

NATIONAL AUDIT OFFICE



REPUBLIC OF MAURITIUS

REPORT OF THE DIRECTOR OF AUDIT

ON THE ACCOUNTS OF THE

REPUBLIC OF MAURITIUS

FOR THE FINANCIAL YEAR

1 JULY 2016 TO 30 JUNE 2017

NATIONAL AUDIT OFFICE

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THE NATIONAL AUDIT OFFICE

Introduction

The Constitution of Mauritius establishes the public office of the Director of Audit. The Director of Audit is the head of the National Audit Office (NAO), which is referred to, in the international context, as the Supreme Audit Institution (SAI) of Mauritius. SAIs play a vital role in the public sector good governance framework.

NAO carries out independent external public sector audit. It also contributes in the improvement of the public sector performance, accountability and transparency through independent and objective assessment and reporting on the financial statements, operations and activities of Government/Public entities. The National Assembly seeks independent assurance that these entities are operating and accounting for their performance, in accordance with Parliament's purpose. It is the responsibility of the Director of Audit to provide this assurance to the legislature and oversight bodies, those charged with governance and the general public.

Legal provisions have been made in the Constitution and various legislations of Mauritius to enable NAO to exercise its public-sector audit function. The Constitution of Mauritius provides for the appointment and removal of the Director of Audit, her independence and security of tenure, as well as her authority and specific conditions of service. In addition, provisions have been made in the Finance and Audit Act regarding the duties and powers of the Director of Audit as well as for the protection of NAO staff against liability in the execution of their functions.

In order to discharge her duties, the Director of Audit is supported by professional and experienced staff. The NAO operates within regulations pertaining to the public sector.

Scope of this Report

I am required by the Constitution of Mauritius and the Finance and Audit Act to audit the accounts of the Republic of Mauritius and to submit my Report thereon to the Minister responsible for the subject of Finance.

This Report summarises the significant findings resulting from audit work undertaken by NAO with respect to the accounts of the Republic of Mauritius for the financial year ended 30 June 2017 and any other matters of importance that have come to my notice since my last Report.

NAO also carries out Performance Audit as per Section 16(1A) of the Finance and Audit Act. The following four Performance Audit Reports are being submitted together with this Report on Government Accounts:

- *Management of the Fleet of VIP Vehicles*
- *Prevention and Control of Non Communicable Diseases*
- *Assets Management in Local Authorities*
- *Response to Cases of Child Maltreatment.*

The Executive Summary of each of these reports is included at Appendices IA to ID.

The lists of other public entities, namely, Statutory Bodies, Local Authorities, Special Funds, State Owned Companies and Other Bodies audited by NAO as well as the status of the submission of their respective financial statements are also included at Appendices IIA to VB.

Legal Framework

Appointment of Director of Audit and Removal from Office

The Constitution of Mauritius provides the legal framework for the appointment and removal from office of the Director of Audit. Section 110 provides that there shall be a Director of Audit, whose office shall be a public office and who shall be appointed by the Public Service Commission, acting after consultation with the Prime Minister and the Leader of Opposition.

According to Section 93, the Director of Audit cannot be removed from office before attaining the retiring age, except for inability to discharge the functions of her 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.

Independence

So as to enable the Director of Audit to discharge her duties, provisions have been made in the Constitution to ensure her independence. Section 110 of the Constitution spells out the independence of the Director of Audit, providing that in the exercise of her functions, she shall not be subject to the direction or control of any person or authority.

Powers and Access to Information

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

Section 17 of the Finance and Audit Act provides, inter alia, that in the exercise of her duties under this Act, the Director of Audit may:

- call upon any public officer for any explanations and information which she may require in order to enable her to discharge her duties;
- with the concurrence of the head of any Ministry or Department, authorise an officer of that Ministry or Department to conduct on her 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 her duties and the Attorney General shall give a written opinion on such case.

Audit Mandate and Duties

Under provisions of the Constitution of Mauritius and the Finance and Audit Act, the Director of Audit is required to audit

- All Ministries and Government Departments;
- 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 of all Courts of law and all authorities and officers of the Government.

As per Section 16 of the Finance and Audit Act, the Director of Audit has to satisfy herself 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.

The Finance and Audit Act also requires the Director of Audit 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.

Furthermore, through provisions made in various legislations as well as, in Agreements with Institutions/Donor-funded projects, the Director of Audit is required to audit the accounts of:

- 109 Statutory Bodies;
- 12 Local Authorities;
- 24 Special Funds;
- Four State Owned Companies and 26 Other Bodies including six Donor Funded Projects.

Protection from Liability

Under Section 17A of the Finance and Audit Act, the Office of the Director of Audit, the Director of Audit or any officer of her staff are given protection from liability. The Act provides that no action shall lie against them, in respect of any act done or omitted to be done by them, in the execution, in good faith, of their functions under the Act.

Audit Reporting

As per Section 19 of the Finance and Audit Act, the Accountant-General is required, within six months of the close of every fiscal year, to sign and submit to the Director of Audit statements presenting fairly the financial transactions and financial position of Government on the last day of such fiscal year. For the Rodrigues Regional Assembly (RRA), the Commissioner responsible for the subject of Finance is required, within three months of the close of every fiscal year, to sign and submit to Director of Audit statements showing fully the financial position of the Island of Rodrigues on the last day of such fiscal year.

Section 110 of the Constitution provides that the Director of Audit shall submit her reports to the Minister responsible for the subject of finance, who shall cause them to be laid before the National Assembly.

Additional provisions, made under Section 20(1) of the Finance and Audit Act, require the Director of Audit to submit within eight months of the close of every financial year, copies of the statements submitted in accordance with Section 19, together with a Certificate of Audit and a Report upon the examination and audit of all accounts relating to public money, stamps, securities, stores and other property of Government and the RRA, to the Minister responsible for the subject of Finance. The latter is required as soon as possible thereafter to lay these documents before the National Assembly.

The Act also provides at Section 17, that, 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 her presented to the National Assembly. The Director of Audit may also, if it appears to her to be desirable, send a special report on any matter incidental to her powers and duties under the Finance and Audit Act to the Speaker of the Assembly to be by her presented to the Assembly.

National Audit Office in the Accountability Process

The system of financial control and accountability in Mauritius follows the Westminster model under which three main stakeholders, namely, Parliament (National Assembly), Government Executives (Accounting Officers) and the NAO exercise financial control over public resources.

As per the Constitution of Mauritius, the only authority for the expenditure of public funds and for the raising of revenues by public bodies is that which is given by the National Assembly. The National Assembly decides on policy matters and allocates funds for the implementation of these policies.

The Accounting Officers, namely, Senior Chief Executives, Permanent Secretaries and Administrative Heads of Ministries and Government Departments are responsible to efficiently and effectively manage the funds entrusted to them, the collection of revenues falling under their responsibility and the delivery of services, as well as to maintain proper financial systems. They are therefore accountable to the National Assembly for their use of public resources and the powers conferred on them by Parliament.

The NAO provides a key link in the accountability process between the legislature and the executive. It examines in detail the annual statements of the Republic of Mauritius and the underlying records and provides an Audit Report on the information presented by Government Executives. The Audit Report gives an independent assurance to the National Assembly that Government agencies are operating and accounting for their performance in accordance with the National Assembly's purpose and is the first step in the process of oversight. After the Audit Report is tabled, other important mechanisms are in place including the Public Accounts Committee (PAC) to ensure proper accountability.

The PAC is a sessional Select Committee, appointed under the Standing Orders of the National Assembly, and consists of a Chairman appointed by the Speaker and not more than nine members nominated by the Committee of Selection. The PAC, representing Parliament, is one of the main stakeholders of the Audit Report.

The function of the PAC is to examine the accounts of the Government of Mauritius for each financial year together with the Audit Report on them and such other accounts laid before the National Assembly as the Assembly may refer to the Committee. The PAC is mandated to hold Government officials accountable for the spending of public funds and stewardship over public resources. It is to satisfy itself that public money is spent for the purposes authorised by the National Assembly, and it 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.

The Director of Audit and her representatives assist the PAC in the discharge of its duties. Sessions of the PAC held to examine the Audit Report on Government Ministries and Departments are attended by the Director of Audit and/or her representatives, as well as by NAO Officers who may be of assistance to the Committee on matters under examination.

Public Sector Audit

Public-Sector auditing contributes to good governance by providing independent, objective and reliable information and conclusion based on sufficient and appropriate evidence relating to public entities. It enhances accountability and transparency and encourages continuous improvement and sustained confidence in the appropriate use of public funds and assets and the performance of public administration.

In order to fulfil its audit mandate effectively, NAO undertakes two main types of audits,

- Financial/Regularity Audit;
- Performance Audit.

Regularity Audit consists of the examination and evaluation of financial records and expression of opinion on financial statements, the audit of financial systems and transactions including an evaluation of compliance with applicable statutes and regulations, the audit of internal control and internal audit functions, reporting of any other matters arising from or relating to the audit that the NAO considers should be disclosed and reporting on any expenditure incurred which is of an extravagant or wasteful nature, judged by normal commercial practice and prudence.

Performance Auditing is an independent, objective and reliable examination of whether Government undertakings, systems, operations, programmes, activities or organisations are operating in accordance with the principles of economy, efficiency and effectiveness and whether there is room for improvement. Performance Auditing seeks to provide new information, analysis or insights, and where appropriate, recommendations for improvement.

Audit Methodology

NAO carries out the audit 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:

- 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 Process

Regularity Audit

NAO adopts a risk-based approach in order to identify units to be audited and for the conduct of individual audits. The audit starts with the planning process, which requires an understanding of the entity to be audited and its environment, in order to identify risks that may result in material misstatement of the financial statements. This is followed by an assessment of those risks, which involves considering a number of factors, namely, the nature of the risks, relevant internal controls and the required level of audit assurance. Appropriate audit responses to those risks are then designed in order to obtain sufficient appropriate audit evidence on which to conclude. The audit work carried out, as well as audit findings, are documented.

At the conclusion of the audit, an exit meeting is held whereby the management of the audited entity is given the opportunity to respond to audit findings, through discussions. A Management Letter, which is a formal detailed report, is then issued and the Accounting Officer is given the opportunity to give his comments and explanations on the matters raised therein.

Audit findings, which are deemed to be significant 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 Accounting Officer is given the opportunity to comment on the “true and fair” view of these audit findings. If necessary, these are revised before inclusion in the Audit Report for the period under review and, where appropriate, a summary of the comments of the Accounting Officer is also incorporated.

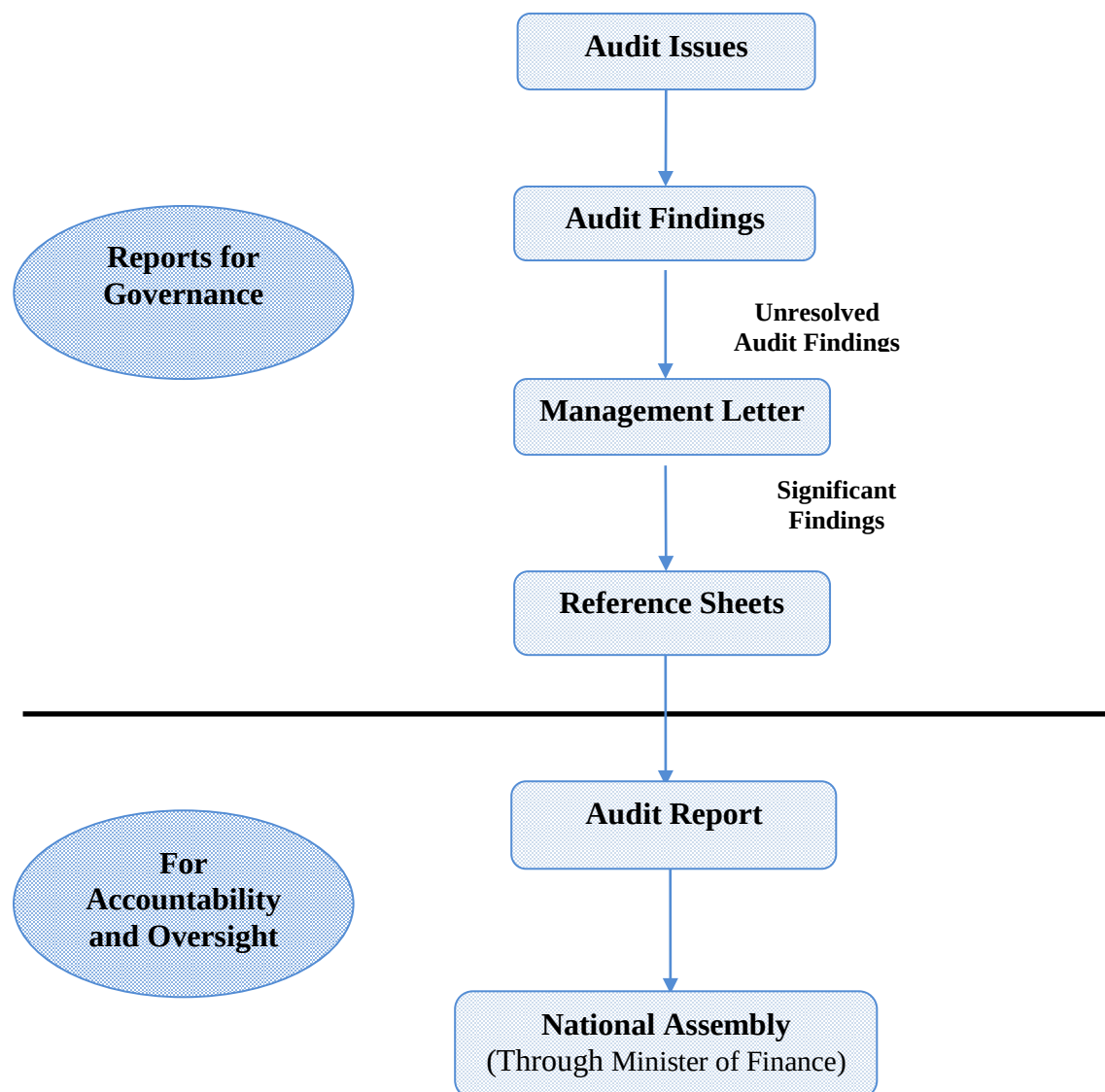
Performance Audit

Performance audits are planned, performed and reported in accordance with ISSAIs. During planning, audit topics are selected after research to identify risks and problems of performance in potential audit areas. An audit topic is selected based on its significance, risks and auditability of the problems identified. A work plan which includes the audit objective(s) followed by audit questions/sub questions and scope, is then designed. Suitable audit criteria, which correspond to the audit objective(s) and questions, are identified from different sources.

During execution phase, sufficient and appropriate audit evidence is gathered using the most appropriate methods to answer audit questions that enable to reach a conclusion on the audit objective(s). Audit findings are the results of analysing and assessing specific evidence and its relation to audit criteria. The causes and effects relevant to the audit findings are determined and the conclusions developed.

A comprehensive draft Performance Audit Report including practicable recommendations is then prepared and discussed with management of the audited entity during an exit meeting. The final Report is then issued after incorporating their comments and explanations.

Audit Reporting Process



Main Changes in Government Accounting

Annual Statements of the Accountant-General

Amendments were brought to Section 19 of the Finance and Audit Act in July 2017, requiring the Accountant-General to submit to the Director of Audit statements *presenting fairly the financial transactions and financial position of Government* instead of statements *showing fully the financial position of Mauritius on the last day of a fiscal year*. As such, the appellations of statements required under Section 19(3) have been changed and additional statements need to be prepared and included in the list of Annual Statements to be submitted to the Director of Audit.

Statement A : A '*Statement of financial position, showing the assets and liabilities*' is now to be submitted instead of the '*Statement of assets and liabilities*'.

Statement AA : A '*Statement of financial performance, showing classification of expenses by function*' is now to be submitted instead of the '*Statement of receipts and payments*'.

The following new statements will have to be prepared, in addition to 20 existing ones:

Statement AB - Statement of financial performance, specifying the nature of the expenses;

Statement AC - Statement of changes in net assets or equity;

Statement AD - Statement of cash flow, specifying the receipts and payments;

Statement AE - Statement of comparison of budget estimates and actual amounts, showing classification of expenses by function;

Statement AF - Statement of comparison of budget estimates and actual amounts specifying nature of expenses.

The Annual Statements to be submitted up to the financial year 2021-22, shall be prepared, as far as possible, in compliance with the International Public Sector Accounting Standards (IPSAS). As from financial year 2022-23 and onwards, the financial statements should be prepared in compliance with IPSAS.

New Audit Reporting Standards

ISSAIs reporting standards have been revised and are applicable for financial statements ending on or after 15 December 2016. The format of the audit report has been changed with a reclassification of the various headings and more extensive disclosure of auditor's responsibilities.

There is also a new requirement for auditors to disclose Key Audit Matters (KAM) in audit reports of listed entities and this may also be applied on a voluntary basis for other audits. KAM are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current year.

The rationale for only requiring the reporting of KAM for listed entities is derived from the material impact that such entities have on markets and economies as a whole. Given that the public sector is a significant participant of any economy and is responsible for maintaining and providing important functions that affect citizens, public sector auditors should also consider reporting KAM for auditees, other than listed entities. I have accordingly disclosed KAM in my report on the audit of the Annual Statements of the Government of the Republic of Mauritius for the financial year ended 30 June 2017.

Acknowledgement

I would like to take this opportunity to thank the Heads of Divisions and all the staff of the NAO for their full support, valuable contribution and commitment, without which the submission of this report would not have been possible. I would also like to thank and 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
National Audit Office

27 February 2018

2 - FINANCIAL STATEMENTS

2.1 Accounts of the Government of the Republic of Mauritius

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 fiscal year, statements presenting fairly the financial transactions and financial position of Government on the last day of such financial year.

The set of statements of the Government of the Republic of Mauritius for the fiscal year ended 30 June 2017 includes a Statement of Financial Position showing the assets and liabilities, a Statement of Financial Performance, and other Statements as prescribed by Section 19(3) of the Act.

2.2 Statement A - Statement of Financial Position as at 30 June 2017

Prior to 2016-17, a Statement of Assets and Liabilities was being prepared on a cash basis comprising financial assets and liabilities. Government is now embarking on the adoption of the International Public Sector Accounting Standards (IPSAS) based accrual accounting and financial reporting.

The International Monetary Fund (IMF) provided technical assistance to Government for the implementation of the IPSAS based accrual accounting and financial reporting and submitted a Report entitled “Towards Accrual Accounting and the Adoption of International Standards” in December 2016.

The Report provided a road map for the implementation of IPSAS based accrual accounting which would be implemented on a phased basis. The first accrual based financial statements, with non-financial assets still being reported on a cash basis, should be produced for 2017-18 for the Budgetary Central Government. Non-financial assets are to be reported on an accrual basis from 2018-19, and the coverage of the statements should expand to Central Government (2018-19), General Government (2019-20), and the Public Sector (2020-21).

Furthermore, paragraph 19(3A)(b) of the Finance and Audit Act provides that the Annual Statements of the Government shall, for the financial year 2022-23 and onwards, be prepared in compliance with IPSAS.

In line with the above, as from fiscal year 2016-17, the Statement of Assets and Liabilities was replaced by the Statement of Financial Position showing the assets and liabilities of Government. Consequently, the following assets and liabilities which were not recognised previously in the Statement of Assets and Liabilities were being recognised for the first time:

- Loans;
- Property, Plant and Equipment;
- Intangible Assets;
- Long Term Borrowings (included in Government Debt).

All transactions were accounted for on a cash basis except for 'Cost of Borrowings' and 'Carry-Over of Capital Expenditure' which were accounted for on an accrual basis.

2.2.1 Five Financial Periods Summary of Assets and Liabilities

Assets and liabilities for the past five financial periods are shown in Table 2-1.

Table 2-1 Summary of Assets and Liabilities for Past Five Financial Periods

	Financial periods ended				
	31.12.2013	31.12.2014	30.06.2015	30.06.2016	30.06.2017
	(Rs m)	(Rs m)	(Rs m)	(Restated) (Rs m)	(Rs m)
Assets					
Cash and Bank					
Balances	9,645.8	17,396.7	15,551.3	27,854.1	25,841.7
Advances	2,424.7	2,523.1	2,813.3	3,036.2	3,450.7
Investments	19,216.8	16,380.2	17,695.6	17,345.9	22,091.5
Loans	-	-	-	11,790.9	11,004.8
Property, Plant and					
Equipment	-	-	-	277,247.4	283,010.9
Intangible Assets	-	-	-	2,284.7	2,480.0
IMF-SDR Deposit	3,762.2	3,725.1	3,998.6	3,518.7	3,398.7
IMF-Reserve					
Tranche Position	-	1,767.6	1,586.3	2,036.4	1,205.6
Total Assets	35,049.5	41,792.7	41,645.1	345,114.3	352,483.9
Liabilities					
Accounts Payable	4,406.9	4,603.1	4,431.6	4,528.9	4,968.6
Government Debt	68,683.1	75,519.1	76,304.1	242,608.6	256,668.8
Deposits and					
Deferred Income	1,408.2	1,369.0	1,458.5	1,790.0	2,171.8
IMF-SDR					
Allocations	4,492.9	4,448.6	4,775.3	4,803.7	4,639.8
Total Liabilities	78,991.1	85,939.8	86,969.5	253,731.2	268,449.0
Net					
(Liabilities)/Assets	(43,941.6)	(44,147.1)	(45,324.4)	91,383.1	84,034.9
Represented by:					
Special Funds	10,963.8	7,783.0	7,480.8	7,099.8	7,739.9
Consolidated Fund	(54,905.4)	(51,930.1)	(52,805.2)	84,283.3	76,295.0

Source: Statement A - Statements of Assets and Liabilities/ Financial Position

2.2.2 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 was credited with all revenues collected on behalf of Government and all other monies properly accruing to it, and charged with expenses on the authority of warrant issued by the Minister to whom the responsibility for the subject of finance is assigned.

The Consolidated Fund, which showed accumulated deficits as at 31 December 2013, 31 December 2014, 30 June 2015 and 30 June 2016, recorded accumulated surplus of Rs 76,295 million as at 30 June 2017, with the first time recognition of Loans, Property, Plant and Equipment, Intangible Assets and Long Term Borrowings.

Furthermore, the accumulated deficit in the Consolidated Fund as at 30 June 2016 amounting to Rs 48,439.7 million has been restated at a surplus of Rs 84,283.3 million, with the recognition of Loans, Property, Plant and Equipment, Intangible Assets and Long Term Borrowings as from financial year 2015-16.

2.2.3 Property, Plant and Equipment

Property, Plant and Equipment (PPE) owned by Government have been recognised at some Rs 283 billion, for the first time in the Statement of Financial Position as at 30 June 2017.

The accounting policies adopted by the Treasury for the accounting of PPE have been based on the historic cost concept, except for State Lands which have been recognised at the value estimated by the Valuation Department.

As per the IMF Report issued in December 2016, a road map for implementation of accrual accounting in accordance with IPSAS, and Asset Register was identified. The road map has been systematically designed and caters for a well-structured and methodic way of proceeding.

As such, reporting of assets figures in the financial statements has been set for the year 2018-19. Nevertheless, the Treasury proceeded with the implementation of the recognition of PPE as from 2016-17 without giving due consideration to the completeness, valuation and existence of the PPE.

Completeness

The PPE figure did not include all the assets owned by Government as detailed below:

- All acquisition values for assets from a defined period of time as disclosed in Notes 7(a) and (b) to the Accounts have been captured and aggregated (for example Infrastructure Assets as from 1 July 1990, Ships/Vessels as from 1 July 1992, Aircrafts/Helicopters as from 1 July 1997, Other Vehicles as from 1 July 2007 and Other Machinery and Equipment as from 1 July 2007), and the assets were categorised. As regards existing assets at the level of Ministries/Departments outside

the defined range, no identification and valuation were made, and were not included as PPE or Intangible Assets in the annual statements;

- The value of State Lands was estimated at Rs 202.1 billion by the Valuation Department. This figure did not represent the value of whole extent of State Lands owned by Government, but comprised the values of the different categories of lands as disclosed at Note 7 (b) to the Accounts. Among the various categories of State Lands accounted for, commercial and residential sites were not included;
- Assets received as donation were not accounted for.

Valuation

- All assets (except specific State Lands) have been stated at the original cost/purchase price, and have not been depreciated;
- No depreciation has been charged on the assets;
- The Valuation Department provided the indicative values of the State Lands based on the assumption that the properties were in vacant possession and free from encumbrances and charges. The valuation exercise was also subject to limitations as it had been carried out based on the lists provided by the Ministry of Housing and Lands, and the properties had not been inspected. Any improvement on the sites were excluded in the value.

Existence

- Existence of the reported assets could not be ascertained as a reconciliation exercise between acquisition and actual physical existence was not carried out. There may be the risk that assets acquired since the defined periods are no more in use, obsolete and even stolen/lost;
- For State Lands, the Valuation Department provided the indicative value without all location plans, zoning status, lease agreements and other details regarding the above sites made available to it.

The above assumption and limitations could have a material impact on the indicative value as provided by the Valuation Department.

Department's Reply

We are in the very first phase of implementing the new accounting system, which includes the recognition of Property, Plant and Equipment owned by Government. The figure recognised in the Statement of Financial Position for the financial year ended 30 June 2017 has been based on the best available information. It is expected that, with the recording of the stock of existing assets in the Government Assets Register by Ministries and Departments, coupled with a more precise inspection and valuation of assets, this figure will gradually be firmed up in the following financial years.

The aim of recognizing Property, Plant and Equipment in 2016-17 instead of 2018-19 was to set the basis for the recognition of non-financial assets at an early stage and pave the way for gradual improvement so as to meet the target of moving to full accrual based IPSAS in 2022-23.

2.2.4 Government Debt - Rs 256,668,767,016

No appropriate disclosures with regard to risk management for Government debt, such as risks pertaining to liquidity, interest rate, currency, rollover and market risks have been made in Notes to the Account.

2.3 Statement B - Abstract Account of Revenue and Expenditure of the Consolidated Fund

The transactions for the financial year ended 30 June 2017 closed with a deficit of Rs 7,447,788,349 compared to a surplus of Rs 1,919,613,281 for financial year ended 30 June 2016.

Table 2-2 shows the revenue and expenditure for the past five financial periods.

Table 2-2 Revenue and Expenditure for the Past Five Financial Periods

Period	Revenue (Rs)	Expenditure (Rs)	Surplus/(Deficit) (Rs)
Year 2013	105,033,770,981	102,924,073,475	2,109,697,506
Year 2014	107,636,866,249	106,693,317,662	943,548,587
Jan to Jun 2015	55,500,075,726	57,973,968,343	(2,473,892,617)
July 2015 to June 2016	114,753,385,991	112,833,772,710	1,919,613,281
July 2016 to June 2017	123,053,995,739	130,501,784,088	(7,447,788,349)

Source: Statement B - Abstract Account of Revenue and Expenditure of the Consolidated Fund

The deficit for the financial year ended 30 June 2017 was due mainly to Capital Repayments of long term Government Debts and external loans totalling some Rs 17.4 billion as compared to Rs 5.9 billion in 2015-16.

2.3.1 Sources of Government Revenue

The major source of Government revenue was from taxes where some Rs 84.1 billion were collected during the financial year ended 30 June 2017. Other sources of Government revenue included Borrowings, Grants, Social Contributions, and Other Revenue (Interest, Dividends, Withdrawals from Quasi Corporations, Rent and Royalties, Sales of Goods and Services and Other Receipts) as shown in Table 2-3.

Table 2-3 Sources of Government Revenue

	6 months to 30.06.2015		12 months to 30.06.2016		12 months to 30.06.2017	
	(Rs m)	%	(Rs m)	%	(Rs m)	%
Taxes	36,569	65.9	78,224	68.2	84,148	68.4
Borrowings	14,637	26.4	22,629	19.7	25,883	21.0
Grants	1,196	2.1	333	0.3	2,904	2.4
Social Contributions	659	1.2	1,375	1.2	1,377	1.1
Other Revenue	2,439	4.4	12,192	10.6	8,742	7.1
Total Revenue	55,500		114,753		123,054	
Total Expenditure	57,974		112,834		130,502	
Surplus/(Deficit)	(2,474)		1,919		(7,448)	

Source: Statement B - Abstract Account of Revenue and Expenditure of the Consolidated Fund

As shown in Table 2-3, Government was highly dependent on borrowings to finance its expenditure during the last three financial periods. Borrowings ranked second as a source of Government revenue, and represented some 21 per cent of total revenue for the year ended 30 June 2017.

During 2016-17, some Rs 28.4 billion were spent towards Government debt servicing, comprising Capital Repayments, Interests and Management/ Service Charges, and excluding redemption of Treasury Bills and Treasury Notes. This sum represented some 22 per cent of total Government expenditure.

2.4 Statement of Investments

The Statement of Investments gives details of all investments made out of monies standing to the credit of the Consolidated Fund and Special Funds. The investments comprised Shares in Quoted and Unquoted Companies, Equity Participation and Other Investments. As of 30 June 2017, the total investments (at cost) were Rs 22,091,490,633 as shown in Table 2-4.

Table 2-4 Investments as of 30 June 2016 and 30 June 2017

Details	Cost	
	30.06.2017	30.06.2016
	(Rs)	(Rs)
Quoted Shares	140,251,221	140,251,221*
Unquoted Shares	13,985,729,669	12,073,250,362*
Equity Participation	4,088,315,060	4,225,315,060*
Sub Total	18,214,295,950	16,438,816,643*
Other Investments	3,877,194,683	907,054,310*
Total	22,091,490,633	17,345,870,953*

Source - Statement F – Detailed Statement of Investments as at 30 June 2017

*Figure restated

Other Investments comprised long term placement with the Development Bank of Mauritius (DBM) Ltd of Rs 833,495,000, EURO placement with MauBank Ltd of Rs 37,699,683, Fixed Deposit of Rs 3 billion with State Bank of Mauritius (SBM) Ltd and Fixed Deposit of Rs 6 million in respect of the Morris Legacy Fund with Mutual Aid Ltd.

2.4.1 New Investments

During financial year ended 30 June 2017, Government invested Rs 1,941,820,323 in seven Unquoted Companies. Details of the new investments are shown in Table 2-5.

Table 2-5 New Investments during the Year Ended 30 June 2017

Company	Approved Estimates 2016-17 (Rs)	Virement 2016-17 (Rs)	New Investments 2016-17 (Rs)	New Investments 2015-16 (Rs)
Airport of Rodrigues Ltd	40,000,000	-	40,000,000	50,000,000
Cargo Handling Corporation Ltd	255,000,000	-	254,659,189	175,000,000
Mauritius Africa Fund Ltd	100,000,000	(20,300,000)	59,980,000	20,000,000
MauBank Holdings Ltd	-	6,000,000	6,000,000	1,600,100,000
Metro Express Ltd	2,300,000,000	(348,600,000)	1,410,296,250	-
Polytechnics Mauritius Ltd (ex-Knowledge Parks Ltd)	85,000,000	30,600,000	115,567,296	184,344,814
SME Equity Fund Ltd	150,000,000	-	55,317,588	-
Business Parks of Mauritius Ltd	-	-	-	191,300,000
Mauritius Post Ltd	-	-	-	255,000,000
National Transport Corporation	-	-	-	90,630,000
Other Quoted and Unquoted companies	-	-	-	1,438
Total			1,941,820,323	2,566,376,252

Source: Statement D1 Vote 28-1 – Centrally Managed Initiatives of Government

During financial years 2016-17 and 2015-16, Government invested additional funds of Rs 476,206,485 and Rs 2,029,444,814 respectively in five Unquoted Companies, namely Airports of Rodrigues Ltd, Cargo Handling Corporation Ltd, Mauritius Africa Fund Ltd, MauBank Holdings Ltd, and Polytechnics Mauritius Ltd (ex-Knowledge Parks Ltd). No return/dividends have been received from these entities in the past, as well as during 2016-17.

The total investments in these five entities as at 30 June 2017 was Rs 4,834,752,900.

Department's Reply

The primary objective of the investments in the entities mentioned was not to generate cash return or dividend in the short to medium term, but to enable the entities to sustain their operations, undertake capital investments and improve service delivery.

2.4.2 Investment not Supported by Share Certificates

Share certificates in respect of the following two investments could not be produced:

- New investments in Polytechnics Mauritius Ltd (Ex- Knowledge Parks Ltd) of Rs 272,942 made on 21 June 2017;
- Investment of Rs 105,317,588 in SME Equity Fund Ltd following the amalgamation of the NRF Equity Investment Ltd and the SME Partnership Fund Ltd.

Department's Reply

A request has been made to the companies to provide the share certificates, and these will be made available for audit inspection upon receipt.

2.4.3 Return on Investments

Dividends Received

Total cost of investments in shares in quoted and unquoted companies amounted to Rs 14,125,980,890. During 2016-17, dividends received amounted to Rs 298,024,518, representing a return of some two per cent only. A sum of Rs 1,238,500,000 was budgeted as dividends receivable.

The budgeted and actual dividends received from investments during the past five financial periods are given in Table 2-6.

Table 2-6 Dividend Received during Financial Periods 2013-2017

Period	Budgeted (Rs)	Actual (Rs)
January to December 2013	2,272,000,000	1,418,431,315
January to December 2014	1,295,000,000	942,836,943
January to June 2015	303,000,000	295,187,828
July 2015 to June 2016	1,519,000,000	319,268,338
July 2016 to June 2017	1,238,500,000	298,024,518

Source: Statement D – Detailed Statement of Revenue of the Consolidated Fund for the financial year 2016-17

There has been a significant decrease in the dividend received over the past three financial periods when compared to financial years ended 31 December 2013 and 2014 as shown in Table 2.6.

Details of dividends received for years ended 30 June 2017 and 2016 are shown in Table 2.7.

Table 2-7 Dividends received during Financial Years ended 30 June 2016 and 2017

Details	Investment at Cost 30.06.2017 (Rs)	Dividend Received 01.07.2016 to 30.06.2017 (Rs)	Dividend Received 01.07.2015 to 30.06.2016 (Rs)
<i>Quoted Shares</i>			
Air Mauritius Limited	99,178,348	8,564,658	-
Alteo Ltd	1,140	379	361
Excelsior United Development Companies Ltd	37	29	-
IBL LTD	125	3	2
Lux Island Resorts Ltd	401	9	8
Medine Ltd	300	51	71
New National Investment Trust	-	-	2,427,246
New Mauritius Hotels Ltd	240	-	24
SBM Holdings Ltd	41,058,573	44,857,845	59,810,460
Société de Development Industriel & Agricole Ltée	-	1	40
The Bee Equity Partners Ltd	16	171	-
The United Basalt Products Limited	415	16	15
The Mauritius Development Investment Trust Co Ltd	2	5	6
<i>Units</i>			
NMF General Fund	-	-	592,711
NMF Property Trust	-	-	400,313
<i>Unquoted Shares</i>			
AfrAsia Bank Limited	197	3	-
African Export-Import Bank	20,524,620	241,684	2,665,760
Airports of Mauritius Co. Ltd	1,307,774,970	211,529,150	-
African Reinsurance Corporation	31,471,084	1,925,818	1,771,516
Mauritius Housing Company Ltd	59,161,634	23,892,370	23,341,450
Mauritius Telecom Ltd	63,625,174	-	220,779,354
PTA Reinsurance Company (ZEP-RE)	4,665,930	815,053	791,615
Sugar Investment Trust	19,999,980	763,933	-
The State Informatics Ltd	32,800,000	5,433,340	6,687,386
Total		298,024,518	319,268,338

Source Treasury Abstract for 2016-17 – Item Code 1412 – Dividends

Department's Reply

Actual dividend is dependent upon the financial situation of the institutions/enterprises concerned. Furthermore, the primary objective of the investment in various entities is not to generate dividend or other returns, but to enable them to sustain their operations and improve service delivery.

Investments Yielding No Returns during Financial Year 2016-17

Investment (at cost) totalling Rs 3,726,146,927 did not yield any return during 2016-17. Details of these investments are given in Table 2-8.

Table 2-8 Investments Yielding no Returns during 2016-17

	Year of Investments	Cost Price (Rs)
<i>Quoted Shares</i>		
New Mauritius Hotels Ltd	Prior 2001	240
United Docks Ltd	Prior 2001	9,600
<i>Unquoted Shares</i>		
Air Mauritius Holding Ltd	Prior 2001	87,354,608
Cargo Handling Corporation Limited	1983-2017	630,259,189
COVIFRA Ltee	Prior 2001	2,052,356
Development Bank of Mauritius Ltd	Prior 2001 and 2005 – 2009	216,250,000
Editions de L'Ocean Indien Ltee	2000 and 2001	1,140,000
Film Confluences Co. Ltd	2013	1,000,000
Mauritius Shipping Corporation Ltd	Prior 2001 and 2011	135,493,000
Mauritius Telecom Ltd	2000	63,625,174
National Real Estate Ltd	30.06.09	500,000,000
Overseas Telecommunications Services	Prior 2001	28,858
Shelter- Afrique	2013	3,933,886
Stafford Mayer Company South Africa Limited	Prior 2001	16
The State Investment Corporation Limited	2001 and 2012	85,000,000
<i>Equity Participation</i>		
Bank of Mauritius	2005 and 2011	2,000,000,000
Total		3,726,146,927

Source: Statement F – Detailed Statement of Investments as at 30 June 2017 and Investment Register
Investments not Yielding any Return Since Acquisition

Investments (at cost) totalling Rs 11,160,815,001 and representing some 50 per cent of total investments, did not yield any return at all since they have been acquired. Details are given in Table 2-9.

Table 2-9 Investments not Yielding any Return since Acquisition

	Year of Investment	Cost of Investment (Rs)
Quoted Shares		
Blue Life Ltd	2013	1,976
United Investment Ltd		48
Unquoted Shares		
African Development Bank	1992-1993	577,072,384
Airports of Rodrigues	2000-2008	628,310,200
Discover Mauritius Ltd	2006-2007	500,000
Eastern and Southern African Trade & Development Bank Ltd	1990-1991	200,154,009
Enterprise Mauritius	2004-2005	79,782,747
Events Mauritius Ltd	2006-2007	1,800,000
Landscape (Mauritius) Ltd	2009-2016	3,167,566,278
MauBank Holdings Ltd	2001-2005 and 2015-2016	3,196,266,400
Mauritius Africa Fund Ltd	2016	79,980,000
Mauritius Educational Development Company Ltd	2000-2001	16,000,000
Mauritius Road Infrastructure Finance Ltd	2014	100,000
Multi Carrier Mauritius Ltd	2001-2004	134,000,000
National Housing Development Company Ltd	2007-2008	200,000,000
National Insurance Co Ltd	2015	30,000,000
NIC General Insurance Co Ltd	2015	30,000,000
Polytechnics Mauritius Ltd (Ex-Knowledge Parks Ltd)		299,937,111
SME Equity Fund	2006-2017	105,317,588
The Mauritius Post Ltd	2001-2016	626,111,200
Equity Participation		
Central Electricity Board	1992-2016	396,856,197
Central Water Authority	1993-2012	962,250,913
Civil Service College	2012	15,000,000
Mauritius Cooperative Livestock Marketing Federation	1992-1993	450,000
Mauritius Cane Industry Authority (ex-Mauritius Sugar Authority and ex-Mauritius Sugar Terminal Corporation)	2013	173,803,732
National Transport Corporation	Prior 01.07.01-2016	140,630,000
Rodrigues Educational Development	2001-2002	80,000
Rose Belle Sugar Estate	1987-1996	98,844,218
Total		11,160,815,001

Source: Statement F – Detailed Statement of Investments as at 30 June 2017 and Investment Register

2.4.4 Withdrawals from Income of Quasi Corporations

Government also received income from Quasi Corporations. During 2016-17, a sum of Rs 1,809,541,915 was received compared to Rs 2,289,254,666 for 2015-16 as shown in Table 2-10.

Table 2-10 Original Estimates and Actual Revenue Received from Quasi Corporations

Quasi Corporations	Year ended		30.06.2016 Actual Revenue (Rs)
	30.06.2017 Original Estimates of Revenue (Rs)	Actual Revenue (Rs)	
Information & Communication Technology Authority	190,000,000	190,000,000	40,000,000
Financial Services Commission	950,000,000	732,449,915	699,254,666
Mauritius Ports Authority	100,000,000	100,000,000	100,000,000
State Trading Corporation	1,700,000,000	787,092,000	1,450,000,000
Total	2,940,000,000	1,809,541,915	2,289,254,666

Source Treasury Abstract for financial year 2016-17 – Item Code 1413 – Withdrawals from Income of Quasi Corporations

2.4.5 Interest Received on Other Investments

A total amount of Rs 16,445,613 has been received as interests during 2016-17 as shown in Table 2-11.

Table 2-11 Interest Received on Other Investments during 2016-17

	Investment as at 30.06.2017 (Rs)	Interest Received (Rs)
Consolidated Fund - Long-Term Placements with DBM Ltd		
Fixed Deposits	420,000,000	8,379,000
Fixed Deposits	200,000,000	-
Line of Credit to Madagascar	150,000,000	3,232,500
Line of Credit to Comores	25,600,000	Interest free
Education Reform Loan Scheme	37,895,000	3,412,532
Sub Total	833,495,000	
MauBank Ltd – Euro placement	37,699,683	1,421,325
Morris Legacy Fund – Fixed Deposits with Mauritius Civil Service Mutual Aid Association	6,000,000	Credited to Morris Legacy Fund
State Bank of Mauritius Ltd	3,000,000,000	Payable on maturity
Total	3,877,194,683	16,445,613

Source: Treasury Abstract for financial year 2016-17 – Item Code 14110051 – Investment of Surplus Balances

Fixed Deposit – Rs 200 million

A sum of Rs 200 million was placed in a Fixed Deposit with DBM Ltd in October 2014 for a period of 12 months, and thereafter, renewed every year. For 2016-17, the Fixed Deposit carried interest at Repo rate payable half yearly on 3 November 2016 and 3 March 2017.

Interest has never been received on the above Fixed Deposit.

Department's Reply

Since 2015, DBM Ltd has embarked on an internal restructuring exercise aimed at redressing its financial situation. The restructuring exercise is expected to enable the DBM Ltd to generate operating profits in the near future. Furthermore, a Turnaround Plan for DBM Ltd is being worked out and aims at enabling the company, inter alia, to meet its payments obligations to the Government, including interests.

2.5 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;
- Money transferred from expenditure;
- Monies levied from other sources.

The characteristics of the Special Funds are that:

- they do not form part of the Consolidated Fund;
- they are administered in the manner specified in the enactments or instruments creating them;
- in the absence of any such provision in the enactment or instrument, the Minister to whom the responsibility for the subject of finance is assigned, 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 IIA. 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.

As of 23 February 2018, a total of 16 financial statements in respect of nine Special Funds have not yet been submitted for audit purposes. Details are at Appendix IIB.

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

2.6 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 Statement J - Statement of Public Sector Debt.

As of 30 June 2017, the PSD amounted to Rs 290.1 billion, compared to Rs 274.4 billion as of 30 June 2016, representing an increase of 5.7 per cent.

Details are given in the Table 2-12.

Table 2-12 Public Sector Debt

Debt Category	30 June 2017 (Rs)	30 June 2016 (Rs)
Government Debt		
Domestic	219,200,600,000	197,797,100,000
External	46,232,523,856	53,462,818,352
	265,433,123,856	251,259,918,352
Guaranteed by Government		
Agencies Extra Budgetary Units	113,841,680	138,660,675
Public Enterprises	18,963,493,108	16,082,238,851
	19,077,334,788	16,220,899,526
Not Guaranteed by Government		
Public Enterprises	5,592,503,875	6,914,211,368
Total	290,102,962,519	274,395,029,246

Source: Statement J - Statement of Public Sector Debt as at 30 June 2017

Domestic Debt was made up of obligations which include proceeds from issues of Treasury Bills, Treasury Notes, Government of Mauritius (GoM) Bonds, Mauritius Development Loan Stocks, GoM Savings Notes, and GoM Savings Bonds.

External Debt referred to Loans from Foreign Governments and Institutions, Government Securities held by Non Residents and IMF SDR Allocations¹.

¹ IMF SDR Allocations represent obligations which arise through the participation of the Republic of Mauritius in the SDR Department of the IMF, and are related to the allocation of SDR Holdings. SDR Holdings are international Reserve Assets created by the IMF and allocated to members to supplement reserves.

2.6.1 Domestic Government Debt

Maturity Structure of Domestic Government Debt

Domestic Government Debt, excluding Government Securities issued for the mopping up of excess liquidity and for liquidity management of Rs 14.43 billion, represented 70.6 per cent of total public sector debt figure as at 30 June 2017. Domestic debt composition by instrument comprised Treasury Bills of Rs 25.80 billion, Treasury Notes of Rs 51.92 billion, Mauritius Development Loan Stocks (MDLS) of Rs 3.08 billion and Government of Mauritius Bonds of Rs 123.98 billion.

An indication of the years of maturity of the outstanding Domestic Government Debt as at 30 June 2017 is given in Table 2-13.

Table 2-13 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
2017-18	25,797.4	17,721.5	368.5	7,190.0	51,077.4	24.94
2018-19	-	19,308.9	1,610.1	10,120.0	31,039.0	15.16
2019-20	-	14,890.0	1,098.5	11,461.6	27,450.1	13.41
2020-21	-	-	-	13,641.6	13,641.6	6.66
2021-22 and Onwards	-	-	-	81,563.0	81,563.0	39.83
Total	25,797.4	51,920.4	3,077.1	123,976.2	204,771.1	100.00

Source: Ledger of Respective Securities

The above figures exclude GoM Securities issued for the mopping up of excess liquidity of Rs 1,503.7 million and for liquidity management of Rs 12,925.8 million.

According to the maturity profile of the Domestic Government Debt, 24.9 per cent of total debt will mature within one year, and Rs 51.1 billion will be required to settle these debts. Additionally, some 15.2 per cent amounting to Rs 31.0 billion of the outstanding debts will fall due for repayment in the financial year ended 30 June 2019.

As shown in Table 2-13, there was a concentration of maturities in the near term and then spread thereafter.

Department's Reply

Government securities are issued in line with the debt management strategy as outlined in the Budget Estimates document 2017-18 which takes into account the need to minimise cost and risk of the debt portfolio. Over the years, the stocks of Treasury Bills have been reduced while those of medium and long term securities have been increased.

The concentration is an obvious outcome because it takes into account short term issuances for meeting cash flow requirements in a particular financial year and the mismatch between flows of revenue and expenditure. It may be also noted that interest on longer term securities is more costly than that paid for Treasury Bills.

Government of Mauritius Securities Issued for Mopping up of Excess Liquidity

The Bank of Mauritius (BoM) intervened for mopping up excess liquidity in the economy. Accordingly, BoM issued securities on behalf of Government. The balance of these securities stood at Rs 14.43 billion (Nominal Value) as at 30 June 2017 and comprised GoM Treasury Bills, GoM Savings Notes, and GoM Savings Bonds.

Total proceeds of Rs 14.24 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'.

As from May 2017, GoM Treasury Bills were no longer issued for mopping up of excess liquidity. Some Rs 12.9 billion, representing Treasury Bills issued for Liquidity Management will be fully repaid by the end of June 2018.

2.6.2 Public Sector Debt Figures for Past Five Financial Periods

The Public Sector Debt for the past five financial periods to 30 June 2017 is given in Table 2.14.

Table 2-14 Public Sector Debt for Financial Periods 2013 to 2017

Financial period ended	Public Sector Debt (Rs)	Increase over the previous year (Rs)	Increase over the previous year %
31.12.2013	219,867,268,241	25,380,334,811	13.05
31.12.2014	237,700,464,181	17,833,195,940	8.11
30.06.2015	251,788,430,234	14,087,966,053	5.93
30.06.2016	274,395,029,246	22,606,599,012	8.98
30.06.2017	290,102,962,519	15,707,933,273	5.72

Over the past five financial periods, Public Sector Debt has been increasing. The figure for 30 June 2017 has increased by Rs 70.2 billion when compared to Rs 219.9 billion recorded for 31 December 2013.

2.6.3 Government Debt Servicing

- (i) The Government debt servicing comprised capital repayments and interest payments on Domestic and External Debts, as well as management service charges.

Total Government debt servicing during the past five financial periods is shown in Table 2-15.

Table 2-15 Government Debt Servicing for Financial Periods 2013-2017

Particulars	Year ended		6 months ended	Year ended	
	31.12.2013 (Rs m)	31.12.2014 (Rs m)	30.06.2015 (Rs m)	30.06.2016 (Rs m)	30.06.2017 (Rs m)
*Interests					
External Debt	540.6	643.3	348.4	668.9	720.6
Domestic Debt	9,088.9	9,474.3	4,522.6	9,354.1	10,153.6
Management Service Charges	25.6	16.1	9.4	11.6	7.2
Sub Total	9,655.1	10,133.7	4,880.4	10,034.6	10,881.4
Capital Repayments					
External Debt	1,089.6	2,831.2	1,120.6	2,579.0	6,695.2
**Capital Repayments					
Domestic Debt	55,336.4	60,466.7	32,268.0	70,386.9	90,261.5
Total	66,081.1	73,431.6	38,269.0	83,000.5	107,838.1

Source Treasury Accounting Systems

* Interest is computed on an accrual basis

**including redemption of Treasury Bills and Treasury Notes.

Interest payments on Public Debt amounted to some Rs 10.9 billion for the financial year ended 30 June 2017, and some Rs 7.2 million were incurred in respect of management service charges.

- (ii) It was the Treasury policy to include capital repayments in respect of domestic long term debt and external debt only in the Detailed Statement of Expenditure of the Consolidated Fund (Statement D1), whilst issue and redemption of Treasury Bills and Treasury Notes during financial year 2016-17 were not included, but were accounted for as “Below the Line” transactions.

New issues of Treasury Bills, Treasury Notes and GoM Bonds for the financial year ended 30 June 2017 amounted to Rs 67.7 billion, Rs 19.1 billion and Rs 24.8 billion respectively. There was no issue of Mauritius Development Loan Stocks (MDLS). Redemption of Treasury Bills, Treasury Notes and GoM Bonds were Rs 63.4 billion, Rs 16.1 billion and Rs 10.2 billion respectively. As for MDLS, Rs 526 million were redeemed during the same period.

Table 2-16 shows Government debt servicing as a percentage of total Government expenditure for the past five financial periods 2013 to 2017. The Government Debt

Servicing and the total expenditure have been adjusted to include the redemption of Treasury Bills and Treasury Notes to arrive at the total cost for Government debt servicing.

Table 2-16 Government Debt Servicing as a Percentage of Total Government Expenditure

Period	Government Debt Servicing* Rs m	Total Expenditure* Rs m	Government Debt Servicing as a % of Total Expenditure
January to December 2013	66,081.1	153,874.1	42.9
January to December 2014	73,431.6	157,203.8	46.7
January to June 2015	38,269.0	82,111.9	46.6
July 2015 to June 2016	83,000.5	179,922.5	46.1
July 2016 to June 2017	107,838.1	210,026.0	51.3

**including redemption of Treasury Bills and Treasury Notes.*

Government debt servicing to the tune of Rs 107,838.1 million for the financial year ended 30 June 2017, represented an increase of 29.9 per cent when compared to last year figure of Rs 83,000.5 million. This was the highest recorded debt servicing figure during last five financial periods.

Some 51.3 per cent of the total Government expenditure for financial year ended 30 June 2017 were on Government debt servicing.

Furthermore, as per Statement A - Statement of Financial Position as at 30 June 2017, Government debt stood at Rs 256.7 billion (cost price) and this represented 95.6 per cent of total Government liabilities.

