014 |
| 66 | Sugar Planters Mechanical Pool Corporation | 1 | 01.01.2012-18.03.2012 | 28.07.2014 |
| 67 | Tertiary Education Commission | 1 | 2013 | 24.10.2014 |

continued

**Statutory Bodies - Financial Statements Certified
but not yet Laid before National Assembly (continued)**

| | Statutory Bodies | No of Financial Statements | Period | Date Certified |
|--------------|---|---|-----------------------|---------------------------|
| 68 | Tourism Authority | 3 | 2011 | 03.10.2014 |
| | | | 2012 | 11.11.2014 |
| | | | 2013 | 11.11.2014 |
| 69 | Tourism Employees Welfare Fund | 1 | 2013 | 28.10.2014 |
| 70 | Trade Union Trust Fund | 4 | 2006-07 | 04.12.2014 |
| | | | 2007-08 | 04.12.2014 |
| | | | 2008-09 | 04.12.2014 |
| | | | 01.07.2009-31.12.2010 | 17.03.2015 |
| 71 | University of Mauritius | 1 | 2013 | 30.10.2014 |
| 72 | University of Technology Mauritius | 8 | 2001-02 | 13.11.2008 |
| | | | 2002-03 | 13.11.2008 |
| | | | 2003-04 | 13.11.2008 |
| | | | 2004-05 | 16.01.2012 |
| | | | 2005-06 | 25.06.2012 |
| | | | 2006-07 | 25.06.2012 |
| | | | 2007-08 | 25.06.2012 |
| | | | 2008-09 | 25.06.2012 |
| 73 | Vallée D'Osterlog Endemic Garden Foundation | 1 | 2012 | 03.04.2015 |
| Total | | 216 | | |

List of Local Authorities audited by the Director of Audit

- 1 The City Council of Port Louis
- 2 The District Council of Black River
- 3 The District Council of Flacq
- 4 The District Council of Grand Port
- 5 The District Council of Moka
- 6 The District Council of Pamplemousses
- 7 The District Council of Rivière Du Rempart
- 8 The District Council of Savanne
- 9 The Municipal Council of Beau Bassin/Rose Hill
- 10 The Municipal Council of Curepipe
- 11 The Municipal Council of Quatre Bornes
- 12 The Municipal Council of Vacoas /Phoenix

Note: The following District Councils have been split in two District Councils as from 1 January 2013.

- 1 The Grand Port/Savanne District Council
- 2 The Moka/Flacq District Council
- 3 The Pamplemousses/Rivière Du Rempart District Council

List of Other Bodies audited by the Director of Audit

- 1 Association of District Councils-Moka
- 2 Centre for Development Corporation in Fisheries-NORAD
- 3 Discharged Persons Aid Committee
- 4 Financial Intelligence Unit
- 5 Independent Commission Against Corruption
- 6 Indian Ocean Rim Association for Regional Cooperation
- 7 Institute For Judicial and Legal Studies
- 8 National Archives Research and Publication Fund
- 9 National Committee on Corporate Governance
- 10 National Empowerment Foundation
- 11 National Savings Fund
- 12 Parole Board
- 13 Postal Authority
- 14 Statutory Bodies Family Protection Fund
- 15 University of Mauritius Trust
- 16 World Diabetes Foundation

International Donor Agencies

- 17 Arab Bank for Economic Development in Africa BADEA
- 18 Mauritius Infrastructure Project
- 19 Middle Income Countries Technical Assistance- Grant for Competiveness and Public Sector Efficiency
- 20 Middle Income Countries Technical Assistance -Grant For Debt Management Capacity Building Projects
- 21 Middle Income Countries-Technical Assistance- Grant For Outline Planning Scheme
- 22 Middle Income Countries-Technical Assistance Grant For Sewerage Master Plan Study
- 23 Middle Income Countries Technical Assistance- Grant For Statistical Capacity Building Programme
- 24 OPEC Fund for International Development OFID
- 25 Plaines Wilhems Sewerage Project
- 26 UNFPA Improved Quality of Life of Population
- 27 UNFPA Strengthening Reproductive Health for Youth

APPENDIX IVB

Other Bodies - Financial Statements not yet Submitted

| | Other Bodies | No of Financial Statements | Period | Statutory Date Limit |
|--------------|--|-----------------------------------|-----------------------|-------------------------------|
| 1 | Arab Bank for Economic Development in Africa BADEA | 1 | 2014 | 30.06.2015 |
| 2 | Association of District Councils-Moka | 1 | 2014 | 30.04.2015 |
| 3 | National Committee on Corporate Governance | 1 | 2014 | 30.04.2015 |
| 4 | National Empowerment Foundation | 4 | 2011 | 30.06.2012 |
| | | | 2012 | 30.06.2013 |
| | | | 2013 | 30.06.2014 |
| | | | 2014 | 30.06.2015 |
| 5 | National Savings Fund | 2 | 2013 | 31.03.2014 |
| | | | 2014 | 31.03.2015 |
| 6 | OPEC Fund for International Development OFID | 1 | 2014 | 30.06.2015 |
| 7 | National Archives Research and Publication Fund | 5 | 01.07.2009-31.12.2010 | No Statutory Date Limit |
| | | | 2011 | |
| | | | 2012 | |
| | | | 2013 | |
| | | | 2014 | |
| 8 | Discharged Persons Aid Committee | 1 | 2014 | |
| 9 | Indian Ocean Rim Association for Regional Cooperation | 1 | 2014 | |
| 10 | Middle Income Countries- Technical Assistance- Grant- Competiveness and Public Sector Efficiency | 1 | 2014 | |
| 11 | Postal Authority | 1 | 2014 | |
| 12 | University of Mauritius Trust | 2 | 2013 | |
| | | | 2014 | |
| Total | | 21 | | |