Department's Reply

- “Expenditure Charged Statutorily or by Virtue of the State Obligations” as provided in the Budget Estimates, includes capital repayments in respect of domestic long term debt and external debt only. Accordingly, only long term debt flows (issues and redemptions) are accounted for as transactions under the Consolidated Fund, and thus included in Statement D and D1. On the other hand, Treasury Bills and Treasury Notes are basically issued for cash flow purposes and are not treated as transactions under the Consolidated Fund.
- The cost of debt servicing should be expressed as a ratio of total expenditure, excluding redemption of Government securities from both. The rationale for this is that redemption of Government securities is a financing activity rather than an expenditure.

2.7 Public Sector Debt and Gross Domestic Product

Public Sector Debt (PSD) and PSD as a percentage of Gross Domestic Product (GDP) as at 31 December 2013 and 2014 and 30 June 2015, 2016 and 2017 are given in Table 2-17.

Table 2-17 Public Sector Debt and Gross Domestic Product

As at	PSD Rs billion	GDP Rs billion	PSD as Percentage of GDP %
31 December 2013	219.9	372.4	59.1
31 December 2014	238.0	392.1	60.7
30 June 2015	251.9	400.4	62.9
30 June 2016	274.4	421.3	65.1
30 June 2017	290.1	447.2	64.9

Source Ministry of Finance and Economic Development Records

As of 30 June 2017, total PSD stood at Rs 290.1 billion, that is an increase of some Rs 15.7 billion compared to 30 June 2016. As at the same date, PSD as a percentage of GDP stood at 64.9 as compared to a percentage of 65.1 recorded at end of June 2016.

For the computation of PSD for the purpose of debt ceiling, in line with the provisions of the Public Debt Management Act, PSD of Rs 290.1 billion as at 30 June 2017 was adjusted by a sum of Rs 38.6 billion to Rs 251.5 billion. The figure of Rs 38.6 billion comprised an adjustment of Rs 14.4 billion for public enterprises' debts, as well as other adjustments totalling Rs 24.2 billion in respect of Government Securities issued to mop up excess liquidity, Cash and Cash Equivalents and Special Drawing Rights.

The impact of the adjustment would be a decrease of PSD as a percentage of GDP by 8.7 per cent, that is, from 64.9 to 56.2 per cent.

2.7.1 Management of Loans

As previously reported, commitment fees were paid when funds in respect of projects were withdrawn after the scheduled date specified in the loan agreements. During 2016-17, some Rs 8.8 million were paid as Commitment Fees in respect of six loans, and none in respect of four other loans.

The cumulative amount of Commitment Fees on the ten loans since their respective agreements were signed was some Rs 121.1 million as shown in Table 2-18.

Table 2-18 Commitment Fees Paid

Funding Agency (Amount) – Initial Period of Withdrawal	Project	Disbursed up to 30.06.17	Commitment Fees Paid				
			Up to 31.12.13	During 2014	During 18 month period ended 30.06.16	July 2016 to June 2017	Up to 30.06.17
			(Rs m)	(Rs m)	(Rs m)	(Rs m)	(Rs m)
Japan International Cooperation Agency (JPY 7,012 million) - 5 Nov 2010	Grand Bay Sewerage Project	JPY 138,291,560	6.49	2.02	3.00	2.26	13.77
Exim Bank of India (US \$ 48.5 million) - 30 March 2011	Offshore Patrol Vessel	US \$ 48.5 million	17.04	2.29	6.00	-	25.33
Exim Bank of China (CNY 580 million) – 30 April 2012	Bagatelle Dam	CNY 580 million	12.64	8.41	1.40	0.40	22.85
Exim Bank of India (US \$ 46 million) – 8 July 2014	Specialised Defence Equipment	US \$ 22 million	-	-	1.80	0.31	2.11
Exim Bank of India (US \$ 18 million) – 8 August 2014	Fast Attack Waterjet	US \$ 18 million			2.95	1.28	4.23
Agence Française de Developpement (€ 27 million) – 26 June 2015	Restructurin g Cargo Handling Corp	€ 7,505,867			4.90	4.08	8.98
Exim Bank of China (CNY 480 million) – 25 Feb 2009	Plaine Wilhems Sewerage Lot 2	CNY 480 million	39.60	0.47	-	-	40.07
African Development Bank (US \$ 420 million and € 186 million) – 30 May 2013	Public Sector Efficiency Programme	US \$ 324 million and € 146 million	-	0.02	-	-	0.02
European Investment Bank (€ 35 million) – 1 Dec 2013	Plaine Wilhems Sewerage Project	€ 27.5 million	-	3.34	-	-	3.34
Loan from IBRD for APEI – Regional Loan 8603 - (€ 13.7 million) – May 2016		€ 13.7 million				0.44	0.44
Total			75.77	16.55	20.05	8.77	121.14

Source: Treasury Accounting System

Disbursements were not effected as scheduled due to delay in implementation of the projects.

➤ *Grand Bay Sewerage Project*

At paragraph 2.12.4 of the Audit Report for the 18-month period 1 January 2015 to 30 June 2016, mention was made that the delay in the Grand Bay Sewerage Project Phase IB was due to the fact that procedures for the procurement of the services of a Consultant required longer time than initially foreseen. Moreover, due to budgetary constraints, the Ministry contemplated deferring the project to 2018-19, and thereafter, some ten months were required for a mutual agreement to start the project by the last quarter of 2016.

The Project was further delayed as a result of the Funding Agency reviewing the bidding documents for the pre-qualification exercise for the construction of main sewer reticulation network, pumping stations, and associated mechanical and electrical works, and hence requested for the resubmission of revised Bid Documents. On 30 August 2017, during a meeting with the Funding Agency's representatives, the Wastewater Management Authority requested them to clarify on which changes to draft the bidding documents for securing their no objection. As of end of October 2017, a reply from the Funding Agency was awaited.

Commitment Fees paid during 2016-17 amounted to Rs 2.26 million.

➤ *Bagatelle Dam*

The construction of the Bagatelle Dam, which started on 1 December 2011, was scheduled to be completed in December 2014. However, due to major design changes, including the construction of a cut off wall around its perimeter and other ancillary works, the Dam was expected to be ready in December 2016 for impoundment. The Taking Over Certificate was issued on 30 June 2017. During 2016-17, Commitment Fees of Rs 0.4 million were paid. As of October 2017, Loan for the Bagatelle Dam Project from Exim Bank of China amounting to CNY 580 million was fully disbursed.

➤ *Specialised Defence Equipment*

There was delay in finalising procurement procedures for Specialised Defence Equipment. Commitment Fees paid during 2016-17 amounted to some Rs 310,000.

➤ *Fast Attack Waterjet*

As of end of October 2017, loan from Exim Bank of India in respect of the Fast Attack Waterjet was fully disbursed. Commitment Fees amounting to Rs 1.28 million were paid during 2016-17 due to delay in signing of Addendum and subsequent processes.

➤ *Restructuring Cargo Handling Corporation*

The delay was due to discussions being held with a foreign organisation on Port Operations and development of a Special Economic Zone was ongoing. During 2016-17, Commitment Fees paid amounted to Rs 4.08 million. However, as per the Lending

Agreement, all financing expenses, including Commitment Fees in relation to the project, would be passed on to the Corporation.

Ministry of Finance and Economic Development Reply

Commitment fees have been paid in respect of projects that are managed by their respective Ministries.

2.8 Statement of Outstanding Loans

Government advanced loans from revenue to Statutory Bodies, Private Bodies, Other Bodies and Private Individuals, mainly to finance capital projects. Total amount of loan due to Government (Capital only) as at 30 June 2017 amounted to Rs 11,004,784,923. Details are shown in Table 2-19.

Table 2-19 Loans due to Government as of 30 June 2017

Name of Borrowers	Original Loan (Rs)	Outstanding Loan (Rs)
Statutory Bodies		
Central Electricity Board	2,467,826,200	277,383,375
Central Water Authority	5,245,099,514	2,578,258,558
Mauritius Cane Industry Authority (ex-SPMPC)	20,408,214	18,430,218
Mauritius Meat Authority	5,717,943	5,669,085
Mauritius Cane Industry Authority (ex MSIRI)	2,631,395	569,054
Irrigation Authority	278,370,422	287,213,657
National Transport Corporation	156,022,528	154,071,447
MITD (ex IVTB)	88,534,225	-
Rose Belle Sugar Estate	96,577,646	95,507,665
Mauritius Broadcasting Corporation	466,899,705	67,268,268
Wastewater Management Authority	4,229,372,616	2,843,625,458
Sub Total	13,057,460,408	6,327,996,785
Private and Other Bodies		
Development Bank of Mauritius Ltd	569,165,876	365,865,868
Mauritius Housing Company Ltd	62,644,315	10,046,341
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	792,631,447	544,699,414
Landscape (Mauritius) Ltd (ex Business Parks of Mauritius Ltd	163,121,466	163,121,466
Mauritius Shipping Corporation	107,200,000	107,200,000
Cargo Handling Corporation Ltd	215,223,913	203,544,451
Airports of Mauritius Ltd	513,372,400	519,957,039
MauBank Ltd (ex MPCB Ltd)	8,000,000	8,000,000
Polytechnics Mauritius Ltd (ex Knowledge Parks Ltd)	486,000,000	579,400,314
SPV/Build Mauritius Fund	4,300,000,000	1,999,900,000
The Pamplemousses/R du Rempart D C	42,000,000	31,500,000
The Municipal Council of B. Bassin R. Hill	42,000,000	42,000,000
Rodrigues Regional Assembly	14,847,000	14,694,000
Sub Total	7,423,642,031	4,675,696,899
Private Individuals		
Repatriation Expenses	2,827,070	913,049
Small Scale Industries	546,277	178,190
Sub Total	3,373,347	1,091,239
Total	20,484,475,786	11,004,784,923

Source: Statement M – Statement of all Outstanding Loans Financed from Revenue as at 30 June 2017

Note: The original amounts of foreign loans are stated at their rupee equivalent on date of issue

As of 30 June 2017, the Wastewater Management Authority and Central Water Authority owed some Rs 2.8 billion and Rs 2.6 billion respectively, representing some 49 per cent of the total loan of some Rs 11.0 billion.

2.8.1 *Loans in Arrears*

Arrears with regard to loans comprised capital due but not yet paid and interest and penalty due in respect of claims issued by the Treasury as at 30 June 2017. Seven Statutory Bodies and seven Other Bodies have not repaid their loan instalments, accrued interests and penalties by the due dates. As at 30 June 2017, total arrears amounted to Rs 2,450,596,162 comprising capital of Rs 1,167,954,101 and interests and penalties of Rs 1,282,642,061. Details are shown in the Table 2-20.

Table 2-20 Arrears of Capital and Interest and Penalty due as of 30 June 2017

Statutory Bodies	Arrears Capital (Rs)	Interest and Penalty Due (Rs)	Period due	Remarks
Central Electricity Board	-	865,142	2011-2015	Arrears interest
Central Water Authority (Note 1)	450,054,726	244,286,735	1999-2017	Insufficient repayment
Irrigation Authority (Note 2)	267,494,535	204,643,952	1983-2017	No repayment since August 1996
National Transport Corporation (Note 3)	154,071,448	294,456,808	1988-2017	No repayment.
Mauritius Meat Authority (Note 4)	5,669,085	-	1986-1990	No repayment since 1980- request for write off sent to MoFED
Rose Belle Sugar Estate (Note 5)	80,297,020	107,757,873	1982-2017	Request for write off
Wastewater Management Authority	-	307,580,245	2014-2017	Outstanding since 2014
Other Bodies				
National Housing Development Company Limited	-	12,820,781	2016-2017	Rs 11,265,837 paid after year end (27.09.17)
Small Scale Industries (Note 4)	178,190	1,226,208	1985-2017	No repayment since 1993/94
MCCB Ltd (In liquidation) (Note 6)	81,308,000	69,946,578	1996-2017	In liquidation
Development Bank of Mauritius	26,338,841		2015-2017	Insufficient repayment
Bus Companies (Note 4)	4,460,006	-	1979	No repayment since 1995
Mauritius Shipping Corporation (Note 7)	87,100,000	33,532,541	2011-2017	Outstanding since 2011
Rodrigues Regional Assembly (Note 8)	10,982,250	5,525,198	2011-2016	Insufficient repayment
Total	1,167,954,101	1,282,642,061		2,450,596,162

Source: The Treasury's Records

Note 1 - Central Water Authority

During 2016-17, approval was obtained from the Ministry of Finance and Economic Development (MoFED) to write off an amount of Rs 1,723,306, representing penalties on unpaid capital instalments for the period 30 June 2013 to 12 June 2014 in respect of loan amount of Rs 311 million advanced to the CWA.

Amount collected during the year in respect of arrears on capital, interests and penalties as at 1 July 2016 amounted to only Rs 2,811,701 out of Rs 572,760,216. Arrears in respect of claims already issued to the Authority as at 30 June 2017 amounted to Rs 694,341,461, that is, some 28 per cent of total arrears of Rs 2,450,596,162.

Note 2 - Irrigation Authority

The Irrigation Authority (IA) contracted 15 loans totalling Rs 278,370,422 during the years 1984 to 2012. No repayment has been effected by the Authority since August 1996. Out of the 15 loans advanced, the principal and interest elements of 13 loans totalling Rs 330,408,433 (that is some 70 per cent of total arrears of the IA) have never been repaid despite several reminders sent.

Note 3 - National Transport Corporation

Total arrears of Rs 448,528,256 (Capital Rs 154,071,448 and Interest plus Penalties – Rs 294,456,808) were in respect of the 11 loans contracted by the National Transport Corporation (NTC) during the years 1988 to 1998. The original amounts of these loans totalled Rs 156,022,528. The Corporation has been effecting regular monthly repayments of Rs 10,000 as interest in respect of only one loan contracted in year 1995 (Indian Line of Credit Loan of Rs 41.6 million). No repayments have been effected in respect of the other loans since a long time back.

Note 4 - Loans to Mauritius Meat Authority, Bus Companies and Small Scale Industries

As at 30 June 2017, total arrears in respect of the Mauritius Meat Authority, Bus Companies and Small Scale Industries stood at Rs 5,669,085, Rs 4,460,006 and Rs 1,404,398 respectively. These loans were long over due. The last repayment effected by the Mauritius Meat Authority, Bus Companies and Small Scale Industries dated as far back as the years 1980, 1995 and 1993-94 respectively. In March 2016, action was initiated by the Treasury for the write off of those loans. As of December 2017, the decision of Ministry of Finance and Economic Development (MoFED) was being awaited.

Note 5 - Rose- Belle Sugar Estate

Due to financial difficulties being faced by the Rose Belle Sugar Estate, several requests have been made to MoFED by the Ministry of Agro Industry and Food Security since 2010 for the write off of the loans arrears. In line with paragraph 364 of the 2016-17 Budget Speech, on 29 July 2016, the Rose Belle Sugar Estate was required to submit its plan to turn around its financial situation to MoFED for consideration. Only a sum of Rs 120,000 in respect of one loan was refunded during the financial year.

Note 6 - MCCB Ltd (In liquidation)

As per the order of priority set out in the schedule to the MCCB Liquidation Act, Government was ranked at the 6th position to be repaid. As at end of November 2017, the only outstanding case before payment to Government was a case lodged at the Supreme Court by another creditor for an amount of Rs 45 million, excluding interest and other costs. The case has been fixed for hearing on 15 January 2018. The exact date of payment to Government in respect of the outstanding balance was still not known.

Note 7 - Mauritius Shipping Corporation

Three loans totalling Rs 107.2 million were advanced to the Mauritius Shipping Corporation in the years 2010 to 2013. The Corporation has never effected any repayment of capital and interest due on those loans.

Note 8 - Rodrigues Regional Assembly

A loan of Rs 14,847,000 was advanced to the Rodrigues Regional Assembly to finance development projects in the Fisheries Sector in year 2011. As at 30 June 2017, total capital and total interest repayments of only Rs 153,000 and Rs 17,000 respectively were effected.

2.8.2 Debt Restructuring of Mauritius Broadcasting Corporation

As at 1 July 2016, a total amount of Rs 472,489,696 (Capital only) in respect of five loans advanced was owed to Government by the Mauritius Broadcasting Corporation (MBC). During 2016-17, with the financial re-structuring of the MBC, the following were approved by Government:

- To net off MBC's outstanding loans from an amount of Rs 150 million received from the Information and Communication Technologies Authority on 4 August 2016;
- To write off an amount of Rs 318 million from the loans contracted by Government with the Chinese Government which were on-lent to the MBC;
- To adjust the balance of the loan on-lent to the MBC by Government, which was previously underestimated by an amount of CNY 8,074,000 (that is, Rs 42,551,594 at exchange rate CNY:Rs ruling on 5 August 2016);
- To convert the remaining loan balance of Rs 68,268,268 into a single loan with effect from 1 July 2017 with new terms and conditions.

2.8.3 New Loans Disbursed During 2016-17

During 2016-17, Government disbursed new loans totalling Rs 1,458,458,613 to the seven Bodies as stated in Table 2-21:

Table 2-21 New Loans Disbursed during 2016-17

Bodies	(Rs)
Waste Water Management Authority	536,572,049
Central Water Authority	408,415,585
Cargo Handling Corporation Ltd	215,223,913
National Housing Development Co Ltd	200,000,000
Development Bank of Mauritius	56,100,249
The Municipal Council of Beau Bassin Rose Hill	42,000,000
Private Individuals	146,817
Total	1,458,458,613

Source: Advance Ledgers

Loan to Wastewater Management Authority - Rs 536,572,049

During 2016-17, loan disbursed to Wastewater Management Authority (WMA) amounted to Rs 536,572,049. As of 30 June 2017, total loans disbursed to the Authority as per Loan Agreements signed between Government and the WMA since 2014 amounted to Rs 2,843,625,458 as shown in Table 2-22.

Table 2-22 Loans to Wastewater Management Authority

Date of Loan Agreement	Amount of Loan Disbursed (Rs)	Loan Repayment Period
6 May 2014	920,992,616	March 2018 – September 2027
19 August 2014	307,700,000	March 2019 – September 2028
14 November 2014	394,788,725	October 2019 – April 2029
23 February 2015	140,170,223	April 2020 – October 2029
25 May 2015	141,492,383	September 2020 – March 2030
25 May 2015	401,909,462	September 2020 – March 2030
15 September 2016	536,572,049	June 2021 – December 2030
Total	2,843,625,458	

Source: Advance Ledger

As per the Loan Agreements, interest was accrued as from the date of the first drawdown of the loans by the WMA. The latter was unable to pay the interest on their due dates. As of 30 June 2017, claims already issued in respect of interests and penalties due totaling Rs 307,580,245 have remained unpaid.

Loan to Central Water Authority – Rs 408,415,585

The Loan Agreement to enable the Authority to continue the implementation of capital projects was signed on 1 September 2016. During 2016-17, total disbursements amounted to Rs 408.4 million in respect of five projects, namely Bagatelle Water Treatment Plant and Associated Works (Rs 149.8 million), Non Revenue Water Projects in Upper Mare aux Vacoas System (Rs 147.8 million), Pailles Water Treatment Plant (Rs 65.5 million), Midlands Dam/Piton du Milieu Project (Rs 28.2 million) and Mont Blanc Water Treatment Plant (Rs 17.1 million).

Loan to Cargo Handling Corporation Ltd – Rs 215,223,913

On 25 June 2015, Government entered into a Credit Facility Agreement with the Agence Française de Développement (AFD) for an amount of € 27 million. On 13 October 2015, an On-Lending Agreement was signed between Government and the Cargo Handling Corporation Ltd (CHCL) to enable the latter to invest in new equipment, as well as rehabilitation of existing equipment and to restructure its organisation. It was also agreed that all amounts disbursed to CHCL by Government under the above mentioned Agreement would be in the combined forms of equity (52 per cent) and loan (48 per cent).

As of 30 June 2017, out of a total disbursement of Rs 644,883,102 to CHCL, a sum of Rs 215,223,913 was in the form of loan.

Loan to National Housing Development Co. Ltd – Rs 200,000,000

The Loan Agreement was signed on 15 June 2017 to part finance the construction of social housing units. The duration of the loan is 25 years (inclusive of a grace period on capital repayment of two years) with fixed interest rate at five per cent per annum.

2.9 Statement of Arrears of Revenue

Statement N - Statement of Arrears of Revenue as at 30 June 2017 was prepared by the Treasury on the basis of the returns submitted by all Ministries and Government Departments.

As of 30 June 2017, arrears of revenue of Government totalled Rs 11,078,307,392. An analysis of the arrears of revenue for the past five financial periods is given in Table 2-23.

Table 2-23 Arrears of Revenue as at end of Past Five Financial Periods

As at	Arrears of Revenue (Rs)	Increase over end of Previous Financial Period (Rs)
31 December 2013	8,386,240,505	1,458,309,444
31 December 2014	8,471,499,677	85,259,172
30 June 2015	9,084,401,110	612,901,433
30 June 2016	9,323,651,370	239,250,260
30 June 2017	11,078,307,392	1,754,656,022

Source: Annual Reports of the Accountant General

Annual increases have been noted in the arrears of revenue figure. There was a significant increase of Rs 1,754,656,022 as at end of 2016-17 as compared to the end of the previous financial year.

2.9.1 Arrears of Revenue – Mauritius Revenue Authority

Arrears of the Mauritius Revenue Authority (MRA) (Rs 7,425,083,704) represented some 67 per cent of the total arrears figure of Rs 11,078,307,392.

The total book balance of arrears of revenue for the MRA stood at Rs 23,321,993,202 as at 30 June 2017, of which an amount of Rs 7,425,083,704 was classified as ‘Collectible Debts’ and reported in Statement N – Statement of Arrears of Revenue as at 30 June 2017. The remaining sum of Rs 15,896,909,498 represented mainly disputed claims pending under objection at the MRA, cases lodged at the Assessment Review Committee and also cases where assessments had been raised, but objections could still not be lodged within the statutory time limit of 28 days.

2.9.2 Arrears of Revenue Written Off

For the period 1 July 2016 to 30 June 2017, Government wrote off a total of Rs 198,592,154, being long outstanding and irrecoverable debts, as compared to Rs 39,523,144 for period 1 July 2015 to 30 June 2016. Details are shown in Table 2-24.

Table 2-24 Arrears of Revenue Written Off

Ministries/Departments	1 July 2016 to 30 June 2017 (Rs)	1 July 2015 to 30 June 2016 (Rs)
Treasury	129,603,495	2,930,969
Registrar- General's Department	-	27,270,100
Ministry of Energy and Public Utilities	-	2,291,875
Judiciary	21,080,545	7,030,200
Corporate and Business Registration Department	46,741,463	-
Ministry of Agro-Industry and Food Security	1,126,751	-
Ministry of Industry, Commerce and Consumer Protection (Commerce Division)	39,900	-
Total	198,592,154	39,523,144

Source: Treasury's Records

Department's Reply

The Accountant General stated that Accounting Officers are required to take necessary actions at their level to ensure timely recovery of arrears and also to initiate action for the write-off of irrecoverable amounts.

2.9.3 The Treasury – Rs 2,458,277,594

Arrears in the books of the Treasury as of 30 June 2017 comprised mainly Loans, Interests and Penalties, and Accidents and Claims, as shown in Table 2-25.

Table 2-25 Treasury Arrears of Revenue as of 30 June 2017

	(Rs)
Loans, Interests and Penalties	2,450,596,162
Accidents and Claims	7,681,432
Total	2,458,277,594

The arrears figure of Rs 2,450,596,162 comprised Rs 1,167,954,101 as capital repayment due, and Rs 1,282,642,061 as interests and penalties due by seven Statutory Bodies and seven other Bodies.

Of the outstanding balance for Accidents and Claims of Rs 7,681,432, some 59 per cent with claims totalling Rs 4,505,081 were due for more than 10 years since the accidents occurred. Consequently, the possibility of recovery for such long overdue claims was remote.

Department's Reply

The State Law Office has already been contacted on those cases, and a reply on the recovery of such cases is being awaited.

3 – PRIME MINISTER’S OFFICE

Rodrigues Regional Assembly

Financial Statements

Financial Statements for the year ended 30 June 2017

3.1 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 year ended 30 June 2017, duly signed, were submitted to the National Audit Office on 26 September 2017, that is, within the statutory time limit. These statements comprise the Statement of Assets and Liabilities, and other Statements as required under Section 19(6) of the Finance and Audit Act.

3.2 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. As of mid-September 2017, the annual report for the year 2015 was not produced. As for the report on activities covering the six-month period 1 January to 30 June 2016, same had not been prepared.

RRA’s Reply

Annual Report 2015 has been completed and sent for printing. A first copy has been received in late September 2017 for approval. As regards the Annual Report for the period 1 January to 30 June 2016, it will be worked out together with that of the year July 2016 to June 2017.

3.3 Estimates of RRA and Grants Received

The draft estimates of revenue and expenditure for the financial year ended 30 June 2017 were approved by the RRA on 30 October 2015, together with those for the six-month period 1 January to 30 June 2016. The total amounts approved were Rs 2,967,770,000 for revenue and Rs 2,964,826,000 for expenditure.

The estimated revenue of Rs 2,967,770,000 comprised mostly contribution from Central Government to the tune of Rs 2,939,820,000. Other revenue of the RRA was made up of licence fees, property income and sale of goods and services, amongst others.

3.3.1 Actual Amount of Grant Received

Total contribution for the financial year ended 30 June 2017 received from the Central Government amounted to Rs 3,166,232,007, comprising Rs 2,350,000,000 and Rs 816,232,007 as recurrent and capital grants respectively. The contribution was financed from the budget of the Prime Minister's Office.

3.4 Statement of Assets and Liabilities

Included in the annual statements of the RRA is Statement A: Assets and Liabilities of the RRA. Details thereof as at 31 December 2015, 30 June 2016 and 30 June 2017 are as shown in Table 3-1.

Table 3-1 Assets and Liabilities of RRA as at:

	30 June 2017 (Rs)	30 June 2016 (Rs)	31 Dec 2015 (Rs)
Assets			
Cash and Bank balances	212,627,844	248,069,505	170,698,757
Advances	66,520,996	55,486,977	54,293,775
Total	279,148,840	303,556,482	224,992,532
Liabilities			
Rodrigues Consolidated Fund	74,223,942	29,124,920	24,290,485
Deposits	139,289,208	219,403,144	147,686,822
Loan: Government of Mauritius	65,635,690	55,028,418	53,015,225
Total	279,148,840	303,556,482	224,992,532

The accounts of the RRA were prepared on a cash basis. As such, current assets, such as arrears of revenue amounting to Rs 35,856,349 and current liabilities, such as pension liabilities, passage benefits and the monetary value of accumulated sick leaves as of 30 June 2017 were not recognised in the Statement of Assets and Liabilities.

3.4.1 Advances - Rs 66,520,996

The above figure represents total outstanding balance on advances made to Members and Officers of the RRA, Cooperative Societies and a company of the RRA as at 30 June 2017, as shown in Table 3-2.

Table 3-2 Balance of Advances as at :

Details	30 June 2017 (Rs)	30 June 2016 (Rs)
Advances to RRA Members	2,912,666	4,370,966
Motorcar loans to RRA Officers	37,191,350	24,003,566
Motorcycle loans to RRA Officers	9,765,834	9,807,675
Advances to Cooperative Societies for Fibre Glass Boats	14,694,000	14,694,000
Advance Account Personal	88,800	88,800
Advance to Rodrigues Trade & Marketing Co. Ltd	1,868,346	2,521,970
Total	66,520,996	55,486,977

3.4.2 Advance to RRA Members - Rs 2,912,666

At paragraph 4.10.2 of the Audit Report for the 18-month period 1 January 2015 to 30 June 2016, I reported that a former Member of the RRA, who had been granted a car loan of Rs 1.6 million in September 2011 for the purchase of a motor car, had subsequently stopped payment. The car was seized and sold in November 2012, but an amount Rs 743,976 still needed to be recouped.

Legal proceedings were initiated. Following Court judgement in December 2016, the former Member was ordered to pay the RRA an amount of Rs 950,000 inclusive of interests, in 12 monthly equal instalments starting from the end of January 2017. However, as of August 2017, no repayment had been effected.

3.4.3 Advance - Fibre Glass Boats - Rs 14,694,000

At paragraph 4.10.2 of the Audit Report for the 18-month period 1 January 2015 to 30 June 2016, I reported that only an amount of Rs 108,000 had been refunded by the five Cooperative Societies which had been granted loans of some Rs 2.9 million each in December 2011. I also stated that on this trend, the complete settlement of the outstanding loans would take a considerable number of years.

In August 2016, the RRA sought approval from the Prime Minister's Office and the Ministry of Finance and Economic Development to finance the purchase of the five fishing vessels with the aim of renting them to cover the running costs. As of September 2017, there had not been any development in this respect and the amounts advanced, had still not been repaid.

RRA's Reply

The Commission for Fisheries will be requested to identify a strategy so as to address the issue.

3.4.4 Advances to Rodrigues Trading and Marketing Co. Ltd (RTMC) - Rs 1,868,346

An advance of Rs 2,621,970, made to the RTMC in November 2013, was to be repaid by February 2014. The Executive Council approved, on two occasions, that the refund period be extended to February 2015 and finally to February 2016. Thereafter, an amount of Rs 100,000 was refunded in March 2016.

During the financial year 2016-17, an amount of Rs 653,624 was refunded by the RTMC, leaving an outstanding balance of Rs 1,868,346 as at 30 June 2017. At this pace, it may take several more years for the RRA to recoup the advance.

RRA's Reply

The Commission for Trade, Commerce and Licensing has been requested to follow up with the Company.

3.4.5 Deposits - Rs 139,289,208

The total amount held on deposit as at 30 June 2017 was Rs 139,289,208. Included therein was an amount of some Rs 103.9 million relating to projects funded jointly by the European Union (EU) and the RRA.

The EU and the RRA had, up to September 2017, contributed Rs 101,525,056 and Rs 38,103,681 respectively to implement eight projects identified for the water sector in Rodrigues. Details are as shown in Table 3-3.

Table 3-3 Projects funded jointly by the EU and the RRA

Pr. No.	Project Title	EU contribution Rs	RRA contribution Rs	Amount disbursed Rs	Bal. on Deposit as at 30.06.17 Rs
1	EU Rainwater Harvesting at School Level	4,670,210	2,037,240	6,576,837	130,613
2	EU Rainwater Harvesting Burying of Feeder Pipes	13,435,615	5,208,872	10,988,496	7,655,991
3	EU Rainwater Harvesting First Flush System.	16,002,320	1,994,119	13,294,941	4,701,498
4	EU Improving Water Quality and Safety	13,530,018	5,236,104	2,966,796	15,799,326
5	EU 2 Rainwater Harvesting on Public Buildings, Hospital and College.	5,089,262	6,467,090	1,844,139	9,712,213
6	EU 2 Rehabilitation of Cascade Pigeon Dam, Upgrading Works at Creve Coeur..	16,175,934	6,131,747	30,977	22,276,704
7	EU 2 Rain Water Harvesting First Flush System for Low Income Households	7,616,122	1,890,932	615	9,506,439
8	EU 2 Burying of Associated Pipes Lines at Songes	25,005,575	9,137,577	615	34,142,537
Total		101,525,056	38,103,681	35,703,416	103,925,321

Funds for the above first four EU projects were received in May 2015. The period during which these projects were to be implemented varied between 18 to 36 months. As of August 2017, besides the EU Rainwater Harvesting project at School Level, which was already completed, the other three projects were still ongoing.

As for the last four EU 2 projects, funds were obtained from the EU in March 2016. The implementation period of these four projects was 30 months. As of August 2017, more than 16 months later, three of these projects were still at an early stage of implementation.

I have expressed concern that there is a risk that these projects may not be completed within the scheduled implementation period.

RRA's Reply

- There has been delay in the finalisation of the project due to procurement process. Actions are being taken to complete the projects at the earliest. The project is now being closely monitored by the Economic Planning and Monitoring Unit (EPMU) and the Finance Section.
- The position regarding each of the above mentioned eight projects is as follows:
 - Projects 1 and 2 are completed, whilst Projects 3, 4 and 5 are nearing completion.
 - Project 6: The rehabilitation of Cascade Pigeon Dam is at tender evaluation stage, whilst for upgrading works, it is proposed to purchase the pipelines and the burying works will be done by the Commission.
 - Project 7: Out of 500 water tanks, only 61 have been completed. Due to damage of moulds there has been delay in casting of new tanks. It is now proposed to purchase additional moulds to complete the project.
 - Project 8: The tender is at the Central Procurement Board for evaluation.

Security Deposit - Rs 10,867,953

Also included in the amount of Rs 139,289,208 was a total of Rs 10,867,953 representing security deposits. Organisations, whose projects to invest in Rodrigues had been approved for implementation, have to make a security deposit which will be refunded to them after satisfactory performance. However, proper records were not kept to allow easy identification of these depositors. I have recommended the introduction of appropriate records for that purpose.

RRA's Reply

The comments have been noted for further action.

3.4.6 Rodrigues Consolidated Fund - Rs 74,223,942

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

As of 30 June 2017, an amount of Rs 74,223,942 was standing to the credit of the RCF after accounting for a surplus of Rs 65,065,022, arising as the total revenue of Rs 3,268,092,516 for the financial year ended 30 June 2017 exceeded the total expenditure of Rs 3,203,027,494.

3.5 Abstract Account of Revenue and Expenditure of the RCF

3.5.1 Revenue

Total revenue of the RRA for the financial year 2016-17, including contribution from Central Government of Rs 3,166,232,008 and transfer from the RCF of Rs 19,966,000, amounted to Rs 3,268,092,516. An amount of Rs 510,981 was also accounted as 'Other Social Contributions'. The balance of Rs 81,383,527 was represented by collection of 'Taxes' and 'Other Revenue'. Details are as in Table 3-4.

Table 3-4 Revenue Collected by RRA

Item	Jul 2016- Jun 2017 (Rs)	Jan -June 2016 (Rs)	Jan-Dec 2015 (Rs)	Jan-Dec 2014 (Rs)
Taxes	2,512,662	1,909,508	2,686,499	2,850,524
Other Revenue	78,870,865	12,482,009	26,228,838	22,035,125
Total	81,383,527	14,391,517	28,915,337	24,885,649

Other Revenue - Rs 78,870,865

Other Revenue of Rs 78,870,865 included Property Income: Rent of Government Property of Rs 13,373,783 and Miscellaneous Income of 51,735,630, as shown in Table 3-5.

Table 3-5 Other Revenue

Types of Revenue	Amount (Rs)
Property Income	13,373,783
Sales of Goods and Services	9,034,823
Fines, Penalties and Forfeits	4,726,629
Miscellaneous Revenue	51,735,630
Total	78,870,865

Property Income - Rs 13,373,783

Property income comprised rent received from lease of State Land to the tune of Rs 13,332,283, as detailed in Table 3-6 and Rs 41,500 as rental of other buildings.

Table 3-6 Rental of State Land

	July 2016- June 2017	Jan -June 2016	Jan - Dec 2015	Jan - Dec 2014
Lease Type	Rs	Rs	Rs	Rs
Residential	5,619,202	2,671,965	4,982,905	3,992,070
Commercial	1,593,727	664,382	1,581,741	989,538
Industrial	6,086,518	1,756,464	5,092,130	5,284,835
Agricultural	32,836	17,056	27,181	43,505
Total	13,332,283	5,109,867	11,683,957	10,309,948

No significant improvement was noted in the collection of arrears of rent, which as of 30 June 2017, totalled some Rs 28.8 million.

As per approved procedures, every year, the Cadastral Office is required to issue claims in July, a first reminder in August and second one in September. However, for financial year 2016-17, claims were issued but not reminders.

Out of some 6,000 claims issued, some 10 per cent were returned to the Cadastral Office with remarks like ‘gone away’ and ‘unknown address’. No follow up was subsequently done. As for claims which were duly delivered to lessees, several of them did not turn up for payment.

RRA’s Reply

As from next year, the Cadastral Office will issue claims in July and reminders in August and September respectively.

Sale of Goods and Services - Rs 9,034,823

Included in the above was an amount of Rs 1,228,000 representing proceeds from the sale of unwanted goods, through an auction sale held on 20 and 21 December 2016.

A Sworn Auctioneer was appointed for that purpose and the latter remitted a cheque of Rs 578,000 on 13 February 2017, 54 days after the auction sale took place. This goes against Financial Instructions which stipulate that the proceeds from an auction sale should be deposited within a week of the date of auction. There was also no mechanism in place to ensure the completeness and accuracy of the amount remitted by the Auctioneer to the RRA.

The Internal Control Unit (ICU), in May 2017, carried out an audit in respect of the auction sale. A case of forgery was suspected and figures were worked out again by the ICU. After allowing for cost of advertisement and the Auctioneer’s commission, an

amount of Rs 2,034,150 was to be remitted to the RRA. There was, therefore, a short remittance of Rs 1,456,150. The RRA had agreed that refunds be made in instalments during the period June to September 2017.

RRA's Reply

- The whole amount due has already been refunded;
- Henceforth, action will be taken to strengthen control and to ensure compliance with the relevant Financial Regulations/Instructions.

3.5.2 Expenditure

Total expenditure of the RRA over the past three accounting periods, is as shown in Table 3-7.

Table 3-7 Expenditure of RRA

Financial Year	Recurrent Expenditure (Rs)	Capital Expenditure (Rs)	Total Expenditure (Rs)
2015	1,985,333,390	579,019,285	2,564,352,675
Jan-June 2016	1,008,802,420	231,544,049	1,240,346,469
2016-17	2,394,177,104	808,850,390	3,203,027,494

Total expenditure for year ended 30 June 2017 amounted to Rs 3,203,027,494. This exceeded the original estimates of Rs 2,964,826,000.

The initial contribution from Government of Rs 2,964,826,000 was not sufficient to finance the total expenditure of the RRA. Additional contribution of Rs 201,406,008 was made available from the Central Government together with a transfer of Rs 19,966,000 from the RCF. The balance was financed from RRA's own sources of revenue.

3.6 Statement of Investments - Rs 58,639,590

Regarding investments of the RRA in Private Companies, the position as of 30 June 2017 is shown in Table 3-8.

Table 3-8 Investment of RRA in Private Companies as at 30 June 2017

Company	Date of Incorporation	Number of shares held	Total Investment as at 30 June 2017 (Rs)	Status
Discovery Rodrigues Co. Ltd	15-Nov-06	2,000	2,000,000	In operation
Rodrigues Water Co. Ltd	29-Oct-07	17,000	17,000,000	Winding up in process since Aug-2012
Rodrigues Trading and Marketing Co. Ltd	30-Jun-06	1,000,000	10,000,000	In operation
Rodrigues General Fishing Co. Ltd	08-Jun-07	6,400	6,400,000	Removal of the Company by the Registrar of Companies in May 2015
Rod Clean Co. Ltd	19-Sep-07	4,200	20,188,590	In operation
Rodrigues Housing & Property Development Co. Ltd	12-Jan-10	300,000	3,000,000	Company has been wound up under Insolvency Act 2009 on 2 June 2016
Rodrigues Educational Development Co. Ltd		51,000	51,000	In operation
Total			58,639,590	

Six of the above companies are fully owned by the RRA whilst the Rodrigues Trading and Marketing Co. Ltd (RTMC) has the State Trading Corporation as a minority shareholder in the proportion 60:40.

3.6.1 Rodrigues Trading and Marketing Co. Ltd

In June 2015, an additional amount of Rs 6 million was invested as equity in RTMC for the implementation of its strategic plan, with a view to addressing going concern problems. The last financial statements submitted by the RTMC to the RRA were for the year ended 31 December 2013.

RRA's Reply

Reminders have been sent to the Company on 31 August 2017, 10 January and 5 February 2018 for the submission of financial statements.

3.6.2 *Discovery Rodrigues Co. Ltd and Rod Clean Company Ltd*

The RRA has been refunding the monthly operational costs incurred by the above mentioned two companies. For the year ended 30 June 2017, the RRA has disbursed some Rs 7 million and Rs 29 million respectively. As of September 2017, both Discovery Rodrigues Company Ltd and Rod Clean Company Ltd have submitted financial statements up to the year 2015 only.

RRA's Reply

A correspondence has been issued to the two companies for the submission of financial statements. Reminders have been sent to Discovery Rodrigues Company Ltd on 10 January 2018 and 5 February 2018.

3.6.3 *Rodrigues Water Co. Ltd, Rodrigues General Fishing Co. Ltd, Rodrigues Housing and Property Development Co. Ltd*

The three above companies were in the process of winding up since 2012. The RRA had invested a total of Rs 26.4 million in shares of these three companies. From evidence gathered from the Registrar of Companies, the Rodrigues Water Company Ltd is in the process of winding up and a liquidator has been appointed in September 2015. As of September 2017, the process of winding up was not completed.

As for the other two companies, Rodrigues General Fishing Co. Ltd and Rodrigues Housing and Property Development Co. Ltd, same had been wound up in May 2015 and June 2016 respectively. However, the investments of the RRA in these two companies were still shown in the Statement of Investments. It is unlikely that the RRA will be able to recover these investments, the more so that these companies have been wound up.

3.7 Arrears of Revenue - Rs 35,856,349

Arrears of revenue as at 30 June 2017 totalled Rs 35,856,349, that is an increase of some 23 per cent as compared to the arrears as at 31 December 2015, as shown in Table 3-9.

Table 3-9 Arrears of Revenue as at

Division/Unit	30 June 2017 (Rs)	30 June 2016 (Rs)	31 Dec 2015 (Rs)
Fisheries	110,538	106,335	94,138
Judicial	1,349,180	1,412,330	1,128,500
Rental of Government Property	28,884,059	26,226,861	23,036,796
Water Unit	2,748,349	2,585,759	2,473,604
Health and Sanitary	743,585	793,535	524,635
Miscellaneous revenue	594,203	594,203	594,203
Rental of Snacks Stalls	11,750	-	-
Rental of kiosk	13,000	5,000	-
NHDC Houses	1,343,530	1,162,355	1,132,145
Sand Removal	12,080	12,080	12,080
Tourist Enterprise	7,000	10,500	37,000
Registration of Factory	39,075	28,675	-
Total	35,856,349	32,937,633	29,033,101

Some 80 per cent of the total arrears of Rs 35.8 million were in respect of the rental of Government Property, which had registered an increase of some 25 per cent over the past 18 months.

The arrears of Rs 28,884,059 in respect of the rental of Government Property related to a total of 6,434 cases, of which 5,951 cases were in respect of Residential leases, 158 cases of Commercial leases, 170 for Industrial leases and 155 for Agricultural leases. An age analysis is as shown in Table 3-10.

Table 3-10 Arrears of Revenue: Rental of Government Property

Period	Residential	Commercial Rs	Industrial Rs	Agricultural Rs	Total Rs
Prior to 2005	5,810,967	336,970	612,655	248,679	7,009,271
2006-2010	6,757,283	1,033,293	2,625,451	264,494	10,680,521
2011-30.06.15	4,711,464	971,358	1,567,021	68,622	7,318,465
1.07.15 to 30.06.16	645,760	89,814	129,732	3,756	869,062
2016-17	1,288,856	128,290	1,585,825	3,769	3,006,740
Total	19,214,330	2,559,725	6,520,684	589,320	28,884,059

Recommendation

A proper mechanism needs to be put in place without delay to ensure prompt collection of rent. Arrears of rent should be closely monitored and forceful recovery action needs to be taken.

Internal Control

3.8 General

At paragraph 4.13 of the Audit Report for the 18-month period 1 January 2015 to 30 June 2016, I stated that the primary responsibility for the establishment of internal control systems at the level of the RRA rests with management. I also highlighted that the RRA, through its seven Commissions, carries out a significant volume of transactions involving substantial amounts in terms of revenue and expenditure. For the financial year 2016-17, total revenue of the RRA amounted to Rs 3.27 billion, of which Rs 3.17 billion represented contribution from Central Government whilst expenditure for the same period amounted to Rs 3.20 billion, that is an increase of some 25 per cent as compared to the year 2015.

3.8.1 Internal Control Unit

The RRA has a permanent Internal Control Unit (ICU) which carries out the function of internal audit. At paragraph 4.13.1 of the Audit Report for the 18-month period 1 January 2015 to 30 June 2016, I pointed out that the ICU is expected, amongst others, to assess whether the internal control systems are adequate to provide management with assurance to the effect that the objectives of the RRA have been met in an economic, efficient and effective manner. I also drew attention that the ICU was not adequately staffed. The staffing position has only slightly improved in 2016-17, with a total of four officers serving the Unit, of which two were from the Internal Control Cadre (ICC) in Mauritius and the remaining two being Support Officers from the RRA.

With the increasing budget allocation, coupled with an increase in the volume of activities/transactions at the level of the RRA, the Unit should be strengthened, the more so that various shortcomings, such as lack of monitoring and failure in internal controls, were reported by the ICU in 2016-17.

Some of the key issues reported by the ICU included the following:

- Lack of control over cash collection, delays in remittance and non-updating of accounting records;
- Lack of control over the purchase and issue of diesel;
- Abuse in payment of mileage allowances;
- Non-compliance with Financial Instructions regarding disposal of unwanted goods;
- Suspected case of loss/shortage of animal feed.

Recommendations

A proper structure, and clearly defined procedures need to be put in place to mitigate the risks of errors and irregularities, and at the same time provide assurance to management as to the completeness of transactions, reliability of records and proper safeguard of assets of the RRA. The following need to be considered:

- Revisit procedures and issue circulars to remind RRA Officers of their obligations and duty of care;
- Ensure that all Officers are well versed with Financial Regulations and Procurement Procedures so that they adhere to same for the efficient/optimum use of resources;
- Strengthen the Internal Control Unit with more resources, the more so that in most of the assignments undertaken by the Unit, weaknesses in internal controls were noted.

RRA's Reply

A request has been sent to the Head of Internal Control for the posting of additional Internal Control Officers to Rodrigues. As from the end of March 2018, an Internal Control Officer will be posted on tour of service to Rodrigues.

Chief Commissioner's Office

3.9 Management of State Land in Rodrigues

3.9.1 Introduction

The Island of Rodrigues covers some 10,000 hectares of land, of which some 1,000 hectares are private land and some 9,000 hectares are State land. The State land includes forests, mountains, natural reserves, agricultural/farming land, and commercial, residential and industrial site land. The State-owned land are scattered over different regions of the island, including Port Mathurin. The management of State land in Rodrigues is vested in the RRA.

At paragraph 4.14 of the Audit Report for the 18-month period 1 January 2015 to 30 June 2016, I drew attention to several shortcomings noted in the administration of State land in Rodrigues. Absence of a Master State Land Register, lack of Guidelines and Procedures posted on the website of the RRA, incompleteness of lease database, and non-compliance with conditions of the letter of reservation issued, were amongst the main issues highlighted.

A review of the management of State land was carried out in September 2017 and hereunder are the main observations.

3.9.2 Master State Land Register

I had, in the past, pointed out the importance of keeping a Master State Land Register, showing details of all State land vested in the RRA, the extent of State land leased for purposes like residential, commercial, industrial together with the extent/location of State lands still available for rent at any point of time. As of September 2017, a Master State Land Register showing the extent of State lands allocated/unallocated region-wise was still not in place for ensuring the completeness of State lands under the responsibility of the Chief Commissioner's Office. The present *auto cad map* system for the generation of information on land was not sufficiently informative. It was contemplated that a Geographical Information System (GIS), after examining the cost effectiveness of its implementation, be put in place. However, as of September 2017, this action had not yet materialised.

Recommendation

GIS should be used to maintain a proper Master State Land Register, showing State lands already leased as well as those unallocated that could be developed for commercial, industrial and tourism related projects.

RRA's Reply

All survey information is already Geo Reference. In the meantime, the RRA is working on the structure of the Land Administration and Management System. Provision will be made in the next budget for the following:

- Expression of interest for the preparation of the Term of Reference for consultancy services for the preparation of a GIS for the Cadastral Office;
- The tendering process for the setting up of GIS and its maintenance.

3.9.3 Guidelines, Policies and Procedures for State Land Leases

Guidelines, policies and procedures, regarding State land leases, were still not posted on the website of the RRA. This is contrary to the provision of the State Land Act which stipulates that for industrial and commercial leases, the particulars thereof and the guidelines referred in Subsection 6 (1)(c) shall be available for consultation at the Ministry (Chief Commissioner's Office) and posted on the website.

All leases of State lands granted in Rodrigues were previously being governed in accordance with guidelines issued by the Ministry of Housing and Lands (MHL) where the Minister was approving grant of leases on State lands. The RRA Act now empowers the RRA to do all such acts and take all such steps including, subject to the State Lands Act, the acquisition or disposal of any property or rights, as may be necessary for or which may be conducive to or incidental to the exercise of its powers and duties.

Recommendation

The RRA's official website should be uploaded with all relevant information so as to ensure more transparency in the allocation of State lands leases and for the ease of reference for the public at large.

RRA's Reply

The RRA is currently updating and finalising existing guidelines and policies for the allocation of residential lease and same will be put on the RRA's website by the end of March 2018.

3.9.4 Residential Lease in Excess of 600 m²

Amongst the new policies adopted by the Executive Council on 29 July 2011 was that the extent of land granted for residential purposes be increased from 420 m² to 600 m² subject to availability of land. However, according to the lease database, several cases of State lands over 600 m² were leased for residential purposes. I was informed that these cases referred to leases granted more than 20 years back.

These cases should be investigated with a view to regularising them.

RRA's Reply

- Enquiries are being carried out and appropriate action will be taken accordingly;
- The Cadastral Office is setting up a system to ensure that the problem does not persist from now on. The recruitment of Development Control Officers is proposed as a means to reinforce the existing staff and to carry out better control on land management.

3.9.5 Lease Information Data

A review of the Lease Information Data for all types of leases of State lands, as at August 2017 revealed the following:

- Application date, date of letter of reservation/intent issued, date of start and duration of lease, date lease agreement signed, and for industrial lease, date cash deposited/reservation fee paid, and validity of reservation period were not always recorded;
- No information was available as to when site visits were effected and whether the site had been developed.

Lease data should be complete and kept up-to-date at all times.

RRA's Reply

RRA has taken note and the issues will be addressed with the setting up of the Land Management System. The land data base will be upgraded with the help of the IT Unit.

3.9.6 Delay in Regularising “Built-up” cases

4,484 ‘built-up’ cases (squatters) were identified during a survey carried out in 2008. As of September 2017, the number of leases already signed and those awaiting for signature were not available for those cases which needed to be regularised. Delay in regularising these illegal ‘built-up’ cases results in delay in the collection of rental fees on State lands, as no rent is claimed until a letter of intent and a lease agreement are drawn.

Due consideration needs to be given to these cases so as not to delay the collection of rental fees.

RRA's Reply

The number of leases signed has already been updated in the system. Due to lack of resources, the RRA is giving priority to applicants who do not possess a house. However, since October 2017, with the setting up of the Fast Track Unit, most of the ‘built-up’ cases will be finalised with the recruitment of additional staff proposed in the 2018-19 budget.

3.9.7 Delay in Processing Applications for Land Lease.

The data in Table 3-11 has been extracted from the lease database.

Table 3-11 Status of Applications for Land Lease

	Received	Approved	Cancelled	Outstanding
No. of applications in 2014	1,251	847	8	396
No. of applications in 2015	1,021	342	8	671
No. of applications in 2016	1,120	250	8	862
Total	3,392	1,439	24	1,929

3,392 applications were received during the three years ended 31 December 2014, 2015 and 2016. The rate at which these applications were processed was slow. During these three years, 1,439 cases had been approved. As of September 2017, 1,929 cases were still outstanding.

Revenue could have been maximised, had a greater number of applications been processed promptly.

RRA's Reply

Regular monitoring is being effected. A Fast Track Unit has been set up since October 2017 for the exercise. The RRA has contracted out the services of private Surveyors to survey lots for residential, commercial and industrial purposes.

3.9.8 Granting of Industrial Leases

When an application is approved, subject to availability of land, a Letter of Reservation (LoR) is issued to the promoter subject to the following conditions:

- Reservation period of six months, revised to 12 months as from July 2011;
- A Reservation Fee to be paid within a period of one month as from date of the LoR;
- Submission of three copies of preliminary plans within a period of three months as from date of the LoR.

Failure to comply with the conditions of the LoR will entail the forfeiture of the reservation fee. Once the conditions in the LoR are satisfied, the Chief Government Valuer (CGV) is requested to assess the rent to be claimed and a recommendation is then made to the Chief Commissioner for the grant of an industrial lease.

An examination of a sample of applications of industrial/commercial leases was carried out.

The following were noted:

- (i) The reservation periods were renewed for a longer period than the six months' period allowed. The collection of annual rent was therefore delayed. Had a letter of intent been issued after the expiry of the reservation period initially granted, the RRA would have been able to claim the annual rent earlier;
- (ii) Where applicable, the reservation fees were not forfeited but were left on deposit accounts of the RRA;
- (iii) The lessees had not developed the land on which an industrial lease was granted, although a LoR was granted more than five years back. It is to be noted that many potential investors are on the waiting list to be granted an industrial lease;
- (iv) Financial strength of potential investors was not assessed. In some cases, lessees could not complete their projects. The services of Invest Rodrigues could have been sought for assistance to the Commission;
- (v) The clause of *de plein droit* as per lease agreement was not always applied. In one particular case, upon liquidation of a Company, unpaid rent was approved for write off without having secured the comments of the Director of Internal Control, as stated in Financial Instructions;
- (vi) No mechanism was put in place to ensure that any development on site was completed within the time allowed.

Recommendations

- The LoR and Letter of Intent need to be reviewed to include a clause requiring the lessee to sign the lease agreement within a specified period of time. The reservation period cannot be extended for unduly long period of time. Once the lease agreement is signed, action needs to be taken to ensure that conditions stated in the lease agreement are being complied with, failing which the RRA should consider the possibility of repossessing any undeveloped land;
- Immediate action should be taken against lessees who did not pay their dues within the prescribed time period.

RRA's Reply

The RRA is working out a policy for industrial purposes to take prompt actions on all of the abovementioned shortcomings.

3.9.9 Arrears of Rent

Revenue collected for 2016-17 from rental of State land amounted to Rs 13,332,283 which represented an increase of some 13 per cent as compared to 2015. However, as depicted in Table 3.12, there was no significant improvement in the collection of arrears of rent, which as at 30 June 2017 totalled Rs 28,884,059.

Table 3-12 Arrears of Rent as at

Arrears of rent	30 June 2017 Rs	30 June 2016 Rs	31 December 2015 Rs	31 December 2014 Rs
Residential	19,222,233	17,992,955	15,023,562	14,087,987
Commercial	2,554,314	2,397,820	1,724,235	2,128,545
Industrial	6,518,161	5,292,462	4,332,886	7,884,020
Agricultural	589,351	543,624	486,279	435,264
Year to year lease	-	-	1,469,834	1,469,834
Total	28,884,059	26,226,861	23,036,796	26,005,650

An analysis of a sample of residential and industrial leases revealed that, in a few cases,

- the annual rent had not been paid as far back as the year 2005;
- the RRA did not apply the clause of *de plein droit* to cancel the lease without payment of compensation if rent had remained unpaid for more than three months after its falling due and a 48-hour notice had been served upon the lessee by registered post requesting him/her to pay the rent.

RRA's Reply

For the time being, due to lack of human resources, the issues cannot be addressed immediately. Proposal for additional staff is being made in the 2018-19 budget to reinforce the existing team for better monitoring and follow up.

3.10 Setting Up of a 'Technopole' In Rodrigues

On 30 June 2017, the RRA acquired a hotel under administration/receivership, of an extent of 7,918m² built on State land for an amount of Rs 55 million, for the purpose of setting up a 'Technopole' to help in the creation of innovative businesses, thereby creating more employment in Rodrigues.

3.10.1 State Land Under Industrial Lease

Company X, which held an industrial lease for hotel development at Mt Venus up to 30 June 2021, was facing financial difficulties and it was unable to settle its rent since July 2009. Despite harsh measures taken, such as the serving of a notice in 2012, requesting the lessee to settle the arrears failing which cancellation of the lease would be contemplated, Company X did not pay all of its debts. Since a part payment had been effected, the RRA decided, in October 2013, to abandon any legal action against the Lessee, to re-schedule its debts and to waive the decision for the cancellation of the lease.

Company X still did not settle its dues. On 17 June 2015, it received *a mise en demeure* from the RRA in respect of arrears of rent and in the meantime, Company X had gone in receivership. As of 30 June 2016, rent due totalled Rs 2,539,099.

3.10.2 Acquisition of Building for the setting up of a ‘Technopole’

To realise its project for the setting up of a ‘Technopole’ in Rodrigues, the RRA considered the re-possession of the land at Mt Venus, as an opportunity given that the hotel was found to be suitable both in terms of location and size, to implement the project.

However, a feasibility study, highlighting the extent to which that building was suitable and satisfied the required criteria for the setting up a ‘Technopole’, was not carried out. It is to be noted that the design/layout of the building is most suited for a hotel; and was valued as such in the determination of the purchase price. To run the building as a ‘Technopole’, major works will certainly need to be undertaken, thus adding up to the purchase price of the hotel.

The Commission did not apply Article 15 of the Lease Agreement, that is to cancel the lease for non-payment of rent. Instead, the RRA decided to resume possession of the whole portion of land. The Valuation Department had, on 29 February 2016, assessed the value of the building, exclusive of furniture and plant, to be Rs 55 million.

On 2 May 2017, the RRA informed the Deed Administrator (since Company X was in receivership) that it has decided to resume possession of the whole portion of land leased to Company X and that it had approved the payment of Rs 55 million to Company X as compensation for added value to the land. It was also stated that all unpaid rent would be deducted from the amount of Rs 55 million.

On 15 May 2017, the Chief Commissioner’s Office informed the Cadastre Section that the Executive Council, at its meeting of 5 May 2017, had agreed to waive outstanding rent with regard to land leased at Mt Venus. However, documentary evidence to that effect was not made available.

On 30 May 2017, the Ministry of Finance and Economic Development (MOFED) informed RRA that it had provided financial clearance for the acquisition of the property for a sum of Rs 55 million, as assessed by the Government Valuer. However, there was no evidence as to whether MOFED was apprised of the write off of the arrears of rent, which as of 30 June 2016, totalled Rs 2,539,099.

The RRA was required by MOFED to follow all necessary procedures to complete the acquisition and must make optimum use of all the spaces available after refurbishment and an adequate pricing policy must be applied for renting of office and commercial spaces. However, a Plan incorporating the above mentioned issues was not produced to my Officers.

Payment of Rs 55 million was effected on 30 June 2017 to a Notary in view of the finalisation of the notarial deed.

During a site visit carried out by my Officers on 22 September 2017, it was observed that the hotel was in a deplorable state.

RRA's Reply

- The purpose of acquiring the building at Mt Venus was to set up a 'Technopole' with a view to, amongst others, boosting the economic growth of Rodrigues by developing the ICT Sector, and to facilitate the setting up of innovative technological projects in Rodrigues. However, refurbishment works would have to be undertaken. As decided, only those parts regarding the yard and part of the building would be renovated by the RRA. The Company willing to set up the 'Technopole' would have to upgrade the slot building at its own cost. The Government Valuer will thereafter be requested to assess the prices for rent to be paid by the lessee to the RRA;
- Being given that the building was closed for more than four years, no maintenance was done. The building was handed over to the RRA on 21 October 2017, after all legal procedures were completed. In the meantime, the building has been secured and cleaning is on-going.

3.11 Construction of Secondary School at Pistaches

The contract for the construction of a Secondary School at Pistaches, Rodrigues was awarded to a private Contractor on 24 August 2015 for an amount of Rs 88,451,739. The contract was to be implemented in two phases, as shown in Table 3-13.

Table 3-13 Phase Implementation of Project for Construction of Secondary School

	Intended Completion Date	Works to be carried out
Phase 1	18 July 2016	School block, staff room, toilet block and associated site works to make the block fully functional
Phase 2	04 Jan 2017	Landscaping works, parking and boundary walls, amongst others

Payments totalling some Rs 78 million were made to the Contractor as of August 2017.

All works were scheduled to be completed by the end of December 2016 so that the School could start operation as from January 2017. However, delays were encountered and the School was not ready before the resumption of studies in January 2017. Consequently, students had to be temporarily housed in another school.

3.11.1 Registration with the Private Secondary Education Authority

In view of the opening of the school in January 2017, there was a need to obtain the approval of the Private Secondary Education Authority (PSEA) to start operation.

In that respect, on 25 July 2016, the Rodrigues Educational Development Company Limited (REDCO) made a request to the PSEA for the registration of the new School as a Grant Aided School, as from January 2017. At the request of REDCO, the Chief Commissioner's Office also liaised with the Ministry of Education, on 5 October 2016, in order to speed up matters. The PSEA requested REDCO to submit certain documents such as Building Permit/Land Use Permit, Fire Clearance Certificate Structural Soundness Certificate, Health Clearance Certificate; and space availability for recreational purposes.

On 1 November 2016, the Commission informed the PSEA that the School was still under construction and had reached some 75 per cent completion. As such, all of the information requested could not be made available at that stage.

In the meantime, a contingency plan had to be worked out to house the students temporarily in another school, pending the completion of works.

The building was practically completed and handed over in mid February 2017. The School started operation as from the beginning of the second term, that was on 24 April 2017.

3.11.2 Outstanding Works

A site visit was effected at the School on 20 April 2017 by representatives of the Chief Commissioner's Office, representatives of the Contractor and the Consultant and representatives of REDCO. Issues noted to be addressed included the following: painting, water supply, cleaning of sites and level up of the green space around the yard, setting up of classrooms, permanent power supply to the premises and marking of parking area.

A Health and Safety inspection was also carried out at the School on 24 April 2017 and the following issues were highlighted, amongst others:

- Absence of fire extinguishers;
- Building was operational without a valid Fire Certificate;
- Absence of adequate signage to demarcate exit route;
- Absence of electricity supply in staff's toilet, classroom, and canteen. Electrical fans and light tubes not functioning, un-insulated electrical wires;
- Only one male and female toilet available for staff;
- Cracks in window panes in several classrooms.

Other issues to be addressed and which were reported in July 2017 by REDCO to the Commission, included the following: reviewing cabling and sockets, painting works inside the classrooms, construction of separation wall in front of toilet in staff rooms, and closing of empty space behind staircases.

As of August/September 2017,

- Electrical, Structural, Fire and Health Certificates were still being awaited for onward transmission to the PSEA for registration purposes;
- Some of the outstanding issues highlighted above were still not addressed. These included the construction of separation wall in front of toilet in staff rooms, closing of empty space behind staircases, replacement of existing sockets in the office block and cracks in window panes in several classrooms. Cracks, as well as expansion of joints, were also noted in certain places along the beam;
- From information gathered at the School, there were approximately 325 students in Grades 7 to 10 and 14 pre-vocational students. The School can accommodate up to some 600 students.

3.12 Construction of Pre-Primary School at Montagne Charlot

The contract for the construction of a pre-primary school at Montagne Charlot was awarded to a private Contractor for an amount of Rs 8,337,017 on 12 September 2016. Works started on 10 October 2016 and the intended completion date was scheduled for 8 March 2017, that is after 150 days.

Total payment made to the Contractor as of August 2017 was to the tune of Rs 4.3 million. The following were noted:

- There had been constant delays throughout the execution of the project. The actual progress of work, which was 75 per cent in June 2017, had increased by only 10 per cent after two months;
- The Consultant expressed concerns about the cumulative delays and informed the Contractor that serious action would be taken as per conditions of contracts. The Contractor confirmed that the project would be completed by August 2017. However, this was not so, as there were several tasks that remained to be completed, amongst others, painting, waterproofing, masonry retaining wall and landscaping works;
- Liquidated damages of Rs 420,013 were applied on payment made on 31 August 2017.

RRA's Reply

Construction of Secondary School at Pistaches

- Delays were caused due to shortage of water and cement, as substantiated by the Contractor and confirmed by the Consultant;

- Pending the submission of required documents and inspections procedures by PSEA, approval was obtained to operate the college as an annex of Marechal College;
- After due consideration, though the school was ready in February 2017, it was decided to officially open the college at the beginning of the second term;
- Necessary action has been taken to review the cabling and defective sockets. Painting works inside the classroom and replacement of broken window panes in classrooms have been completed. Action has been initiated for the construction of the separation wall in front of the toilets in the staff room and to close the empty space behind the staircases.

Construction of Pre-Primary School at Montagne Charlot

The work has been completed on 16 October 2017 and the School is operational as from January 2018.

3.13 Setting up and Operating a Slaughter House in Rodrigues

3.13.1 Construction of Slaughter House

The need to construct a slaughter house in Rodrigues arose as far back as 2008 in the context of food security. The aim of the project was to improve meat production, obtain good quality meat and to ensure proper sanitation.

After the necessary tendering procedures, the contract for the construction of the building was awarded to a private Contractor in December 2011 for an amount of Rs 56.2 million.

At paragraph 4.14.3 of the Audit Report for the year ended 31 December 2014, I reported that the completion of the project had been extended several times due to slow execution of works. These were scheduled for completion in mid-January 2013 but were practically completed in September 2013. I also mentioned 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 for investigation. Same were returned in August 2017.

In March 2017, an outstanding balance of some Rs 7 million was released to the Contractor, being final payment on the contract. This brought the total amount paid to the Contractor for that project to some Rs 59 million.

In addition to the construction cost, the Commission had incurred the following:

- Some Rs 3.2 million for consultancy services for the design, supervision and monitoring of the construction of the slaughter house;
- Rs 242,500 for preparing tender documents for the various items of equipment which were required for the operation of the slaughter house. This sum was paid to the Consultant in June 2013. However, the tender documents had not been used, as during

a site visit carried out in September 2017, it was noted that the slaughter house was still an empty building with no equipment;

- Some Rs 6.2 million for the construction of an access road to another private Contractor to allow ready access to the slaughter house.

As of September 2017, total amount spent for the construction of the slaughter house, including consultancy and access road amounted to some Rs 68 million.

3.13.2 Operation of the Slaughter House

The Commission did not properly plan for the operation of the slaughter house. Although the building was practically completed in September 2013, prompt action was not taken to make it operational. In September 2015, technical assistance was sought from a firm of foreign Consultant.

There had been a change in project concept. The initial objective, which was for the slaying of pig, goat, sheep and cattle, was changed in 2016 to specialise in swine and poultry slaughtering and transformation. Consequently, there was a need to modify the initial project model in terms of equipment and interior building structure.

The foreign Consultant submitted a report and a business plan in April 2016 and July 2017 respectively. An amount of 17,500 Euro was paid to the Consultant in November/December 2015 and the remaining 7,500 Euro was settled in September 2016, that is a total of 25,000 Euro, equivalent to some Rs 1 million.

The estimated cost to render the slaughter house operational was worked out to be to the tune of some Rs 55.8 million, exclusive of VAT. In view of the high operating costs involved, the RRA informed the Project Plan Committee (PPC) in December 2016 that it had decided to implement the project in two phases: Phase 1-Swine and Phase 2-Poultry. The RRA justified the rationale behind favouring the implementation of the Swine Section over the Poultry Section by the following:

- Delays encountered in the airport project which makes it impossible to export freshly killed local chicken meat to Mauritius;
- Swine is the most consumed meat in Rodrigues which is being slaughtered in poor hygienic conditions. The slaughter house will allow butchers to adhere to international food and safety norms;
- More diversified value added products of swine.

The RRA requested the PPC to fast track the approval, whereby Phase 1 would be implemented first. Pending the approval of the PPC, the technical report submitted by the firm of foreign Consultant in April 2016 was reviewed with the aim to decrease the estimated cost to operate Phase 1: Swine Section of the slaughter house, which was previously estimated at Rs 32.57 million, to an amount below Rs 25 million. As such the approval of the PPC was no longer required.

3.13.3 Expenditure Incurred on Training

During 2016, 10 trainees were sent on a training programme for three months (February to April 2016) in Reunion Island at a cost of Rs 5 million for acquiring the necessary know-how and techniques on good practices on slaughtering, processing, handling and hygienic practices in the field of butchery. Three trainees were also in Reunion Island from 25 April to 17 June 2016 in connection with training on repairs and maintenance of cold rooms. The amount disbursed amounted to some Rs 1.2 million. Training was also provided locally to 22 trainees in July/August 2016 for 14 days in 'charcuterie/boucherie' in the context of 'salon des metiers et des entreprises' at a cost of some Rs 120,000.

Although significant amounts were spent on training in the field of butchery/charcuterie and maintenance and repairs of cold room/cold systems to enable the trainees to bring their experience and competence to support the operation of the slaughter house, as of September 2017, their services had not yet been put into practice due to the delay in the implementation of the project.

3.13.4 Recruitment of Consultant for supply of services in the field of butchery and meat processing

Following the decision to operate the slaughter house, the Commission decided to recruit a Consultant to assist in, amongst others, the operation of the slaughter house, making proposals on how to improve the production of pigs and poultry in Rodrigues, providing technical assistance to the Commission on matters relating to butchery and meat processing, designing an operational plan for the slaughter house, proceeding with meat processing and providing training to butcher and meat processors, improving product packaging and labelling for local and international markets.

To that effect, a request for proposal through open advertised bidding was made in September 2016. After the necessary evaluation stages, the contract was awarded to a private Consultant on 1 March 2017 and the agreement was signed in July 2017 for a period of one year starting from 3 July 2017 to 2 July 2018, for an all-inclusive amount of Rs 1,080,000 for the assignment. The Consultant is presently working on the types of equipment to be procured.

Conclusion

The building has remained unutilised as of September 2017, that is four years since its completion. A site visit was carried out by my Officers on 20 September 2017. Both the yard and the building were in an abandoned state. Except for a few air conditioning units (which might not be in good running condition), no other items of equipment or furniture were seen on the premises, which were being guarded by a watchman. There was no water either inside or outside the building. Watchmanship and other associated costs worked out to be more than Rs 1.8 million for the four years.

Total costs associated with the construction and future operation of the slaughter house, including consultancy, training, watchmanship and other incidental costs would exceed Rs 100 million.

Recommendations

- For any major project, a feasibility study needs to be undertaken to assess the cost-benefit implication thereof. A proper planning should also be made to avoid situations where funds are tied up in assets not ready for use;
- The RRA needs to closely monitor the project so that the slaughter house could be made operational without any further delay, for the benefits of the livestock producers and the community at large;
- Training is necessary for good service delivery. The RRA needs to ensure that trainees put their knowledge, skill and expertise into practice so that expenditure incurred on training is relevant and valuable.

RRA's Reply

- Among the 10 trainees, some had temporarily set up their own butchery shop and are carrying out slaughtering activities pending the operationalization of the Slaughter House. As regards the three trainees who acquired training on repairs and maintenance of cold rooms, they are actually carrying this activity temporarily on a private basis. The training has been effective even though it is on a private basis;
- The Consultant is assessing all the implications and the minimum cost for the operationalisation of the Slaughter House. Apart from the tasks prescribed in the contract of employment, the Consultant has been:
 - Entrusted the task of setting up a poultry farm, as well as poultry processing at Montagne Croupier; and at the same time training of local women entrepreneurs of that region;
 - Requested to work out proposal for improving meat production in Rodrigues;
 - Assisting in the setting up of Master Meat Cooperatives for meat processing.

3.14 Asset Management

3.14.1 Procurement of Tractors and Implements for Land Mechanisation Purposes

On 30 August 2016, the contract for the supply of four Small Tractors and two Medium Tractors was awarded to a private Company for an amount of Rs 3,836,400. Another contract for the procurement of implements, such as Rotary Tiller, Disc Plough, Disc Harrow, Ridge Furrower and Chisel Cultivator, was also awarded on the same day to another private Company for Rs 337,750. Delivery was to be done within 120 days as from the date of the placement of the order, that is by 28 December 2016.

The following were noted:

- The Tractors were delivered on 28 February 2017, that is with a delay of 60 days. Rear lift and accessories, forming part of the Tractors, were, however, delivered on 8 June 2017. The implements were received with a delay of 35 days, on 2 February 2017. No liquidated damages were applied for late delivery, as no provision thereof was made in the Tender Documents;

Payment was made to the supplier of the Implements for an amount of Rs 334,813 on 16 February 2017, after deduction of Tax Deducted at Source (TDS). As for the supplier of the Tractors, full payment of Rs 3,836,400 was effected on 30 June 2017, without deduction of TDS;

- The Commissioning of the implements was done from 7 to 9 August 2017. One of the five implements received on 2 February 2017, namely the 'Rotary Tiller', was 'inoperative' due to the fact that the shaft was too short and needed replacement, as stated in a Job Report. As of September 2017, the latter had not yet been replaced;
- As of September 2017, all six Tractors had not been operational since their acquisition. They were found lying unsheltered in the compound of the Commission, exposed to the inclemencies of weather.

Funds should not be allowed to be tied up in assets not ready for use. Tractors are to be procured only when there is a request for them and same should be used promptly for mechanisation purposes to benefit the Planting Community.

RRA's Reply

Four of these Tractors have already been provided to the Rodrigues Trading and Marketing Co. Ltd. The two other Tractors attached to the Commission are operational, performing land mechanisation at Farmer's level.

3.14.2 Repairs of Tractors and Implements

Following a survey carried out on Tractors, Bulldozers and Implements in November 2015 by a private Company X, a request for Sealed Quotations was addressed to five potential Suppliers for the repairs of Tractors and Implements on 11 March 2016. Bidders were required to make a complete diagnosis of all the Plant and Equipment listed for repairs by Company X, before submission of their quotes.

After the necessary evaluation exercise, the contract for the repairs/servicing of seven Tractors, one Bulldozer and four Implements was awarded for a total amount of Rs 4,111,121 on 24 May 2016 to the same private Company X which carried out the survey in November 2015.

The Tractors and Other Equipment, after repairs were tested/commissioned on 8 June 2017 and payment of Rs 4,084,309 was made to the Company on 30 June 2017.

The following were noted:

- (i) Company X which carried out the survey on the Tractors and Implements and proposed the necessary repairs to be carried out, was awarded the contract for the repairs of Tractors and Implements. This is not in line with the Public Procurement Regulations which state that *“a firm hired to provide Consulting Services for the preparation or implementation of a project, and any of its affiliates, shall be disqualified from subsequently providing goods or works or services related to the initial assignment”*;
- (ii) The works, which were to start within 20 days of the date of award of contract, had a duration of 45 days for completion, that is by 26 July 2016. An extension of time of 60 days for unavailability of spare parts was approved for the period from 2 September to 31 October 2016. Liquidated damages, as specified in the condition of contract, were not applied for all delays not covered by duly approved extension of time;
- (iii) The estimated costs of repairs of Tractors 43 RRA 08 and GMR 558 were Rs 293,000 and Rs 186,000 respectively. Although, the actual cost of repairs of Rs 492,126 for each Tractor exceeded by more than 15 per cent the estimated costs and a rebid exercise was considered not practical, negotiation with the bidder had not been resorted to, as prescribed in a Circular issued by the Procurement Policy Office (PPO);
- (iv) According to a Report issued by the Agricultural Research and Extension Services on 11 April 2017, the Tractor 15 RRA 11 was repaired in-house. There was no evidence of any repair works undertaken by Company X on that Tractor. However, payment for an amount of Rs 565,945 was effected to the Company in respect of repairs of that Tractor;
- (v) No register was kept at the Transport Section of the Commission to record the date of visits of Technicians, and the particulars of the work carried out by them;
- (vi) A survey of Tractors was carried out on 15 September 2017 by my Officers. Five of the seven Tractors repaired by Company X were not being used, as evidenced by the non-installation of batteries.

RRA's Reply

- Negotiation will be resorted to in future bids, whenever it is considered practical to do so;
- A Register has already been put in place at the Transport Section;
- The successful bidder has been requested to refund the amount which had been overpaid through oversight.

3.15 Rehabilitation of Agricultural Land

One of the objectives of the RRA, in so far as the agri-sector is concerned, was to increase the volume of crop production through an increased area of land under cultivation. To that effect, attention was directed towards the efficient recovery of all abandoned plots of land and to promote their optimum use.

The Executive Council, in April 2016, gave its approval to proceed with the recovery and rehabilitation of 100 hectares (ha) of abandoned arable land for crop production.

The procurement exercise for the rehabilitation of agricultural land was subsequently launched through Open National Bidding for bush clearing and land preparation for 100 ha of land in Rodrigues, with sites ranging from 5 to 20 ha in size.

Five bidders responded. After the necessary evaluation exercise, the Bid Evaluation Committee, on 29 April 2016, recommended the award of contract to a private Company for an amount of Rs 12,118,224 exclusive of VAT. The contract was subsequently awarded to that Company on 14 June 2016. Works started on 29 July 2016 and were scheduled for completion by 28 September 2016, that is within a period of 60 days.

On 5 August 2016, the Executive Council also approved, as Variation Works under the rehabilitation of agricultural land contract, an immediate carrying out of land rehabilitation works in the context of the implementation of pastures on Model Farms, and in connection with agri-business projects for some 25 former Brevet Professionnel Agricole (BPA) Trainees. As a result, the Contractor requested for an extension of the intended completion date of works till 31 December 2016.

On 25 November 2016, the Contractor was informed that extension of time would be given up to 20 December 2016 only, and that liquidated damages would apply as from 21 December 2016. An amount of Rs 11,421,213 was finally paid to the Contractor for rehabilitation of agricultural land on 30 June 2017.

Observations

- Documents certifying the actual date of completion of works were not produced to my Officers. As such, it was not known whether there were delays and whether liquidated damages had to be applied;
- Records regarding the rehabilitation of land were not complete. For example,
 - Programme of Work, as well as Programme Updates, were not available in the relevant file;
 - Except for the BPA Trainees who were allocated specific sites for rehabilitation works, a list of other sites to be rehabilitated, together with corresponding extent of land was not available in the relevant file;
- Works carried out by the Contractor were not properly monitored, as highlighted below:

Two Requests/Applications for payment, made by the Contractor on 31 July and 31 October 2016 for amounts of Rs 852,878 and 10,586,086 respectively, were not processed promptly. It was only on 6 January 2017, that Technical Officers of the Commission were required, by the Officer in Charge, to submit a Report of work carried out by the Contractor, to enable processing of payment. However, the Technical Officers were reluctant to certify that rehabilitation works had been carried out satisfactorily, as:

- At the time works were carried out on sites, all Officers were involved in the campaign against Foot and Mouth Disease (FMD) infection and therefore were not on site;
 - Officers were not aware of the scope of work, what operations had been carried out on field and when these had been carried out. They were also not informed of the handing over of sites and whether they were the ones responsible for work supervision.
- Joint site visits were carried out in May 2017 by representatives of the Commission and those of the Contractor, for the measurement of land rehabilitated and survey of access road. A Report was subsequently submitted, giving details such as location, area covered and beneficiaries. According to the Report, the total area covered was 75.83 ha, as compared to the 100 ha as per the contract. It was not known whether the Contractor had performed all the work required before the payment of Rs 11,421,213 was effected.

Conclusion

In the absence of proper supervision, monitoring and documentation, it could not be ascertained whether value for money had been obtained, the more so that a substantial amount had been disbursed for that project. There was also no post-monitoring mechanism put in place to ensure that the land actually rehabilitated was being optimally utilised.

RRA's Reply

- Officers of the Commission for Agriculture were at that time fully involved in the fight against the FMD. This has negatively impacted on the supervision of land rehabilitation works. Necessary actions will be taken for better monitoring of projects in the future;
- The Contractor for the rehabilitation of land has been paid on a pro-rata basis for the amount of land rehabilitated. 42 ha of the land have been under maize and bean cultivation, whereas the remainder is under fodder cultivation.

3.16 Construction of Remand and Convict Block at Pointe La Gueule - Rs 33,223,367

In January 2014, the present Prison Master Plan was revisited and it was decided to extend the prison building to cater for the segregation of remand and convict male

prisoners. A preliminary estimate was worked out in May 2014 by the RRA's Consultant, whereby the project was stated to cost some Rs 21.9 million.

Bids were launched in November 2014 with pre-bid meeting and closing date scheduled for 8 and 18 December 2014 respectively. However, on 11 February 2015, the Central Procurement Board (CPB) recommended the cancellation of the bidding exercise on the ground that bids received were all substantially above the estimated cost. In this case, it was stated that it would be difficult to negotiate a reduction in price to the tune of 15 per cent. Details are as in Table 3-14.

Table 3-14 Comparison of Quoted Price with Estimated Price

Bidders	Amount Quoted (Rs)	% over estimated cost
Company A	34,960,000	60
Company B	35,768,814	63
Company C	52,410,732	139

Subsequently, another cost estimate was prepared on 3 September 2015, based on Price Bill of Quantities. The revised cost estimate was Rs 27,582,193.

On 19 February 2016, invitation for bids through Open Advertised Bidding was launched, with closing date on 15 March 2016. Extension of closing date to 29 March 2016 was necessary as two Addendums were issued. It was also specified that electronic bids would be rejected.

Three bids were received as follows:

Bidders	Amount exc VAT (Rs)	% excess over cost estimates
Company D	31,046,468	29
Company B	35,926,980	50
Company E	30,374,885	27

On 26 April 2016, the bids received together with relevant documents were sent to the CPB for evaluation. On 20 May 2016, the CPB carried out the bid evaluation exercise and on 14 June 2016, it informed the RRA that since quoted price exceeded 15 per cent, negotiation with the lowest responsive bidder may be carried out.

On 29 June 2016, the CPB approved the award of contract to Contractor E for the negotiated price of Rs 33,223,367. The contract was awarded on 25 July 2016 and the agreement was signed on 8 August 2016.

Observations

- (i) In the advertisement for the invitation to bid, it was stated that bids submitted electronically would be rejected. This was not in line with the Public Procurement Electronic Bidding System Regulations which stated that *'Every Public Body shall, as far as possible, manage all procurement requests through the e-procurement system'* (e-PS).

All Public Bodies are expected to use the e-PS to conduct procurement above a defined threshold by the end of December 2016. Public Bodies are encouraged, in consultations with the Procurement Policy Office (PPO), to devise and implement measures aimed at employing information and communication technology in the procurement process;

- (ii) The *'Bid Evaluation Procedures for Major Contracts of the Public Procurement (Regulations 2008)'*, provides that *'For the purpose of examination and evaluation of bids, the Board shall constitute a Bid Evaluation Committee within 15 days after the opening of bids'*. However, CPB carried out the bid evaluation exercise on 20 May 2016, that is after a period of 51 days;
- (iii) The bids quoted exceeded the estimated costs by percentages ranging from 27 to 50 per cent in the new tendering exercise. As the lowest evaluated substantially responsive bid exceeded the updated cost estimate of works by more than 15 per cent and a re-bid exercise was considered not practical, the RRA carried out negotiation procedures as per Circular of the PPO, and awarded the contract at a price which was some 20 per cent over the estimated cost;
- (iv) There were inconsistencies between the letter of award of contract and the standard bidding documents. The former stated that Performance Security in the form of a bank guarantee, a detailed programme of work and insurance policies should be submitted within 14 days of issue of acceptance, whereas the latter stated that Performance security, insurance policies, and a program of work shall be submitted within 21 days of the letter of acceptance;
- (v) Handing of site to the Contractor was scheduled for 13 September 2016. Works were to start on 19 September 2016 and completed by 23 July 2017. However, extension of time of 39 days was granted due to a change in location for the construction of the building. This brought the new completion date to 1 September 2017. However, as of 11 September 2017, the progress of work on site was reported to be only around 67.5 per cent completed;
- (vi) The project was not properly planned in order to ensure that the desired outcomes and benefits are obtained promptly. Consensus was not reached regarding the exact location of the site on which the building would be erected. The handing over of the site to the Contractor was effected more than one month after awarding the contract. It was stated that the proposed construction area included structures which, if pulled

down as proposed in the project, would considerably disrupt some existing vital services in the prison. Another location was then proposed on the other unoccupied left side of the existing prison building where there were no built-in structures, except for a natural drain that could be easily diverted;

- (vii) The topography of the new site differed much from the initial site, resulting in major excavation works to be undertaken. Variation works, for an amount of Rs 1,530,000 were incurred. This exceeded the contingency sum of Rs 1 million and led to cost overrun of Rs 530,000. Also, extension of time of 28 days was approved by the Departmental Bid Committee (DBC) due to the additional excavation, following the relocation of the site;
- (viii) The advance payment of Rs 3.2 million was secured by an advance payment guarantee, which expired on 26 July 2017. This guarantee was not renewed so as to be effective until the contract completion date, which was revised to 1 September 2017.

RRA's Reply

Delay in the project was due to the fact that additional and variation works were entrusted to the Contractor, as there were important missing requirements, such as construction of block wall of 3.5 metres, construction of access road, relocation of dog compound, provision of generator and generator rooms, amongst others, which were not included in the initial tender document for the new present block to be fully operational.

3.17 Setting up of a Rehabilitation Youth Centre at Oyster Bay

3.17.1 Objective of the Project

Rodriguan juvenile offenders were sent to the Rehabilitation Youth Centre (RYC) in Mauritius, as one was not available in Rodrigues. The objective for the setting up of a RYC was to give a better chance to the juvenile offenders to be reformed in Rodrigues for their anti-social behaviour, without being separated from their family. In that context, an ex-shelter was upgraded to accommodate the juvenile offenders.

3.17.2 Upgrading of the Rehabilitation Youth Centre - Rs 3,938,853

Tenders for the project 'Upgrading of Ex-Shelter at Fond Baie Aux Huitres' were launched on 12 June 2015 through restricted bidding. After the necessary evaluation exercise, the contract was awarded to a private construction Company on 18 August 2015 for an amount of Rs 3,938,853. Works started on 17 December 2015 and were scheduled for completion by 5 May 2016. Due to additional works, the completion date was revised to 31 October 2016. Works were completed on 10 October 2016 and taking over of site was done on 14 October 2016. A list of minor defective works was drawn to be completed within the defects liability period, that is by October 2017.

Total cost of the project amounted to Rs 4,241,296. However, an amount of Rs 304,000 was deducted therefrom, as liquidated damages for delay of 38 days for which extension of time was not granted.

In addition, an amount of Rs 115,120 was paid to the Contractor for the supply and fixing of an entrance gate and for the construction of a boundary wall, which did not form part of the initial contract. The following were noted:

- As per letter of award of contract, the site was to be handed over to the Contractor two days after signature of contract so that work would start within seven days from date of possession of site. However, site was handed over to the Contractor on 19 October 2015, that is a delay of 39 days after the signature of contract on 10 September 2015. Works started two months later, on 17 December 2015;
- Poor planning had resulted in additional works to be added to the contract, thus requiring extension of time and causing delays in the implementation of the project. Furthermore, works relating to the supply and fixing of an entrance gate and construction of a boundary wall were not taken into consideration at the planning stage.

3.17.3 Posting of Staff at the Rehabilitation Youth Centre

Following requests from the Commission, the Prime Minister's Office (PMO), in February 2016, conveyed approval for the following:

- Five to six Prisons Officers from Mauritius be posted at the RYC for a temporary period of six months to assist in the manning of the RYC;
- The Assistant Superintendent of Prisons, in charge of the Pointe La Guele Prison, Rodrigues be entrusted with additional responsibilities to oversee the day to day running of the RYC.

However, the RRA was requested by the PMO to liaise with the Ministry of Social Security, National Solidarity and Reform Institutions to have a few Rehabilitation Officers from the RYC in Mauritius to support this initiative. The RRA was also advised to expedite the recruitment exercise for RYC Officers on its establishment.

On 1 April 2016, the Commission informed the PMO that it would prefer to have a Woman Prison or Police Officer to be assigned the responsibility of Officer in Charge of the RYC for its day to day operation. The Commissioner of Prisons, on 10 May 2016, stated that:

- It was not in order to have Police Officers seconded for duty as Prison Officers in view of the nature of their respective duties and scheme of service;
- Provision be made either for creation of posts to absorb the selected Prisons Officers/Senior Prison Officers on the establishment of RRA; or for funds to meet their salary after the initial period of six months;
- Passage costs be borne by the RRA.

Subsequently, in June/July 2016, 10 Prison Officers assumed duty in Rodrigues. Two of them ended their tour of service end of October 2016. A request to replace these two Officers was addressed to the Commissioner of Prisons in November 2016.

Following a request made by the Commission to the Divisional Commander, Rodrigues Division and to the Commissioner of Police in October 2016, for the release of a Woman Police Sergeant who would act as Officer in Charge of the RYC, the Commissioner of Police, on 7 November 2016, issued a 'Temporary Posting Order' for a Women Police Sergeant from the Rodrigues Division to the RYC.

For 2016-17, in addition to the salaries paid to these Prison Officers/Senior Prison Officers from the Vote of the Prison Service in Mauritius, an amount of some Rs 700,000 representing cost of travelling, night shift allowance, disturbance allowance, public holiday and bank allowances were also paid to them from the Vote of the RRA.

The following were noted:

- The RYC was scheduled to be opened in November 2016, yet Officers assumed duty in June/July 2016, that is some five months prior to the opening. As of September 2017, more than 10 months later, the RYC was still not operational. Officers convened for that purpose were present for duty at the RYC but no activities were being carried out, as the juvenile offenders were still in Mauritius;
- Since the RYC was not fully operational and did not involve any day to day running activities, the request for a Woman Prisons Officer or a Woman Police Officer, as Officer in Charge, was not justified at that stage;
- Although attention was drawn that it was not in order to have Police Officers seconded for duty as Prison Officers in view of the nature of their respective duties and scheme of service, same was not considered as a Women Police Officer was seconded to act as Officer in Charge of the RYC as from 7 November 2016.

Conclusion

The Commission did not properly plan for the setting up of the RYC. Although the building was completed since October 2016 and Officers had been trained and posted at the RYC, no activities have yet started. As of September 2017, that is a year later, still no activities have started.

Total costs associated with the upgrading of the shelter and its furnishing amounted to more than Rs 4 million. In addition, salaries and allowances incurred up to September 2017 for the RYC were to the tune of another Rs 4 million.

RRA's Reply

- Procedures have been initiated for the recruitment of RYC Officers on our establishment. A request has been addressed to the Reform Institution in Mauritius to have RYC Officers, for a tour of service in Rodrigues, pending recruitment on establishment of Rodrigues;
- The delay in the opening of the RYC was due to the fact that amendments had to be brought to regulations;
- Minor works were being undertaken in the meantime to make the building fully operational in February 2018.

Deputy Chief Commissioner's Office

3.18 Construction of Dormitory for Boys at Baladirou – Rs 3.8 million

The main objective of the Foyer at Baladirou is to provide love, care, attention and education to children at the Foyer so that they may develop and grow as other children under the care of their parents.

The project for the construction of dormitory for boys and associated facilities was undertaken to assist the Foyer to attain its objectives. In this connection, tenders were launched on 18 November 2014 through restricted bidding, as method of procurement. The lowest responsive bid of Rs 3,565,000 exceeded the estimated cost of Rs 2,967,000 by more than 15 per cent.

On 9 April 2015, the Departmental Bid Committee (DBC) decided to annul the tender exercise and to request the advice of the Consultant for any modification of the bidding documents.

On 6 May 2015, a second tender exercise was launched and the closing date was 1 June 2015. On 2 September 2015, the contract was awarded to a private construction company for an amount of Rs 3,878,409. Construction works started on 29 January 2016 and were scheduled for completion on 20 May 2016, with a duration of 112 days. An extension of time of 47 days was approved and the revised scheduled completion date was 6 July 2016. The project was delayed and works were completed only on 24 January 2017. The total amount paid to the Contractor less the maximum amount of liquidated damages of Rs 337,253 as of 30 June 2017 amounted to Rs 2,962,090.

The following were observed:

First Tender Exercise

The Chairperson of the DBC stated, on 9 April 2015, that the lowest responsive bidder was willing to review its price. However, no negotiation was held to bring the tender price, which exceeded the estimated price by more than 15 per cent, to a reasonable one. This was not in line with directives from the Procurement Policy Office (PPO) which recommended *that for non-major contracts, the Chief Executive Officer of the Public Body shall appoint a Negotiator or a Negotiating Team, depending on the value and complexity of the procurement contract, from among officers who are knowledgeable in all aspects of the procurement.*

Second Tender Exercise

The launch of the second tender exercise, some six months later, has cost the Rodrigues Regional Assembly (RRA) Rs 313,409 more than the first launch. Had negotiation been carried out in respect of the first launch, the lowest responsive bid of Rs 3,565,000 could have been reduced to Rs 3,412,050 (15 per cent above estimated cost), in which case a minimum of Rs 466,359 would have been saved.

Moreover, a cost estimate, which is an important yardstick to assess the price reasonableness of the second tender, was not seen. There was no evidence that contract

conditions were modified in line with Section 39 (4) of the Public Procurement Act which states that *‘Where the invitation for the procurement is to be repeated, the reason for the rejection of all bids or the cancellation of the procurement proceedings shall be examined by the Public Body and the technical specifications, or contract conditions shall be suitably modified’*.

Bid Validity

The bids were referred to a Bid Evaluation Committee (BEC) since 9 June 2015 and the latter was given 15 days to complete the evaluation report. However, it was only on 1 September 2015 that the BEC, in its report, concluded that the bid validity period expired on 30 August 2015 and recommended to re-launch the tender.

At the DBC meeting of 2 September 2015, it was decided that since the BEC had already completed the evaluation exercise, there was no need for bid extension. It was also decided to award the contract to the private construction company for an amount of Rs 3,878,409.

The contract was awarded on 2 September 2015, after the expiry of the bid validity period. This was also not in line with the User Guide issued by the Procurement Policy Office which states that the evaluation shall be completed within the validity period so as to leave enough time for contract award.

Delay in Completion of Works

The Contractor has delayed the completion of works by some 200 days, even though 47 days extension had been granted. However, the maximum amount of liquidated damages (in terms of delay/days) that could be charged, as defined in the Particular Condition of Contract was 42 days. In spite of the fundamental breach of contract, decision to terminate the contract was not taken. Further, no explanation was given for such delay.

Performance Bond

Directive 9 issued by the PPO provides that *‘In works contracts, where progressive payment is applicable, money from earlier payments may be withheld to constitute a security in lieu of a security from a bank’*.

As such, although performance bond was not required for contract up to Rs 5 million, the Commission did not take necessary precautions to constitute adequate security by withholding earlier payment.

Insurance Policy

The insurance policy covering the period from 27 October 2015 to 31 March 2016 was not in the joint names of the Contractor and the RRA. It was also not valid from the start of the contract to the end of the Defects Liability period of 365 days.

Recommendation

Terms and Conditions of contract, as well as procurement regulations, need to be strictly adhered to. Delays should be minimised so that the facilities are available to the children on time.

RRA's Reply

Works were monitored closely by the Consultant/Client. Minor works were included in the snag list which was to be completed during Defects Liability Period.

Commission for Public Infrastructure, Land Transport, Housing, and Water Resources

3.19 Desalination Project

3.19.1 Project Background

At paragraph 4.21 of the Audit Report for the 18-month period 1 January 2015 to 30 June 2016, I mentioned that the contract awarded in October 2013 to a private construction company (Contractor) for an amount of Rs 156.1 million was terminated in February 2015 due to non-performance of the Contractor and failure to execute works as per terms and conditions of the Contract.

I reported, amongst others, that none of the four Desalination Plant had been commissioned. Two of them (Pointe Cotton and Baie Malgache) were not completely installed while the other two (Pointe Venus and Caverne Bouteille) were operating at some 50 per cent of their capacity. I also reported that payments of some Rs 99.4 million had been disbursed to the defaulting Contractor.

3.19.2 Submission of Final Accounts

I stated that Final Accounts had not been received and the value of works executed, up to the termination of the contract, was not determined. It was, therefore, not known whether any sums were due or overpaid to the Contractor.

On 11 January 2017, some 23 months after the termination of the contract, the Consultant submitted the Final Accounts. This was not in accordance with the General Conditions of Contract, which states that *‘As soon as practicable after a notice of termination has taken effect, the Engineer shall agree or determine the value of works and any other sums due to the Contractor for works executed under the contract.’*

According to the Final Accounts, ‘Remedy Defects’ amounted to Rs 21,861,045 after the checking of defects at termination of contract. This was taken into account and the final amount to recover from the defaulting Contractor was Rs 130,868.

The following were noted:

- The Consultant recommended the application of full delay damages of two per cent of the contract price for a total amount of Rs 3,122,032. Same was not taken into account in the Final Accounts;
- According to General Conditions of Contract: *‘Payments After Termination’*, the Employer may recover from the defaulting Contractor any losses and damages incurred by the Employer and any extra costs of completing the works. As such, the Contractor shall bear the cost of uncompleted work. This issue was not considered in the Final Accounts.

RRA's Reply

The Final Accounts are being processed for further action.

3.19.3 Spare Parts kept at Pointe Cotton and Baie Malgache Building

Following the termination of the contract, several items of plant/equipment and spare parts for the Desalination Plant were left unassembled at Pointe Cotton and Baie Malgache. These were seen by my Officers during a visit in April 2015.

On 29 June 2016, the contract for the completion of works at Pointe Cotton (building and civil works) was awarded to another private contractor. Consequently, all items of plant/equipment and spare parts found at Pointe Cotton were transferred to the building at Baie Malgache, prior to the handing over of the site to the Contractor in August 2016. A list of items transferred was drawn on 24 August 2016.

According to the Final Accounts submitted by the Consultant, the value of plant/equipment and spare parts amounted to Rs 3,206,500 for Baie Malgache and Rs 6,388,800 for Pointe Cotton.

A visit was carried out by my Officers on 22 September 2017 on the site at Baie Malgache. The following observations were made:

- Various items of plant/equipment and spare parts, valued at some Rs 9.5 million, were kept in a haphazard manner in the building constructed to house the Desalination Plant. As such, it was difficult to carry out a physical survey of these items;
- Several items of spare parts were reported to have been used to cater for the wear and tear of the two other Desalination Plants at Pointe Venus and Caverne Bouteille. This could not be verified, in the absence of proper records;
- Six pressure filters purchased from a sub-Contractor were stacked outside the building and hence not properly stored. The cost of these filters was not available;
- Due to insufficient storage space, spare parts and other stores items were not maintained in appropriate conditions, being exposed to physical damage or deterioration, and thus running the risk of not being 'fit' for use in the future.

I was informed in February 2018 that spare parts were taken on charge on 24 August 2016 in a Store Ledger at the Water Resource Unit of Malabar.

3.19.4 Disqualification of Contractor by the PPO

In December 2016, the Procurement Policy Office (PPO) informed the Commission that, after investigation, the proposal for disqualification of the defaulting supplier, that is the Joint Venture and its two constituting members, had not been retained.

The PPO also advised that the RRA may seek legal guidance on prejudice caused to the Commission and whether it has avenue to recover from the defaulting supplier the

additional costs involved in having the contract completed by another supplier. There was no evidence that this had been done.

I was informed on 5 February 2018 that the performance bond of Rs 15,610,161 and the balance of advance payment of Rs 16,536,079 were recouped by the Commission in line with the Conditions of Contract.

3.19.5 Building and Civil Works at Pointe cotton

On 29 June 2016, the contract for Building and Civil works at Pointe Cotton was awarded to Contractor A for an amount of Rs 18,995,735. The handing over of site was made on 19 August 2016 and the construction period was 112 days as from start of work which was 26 August 2016. The expected completion date was 15 December 2016. Total Payments made to Contractor A, as at September 2017 amounted to Rs 11,114,458.

3.19.6 Delay in completion of works

On 26 July 2017, after the scheduled completion date, the Consultant approved an extension of time of 18 days bringing the revised completion date to 2 January 2017. As at April 2017, the progress of work on site was 70 per cent only and the Contractor informed the Consultant that an additional two months would be needed to complete the works. The latter recommended that the contract be terminated. However, this was not done.

RRA's Reply

The reasons for the delays on the part of the Contractor as indicated in the notes of site meetings are:

- No experienced full time site agent was provided during the first two and a half months of the project;
- Late procurement of formwork for the construction of the water tanks;
- Slow progress on site due to lack of labour and mismanagement of skilled labour;
- Breakdown of equipment and no immediate replacement.

An amount of Rs 1,073,860 had been applied as liquidated damages for delays attributable to the Contractor.

3.19.7 Performance Bond and Insurance Policy

According to bidding documents, whenever the Performance Bond and Insurance Policy expire before the end of the date of completion, the Contractor shall renew the bond and insurance policy so that they cover the period up to the completion of works and shall extend these to cover the defects liability period. The Performance Bond will expire on 28 June 2018 and the Insurance Policy was for the period 27 July 2016 to 16 January 2017. The Insurance Policy was not renewed to cover the defect liability period.

RRA's Reply

The Contractor has been notified to extend the validity of same to cover the liability period.

3.19.8 Completion of Building and Civil Works at Baie Malgache

In May 2016, the Consultant working on the project recommended that the project be split in two parts as Building and Civil Works were considered to be of dissimilar nature.

The contract for Building Works was awarded on 7 September 2017 to a private company, Contractor B for an amount of Rs 12,581,000.

The contract for Civil Works had not yet been awarded as at September 2017. The following were noted:

- The Desalination Plant was built on a site where, according to notes of meeting, the exact location for drilling was not yet identified. There was no evidence that a feasibility study had been carried out prior to choosing the site at Baie Malgache;
- There was a first proposal by RRA's Consultant, which was turned down due to its exorbitant price. A second proposal, with estimated cost of Rs 22 million, was made which comprised a jetty with intake towers, including due consideration to the geotechnical characteristics of the site;
- No expression of interest was invited from other Consultants to secure the most favourable proposal for Civil Works in order to address the water intake problem in Rodrigues;
- As at September 2017, the scope of work was not yet finalised, and as such, tenders could not be launched.

RRA's Reply

Tender has been launched for sea intake and Civil Works at Baie Malgache on 6 October 2017. The closing date for submission of bids was 23 November 2017.

3.19.9 Rehabilitation of the Two Reverse Osmosis Desalination Plant

In February 2016, bids were invited for a 'Design-Build and Turnkey' contract for Reverse Osmosis Desalination Plant at Pointe Cotton and Baie Malgache as a single project. In June 2016, the Central Procurement Board (CPB) informed the Commission that it had approved the award of the contract to a private company for an amount of Rs 103,010,469. However, the award was challenged by one of the bidders who lodged the case with the Independent Review Panel (IRP) for review. After several hearings, the IRP ordered, in July 2016, the annulment of the procurement exercise and the decision to award the contract to the successful bidder.

The Executive Council was informed by the Commission, in June 2017 that a new set of draft bidding documents for the supply of equipment for the Reverse Osmosis Plant for

Baie Malgache and Pointe Cotton have been received from the Consultant. On 13 September 2017, the CPB stated that amendments required in the bidding documents have been discussed and the revised bid documents were being awaited.

Observations

- The Commission has considered the revised bid documents based on full employer's design, a project which if implemented, would cost the RRA substantially more than the amount of Rs 103,010,469, which was a Design and Build project based on fixed cost;
- As at September 2017, more than one year after the annulment of the last procurement exercise, no fresh tenders had been launched.

RRA's Reply

The tender for procurement of Desalination Equipment for Baie Malgache and Pointe Cotton has been launched on 9 October 2017 with closing date on 6 December 2017.

3.19.10 Rehabilitation of Plant at Pointe Venus and Caverne Bouteille

In March 2016, the services of a private Consultant were sought to carry out a detailed engineering review of each of the two Plant, with a view to achieving a capacity of 1,000 m³/day. The amount paid for the consultancy work was Rs 508,805.

The Consultant submitted a quotation to undertake the works recommended in its own report, following the engineering review of the two existing Plant. However, the quotation was not accepted by the Commission as it was above the prescribed threshold for direct procurement and did not comply with the provision of the Public Procurement Regulations.

Observations

- Procurement of spare parts and related services, which was recommended by the Consultant, was not effected. There had not been any floating of tenders;
- Other items of spare parts were, however, procured from two suppliers for a total amount of Rs 3,691,000 for the maintenance of the Plant. There was no improvement in water production. The average daily production of water was still around 350 m³ and 304 m³ for Pointe Venus and Caverne Bouteille respectively, according to records of water production;
- As at September 2017, no Action Plan was available in the relevant files to demonstrate how each of the two Plant would be repaired/rehabilitated so that they can operate at their maximum capacity of 1,000 m³ per day.

Conclusion

The Project for the supply and installation of Reverse Osmosis Desalination Plant at the four above mentioned locations in Rodrigues was to initially cost some Rs 156 million in 2013.

The contract was terminated in February 2015 for unsatisfactory performance of the Contractor. As at September 2017, action was not taken to seek remedy from the defaulting Contractor, which is a Joint Venture between two companies.

The two Plant at Pointe Venus and Caverne Bouteille were still not operating optimally. The maximum capacity of water production was far from being reached. The supply of materials awarded in May 2016 for an amount of Rs 3.7 million, was only for the maintenance of the Plant but not for increasing the production of water.

The contract for building and civil works at Pointe Cotton has been awarded in June 2016 for an amount of some Rs 19 million. Works were completed with considerable delay. As for Baie Malgache, although the contract for the construction of building had been awarded, that of civil works was still pending. The Commission was still searching for an affordable cost solution for water intake that meet the geotechnical characteristic of the region.

As for the project for the installation and commissioning of the Desalination Plant at Pointe Cotton and Baie Malgache, the shift from a turnkey to employer's design project has delayed the finalisation of the tender documents and will cost the Commission substantially more, as compared to last tender exercise, for its implementation. As at September 2017, no contract has yet been awarded.

The overall cost of the desalination project could be some Rs 240 million, compared to the original cost of Rs 156 million.

There is urgency to maximize the production of water so as to ensure a more frequent and regular water distribution throughout the island of Rodrigues. The existing water distribution frequency is not enough to meet the increasing demand of water for both domestic and touristic consumption. Further delays will deprive the population of this basic commodity.

Commission for Health and Sports

3.20 Procurement and Supplies Management

Procurement of Surgical Stores Items and drugs during 2016-17 amounted to some Rs 13.8 million and Rs 8.1 million respectively. These were either obtained from the Central Supplies Division (CSD) of the Ministry of Health and Quality of Life in Mauritius or purchased on the local market. Details are as shown in Table 3-15.

Table 3-15 Procurement of Surgical Stores Items and Drugs

	Received from CSD (Rs million)	Local Purchases (Rs million)	Total (Rs million)
Surgical Stores Items	7.9	5.9	13.8
Drugs	6.5	1.6	8.1

At paragraph 4.22 of the Audit Report for the 18-month period 1 January 2015 to 30 June 2016, I mentioned that an efficient procurement and supplies management is a pre-requisite for the proper functioning of a hospital. A review carried out in 2016-17 revealed the following:

- Annual requirements for Surgical Stores Items and Drugs were sent to the CSD and delivery was made by the CSD on a quarterly basis. Posting of transaction in Store ledgers at the Surgical Store and Pharmacy Main Store were in arrears;
- In the absence of up-to-date records, any shortages may thus remain undetected.

3.20.1 Queen Elizabeth Hospital - Work Environment

Space constraints at the QEH are becoming more and more acute over the years and this problem is still awaiting to be resolved. My observations included the following:

- Two staff quarters were, as of September 2017, still being used to house stocks of Surgical Stores. Boxes were piled up on top of each other, hardly allowing free movement in the two quarters;
- Drugs, which were received in bulk on a quarterly basis for the Pharmacy, were stored in corridors and in offices, because of lack of space;
- Dozens of cartons of chemicals and solutions used for haemodialysis treatments were stacked in the treatment room itself and even in the toilet block. Also, some 25 bags of pure refined vacuum salt and sand used in the water purifying system were kept in the open and were stated to be of no use due to poor storage conditions;

- The kitchen of the Catering Unit, dating back to 1977 and considered too small for preparing over a hundred meals daily, had a low roof and poor ventilation making it uncomfortable to work in such premises. Moreover, the whole roof slab, involving office, store and kitchen were reported to leak heavily during period of rains.

RRA's Reply

I was informed, in February 2018, of the following:

- Store ledgers could not be updated instantaneously in the absence of Goods Forms and Delivery Notes. However, in view of addressing this shortcoming, the User Section at the QEH is taking these items on charge on a Store Form pending the receipt of the appropriate document from the CSD;
- As regards, environmental issues, the services of a foreign Consultancy Company were retained for the elaboration of a master plan of the Health Services in Rodrigues. Its representatives were on mission in Rodrigues in early December 2017 and have submitted a concept proposal in which all infrastructural issues at the QEH, are being addressed in a holistic manner.

3.21 Swimming Pool at Marechal

In the Audit Reports for the year ended 31 December 2014 and for the 18-month period 1 January 2015 to 30 June 2016, I mentioned that the swimming pool, constructed in accordance with Olympic norms in the year 2005 at Marechal, had not been optimally used although some Rs 75.8 million had been spent thereon.

I reported that this situation arose due to inadequate water supply, the rapid drawdown of the water level in the swimming pool and the high running and maintenance costs involved. I also drew attention that the compound was not properly maintained.

A review was carried out in September 2017 to assess to what extent action had been taken. The following were noted:

- Sealed bids were invited by the Commission responsible for the operation and maintenance of the swimming pool from eligible and qualified bidders for the re-opening of the swimming pool at Marechal, through open advertised bidding on 24 October 2016. The scope of work consisted of the upgrading of infrastructural works and the mechanical and electrical installation of the swimming pool equipment.

Following the evaluation of the bids, the Bid Evaluation Committee recommended that the contract be awarded to the lowest substantially responsive bidder for an amount of Rs 15,714,816, exclusive of VAT. Same were approved by the Departmental Bid Committee and the contract was awarded on 16 January 2017.

Works started only on 8 March 2017 and were practically completed in August 2017.

- During a site meeting held on 5 July 2017, wherein there were representatives of the Commission, the Consultant and the Contractor, it was stated that the client had to start filling the pool on 24 July 2017. This was, however, not effected.

On 14 August 2017, the Consultant informed the Commission that the Contractor had already installed all mechanical equipment on 5 August 2017 and the latter needed to carry out testing and commissioning. To that effect, the Consultant stated that he was waiting for the pool to be filled in order to start the testing. The Consultant also pointed out that associated costs may be claimed by the Contractor due to the delay in testing and commissioning of the work. Action had been taken at the level of the Commission to liaise with the Water Resources Unit for the filling of the pool. However, as of September 2017, the pool had still not been filled with water;

- A site visit was effected in mid-September 2017 by my Officers, in the presence of an Officer of the technical cadre of the Commission. The pool was almost empty, with a thin layer of greenish dirty water full with algae. Filtration pump, air valves and other accessories which were detached from the Pump/Filtration Room were kept outside, in the open air and subject to inclemency of weather. Gutters, which form part of the rain water harvesting system, were not repaired and well maintained.

Conclusion

The Commission did not properly plan for the re-opening of the swimming pool. The former Commission for Health and Sports had, in September 2016, stated that it was working on a long term solution to have a regular supply of water so that the swimming pool could resume its activities. This problem of water supply is still an issue up to now, as testing and commissioning are being delayed.

As of September 2017, benefits were still not being derived from the swimming pool. Athletes and the general public were still awaiting for this infrastructure to be operational. The total cost on this infrastructure has reached some Rs 92 million, notwithstanding the fact that watchmen and cleaners were being paid to guard and clean the premises.

RRA's Reply

- The works have been practically completed but testing and commissioning are outstanding due to scarcity of water following drought season. Meetings have been organised with the Consultant as well as the Water Resources Unit. Two options are presently being considered, and once approved, the pool will be filled;
- The water, though greenish, consists of rainwater and is necessary to protect the tiles in the pool from direct exposition to sunlight and thus prevent cracking;
- The filtration tank will be repaired and used for rainwater harvesting in the swimming pool area;
- Arrangement has already been made with the Mauritius Sports Council to assist in the running of activities at the pool.

National Development Unit

3.22 General

The Mission Statement of the National Development Unit (NDU) is *‘to contribute to the improvement of living environment of the society around the island through development and reinstatement of basic community facilities’*.

For financial year 2016-17, NDU had spent some Rs 580.4 million under its approved Budget and Rs 225.8 million under the “Build Mauritius Fund” (BMF) to finance its activities.

3.23 Management of Funds

In the past three Audit Reports, I had drawn attention to the fact that funds allocated to capital projects during each financial period/year were not adequately managed:

- *For the period January 2015 to June 2016*, Rs 1.16 billion representing about 53 per cent of the total provisions of Rs 2.2 billion had remained unspent;
- *Prior to 2015*, NDU had undertaken more projects than initially planned and without having duly assessed the financing requirements, which resulted in significant outstanding commitments at year end.

Further, the Contract Register and Records kept at the Finance Section, were not updated and reconciled among them. Hence, it could not be ascertained whether the amounts of outstanding commitments as at a particular period/year end were accurate and complete.

There was not much improvement in 2016-17. Shortcomings observed are detailed hereunder.

3.23.1 Unspent Balances

For 2016-17, funds for the implementation of activities provided for under its Budget and the BMF were some Rs 952 million and Rs 591 million respectively.

➤ *Approved Budget*

According to Financial Instructions, *‘Ministries can carry over unspent capital expenditure to a period not exceeding three months in the following fiscal year without the need for further appropriation by the National Assembly’*. As at 30 June 2017, NDU had carried over from the Budget 2016-17 some Rs 148.2 million, representing eventual payments of outstanding commitments for Work Orders (WOs) and financial clearances already issued.

As at 30 June 2017, a sum of Rs 718 million was accounted for under its Budget and this sum comprised expenditure of Rs 166 million on staff costs and procurement of goods, Rs 403.8 million on capital projects, and the carried over amount of Rs 148.2 million. Of the latter figure, only some Rs 10.6 million had been disbursed as at September 2017.

Hence, total expenditure amounted to some Rs 580.4 million and the remaining balance of Rs 371.6 million, representing about 39 per cent of the provisions of Rs 952 million had remained unspent.

➤ *Build Mauritius Fund*

As regard provision of Rs 591 million under BMF to meet outstanding commitments for projects undertaken prior to 2015, some Rs 225.8 million were disbursed as at 30 June 2017. The balance of Rs 365.2 million, that is some 62 per cent of the Rs 591 million, had thus remained unspent. According to NDU, following the closure of BMF, payments of outstanding commitments on drains projects awarded prior to 2015 were being met from the Budget 2017-18.

3.23.2 Outstanding Commitments

According to the records of the Finance Section, outstanding commitments for projects as at 31 July 2017 totalled some Rs 1.53 billion as detailed in Table 3-16.

Table 3-16 Outstanding Commitments

Period	Amount (Rs million)
Prior to 2015	1,150
Jan 2015 – Jun 2016	126
Jul 2016 – Jun 2017	254
Total	1,530

Source: Finance Section Records

The accuracy and completeness of the outstanding commitments of Rs 1.53 billion could not be ascertained given that:

➤ *Expenditure on Capital Projects*

As at 30 June 2017, actual expenditure on capital projects totalled some Rs 580.4 million under the NDU's Budget. As at December 2017, recapitulation of that figure showing total amounts paid on projects/WOs undertaken during the respective financial period/year was not made available. Such recapitulation would have helped NDU to compute the commitments that were still outstanding as at 30 June 2017.

➤ *Period prior to 2015 – Rs 1,150 million*

Records kept for projects/WOs awarded prior to 2015 were not updated and reconciled resulting in the non availability of a detailed list of all projects that were still outstanding as at 30 June 2017. NDU conceded that the figure of Rs 1.15 billion could not be certified with certainty, the more so, on 26 July 2017, the Ministry of Finance and Economic Development was informed that the outstanding balances to be financed under BMF totalled some Rs 367.7 million as at 30 June 2017.

➤ *Period January 2015 to June 2017 – Rs 380 million*

According to the Finance Section, the outstanding amounts of Rs 126 million for January 2015 to June 2016 and Rs 254 million for 2016-17 were correct. However, the accuracy and completeness of these figures could not be ascertained as differences in figures were noted between the records of the Finance Section and the Contract Register kept at the Engineering Unit. For instance, during 2016-17, commitments for 206 WOs of revised contract values totalling some Rs 325.4 million as per the Finance Section did not tally with those commitments for 255 WOs (excluding 12 WOs cancelled) of revised contract values amounting to Rs 503.2 million, as per the Contract Register.

3.23.3 Processing claims for payments

At paragraph 4.25.3 of the Audit Report for the 18-month period 1 January 2015 to 30 June 2016, mention was made that Contractors and Consultants appointed prior to 2015 had submitted claims totaling Rs 462,704,554, and that NDU was encountering difficulty in processing the claims for payment.

Observations

- A status report of all outstanding claims as at 30 June 2017 was still not available. According to the Engineering Section, projects prior to 2015 that were still outstanding as at 25 September 2017 totalled some Rs 108.6 million. However, that figure could not be confirmed to be the final amounts due to Contractors and Consultants appointed prior to 2015;
- In June 2016, Government agreed for the payment of 50 per cent of the amount claimed in exchange of bank guarantees, pending the processing of the claims. However, there were amounts paid that were not among the approved list of claims for payment. These included Rs 37,830,101 for 38 claims, Rs 7,751,769 for projects awarded in 2015-16 and 2017, and Rs 829,413 for Storm Water Drainage Works at Camp Carol, Grand Bay awarded in August 2016;
- Claims for a total amount of Rs 1,552,000 for ‘*Drainworks, Amaury Ph III*’ and Rs 3,604,000 for ‘*Cut Off Drain, Mapou Ph II*’ were certified for payments without documentary evidence to support such payments. Further, for the same works, payment for the construction of ‘*Trapezoidal Masonry Drain*’ was based on excavation made, usage of concrete, formwork reinforcement and back falling instead of in linear metre at rate of Rs 21,916 and Rs 43,093 per metre respectively. There was no NDU’s approval for such major deviation from the proposed rate.

Recommendations

- NDU should maintain proper records of all Projects/Works Orders issued, any outstanding balances brought forward, payments during the year, any balances outstanding at end of each financial period/year end, and all such records should be duly reconciled;
- NDU should put in place a proper monitoring system and follow up of all Projects/Works Orders issued ensuring thereby that claims for payment are genuine cases of outstanding commitments and duly certified prior to any payments to Contractors/Consultants.

NDU's Reply

- The voted provisions for 2016-17 had been utilised in spite of problems associated with capacity at technical level and sorting out issues regarding clearances, way leaves, and land acquisition;
- Outstanding commitments relating to projects prior to 2015 could not be certified with certainty as Officers dealing with records had been transferred in 2015 without any formal handing over. The updating of the old records (2011 to 2015) on excel sheets is a time consuming exercise for which NDU does not have spare capacity, taking into account that the NDU has a tentative list of over 1,700 projects for implementation. Furthermore, updating such records may not serve any purpose;
- As advance payment made in June 2016 had to be recouped before 30 June 2017 (as per instructions from the MOFED), we could not wait for the Contractors/Consultants to come up with claims relating to 2015. So, any payment certificate received has been used to offset against the advance payments in order to safeguard the interest of Government.

3.24 Planning and Managing Projects

A sample of 35 projects of a total contract value of some Rs 299 million was examined. These projects were either completed or payments were effected in 2016-17. The following shortcomings were observed:

3.24.1 Compliance with Conditions of Contract

➤ Certificate of Completion

As per General Conditions of Contract (GCC), *'the Project Manager (PM) shall issue a Certificate of Completion upon deciding that the whole of the works is completed'*. The practical and final Certificates of Completion of two projects, namely *'Pavement, Curepipe'* and *'Drains Construction, Camp Diable'* of initial Contract Value (iCV) totalling some Rs 9.5 million and completed on 15 July and 26 August 2016 respectively, were not yet issued as at November 2017.

NDU's Reply

Snags with respect to metal gratings were completed on 25 October 2017. Final payment and other issues for closure of the project are being processed. The test results are awaited to ensure compliance with specifications.

➤ Dayworks

According to GCC, *'The Contractor shall be paid for Dayworks subject to obtaining signed Dayworks Forms'*. In the case of three projects namely *'Upgrading of Foot Ball Grounds at Old Grand Port and Pailles'*, *'Construction Open Drains, Pereybere'* and *'Pavement A Caille Street, Curepipe'* of iCV totalling some Rs 28 million, no duly signed Forms prior to total payments of Rs 243,952 for Dayworks were available in file.

3.24.2 Notice served to NDU

Three projects, that is *'Drainage works, Jouvance - iCV of some Rs 24 million'*, *'Construction of RC Culvert, Mapou iCV of Rs 4.5 million'* and *'Construction of Drain, Bois Rouge - iCV of Rs 28 million'*, for which contracts were awarded in November 2014, September 2014 and May 2013 respectively, were not yet completed as at 30 June 2017.

A private sugar cane company has handed over lands to NDU for the implementation of the above projects. However, on 3 June 2017, due to delay in completion of works, the Attorney of the private company served a Notice to NDU for reasons, such as the urgency of completing the works and the situation was causing much harm to its agricultural activities and to the environment in general. NDU was considering completing the works at the three sites during 2017-18.

NDU's Reply

For the *'Drainage works, Jouvance - Phase 1'*, the Contractor has abandoned the site since June 2015. In March 2017, Consultancy services were launched for the *'Drainage works, Jouvance - Phase 2'*. For the design and supervision of projects, a Consultant has been/ would be appointed for the *'Construction of RC Culvert, Mapou'* and *'Construction of Drain, Bois Rouge'* respectively.

3.24.3 Purpose of the Constructed Drain

For the project, *'Construction Open Drains, Pereybere - iCV Rs 10,376,491'*, the constructed drain did not serve its purpose as water was stagnating. It has become a nuisance during heavy rainfall and flooding problems were more acute. In November 2016, the Ministry of Environment, Sustainable Development and Disaster and Beach Management pointed out that water stagnating in the drain of the culvert was higher than at the invert level of such drain.

NDU's Reply

Stagnation of water has always been a problem at Pyndiah Road in Pereybere and evacuation of this water is very difficult due to the fact the drain/canal is at the same level

as sea level. Furthermore, the concrete wall of the drain acts as a retaining wall to prevent collapse of the road at Pyndiah Lane and is, therefore, fully serving its purpose.

3.24.4 Land Drainage and Watershed Management

The services of Consultants were procured to carry out a land Drainage and Watershed Management study to implement urgent measures to some flood prone areas. The study was funded partly from a loan, which was received in March 2013, from International Bank for Reconstruction and Development.

Taking into consideration the seriousness of the flooding problems, the Consultants proposed, in February 2015, five areas identified as a priority for undertaking the necessary mitigating measures. According to Budget 2015-16, priority drain projects at Pereybere, Camp Carol and Argy would be completed by March 2016.

Observations

As at August 2017, the three projects had not yet been completed, and the surrounding regions had been continuously exposed to flood.

Implementation of the projects was delayed due to the fact that planning and monitoring of the works were not properly done. For instance,

- The projects were initially to be implemented in-house after recruitment of additional staff in the Project Officers cadre. Due to the complexity and extensive scope of the works, NDU decided to procure consultancy services. However, appointment of Consultants was made between four and five months after the award of contracts for construction. Contractors already mobilised on site had to demobilise and remobilise after selection of Consultants;
- For drainage works at Camp Carol, the Contractor on 14 February 2017, notified NDU of his intention to claim extension of time, with costs for failing to issue the relevant construction drawings. On 28 July 2017, the Project Manager had assessed additional cost of Rs 380,000 for extension of time for the period December 2016 to mid March 2017.

NDU's Reply

Construction works are ongoing for the three projects.

Mauritius Police Force

3.25 Revenue Collection at Northern District Headquarters

At paragraph 4.28 of the Audit Report for the 18-month period 1 January 2015 to 30 June 2016, I mentioned that there was no evidence that collections, such as Passport Fees, Game Licence, Firearm Licence, Fees for Extra Duty and Certificate of Character amounting to some Rs 33.4 million made during the period 1 January 2009 to 31 March 2015 were banked. As of November 2016, the Mauritius Police Force (MPF) recovered Rs 10.7 million which brought down the unexplained difference to Rs 22.7 million.

The MPF carried out an enquiry in connection with the irregularities and the Police Officer concerned was interdicted.

The following were also reported:

- 3,504 receipts drawn during the year 2013 totalling some Rs 8.1 million were not posted in Cash Book;

In addition, some 600 and 8,800 receipts taken on Store Form 5 from the Main Cashier of the MPF for the years 2012 and 2013 respectively could not be produced for examination purpose and they were not posted in the Cash Book;

- During the period January 2009 to December 2013, 1,339 receipts for a total amount of Rs 3,222,278 posted in the Cash Book were not available for examination purpose.

3.25.1 Follow up

- *Cheques Recovered*

Following the Audit Report on the irregularities, the MPF carried out an investigation and 918 cheques for a sum of Rs 14,157,247, not yet banked, were found. As of 30 June 2017, out of the 918 cheques, 488 cheques totalling to Rs 10,833,889 were cleared reducing the unexplained difference to Rs 22.6 million. The remaining 430 cheques amounting to Rs 3,323,358 were already stale when found.

- *Advance Account*

In 2016, an Advance Account in the name of the interdicted Police Officer was opened. Balance of the Advance Account as at July 2017 stood at Rs 4,038,851.

However, the Advance Account did not reflect the unexplained difference of Rs 22.6 million.

Recommendation

The MPF must take appropriate action to recover the substantial amount of public funds involved. The MPF was first informed of the irregularities in April 2015 and after more than 30 months, the matter has not yet been resolved and the recovery rate was low.

MPF's Reply

- A Board of Enquiry has been instituted to determine the causes leading to the occurrences of the loss. Management has received the findings of the Board of Enquiry and it has been referred to the Ministry of Finance and Economic Development for any action deemed necessary;
- A system of internal check has been devised at the Finance Section of the Police Department. Financial Operation Officers are checking all the 18 Cashiers Office with a view to counter verifying the revenue collections processes and revenue collected. Manager Financial Operations through the reports submitted by the Financial Operation Officers is ensuring compliance of established procedures as laid down in Financial Regulations;
- This case is enquired into by the Central CID and the main case has been sent to the Director Public Prosecutions on 13 October 2017 for advice.

3.26 Procurement of Remotely Operated Vehicle

With a view to minimising direct manual involvement and intervention for disposal of explosives, the MPF acquired a Remotely Operated Vehicle (ROV) during financial year 2014-15 for a sum of Rs 14.3 million. The ROV was meant to be used by the Explosive Handling Unit of the Special Mobile Force.

The vehicle was delivered on 2 June 2014 and commissioning was done on 6 August 2014. Out of the contract sum of Rs 14.3 million, the supplier was paid a sum of Rs 12.9 million in September 2014. Liquidated damages of Rs 1.4 million were retained for late delivery of the vehicle, to which the supplier was not agreeable.

3.26.1 ROV not yet Utilised Three Years after Purchase

As of October 2017, three years after acquisition, the ROV has still not been utilised due to several operational defects. These included: oil leakage, the remote folding/unfolding actuators not functional, bluetooth link not operational, defective control centre, delay in image reception and damage of two 1,500 watt motors replaced by 1,000 watt motors. These defects were noted both before and after the commissioning of the vehicle.

In November 2014, the supplier was asked to replace the vehicle by a new one, to which he agreed, provided that the liquidated damages applied be refunded to him. However, the MPF was not agreeable to the request and the vehicle had not been replaced.

Meanwhile, the warranty period had already expired. Any costs involved with remedial works henceforth have to be borne by the MPF.

Despite the ROV had experienced several technical problems since August 2014 and the vehicle was not operational, still payment of Rs 12.9 million was released in September 2014.

Recommendations

In view of the various technical problems, the MPF should seek for the replacement of the vehicle. As an alternative, the MPF could claim refund of the Rs 12.9 million, for which value for money has not been obtained.

MPF's Reply

Since 27 August 2014, the ROV is experiencing many technical problems. Since then, the vehicle is not fully operational in the fleet of the Special Mobile Force. Being given that a substantial amount of public funds has been disbursed, the supplier was informed twice for the replacement of the ROV by a new one. Since then, the supplier failed to do so.

The State Law Office has advised that the fastest way to resolve the matter would be to proceed by way of arbitration on wider terms of reference.

The MPF will appoint a company at local and international level with expertise in ROV to provide an up to date status report of the equipment.

3.27 CGS Guardian

The CGS Guardian, a second hand seaward defence boat, was purchased in April 1993 for the sum of US\$ 3.5 Million (Rs 62.1 million).

The ship was acquired to carry out outer island support, search and rescue, and Exclusive Economic Zone surveillance at sea. During the past 10 years, the ship had effected an average of 17 'sea sorties' or some 290 running hours per year.

The ship was commissioned in India in 1986 and was acquired second hand by the MPF in 1993, and presently, it has completed 31 years of service. According to a report from a Technical Team from the Indian Navy, the latter had already de-commissioned ship of this class after service life of 22 to 25 years.

During the past two years, the MPF acquired three other ships namely, Barracuda, Victory and Valiant to fulfil similar operational commitments.

3.27.1 Maintenance Cost

No management information was available on the cumulative maintenance costs incurred on CGS Guardian ever since its acquisition. This is a major factor to consider when deciding whether to decommission the ship or extend its useful life.

As the maintenance cost figures were not available, my officers had to work out the costs based on Treasury Abstracts of previous financial years. Maintenance costs totalled some Rs 200 million for the period July 1999 to June 2017. However, no such information was available for the period 1993 to June 1999.

3.27.2 Service Life Extension Refit (SLER)

Government requested the Government of India to carry out a SLER for CGS Guardian, to which the latter had agreed to undertake free of cost.

The SLER included major works, such as hull survey/plate renewal, habitability upgrade, shaft alignment and renewal of cables.

The ship was sent to India in October 2017 for SLER for a period of six months. The estimated cost of the refit was Indian Rupees 270 million (Rs 140 million). It was expected that the SLER would extend the useful life of the ship by four to five years.

The MPF would incur other expenses estimated at Rs 12 million on items such as fuel, insurance, airfare and subsistence allowance for the crew of the ship.

Conclusion

The following facts do not justify the decision of carrying out SLER for CGS Guardian.

- CGS Guardian had already completed service life of 31 years and ships of this class have been decommissioned by the Indian Navy after around 22 to 25 years of use. Moreover, the ship being old, it was stated that spare parts would not be easily available;
- The SLER will cost about Indian Rupees 270 million and, as a result, the useful life of the ship will be extended by only four to five years;
- A sum of some Rs 200 million already spent during the past 18 years on extensive maintenance and upgrading of the ship and possibility of other post refit costs;
- Availability of other ships, such as CGS Barracuda, two water jet Fast Attack Crafts, Valliant and Victory;
- The ship had effected on average 17 sea sorties per year.

Instead of carrying out the SLER, the MPF could have considered the disposal of CGS Guardian being given the availability of other ships.

Another option would have been the replacement of the ship by a new one after negotiating with the Indian Authorities for a grant for an equivalent amount to the cost of the SLER.

Henceforth, the MPF should consider the above facts when deciding whether to de-commission or upgrade a ship.

3.28 Police Quarters – Rent Allowance

Quarters are allocated to eligible Police Officers for occupation by them and their families as long as they are serving members of the Force. As of July 2017, 628 quarters were allocated to Police Officers.

Rent Allowance is paid to Police Officers who are not provided with quarters. According to the Pay Research Bureau Report 2016, Police Officers in the grade of Police Constable to Commissioner of Police should be paid a monthly Rent Allowance ranging from Rs 975 to Rs 2,935.

3.28.1 Police Officers Occupying Quarters and also Drawing Rent Allowance

A sample test revealed nine cases where Officers who were provided with quarters were also paid Rent Allowance. The total payment per officer ranged from Rs 3,640 to Rs 94,156. Three Officers were paid during a period of six years while six other Officers obtained payment during a period ranging from six months to five years.

The payment arose due to failure in the internal control system where payment of Rent Allowance to Officers were not cross-checked with list of Officers who were provided with quarters.

Recommendations

Audit tests were carried out on a sample basis. This does not preclude existence of such other cases. The MPF should review the list of all the Officers who are provided with quarters to ensure that they are not paid rent allowance.

The list of all Police Officers who are occupying Police Quarters should be complete and updated.

3.28.2 Contract

The Standing Order of the MPF states that ‘when a police quarter is allocated to an occupant, he is required to enter into a contract with the MPF respecting conditions of tenancy’.

No contracts were signed between Police Officers and the MPF in respect of allocation of quarters. As a result, the MPF was unable to take corrective actions against 18 Officers who were still occupying the quarters after dismissal/interdiction/resignation, seven Officers who did not surrender quarters not occupied by them and 10 other cases where quarters were occupied only by family members of the Officers.

Recommendation

A contract stipulating all the conditions of tenancy should be signed between the occupants and the MPF.

MPF's Reply

- In the nine cases, the Rent Allowances have been stopped and arrangements have already been made to recoup the overpayment;
- As regards a contract to be made between the occupants and the MPF, the matter has been taken up with the Solicitor General and is being finalised.
- The Standing Order of the MPF has been amended.
- The database for the allocation of quarters has been updated and is being closely monitored.

Government Printing

3.29 Procurement of Hot Melt Gluing Machine

Invitation for bids for the procurement of one automatic hot melt gluing machine for book gluing to increase the capacity of the Binding Section was made through Open Advertised Bidding (National) on 26 August 2016. The only bid received was for the sum of Rs 2,955,500. However, on 3 November 2016, the Government Printing Department (GPD) awarded a contract to the successful bidder for the supply of the gluing machine and a Book Loader for the total sum of Rs 4,427,500.

3.29.1 Procurement of an Optional Item Proposed by the Bidder

During the evaluation of the bid, it was observed that the bidder had also quoted as option, a Book Loader for the sum of Rs 1,472,000 which was not included in the original bidding document. The Book Loader was purported to enable loading of up to 120 book blocks at a time. The recommendation of the Bid Evaluation Committee (BEC) to purchase the Book Loader at a cost of Rs 1,472,000 was subsequently endorsed by the Departmental Bid Committee and the Accounting Officer. This constitutes a direct procurement from a single source without competition under the Public Procurement Act and for which the maximum allowable total cost should not exceed Rs 100,000 per single item. Hence, the acquisition of the Book Loader was not in line with proper procurement procedures.

3.29.2 Award of Contract to a Non-responsive Bidder

The BEC examined the bid to determine its responsiveness to the commercial and technical terms and conditions and found it to be responsive to both terms although the speed of the proposed machine was stated to be “350 to 600 cycles per hour” instead of the requested speed of “350 to 1,200 cycles per hour or better”. The bidder stated in its bid that the equipment complied with the specifications offered, but also inserted in the column “Details of Non-Compliance/Deviation” the speed of the proposed machine as “350 to 600 c/h”. This specification was determined to be responsive by the BEC despite the deviation from the requirements. As such, the supplier was awarded a contract for a machine which was not compliant in respect of the required operational speed.

Department's Reply

- The recommendation of the BEC to acquire the optional Book Loader was based on the various advantages of its function, thus performing non-stop production and would help GPD to meet its usual short deadlines for delivery of school textbooks every year;
- The recommendation was also motivated by the price proposed for the Book Loader, which when added to the total cost of the equipment was within our budget;
- The speed of the machine required was specified as 350 to 1,200 cycles per hour, with a view to obtaining a machine with a speed between the stated range. A speed of 350 to 650 cycles per hour was considered to be responsive.

3.30 Disposal of Two “Indigo Presses” Procured at a Cost of Rs 24.8 million

Two sets of “Indigo Press HP” procured during 2003 at a cost of Rs 24.8 million were sold by auction in June 2017. The “Indigo Presses” were found to be inappropriate for the purpose for which they were acquired (printing of Government Lottery tickets) not long after their procurement and had been a burden to GPD. Their running and maintenance costs were qualified as being exorbitant by GPD and averred that the cost of consumables for the presses were 10 to 15 times higher than those required for the existing conventional presses. As such, the two presses were lying dormant since 2003-04.

Tender notice for their sale was published in September 2016 and the reserved price was calculated at Rs 5.5 million, whilst the machine was lying dormant and not providing any economic benefit. The only one bid received was substantially below the reserved price and the bid was not accepted. During 2017, a reserved price of Rs 260,000 was assigned for the two units. The basis and workings for arriving at the reserved price were not available at GPD. Finally, the two presses which were procured at a cost of Rs 24.8 million and used only for a short period were sold by auction at a price of Rs 260,000 due to its inappropriateness and its exorbitant running and maintenance cost.

Department’s Reply

Since we obtained an offer through auction for the dormant equipment, same have been sold; otherwise we would have no alternative than to dispose them at no cost.

Prison Service

3.31 Broken Pipe

At paragraph 4.34.4 of the Audit Report for the 18-month period 1 January 2015 to 30 June 2016, I mentioned the water leakage due to broken pipe at the Eastern High Security Prison (EHSP).

The increase in water consumption attributed to water leakage was still unresolved. Neither the private Contractor, nor the Central Water Authority could detect the exact location of the leakage.

Pending a permanent solution, water was supplied three times a day and for three hours at a time, thus reducing loss of water.

Department's Reply

In April 2017, the Contractor could not indicate the exact location of the water network. The Prison Plumbing Unit was carrying excavation works, as from 7 February 2018 to locate the underground piping. Repair work is expected to be completed in one month.

3.31.1 Defective CCTV System

The EHSP was equipped with 544 cameras, 77 DVRs, 84 Monitors, two Video matrix, 188 fibre transmitters/receivers and 20 racks. A five-year contract starting 1 January 2016 for the maintenance of the CCTV system for an amount of Rs 21,850,000 was signed with the Contractor, and for 2016-17, a total amount of Rs 4,370,000 was paid. Over and above this amount, the Contractor submitted two quotes (June 2016 and January 2017) totalling Rs 2,002,979 for repair works “not covered by the maintenance contract”. This amount was thereafter revised to Rs 1,852,755 and this was approved by the Prison Service on 4 April 2017. A 50 per cent advance payment of Rs 926,378 was effected to the Contractor in May 2017. Repairs started on 21 July 2017 to be completed by end of first week of October 2017.

However, this has not been the case as the Contractor “had not mobilised sufficient manpower to undertake the works”. The following were also noted:

- 73 cameras, including 33 Pan Tilt Zoom (PTZ) cameras were not operational from July 2016 to April 2017. The PTZ cameras were the only revolving cameras providing both close and side views of any object/activity. As at September 2017, 12 of them were still not operational;
- 67 other cameras were not operational for six consecutive months from November 2016 to April 2017;
- Of the 33 DVRs, 32 did not record images from November 2016 to February 2017.

Department's Reply

Repair works to CCTV system were completed on 6 October 2017. However, not all components were installed due to frequent power failures and faulty Uninterrupted Power Supplies (UPS). Work for replacement of faulty UPS batteries was due for completion on 14 February 2018. The contractor reported that several UPS were out of order, due to high humidity and requested removal of UPS for repairs. The functioning of all cameras will thereafter be restored. The work was expected to be completed by mid-March 2018

3.31.2 Prohibited Articles found at EHSP

Prohibited articles were found at EHSP. These included:

- 151 mobile phones at the different units of the EHSP;
- 36 parcels thrown over the walls from 1 July 2016 to 30 June 2017. Nine mobiles collected in Zone 1 on 19 April 2017.

There was an urgent need to find solutions to counter such malpractices.

Department's Reply

The Commissioner of Prisons has put in place “Supply Reduction” and “Demand Reduction/Harm Reduction” Strategies to combat entry of prohibited articles.

3.31.3 Warehouse Management

The EHSP operated two stores, namely the Transit Store and the Kitchen Store, to cater for foodstuff and non-foodstuff items, for an average of 700 prisoners. The Transit Store, located outside the main compound, catered for goods received from the main Store of the Prison Service (Beau-Bassin Prison) and private Contractors for subsequent issue to the Kitchen Store.

Store records were not updated promptly. Two officers were posted to the Transit Store since August 2015 with main tasks of updating the Ledgers. However, as of October 2017, postings in Ledgers were in arrears of up to 15 months. Postings in the Kitchen Store were also in arrears of up to 31 months.

As the store ledgers were not up to date, a physical survey of the store items could thus not be carried out.

Department's Reply

Backlogs up to December 2017 were cleared. All postings will be made by end of February 2018.

4 - VICE PRIME MINISTER'S OFFICE, MINISTRY OF HOUSING AND LANDS

4.1 Assets Management

Lands owned by Government are managed by the Ministry. Between January 2013 and June 2017, it has disbursed significant funds totalling Rs 3,051.6 million, mainly for the payment of compensations and interests.

- In the absence of an Asset Register, the existence, locations, cost and area of all lands owned by Government could not be ascertained;
- Some lands are vested in Ministries and Departments for project implementation. However, due to lack of proper follow up by the Ministry, it could not be ascertained if the lands vested, were being used for the intended purposes;
- The extent of State Land not yet leased was not available.

Ministry's Reply

The Ministry is in the process of setting up a State Land Register (SLR) which would include a module for land acquisition.

4.2 Lands Vested in Ministries and Departments

Since 2007-08, my Office has been making regular adverse comments on lands vested in Ministries and Departments. As of June 2017, there were 197.2 Arpents (A) of vested land for 85 projects in addition to a plot of land of 334.74A earmarked for the Riviere des Anguilles Dam project.

13 Ministries/Departments were allocated lands for some specific projects. However, the projects have not been implemented. The vested lands have, thus, remained idle and some even for more than 10 years, as shown in Table 4-1.

Table 4-1 Age Analysis of Land Vested

No of Years since Vested	Arpents (A)	No. of Projects	No. of Ministries/Depts
1 to 2	14.09	7	4
3-4 *	384.85	26	9
5 -10	56.00	24	11
Above 10	77.00	29	12
Total	531.94	86	

*Including Riviere des Anguilles Dam Project

In August 2017, the Ministry of Housing and Lands (MHL) requested the Ministries/Departments to confirm whether the projects for which the lands were vested would be implemented, together with the timeframe for implementation and availability of funds. The Ministry would then consider whether to retrieve the land or not. Subsequently, the Ministries/Departments submitted feedback on the status of their projects. The following were gathered:

- 10 Ministries/Departments had not sent any reply, involving 127.81A of land for 46 projects;
- Four Ministries/Departments were not going ahead with eight projects, that involved 7.03A of land;
- One Ministry reported that two projects, involving 0.71A of land, were to be kept in abeyance;
- Four Ministries/Departments intended to go ahead with 29 projects involving 61.65A of land.

Recommendations

- The Ministry should consider recovering vested land for which the Ministries/Departments have no firm commitment;
- For the other projects, the Ministry should monitor prompt utilisation of the vested lands;
- For lands already vested and intended to be developed, the Ministries/Departments should submit a project implementation plan and their financial budgets;
- The Ministries/Departments should report to the Ministry on the status of their projects on a regular basis.

Ministry's Reply

The Ministry further followed up with letters and a slow response was received.

Action has been initiated to retrieve land where projects are not being implemented.

Ministries have to inform us of their way forward prior to our proceeding with any further action.

This Ministry cannot retrieve such land without confirmation from the Ministry in which the land has been vested that the land would no more be required for the purpose for which it was acquired prior to vesting same in another Ministry.

4.3 Mauritius Sugar Producers' Association Lands Scheme

In the context of restructuring of the Sugar Sector, an agreement was signed between Government and the Mauritius Sugar Producers' Association (MSPA) in April 2008. This would, *inter alia*, involve the gradual transfer of 2,000A of land to Government up to December 2017. A Steering Committee was set up and it was agreed that the land would be used mainly for agricultural and social housing as well as for small and medium enterprises, university campuses and other social purposes.

Though the agreement was to expire in December 2017, the Ministry had not yet finalised the transfer of 668A of land as of early February 2018. The latter included the following:

- Deeds for 530A that had to be finalised by Notary;
- Acquisition procedures that had been initiated for 102A;
- Proposals from Sugar Estates that have been awaited for 36A.

Ministry's Reply

There were delays by:

- (i) Sugar Estates in proposing sites for social housing projects, many of which were not found suitable for project implementation by different stakeholders due to *inter-alia* difficult topography, high cost of off-site works, and presence of natural water features;
- (ii) Relevant stakeholders in submitting views regarding the suitability of the sites;
- (iii) Sugar Estates in submitting survey reports;
- (iv) in finalization of title deeds at the level of Notaries.

Remaining extents of land have already been identified and consultation has been held by relevant stakeholders to assess suitability of sites. The Survey Division is undertaking surveys for all identified plots of land to ease the process instead of waiting for the Sugar

Estates to do so. We are pressing upon the Sugar Estates to submit relevant documents but to no avail as this is not their priority.

4.4 Acquisition of Lands

The Ministry disbursed Rs 3,051.6 million between January 2013 and June 2017 for acquisition of lands including compensations and interests of Rs 522.5 million and Rs 113.6 million for 2016-17 respectively, as shown in Table 4-2.

Table 4-2 Disbursement of Funds between January 2013 and June 2017

	Jan-Dec 2013 (Rs m)	Jan- Dec 2014 (Rs m)	Jan-June 2015 (Rs m)	Jul 2015- June 2016 (Rs m)	Jul 2016- June 2017 (Rs m)	Total (Rs m)
Compensation	422.6	938.4	175.6	434.0	522.5	2,493.1
Interest	83.9	170.7	14.2	93.5	113.6	475.9
Notarial Fees	2.4	3.4	0.1	2.6	2.8	11.3
Publication	11.1	15.7	1.1	4.9	3.2	36.0
Costs for Belle Rive - Q. Militaire	11.7	10.9	2.3	4.1	6.3	35.3
Total	531.7	1,139.1	193.3	539.1	648.4	3,051.6

Source: Treasury Accounting System

4.4.1 Missing Deeds of Acquittance

In three cases, certified copies of Deeds of Acquittance had not been submitted to the Ministry, although the latter had already disbursed funds totaling Rs 14.3 million to the Notary between November 2012 and September 2016.

Ministry's Reply

A list of such cases is being compiled to inform the 'Chamber of Notaries' of the situation through the Solicitor General's Office.

4.4.2 Records of Acquisition

A total amount of Rs 64.6 million was paid in 2016-17 for seven ongoing projects, as shown in Table 4-3. For these projects, essential information, such as name of former owners, extent of land acquired, date of transcription, amount assessed by the Valuation Department, cases referred to Board of Assessment, amount of compensation and interests already paid during previous years together with any amount due were not made available to my Officers.

Table 4-3 Projects Records

Projects	Rs million
Rehabilitation works of la Ferme Dam	5.4
Construction of 2nd part Ring Road	39.3
Improvement of QM Road	4.9
Construction of Verdun- Trianon link Road	12.5
Phoenix Beau Songes Link Road	1.4
Construction of Triolet Bypass	1.1
East Coast Trunk Road	0
Total	64.6

Source: Treasury Accounting System

Ministry's Reply

The State Land Register, which is currently being set up, will comprise a module on vesting and acquisition of Land. This module will enable the Ministry to maintain proper databases of the lands being vested and acquired.

Until the coming into operation of the State Land Register, officers of the Acquisition Section maintain a record of the lands acquired. Arrangements have been made to reinforce the team with supporting staff so as to keep the recordings updated and easily retrievable.

4.4.3 Interest Payments

Between January 2013 and June 2017, the Ministry has paid interests totaling Rs 475.9 million, including Rs 113.6 million for 2016-17, as shown in Table 4-2.

Two main factors directly affecting the quantum of interests paid were the time to finalise a case of acquisition and the interest rate of eight per cent per annum being applied following Regulations as per GN 19 of 2004.

Interests were paid in the following circumstances;

- From the date of transcription to the date of appointment of the Notary, for the drawing up of the deed of acquittance.
- From the date of vesting until the date of award of the compensation by the Board of Assessment (BOA).

The following were observed:

- The rate of interest has remained at eight per cent since 2004 though interest rates have been moving downwards locally. The basis for determining the legal rate was not known;
- There is no legal deadline for the Government Valuer to advise the Ministry of the value of the property. Time taken by Valuation Department for assessment of compensation varied between five and 34 months;
- There was a gap of 14 to 69 months from date of transcription to the date of the appointment of Notary.

Recommendations

The interest rate needs be reviewed regularly.

The Land Acquisition Act needs to be revisited to accommodate necessary deadlines. As a baseline, the Land (Duties and Taxes) Act sets a limit for the Government Valuer of not more than five months from the date of registration of the deed of transfer to advise the Registrar General of the value of the property.

Ministry's Reply

The Ministry of Finance and Economic Development has in November 2017 regulated that the rate of interest shall be equivalent to the Repo rate as determined by the Central Bank in GN 227 of 2017;

There is also an urgent need to amend the Land Acquisition Act with a view to including a timeframe for the Valuation Department to submit its evaluation of land to be acquired by this Ministry as the time taken by the Department has an implication on the interest to be paid to the former owner upon finalisation of the acquisition.

4.5 Management of State Land Leases

As of July 2017, 23,318 plots of land of a total extent of 10,930A were leased or reserved as per records of the Land Information Unit (LIU) of the Ministry. As of July 2017, the database of the Ministry showed the following:

- Some 45 promoters had exceeded the validity period of 18-month of the Letter of Reservation (LOR);
- Lease agreements had not yet been signed for 103 cases though the Letter of Intent (LOI) had been issued between 2003 and 2017. For instance, four lessees who had not signed their deeds of lease and owed some Rs 6.8 million to Government as at 30 June 2017;
- Information as to the date of possession or occupation was not readily available;
- There were 3,548 leases which expired between 1950 and 2016.

Recommendations

The Ministry should

- Maintain an updated database;
- Take necessary actions in respect of those cases where LOR is still pending since long;
- Take necessary action to ensure that all lease agreements are being promptly signed;
- Carry out site visits to ensure that conditions of lease are being complied with;
- Take necessary action regarding expired and cancelled leases.

Ministry's Reply

The Ministry is consulting the State Law Office for cases for which LOR has long been issued.

With the setting up of the State Land Register, this issue would be addressed on the basis that proper and structured data would be fed in the new system under the supervision of an IT Expert.

With regard to the expired leases, these concern mainly building site leases for residential purposes. These leases have not been signed for various reasons, such as lessees have passed away, heirs have not submitted relevant documents to finalise the lease. However, up to the time of finalization of the lease, the occupiers are required to pay indemnity fees, equivalent to the rental amount, for use and occupation on a yearly basis.

4.6 Disbursement of Funds to National Housing Development Company Ltd

The National Housing Development Company (NHDC) is the executive arm of the Ministry for the implementation of Government Social Housing Programs. The Ministry signed a Service Agreement in December 2009 with the NHDC for the provision of agreed services by the latter against payment of applicable fees. During 2016-17, the Ministry had disbursed funds totalling Rs 1,169.3 million to the NHDC, as shown in Table 4-4.

Table 4-4 Funds disbursed to NHDC

	(Rs Million)
Construction of Social Housing Units	672.9
Loans to National Housing Development Company	200.0
Rehabilitation of Infrastructure of NHDC Housing Estates	173.4
Casting of Roof Slabs Grant Scheme	91.8
Syndics for maintenance of NHDC Housing Estates	15.3
Subsidies - NHDC - Housing loans	15.9
Total	1,169.3

Though significant funds had been disbursed by the Ministry to the NHDC, the latter had not submitted its Annual Reports together with its financial statements to the Ministry.

Applications for funds for 2016-17 were not supported by monthly cash flow statements and bank statements.

Recommendations

- NHDC should submit its Annual Report and Financial Statements annually to the Ministry;
- With the Negative Income Tax Scheme, the NHDC should require each Applicant to also submit a copy of the Income Tax Returns filed at the Mauritius Revenue Authority;
- The Ministry should ensure compliance with grant conditions before disbursement of funds.

Ministry's Reply

The Ministry is favourable to the recommendation for submission of Income Tax Return and the NHDC will be informed accordingly;

Currently there is no legal requirement for the NHDC to submit its Annual Report to the Ministry or the National Assembly. The NHDC has been informed that it should submit its Annual Report to the Ministry for onward transmission to the National Assembly.

4.7 Revenue Management

Government acquired 12.86A of land at Reduit for an amount of Rs 6.4 million in 2006 for a high tech National Children's Hospital and Institute of Cardiology and Neurology. A letter of intent was issued in July 2006 to a private Hospital.

On the assumption that the cost of infrastructural works is borne by the promoter, the annual rental was assessed by the Valuation Department in August 2006, at Rs 180,000 per arpent, that is Rs 2,314,800 annually; otherwise, it will be the full annual rental of Rs 400,000 per arpent or Rs 5,144,000 annually.

I was informed that Government's approval was obtained for the promoter to pay a nominal rental of Rs 100 per annum for the first 10 years as from the date of signature of the lease and as from the 11th year, the full rental of Rs 400,000 per Arpent as assessed by the Valuation Department. The approval for payment of the nominal rental of Rs 100 per annum was extended for a period of 19 ½ years up to 30 June 2026. The lease agreement was signed in 2008.

Article 18 of the Lease Agreement regarding 'Change of Ownership/Purpose of lease' provides that in case of change of ownership, the agreement will be automatically cancelled.

- In January 2017, there has been a major change in the ownership and management of the hospital following acquisition by a new company;
- The financial statements of the new company showed freehold land and turnover amounting to Rs 103.7 million and Rs 1,216.4 million respectively, as at 30 June 2017.

Recommendation

The Ministry shall seek legal advice on the validity of the lease agreement and reconsider the rental to be charged.

Ministry's Reply

The views of the State Law Office (SLO) are being sought in order to advise on any amendment to be made to the deed in the event the rental has to be reconsidered to take into consideration the turnover and asset values of the company.

4.8 Debtors Management

Debtors amounted to Rs 1,345.5 million as at 30 June 2017, as shown in Table 4-5.

Table 4-5 Age Analysis of Debtors for Land Lease

Financial Year	Campement Rental (Rs m)	Campement Premium (Rs m)	Other land Lease (Rs m)	Ex-CHA (Rs m)	Total (Rs m)
2012-13	7.8	21.8	248.9	9.9	288.4
2013-14	2.8	8.5	109.2	1.2	121.7
2014-15	3.5	8.2	123.7	1.1	136.5
2015-16	4.4	4.1	184.3	1.2	194.0
2016-17	9.1	1.9	346.3	1.3	358.6
Sub total	27.6	44.6	1,012.3	14.8	1,099.4
Interests	4.7	15.5	216.7	9.2	246.1
Total	32.3	60.1	1,229.1	24.1	1,345.5
Reported in Accountant General Report	20.5	60.1	435.4	24.0	540.1
Excluded from Accountant General Report	11.8	Nil	793.7	0.1	805.4

Source: Statement of Arrears of the Ministry

- Out of Rs 1,345.5 million, only an amount of Rs 540.1 million had been reported as arrears by the Ministry to the Accountant General;
- The amount of Rs 805.4 million (including interest) that the Ministry had not reported to the Accountant General comprised the following:

- 26 lessees owed Rs 115.8 million and their leases had been cancelled. Any action for recovery of the arrears and status thereof were not known;
 - Nine lessees for a total of Rs 436.8 million of arrears that the Ministry intended to write off;
 - 33 lessees who owed Rs 241.1 million on account of campement sites, industrial and other leases as at 30 June 2017, have not signed their lease agreements. Most of them had opted for 60 years' leases.
 - Rs 11.7 million due by 11 other lessees.
- The collection report for the year ended 30 June 2017, totalling Rs 1,025 million, was not analysed to show collections for current and prior periods;

I was informed that campement site leases not yet signed have not been included in the list of arrears as rental becomes due on the date of signature of lease.

4.8.1 Long Outstanding Debtors - Rs 436.8 million

Between July 2008 and July 2016, seven private companies owed the Ministry a total of Rs 436.8 million as at 30 June 2017, for nine leases. The Ministry has sought advice of the Director of Internal Control on 9 October 2017, as to whether the debts may be written off.

- The financial statements of six of the companies did not show any Lease Property under the Fixed Assets nor any rent due as Liabilities;
- Three of the companies having a lease agreement drawn between 2006 and 2009 and one of them having a LOI since 2011, owed rent totaling Rs 139 million since July 2009. These three companies are active, as per records of the Corporate and Business Registration Department (CBRD). Two of them have filed their latest annual return of 31 December 2016 with the CBRD, and the third one for the year ended 30 June 2014 when its Stated Share Capital amounted to Rs 264.1 million;
- The Ministry issued Letters of Intent to three other companies between 2006 and 2010 and they owed a total of Rs 116.5 million as at 30 June 2017. These three Companies are 'Active' as per records of the CBRD. Two of them had filed their latest annual return of 30 June 2016 with the CBRD. The third one has filed its annual return for financial year ending 31 December 2015 and which also showed a turnover of Rs 828.4 million;
- One Company was issued a Letter of Intent in 2009 for two projects, involving two plots of land for an extent of 70A. However, it had never paid rent since July 2009 totalling Rs 181.3 million. No return was available at the CBRD and no action was taken for the recovery of the debt.

Recommendations

- The fact that the Companies are active at the level of CBRD, the Ministry should initiate legal action for recovery of all dues;
- The Ministry should promptly follow up all cases where LOR and LOI are issued and ensure that lease agreements, where applicable are signed within reasonable time;
- Deterrent measures should be included specifically in the LOR or LOI or lease agreements. Where lease agreements are not being signed promptly, the Ministry should closely follow up the matter and act accordingly.

Ministry's Reply

- Necessary action will be taken to ensure that information relevant to debt management is maintained. In this respect, the Revenue System of the Ministry has been upgraded to allow for comparison of arrears for different periods;
- Action has been initiated by the SIL for upgrading the Revenue System to allow the generation of reports for prior year debtors.

4.9 The Land Administration, Valuation and Information Management System (LAVIMS) Project

The LAVIMS project mainly comprises the Valuation, Cadastre, Deeds Registration and an Information Management System components.

4.9.1 Payments under the LAVIMS Project

Total costs incurred as of November 2017 on the LAVIMS project amounted to US \$ 25,994,088 that is Rs 808.5 million. This comprised the following:

- The contract for LAVIMS was awarded to a foreign Firm in December 2008 for a fixed sum not exceeding US \$ 18,285,000 that was revised to an amount of US \$ 20,451,894, following variations. The contractor had been paid US \$ 20,111,637 between 2009 and 2016;
- The foreign Firm has also been paid US \$ 5,165,919 for maintenance of the system from 2012 to 2017 that is Rs 167 millions;
- A local Consultancy Firm was paid fees of US \$ 716,532 (or Rs 23.2 million) for the period September 2009 and March 2012.

Observations

- The technical and financial proposals submitted by the Private Firm (Contractor), as well as the feasibility study and the business case of the project were not available;

- The Ministry awarded a contract for the Project Coordination and Quality Assurance for the LAVIMS Project to a private firm. The initial contract period of 14 months, was extended by 16 months to March 2012 due to delays in the LAVIMS project. Cumulative payments up to 2012 totalled US \$ 716,532, including incremental cost of US \$ 338,072.

4.9.2 Valuation Component – US \$ 2,966,418

Government required a valuation survey and a valuation of properties within the boundaries of the Island of Mauritius, based on market value, as defined by the International Valuation Standards Committee and the compilation of the valuation list, in accordance with the Local Government Act. The valuation roll is instrumental for the proper revenue management, for the Local authorities, the Registrar General Department (RGD) and the Ministry of Housing and Land.

Observation

As at time of audit in November 2017, the valuation roll was not operational. The valuation component had not yet been signed off, though the contract amount of US \$ 2,966,418 had already been paid to date, that is, six years later.

4.9.3 Cadastre Component – US \$ 889,925

The key aims of the Cadastral Component of the LAVIMS project were:

- To compile a complete Cadastre of Mauritius, based on existing survey plans, allowing every land parcel to be linked to a deed through a Digital Cadastre Database;
- To build a system that would allow ongoing land transactions to be recorded and mapped, and enable continual accuracy, improvement and updating with real time changes in land ownership.

Observations

- The Cadastre did not include plots of lands owned by the State. This is important in order to have a more efficient and modern State Land Management;
- Despite being a key component, the requirements for the cadastre were not fully met. The last 30 years of deeds had to be captured and entered into LAVIMS.
 - Over 50 per cent of the deeds collected had no reference to Land Survey Plans and many had no location plans;
 - The data capture did not conform to standards and specifications of the LAVIMS data, while they were input and processed into the system;
 - Not all land parcels mapped in the Cadastre were linked to a Plan or Deed.

4.9.4 IT Security

Breakdown occurred in the system on three consecutive days, from 8 to 10 November 2017. The system could not function and this caused disruption in work flows and the Ministry had to resolve its backlog manually.

The following information were not provided:

- (i) IT strategic plan of the Ministry;
- (ii) Source code of the software;
- (iii) Documents relating to overall virtualization management architecture, including the hardware and supporting Network Infrastructure;
- (iv) Records of Change Management and Incidence Management;
- (v) Post Implementation Review done for the performance management of the LAVIMS system;
- (vi) The procedures for security monitoring by management;
- (vii) IT audit Reports as well as Vulnerability Testing and Penetration Testing Reports;
- (viii) A documented Business Continuity Plan and a Disaster Recovery Plan as well as Policies, Procedures and Controls for data backup;
- (ix) The processes for monitoring capacity usage for storage, memory, and processing and for future operational requirements.

4.9.5 IT Governance of LAVIMS

The LAVIMS, no doubt, will foster greater accountability and transparency in land management in the island of Mauritius. IT will be the pillar to foster good governance and economic development, instead of the present traditional, lengthy procedures in place at the RGD or the ineffective cadastre system in place at the Local Authorities. Given the availability of the LAVIMS platform, management should consider the following:

- (i) To put in place a proper IT structure, with permanent qualified IT professionals.
- (ii) To carry out a post implementation review of the LAVIMS to ascertain and evaluate its strength, weaknesses, opportunities and threats internally as well as to other relevant stakeholders;
- (iii) To identify the State Lands and to bring them in the LAVIMS system;
- (iv) To come up with a road map for the effective utilisation of the Valuation, Cadastre and Information Management System modules, especially as the Ministry is incurring some Rs 36 million annually as maintenance costs;

- (v) To develop an IT strategic plan;
- (vi) To carry out IT Audit of the LAVIMS;
- (vii) To ensure the effective use of LAVIMS viz MeRP system of the RGD and the Valuation Department, together with User Acceptance Tests;
- (viii) To investigate reasons why payments were released to the Contractor though relevant stakeholder, namely the Valuation Department, adversely reported on the Valuation module;
- (ix) To consider claiming liquidated damages from the Contractor.

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

5.1 Loan to Wastewater Management Authority for Construction of Wastewater Infrastructure

Prior to 2013, sewerage projects implemented by the Wastewater Management Authority (WMA) were financed by Government through grants. Since 2013, the WMA was granted loans by Government to finance the implementation of these projects. As at 30 June 2016, six loan agreements for a total amount of some Rs 3.2 billion were signed between Government of Mauritius and WMA. During financial year 2016-17, another agreement for an amount of Rs 1,055,000,000 was signed on 15 September 2016.

As at 30 June 2017, loans disbursed to the WMA since 2013 totalled Rs 2,843,625,458 as shown in Table 5-1.

Table 5-1 Loans to and Interests and Penalties due by Wastewater Management Authority

Date of Loan Agreement	Amount of Loan as per Agreement	Amount Disbursed as at 30 June 2017	Loan Repayment Period	Interests and Penalties on Claims issued up to 30 June 2017
	Rs	Rs		Rs
06.05.2014	920,992,616	920,992,616	Mar 2018 to Sep 2027	163,429,155
19.08.2014	307,700,000	307,700,000	Mar 2019 to Sep 2028	42,017,728
14.11.2014	507,450,000	394,788,725	Oct 2019 to Apr 2029	45,626,510
23.02.2015	200,000,000	140,170,223	Apr 2020 to Oct 2029	13,561,715
25.05.2015	182,230,000	141,492,383	Sep 2020 to Mar 2030	11,423,797
25.05.2015	1,056,000,000	401,909,462	Sep 2020 to Mar 2030	21,083,704
15.09.2016	1,055,000,000	536,572,049	Jun 2021 to Dec 2030	10,437,636
Total	4,229,372,616	2,843,625,458		307,580,245

Source: Loan Agreements and Claims from the Treasury

At paragraph 6.1.3 of the Audit Report for the 18-month period 1 January 2015 to 30 June 2016, it was reported that as at 30 June 2016, though capital repayment was not yet due on any loan disbursed since 2013, interests and penalties accrued on these loans were not paid by the WMA.

During financial year 2016-17, no interest payment was effected. As at 30 June 2017, claims already issued in respect of interests and penalties due on these loans totalled some Rs 307.6 million as shown in Table 5-1.

Ministry's Reply

Following the observations made in previous Audit Report, the Ministry of Finance and Economic Development has decided that sewerage works would henceforth be financed by way of shares and equity. WMA has been requested to start repaying its outstanding interests to Government.

5.2 Bagatelle Dam Project

5.2.1 Construction Contract

In June 2011, the contract for the “Construction Works of the Bagatelle Dam Project” was awarded to a foreign construction Contractor for the sum of Rs 3,332 million (inclusive of 2.5 per cent discount and 10 per cent Contingencies). The commencement date was 1 December 2011 and the original completion date was scheduled for 30 November 2014, with a time for completion of 36 months.

On 7 July 2014, Addendum 1 to the contract, which related to design changes of the spill way and the “Cut Off Wall” was signed between the Ministry and the construction contractor, bringing the revised contract value to Rs 5,654 million (inclusive of Rs 1,966 million for the Cut Off Wall), that is, an increase of some 70 per cent over the original contract amount. The completion date was extended by 31 months to 30 June 2017, with the introduction of a new key milestone, namely “Dam Ready for Impounding” at latest by 31 December 2016.

5.2.2 Consultancy Contract

At paragraph 6.2.1 of the Audit Report for the 18-month period 1 January 2015 to 30 June 2016, I mentioned that in February 2014, the Ministry had terminated the consultancy contract for the “Detailed Design and Construction Supervision of the Bagatelle Dam Project” with the first Consultant. A second Consultant was appointed on 25 March 2014 to take over the Consultancy Services Contract for “Lot 1 – Inception, Expert Review and Design Take Over”, and “Lot 2 – Construction Supervision” for a total amount of Rs 183.6 million.

5.2.3 Increase in Project Value (Construction Works and Consultancy Services)

In May 2016, Government approved an increase in the project value (for both construction works and consultancy services) from some Rs 6.4 billion to Rs 7.1 billion. The main components of the increase were as follows:

- Increase of the construction contract value from Rs 5.6 billion to Rs 6.1 billion, that is, an increase of some nine per cent as a result of increase in quantities of bill items, cost indexation exceeding the provisions in the existing contract, variation works and the provision of a Contingency Sum;

- Increase in cost of the Consultancy Services by some 23 per cent, from Rs 183.6 million to Rs 226.7 million to cover cost of increased scope of work, extension of the contract for the supervision of construction works from January to July 2017, and additional services in connection with assessment of claims submitted by the Contractor.

As at 30 June 2017, payments to the Construction Contractor and the Consultant totalled Rs 6,115,439,821 (including Rs 1,929,330,960 for the Cut Off Wall) and Rs 217,968,852 respectively.

5.2.4 Additional Increase in Cost of Consultancy Services

On 27 June 2017, the Consultant claimed additional cost of €116,495 and Rs 701,600 over and above the actual contract ceiling for additional works carried out. As at mid-November 2017, the claim was being examined by the Ministry.

Ministry's Reply

The Ministry has examined the additional claim of € 116,495 and Rs 701,600 from the Consultant. The Ministry and the Consultant have agreed that total payment for the consultancy services will remain within the project value of Rs 226.7 million approved by Government, subject to prevailing Euro exchange rate at the time of payment.

5.2.5 Claims and Disputes with the Construction Contractor

As at 30 June 2017, the Construction Contractor had submitted 28 claims for extension of time and additional costs totalling some Rs 2.7 billion to the Ministry.

13 claims totalling Rs 359,793,734 had already been assessed by the Consultant and paid by the Ministry during the period May 2013 to June 2017.

In January 2017, judgement in respect of one claim was delivered by the Supreme Court in favour of the Ministry. The Contractor has made an appeal against the decision. The case has been fixed for merits on 25 January 2018. The Consultant has also determined amounts of Rs 19,836,600 and Rs 12,970,700 in respect of two other Claims. The remaining 12 claims have been rejected by the latter to which the Contractor has disagreed.

In June 2017, in an attempt to settle all the claims amicably in line with the construction contract, the Contractor proposed an amount of Rs 746,866,550 (excluding the two claims already determined by the Consultant) as a final settlement.

The Consultant has examined the proposal and was of the opinion that a total amount of Rs 400,166,192 could be paid to the Contractor in respect of all claims. This amount excluded the claim for which a Court decision was awaited, but inclusive of the sum of Rs 359,793,734 in respect of the 13 Claims already paid. His decision was communicated to the Contractor on 1 August 2017. However, the latter disagreed with the Consultant's proposal and has again expressed the wish to settle all pending claims and disputes in an amicable manner.

The Ministry explained that as regards the amicable settlement, the advice of the Consultant on the counter proposal of the Contractor was being awaited.

5.2.6 Dam Impounding

Impounding of the dam started on 22 December 2016, before the milestone of 31 December 2016 and progressed rapidly. At mid-June 2017, the reservoir was 100 per cent full.

5.2.7 Taking over of the Bagatelle Dam Project

The Taking Over Certificate was issued by the Consultant on 30 June 2017 subject to some minor outstanding works which should be completed during the Defects Liability Period from 1 July 2017 to 30 June 2018.

5.2.8 Seepages from Cascade River Meanders

On 27 May 2017, the Consultant reported that he had noticed seepages from the meanders of the Cascade River. The seepages were mainly from Meander 4 which was closest to the dam toe. Some seepages were also noticed from Meanders 2 and 3, and no seepage from Meander 1. The total seepage from the three drainage pipes installed in the Meander 4 slope was about eight litres per second at end of June 2017.

The Consultant, in his report of 30 June 2017, concluded that the dam and the Cut Off Wall were well efficient and the stability and safety of the dam, as well as the meander slopes stability were well ensured. He recommended that monitoring of the piezometric levels downstream of the dam, as well as leakages should be done as per the Operation and Maintenance Manual, and the data sent regularly to Dam Expert for analysis.

The Ministry explained that, based on the advice of the Consultant's Dam Expert, there was no cause for concern as the seapages were being closely monitored, and the situation was under control. In addition to the advice of the Consultant's Dam Expert, the Ministry also sought the opinion of another team of independent Experts funded by the African Development Bank. The team of Experts, including a Dam Expert, a Hydrological Expert, a Geological Expert and an Environmental Expert, also concluded that the dam was safe and that monitoring of the seepages should continue.

A site visit was carried out by my Officers on 20 September 2017. It was observed that the seepages were being closely monitored. As per explanation gathered, the total seepages from the three drainage pipes installed at Meander 4 was about six to eight litres per second.

Ministry's Reply

Total seepages from Meander 4 have stabilised and close monitoring is being maintained.

5.2.9 Construction of Bagatelle Water Treatment Plant

At paragraph 6.2.4 of the Audit Report for the 18-month period ended 30 June 2016, mention was made that the award of the contract for the "Construction of the Bagatelle Water Treatment Plant" initiated by the Central Water Authority (CWA) in April 2013

had been considerably delayed due to challenge made by two aggrieved bidders and legal procedures initiated by one of them.

The contract had been awarded to the successful bidder by the CWA for the sum of Rs 1,024,194,437 on 10 November 2016. The duration of the project is 22 months and the commencement date was fixed on 2 February 2017.

Ministry's Reply

Pending the commissioning of the Treatment Plant, the CWA has, since December 2017, made the following arrangements to use water from the reservoir:

- Water is released through the Terre Rouge River to supply Port Louis through the Pailles Water Treatment Plant;
- 3,000 m³ water is being channelled daily through a newly constructed pipeline for distribution to the region of Rose Hill.

5.3 Rivière des Anguilles Dam Project

At paragraph 6.3 of the Audit Report for the 18-month period 1 July 2015 to 30 June 2016, mention was made that the Rivière des Anguilles Dam (RAD) Project was initiated as a priority project to meet the increasing demand of water supply for domestic and irrigation purposes and the tourism sector in the southern and part of western region of Mauritius by Government.

During financial year 2016-17, no payment was effected for this project, and as at end of June 2017, actual amount spent was some Rs 174.8 million.

5.3.1 Activities not yet Finalised

Mention was also made that as at December 2016, some activities were yet to be finalised. As of June 2017, the same activities remained to be completed, namely:

- 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;
- Land acquisition for the construction of a quarry site of some six arpents under negotiation since 2012. Notice under Section 6 of the Land Acquisition Act has already been published in the Government Gazette in its issues of 28 November and 12 December 2015, 30 January and 27 February 2016. On 14 August 2017, copies of the Notice under Section 6 of the Land Acquisition Act for the compulsory acquisition of the land were sent to the Ministry of Housing and Lands to be served on the owner.

The Ministry explained that the MBC and other land owners were agreeable to lease the land for the purpose of the project. The outstanding activities were not finalised as funds were previously not made available for the project. Funds have now been earmarked for

the consultancy services and all land leases and land acquisition activities are expected to be finalised during the detailed design stage so that the land is available at the start of the works contract.

5.3.2 Contract for the Design Review and Construction Supervision

I pointed out that the contract for the Design Review and Construction Supervision of RAD Project was awarded to the same firm which was awarded the Consultancy Contract for the Bagatelle Dam Project, in March 2012. However, following problems encountered with the latter on the Bagatelle Dam Project, the consultancy contract for RAD project was terminated in August 2013. I also reported that as at end of December 2016, the bidding documents for consultancy services were being finalised by the Ministry before being sent to the Central Procurement Board (CPB) for vetting.

The Ministry explained that the procurement process could not start earlier as both the CPB and the Attorney General's Office requested for confirmation of financing for the consultancy services. The Ministry of Finance and Economic Development confirmed funding in May 2016.

On 6 February 2017, invitation for proposals for selection of Consultant for 'Consultancy Engineering Services for the Design Review and Construction Supervision of the Rivière des Anguilles Dam' was launched through Open International Bidding.

On 25 July 2017, CPB informed the Ministry that as at closing date, 13 Consultancy Firms submitted proposals for the above project. After evaluation, it had approved award of the contract to a foreign company in association with a local one for the corrected amount of € 3,334,980 and Rs 30,038,100, exclusive of local taxes.

Notification under the Public Procurement Act was sent to the successful and non-successful bidders on 28 July 2017.

On 14 August 2017, an aggrieved bidder applied for review to the Independent Review Panel (IRP). Hearings were held at the IRP on 22 and 31 August 2017.

However, on 14 September 2017, IRP decided that there was no merit in the Application for Review. The Letter of Acceptance was issued to the successful bidder on 13 October 2017.

Ministry's Reply

The contract was signed with the Consultant on 15 January 2018 and the commencement date was 22 January 2018 that is, seven days after signing of contract.

6 – MINISTRY OF FINANCE AND ECONOMIC DEVELOPMENT

6.1 Office Accommodation - SICOM Tower

At paragraph 7.1 of the Audit Report for the 18-month period 1 January 2015 to 30 June 2016, I mentioned that on 20 May 2015, a Lease Agreement was entered into between SICOM Ltd and Government of Mauritius, represented by the Ministry of Finance and Economic Development (MoFED) for the renting of 161,036 square feet of office space at the SICOM Tower, a building situated in Ebene and comprising ground floor plus 14 others, to house Ministries/ Departments/ Government Agencies/ Institutions for an initial period of 10 years. Initially, Floors 8 to 14 were earmarked for the use of the Ministry of Financial Services, Good Governance and Institutional Reforms (MoFS), whereas Ground Floor and Floors 1 to 7 were to be occupied by MoFED.

In March 2016, following changes in Ministerial portfolio which resulted in MoFED's decision not to move to SICOM Tower in Ebene, office space was assigned to other Ministries/ Departments.

6.1.1 Rental Charges

For 2016-17, rental charges totalling Rs 59,310,683 were paid to SICOM Ltd out of Vote 28.1: "Centrally Managed Initiatives of Government" – Item 2203: "Rent". These excluded outstanding rental charges amounting to Rs 7,409,958 as at 30 June 2017 claimed by SICOM Ltd. Details are given in Table 6-1.

Table 6-1 Outstanding Rental Charges as at 30 June 2017

Floor	Outstanding Rental Charges as at 30 June 2017 Rs
Level 10	5,630,497
Ground Floor	1,012,360
Level 1	767,101
Total	7,409,958

Source: Ministry's records

Floor 10 of the SICOM Tower was assigned and handed over to the Financial Intelligence Unit (FIU) in April 2016 and has remained unoccupied for more than one year up to July 2017.

For this Floor, rental charges have been claimed by SICOM Ltd but were never paid.

Ministry's Reply

Since SICOM Ltd had already handed over the floor to Government, there is a contractual obligation to pay rent whether occupied or not. Arrangements will be made for payment of the outstanding rental fee due for Level 10.

The FIU, accommodated on Level 10, has informed that given its nature of work which is highly sensitive and complex, and for security reasons, the relocation of FIU from one area to another takes more time as compared to other Ministries/Departments. Moreover, the works had to be stopped on two occasions due to acts of vandalism and robbery on Level 10.

As regards Ground Floor (Rs 1,012,360) and Level 1 (Rs 767,101), SICOM Ltd has been requested to waive the rental fee due. However, SICOM Ltd has so far not submitted any further claim pertaining thereto.

6.1.2 Unoccupied Office Space

Following decision of MoFED to keep its offices in Port Louis, Levels 3, 4 and 5 of the SICOM Tower were handed over to the Ministry of Financial Services (MoFS) on 30 May 2016 to accommodate the London Court of International Arbitration (LCIA), the Mauritius International Court of Arbitration (MIAC) and the Permanent Court of Arbitration.

More than nine months later, at end of February 2017, the three floors (Levels 3, 4 and 5) handed over to MoFS and for which rental were being paid by MoFED were still unoccupied.

The unutilised Floors 4 and 5 were allocated to the Ministry of Communication, Technology and Innovation in March 2017 to house departments falling under its purview. Level 3 has, on the other hand, been earmarked for Metro Express Ltd and has remained unoccupied till June 2017.

In the absence of clear indication as to when Metro Express Ltd would be operational, MoFED has allocated part of office space on Level 3 to the Britam Commission of Inquiry for a period of occupancy of six months with effect from 1 July 2017. Similarly, the Mauritius Multipurpose Infrastructure Ltd, incorporated by Government to administer the development of Multi-sports Complex Project to be used for the forthcoming Indian Ocean Island Games has been offered a period of occupancy of one year on Level 3.

Some Rs 17.4 million had been paid as rental up to June 2017 for the three unoccupied floors at the SICOM Tower since fit out works have been completed and keys handed over for periods ranging from 13 to 17 months. No value for money has been obtained for such expenditure.

MoFED, being responsible for payment of monthly rental, should ensure that judicious use is being made of rented office space and proper allocation be made to Government bodies in need of office space.

Ministry's Reply

Since SICOM Ltd had already handed over the floor to Government, there is a contractual obligation to pay rent whether occupied or not.

The fact that MoFED has not moved to SICOM Tower has caused some disruption, in so far as the office space has taken time to be re-allocated to Ministries in need of office space. The decision not to move to SICOM Tower was beyond the control of MoFED at that point in time.

Regarding Levels 3, 4 and 5, the MoFS has informed that several meetings/consultations were held by the Ministry with LCIA-MIAC for the establishment and operations of the Hearing Centre. The design from the LCIA-MIAC was being awaited to decide on the area to be occupied.

6.1.3 Claims for Fit Out Works

For its scheduled relocation to Ebene, MoFED requested SICOM Ltd to carry out certain fit out and other additional works. Claims totalling Rs 29,214,832 in respect of works undertaken for MoFED were submitted by SICOM Ltd.

As no provision for this expenditure was made in the previous year's Estimates, a part payment of only Rs 9,947,021 was effected during that year. An additional amount of Rs 10,827,201, representing claims certified by Ministry of Public Infrastructure (MPI) was paid to SICOM Ltd in April 2017.

As of October 2017, a sum of Rs 8,440,611 was still outstanding in respect of fit out works and other additional works requested by MoFED at SICOM Tower, as shown in the Table 6-2.

Table 6-2 Outstanding Amount in respect of Fit Out Works and Other Additional Works

	Rs
Professional and Development Fees	1,181,049
Interior Design Fees	2,164,198
Works requested by MoFED and not approved by MPI	2,490,927
Electrical Works	1,917,865
Sliding and Folding Partitioning	686,572
Total	8,440,611

Source: Ministry's records

- As far as the Professional and Development Fees were concerned, MPI had already informed that it was not in a position to assess same;

- The Interior Design Fees were in respect of works requested by MoFED and were not approved by MPI;
- In respect of Electrical Works, the Energy Services Division could not proceed with the assessment as some documents were missing. The drawings submitted by SICOM Ltd for electrical works were tailor-made instead of contractual - they were above standard requirements since they were requested by MoFED to accommodate offices of the Minister and senior officers;
- The Sliding and Folding Partitioning was requested by MoFED to be installed in Conference Rooms on three floors and had already been procured by SICOM Ltd, but were still in the custody of the Contractor appointed by SICOM Ltd as they were no longer required.

Ministry's Reply

The claims previously not assessed by the MPI have been submitted anew to the latter. However, should the claims not be certified by MPI again, MoFED will have no other alternative than to discuss and come to an agreement with SICOM Ltd prior to settling the claims. The MPI has been contacted and they have verbally informed that the file is presently on the process and a written reply will be made available.

6.2 Advance Account – MauBank Holdings

At paragraph 7.2.1 of the Audit Report for the period 1 January 2015 to 30 June 2016, I mentioned that in September 2016, an amount of Rs 6 million was injected in MauBank Holdings Ltd as equity to enable the Company to meet its operating expenses. Since no provision was made for this purpose in the Budget Estimates 2016-17, funds were reallocated from Vote “Contingencies and Reserves” to Item “Shares and Equity Participation - MauBank Holdings Ltd”, and the sum charged to this Item.

Similarly, in November 2017, MauBank Holdings Ltd requested an additional amount of Rs 3 million to meet its operating expenses for the period November 2017 to January 2018. On 28 November 2017, same was provided to the Company by way of Advance to the Consolidated Fund. It was agreed that this amount would be cleared by the Company upon generation of income from its investments.

Mauritius Revenue Authority

6.3 Revenue Collection

Revenue collected by the Mauritius Revenue Authority (MRA) (excluding Customs and Excise) during 2016-17 totalled Rs 57.2 billion, that is an increase of 8.5 per cent over that of 2015-16. The MRA had also been able to meet its revised budgetary estimates of Rs 56.9 billion. Tax revenue from Value Added Tax (VAT) and Income Tax (Individuals, Companies and Body Corporates) totalling Rs 50.7 billion represents 88.8 per cent of total collection of Rs 57.2 billion. Details are as shown in Table 6-3.

Table 6-3 MRA - Revenue Collection

Taxes	Actual Collection	Revised Estimates	Actual Collection	Actual Collection Increase (Decrease) %
	2015-16	2016-17	2016-17	
	Rs	Rs	Rs	
Income Tax - Individuals	7,620,773,556	8,670,000,000	8,661,474,933	13.66
Income Tax - Companies & Bodies Corporate	10,458,691,224	11,569,000,000	11,881,052,571	13.60
Tax Deduction at Source (TDS)	1,096,452,981	1,190,000,000	1,236,186,349	12.74
Value Added Tax	28,804,959,528	30,230,000,000	30,231,215,733	4.95
Taxes on Specific Services and Gambling	1,925,190,291	1,905,000,000	1,891,290,624	(1.76)
Passenger Fee on Air Tickets	1,230,468,443	1,690,000,000	1,651,539,540	34.22
Environment Protection Fee	402,607,080	380,000,000	382,504,623	(4.99)
Advertising Structure Fee	63,903,650	70,000,000	57,588,713	(9.88)
Special Levy on Banks	771,495,905	850,000,000	845,843,866	9.64
Solidarity Levy on Telecommunication Co's	307,889,627	355,000,000	313,261,686	1.74
MRA - Penalties	21,999,176	30,000,000	23,763,401	8.02
Total	52,704,431,461	56,939,000,000	57,175,722,039	8.50

Source: Accountant General's Report

6.4 Statement of Arrears of Revenue

The MRA is required to submit a Statement of Arrears of Revenue to the Accountant General (AG) on a half yearly basis. The Statement of Arrears includes ‘an aged list of Collectible Debts’ together with ‘Non-Collectible Debts’ and ‘Total Book Balances’ by tax type.

The arrears figure included in the AG’s report is based on Collectible Debts generated by the Systems, Applications and Products (SAP) software used by the MRA. The Collectible Debts comprise taxes, penalties and interests due for payment at year end and also cases that are disputed at either the Supreme Court or the Privy Council.

Non-Collectible debts represent tax claims pending under Objection at the MRA, cases lodged at the Assessment Review Committee (ARC) and also those cases where assessments have been raised but objections can still be lodged within the statutory time limit of 28 days described as sum otherwise not due.

Table 6-4 gives a breakdown of Collectible and Non-Collectible Debts as of 30 June 2017.

Table 6-4 Collectible and Non-Collectible Debts

	Collectible Debts (Included in AG's Annual Report as Arrears)		Non- Collectible Debts	
	No of Debtors	Amount (Rs)	No of Debtors	Amount (Rs)
Arrears of Revenue including cases pending at Supreme Court & Privy Council	39,790	7,374,003,498	N/A	N/A
Pending under objection	N/A	N/A	660	4,066,602,846
Pending at ARC	N/A	N/A	1,410	10,345,245,038
“Sum otherwise not Due”	N/A	N/A	1,099	1,025,022,134
Total Book Balances	39,790	7,374,003,498	3,169	15,436,870,018

Source: Statement of Arrears of Revenue submitted to Accountant General

The total disputed amount of Non-Collectible Debts, of some Rs 14.4 billion subject to Objection and ARC, is fairly substantial and represents nearly twice the Collectible Debts.

67 per cent of the total of ‘non-collectible’ debts were in respect of 3,065 cases lodged at the ARC by 1,410 debtors.

6.4.1 Cases at the Assessment Review Committee

The MRA Act stipulates, amongst others, that any person who is aggrieved by a decision, determination, notice or claim may within a period of 28 days, lodge with the ARC, written representations, specifying the reasons for asking for a review.

The Act also provides that the representations made by an aggrieved person shall be dealt with as expeditiously as possible and a panel shall endeavour to fix the case for hearing within six months from the date the representations were lodged; and to give its decision on the representations no later than eight weeks from the start of the hearing.

However, an age analysis of cases at ARC as at 30 June 2017 showed that cases were not being determined within the prescribed time limit. As shown in Table 6-5, 1,436 cases for an amount of Rs 5,913,400,002 were lodged at the ARC prior to 2016. This represented 57 per cent of the total assessed amount, pending at the ARC as at 30 June 2017.

Table 6-5 Age Analysis of Cases Pending at ARC

Period Lodged	No of Cases	Assessed Amount (Rs)	%
1999-2010	84	115,506,999	1.12
2011-2015	1,352	5,797,893,003	56.04
January 2016 – June 2017	1,629	4,431,845,036	42.84
Total	3,065	10,345,245,038	

Source: Records of MRA

MRA's Reply

Appeal cases are not under the purview of the MRA but that of the ARC. The MRA is therefore not in a position to comment on the number of cases pending at the ARC, the amount involved or the non-determination of cases within the six month statutory period.

With a view to reducing the number of appeal cases at ARC:

- An Alternative Tax Dispute Resolution (ATDR) Panel had been set up under the MRA Act to deal with applications for review made by any person who had been assessed to Income Tax, VAT or Gaming Tax and who had objected to the assessment or appealed at the ARC, where the amount of tax payable under dispute exceeded Rs 10 million;
- The Expeditious Dispute Resolution Tax Scheme (EDRTS) had also been set up under the MRA Act, to review assessments raised for Income Tax, VAT and Gaming Tax, where the tax claimed under the assessments did not exceed Rs10 million.

As of 31 December 2017:

- 99 applications for an assessed amount of Rs 2.8 billion had been received at the ATDR Panel. 29 of these applications, where the assessed amount was Rs 930 million, had already been finalised for an amount of some Rs 290 million;
- 405 cases with an assessed amount of Rs 358.9 million had been received under the EDRTS. 93 of these cases had been finalised for some Rs 22 million, against an assessed amount of Rs 80.5 million.

Further, 323 cases, which were pending before the ARC, have been finalised through pre-hearing negotiations by MRA during the period July to December 2017.

6.4.2 Collectible Debts - Rs 7,374,003,498

Arrears of revenue of the MRA, (excluding Customs and Excise), have increased from Rs 5,845,669,373 as of 30 June 2016 to Rs 7,374,003,498 as of 30 June 2017, as shown in Table 6-6.

Table 6-6 Tax Arrears

Taxes	As of 30 June 2015	As of 30 June 2016	As of 30 June 2017	% of Total Arrears at June 2017
	Rs	Rs	Rs	
Income Tax (Individuals, Companies & Body Corporates)	2,279,207,916	2,698,626,602	3,433,219,577	46.56
Value Added Tax	2,446,532,741	2,580,182,097	3,316,573,419	44.98
Betting & Gaming Tax	210,853,007	186,756,326	166,256,204	2.25
Environment Protection Fee (EPF)	29,824,374	16,527,801	44,015,303	0.6
Pay As You Earn (PAYE)	152,840,157	164,874,596	183,402,662	2.48
TDS	101,939,241	103,788,901	116,726,415	1.58
Others	76,869,266	92,906,036	111,802,904	1.52
Sub Total	5,298,066,702	5,843,662,359	7,371,996,484	
Sales Tax	2,007,014	2,007,014	2,007,014	0.03
Total	5,300,073,716	5,845,669,373	7,374,003,498	

Source: Accountant General's Report

Observations

- *Main Debtors.* As of 30 June 2017, debts pertaining to Income Tax (Individuals, Companies & Body Corporates) and VAT debtors totalling Rs 6,749,792,996, represent 91.5 per cent of total arrears;
- *Sales Tax.* As of 30 June 2017, a total amount of Rs 2,007,014 owed by five debtors, was still outstanding. Since 2013, there has not been any movement for these debts which dated back to 1993-94;
- *Age analysis of Debtors.* Table 6-7 depicts an age analysis of Debts as of 30 June 2017.

Table 6-7 Age Analysis of Debts

Period	Arrears as of 30 June 2017	% of Total Arrears
1993-1999	165,003,061	2.24
2000-2009	1,036,658,702	14.06
2010-June 2015	3,946,050,630	53.51
July 2015-June 2017	2,226,291,105	30.19
Total	7,374,003,498	

Source: Collectible Debt Report - Debt Management Unit

16.3 per cent related to debts prior to 2010 while approximately 53.5 per cent represented amount outstanding between 2010 and June 2015.

- A further analysis of the arrears stratified by amount and number of taxpayers is depicted in the Table 6-8.

Table 6-8 Arrears of Revenue Stratified by Amount

Range (Rs million)	Number of Taxpayers	Amount (Rs)	% of Total Amount
Less than 10	39,666	3,545,762,176	48.08
10 -50	107	2,265,969,943	30.73
50 - 100	12	833,582,116	11.30
100 - 200	4	485,938,551	6.60
200 – 250	1	242,750,712	3.29
Total	39,790	7,374,003,498	

Source: Collectible Debt Report - Debt Management Unit

- As of 30 June 2017, Rs 3,828,241,322 were owed by only 124 taxpayers. This represented nearly 52 per cent of the total arrears of Rs 7,374,003,498;
- Of the 124 taxpayers, 107 owed a total of Rs 2,265,969,943 in the range of Rs 10 million and Rs 50 million while 17 taxpayers owed MRA a total of Rs 1,562,271,379, which is approximately 21.2 per cent of total debts.

6.4.3 Recovery of Arrears

Arrears are recovered either from settlements made voluntarily by taxpayers or efforts taken by the MRA, using various enforcement tools provided under Tax Acts. The rate of debt recovery against opening arrears of 1 July 2016 is shown at Table 6-9.

Table 6-9 Rate of Recovery of Arrears of Tax

Period	Arrears as of 30 June 2016 (Rs)	Total Collections 2016-17 (Rs)	% recovery of Arrears
1993-1999	175,835,911	715,255	0.41
2000-2009	1,007,044,218	12,897,241	1.28
2010-2015	3,714,586,463	331,190,273	8.92
January to June 2016	948,202,781	450,597,317	47.52
	5,845,669,373	795,400,086	13.61

Source: Statement of Arrears of Revenue Submitted to Accountant General

- During 2016-17, recovery of arrears totalled Rs 795,400,086. This represented 13.61 per cent of opening arrears of Rs 5,845,669,373;

- As depicted in above Table, old debts are still difficult to recover. For debts prior to 2000, only 0.4 per cent of total arrears of Rs 175,835,911 was settled. For debts between 2000-2009 and 2010-2015, the rate of recovery of arrears was merely 1.28 per cent and 8.92 per cent respectively;
- For debts relating to the period January to June 2016, the rate of recovery of arrears was nearly 48 per cent. A total amount of Rs 450,597,317 was recouped out of the total arrears of Rs 948,202,781;
- Although some 88 and 45 per cent of arrears for Environment Protection Fee and PAYE were settled during 2016-17, debt collection was fairly insignificant for the other types of taxes. Table 6-10 refers.

Table 6-10 Recovery of Arrears by Tax Type

Tax Type	Arrears of Revenue at 30 June 2016 (Rs)	Total Collections (Rs)	% Recovery of Arrears
Environment Protection Fee	16,527,804	14,598,196	88
PAYE	164,874,596	73,418,189	45
VAT	2,580,182,100	406,861,392	16
Betting & Gaming	186,756,324	17,771,776	10
Income Tax	2,698,626,604	270,887,672	10
Tax Deducted at Source	103,788,602	8,123,867	8
Advertising Structure Fee	84,116,274	3,444,988	4

Source: MRA's records

MRA's Reply

As regards Collectible Debts due prior to 30 June 2015, taxpayers may take benefit of the Tax Arrears Settlement Scheme whereby all interests and penalties will be waived provided the taxpayer enters in an agreement for settlement of the debt by 31 March 2018 at latest and the total amount is settled on or before 31 May 2018.

The ATDR Panel, the EDRTS Scheme and the Tax Arrears Settlement Scheme have been introduced to address both the stock of debt and the collection of arrears. The impact of the implementation of these measures based on cases finalised to date, will be a reduction in the stock of debts (Collectible & Non-Collectible) by some Rs 1.1 billion if the concerned taxpayers meet their commitments, as per the agreement signed with the MRA.

6.4.4 Debt Management

Tax debts can either be paid voluntarily by the taxpayer or be collected through enforcement action. Whenever a debt is not settled within the due date, reminders are issued to the taxpayer requesting him to settle the tax due, together with accrued penalties and interests. In case the amount due following reminders is not paid, enforcement actions are then taken to recover the tax due.

During 2016-17, final claims were issued in 9,578 cases whereby the tax amount totalled Rs 3,602,324,465. In addition, agreements were also reached in 975 cases for a total tax amount of Rs 359,956,894.

The various enforcement actions provided under various Tax Acts taken by the MRA during 2016-17 are listed in Table 6-11

Table 6-11 Enforcement Tools Used during 2016-17

	No	Assessed Amount (Rs)
Attachment Order (Salary)	44	1,441,994
Attachment Order	2,806	922,896,828
Distress Warrants	38	60,751,241
Inscription	757	1,416,181,970
Renewal	200	828,713,173
Objection To Departure	20	26,566,739
Prosecution	4	13,447,849
Prior Notice Contrainte	35	143,693,210

Source: Figures Submitted by Debt Management Unit

The effectiveness of the above Enforcement Tools could, however, not be measured. I was informed that the current Debt Management Module did not fully cater for prompt retrieval of information in that respect and that a solution would be proposed in the new upgraded Tax Revenue Management Module of SAP system, which was expected to be implemented around June 2017.

Observations

- As of November 2017, the Debt Management module has still not been improved;
- The database of debts could not be searched by, for example, the number of recovery actions initiated, the time taken between enforcement actions and the amount recovered following these recovery actions.

Recommendation

The Debt Management module of the MRA should be upgraded to enhance monitoring and ensure prompt recovery of arrears, using the various Enforcement Tools provided for in the MRA Act.

MRA's Reply

The SAP software has a Debt Recovery Module which needs to be analysed in depth to ascertain whether it meets MRA's requirements. As the investment would be quite substantial, the MRA would consider the acquisition of the module after having obtained confirmation that the module addresses the shortcomings in the current module and that it may be customised to meet MRA's requirements.

Customs

6.5 Arrears of Revenue

6.5.1 Return of Arrears of Revenue as of 30 June 2017

Arrears of revenue comprise Customs and Excise Duties, Taxes, Penalties, and Interests outstanding in respect of goods that have already been delivered, and of offences detected in breach of Customs Legislations, where Customs Offence Reports (CORs) have been raised.

As of 30 June 2017, total arrears stood at some Rs 687.9 million, of which only some Rs 51.1 million (7.4 per cent) were accounted for in the Treasury Statement of Arrears of Revenue and classified as collectible, while the remaining Rs 636.8 million were classified as “*Under Dispute*” (Rs 480.1 million - 69.8 per cent) and “*Pending Adjustments*” (Rs 156.7 million - 22.8 per cent). An age analysis of the total arrears of revenue is shown in Table 6-12.

Table 6-12 Age analysis of Arrears of Revenue

Years/Period	No. of cases	Balance as of 30 June 2017 Rs
1998-2006	31	85,655,452
2007-2009	226	104,582,056
2010-2012	92	149,083,617
2013-2015	164	320,034,278
January 2016-June 2017	177	28,513,591
Total	690	687,868,994

Long Outstanding Debts

- An analysis of the total arrears of revenue figure of Rs 687.9 million revealed that Rs 210.4 million (30.5 per cent), representing 266 cases, were long outstanding from seven to 19 years, as shown in Table 6-13. Had all avenues been explored on a timely basis for the recovery of the arrears, these would not have remained outstanding for such long period.

Table 6-13 Long Outstanding Debts

Year COR Raised	No. of Cases	Balance as of 30 June 2017 Rs	Number of Years outstanding
1998-2006	31	85,655,452	19 to 11
2007-2010	235	124,752,614	10 to 7
Total	266	210,408,066	

- Of the total arrears of revenue figure of Rs 687.9 million, some Rs 164.8 million (24 per cent) representing 355 debtors were classified as “*Pending Review*”, as shown in Table 6-14. In the Returns of Arrears of Revenue, some Rs 156.7 million were shown as “*Pending Adjustments*”. The difference of some Rs 8.1 million could not be explained.

Table 6-14 Pending Review Cases

Classification	Number of debtors	Amount Rs
Pending Review	9	6,178,762
Pending Review-Claim	3	3,137,680
Pending Review-No Further Action (NFA)	9	2,062,849
Pending Review-NFA Legal Service Dept.	37	49,392,549
Pending Review-Accused Abroad	49	3,825,611
Pending Review-Customs Offence Report Raised	1	1,325,916
Pending Review-Fined at Court	3	133,428
Pending Review-Time Barred	244	98,768,652
Total	355	164,825,447

Time Barred Cases

- As of 30 June 2017, 244 cases totalling some Rs 98.8 million were already time barred. No written off exercise has been carried out for these cases since the past three years. Thus, the total arrears of revenue figure of Rs 687.9 million as of 30 June 2017 has been overstated. For instance, 29,533 T-shirts for a total amount of Rs 776,570, were missing from Bonded Warehouse since 2008. The case was time barred since 6 January 2013.

- At paragraph 7.6.2 of the Audit Report for the 18-month period 1 January 2015 to 30 June 2016, mention was made that a claim for an amount of Rs 48,922,714 was issued to a Company following unlawful removal of goods from Bonded Warehouse in August 2007. Due to lengthy processing time, the claim was time barred in 2014. A COR was thereafter issued on 16 January 2015 and the case was referred to the Office of Director of Public Prosecutions (DPP) on 7 December 2016, nine years after the offence. Meanwhile, the Company had gone into receivership.
- Three time barred cases totalling Rs 3,160,427, inclusive of annual interest of Rs 94,762, were wrongly classified as collectible debts and accounted for in the Treasury Statement of Arrears of Revenue as at 30 June 2017.

Court Cases

As of 30 June 2017, debts totalling Rs 68,795,377 in respect of 39 cases, relating to period 1998 to 2016, were referred to Court. There was no evidence that follow up was done for these cases until 20 December 2016, when an enquiry was made with the Police Department. As per the latter's reply dated 18 January 2017, the status was as shown in Table 6-15.

Table 6-15 Status of Court cases

Detail	No. of cases	Amount (Rs)
Accused fined at Court	3	701,129
On Appeal	2	9,521,589
Agreement in Court	2	349,224
Disposal of goods in progress	1	1,369,227
At Court	31	56,854,208
Total	39	68,795,377

Despite judgment was already delivered since 2009 in respect of a debtor owing Rs 481,070, it was only on 9 November 2017 that another follow up was done with the Police Department. The case was already time barred, but was still appearing in the total arrears of revenue figure as of 30 June 2017.

Recommendation

There is a need to set up a Committee to review all “*Pending Review*” cases so as to clear the list of long outstanding debts and time barred cases. All avenues should be explored to recover maximum debts within reasonable time.

Management's Reply

Internal Audit of the MRA is scrutinising all these cases, as provided in the MRA Act. On 15 December 2017, the Board of MRA has approved the writing off of 256 cases for a total amount of Rs 108,484,479 of Customs debts which have become irrecoverable.

Following the recommendation of the MRA Board, a Debt Review Committee has been set up to examine, review and recommend adjustment to Customs debts due to errors or lack of evidence for prosecution as determined by the Legal Services Department of the MRA.

6.5.2 Evasion of Duties and Taxes – Rs 33,983,974

12 luxury cars were detained in Customs Warehouse since 2012 due to evasion of Duties and Taxes totalling some Rs 33.9 million. CORs were raised during period 2012 to 2014 and they were referred to the Police Department for prosecution. Of the 12 cases, only three were referred to Court while for the remaining nine cases, Police enquiry was still on-going.

Due to lengthy enquiry time and idleness of these luxury cars during the past five years, their market values have been reduced. Moreover, they were occupying valuable space in the Customs Warehouse.

Recommendation

The Police Department should be requested to speed up investigation, to avoid these luxury cars being subject to further wear and tear due to idleness and to resolve the storage problem at Customs Warehouse.

Management's Reply

CORs have been raised and the cars have been detained as exhibits. In three cases after completion of the investigation, the cases have been referred to the DPP. In the remaining nine cases, Police is still investigating. The reply is still being awaited.

In order to expedite matters, MRA will schedule meetings with the Authorities where Customs cases have been referred to.

6.5.3 Imported Yacht

At paragraph 7.6.2 of the Audit Report for the 18-month period 1 January 2015 to 30 June 2016, mention was made that the HS Code of a yacht imported by a Company was wrongly classified, resulting in an underpayment of VAT amount of Rs 11,405,620. As of 30 June 2017, the amount due totalled Rs 23,265,902, inclusive of penalties and interests.

In April 2013, the Company produced documentary evidence that ownership of the yacht had been transferred to another Company. However, both Companies had been dissolved in June 2014 and June 2015 respectively. In November 2016, the Attorney General's Office (AGO) advised to reinstate both Companies and to have a "*Saisie Conservatoire*" of the yacht.

As of November 2017, the two Companies have not yet been reinstated and a “*Saisie Conservatoire*” applied. Due to lengthy processing time, the yacht has been detained in the Port area for the past five years.

Recommendation

Appropriate action should be taken to reinstate both Companies and “*Saisie Conservatoire*” of the yacht applied to avoid further delay in recovery of the outstanding amount.

Management’s Reply

On 30 October 2017, the State Law Office (SLO) has been requested to provide an update of the status of the Company. The SLO informed that information provided by MRA was being perused in view of the intended application and MRA will be informed of any development.

On 30 January 2018, a further update of the status of the Company has been requested from the SLO.

6.6 Overlying Vehicles and Containers

As per the Customs Act “*Where any goods are landed and are not claimed or removed within 2 months of being landed, the Director-General may cause the goods to be sold by public auction or public tender, as the Director-General may determine, after giving public notice of the sale.*”

6.6.1 Overlying Vehicles

At Mauritius Multipurpose Terminal

During a visit effected by my Officers on 19 September 2017, four cars were seen in deplorable state at Mauritius Multipurpose Terminal (MPT), three of which were imported during period May 2013 to December 2015. There was no information in the Customs Management System (CMS) in respect of the fourth car (*Toyota Starlet*). They have not been transferred to the Customs Warehouse, in compliance with the Customs Act.

At Freight Stations

At 30 November 2017, 10 vehicles detained by the Commercial Fraud Unit (CFU), were kept at three Freight Stations since 2015. The vehicles were detained on ground that regulations regarding imported vehicles were not complied with. In fact, new cars were declared as second hand in the BOE. Also, cars of less than 18 months were imported, contrary to the Consumer Protection (Control of Imports) Regulations.

There was no module in CMS to cater for the recording of detained goods. In fact, these vehicles appeared as already delivered in CMS since their duties and taxes had already

been paid. This weakness in the CMS could result in illegal removal of vehicles from Freight Stations.

Recommendations

- Overlying vehicles, including the detained ones should be transferred to Customs Warehouse;
- The CMS should be reviewed to incorporate data in respect of detained goods.

Management's Reply

The four vehicles are subject to Court cases, Police investigation or disposal. For safe custody of these exhibits, they have been moved from MPT to the Customs Warehouse on 15 February 2018.

Customs is carrying out a feasibility study with respect to the development of a “detain module” in CMS to address this issue.

6.6.2 Overlying Containers at Mauritius Multipurpose Terminal

At paragraph 7.4.1 of the Audit Report for the 18-month period 1 January 2015 to 30 June 2016, mention was made that 140 containers were overlying at Cargo Handling Corporation Ltd (CHCL) for periods ranging from one to 15 years. These had been transferred to MPT in September 2016 and action was being taken to transfer same to Customs Warehouse. As of 3 November 2017, 18 containers were still overlying at MPT.

Beers

10 containers, which were stuffed with beers in bladders, were overlying since 2012. It was only in December 2016 that a sample of the beers was taken by the Ministry of Health and Quality of Life (MoHQL) for analysis purpose. On 7 February 2017, the Ministry reported that the beers were found unfit for consumption and thus, recommended for their destruction.

Malt Alcoholic Spirit

As per the Master Manifest, 10 barrels of “*Malt Alcoholic Spirit*” were imported on 18 February 2012. However, the barrels were labelled as “*Refined Glycerin Chemically Pure*” for industrial use only. Despite the container had been overlying for some five years, no analysis of the product has been performed and the discrepancy in description has not been investigated. Further delay in taking appropriate action would result in the product being expired.

Recommendations

- Customs should comply with the Customs Act to avoid incurring additional costs for destruction of these expired products;

- Liquid items, such as spirits and beers, should be removed from MPT and stored under appropriate temperature. These should be disposed of within a reasonable time.

Management's Reply

Of the 18 containers, two have already been sent for destruction on 12 January 2018, two have been transferred to the Customs Warehouse following finalisation of an agreement for destruction with a distillery. With respect to the remaining 14 containers as at February 2018, action will be taken in due course.

Four of the 10 containers of beer bladders have already been disposed of by destruction in December 2017 and the remaining containers will be disposed of by mid-2018.

The 10 barrels labelled as glycerin have been transferred to the Customs Warehouse in November 2017. The MoHQL has been contacted for the product to be analysed and Customs will take action based on the result of the analysis.

With effect from 24 July 2017, the Customs Act has been amended whereby cost of destruction of abandoned goods or any condemned goods has to be borne by the importer.

6.7 Overlying Goods at Freight Stations

6.7.1 Site visit effected on 9 August 2017

Several expired goods were found overlying in three Freight Stations.

Herbal products

A large quantity of herbal products, namely toothpastes and Ayurvedic medicines, among others, which were imported since 2011, were overlying for the past six years, that is, well beyond the prescribed period of two months. The herbal products have already expired and were leaking.

Salvage Drums

Seven salvage drums found in a Freight Station were not recorded in the CMS. According to the Freight Station's records, these drums contained chemicals which were overlying for more than 10 years. The exact contents of the drums were not known. There is a risk that the products have already expired, and hence, represent a potential health hazard.

Insecticides, Medical Products, amongst others

Large quantities of different insecticides, medical products, e-cigarettes, batteries, amongst others, were overlying for more than 10 years in a Freight Station. No action was taken during the past years to transfer same for auction sales, in line with the relevant Section of the Customs Act.

The insecticides and medical products had expired and they were not kept in appropriate conditions, with the ultimate risk of being a health hazard.

Recommendation

Appropriate measures should be taken in respect of the expired herbal, chemical and medical products, and insecticides. Customs should ensure that these products are destroyed according to prescribed regulations.

Management's Reply

For all the expired goods, MRA Customs is liaising with the contractor of the Ministry of Social Security, National Solidarity, and Environment and Sustainable Development to perform a survey for their ultimate disposal in early 2018.

The insecticides and medical products did not get necessary clearance from the relevant authorities. Being prohibited and potentially dangerous, the goods were not transferred to the Customs Warehouse as they could contaminate other saleable goods.

6.7.2 Site Visit effected on 11 October 2017

Dangerous Goods (DGRs) were found overlying in a Freight Station at Plaisance Air Transport Services Ltd (PATs).

Commint Oil Essence

30 kg of commint oil essence, classified as DGRs, were found overlying since July 2006. The expiry date could not be verified due to its dangerous nature. Although the Ministry of Social Security, National Solidarity, and Environment and Sustainable Development was requested on 11 August 2017, to dispose of the DGRs, they were still kept at the Freight Station.

Liquid Solutions

Four kg of disinfectant liquid solutions and 113 kg of another liquid (description not available), both classified as DGRs, were overlying since 2008 and 2010 respectively. Expiry dates were not available on most of the overlying liquid solutions.

Recommendation

Customs should ensure that these dangerous products are destroyed according to prescribed regulations.

Management Reply

Customs is liaising with the relevant Ministries/Authorities for the destruction of all the hazardous/expired goods. Surveys have been carried out by the contractor of Ministry of Social Security, National Solidarity, and Environment and Sustainable Development on 9 November 2017. All costs of destruction of these hazardous products will be borne by the Ground Handling Agents.

6.8 Containers not in Customs Management System

At paragraph 7.4.2 of the Audit Report for the 18-month period 1 January 2015 to 30 June 2016, mention was made that 35 containers were overlying at MPT since prior to 1996. No information about the containers was available in CMS and no Customs seal was found on most of them.

During a visit effected by my Officers on 29 August 2017, some of the containers were seen in a deplorable state, with the doors and roofs completely rusted. They were stuffed with high value items, namely a second hand car, motorcycles, several boxes of new spare parts for autocycles and bicycles, large quantity of bicycle wheels, and several cartons of Scotch Whisky, amongst others. At 30 November 2017, 23 of the 35 containers were still overlying at MPT.

6.8.1 Motorcycles & Autocycle Spare parts

74 motorcycles of make “Zaki” and several cartons of autocycle spare parts were imported in October 2003. 42 of those motorcycles were classified as “Wanderer” and the remaining 32 as “Safari”. They were declared as having an engine capacity of 49.8 c.c. Upon examination of two motorcycles by the Mechanical Engineer of the Ministry of Public Infrastructure and Land Transport (MPI), the engine capacity of “Wanderer” was found to be 100 c.c. and that of “Safari” as 125 c.c. A COR was raised on 8 October 2003 and the case was referred to the Police Department for prosecution. On 17 February 2012, the Court ordered that the two motorcycles which had been examined, be forfeited and destroyed.

Despite the fact that judgment was already delivered since five years, no appropriate action was taken for the remaining 72 motorcycles. Moreover, no decision has been taken regarding the autocycle spare parts which had been overlying since 14 years. Further delay in taking appropriate action would impact negatively on the market value of these products, and hence, might result in significant loss of revenue.

6.8.2 Highland Chief Scotch Whisky

16,836 bottles of Highland Chief Scotch Whisky, imported on 8 March 2000, were detained by Customs Investigation Unit at CHCL. In November 2001, the case was referred to the Police Department for investigation and prosecution. On 3 December 2004, the Office of the Director of Public Prosecution advised for no further action.

- The container stuffed with the bottles of whisky, had not been transferred to Customs Warehouse as per the Customs Act but remained at CHCL. However, as per Police survey carried out on 8 December 2005, 11,406 bottles of whisky had been illegally removed from the container. Duties and taxes foregone amounted to Rs 1,965,578;
- No decision has been taken for the remaining 5,430 bottles of whisky which were overlying for 13 years and it was only in July 2017 that a sample was taken by a distiller for analysis. However, as per the latter’s reply, the product was not in accordance with standards.

Recommendation

Overlying containers should be transferred to Customs Warehouse as per the Customs Act. Detained containers should be securely kept under Customs control. In the event of inadequacy of space, Customs should consider acquiring additional space for the extension of the Customs Warehouse.

Management's Reply

27 containers have already been removed from the list of 35 following appropriate actions taken (sent for auction, destroyed and removed by Police).

With regard to the 72 remaining motorcycles and autocycle parts, same have been transferred for auction sales on 11 December 2017 and will be disposed of after obtaining legal advice from SLO.

MRA Customs contacted many distillers for the possibility of recycling/disposal of the bottles of whisky.

Based on established procedures, all detained goods under Customs control are now systematically transferred to the Customs Warehouse depending on availability of space. Additional space has been rented to extend the capacity of the Customs Warehouse.

6.9 Freeport Zones

The Customs Freeport Section is responsible for the overall control of all Freeport goods entering and leaving the Freeport Zones.

6.9.1 Scanning

Visits carried out by my Officers in the Freeport Zones at the Seaport and Airport on 2 August and 1 September 2017 respectively, revealed a lack of Customs controls on goods imported by licensed Freeport Operators.

Instead of reinforcing Customs control, the revised Standard Operating Procedure (SOP) Manual, applicable as from May 2017, makes no provision for the scanning of imported containers prior to their release to Freeport Zones. For the year 2017, only 34 out of 2,379 imported containers (1.4 per cent) have been scanned. Hence, there is a high risk that prohibited goods might transit through the Freeport Zones without being detected.

6.9.2 Medical Products

As per the list of stocks submitted by a Freeport Operator, a large quantity of 45 different expired medical products, including some 70,300 tablets, 14,200 soaps, 16,000 units of jelly tubes, were kept at the Freeport Zones since five years.

As of 30 November 2017, no action was taken against the Freeport Operator for the destruction of these expired medical products.

Recommendations

- Customs controls, such as scanning and examination of containers should be reinforced in the Freeport Zones;
- The SOP Manual should be amended to include scanning of containers prior to their release to Freeport Zones.
- Appropriate action should be initiated for the destruction of the expired medical products.

Management's Reply

It is to be noted that all containers removed from the landing place to a Freeport Zone is monitored on the Online Tracking System (OTS). Customs controls in the Freeport are based on risk management. Accordingly, high risk goods are subject to scanning and other enforcement at the time of import into Freeport. This is supplemented by a close monitoring of movement of goods from/to Freeport in the OTS.

Corporate and Business Registration Department

6.10 Revenue Collection

The Corporate and Business Registration Department was collecting revenue for registration/license fees and fines through different modes of payment, such as online, cash, cheques, credit card, and deposits (either Mauritian Rupees or US Dollar) from its clients. As per Corporate Business Registration Information System (CBRIS) report, total revenue collected for 2016-17 amounted to some Rs 310.7 million, whilst as per Treasury Abstract (TA), revenue reported was some Rs 324.5 million. There was thus an overall difference of Rs 13.8 million between the two records, and no reconciliation exercise was carried out to clear the difference.

6.11 Arrears of Revenue

As of 30 June 2017, the arrears of revenue of the Department amounted to some Rs 134 million. Arrears for the past six accounting periods and the respective amounts written off and recovered in the ensuing financial periods are as per Table 6-16.

Table 6-16 Arrears, Write Off and Recovered Amounts

Arrears as at	Arrears (Rs m)	Ensuing Financial Period			
		Write off (Rs m)	%	Recovered (Rs m)	%
31 December 2012	364	164	45	40	11.0
31 December 2013	234	53	23	14	6.0
31 December 2014	229	90	39	11	4.8
30 June 2015	155	-	-	8	5.2
30 June 2016	167	47	28	8	4.8
30 June 2017	134				

Source: Returns of Arrears

At paragraph 7.9 of the Audit Report for the 18-month period 1 January 2015 to 30 June 2016, it was highlighted that the decrease in arrears was mainly due to the write off of significant amount of arrears. Total arrears written off during the period 1 January 2013 to 30 June 2017 had thus reached some Rs 354 million, inclusive of Rs 47 million written off in 2016-17.

As regards recovery of arrears, it was still slow, with only Rs 8 million representing about 4.8 per cent of the Rs 167 million due at 30 June 2016 having been recovered during the ensuing financial year ended 30 June 2017. Further, the rate of recovery for each of the past five periods ranged between 4.8 and 11 per cent of the total arrears.

6.11.1 Debt Recovery System

At paragraph 7.9.1 of the Audit Report for the 18-month period 1 January 2015 to 30 June 2016, mention was made that the measures, that is issue of reminders prior to compounding of offences, to recover the arrears seemed inadequate and ineffective given the large sum of debts being written off and the low rate of recovery of the long outstanding debts. For 2016-17, the Department has not yet implemented other measures for recovery of the outstanding arrears.

Further, the deadline for payment of registration fees for 2017 was 20 January 2017. In March and April 2017, reminders were sent to companies, which had failed to pay registration fees for 2017. Thereafter, compounding exercise was carried out with those companies, which still defaulted. As at October 2017, some 2,000 companies with outstanding fees totalling Rs 5,747,450 had not responded to this compounding exercise, and would be removed from list of operating companies.

6.11.2 Age List of Debtors

An analysis of the arrears of Rs 134 million as at 30 June 2017 is given in Table 6-17.

Table 6-17 Analysis of Debtors

Financial Period	Amount Outstanding (Rs m)		
	Fees	Fines	Total
Up to Dec 2013	52.1	22.0	74.1
Jan-Dec 2014	6.6	3.2	9.8
Jan-Jun 2015	9.6	4.7	14.3
Jul 2015-Jun 2016	9.7	5.0	14.7
Jul 2016-Jun 2017	14.0	7.1	21.1
Total	92.0	42.0	134.0

Source: Age debtors list as at 30 June 2017

As at 30 June 2017, over and above the Rs 354 million already written off, arrears of revenue of some Rs 65.8 million, that is about 49 per cent of the outstanding figure of Rs 134 million were also awaiting write off.

Further, recovery of debts up to 31 December 2013 totalling some Rs 74.1 million and representing more than 55 per cent of the total outstanding debts seemed remote. Hence, the measures to recover the sums due from the debtors should be strengthened and enforced instead of having recourse to write off of debts.

Department's Reply

There is a very efficient system of recovering arrears in place at the Department. Compounding of offences have reduced arrears of revenue significantly and has proved to be an efficient and effective method of collecting revenue.

On 13 October 2017, approval has been sought from the Director of Internal Control for the write off of irrecoverable debts of Rs 65,816,518.

Registrar-General's Department

6.12 Arrears of Revenue - Rs 369.3 million

In several past audit reports, mention was made that revenue management remained a high risk area for the Registrar General Department (RGD) due to lengthy procedures involved in finalising re-assessment cases under objections, as well as dealing with defaulting debtors. Debtors arise when additional registration duties are claimed by the RGD following re-assessments by the Government Valuer and the amount due is not promptly settled. Out of the total amount of Rs 369.3 million of arrears of revenue as at 30 June 2017, some Rs 348 million related to registration duties/taxes on land transactions, that is, 94 per cent.

Table 6-18 Arrears of Revenue for the period 1 January 2012 to 30 June 2017

	Year 2012	Year 2013	Year 2014	1 Jan 2015 to 30 June 2016	Year 2016-17	Total for Jan 2012 to June 2017
	Rs m	Rs m	Rs m	Rs m	Rs m	Rs m
Balance at 1 Jan /1 July	213	290	331	440	359	213
Less Adjustment to Debits	14	40	24	135	28	241
Less Write Off	-	1	10	29	-	40
Less Collections	19	27	32	30	40	148
Sub total	180	222	265	246	291	(216)
New Debtors	110	109	175	113	78	585
Balance 31 Dec /30 June	290	331	440	359	369	369

Source: Return of Arrears of Revenue

- The debtors' position has not much improved over the past 66 months as shown in Table 6-18. Debtors' balances have increased from Rs 213 million to Rs 369 million between January 2012 and June 2017. Out of the new debtors of Rs 585 million, some Rs 148 million were recovered, and adjustments due to either write-off or objections lodged totalled Rs 281 million;
- Between 1 July 2016 and 30 June 2017, arrears of revenue have increased from Rs 359 million to Rs 369 million. New debtors amounted to Rs 78 million whereas only Rs 40 million were recovered. As at 30 June 2017, some Rs 159.3 million were long overdue for more than four and a half years;
- Campement Owners owed some Rs 17.6 million as at 30 June 2017. Only an amount of Rs 1.4 million had been recovered from them during 2016-17. Some Rs 6.8 million

were outstanding for more than 10 years, for which no payment was received in 2016-17;

- Debtors' balances of some Rs 287.9 million as at 30 June 2017 were being kept manually. No detailed list was available for the remaining debtors' balances totalling Rs 81.4 million, processed in the MeRP computerised system;
- 17 companies and 10 individuals owed amounts of Rs 51.8 million and Rs 23.3 million as at 30 June 2017 compared to Rs 55.2 million and Rs 37.3 million as at 30 June 2016, respectively. The decrease in the debtors' balances was mainly due to accounting adjustments.

6.13 Debtors - Rs 562.3 million

Following re-assessments by the Government Valuer, additional duties were claimed by the RGD from buyers/sellers. These have been excluded from the list of debtors at 30 June 2017. The amount involved was some Rs 562.3 million, as detailed below:

- 1,672 cases of untraceable debtors totalled some Rs 53.6 million as at 30 June 2017;
- As at 30 September 2017, there were 1,611 cases of objections lodged and awaiting to be determined at the Objection Unit (OU) of RGD; these concerned 4,613 buyers and sellers for an amount of Rs 286.4 million;
- Prior to May 2015, there were 1,032 cases totalling Rs 222.3 million that were yet to be determined at the Assessment Review Committee (ARC) as at 31 October 2017.

6.14 Re-assessment of Immovable Properties

Once the values of immovable properties are declared and registered at RGD, they are subject to re-assessment at the Valuation Department. After Government Valuer's re-assessment of the property has been obtained, RGD's Valuation Unit then issues the notice of service to the buyers/sellers to claim for the additional duties and taxes.

- If dissatisfied by the RGD's notice to pay additional duty or tax, the buyer/seller can make an objection, within 28 days of the date of the notice;
- If still unsatisfied with the decision of the OU, the person may appeal to the ARC to determine the open market value of the property;
- If still unsatisfied with the decision of the ARC, the person can make an appeal to the Supreme Court.

In 2016-17, RGD referred 9,950 cases, with a total declared value of some Rs 43.8 billion to the Valuation Department for re-assessment of immovable properties, out of which, 2,874 cases with a declared value of some Rs 5.1 billion were re-assessed.

Observations

- Out of the total of 2,874 cases, 2,293 cases were re-assessed upwards from a total declared value of some Rs 3.7 billion to a total amount of some Rs 6 billion;
- The remaining 581 cases, with a total declared value of Rs 1.4 billion, had no re-assessment value in the MeRP system as at 30 June 2017. Of those remaining cases, eight cases of a total declared value of Rs 15.3 million have been 'closed', that is, settled;
- 525 cases were settled up to 19 September 2017. No payments were received in 815 cases. During 2016-17, 1,146 and 304 cases were lodged at the OU of RGD and ARC respectively;
- We have matched the 2,874 cases reassessed with the list of debtors as at 30 June 2017 and out of 1,000 cases totalling Rs 45 million, only an amount of Rs 9.3 million was recovered whereas the remaining amount of Rs 35.7 million was still outstanding.

6.15 Objection Unit

The OU consists of two representatives of the RGD and a representative of the Valuation Department who acts as Chairperson. All cases of objections lodged at the OU must be dealt with within four months for those made as from 15 June 2015, compared to six months for prior cases. Any failure by the OU to deal with an objection within the prescribed period shall be considered to have been allowed by the RGD.

Between April 2015 and September 2017, there were 3,817 cases of objections, with tax/duty totalling Rs 408 million that were lodged by 6,817 buyers/sellers. Of these, 2,036 cases were settled for a total amount of Rs 176 million by 3,562 buyers/sellers.

Observations

- 1,503 cases under objections for 2,747 buyers/sellers involving a total amount of Rs 167 million have not yet been heard by the OU. Out of the 1,503 cases, there were 545 cases that were deemed to have been allowed, that is lapsed, as the objections have not been heard within the prescribed period. The loss of Government revenue amounted to some Rs 66 million, that were owed by 967 buyers/sellers for the 545 cases;
- 278 cases of objections for 508 buyers/sellers have already been heard but still had to be settled as at 30 September 2017. Amount involved totalled some Rs 60 million;
- In 2016-17, 483 objection cases were lodged at the OU, involving 1,734 buyers/sellers with additional tax claimed totalling Rs 172.8 million. Only five cases were settled. The status of the remaining 478 cases was not known;
- No proper Register was kept to record all cases under objections, together with their current status.

6.16 Assessment Review Committee Cases

- At paragraph 7.14.2 of the Audit Report for the 18-month period 1 January 2015 to 30 June 2016, I reported two cases totalling Rs 105 million that were under objection at the ARC since October 2014. No further outcome was known as at January 2018, that is, more than four years later;
- As at 31 October 2017, there were 1,428 cases that were yet to be determined at the ARC, of which 1,032 cases, totalling Rs 222.3 million were long outstanding, some as far back as 2007 as shown in Table 6.19.

Table 6-19 Total number of ARC cases prior to May 2015

Period	No of cases	Rs Million
Prior to December 2007	149	6.1
2008-2011	534	52.0
2012- May 2015	349	164.2
Total	1,032	222.3

Source : Monitoring File of Valuation Unit

6.17 Referred to Judiciary- Contrainte

Failure on the part of a debtor to pay the amount due could lead to a ‘Contrainte’, which is a formal legal action used by the RGD as a last resort for the recovery of debts. The RGD issues a ‘Contrainte’ by first sending same to the Attorney General’s Office (AGO) for vetting. A Judge Order follows to justify the ‘Contrainte’ which orders the debtor, through an Usher’s service, to pay the amount owed to the RGD.

A Judge’s Order permits the seizure of a movable or immovable property and its sale, if a person does not comply with the Usher’s service or does not appeal against it within 10 days.

Observations

- The RGD processed 1,001 ‘Contrainte’ involving debts for an amount of Rs 92.7 million during the period October 2013 to June 2017, excluding 603 other ‘Contrainte’ prior to October 2013 for which the monetary values were not known;
- As at 30 June 2017, 187 cases were settled and Rs 29.5 million have been collected. 22 cases totalling Rs 1.7 million had lapsed due to passing away of debtors. The remaining 792 cases amounting to Rs 79.2 million were not yet finalised as at 30 June 2017;

- Out of the above 792 outstanding cases, Judge's Orders were still being awaited for 396 cases involving Rs 41 million of which 233 cases were for over three years;
- Judge's Orders were received in 505 cases totalling Rs 46.8 million. Usher's service was yet to be effected for 225 cases totalling Rs 25.7 million.

Conclusion and recommendation

Recovery of arrears and finalising of objection cases are not being given much consideration despite the significance of arrears involved.

As mentioned in the Audit Report for the 18-month period 1 January 2015 to 30 June 2016, the establishment of a Valuation Roll will be a good solution for the RGD to manage its revenue. For instance, the value of immovable property will be available prior to registration of the deed document. The lengthy procedures of re-assessment, inscription, determination of cases under objection and debtors' management will be significantly eliminated. Besides, avoiding the risk of loss of revenue and collecting the right amount of tax or duty at time of registration, this would also save public funds and time in dealing with re-assessment cases.

Department's Reply

This Office strongly concurs with the proposal for the establishment of a Valuation Roll and appreciates your valuable suggestion.

Arrears of Revenue

- It is proposed to create a Recovery Unit to be headed by an in-house Attorney-at-Law. This will speed up legal action for recovery;
- In an effort to recoup all arrears of revenue, Government has come forward with an Arrears Payment Scheme where, as incentive, the penalty is waived if payment is effected before an appointed date;
- A request for a list of Campement Site owners where lessees have opted for the new lease from Ministry of Housing and Lands has remained unattended up to now. It is proposed to take up the matter at higher level with Ministry of Finance and Economic Development.

Objection Unit

RGD has no control on the OU. The latter is chaired by a representative of the Valuation Department. It is proposed that the composition of the OU be reviewed and it should be chaired by an independent person knowledgeable in that field and two Assessors, one representative from RGD and one from Valuation Department.

Assessment Review Committee

- No provision has been made in the law for ARC to hear a case within a specific time limit.

RGD has no control on the activities of the ARC. We only send a representative to make out the cases on the scheduled day;

- A list of lodged cases is provided by ARC on our request on a monthly basis. It is envisaged to enhance our system to incorporate all these information.

Contrainte

- Once we refer a case to the AGO to initiate “contrainte”, this Office has no more control on the procedural aspect of the case;
- A policy decision needs to be taken at higher level as to whether procedures for seizure of property should be initiated as it has been observed that despite the services of contrainte procedures, debtors do not turn up.

7 - MINISTRY OF YOUTH AND SPORTS

7.1 Grants - Rs 42.9 million

7.1.1 Annual Grant Memorandum

During 2016-17, grants totalling Rs 42.9 million were disbursed to two Statutory Bodies - the Mauritius Sports Council (MSC) and the National Youth Council (NYC), and one Special Fund-the Trust Fund for Excellence in Sports (TFES).

All the conditions, as specified in Financial Instructions on Administration of Government Grants, were not mentioned in the Annual Grant Memoranda signed between the Ministry of Youth and Sports (MYS) and the above organisations. These included the services to be delivered and service standards, and the cash/deposits with banks and other financial investments at start of the financial year.

7.1.2 Non-Compliance with Conditions for Disbursement of Grants

- Applications for disbursements of grants totalling Rs 14.5 million by the MSC were not submitted on the Standard Application Form;
- The above three Bodies did not submit all relevant documents to support the applications for grants. For instance, the MSC failed to submit the following to the Ministry;
 - revised estimate of expenditure and revenue for the financial year;
 - cash flow statements for last 12 months and cash flow forecast for the period to the end of the financial year;
 - bank statements, showing bank balances in respect of bank accounts (other than that in which grants were transferred), held by the MSC;
 - a progress report on delivery of outputs/services;
- Delays were noted in the submission of the Annual Reports to the Ministry by the MSC.

Recommendation

The Ministry should ensure that Financial Instructions are duly adhered to and all grant recipients comply with all the conditions laid down in the Grant Memoranda.

Ministry's Reply

The Finance Section will henceforth ensure, among others, that all applications for disbursement of grants are made on the Standard Application Form and Grant Memoranda are properly filled in and signed prior to disbursement of funds.

The above three organisations have been urged to comply with the Financial Instructions issued by the Ministry of Finance and Economic Development and the Statutory Bodies (Account and Audit) Act, regarding submission of accounts.

7.2 Financial Assistance - Rs 86.9 million

During 2016-17, financial assistance totalling Rs 86.9 million was provided to Football Clubs and Committees (Rs 20.4 million) and Sports Federations (Rs 66.5 million).

7.2.1 Football Clubs and Committees

Football Clubs and Committees were not complying with the Guidelines issued by the Ministry and the provisions laid down in the Sports Act in order to be eligible for financial assistance. Formal agreements were not signed for the period July 2016 to June 2017. According to the Ministry, this was due to the complexity in the implementation of the previously agreed terms and conditions.

Premier League football clubs did not submit information in respect of female football teams and youth teams.

7.2.2 Sports Federations

As of 30 June 2017, 48 National Sports Federations were in operation in Mauritius, including six Multi-Sport Organisations and one Statutory Body, and they benefited from grants from the Ministry. However, they did not all sign Performance Agreements nor submit their Audited Financial Statements and Insurance Policy Certificates, as required by the Sports Act and Guidelines issued by the Ministry.

Recommendation

The Ministry should ensure that the requirements of the Sports Act, as well as the conditions pertaining to the grant of financial assistance, are duly observed by Football Clubs and Committees, as well as all Federations.

Ministry's Reply

For the year 2017-18, the terms and conditions for the disbursements of grants to Football Clubs and Committees have been reviewed and funds will be disbursed only on signature of the agreement by the parties concerned.

The Sports Sector has been reorganised and was being operated on a cluster-based approach with Sub - Directorates. The concept of Performance Agreement Forms has been scrapped and replaced by a yearly sports development plan and financial assistance to Sports Federations will be provided based on the different sub - Directorates.

7.3 Renewal of Contract of Employment of Advisers/Coaches

During the period April 1988 to May 2014, 16 Advisers/Coaches (Local) were recruited on a contract basis by the Ministry.

The terms of the engagement provide, among others, that the contract of employment will be for a period of one year as from assumption of duty and Government may, at any time, determine the employment by giving one month's notice in writing or by paying one month's salary. The Advisers/Coaches are entitled to payment of a gratuity equivalent to two months' salary on completion of 12 months' service, travelling, passage benefits and leave in accordance with regulations in force in the Public Service and recommendations contained in the Pay Research Bureau Report.

The following were observed:

- The contract of one Adviser/Coach was terminated on 23 January 2017, while those of two others which expired on 26 August 2017, were renewed up to 22 May 2018;
- In November 2016, the Ministry initiated procedures for renewal for a further period of one year of the contracts of 13 Advisers/Coaches. One contract expired on 8 November 2016, while the other 12 on 31 December 2016. In August 2017, the renewal of the 13 contracts for a period of one year was recommended. As of October 2017, more than nine months after expiry of these contracts, the Ministry had not yet submitted a formal request to the Ministry of Civil Service and Administrative Reforms and the Prime Minister's Office for the renewal of the contracts;

In the meantime, they were being paid salaries and were benefiting from travelling allowances, passage benefits and leave. A sum of some Rs 4.1 million was paid as salaries to these Advisers/Coaches, from date of expiry of their contract up to 31 August 2017;

- A scrutiny of the contracts of five of the 13 Advisers/Coaches showed that the time taken between the renewal of their contracts since their first employment at the Ministry and the expiry of the existing contracts, ranged from three days to over nearly one and half years.

Recommendation

The terms of engagement, as laid down in the contract of employment of Advisers/Coaches, should be complied with.

Ministry's Reply

The renewal of the contract of employment of the Advisers/ Coaches was purposely delayed because the Ministry was not satisfied with their current mode of appointment and an alternative contractual mode of employment under the Public Service Commission Regulations was being considered.

7.4 Asset Management

7.4.1 Physical Asset Management System

During 2016-17, the Ministry acquired assets worth some Rs 7.9 million.

The Office of Public Sector Governance was mandated to implement a project for the development of a computerised and online Fixed Asset Register in 2008. It was initially decided to apply the new system, Physical Asset Management System (PAMS) on a pilot basis at the Ministry as from November 2013. The level of inputs made in the PAMS could not be ascertained due to problems to log into the system and no report could thus be generated.

Ministry's Reply

The input and recording of assets will be completed in the Government Asset Register, as soon as possible and the process will be supervised by an Assistant Permanent Secretary.

7.4.2 State Lands Vested in the Ministry

In January 2016, the MYS requested the Ministry of Housing and Lands (MHL) to submit an updated record of all plots of lands vested in the MYS (developed and undeveloped) to ensure that relevant projects, which need implementation, are carried out and plots of land which are no longer earmarked for development, be returned to the MHL.

In August 2017, following Government's decision of 16 June 2017 in respect of status of State Lands, which had not yet been developed, the MHL requested the MYS to submit information as to whether the 10 undeveloped State Lands of a total extent of 128,613 m² vested in the Ministry during the period March 1995 to September 2014 would be developed, and if so, the time frame for their implementation and to confirm availability of funds. The MHL would then envisage to retrieve the land or not, following MYS's reply. As of 31 December 2017, no reply was submitted by the MYS.

Recommendation

The MYS needs to identify projects to be implemented on undeveloped State Lands vested in the Ministry and define the time frame for their implementation as well as availability of funds.

Ministry's Reply

It was necessary for the Ministry to assess the situation, case by case, before deciding which sites were necessary for future sports development. The MYS intends to reply to the MHL by the end of January 2018.

7.5 Procurement of Goods and Services

7.5.1 Security Services - Rs 8.2 million

During 2016-17, payments totalling some Rs 8.2 million were made to Contractor A and Contractor B for the provision of security services in respect of 58 Sports Complexes/Youth Centres. The two contracts were awarded in July 2013 for Rs 13.2 million and Rs 1.8 million for periods of 20 and 18 months respectively.

- Both contracts were subsequently renewed on a month to month basis as from 1 April 2015. New bids were launched through Open Advertised National Bidding method in June 2016, that is, more than a year after the expiry of the contracts. In November 2016, decision was taken to cancel and to re-launch the bids due to their complexity, technical requirements and unsatisfactory points raised;
- In February 2017, the Ministry again invited bids through the Open Advertised National Bidding method. Contractor A issued a Challenge against the award of the contract to Contractor C and the Independent Review Panel ordered the annulment of the decision to award the contract and a re-evaluation of the bids. In September 2017, the Ministry maintained its decision to award the contract to Contractor C after obtaining legal advice from the Attorney General's Office and ruling of the Procurement Policy Office (PPO);
- Pending the award of the new contracts, the existing two contracts were renewed on a month to month basis for a period of 31 months. Payments totalling Rs 21.8 million were made to Contractors A (Rs 19.5 million) and B (Rs 2.3 million) for the period 1 April 2015 to 31 October 2017.

Recommendation

The Ministry should ensure that procedures for the award of new contracts are initiated within a reasonable timeframe before expiry of existing contracts and all conditions of contract are duly complied with.

Ministry's Reply

The contract for security services was awarded on 21 September 2017 to Contractor C for a sum of Rs 24.2 million for an initial period of 12 months and renewable thereafter for another 24 months upon being satisfactorily rated by the Ministry.

7.5.2 Supply, Installation and Commissioning of Fleet Management System and GPS Devices and Accessories - Rs 3.2 million.

In March 2016, the above contract was awarded to Contractor D for the sum of Rs 3.1 million.

- Contractor D neither submitted Monthly Progress Reports nor Test Plans, with test data used and test results to the Ministry, as per Technical Specifications;

- The number of days for delivery from the date of Purchase Order or the Letter of Acceptance was not specified in the Conditions of Contract, as required in the Standard Bidding Document (SBD) issued by the PPO for the Procurement of Goods - Restricted Bidding;
- There was no documentary evidence to ascertain that all outstanding issues relating to commissioning of the Fleet Management System and GPS devices/accessories were cleared.

Recommendation

The Ministry should ensure that all the terms and conditions of contract are complied with and that all outstanding and defective works are duly attended by the Contractor prior to release of final payments.

Ministry's Reply

The commissioning of the Fleet Management System and GPS Devices and accessories was duly effected by Central Information System Division and the Contractor.

7.6 Non compliance with Terms and Compliance of Contract

7.6.1 Practical Completion of Works and Defects

The notes of the site meeting relating to the Practical Taking Over of the Cite La Cure Youth Centre on 9 January 2017 were not signed. During a site visit effected by my Officers on 17 August 2017, it was observed that leakage in the middle of the main hall of the Youth Centre had not yet been attended by the Contractor.

In May 2017, the Ministry of Public Infrastructure and Land Transport reported that heavy rainfall led to a substantial volume of water to enter the site through the access gate, adjacent to the gas station, flooding substantial part of the synthetic track. There was also deterioration to the asphalt concrete base, which was due among others, to insufficient drainage, rise of ground moisture, bad workmanship and defective materials. As of January 2018, remedial works were still not executed. Quotations for additional works were yet to be submitted by the Contractor.

7.6.2 Test Certificates

The relevant results for water tests at Cite La Cure Youth Centre were not produced. The duly signed test certificates for electrical and mechanical installations, as well as the drawings and manuals were also missing. The test certificates and 'as fitted' drawings relating to the contract for Pandit Sahadeo Gymnasium were also not produced.

There was no documentary evidence to ascertain that water tests and a survey of the levels of soil were carried out prior to start of the renovation works at the Auguste Vollaie Stadium.

7.6.3 Warranty/Guarantee Certificates

The one-year Warranty Certificate for the air extraction system at Pandit Sahadeo Gymnasium was not available. The Guarantee Certificates for electrical installation and water proofing system at the Cite La Cure Youth Centre were missing.

7.6.4 Insurance Policy

The period of insurance relating to the construction at the Youth Centre at Cite La Cure was not specified in the Conditions of Contract, as provided in the Standard Bidding Document for procurement of works issued by PPO. The insurance period expired on 20 October 2017 and did not cover the end of the Defects Liability Period which ended on 9 January 2018.

Recommendation

The Ministry should ensure that all the terms and conditions of contract are complied with and that all outstanding and defective works are duly attended by the Contractor before release of final payments.

Ministry's Reply

Additional works not executed, were not entertained for the time being, since funds had to be sought, and that an extension of time would be expected. The Auguste Vollaire Stadium would be renovated under the 'Association for Upgrading of Indian Ocean Islands Games Infrastructure', in the context of the Indian Ocean Islands Games 2019.

It would, henceforth, be ensured that the certificates and 'as fitted' drawings are obtained prior to effecting final payment. Snags would be attended to before issuing the final taking over certificate.

7.7 Sports and Youth Infrastructure

The Ministry has a pool of 75 Sports and Youth Infrastructures across the island, comprising swimming pools, gymnasiums/sports complexes, stadiums, football grounds, youth centres, residential training centres and other sports infrastructures. 44 infrastructures are managed by the Ministry, while the remaining 31 fall under the responsibility of the MSC (28) and of Sports Federations (3).

7.7.1 Database and Records of Infrastructures

- The Ministry did not have a complete database of all of its infrastructures. Only a list of its infrastructures was being kept. Relevant information, such as, date of construction, cost involved and the state of the infrastructure were missing;
- Stores Ledgers were not properly kept at all the outstations. Inventory Sheets were not signed and affixed in the respective location;

- No Unserviceable Ledger was maintained at the outstations. No documentary evidence was submitted in respect of unserviceable/obsolete items returned to the Main Store;
- There was no evidence that annual surveys were carried out at the outstations.

7.7.2 Maintenance Policy and Plan

As of January 2018, the Ministry has not yet finalised the maintenance policy which was drafted since June 2011. During the past three years, the Ministry had disbursed some Rs 35 million as maintenance costs. Repairs were being done as and when required. Hence, the Ministry was again focusing more on reactive maintenance. The Ministry has, so far, not prepared a maintenance plan for its different infrastructures.

7.7.3 State of Youth and Sports Infrastructures

In June/ July 2017, surveys were carried out by Officers of the Youth and Sports Sections on the general condition of the Youth and Sports infrastructures to get inputs concerning recurrent maintenance issues. The survey forms of only 34 of the 75 infrastructures surveyed were traced in the Ministry's files;

During the site visits carried out by my Officers in July, August and September 2017, several problems which were noted during the surveys performed by the Ministry in June/July 2017, were still unattended. Other defects were also noted.

Stadiums

The roofs of stadiums at Belle Vue Harel (Anjalay) and Flacq (Auguste Vollaire) were deteriorating, with the roof structure corroded and leaking, resulting in accumulation of water in the stands and slippery surfaces, with risks of degradation of the structure and injury to the public;

The windbreakers at Anjalay Stadium were rusted and damaged. Some seats were broken and there were also birds' nests;

At the Auguste Vollaire Stadium, there were cracks in the stands and the synthetic track was flooded in May 2017 after heavy rain as the drains were saturated and were not performing properly;

At Sir Harry Latour Stadium, there were cracks on the newly constructed stand and water accumulated in some places;

Some flood lights were found to be defective in some stadiums.

Youth Centres/Complexes

There were structural cracks in some buildings leading to water leakages in the gymnasiums, main halls and other places;

Some playing surfaces were damaged and several items of equipment (fitness, solar heater, generator, air extractors) were defective or out of order/unserviceable;

Several flood/fog/spot lights, as well as emergency lights, were defective;

Some toilets, bathrooms and changing rooms were in a deplorable state;

The fencing, surrounding some centres/complexes was damaged and rusty.

Swimming Pools

At Serge Alfred Swimming Pool, the roof was rusted at some places and water was overflowing from the toilet. Some water liners were damaged;

At Souvenir Swimming Pool, water was infiltrating the roof of the Technical Chamber causing bursting of the concrete and rusting of iron bars and oxidization of equipment. One of the water pumps was out of order and sand filters were leaking;

At Riviere du Rempart Swimming Pool, water was leaking from the roof of the Changing Room and through the wall of the basement to the staircase while the roof of the stand was rusted;

At Le Pavillon Swimming Pool, three Thermal Covers were lying in the Deck/Yard exposed to adverse weather conditions. Chemical solution was stored in the Technical Chamber or near the Administrative Block, hence, representing health hazards.

Recommendations

- The records pertaining to the assets of the Ministry should be updated and a complete database of its infrastructures should be kept;
- The Ministry should finalise its Maintenance Policy and Plan, so as to ensure that all its infrastructures are properly maintained and kept in good condition;
- A Remedial Action Plan to address urgent issues and problems, together with the funding required and time frame should be worked out by the Ministry pending the finalisation of its maintenance plan.

Ministry's Reply

Remedial action would be taken concerning the records and the database of infrastructures.

A Technical Committee, comprising an Architect, a Civil Engineer, an Electrical Engineer, a Quantity Surveyor and a Technical Officer, would be set up to prepare and execute the maintenance plan.

As regards Youth and Sports infrastructure, some of these are old and worn out despite measures taken to maintain them.

8 - MINISTRY OF PUBLIC INFRASTRUCTURE AND LAND TRANSPORT

National Transport Authority

8.1 Privatisation of Vehicle Examination Centres

Examination of vehicles, for the purpose of issuing fitness certificates was carried out by three Private Operators at Forest Side, Plaine Lauzun and Laventure Examination Centres as from November 2016.

The prescribed fees for examination of vehicles were increased by 50 per cent. However, vehicle owners were required to pay the current fees, with Government topping up the difference. The Private Operators were then required to pay back to Government a levy of 20 per cent based on their collections.

8.1.1 Contract

As of October 2017, a contract has not yet been signed with the three Private Operators. Terms and conditions included in the Letter of Comfort issued in June 2016 such as concession period, frequency of tests, prescribed fees, levy, among others, need to be finalised and formalised.

8.1.2 Examination Fees – Taxi

According to the monthly returns submitted by the three Private Operators, examination fees for taxis were being collected at the rate of Rs 300 per vehicle.

However, fees for taxis were not prescribed in the First Schedule of the Road Traffic (Examination of Motor Vehicles and Trailers) Regulations 2016. Examination fees for taxis were also not included in the annex attached to the Letter of Comfort sent to the Private Operators. It was not known upon what authority were the fees of Rs 300 collected.

8.1.3 Examination of Autocycles

According to the First Schedule of the Road Traffic (Examination of Motor Vehicles and Trailers) Regulations, a fee of Rs 200 should be paid by the owner in respect of a motor cycle/auto cycle for fitness test. However, according to monthly reports verified, examination of auto cycles was not being carried out by the three Private Operators.

8.1.4 Data Protection

The National Transport Authority (NTA) holds confidential information of a personal or business nature relating to its own operations and functions and that of private individuals and companies. For administrative convenience, the NTA shared its information with the three Private Operators to enable them to verify the particulars of vehicles being examined, and also for them to input details on validity of certificates of fitness issued by them for every vehicle examined for the licensing and records needs of the NTA.

According to the Data Protection Act, the NTA and the Private Operators fall under the definition of Data Controller and Data Processor. The Act provides that every Data Controller and Data Processor should, before keeping or processing personal data or sensitive personal data, register himself with the Data Protection Commissioner.

There was no evidence that the three Private Operators were registered with the Data Protection Office.

Recommendations

- The contract should be finalised with the Private Operators;
- Necessary amendments should be brought to the Road Traffic (Examination of Motor Vehicles and Trailers) Regulations 2016 to include examination fees for Taxis;
- Measures must be taken to ensure that the three Private Operators comply with the Data Protection Act;
- Regulations regarding auto cycles to undergo fitness tests should be enforced by the relevant Authorities.

NTA's Reply

- The contract is being finalised by the State Law Office;
- It is proposed to amend the regulations for the provision of an examination fee of Rs 300 for taxis;
- On 17 October 2017, the three Authorised Examiners have been requested to register themselves with Data Protection Commissioner.

8.2 Revenue Collection

8.2.1 Underpayment of Motor Vehicle Licences

Motor Vehicle licences were collected at Head Office NTA, Post Offices, Private Examination Centres, Districts Cash Offices and at Rodrigues Island.

Motor Vehicle Licences booklets were issued to Districts Cash Offices by the Treasury and collections amounted to some Rs 35.5 million during financial year 2016-17. During the period July 2015 to June 2017, 588 cases were noted at the Curepipe District Cash Office, whereby the cylinder capacity of vehicles recorded on duplicate disc (receipts) did not tally with that recorded in the database of vehicles maintained by the NTA. The resulting underpayment of licence fees amounted to some Rs 1.9 million. The 588 cases included 157 cases for the year 2016-17 worked out by the NTA.

The 588 cases may have arisen due to:

- Negligence by Collecting Cashiers;

- Vehicle owners involved having produced books with forged engine capacities.

8.2.2 Rodrigues

Motor Vehicle licences booklets were also issued to Rodrigues for collection of road tax. During financial year 2016-17, some Rs 16.7 million were collected. However, used booklets were never returned to the NTA for reconciliation and verification purposes. Thus, completeness and accuracy of the figures reported in Treasury Abstracts regarding amounts being remitted by Rodrigues could not be ascertained.

Recommendations

The NTA should take necessary measures such as:

- Investigation on cases of underpayments of licences at Curepipe District Cash Office. Collections prior to July 2015 should be verified with a view to detecting other possible cases;
- Claiming reimbursement of underpayments by vehicle owners;
- Allowing access to its database of vehicles to collecting cashiers to verify cylinder capacities;
- Taking up the matter with the Treasury so as to reinforce control measures at District Cash Offices;
- Require the NTA at Rodrigues to return all used licences booklets for verification purpose.

NTA's Reply

Out of 157 cases resulting in an under payment of Rs 573,250, a sum of Rs 483,450 has been recovered.

9 - MINISTRY OF EDUCATION AND HUMAN RESOURCES, TERTIARY EDUCATION AND SCIENTIFIC RESEARCH

9.1 Project for the Construction of Mahatma Gandhi State Secondary School at Moka – Phase IV

At paragraph 10.2 of the Audit Report for the year ended 31 December 2014, I drew attention to the delays in completion of the project. The contract for the construction of the Mahatma Gandhi State Secondary School at Moka-Phase IV was awarded to a private Contractor on 9 August 2012 for the sum of Rs 149,371,775. The contract period was 540 days and the contractual completion date was 25 March 2014.

Although extension of time of 158 days was granted to the Contractor, as of 30 April 2015, some 13 months after the initial contractual completion date, the project was still ongoing. Hence, the maximum amount of liquidated damages of Rs 8.1 million, representing 135 days had already been reached. However, no additional extension of time was approved.

9.1.1 Supplemental Agreement

On 12 January 2016, due to the poor performance of the Contractor and the considerable delay encountered on this project, the Ministry decided to take over the completed parts of the project to free space so as to reduce inconvenience and hardship to school staff and students.

On 15 March 2016, the Attorney General's Office advice was sought regarding Supplemental Agreement for partial taking over, as no such clause existed in the contract. Following the Attorney General's Office advice, some two years after the extended completion date of 1 September 2014, a Supplemental Agreement was drawn and signed by both parties on 9 August 2016 which provided for the sectional completion of the project. The agreed revised completion date of the whole works was 31 July 2016, without the Employer foregoing the liquidated damages already accrued on the project.

Besides, the Employer would be entitled not to certify payments, to terminate the contract and to forfeit the amount of the Performance Security should the Contractor failed to complete the works by the agreed revised completion date. However, the agreement was signed on 9 August 2016 that is nine days after the agreed revised completion date.

9.1.2 Payment to Contractor

The amount paid to the Contractor as of 14 March 2017 was Rs 107,780,425, including a sum of Rs 7,456,623 which related to two payments effected in August 2016 and March 2017 respectively. Therefore, payments had been effected up to March 2017, despite the Contractor had failed to complete the project by 31 July 2016 which is contrary to paragraph 2(v) of the Supplemental Agreement.

9.1.3 Taking Over of the Project

Partial taking over was effected on 29 June 2016 and 5 April 2017. However, the taking over of the whole project was carried out on 18 August 2017, more than a year after the agreed revised completion date and more than three years after the initial contractual completion date.

9.1.4 Management of Contract

The project was not properly monitored as the only sanction that was taken against the Contractor was charging liquidated damages despite the fact that the performance security could have been forfeited or the contract terminated for non-compliance with the contractual obligations. The considerable delays in completing the project had caused lots of inconvenience to the staff and students of the school.

9.1.5 Compliance with Public Procurement Act

The Contractor had repeatedly failed to comply with terms and conditions of the contract and consequently, could be disqualified in accordance with the Public Procurement (Disqualification) Regulations. It is therefore, recommended that the poor performance of the Contractor be reported to the Public Procurement Office (PPO) for necessary action at its end.

Ministry's Reply

- The contract could have been terminated after seeking the advice of the State Law Office. However, this is a lengthy process and would have taken at least one year before works could have re-started on site. It was thus, more appropriate and rational not to terminate the contract but to have close follow-up to ensure that works are completed at the earliest even though progress of work was slow;
- The very purpose of the Supplemental Agreement was not to terminate the contract but to have a partial taking over and the Contractor to complete the outstanding works;
- It is only on the basis of the Performance Certificate issued by the Ministry of Public Infrastructure and Land Transport (responsible for project management) at completion of works, that the Ministry can refer the case/Contractor to the PPO for necessary action.

9.2 Design-Build/Turnkey and Completion of New Multipurpose Hall at SSS Quartier Militaire (Girls)

The contract for the Design-Build/Turnkey and completion of New Multipurpose Hall at SSS Quartier Militaire (Girls) was awarded to a private Contractor on 27 November 2014 for the sum of Rs 45,465,000 including a contingency sum of Rs 500,000.

The contract was signed on 15 December 2014 with a contractual period of 13 months, including the time of completion of design of three months. Works were scheduled to

start on 8 January 2015 with expected completion date of 7 February 2016. The Contractor took possession of site on 6 August 2015 instead of the revised date of 8 April 2015. As at 31 December 2016, the total amount paid to the Contractor was Rs 34,440,771, after deducting liquidated and ascertained damages of Rs 2,520,000.

9.2.1 Construction Site

The Quartier Militaire SSS site was in a low lying flood prone area. With a view to limiting the damages to flooding in the area, the Ministry informed the National Development Unit that as per Consultant's report, there was a need for the nearby river to be dredged and widened to avoid flooding problems in the school premises during heavy rainfall.

The dredging of the river was still under consideration as no budgetary provision was available for this work.

9.2.2 Extension of Time

The Contractor was allowed extension of time of four and a half months due to delay in taking possession of site, as approval of the Project Plan Committee and Building Plan Committee was given on 3 July 2015. Therefore, the revised completion date was 20 June 2016.

9.2.3 Extension of Insurance and Performance Security

As of end of August 2017, the Contractor had not renewed the Insurance Policy and Performance Security, including the 12 months maintenance period which had expired since 31 December 2016.

9.2.4 Completion of Project

During a site meeting held on 18 August 2017, several outstanding/defective works remained to be attended by the Contractor. As of end of August 2017, the building had not yet been handed over to the Ministry. Hence, the project was delayed by some 14 months and the maximum amount of liquidated damages amounting to Rs 3 million had been attained.

Recommendations

- Projects should be regularly and closely monitored so that corrective actions are promptly taken in respect of problems identified. It is the responsibility of the Ministry to ensure that deliverables are executed in a timely manner and as per conditions of contract;
- Close site supervision by Ministry of Public Infrastructure and Land Transport (MPI) is imperative to ensure that client's requirements, as defined in the contract, are met and the project is carried out as per design and specifications;
- Shortcomings noted during implementation of the project should be taken into consideration before awarding future contract to the same Contractor.

Ministry's Reply

- The dredging of rivers does not fall under the responsibility of this Ministry. Moreover, the area of flooding and the river with its escarpment is not under the ownership of the Ministry. The NDU has been informed of the problem and requested to take necessary action;
- On 9 February 2018, the MPI has again requested the Contractor to make arrangements to extend the insurance policy and the Performance Bond in accordance with the conditions of contract, failing which the MPI will not certify claims for payments.

9.3 Polytechnics Mauritius Ltd

9.3.1 Knowledge Park Limited (KPL) - Financing of the Project

Knowledge Park Limited (KPL), a Private Company, wholly owned and controlled by Government was incorporated on 15 May 2013. The latter agreed to provide fund to the Company to finance its project up to an amount of Rs 810 million by way of loan for 60 per cent of the project cost, and 40 per cent as equity to finance the construction and management of the University Campuses.

A loan agreement for an amount of Rs 486 million was entered into between Government and KPL on 7 March 2014, with a moratorium period of five years on capital repayment and with interest to be capitalised over the grace period. Repayment of loan will be made on semi-annual basis over 15 years.

9.3.2 Change of Name

On 2 March 2017, the name of the Private Company KPL was changed to “Polytechnics Mauritius Ltd (PML)” and subsequently, a new institution was incorporated.

Three buildings have already been constructed at Reduit, Montagne Blanche and Pamplémousses to house the Polytechnics. The main branch of PML is located at Reduit. Courses that will be offered at the Polytechnics are mainly ICT, Tourism and Health care for nurses.

9.3.3 Operations of the Campuses

The total project value for the construction of the three campuses, including consultancy and management fees was Rs 760 million and as of 30 June 2017, total capital expenditure incurred was Rs 701 million. The three buildings were substantially completed in 2016 and taken over by PML. However, as of 30 September 2017, some snags still remained to be completed at all three polytechnics and they were still not operational.

9.3.4 Loan Agreement

With the creation of the new institution, namely the PML, the loan agreement amounting to Rs 486 million entered into with KPL and Government had not been re-drawn. As the repayment of the loans would start as from 2019, the repayment terms had not yet been redefined and the amount of interests capitalised over the grace period was also not available. An amended Business Plan, indicating forecast cash inflows showing how the loan would be financed and payback, was also not submitted.

9.3.5 Financing of the KPL/PML

The Company had been fully financed from public funds totalling Rs 763.1 million since its incorporation in 2013. This sum included Rs 6.3 million for recurrent expenditure. Besides, an additional amount of Rs 177 million was provided as grant to PML in the Ministry's budget for 2017-18.

9.3.6 Submission of the Financial Statements

As of 30 September 2017, the Financial Statements of the KPL for the year ended 31 December 2014 had not yet been certified. Further, Financial Statements for the years ended 31 December 2015 and 2016 were not available at the Ministry.

Recommendations

- A Memorandum of Understanding (MOU) should be drawn between the PML and the Ministry whereby, the responsibilities and obligations of both parties should be clearly defined. The loan repayment schedules should be reviewed with the change of name of the Company;
- For accountability purpose, the Financial Statements of the Company should be submitted to the Ministry in a timely manner.

Ministry's Reply

- The delay in the operationalisation of the campuses are beyond our control. MOU had been signed with Institutes/College for the mounting of courses in the field of Tourism and Hospitality, Nursing, and ICT to be held at the Polytechnics;
- A number of other partnerships in the fields of Nursing and Paramedics, Tourism and Hospitality, and ICT are currently being contemplated but have not yet been finalized;
- The snags are yet to be completed and are being followed by the Consultants;
- A MOU will be prepared and signed between PML and the Ministry of Education to define the responsibilities and obligations of both parties;
- The existing Business Model will have to be reviewed following the conversion of the Campuses into Polytechnics. The repayment of the loan and the conditions of the Loan Agreement will be reviewed accordingly;

- The Financial Statements are still being processed by a Private Company. A meeting was held on 1 December 2017 with the Company to highlight all pending and unresolved issues.

9.4 Procurement of Watch and Security Services in Schools/Institutions – Rs 164.2 million

The contract for the ‘Procurement of Watch and Security Services in Schools/Institutions’ was awarded to two bidders, namely Bidder A and Bidder B on 14 October 2013 for the total sum of Rs 136,598,058 for a period of three years from 18 November 2013 to 17 November 2016.

On 25 November 2016, one week after expiry of the contract, the Ministry decided to extend the contract of the two Service Providers on a month to month basis under the same terms and conditions as the original contracts, pending the award of a new contract. As of 30 June 2017, amount disbursed to the two Service Providers totalled Rs 164,218,033 as shown in Table 9-1.

Table 9-1 Watch and Security Services in Schools/Institutions

Period	Bidder A Rs	Bidder B Rs	Total Rs
18.11.2013 - 17.11.2014	19,128,410	25,002,426	44,130,836
18.11.2014 -17.11.2015	20,116,260	25,002,426	45,118,686
18.11.2015 -17.11.2016	21,104,110	26,244,426	47,348,536
18.11.2016 - 30.06.2017	12,310,725	15,309,250	27,619,975
Total	72,659,505	91,558,528	164,218,033

9.4.1 Procurement Procedure

Requests for provision of security services for Schools/Institutions from all the four Zones were received in February 2016. Ten months later, on 22 December 2016, the Ministry informed the Central Procurement Board (CPB), that it intended to launch the bids for the procurement of Watch and Security Services in Schools/Institutions for year 2017/2018/2019 through the e-Procurement System (e-PS). Out of 29 Open Advertised Bids launched during 2016-17, it was the only one launched through the e-PS at the Ministry.

However, as of 24 January 2017, according to the CPB, no document had been posted on the e-PS and the detailed cost estimates had not yet been submitted. The vetting

procedure could, therefore, not be carried out as all documents had not been uploaded on the e-PS.

On 19 July 2017, six months later, authorization for the use of the e-PS was conveyed to the Ministry for conducting the procurement proceedings up to award of the contract. The bidding documents were subsequently uploaded.

Observations

Although the performance of the Service Providers was not satisfactory and to avoid disruption in services, their contracts had been renewed on a month to month basis. As of 31 July 2017, more than six months after the expiry of the existing contracts, the tender procedures have still not been finalised.

Due to poor procurement planning and inadequate monitoring of contracts, the award of the contract was delayed. According to the Procurement Plan 2016-17, the expected date of launching of bid was November 2017 which represented nearly a year after the expiry of the actual contract and four months after the uploading of the bidding documents on the e-PS.

However, the lead time for such procurement has exceeded the recommended lead time of 70 days from preparation of bidding documents to award of contract, according to the guideline issued by Procurement Policy Office (PPO).

As of 30 June 2017, an amount of Rs 27.6 million was disbursed to the two Service Providers for their monthly services. The renewal of the contracts on a monthly basis implied that the Performance Security and Insurance Cover could not be renewed.

Ministry's Reply

- Preparation for launching of bids for Security Services has started well before the expiry of the contract. However, delay was caused as the Ministry had consultations with PPO and CPB to improve the bidding document so as to ensure quality service, prior to initiating procurement exercise;
- The PPO took much time to review the bidding documents after consultation and to prepare the e-procurement document. Thereafter, meetings were held with the CPB which recommended that the Ministry considers launching bids for services to be provided for one year only and to resort to framework agreement for following years.

Subsequently, the bidding document was revised and launched, as per recommendation of CPB;

- All the above impacted on the time taken for launching of invitation for bids for security services.

9.5 Procurement of Cleaning Services in Schools/Institutions Premises

9.5.1 Cleaning Services in Zones 2 and 4

Cleaning Services in Zone 2

The Contract for Cleaning Services in Schools/Institutions Premises in Zone 2 for Lots 1 to 4, was awarded on 19 September 2013, to Contractor A for a period of three years for a total sum of Rs 11,908,896 which expired on 3 November 2016.

The Contract in Zone 2 for Lot 9 was awarded to Contractor B, on 8 September 2015 for an initial period of 12 months, with effect from 21 September 2015 at the initial contract price of Rs 1,278,225.

Cleaning Services in Zone 4

The Contract in Zone 4 for Lots 15 to 18 was awarded to Contractor C, on 8 September 2015 for an initial period of 12 months, with effect from 21 September 2015 at the initial contract price of Rs 23,187,001.

The Contracts for Contractors B and C were renewable for one year and thereafter for two subsequent periods of 12 months, subject to satisfactory performance in the preceding year.

9.5.2 Performance Monitoring of the Service Providers and Post Contract Evaluation Report

According to the Contract, the performance of the Service Providers should be closely monitored to ensure quality standard in delivery of services through regular meetings.

After completion of the contractual period, a Performance Report should also be prepared, based on the level of service delivered.

However, based on the observations of the Monitoring Meetings and the Performance Reports, the Ministry concluded that the overall performance of the Service Providers was poor. The shortcomings in their services were non-provision of adequate cleaning materials and non-execution of tasks, such as lawn mowing, high water pressure cleaning, and lopping of branches, as required.

9.5.3 Renewal of Contracts of the Service Providers

One and a half months before the expiry of the contract for Contractor A, on 20 September 2016, the draft bidding documents for Cleaning of Premises in Schools/Institutions for the year 2016-19 were submitted to the Departmental Bid Committee for vetting and approval.

Therefore, the Contract of Contractor A which expired on 3 November 2016 was extended on a month to month basis as from 4 November 2016, until further notice. However, due to their poor performance, the Contracts of the Contractors B and C were not renewed for another subsequent period of 12 months. However on 21 October 2016,

the Contracts were renewed on a month to month basis with effect from 21 September 2016.

Observations

Despite the fact that a monitoring mechanism over the performance of the Service Providers was in place at the level of the Ministry, poor performance was reported by Zones over the duration of the contractual period. Appropriate actions were not taken by the Service Providers for improvement in their services. However, the Ministry did not claim remedies for non-performance in accordance with the Contract.

Due to poor procurement planning, as of 21 August 2017, nearly a year after the expiry of the contract, the procurement procedures had not yet been finalised. For the period September 2016 to June 2017, an amount of Rs 26,591,776 was disbursed to the Contractors for their monthly services provided. Besides, due to the monthly renewal of the Contracts, the Performance Security could not be renewed.

Recommendations

- The Ministry should ensure that all procurements are planned in a timely manner in order to avoid extending the contracts on a month to month basis to the defaulting Contractors. Procurement procedures should be carried out in accordance with the Public Procurement Act;
- A proper mechanism should be put in place in order to ensure that all contractual obligations are fulfilled and value for money is obtained. A Committee of Needs should be set up and all contracts should be properly monitored;
- The Ministry may consider using the Framework Agreement in respect of the provision of Watch Security Services. Consequently, the renewal of contract to unsatisfactory Contractors on a month to month basis would be avoided without disruption of services.

Ministry's Reply

- *Performance Monitoring of the Service Providers- Monitoring Meetings*

There was close monitoring of the performance of the Service Providers of cleaning services. Two of them, namely Contractor C and Contractor B were in fact sanctioned by non-renewal of the contract after one year because of poor performance.

- *Renewal of Contractor A*

The contract of Contractor A expired in November 2016. With a view to avoiding disruption of services in terms of cleanliness, a transitional period was allowed and hence the Contract was extended on a month to month basis.

- Following a Government decision, Landscape (Facilities) Co. Ltd has been incorporated as a Government entity and is providing cleaning services in schools as from January 2018.
- The Ministry has taken good note of the recommendations and will give due consideration to the setting up of a Committee of Needs for monitoring contracts of Watch and Security Services as well as for Cleaning Services, and to the use of a Framework Agreement for the provision of the Watch and Security Services.

9.6 Supplementary School Feeding Programme in Zone D'Education Prioritaires (ZEP) Schools

At paragraph 10.4 of the Audit Report for the year ended 31 December 2014, mention was made that more than two years after the occurrence of the food poisoning incident in February 2013, the Hot Meal Programme has not resumed, as necessary infrastructural facilities have not yet been provided in ZEP Schools.

The project for the construction of Kitchen/Eating Corners on a pilot basis was to be implemented in four of the 27 ZEP Schools, to cater for the appropriate sanitary and hygienic conditions for the provision of hot meals. The construction should have been completed within six months. However, as of 31 October 2017, more than four years after the incident of food poisoning, the infrastructural facilities had been completed in respect of two schools, but were not ready for use. Consequently, the bids for hot meals could still not be launched for these two schools.

Besides, there was no Implementation Plan as regards the construction of the Kitchen and Eating Corners in the remaining 23 ZEP Schools. Hence, the Ministry's objective of providing a healthy hot meal to ZEP Schools' pupils since 2013 has not yet been attained.

9.7 Status of the Pilot Project for the Construction of Kitchen and Eating Corners

9.7.1 Disbursement – Rs 11.77 million

The total contract value for the construction of the Kitchen / Eating Corners at the Pointe aux Piments, Bois des Amourettes and Cascavelle Government Schools was Rs 17,714,605. Payments totaling Rs 11,767,394 were made to the Contractors as from November 2015 to September 2017. Included in this sum was an amount of Rs 5,228,755 disbursed during 2016-17.

Pointe aux Piments Government School

The contract was awarded to Contractor A for an amount of Rs 6,284,750 for a contractual duration of 122 days, with expected completion date of 30 October 2016. Works were completed on 25 July 2017 with a delay of some nine months. Hence, the maximum liquidated damages amounting to Rs 500,000 were reached.

However, the Eating Corner could not be used as water leakage was reported and additional works were needed as regards bird netting. As of 30 October 2017, these works had not yet been completed.

Bois des Amourettes Government School

Due to additional works, the contractual amount was revised from Rs 4,726,500 to Rs 5,182,881 with the completion date re-scheduled to 30 April 2016. However, works were completed on 1 November 2016. Therefore, a delay of six months was noted and maximum liquidated damages amounting to Rs 450,000 were charged. The practical taking over of the Kitchen/Eating Corner was held on 18 November 2016.

Cascavelle Government School

The contract for the construction of Kitchen/Eating Corner was awarded to Contractor B for an amount of Rs 6,246,972 for a duration of 122 days. The contractual completion date was 13 December 2015. As of 3 March 2016, payments amounting to Rs 2,082,989 were effected to the Contractor. Due to the poor performance of the Contractor, on 15 November 2016, the Ministry decided to terminate the contract. However, nearly a year after the termination of the contract, the construction of the Kitchen/Eating Corner had not yet been completed, as the bid documents for the remaining works had not yet been finalised.

Aime Cesaire Government School

As for Aime Cesaire Government School, bids for the construction of Kitchen/Eating Corner had been launched and cancelled on three occasions. The last bids were cancelled on 28 August 2017, as the quoted price was 63 per cent higher than the estimated cost of Rs 4,608,695. However, after more than a year of the launching of the first bid in June 2015, the procurement procedure had not yet been finalised and the bid documents were still being reviewed.

Recommendations

- A proper Implementation Plan in respect of the provision of hot meal programme to all the ZEP schools should be prepared with all deliverables clearly defined. It should also be ensured that a proper follow up mechanism is in place for monitoring purpose;
- The implementation of the hot meal programme at only four ZEP Schools might be considered as unfair to the remaining ZEP Schools as the time frame for the provision of hot meal to the all ZEP pupils has not yet been defined. The Ministry might also consider revisiting the School Feeding Programme so that same meals are provided to all ZEP schools' pupils within a reasonable timeframe.

Ministry's Reply

- Once the pilot project is executed, the risks that were identified at the beginning of the project can be evaluated in terms of the actual solution being implemented. It is expected that the decision for the rolling out of the project to all ZEP Schools or otherwise would normally be made after the piloting project;

- *Pointe aux Piments Government School (GS):* The Contractor has been requested to attend to the problem of water leakages. As regards bird netting, the MPI has already been requested to entrust the work to the District Contractor. The maximum liquidated damages amounting to Rs 500,000 has been applied;
- *Bois des Amourettes GS:* The additional works as well as levelling works were also entrusted to the Contractor as the school is located on a hill;
- *Cascavelle GS:* As regards the remaining construction works, the Ministry is still awaiting bid documents from the MPI which will have to make a survey of the outstanding works for the preparation of the new scope of works;
- *Aime Cesaire GS:* The MPI was informed regarding additional works pertaining to installation of aluminium openings/pigeon proofing on 22 December 2017. The Ministry is still awaiting the bid document from the MPI;
- Pending the construction of the appropriate infrastructure, the Ministry has been providing an enhanced meal to the pupils of ZEP Schools since 2013. This meal has been further extended in 2017 after consultation with the Ministry of Health and Quality of Life.

9.8 Infrastructure Maintenance Unit

The Infrastructure Maintenance Unit (IMU) is responsible for carrying out repairs and maintenance works at Primary and Secondary Schools. The IMU is staffed by two Engineers, three Technical staff and two Office Management Assistants. The main objectives of the IMU are to ensure that schools are safe and in good physical condition and the timely implementation of infrastructural projects.

9.8.1 Works Orders Issued

For 2016-17, 151 Works Orders were issued to 16 District Contractors (DCs), after being appointed by the MPI following tendering procedures under the Framework Agreement 2015-16. The contract covered a period of 18 months from 1 July 2015 to 31 December 2016. However, on 26 December 2016, the Framework Agreement was extended for a further period of six months ending 30 June 2017.

As of 31 July 2017, of the 151 Work Orders issued, 118 works were completed while for the remaining 33, works were still in progress. Some Rs 66 million were disbursed to the 16 DCs for maintenance works for the period July 2015 to June 2017.

A database of projects carried out by the MPI was kept but several details were missing. Information regarding number of Work Orders issued, the number of completed projects and those which were delayed for a particular year were not available. The total number of Work Orders allocated for each Zone was also not available.

Due to incomplete records, monitoring and follow up of works were not adequately carried out. Based on a sample of Works Orders examined, it was observed that, in

several instances, works were delayed and the additional time taken varied from one to six months.

9.8.2 Priority Projects

Maintenance Works, categorised as Priority Works, included defects in building structure which disrupted operation of schools and should be attended promptly. These included repairs of cracks, spalls, roof leakages and upgrading of toilets.

As per Priority List, 67 projects were selected to be executed by DCs, including 34 Priority Projects for 2015-16, as shown in Table 9-2.

Table 9-2 Priority Projects for 2015-16 and 2016-17

Number of Projects				
Schools	2015-16	2016-17	Total	
Primary	22	18	40	
Secondary	12	15	27	
Total	34	33	67	

As of 30 September 2017, of the 67 Priority Projects, seven were completed, six were in progress while the contract for remaining 54 had not yet been awarded.

Due to lack of a proper monitoring mechanism at the Ministry, the Priority Projects which should have been completed promptly, had become long outstanding and were preceded by current Priority Projects. Follow up and monitoring of maintenance works were not adequately done at the level of the Ministry.

9.8.3 Waterproofing Works

The most common and serious problems encountered by schools were ceiling or wall cracks and leakages during rainy periods. During 2016-17, some 35 Waterproofing Works amounting to some Rs 37 million were carried out.

According to the contract, the Contractor had to submit a Certificate of Guarantee for a period of 10 years from the date of the Practical Completion Certificate. The Contract also specified that '*the Contractor shall carry out a water test on the finished work*'.

In the absence of complete records as regards the waterproofing projects undertaken in schools, details such as name of schools, Contractors, and warranty periods were not readily available, and hence, complaints received from schools could not easily be addressed. The 24-hour water testing documentary evidence, was also not available.

In some cases, leakages still persisted for works already carried out, and some were left unattended. Besides, the Contractors did not respond promptly to the Ministry's request to carry out the necessary repairs.

The works were, subsequently, contracted out again although they were still within the warranty period, as the defective works were causing lots of inconvenience to the school staff and students.

Recommendations

- In view of the significant amount of funds disbursed for the maintenance of schools, it is essential that records are properly kept to ensure adequate monitoring and follow up of works. Details, such as the performance of Contractors, delays and liquidated damages charged should be readily available to assist the Ministry in allocating contracts with due diligence;
- The Ministry should ensure that conditions of contracts are complied with by Contractors and necessary actions are taken against Contractors for breach of contracts.

Ministry's Reply

Works Order Issued

The observations made have been noted and appropriate action will be taken accordingly. The database of capital projects is being revisited with a view to including relevant information, in particular the numbers of the work orders issued, completed projects and those which are delayed.

Priority Projects

The contracts for the remaining 54 schools have not yet been awarded as the contract of the District Contractor under the framework agreement expired on 30 June 2017. A new framework agreement was being worked out after annulment of an initial exercise by the Independent Review Panel. Bids are being vetted by the Central Procurement Board prior to re-launching, and as such District Contractors have not yet been appointed.

As regards proper monitoring of projects, fortnightly site meetings and regular meetings are held jointly by officers of the MPI and staff of the IMU of this Ministry.

Waterproofing Works

With regards to water testing, same was carried out and the report has now been filed. A 24 hour test is not a guarantee against leakages. Same can occur at any time after the test.

9.9 Primary School Textbooks – Rs 54,936,195

Some Rs 55 million were disbursed for the procurement of Primary School and Pre-Vocational textbooks during 2016-17.

9.9.1 *Obsolete Books*

With the introduction of the Nine Year Schooling Programme in 2017, there has been a change in the appellation of classes from Standard to Grade. The curriculum and contents of textbooks were, therefore, reviewed. However, some 153,000 textbooks, printed prior to 2017, of an estimated value of Rs 7.2 million, were in excess of the required quantity for all Standards. Although the quantity of textbooks procured included a buffer of five per cent, still, the excess textbooks for some titles in stock, had far exceeded the buffer limit.

These textbooks could not be used for 2017 under the Nine Year Schooling Programme and therefore, they had become obsolete.

9.9.2 *Delivery of Textbooks to Rodrigues*

At paragraph 11.3.1 of the Audit Report for the 18-month period 1 January 2015 to 30 June 2016, I drew attention that due to delays in the procurement of textbooks, some Rs 1.4 million were incurred as air freight charges to Rodrigues. During 2016-17, the Ministry had, again, incurred air freight charges amounting to some Rs 1.25 million, which represented 96 per cent of the total freight charges of Rs 1.3 million.

Some 80,000 textbooks for 2017 were issued to the Commission of Education of the Rodrigues Regional Assembly. However, as from 27 December 2016, these textbooks were sent by air to Rodrigues to ensure timely distribution to Schools.

Recommendations

- The Ministry should define its buffer stock policy, as regards the procurement of textbooks to minimise the number of books in excess;
- Procurement of textbooks should be properly planned for timely delivery and distribution to schools both in Mauritius and Rodrigues. Freight charges to Rodrigues could also be minimised.

Ministry's Reply

- In the context of the NYCBE reforms, a New Curriculum Framework (NCF) for Grades 1-6 had been prepared and approved. Hence, existing Primary Textbooks could not be used as new ones had to be produced as per the NCF. This situation is not expected to recur;
- In view of the combined effect of the late submission of printing materials and strike-offs, among others, printing of some textbooks was delayed. Hence, the Ministry had to fast-track the delivery of new textbooks to Rodrigues so that pupils as well as the teachers get same on time. The Ministry had no alternative but to resort to delivery by air.

10 - MINISTRY OF HEALTH AND QUALITY OF LIFE

10.1 Procurement of Drugs – Rs 1 billion

Expenditure for the procurement of drugs for the financial year 2016-17 totalled Rs 1,069,786,433. Purchases were mainly made through annual bulk tenders, bridging quotations and local purchases.

10.1.1 Quantification of Drugs

The Ministry did not have a standard method for the assessment of quantities that would be required for the next 15 to 18 months by each health centre and hospital. It was solely based on previous year's consumption. Unreliable data from the Inventory Management System was used while periods of stock out and quantity purchased at hospital level were not taken into consideration when the average monthly consumption was determined.

10.1.2 Essential List of Drugs

The official "Essential Drug" list prepared by the Ministry in January 2017 was not used for the procurement exercise for year 2017-18; not even new drugs being introduced for the first time. There was no evidence that a transition plan has been worked out to ascertain what could have been taken on board in the 2017-18 procurement exercise.

10.1.3 Tender Specifications/Evaluation

Following several unsatisfactory features noted during the evaluation stage of the procurement of drugs, the Departmental Bid Committee (DBC) submitted its observations as follows:

- (i) Manufacturers were eliminated for reasons of blacklisting from unauthorised sources;
- (ii) There were instances where offers were rejected on ground of non-compliance with Instruction to Bidders (ITBs) while the same product from the same supplier was in use in hospitals, that is, it had been found compliant at the previous exercise;
- (iii) Several offers were rejected due to high price deviation but in other instances, the Bid Evaluation Committee (BEC) recommended offers despite the price deviation of up to 300 per cent, or more on ground of criticality;
- (iv) After several unsuccessful attempts to procure drugs, the Ministry had as a last resort, purchased in urgency whatever quality was available and at high prices;
- (v) Several items included in tenders were not considered at evaluation on the ground of sufficient stock to be subsequently procured within a few months due to depleting stock resulting in waste of resources and risk of stock out;
- (vi) Items for which no quotes were received, remained on the procurement lists with the same specifications for several exercises without review;

- (vii) There was no segregation of duties with a few officers having a stronghold on several steps of the procurement process.

In addition to the above, I have observed the following:

- There were no clear procedures for the inclusion or exclusion of certain criteria in the Bid Data Sheet (BDS) as only one officer was involved in amending/including these conditions/specifications in the BDS without further approval from higher level;
- Pharmaceutical companies which were previously awarded contracts by the Ministry were eliminated on the basis that their manufacturing site was not present on the EUDRA GMP/WHOPIR/USFDA database;
- No proper records were kept by the Procurement Unit to ensure that all items listed in the initial tender exercise were eventually procured as some items were relaunched more than once;
- The BEC was constituted on the basis of recommendations made by a Senior Officer who was responsible for customising the bidding documents and who was part of the BEC and the Chairperson of the DBC approved the recommendations without any queries;
- The lead time is defined as the interval in calendar days between the preparation of the bidding documents and the issue of award of contract. In some cases, the lead time was between 112 and 152 days as compared to the 110 days recommended by the Procurement Policy Office.

Implications

- There was no segregation of duties as one officer seemed to be involved in several steps of the procurement process;
- The DBC has not exercised the expected control on bid documents and allowed a system without checks and balances to operate for a long time;
- The DBC failed in its responsibility of ensuring that equal opportunities were given to all prospective bidders in a tender exercise;
- The Senior Officer was a permanent member on the BEC and therefore other Officers of the Pharmacy Cadre were deprived of the opportunity of forming part of the BEC;
- Valuable bids might have been eliminated with delays in procurement resulting in stock outs and higher costs.

10.2 Recalled Drugs

The Ministry recalled certain pharmaceutical items which were found inappropriate for use due to deterioration, changes in colour or fake products received. I have examined a sample of cases to ensure that the Ministry has a proper system in place to ensure proper monitoring, completeness and settlement of claims.

Below are my observations on some of the cases examined.

From the sample of cases examined, the Ministry may have to bear some Rs 8 million loss due to action not taken, no proper follow up or cases being dragged for too long.

10.2.1 Paracetamol Solution IV 50 and 100 ml – Rs 2,534,265

A total of 16,137 vials of 50 ml and 16,275 vials of 100 ml were recalled from health institutions and removed from distribution for being fake products. In May 2017, The Ministry requested the supplier to refund Rs 1,596,993 representing the value of the incriminated quantity. In March 2015, 7,144 vials and 11,404 vials of 50 ml and 100 ml respectively were also recalled from health centres and hospitals, but no entries were made in the system for these returns. The Procurement Unit has never been informed of the quantities recalled from outstations. Hence, the amount claimed was understated by Rs 937,272.

As at October 2017, the matter was still not yet resolved.

10.2.2 Mucosol Cough Syrup – Rs 3,727,080

In June 2017, the cough syrup was reported to be unfit for consumption as floating particles were found in all the batches of the Mucosol expectorant. On 19 July 2017, the Ministry instructed the hospitals and health centres to send back all unused flasks to the Central Supplies Division (CSD).

In August 2017, the supplier was requested to refund in cash the sum of Rs 3,727,080 and was also required to retrieve all the Mucosol flasks stored at Tobacco Board at his own costs. In October 2017, no action was taken by the supplier to either refund the amount or to take back the 302,736 flasks and these were occupying much space in the store at the Tobacco Board.

10.2.3 Methyl Prednisolone 40 mg/ml Injection – Rs 898,289

In July 2015, some 1,945 injections, from a batch of 10,000 received on 1 October 2014, were recalled from Health Institutions due to quality issues. The ampoules returned by outstations were not input in the Inventory System. The total recalled drugs from this batch amounted to Rs 94,916.

In November 2016, 7,143 ampoules worth Rs 803,373 were found unfit for use and removed from the system.

The information was not available at the Ministry Headquarters. There was no indication that the injections were defective and hence, no action has been taken up to now for a refund or replacement.

10.2.4 Amoxycillin (Trihydrate) Suspension 125mg/5 ml x 100 ml – Rs 863,000

In October 2016, this item was recalled due to quality issues. A total of 94,882 flasks worth some Rs 863,000 were recalled and stored at Guibies Store.

In October 2017, a year after, no action was taken by the Ministry to recoup the amount paid as no claim has been sent to the supplier.

Implications

- The Ministry may not be recovering the actual loss sustained due to non-compliance with procedures, shortcomings in operation and lack of monitoring at the Procurement Unit;
- The above cases totalled some Rs 8 million which the Ministry may lose as action was not taken, or if initiated, not properly followed up and allowed to drag for too long;
- The Finance Section was not informed of claims and no Advance Account 'Claims' was opened as required by regulations.

Recommendations

- Clear procedures should be established in line with provisions of the Financial Management Manual so that all cases where claims are warranted are captured and followed up;
- A Claims Register should be maintained to ensure completeness and allow for proper follow up;
- The Finance Section should be informed of all claims and an Advance Account 'Claims' should be opened whenever warranted.

Ministry's Reply

The CSD will be requested to undertake an exercise for accurate, correct quantification for all recalled items with a view to enabling the Procurement Unit to initiate action for timely reimbursement.

10.3 Cancer Treatment and Radiotherapy Equipment

The Cancer Unit at Victoria Hospital (VH) was set up in 1967 with infrastructure comprising two inpatient wards and an outpatient section, as well as few offices. Since 1994, no major development was made and no extension added to the existing infrastructure of the now Radiotherapy and Oncology Department (RT). With all patients

attending the Outpatient Department and those coming for radiotherapy sessions, space and logistics constraints exacerbated.

Cancer has become the third major health threat after diabetes and cardiovascular diseases in Mauritius. According to health statistics, around 1,850 new cancer cases were registered in 2016 together with some 35,300 follow-up cases. Cancer was constantly on the rise over the last 10 years resulting in a corresponding increase in deaths with 1,265 deaths in 2016 as compared to 914 in 2006.

Cancer treatments included surgery, chemotherapy and/or radiotherapy and targeted therapy. Chemotherapy, palliative care and follow-up services which were previously carried out at Victoria Hospital (VH) were now decentralised to three other hospitals and private clinics. However, there was only one Radiotherapy Centre in Mauritius at VH to cater for radiotherapy treatment of all patients from public and private health institutions. Being the only treatment centre in Mauritius, it was noted that such lifesaving radiotherapy equipment were inadequate, obsolete and inappropriate for the sustainable treatment of all cancer patients.

10.3.1 The Radiotherapy Equipment

The radiotherapy equipment base consisted mainly of a linear accelerator (LINAC), two cobalt apparatuses, an X-Ray simulator and a brachytherapy apparatus costing a total of some Rs 110 million and which were all acquired before 2010. Both the LINAC and the X-Ray simulator were out of order, while the cobalt apparatuses were not maintained and serviced properly.

The equipment was aged between 8 to 23 years and was considered outdated as reported by the Radiation Protection Authority (RPA), whose last visit at VH was in 2012, stating that treatment delivered by the RT Centre has become outdated. A similar view was also expressed by the RT Centre basing on the huge gap between new technologies available abroad and what existed and provided to patients in Mauritius.

10.3.2 Radiotherapy Equipment and Number of Patients

The ratio of RT equipment to radiotherapy patients was not proportionate to attend to all needy cancer patients in an adequate manner. When all the machines were in working condition, some 120 patients were being treated daily at the RT Unit, that is, some 60 patients on the LINAC and the remaining 60 on the two Cobalt Machines. Further, one patient per week was being treated on the brachytherapy apparatus. On 21 August 2013, a Consultant of RT Centre highlighted that the Centre should be having four such machines based on the recommendation of a Physicist from International Atomic Energy Agency (IAEA). However, four years later when the number of cancer cases was constantly increasing, the Centre has only two radiotherapy machines which were not working properly.

10.3.3 Linear Accelerator Equipment

The sole linear accelerator (obtained in 1994) in Mauritius was considered as one of the five most important and major (hi-tech) equipment owned by the MoHQL. Over the past four years, an average of about 550 patients was treated annually on the LINAC, even

when the equipment was fully functional. Several problems were observed for the LINAC which was out of order since May 2017, with a major feature (the electron mode) failing since end 2016.

Usage Rate

According to international norms, the average life span of LINAC was only 10 years and treated only four to five patients per hour. However, these norms could not be adhered to by the Department. In 2017, it was 23 years old, well exceeding its life-time.

Equipment Replacement

On several occasions, the Consultant in Charge stated that the LINAC was obsolete and was working beyond its capacity and needed an urgent replacement as complete breakdown at any moment would be catastrophic to the Department. However, the equipment was not replaced till date. No explanation was obtained as to why a second and more sophisticated one was not purchased despite the need for a second linear accelerator being felt since 1998 (four years after the acquisition of the actual LINAC).

Maintenance Agreement

The Ministry had a Planned Preventive Maintenance Contract with Company A for several years and the last one being for the period 16 August 2016 to 15 August 2017. The contract amounting to Rs 747,500 was awarded even though the Company had already expressed doubt about maintaining the equipment for an extended period of time.

From 21 September 2016 to 15 August 2017, the LINAC was barely used. On 14 December 2016, the electron chamber was replaced for the sum of Rs 425,632 with one year warranty but seven days later the LINAC was still not working well, particularly the electron component. The one year warranty was not enforced as the electron mode did not function at all. In May 2017, the Ministry was informed that there were no spare parts available for the LINAC and was advised to stop the use of the electron mode.

Impact on the Quality of Treatment Arising from the Breakdown of LINAC

The electron treatment was vital for the proper oncological management of the patients since there was no substitute treatment. Omission of electron would lead to cancer recurrence which would add to the cost of health care. Patients who imperatively needed electron mode for their treatment were sent back due to non-functioning of equipment. Postponing the treatment was life threatening as the disease might spread to the whole body (Metastasis) and treatment would be of limited use at that stage. A decision was reached by the RT Unit to send patients who were awaiting electron therapy abroad.

Overseas Treatment of Patients Needing Electron Therapy

In February 2017 a list of 25 patients was drawn by the Radiotherapy Centre and the patients were to be sent abroad for electron treatment. The Ministry had to incur the costs of air tickets and lodging for the patient and one accompanying person as well as the overseas hospital bills. The patients had to disburse costs for food/drink expenses and any additional charges for upgrade of the actual standard of the guest house. It was more than

three months after, in June 2017 that the first batch of patients requiring electron treatment was sent to India. However, the outsourcing of the electron treatment was apparently not done in a smooth manner despite the extra costs incurred by the Ministry:

- I was informed that one patient refused to go abroad and that two of the 25 patients had refused treatment once they reached India and returned to Mauritius. Complaints were received regarding accommodation, language, food problems and lot of inconveniences and stress of being away from family given their medical conditions;
- At end of October 2017, the Ministry had not yet compiled figures for the sum to be spent for the 24 patients as hospital bills were not received at the Ministry up till now. Based on applicable rates it was estimated that some Rs 1.8 million would have to be disbursed by the Ministry for the 24 patients. This figure would continue to rise until new equipment was acquired by the Ministry;
- It was also not known if all patients requiring specific treatment would be sent abroad as statistics showed that 60 patients were treated on a daily basis on the LINAC, but only 25 were shortlisted for overseas treatment.

10.3.4 The Way Forward

Since 2012, Government was contemplating development of new infrastructure, as well as for provision of high-technology equipment. Five years later, when the number of cancer cases had increased considerably, the RT Department still lagged behind as compared to other services using latest technology. Charting the way forward for cancer treatment was not forcefully addressed by the Ministry. New projects continue to be stalled, while some patients have been shifted to the two existing overloaded and not well maintained cobalt machines, although international trend was to provide treatment on linear accelerators.

Investment of MOHQL towards Enhancing the Radiotherapy Unit

In 2014, a sum of Rs 5 million was budgeted for reconstruction of a Radiotherapy Department at VH, but no amount was spent in that year. From January 2015 to June 2017, a total amount of Rs 87 million was initially budgeted to convert a private clinic to a new Cancer Centre, including equipment to be acquired. However, only Rs 2,344,558 were disbursed by the Ministry (2.7 per cent of the budgeted funds). A sum of Rs 150 million was voted to acquire a Linear Accelerator for VH, in the 2017-18 budget.

Healthcare Implications due to Unavailability of the LINAC

The Consultant Oncologist reported that patients who were being shifted to the two cobalt apparatuses were receiving treatment which was not the recommended one, but it was the only option left to be used. Other implications noted were:

- Longer waiting time for patients to get their radiotherapy after their chemotherapy. The waiting time was previously three months but with the breakdown of the radiotherapy equipment, the waiting time continued to increase;

- In the absence of adequate information, it was not possible to assess the real impact on the patients concerned since December 2016 when the electron mode was no longer effective and whether all patients requiring Radiotherapy were getting adequate treatment.

Conclusion

With advanced technology leading the whole world, the technology of equipment used for radiotherapy in Mauritius was found to be obsolete and the Department has lagged behind. A revamping of the whole system with provision of new infrastructure and latest equipment is vital to the cancer patients. A well dedicated staff at the RT unit alone will not be sufficient to give the best treatment without an up-to-date and properly maintained equipment base. As opposed to what the Ministry declarations about state-of-the-art medical equipment, very little was done for years to provide an acceptable level of radiotherapy treatment to patients, especially to those at the terminal stage.

Recommendations

There is an urgent need for the Ministry to fast track the project regarding the setting up of a fully equipped and modern Radiotherapy and Oncology Centre for the benefit of patients.

Ministry's Reply

- Action has been initiated by the Ministry for the procurement of spare parts for the Linear Accelerator;
- Procurement procedures have also been initiated for the acquisition of a 2D simulator;
- Government has earmarked Rs 300 million for the project to convert the Ex-Med-Point Hospital into a state of the Art Cancer Centre and consist of the construction of a Radiotherapy Block. The Centre will cater for the next 25 years and will have 180 beds plus 50 beds in Day-Care Ward and eight in ICU.

10.4 Acquisition of two CT Scanners – Rs 52,435,516

Approval for the acquisition of two scanners by the Ministry was obtained in May 2015. It was only one year later that procedures started for the launching of the bid for the procurement of one CT Scanner for the Sir S.Ramgoolam National Hospital (SSRNH) at the estimated cost of Rs 30 million. The Ministry awarded two contracts to Supplier A in 2016-17 for the supply, installation and commissioning of two CT Scanners for the SSRNH and J. Nehru Hospital (JNH) on 19 October 2016 and 4 May 2017 for the sums of Rs 28,136,179 and Rs 24,299,337 respectively. Procurement procedures were found to be inappropriate and not always in compliance with the provisions of the Public Procurement Act (PPA) as explained below.

10.4.1 General Issues - Procurement Planning and Specifications Setting

Based on the estimated cost of Rs 30 million for a scanner, the procurement of two scanners would amount to some Rs 60 million and would have required that procurement procedures be undertaken by the Central Procurement Board (CPB) as the threshold of Rs 50 million would have been exceeded. The procurement exercise was split into two distinct bidding exercises contrary to the Section 49 of the PPA, stating that “no public body may artificially divide the modalities of procurement in such a way as to avoid any monetary threshold laid down in the Act”.

The Ministry was of the view that one Scanner could be procured at its level on a “faster basis compared to two at the level of the CPB”. Two awards were made during the same financial year at an interval of some five months. The interval could have been substantially shorter if there was not a delay of some two and a half months with regard to the finalisation of the specifications at the JNH and about one and half months delay in the electrical and cabling works due to inadequate planning. The specifications of the SSRNH Scanner could have been used for purchasing that of the JNH by allowing for some modifications where necessary.

End users were given the discretionary powers to select their CT scanners and choose their specifications without the involvement of the Ministry. The latter did not ensure that there was adequate coordination to come up with a standard specification for CT scanner for the two Hospitals. Contrary to that purchased for the SSRNH which was a 128-slice, the scanner for the JNH was to be of only 64 slices/images per 360° rotation but was to be subsequently upgraded to 128-slice. Further, several other dedicated software applications were not requested as that for the SSRNH.

Those who prepared the specifications were of the view that the excluded features were not needed or would rarely be used. However, another version has been obtained from the SSRNH. Except for cardiac examinations for which sufficient training had not been provided, the Consultant in Charge of the Radiology Section of the SSRNH informed that all other software applications were being used. The SSRNH and JNH had therefore diverging views on the software application packages.

Two Public Officials involved in the preparation of specifications also formed part of the Bid Evaluation Committee for the JNH scanner. This practice was in contradiction with Guideline from the Procurement Policy Office (PPO) in that it did not ensure an independent evaluation process and this might have led to conflict of interest.

Ministry's Reply

Safeguards have been put in place for the composition of Bid Evaluation Committees including the nomination of Chairpersons, Members and Secretary in order to henceforth avoid officers involved in preparations of specifications and Bidding Documents to form part of BECs.

10.4.2 Specific Observations - Scanner for JNH

Bidding Documents

Five bids were received with prices ranging from Rs 24 million to Rs 30.7 million with Supplier A submitting two offers. There was no information in the Bid Evaluation Report (BER) regarding the make and model submitted by the other four bidders except for Supplier A, the successful bidder. There was no narrative on the assessment of the technical requirements of the bidders except that Supplier A was the lowest substantially responsive bid. Further, the original bids were not produced for audit as it could not be traced.

Bid Evaluation

Contradictory bid submissions from Supplier A in the Bid Summary Sheet and Price Schedule regarding the number of slices were noted. The main offer was a 128-slice CT Scanner which had been accepted by the Ministry was not as per the requirement, that is a 64-slice Scanner. The equipment for the SSRNH was a Siemens Somatom Definition AS 128 with 128 slices from its 64 Rows. For the JNH, at Section 4, sub section 3.2 of the Technical Requirement, the bidder disclosed among others that the Scanner would achieve 128 slices which was contrary to the requirement of 64 slices. The CT Scanners for both SSRNH and JNH were of the same make and model with both providing 128 slices. The proposal for the JNH should have been rejected outright.

Although the scanner had not yet been commissioned, it was already in use. The Radiation Protection Authority (RPA) gave a temporary authorisation in September 2017 to use the scanner for the period 25 to 29 September 2017 for application training only with a limit of five patients daily. One month after this temporary authorisation, the final certificate from the RPA had still not been issued as the infrastructure needed improvement with regard to radiation issues. Hence, the restriction from the RPA had not been adhered to, as some 145 cases of CT scanning had been performed as at 23 October 2017.

Ministry's Reply

The Hospital Physicist also carried out a series of tests together with the supplier's technicians in the CT Scan room and the tests have passed and all the values were stored on computer.

10.4.3 Specific Observations - SSRNH Scanner

More than eight months after the commissioning, overseas training to officers of the Bio-Medical Engineering Unit and local training to the Radiologists and Imaging Technicians had not yet been provided though Rs 450,000 had already been paid. I was informed that the remaining local training was related to the Cardiac Software Applications as a result of which Cardiac CT Examinations were not being done.

Recommendation

The Ministry must adopt consistent and appropriate procurement procedures in compliance with the Procurement Laws and Regulations especially for such vital, high value diagnostic equipment for the MOHQL.

10.5 Licensing of Private Health Institutions

The health care system in Mauritius comprised both the public and private health stakeholders namely private health institutions, the civil society, Non-Governmental Organizations (NGOs) and the public at large. The Ministry operated an island wide network of five regional, two district and five specialised hospitals with a total of some 3,700 beds in addition to pharmacies, laboratories, dialysis units, imaging services and so on, at numerous locations. The public health services worked in parallel with licensed private health institutions (PHI) that included 20 private clinics/hospitals, 344 pharmaceutical outlets, 7 dialysis units as well as 16 health care units and 39 clinical laboratories. The National Health Accounts 2015 issued by the MOHQL tracked the national spending on health in the Republic of Mauritius for the financial year 2014. Out of a total estimated health expenditure of Rs 21.5 billion in the country, spending by the Government was some Rs 10.5 billion and private health expenditure was Rs 11.0 billion, out of which households spent Rs 10.8 billion.

Under the Private Health Institutions Act 1989 (PHI Act 1989), the MOHQL was responsible to license PHI upon payment of licence fees governed by the Private Health Institutions (Fees) Regulations 2016 including hospitals, clinical laboratories, nursing homes and other health care units. Licensing applications were entertained by an administrative unit at the Ministry supported by inspection teams which evaluated the technical compliance with assessment checklists and submission of supporting documents. The Ministry was also vested with powers for inspection and issuing directions/notices to eventually surrender drugs or apparatus and also power to call for information. Unlike accreditation and certification, which tended to be voluntary forms of external evaluation, licensing was by definition mandatory.

A license issued by the MOHQL to a private health institution was synonymous of its permission for the PHIs to operate legally by providing a minimum standard of care or services to patients. The review of the licensing system revealed cases of non-compliance with law and revenue collection:

10.5.1 Legal provisions for Licensing of Private Health Institutions

Regulation is a dynamic process that needs to be scrutinised, challenged and improved to adjust to the changing society and health care environment. The main licensing legislation governing the fitness of PHIs dated since 1989 and was not revised despite changes brought to the running of the private health institutions and the Ministry over the last 28 years. A scrutiny of the application of the legal provisions revealed many instances where the Ministry did not ensure that they were always correctly interpreted and applied:

- *Discretionary Powers to the Permanent Secretary* – Many discretionary powers were conferred to the ‘Permanent Secretary’ (PS) of the Ministry under the Act but were

not exercised in a comprehensive manner as Regulations did not exist to prescribe important licensing documents such as the application form, the license format and a register of every licensed health institution for a more standardised licensing system;

- *Other Licensing Issues* – Several licensing matters were noted whereby uncertainty/ambiguity existed in the interpretation and application of the existing law. Such matters included incidents reporting and investigation and a fair appeal system for aggrieved people. No regulations also existed for governing transfer of licenses as well as alterations/additions of new hospital services and their notification to the Ministry;
- *Licensing, monitoring and enforcement duties of the Ministry* – The functions of licensing, monitoring of PHI and ensuring compliance with license terms and conditions were not comprehensively addressed. The actual set-up was inadequate as only the licensing function was being primarily carried out. The Ministry had the power to issue directions, notices to ensure compliance but no enforcement unit was set up to monitor and oversee the operations of the PHIs.

10.5.2 Compliance with the Private Health Institutions (Fees) Regulations 2016

In 2016, the MOHQL promulgated the Private Health Institutions (Fees) Regulations 2016 prescribing licence and renewal fees for a schedule of different categories of PHI. As of November 2017, the Ministry had issued licenses for 20 private hospitals, 39 clinical laboratories, three Nursing Homes, 18 Health Care Units. However, it has been observed that many PHIs were offering health services without being regulated/licensed. Potentially there were over 460 PHIs which delivered health services to the public but without being regulated. These PHIs if licensed would potentially yield a minimum of Rs 1.6 million equivalent of yearly licence fees. Table 10-1 refers. The Ministry could not ascertain whether all these services were according to basic norms and medical standards.

In November 2016, following a legal advice sought by the Ministry, the Solicitor General in its reply to the Senior Chief Executive, was of the opinion that “should your Ministry consider that licence and renewal fees should apply to any other categories of private health institutions not listed in the Schedule to the 2016 Regulations, you may accordingly wish to amend the 2016 Regulations to provide for same”. As of 19 December 2017, these Regulations were not amended despite having numerous types of private health institutions that were operating without licence. Other categories of PHIs included spine treatment centres, dental clinics and tattoo and piercing studios, amongst others.

Table 10-1 Potential Licence Fees

Category of Health services	Number Unlicensed	License fees worth
Clinical Laboratories Branch laboratories/ collection points(66)	66	660,000
Nursing Home: Only 3 out of 24 Homes were licensed	21	126,000
Dental Surgeries/ dental care services: Surgeons/ Specialists in endodontics and orthodontists	175	875,000
Other private health related units include Eye health care units: Ophthalmologists(20), optometrist/ opticians (67) ; Gynaecologists(60), Cardiologists(27); Wellness clinic/ spa (26), Yoga centres(2) Ayurvedic clinic(5), Spine treatment centre/ tattoo and piercing studios	207	?
Total potential licence fees not collected	469	1,661,000

10.5.3 Licensing of Clinical Laboratory Operations

Applications (first time and renewal) made by an applicant were channeled to the Director Laboratory Services for inspection purposes and recommendation as per a standard checklist on technical requirements. In parallel the MOHQL also required a report regarding the sanitary condition of the laboratories from the Regional Public Health Superintendent. Recommendations upon inspections carried out were endorsed at the MOHQL for the issue of licenses if found in order. Renewal was done on a yearly basis. Shortcomings were noted in the licensing system for clinical laboratories:

Inspection Process and Assessment Checklist

The inspection process was not carried out in an optimal manner by the inspection team which lacked independence as the composition of the team rested with a Consultant Pathologist who was a shareholder of a private laboratory that required inspection. Also, the Inspection Questionnaire dated since some 10 years and it did not always contain provisions that were comprehensive, updated and relevant thus putting to test the validity of the assessment tool to determine the fitness of the laboratories for licensing purposes. The Ministry did not use the World Health Organisation (WHO) Laboratory Assessment Tool issued in 2012 to assist in assessing laboratories.

Conflict of Interest

The MoHQL had issued two licences to private laboratories having Consultant Pathologists as shareholders. As Public Officials, these Consultant Pathologists were required to comply with the legal requirements regarding conflict of interest.

The MoHQL continued to involve the Consultant Pathologist in proceedings related to the revision of the tariff rates for laboratory tests; the revision of legislations for licensing private laboratories; updating assessment questionnaires to determine fitness of laboratories and formulating proposals for charging licence fees for clinical laboratories.

Ministry's Comments

To avoid conflict of interest, the Pathologist has never visited any private laboratories for licensing purposes and does not participate in procurement exercises of laboratory equipment and reagents. None of them are owners of private laboratories.

10.5.4 Monitoring and Evaluation of Laboratory Operations

With the recent growth in the number of private clinical laboratories, the MoHQL had not set up a monitoring and evaluation function to ensure a sound and healthy growth of this health segment/industry. Regular checks were not carried out to detect dysfunctional laboratory activities. There must be continuous monitoring and not one off yearly notified inspections for licensing purposes. Potentially uncontrolled areas included:

- *Fiscal benefits* – Private health institutions enjoyed tax concessions (VAT exemptions) on laboratory goods and services. The total tax concession was not known to the MoHQL and it was difficult to assess whether the laboratory was in fact delivering laboratory services. Further, private laboratories were not required to submit a copy of their audited Financial Statements and annual accounts (as filed with the Registrar of Companies) to the MoHQL and to demonstrate their financial and operational integrity;
- *Outsourcing/referral of tests* – Many clinical laboratories were outsourcing/referring their tests (even basic ones) to other laboratories especially the Central Health Laboratory (CHL). No restrictions on the outsourcing of tests were seen formulated especially for tests to be performed at odd hours/emergencies. CHL tariff rates were nominal and its overuse would be prejudicial to the interest of Government.

Recommendations

The Ministry should consider reviewing the existing regulatory mechanism to define the scope of the licensing laws for the issue of licenses to all PHIs. The roles and responsibilities of public officials should be clearly defined so as to avoid conflict of interests. The MOHQL needs to strengthen the licensing set-up through a monitoring/evaluation function, as well as an enforcement unit to ensure that the health services delivered to the public meet established standards.

10.6 Review of the National Blood Transfusion Services

10.6.1 Background

The MOHQL operates the largest medical laboratory services with over 13 million tests with a network of laboratories that includes the National Blood Transfusion Services (NBTS) which caters for the need of blood and blood components for all public and

private health care institutions in Mauritius and Rodrigues. Some 45,000 to 50,000 whole blood units are donated by the public every year with the assistance of the civil society and several NGOs for blood collection.

Blood and blood products (platelets, plasma, red cells, cryoprecipitate, filtered blood, and apheresis products) constitute a scarce, natural and lifesaving resource that are used more and more by hospitals and clinics for transfusion to needy patients - involved in road accidents, undergoing dialysis, surgeries, organ transplants, cancer treatments and any blood disorder.

The NBTS is manned by some 100 staff and operates on a 24/7 basis and is responsible for providing blood and blood components to all private and public health institutions. In 2016-17 it collected some 42,000 which were further processed and separated into some 100,000 components. Blood availability is solely dependent on donors. Blood units are classified into different blood groups with varying shelf lives ranging from five days to one year beyond which the blood products need discarding. The NBTS is responsible for processes linked to donor motivation, blood collection, production of blood components, testing and issue of safe blood for transfusion and the investigation of transfusion reactions.

The achievements of the NBTS are commendable as it manages to supply safe blood all the year albeit in an erratic manner to meet even more erratic demands of all the hospitals. The review of the NBTS shows that the MoHQL has not always taken adequate measures to develop strategically the national blood system in a structured manner to avoid blood shortage or wastage.

10.6.2 Financial Implications and Costing Structures

Despite the significant financial implications of blood management processes, few costing structures were compiled by the Ministry to ascertain the true costs of services. Total estimated running costs for the NBTS were around Rs 145 million annually. It handled stock of blood products worth Rs 112 million. The revenue generated for blood tests and products amounted to some Rs 7 million for 2016-17.

10.6.3 Regulatory Framework - Legislative Framework and Blood Policy Formulation

The law has a specific role to play in blood transfusion as blood constitutes a national resource and not a commercial commodity. The MOHQL is responsible for providing effective leadership and governance in developing a national blood system but till now the NBTS has not been formally regulated. Currently there are no dedicated blood regulations/ legislation covering the different blood management aspects, contrary to WHO recommendations made in 1975 urging member states to promote the development of national blood services on a voluntary and non-remunerated manner and to enact effective legislations governing the operations of blood services.

A draft national blood policy was formulated at the NBTS in 2003 but same has not yet reviewed and endorsed officially by the Ministry. I have been informed that discussions are being held before finalising the document. A national blood policy constitutes a formal statement of intent from Government that addresses key organisational, financial, technical and legal issues in establishing and developing the national blood system.

10.6.4 Strategic Planning and Risk Management

The provision of safe and adequate blood was a Government responsibility and needed to form part of the national health care policy and health care infrastructure. WHO recommended that every country should put in place policies, systems and structures to ensure the safety, quality, accessibility and timely availability of blood and blood products to meet the needs of all patients requiring transfusion. The strategic planning framework for the current national blood system was not comprehensive as blood management issues were being developed and implemented in a piecemeal manner:

- *Strategic Plan* – The MOHQL/NBTS did not formulate a strategic plan to give a strategic thrust to the development of a national blood system despite that the NBTS was already operating as the sole blood center in Mauritius. Strategies were needed to increase the pool of voluntary blood donors to sustain blood supply at all times and to address other issues such as building partnerships with the media and conducting a professional survey to understand donor attitude and behavior;
- *Risk Management Framework* – Risks in the management of blood products were numerous such as blood shortages and wastages, unsafe blood, transfusion protocols and paid donors. A risk management framework was not set up by the Ministry to identify, evaluate and mitigate risks in blood management.

I am informed that the contingent plan for blood requirements and disaster preparedness is in place.

10.6.5 Blood Information Management

Information management constituted an important tool for understanding donors. Apart from yearly segmental analysis, little use was made of the database to gather information profiles for the last 10 years of accumulated donor and donation practices. Profiling of 10 years data for blood management issues was carried out by this Office and provided the basis to obtain the following baseline information for strategic planning and control purposes:

- *National Donor Database* – Donor records were vital to maintain the safety of the blood supply and building a stable base of voluntary blood donors. The NBTS computerised its activities since 2009 with a repository of blood related information for some 190,000 donors aged between 17 to 65 years. However, this donor database was not updated with daily deaths particulars of the Civil Status Office to weed out donors who passed away over the last 10 years and also to update donor contacts details;
- *Blood group prevalence in Mauritius* - The Mauritian population has a mixed origin and possibly an equally diverse blood group profile. The NBTS did not have an updated empirical data on the national blood group prevalence for the population but was using outdated and inaccurate blood grouping information in its official brochures. This Office compiled figures for some 172,000 donors which were different from NBTS figures;

- *Negative blood group donors* - Negative blood group donors accounted for only 3.7 per cent of total donor base with only some 6,475 donors and 55 per cent of them were aged between 41 to 65 years thus explaining its non-availability at all times. I am informed that requests for negative recipients were very erratic but the NBTS endeavours to maintain a minimum stock of negative blood groups;
- *Donors' gender and ageing analysis* - Female blood donors accounted for only 17 per cent of the total donor base. Despite having a greater female population, no specific strategy was seen formulated to canvass female donors. Further, over 55 per cent of all donors were aged 41 to 65 while donors in the age bracket 17 to 20 were less than 1 per cent. No targeted strategy was seen for teens and the young generation.

10.6.6 Blood Collection Costs and Efficiencies - Rs 37 million

Some 42,000 blood units were collected in 2016-17 at fixed sites (20 per cent) and at mobile sites (80 per cent). Some 45 staff were involved together with some 300 organizations to mobilise donors. The cost of collecting the yearly blood donations was not available at the NBTS but an estimation thereof amounted to some Rs 37 million per year. Many asymmetric practices were also noted concerning blood donations/ donors that adversely impacted on the cost effectiveness of the services of the NBTS.

Collection efficiencies - Low collection rates were noted for blood collection drives organized by the NBTS at fixed sites. An average of 3 to 11 blood units were collected per day at regional hospitals. For its mobile collections, an average of 16 units of blood being collected per drive as compared to some 59 units collected per drive for non-NBTS organisers. Atypically, blood drives conducted in Port Louis resulted in the lowest average of 12 collections per blood drive for the 113 events conducted.

Ministry's Reply

NBTS normally organises blood donations at public places during week days and motivation activity is done on site, whereas week-ends donations are planned much in advance, hence the discrepancy in the blood collection rates.

NBTS targeting approach for organisers and donor segments - The targeting profile of the NBTS was examined and overall, it was observed that the NBTS did not have a structured approach towards the targeting of blood organizers and donor segments. For 2016-17, 302 organisers responded out of 1,055 contacted (29 per cent response rate only) with some 27,000 blood units collected. No formal and targeted strategy was also seen for the NBTS to reactivate former donors. Over the last 10 years, some 56 per cent of all donors had given blood only once in their life. A yearly repeat donation was not high as for any year a donor gave on average 1.14 times only.

10.6.7 Production of Blood Products and Discards - Rs 112.5 million in 2016-17

A dedicated unit at the NBTS is in place for the production of blood components. Typically, two or three of blood components were produced from a pint of donated whole blood if the blood freshly collected has been processed within eight hours. For 2016-17, some 95,100 blood components are produced and a significant proportion were discarded

and which potentially could have been avoided. A certain level of discards of blood was both inevitable and appropriate such as the discard of infected blood. However, some 18,000 units of plasma were discarded as the MOHQL had no protocol/ policy for the fractionation of plasma.

10.6.8 Organising the Laboratory Staffing Structures as per PRB Recommendations

The laboratory services were manned by some 400 staff working at 12 sites that had to work beyond their normal working times to provide a 24-hour service during nights, weekends and public holidays. In total there were 12 rosters to run the emergency services at the five regional hospitals and it was observed that the staff organisation structures as governed by the PRB were not operating optimally.

- *Implementation of PRB recommendations* - The PRB 2016 recommendations included the payment of hourly allowances pending the implementation of a shift system for staff working on emergency rosters. It also recommended the running of a bank scheme for retired Medical Laboratory Technologists and persons outside the service, to palliate for manpower shortages/burnout. The Ministry partly implemented the recommendations as only hourly allowances were being paid for emergency services. The preparedness of the Ministry to implement the shift system could not be ascertained. The bank of retired and experienced technologists was not constituted as at time of audit.
- *Financial implications of operating the emergency services for the Central Health Laboratory (CHL)/ NBTS* - Total staff costs for the CHL and the NBTS were not readily available and were compiled from payroll records for some 330 CHL staff.. Staff costs amounted to some Rs 230 million including Rs 52 million for 100 NBTS staff. Financial implications to operate the emergency rosters in the NBTS and the CHL were significant. For the CHL, some Rs 46 million (some 20 per cent of total staff costs) were paid as hourly allowances for working outside normal hours, with NBTS. Had the Shift system been implemented, some Rs 46 million could potentially be saved yearly.

10.6.9 Use of Blood in Hospitals

Requests for blood transfusion procedures were triggered by treating doctors and followed clinical protocols. Two important structures were put in place at the Ministry to address the above namely the Haemovigilance and the Hospital Transfusion Committees (HTC).

- *Hospital Transfusion Committees and transfusion protocols* - The Hospital Transfusion Committees (HTC) mainly addressed issues related to the implementation of a national policy and guidelines on rational use of blood in hospitals while the former aimed to monitor and improve the safety of the transfusion process. Both structures were not operating optimally. The HTC at Victoria Hospital did not meet in the year 2017. Thus, little assurance was obtained whether the blood was used as per medical standards;
- *Smoothing blood supply and demand requirements* - In view of the blood availability constraints and the fluctuated demands, both the NBTS and users needed to smoothen

their supply and demand pulls by adopting responsible communication and usage protocols to synchronise blood availability group wise. This was not always done;

- The total blood required for the year and the types most needed were not scientifically determined as the actual and future hospital needs were not quantified. Blood Stock information was also inadequate as blood stocks were compiled manually with no mechanism to know the blood stock at any time;
- Recurrent blood shortages were seen in specific periods and for specific blood products namely platelets and negative blood groups. Cancer patients required transfusion of platelets which had a short shelf life and were not always available for transfusion. Records for platelets requests and supply for the period June to August 2017 showed that 43 per cent of all requests could not be fully met with 21 per cent not met at all;
- *Blood transfusion practice in hospitals* - A sample of 12 cases of blood transfusion requests and their corresponding medical procedures was followed up in their respective patients' files. It was noted that same was not done according to established procedures. Continuous patients history sheets for seven cases out of the 12 (58 per cent) were not properly filled in to evidence the transfusion of the blood products. Prior to blood transfusion, there was also a requirement to seek the consent of the patient. For nine out of the 12 cases, no consent forms were seen (75 per cent). Patients' involvement/ consent were vital medico legal documents for any litigation. One transfused patient experienced a transfusion reaction but contrary to established protocol, this reaction was not notified to the NBTS for further investigation;
- *Medico legal litigations* - Blood donation and transfusion procedures were inherently risky due to clinical risks for patients and legal, reputational and financial risks for the Ministry. The Ministry did not have a structured mechanism in place to record, analyse and settle all types of medico legal litigations. The extent of medico legal litigations arising from blood transfusion and other claims of negligence was further enquired from the Solicitor General but as of 12 January 2018, no reply was received.

Recommendation

The Ministry must review the legislative framework and formulate a blood policy. The MOHQL should also consider adopting a strategic approach towards blood management processes including blood collection, production of blood components and their waste minimisation (e.g. avoiding plasma discards by resorting to plasma fractionation). Structures such as Haemovigilance and Hospital Transfusion Committees need to be strengthened to regulate the rational use of blood in hospital through standards/ clinical protocols and patient involvement to avoid medico legal litigations. The Ministry must also review its sensitisation campaigns across the island, especially among the student population. Finally work structures need reorganisation especially for the implementation of the shift system which might potentially cut staff costs.

10.7 Equipment Acquired for the New Cardiac Centre at Victoria Hospital

Until the beginning of 2017, cardiac surgeries were carried out only at the Trust Fund for Specialised Medical Care (TFSMC) located at Pamplémousses resulting in long waiting list and cancellation of cardiac surgeries. In January 2015, the Ministry of Health & Quality of Life (MoHQL) proposed to set up a second Cardiac Centre at the Victoria Hospital. Since January 2016, the ground floor of the New Operation Complex at Victoria Hospital was allocated to the TFSMC and procurement procedures for medical equipment started thereafter by the MoHQL on a fast track basis. Shortcomings were noted in the taking over of infrastructure and the acquisition of the equipment to be used at new Centre.

10.7.1 Operational Status of the New Cardiac Centre

The new Centre became operational on 12 January 2017, that is, two years after the policy decision to have another cardiac centre. However, on 22 February 2017, after carrying out only 26 cardiac surgeries, the TFSMC was compelled to discontinue its activities due to various infrastructural problems. As a result, the contract of a foreign Doctor who was operating at the TFSMC Victoria Hospital was terminated in April 2017. It was not until mid-September 2017 that cardiac surgeries resumed at the Centre when another foreign Doctor was recruited. As at mid-November 2017, it was not known whether all the problems had been rectified, as I was informed that on some occasions, operations had been cancelled due to infrastructural problems.

I was also informed that as at mid-November 2017, all the infrastructural problems were resolved.

10.7.2 Infrastructure and Assets Ownership

As at end of October 2017, contrary to the assurances provided by the Ministry following my Report for 18-month period 1 January 2015 to 30 June 2016, the agreement setting out the terms and conditions for the allocation of space/ infrastructure to TFSMC at Victoria Hospital was still not signed. Further, the assets/medical equipment acquired by the Ministry were also not transferred to TFSMC.

10.7.3 Planning for the Purchase of Equipment for the New Cardiac Centre

Most of the medical equipment of the new Centre was purchased by the MoHQL despite not being initially budgeted and not included in the priority list of equipment to be acquired for hospitals totalling some Rs 277 million. About Rs 260.9 million were spent by the Ministry to acquire all medical equipment for hospitals (including TFSMC's equipment needs) based on the revised budget of Rs 261 million, resulting in some priority equipment needed by hospitals not being purchased.

10.7.4 Compliance with Procurement Procedures- General Observations

On 15 February 2016, decision was taken for the Cardiac Centre to finalise specifications in relation to medical equipment required and fast track measures were to be adopted for procurement once specifications were received. Specifications were prepared by staff of

the Cardiac Centre together with the Bio-Medical Engineering Section or Surgical Technologist workshop or Energy Services Division (ESD) depending on the equipment concerned. The list of specifications for 38 medical equipment estimated at Rs 60.7 million was submitted to the Ministry and tenders of the equipment were launched in three lots in April/ May 2016. Despite carrying out the procurement procedures and paying out of the Ministry's budget, the MOHQL failed to comply with established procurement procedures. Failure to follow proper procedures was even acknowledged by the staff of the MOHQL and members of the TFSMC. Records and documents regarding cost estimation and specification of equipment revealed that end users often submitted incorrect specifications and cost estimates that were unrealistic.

Estimated Cost of Medical Equipment

Cost estimate determination was not reliable. The first list of specifications of medical equipment was submitted to the Ministry on 14 March 2016 with an estimated cost of Rs 50 million to be further revised to Rs 60,662,000 without maintenance costs. Variations to cost estimates of the equipment had to be within a limit of 25 per cent but various items of equipment were acquired where the deviation between actual and estimated cost were around 80 per cent. Nevertheless, the supplier was not contacted for additional information as provided in of the Public Procurement Act.

Preparation of Specifications and Composition of the Evaluation Team

Specifications for the equipment were not always properly prepared. Most of the evaluators were also responsible for writing the specifications of the equipment to be acquired. Bids were not evaluated by qualified persons contrary to the Public Procurement Regulations stating that the Bid Evaluation Committee shall be composed of members who are knowledgeable about the goods or services. The provisions of the evaluation guide issued by the Procurement Policy Office (PPO) were not followed by the evaluators.

10.7.5 Contract Implementation

Although fast track measures were taken to acquire the equipment, some of the equipment were received about one year after launching of tender and some put into use after more than 16 months after launching of tender. It could not be determined whether value for money was obtained for the equipment purchased as warranty periods might have lapsed with the medical equipment still not yet put to test. Also, the Ministry did not ensure that all deliverables as per the bidding documents were provided prior to effecting payment, for example number of days and staff to be trained.

10.7.6 Evaluation

The bids were evaluated in July 2016 by the staff of the TFSMC and the following were noted:

- The Biomedical and Surgical equipment were evaluated in the absence of a Bio-Medical Engineer or a Technician or Surgical Technologist, whereas, for ESD equipment estimated at Rs 1,430,000, one Surgical Technologist acted as member and secretary;

- Detailed workings of the technical evaluation were not available to ascertain whether all technical specifications had been complied with. Further, documents to assess the financial and technical capacity and experience and qualification requirements of the bidder, as well as evidence that the goods offered met certain requirements were not listed in the bidding documents. Thus, there was no evidence that important criteria for post-qualification were considered prior to award of tenders;
- The bids received were not properly secured. Several copies were made but none of the original bids could be traced. One bid submission form was not signed and the bid was not rejected. In another case, the seal of the bidder on the bidding document was different from the name of the bidder.

In fact, on 3 January 2017, the Biomedical Engineer pointed out that acquisition of other equipment also did not meet specifications and conditions laid down in the bidding documents.

10.7.7 Other Specific Audit Observations

Supply, Installation and Commissioning of Medical Equipment

Tender for 24 Bio-Medical Equipment was launched on 3 May 2016 and the closing date was 8 June 2016. It was reported that the Departmental Bid Committee (DBC) did not agree with the financial instructions regarding vetting of the bidding documents as these had to be done by the professionals in the Procurement Unit. During a meeting held on 11 September 2017, the Biomedical Engineer pointed out some flaws in the procurement of the medical equipment for the TFSCM as listed below:

- Soft copies of specifications were available to various officers, which indicated lack of security and confidentiality;
- The criteria/qualifications to act as evaluators were not set up by the Ministry;
- Officers of the Procurement Unit making changes in specifications and challenging officers preparing the specifications;

Prior to effecting payments, the Ministry did not ensure that suppliers had fulfilled all conditions attached to the bid submitted.

Two Upper End Latest Generation Transoesophaged Echocardiograph–Rs 22,548,040

On 23 September 2016, an order for two units Upper End Latest Generation Transoesophaged Echocardiograph (Adult and Paediatric Probes) was issued to Company A for the total cost of Rs 22,548,040 (inclusive of maintenance cost). The two units were delivered on 17 November and 15 December 2016 respectively.

- In November 2017 the above equipment was in use but was not commissioned. One Cardiologist and one staff of the ESD signed the Commissioning Certificate which remained incomplete without the Biomedical Engineer and the TFSCM Director signatures;

- It was after some seven months of delivery of the equipment that it was discovered that the paediatric probe delivered did not comply with technical specification required as it could not be used on low weight babies of less than 2.5 kg. The supplier was unwilling to supply the paediatric probe to complete the commissioning procedures as they opined that the Letter of Award issued to them constituted a binding agreement between the two parties and that all Cardiologists were fully satisfied with the units and had signed off the acceptance certificate upon completion of the training programme which was held during the period 19 to 23 December 2016;
- On 22 September 2017, the Ministry concurred that Company A Ltd could not be held responsible as it did propose the offer without the paediatric probe. The Bid Evaluation Committee (BEC) members agreed that they had “evaluated the equipment to their capacity, the shortcoming was made through oversight”. This is not satisfactory. On 26 September 2017, three members who participated in the BEC proposed the procurement of a paediatric TEE for low body weight babies. The Biomedical Engineer also pointed out that the paediatric probe not supplied would cost an additional Rs 1 million.

Heart Lung Machines – Rs 18,045,828

The Letter of Acceptance for two heart lung machines totalling Rs 18,045,828, inclusive of maintenance charges with one year warranty, was issued to Company B on 9 September 2016.

- The initial estimated cost of each machine was Rs 3 million but just before the submission of the Bid Evaluation Report, an official from TFSCMC, not in the Bid Evaluation Committee, informed the Ministry that the estimated cost was incorrect and should have been Rs 6 million. Confidential bidding information was apparently leaked before the publication of the award of the contract. Further, there was no approval for the revised estimated cost of Rs 6 million. The tender was awarded for Rs 7,422,914 each;
- The four years maintenance charges submitted by the successful bidder instead of five years as required, was considered as a minor deviation. The bidder did not indicate whether it complied with that specification. However, the bid of another company, amounting to Rs 15,471,050, was rejected on the ground that it did not comply with one technical specification;
- The two heart lung machines were delivered on 27 October 2016. One of them was commissioned on 10 January and the other on 3 March 2017 when the Centre was not operational. Since the Centre was not operational from 22 February to mid-September 2017, the warranty period for both units of equipment was effectively reduced to some five/six months. Also, there was no evidence that training was provided.

Other Issues

- A complete list of all equipment issued to the Cardiac Centre was not available at the Ministry;

- On 23 September 2016, Company A was awarded the contract to supply a stress test machine for the sum of Rs 738,300. The machine was delivered on 22 December 2016 and was commissioned on 15 May 2017. At the beginning of October 2017, the stress test machine had not yet been put to use. Further, not all compliance of specifications offered were filled in by the bidder and training was provided to one Doctor on one day only instead of three days application training to users as per bidding document.

I was informed that in October 2017, the machine was not put to use, as there was no out-patient session at Victoria Hospital.

Recommendation

Proper procurement procedures should be followed to ensure probity in the procurement system. Specifications setting and cost estimation need to be more reliable. Bids should be evaluated by qualified persons who were not involved with the specifications setting process. The evaluators should consider the use of the evaluation guide issued by the PPO.

Contract implementation must be diligently followed to ensure that Government obtain value for money from the equipment acquired.

10.8 Medical Equipment

Medical Equipment (ME) is increasingly important for the provision of health services and its significance is set to grow, geared by technological and clinical innovations. Medical equipment is technically complex, requiring specialist expertise to use, manage, assess and repair. From January 2010 to June 2017, the Ministry spent some Rs 1.14 billion on acquisition of medical equipment and about Rs 490.4 million on its repairs and maintenance. Availability at all times of well-maintained and safe medical equipment is critical for the health services.

However, it was generally noted that control and maintenance of the ME were not always optimal.

10.8.1 Control over Medical Equipment at Ministry's level

The Ministry did not have a comprehensive and an updated register of all ME for all service delivery points. The responsibility of keeping a database of ME rested with three Units, that is, the Biomedical Engineer/Technician, Surgical Technologist and Energy Service Division (ESD) at each hospital. However, detailed lists of medical equipment maintained by the three Units posted at the different hospitals were either not available or not up-to-date and it was not always known which specific ME fell under which category and whose responsibility among these three units. The absence of asset details restricted planning and control functions.

10.8.2 Control over ME at Government Level- Physical Assets Management System/Government Asset Register (GAR)

A Physical Assets Management System (PAMS) went live in November 2013 to register electronically all assets belonging to Government. Despite being one of the Ministries selected for the development, testing and implementation of the system, the MoHQL failed to do so.

It was announced in the Budget Speech 2016-17 that Government would develop an Asset Register across all the Ministries and Departments which would be under the management of the Treasury. On 31 July 2017, the Treasury informed the Supervising Officers/ Officers in charge of Ministries/Departments that the Finance Sections could start capturing data/recording details of assets as from 14 August 2017 with entries of previously acquired assets to be posted by the Office Management Executives (OME).

Although staff of the Finance Section and OMEs have already obtained on-line access and training on how to use the PAMS, site visits effected in October 2017 at the various hospitals revealed that no entries were yet input in the PAMS as the Ministry has not issued guidelines to ensure standardisation of input after the circular from the Accountant General was received.

10.8.3 Maintenance of Equipment

Maintenance of ME is imperative for the proper functioning of the equipment ensuring that patients get the best and on-time treatment. Every hospital was responsible for the maintenance of its equipment through different arrangements, both in house and outsourced maintenance. The Bio-Medical Engineering, Surgical Technologist and ESD, as well as contractors provided the primary contact for users in case of any problem with the ME.

On 9 July 2014, the Ministry was made aware by a resident Project Manager that it had a weak Biomedical Engineering Section so that the MoHQL had to rely heavily, and sometimes totally on contractors for maintenance and that the Ministry did not get value for money due to the frequency and duration in the breakdown of several ME. In 2017, a shortage of qualified maintenance staff was again noted at Hospital level as there were six vacancies in the Biomedical Engineering Cadre as at March 2017 and Victoria Hospital was operating without a Surgical Technologist. Hence, preventive maintenance was not being carried out.

Recommendations

- The Ministry must exercise stewardship over its costly base of ME by carrying out a full inventory thereof and adhere to the requirements of the GAR;
- Maintenance of ME, including preventive maintenance, is essential for delivering optimal health services to the public. In house units must be adequately and appropriately staffed with well-defined and clear roles and responsibilities;

- The attention of the Regional Health Director is being drawn on the need to compile a single list of all medical equipment in the respective hospitals;
- Necessary instructions should also be given so that entries are input in the PAMS at Hospital level.

11 – MINISTRY OF LOCAL GOVERNMENT

11.1 Fleet Management System and GIS Solution for Local Authorities

At paragraph 13.1.2 of the Audit Report for the 18 month period 1 January 2015 to 30 June 2016, I reported that although the project was considered practically completed in April 2016, a few significant components of the project were not fully operational. The status of these components was reviewed and the following were observed as of October 2017:

- The contract cost of Rs 22,221,834 which included charges for the Global Information System (GIS), Digital Maps for the 10 of the 12 Local Authorities (LAs) under the Contract and the Integration of the GIS module with the Building and Land Use Permit (BLUP) module of the respective LAs totalling Rs 4,914,813, had been paid in full. The two remaining LAs, namely the District Council of Moka and the District Council of Flacq, were not included in the project;
- The Contractor had supplied the Digital Map with proper outline for the District Council of Rivière du Rempart only. The Digital Maps for the other nine LAs were still being awaited. An amount of Rs 862,500 had been paid for this item and software maintenance charges of Rs 172,500 were being paid annually for the 10 LAs;
- Coordinates' reading of immovable assets to populate the digital map in the GIS module had reached a fairly advanced stage only at the District Council of Rivière du Rempart. As for the nine other LAs, the exercise had just started or had not yet started at all.

The integration of the GIS module with the BLUP module for the 10 LAs on the digital maps would not be effected soon. However, annual maintenance charges of some Rs 150,000 were payable in respect of this Integration process.

Ministry's Reply

The coordinates reading of immovable assets is a lengthy and cumbersome exercise and will take some time to be completed.

11.2 Investment of Surplus Funds by two Local Authorities

Two Local Authorities had invested Rs 30 million each in a financial institution in 2013 and 2014 that went into special administration in April 2015. The investments of the two Local Authorities represented 87 and 75 per cent of their respective surplus funds at 31 December 2014.

In March 2006, the Ministry of Finance and Economic Development (MOFED) issued a circular wherein it was stated that the Local Authorities should invest:

- A minimum of 45 per cent of their funds in public sector deposit taking institutions offering the best terms;

- A maximum of 45 per cent in deposit taking institutions, including public sector institutions offering the best terms;
- A maximum of ten per cent in securities.

In September 2017, MOFED requested the two LAs to enter into an agreement with the Company that had taken over the operations of the financial institution under administration, for reimbursement of 35 per cent as full and final settlement of the total amount invested.

The amount of capital foregone was Rs 39 million. Some Rs 3.6 million, representing one year's interest, were also lost.

Ministry's Reply

- One of the Councils was not aware of the Circular Letter dated 24 March 2006 from the Ministry;
- Placements of funds by the two Councils with the Company were motivated by the good performance of the Company and with a view to maximising revenue of Councils, given the more favourable rate of interest offered by the Company.

11.3 Application Software Maintenance Agreement (ASMA)

Following the introduction of the E-Governance project for Local Authorities in November 2008, an Application Software Maintenance Agreement was entered into with the Supplier for a period of five years which ended in December 2014. A new agreement was signed for the period January to December 2015 for an amount of Rs 5,220,893.

Given that each Local Authority was responsible for its own servers, other hardware and software, proposal was made in 2015 for each Local Authority to enter into the agreement for 2016 individually, as the project was considered to have been implemented successfully since 2009.

In 2016, due to lack of time, a central agreement for the period January to June 2016 was again entered into with the Supplier for an amount of Rs 3,449,188. The agreement was signed on 17 March 2016.

A few Local Authorities informed the Ministry that there were a few modules, covered by the ASMA, which were not used by them. There were even modules which were not installed.

The contract was again renewed for an amount of Rs 7,395,642 centrally on the same terms and conditions for the financial year 2016-17, although it was decided since 2015 that an individual contract was more appropriate.

Ministry's Reply

- Support services for the Library and Document Management System have been removed from the ASMA. Software maintenance charges will be paid when these services are required by Councils. Also, the Complaints module on the Oracle system of LAs will be phased out, given that LAs are using the Citizen Support Portal of Government;
- The Central Informatics Bureau (CIB) had advised that the proposed split of the maintenance agreement between the Ministry and LAs with effect from July 2016 might involve higher costs than the existing consolidated ASMA. The CIB had also advised that, in the endeavour to introduce new services and to provide better services to users, proper mechanisms were put in place to ensure the common systems at all LAs evolved in a standardised manner.

12 - MINISTRY OF SOCIAL INTEGRATION AND ECONOMIC EMPOWERMENT

12.1 Grants to National Empowerment Foundation

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

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

Table 12-1 Grants disbursed to NEF

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

Source: Treasury Accounts

12.2 Memorandum of Understanding

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

Upon examination of the MOU, the following were observed:

Renewal Period

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

Monitoring

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

Follow up Action

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

Proper Action Plan and other Documents

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

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

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

Compliance with Provisions

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

Recommendation

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

Ministry’s Reply

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

12.3 Empowerment Support Scheme

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

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

Table 12-2 Amount disbursed under ESS

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

Source: Treasury Abstracts

12.3.1 Social Register of Mauritius

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

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

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

12.3.2 Payment of Subsistence Allowance

The Ministry forwarded the data captured and recorded in its SRM to the MSS for the final assessment of eligibility and determination of quantum of subsistence allowance payable to an applicant(s). Thereafter, monthly lists of all eligible beneficiaries with the

respective subsistence allowance payable (some Rs 15 million monthly) were generated by the Ministry for payment. However, as at March 2017, these lists were neither being certified correct nor approved by the Accounting Officer/delegated person prior to effecting payments of the allowances. Correctness of the amounts paid could thus not be ascertained.

12.3.3 Social Contract

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

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

No segregation of duties.

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

Beneficiary's signature missing

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

Beneficiary's Bank Account

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

12.3.4 Prescribed Income Poverty Threshold

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

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

Threshold Eligibility in SRM not as prescribed

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

Interpretation of ‘Child’

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

12.3.5 Development of another SRM by Ministry

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

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

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

Recommendations

- Decision should be taken on the justification for the Ministry to maintain a separate SRM for the implementation of the ESS instead of complying with the SIE Act, that is the use of the existing SRM maintained by MSS;

- Interpretation of ‘child’ needs to be clarified and should be same for all social aids schemes of Government;
- Remedial action should be taken for other shortcomings identified in the implementation of this ESS.

Ministry’s Reply

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

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

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

13 - MINISTRY OF TECHNOLOGY, COMMUNICATION AND INNOVATION

13.1 School Net II Project

In 2013, Government decided that the Ministry of Education and Human Resources, Tertiary Education and Scientific Research (MOE) would distribute tablets to Form IV students and the Ministry of Technology, Communication and Innovation (MTCI) would implement the School Net II Project to provide high speed connectivity to all Secondary Schools with the Government Online Centre (GOC). In July 2014, the MOE distributed 26,100 PC Tablets, that were acquired for Rs 135 million, to Form V Students and Educators.

A contract for the School Net II project was signed between the Ministry and a Company on 24 December 2015 for Rs 122.5 million. The contract sum comprised the cost of equipment, amounting to Rs 88.5 million for a total of 162 sites, and a rental cost of telecommunication lines for two years amounting to Rs 34.0 million. Payments for equipment up to May 2017 totalled Rs 36.3 million.

In February 2017, a request was made by the Company for the Ministry to review the payment terms, which would ease its cash flow and financial situation. Subsequently, in June 2017, an addendum to the contract was made. The addendum made provisions for the following:

- Payment to be effected to the Company so as to enable it to pay for the spectrum license fees, and to enable the commissioning of the system to be completed within a period of five months as from the signing of the addendum to the contract ;
- In case of failure on the part of the Company to fulfil its obligations, liquidated damages of one per cent of the contract value would be payable per week, subject to a maximum of ten per cent.

Observations

- Following the addendum, payment of Rs 45.4 million was effected for Phases 2 and 3 in June 2017, that is prior to full commissioning. This is contrary to established financial procedures;
- According to the commissioning reports from the Central Information Systems Division issued in September 2016, December 2016 and March 2017 for Phases 1, 2 and 3 respectively, telecommunication tests failed at 100 sites out of a total of 162 sites, that is, some 62 per cent of the sites were not successfully commissioned as of December 2017, although some 90 per cent of the cost of equipment under the contract had already been disbursed as of 30 June 2017;
- There was still no Memorandum of Understanding (MOU) signed between the MOE and the MTCI.

Ministry's Reply

The Commissioning of School Net II has been scheduled for end of February 2018.

A MOU would be signed with the MOE to clearly define the responsibilities and roles of MTCTI and the MOE under the School Net II Project.

As regards the liquidated damages, the Ministry has already issued a letter on 10 January 2018 to the Company informing it that as from 15 November 2017, liquidated damages at a rate of one per cent of the contract value which amounts to Rs 1,224,580 per week shall be applicable up to a maximum of 10 per cent of the contract value.

13.2 Rental charges for School Net II- Rs1.9 million

At paragraph 8.3 of the Audit Report for the 18-month period 1 January 2015 to 30 June 2016, I mentioned that the Company's spectrum licence expired in early April 2016. Despite that, the Ministry disbursed a total amount of Rs 1.9 million for the rental of internet services for September and October 2016. The Ministry has not taken any action to recover the amount overpaid as at end October 2017.

13.3 Electronic Document Management System

The objective of the Electronic Document Management System (EDMS) is to enable the Ministry of Finance and Economic Development (MOFED) and the MTCTI, including their Departments and Units, to electronically store and retrieve files at the Government Ministries/Departments, aiming eventually at a paperless office.

The Ministry awarded the contract of the EDMS to a private Firm in July 2014 for an amount of some Rs 11 million initially, and which was brought down to Rs 5 million with the elimination of the hardware components, as it was decided that the server at the Government Online Centre (GOC) would instead be utilised. The project was expected to be completed by end of December 2014.

Payments totalling Rs 5 million were effected for a Process Manual and a software for the EDMS.

- The User Acceptance Certificates, which were signed in March 2017 by some officers, contained significant negative remarks;
- As of December 2017, that is three years after the scheduled completion date, the EDMS was not being significantly used by the above two Ministries.

Ministry's Reply

After user acceptance tests, each Government Agency had listed issues/bugs/shortcomings together with new requests which required reviews from the Supplier.

The system at the MTCI is expected to be fully operational by the end of this calendar year.

13.4 Revenue Management at Data Protection Office

The Data Protection Act requires every Data Controller who processes personal data to register himself with the Data Protection Commissioner, to renew the registration annually and to pay such fee, as may be prescribed both for first registration and for subsequent renewal. The Data Protection Commissioner shall keep and maintain a register of Data Controllers. Previously, the Data Protection Office (DPO) had an old computerised system.

In May 2015, the Ministry awarded a contract for delivery, installation and commissioning of an application software to a private Firm for the sum of Rs 2.8 million. As of 30 June 2017, total payments amounted to Rs 2.7 million. The application software included the registration module, investigation module, finance module, reporting module, integration with Government E-Payment Platform, database management system and data sharing with the Companies Business Registration Department. According to the User Acceptance Certificate issued in June 2016, all items were delivered and the complete system was commissioned.

- (i) For the old system, no debtors' listings, along with transactions thereof, were available;
- (ii) There was no evidence of parallel run for the changeover from the old system to the new one;
- (iii) As at 30 June 2017, there was a backlog of some 6,000 files of data entry work for Data Controllers attributed to files not yet created, registration certificates not yet approved, renewal not yet updated, awaiting for update/input in the computerised system;
- (iv) Two significant modules in the application software, that is, Investigation and e-Payment Modules, had not been utilised some 18 months after the commissioning of the system;
- (v) The Finance Module generated receipts for the first two months of 2017 only. Thereafter, manual receipts were again resorted to;
- (vi) Registration period for all Data Controllers was non-coterminous at time of renewal, as is normally done for companies and tax payers;
- (vii) Based on 10,000 active Data Controllers files, annual renewal fees of some Rs 17.3 million were estimated to be receivable. However, revenue totalling Rs 6.3 million was received as Data Controller Registration and Renewal Fee for 2016-17;
- (viii) Out of a sample of 10 Data Controllers, registration certificates were not issued in five cases, though they were registered on the new system. Consequently, they have

been considered as inactive on the system and annual renewal notice was not being sent to them. The renewal fees due for the years 2011-16 have not been included in the debtors listing.

Ministry's Reply

The Data Protection Office is currently having a shortage of staff mainly for collection of fees. Moreover, there exists a backlog of some 6,000 files of data entry work for Data Controllers. Although a custom made system was designed by a private firm for the Data Protection Office, the lack of staff renders it difficult to operate the system effectively.

The old system used by the Data Protection Office which was designed by the Central Information Systems Division, is non compatible with the new software. Therefore, data migration was not fully successful. A report was generated and submitted to the Data Protection Office for all unsuccessful migrations.

13.5 Mauritius National Identity Card (MNIC) Unit

Fees ranging from Rs 200 to Rs 1,000 per ID card were payable by applicants requesting the replacement of their smart ID cards. At the end of the day, a Payment Report/Receipt Listing is generated by each of the two National Identity Card Centres located in Port-Louis and Rose-Hill from the MNIC system. As per the Treasury Accounting System, a total amount of Rs 9.3 million was collected in 2016-17 by the two National Identity Card Centres.

Accounting records, such as computerised receipt listings, bank paying-in slips and Treasury remittance vouchers for National Identity Card Centre at Port Louis for 2016-17 were not made available to my Officers.

Ministry's Reply

The operations of the Mauritius National Identity Card system have been transferred to the Civil Status Division as from 1 July 2017. The Ministry is proposing to have a meeting with the Registrar of the Civil Status Division for the safe keeping of vouchers, receipts listings and bank paying-in slips.

14.-MINISTRY OF AGRO-INDUSTRY AND FOOD SECURITY

14.1 Sheltered Farming Scheme

14.1.1 Background and Purpose

To address the problem of adverse climatic conditions, the Ministry came up with the Sheltered Farming Scheme in 2014 to encourage farmers to shift from traditional open field cultivation to sheltered farming system. The Scheme has been entrusted to the Food and Agricultural Research and Extension Institute (FAREI) for implementation and target, in principle, Registered planters, Cooperative Societies, Agricultural Companies, amongst others. An Evaluation Committee, set up at the level of FAREI, examines the applications and recommends the projects to the Food Security Committee of the Ministry. After approval by the Committee, funds are transferred to FAREI for onwards disbursement to planters/farmers. Eventually, an agreement is signed between the Ministry (represented by FAREI) and each beneficiary.

14.1.2 Commitment of the Ministry

Following the Budget Speech 2016-17, the Scheme was reviewed as from August 2016 where the grant facility was increased from Rs 250,000 to Rs 400,000, amongst others.

As of 31 October 2017, the number of applications received was 375, of which 154 were approved by the Ministry for the sum of Rs 41,142,985. However, due to budgetary constraint, Rs 26,239,219 were released to FAREI. The latter has disbursed Rs 20,135,505 to 94 beneficiaries of the 154 approved applications and has kept the balance of Rs 6,103,714 for the 24 beneficiaries who had been paid only 40 per cent. The amount of Rs 14,903,766, not yet released by the Ministry to FAREI, related to 60 applicants.

In addition, 74 new applications totalling Rs 27,001,763, as recommended by the Evaluation Committee, were awaiting Ministry's approval.

14.1.3 Monitoring and Controls

- There was no feedback or any mechanism in place at the Ministry's level to ensure compliance with conditions of the agreement signed with beneficiaries, and to assess the extent of any improvement in production and quality of farm produce;
- The Scheme has not been adequately formulated in terms of targets and indicators. Despite the growing interest noted in the Scheme, the request of all approved applicants could not be entertained due to shortage of funds. Consequently, the Scheme was put on hold as from 22 September 2017.

Recommendation

The Ministry needs to exercise proper supervision and control over the execution of the project by setting up a proper monitoring and control mechanism.

14.2 Field Operations, Regrouping and Irrigation Project (FORIP)

14.2.1 Scope and objectives of the FORIP

The Field Operations, Regrouping and Irrigation Project (FORIP), now referred to as the Sugarcane Planters Regrouping Project (SPRP), was implemented in the context of Sugar Sector reforms to keep the small and medium planters in the main stream of the sugar production and to withstand the 36 per cent cut in price of sugar imposed by the European Union (EU) as from October 2009.

The main objectives of FORIP are, amongst others, to improve the cost competitiveness of planters, namely 20 to 25 per cent decrease in cost of production and 20 per cent increase in sugar production through the adoption of better/more promising cane varieties, better cultural practices, and timely harvest and delivery of canes to the mills.

The project was entrusted to the Mauritius Cane Industry Authority (MCIA), previously to the Mauritius Sugar Authority (MSA), since 2006 for implementation in small and medium sugarcane planters' fields, involving 12,000 hectares of land. The cumulative extent of lands regrouped, de-rocked and planted during the period 2006 to 2015 was 9,683 hectares, representing some 81 per cent of the extent earmarked under the project, involving 9,935 planters.

14.2.2 Planters' Obligations

- Eligible planters had to enter into an agreement with MCIA prior to start of works, wherein provisions had been made for them to make an annual minimal contribution, ranging from Rs 1,500 to Rs 4,500/arpent/annum for a period of five and seven consecutive years, depending on works implemented in their fields;
- Planters, after the first harvest, had to refund in five or seven equal annual instalments to the MCIA the interest free cash advance of Rs 15,000 per arpent. The purpose of the cash advance was to evolve as a financially revolving fund which would be used to fund future cash advance requests made by planters.

14.2.3 Disbursements

The project was being financed by the European Union. Funds are earmarked in the Ministry's Budget through the Ministry of Finance and Economic Development (MOFED), and are released to the MCIA as and when requested. For 2016-17, Rs 300 million of the Rs 305 million provided for in the Budget, have been disbursed for implementation of the project.

As of 30 June 2017, a total of Rs 3.6 billion has been disbursed to the MCIA/MSA under the FORIP since 2006.

Observations

➤ *Payment of Contribution and Refund of Cash Advance*

The planters have not paid the required annual minimal contribution and also not refunded the cash advanced to them. During the period 2007 to 2015, contributions which should have been made by planters and the actual cash advanced to them amounted to some Rs 225 million and Rs 211 million respectively. Thus, the cash advance to evolve as a financially revolving fund did not function as no planters had refunded their dues.

➤ *Monitoring of Cane and Sugar Yield under FORIP*

Despite some Rs 3.6 billion have been spent by the Ministry on this project, no analysis has been undertaken since 2012 to assess the impact of FORIP on cane and sugar yield on a region-wise basis, and to confirm whether the cost competitiveness of planters have been achieved.

Ministry's Reply

In the present context of financial difficulties for the sugar sector and to ensure that planters remain in the cane production activity and as well as to ensure the viability and sustainability of the Mauritian Cane Industry, the MCIA is of the view that it will not be appropriate to proceed with deduction of planters' contributions under FORIP and is proposing that these contributions be waived. The proposals of the MCIA have been forwarded to MOFED for its consideration.

Government is aware of the financial difficulties being faced by the sugarcane planters and is taking immediate action to bring reforms in the cane industry through the setting up of a Joint Technical Committee to come up with recommendations and measures to ensure the stability of the cane industry and its economic survival in the new international context.

14.3 Construction of a National Wholesale Market – Rs 370 million

The need for setting up of a National Wholesale Market (NWM) for fruits and vegetables arose from the pressure of growers for a modern and adequate wholesale auction facility where both producers and wholesalers would be able to trade openly and efficiently in hygienic conditions.

The project was announced in the Budget Speech 2008-09 and a Technical Committee was constituted under the Food Security Fund to look into it. The cost of the project was estimated at Rs 195 million, following a strategic review of the Agricultural Marketing Board in 2008.

13 hectares of land at Five Ways, Belle Rive were earmarked for the construction of the NWM since 2015. The total building requirements were about 12,100 m², surrounded by about 27,500 m² of parking facilities.

14.3.1 Consultancy Services for the setting up of the NWM

Contract for Consultancy services for the setting up of the NWM was awarded to a French Consultant on 8 January 2014 for the sum of EUR 67,608 and Rs 1,972,001 (totalling some Rs 4.8 million) which were settled in April and May 2014. In his report submitted on 7 April 2014, the Consultant had estimated the cost of the project at some Rs 345 million (excluding land acquisition cost).

14.3.2 Consultancy Services for the Management, Design and Supervision

On 21 November 2016, the contract for Consultancy services for the management, design and supervision of the NWM was awarded to an Italian Consultant for the amount of EUR 153,950 and Rs 11,655,000 (totalling some Rs 20 million).

As of 10 November 2017, the preliminary drawings for Buildings and Land Use Permit, prepared by the Consultant, were submitted to the Authorities for clearances. In parallel, preparation of detailed design/tender documents, architectural working drawings, engineering working drawings, electrical and mechanical working drawings and tender documents, were underway.

14.3.3 Disbursements

In the Budget Speech 2015-16, it was announced that Government would invest some Rs 370 million in a national wholesale vegetable market to ensure that food is distributed under right hygienic conditions.

During 2015-16 and 2016-17, although Rs 10 million and Rs 15 million were respectively budgeted for the project, the actual expenditure totalled only Rs 3,553,291 as of 30 June 2017 in respect of stakeholder's consultative meeting and launching of the project.

Observations

- The estimated project cost has increased from Rs 195 million in 2008 to Rs 345 million in 2014 (excluding land acquisition cost), representing an increase of 77 per cent. A further increase of Rs 25 million was announced in the Budget Speech 2015-16, when provision of Rs 370 million was made. The project cost is expected to increase further by the time the construction contract will be awarded;
- Although the cost of the project was estimated at some Rs 195 million in 2008, Consultancy services for the setting up of a NWM were procured after five years, in 2013, for an amount of some Rs 4.8 million.

The Ministry took another two and a half years after the French Consultant submitted his report in April 2014, to award contract for Consultancy services for the management, design and supervision of the NWM for the total sum of EUR 153,950 and Rs 11,655,000 (VAT exclusive).

Conclusion

Although land has already been earmarked and funds provided in Budgets 2013, 2015-16 and 2016-17, the project which had been contemplated since 2008, was still at the stage of Consultancy services for the management, design and supervision at 30 November 2017, almost nine years later. Further delay in the implementation of the project would definitely result in escalation of costs. The main objectives for the setting up of a NWM will not materialise in the near future.

14.4 Land Use Division

14.4.1 Computerisation of the Land Use Division (LUD)

The LUD is managing 4,589 plots of agricultural State Land of a total area of 9,524 arpents, falling under the aegis of the Ministry, including land acquired under the agreement with the Mauritius Sugar Producers Association (MSPA).

A database was set up at the Lease Section of the LUD to record information for each plot. Compilation of data has to be done manually, thus rendering it difficult and time-consuming to obtain relevant reports. Furthermore, debt management was inadequate, as an age analysis of debtors was not available for identification of slow-payers and defaulters.

Recommendation

The Ministry should consider the computerisation of the Lease Section of the LUD to improve retrieval of information and to facilitate computation of arrears of revenue. This would ensure improved service delivery and overall effectiveness of the Section.

14.4.2 Digital State Land Register

At paragraph 14.3.1 of the Audit Report for the 18-month period 1 January 2015 to 30 June 2016, I mentioned that the Digital State Land Register has not been set up at the Ministry's level, as announced in the Budget Speech 2015-16.

As of 30 September 2017, no decision was taken to set up the Digital State Land Register, which would promote greater transparency in the allocation of State Lands.

14.4.3 Illegal Construction of Buildings on State Lands Leased for Agricultural Purposes

At paragraph 14.3.2 of the Audit Report for the 18-month period 1 January 2015 to 30 June 2016, attention was drawn to the fact that 12 lessees had illegally constructed concrete buildings of an extent of 90 to 1,140 m² on land leased to them at Petit Sable, Grand Sable, Pointe aux Feuilles, Elysee and Terre Rouge.

According to the record of tenants kept at LUD, the number of illegal constructions as of 30 September 2017 was 14, of which two were for major residential and commercial buildings.

Recommendations

- A Fast Track Committee has to be set up by the Ministry to address cases of illegal construction;
- The Ministry should take strong measures to prevent illegal construction on agricultural State Lands.

14.4.4 Illegal Occupation of State Lands Reserved for Agricultural Purposes

The number of illegal occupation of agricultural State Lands has increased from 16 plots at 30 June 2016 to 31 plots at 31 August 2017, for a total extent of 200,069 m² of land.

As reported at paragraph 14.3.3 of the Audit Report for the 18-month period 1 January 2015 to 30 June 2016, one squatter has been occupying 12 plots of land of an extent of 50,650 m² at Raffray for several years. No follow-up action was seen to have been taken after site visits were effected by Officers of the Ministry in September 2013 and January 2016.

As of 31 October 2017, the Ministry has regularised nine of the 31 cases of illegal occupation of agricultural State Lands.

14.4.5 Allocation of Land without Parcel Identification Number (PIN)

As of 30 September 2017, only 298 (6 per cent) of the 4,589 plots of agricultural State Land have been assigned PINs.

Of the remaining 4,291 plots of agricultural State Land, 263 were allocated or renewed without PIN during 2016-17. This practice is not in line with the Cadastral Survey Act.

Recommendations

- The LUD should ensure that the private Land Surveyor prioritise surveys on plots of State Land which have already been committed;
- State Lands should be leased to tenants after the plots have been assigned individual PIN, in compliance with the Cadastral Survey Act.

14.4.6 Non-Compliance with Lease Agreement

(i) State Land at Nouvelle Decouverte – Abandoned Land

At paragraph 14.3.8 of the Audit Report for the 18-month period 1 January 2015 to 30 June 2016, I reported that following an appeal made by a lessee, a new lease agreement was signed on 18 August 2014 for the same extent of land (42,246 m²) at Nouvelle Decouverte and for the same purpose, for a period of 15 years ending 24 January 2030 on the condition that the leased land would be retrieved outright, without any further notice in the absence of any concrete development.

On 20 May 2016, the Ministry informed the lessee that lease of the plots of land would be cancelled and the land retrieved, as same was still abandoned. On 14 June 2016, the lessee made another appeal despite the fact that the Ministry had considered the first appeal on the condition that same would be retrieved outright without any further notice. The lessee was notified on 15 March 2017 that the appeal had not been acceded to and he was requested to vacate the said plots of land.

On 6 April 2017, a notice was served on the lessee to pay rent due for the period 25 January 2017 to 24 January 2018 on the four plots amounting to Rs 10,811 (inclusive of interest), not later than 5 May 2017. In case of failure to settle the rent claimed, appropriate action would be taken by the Ministry to retrieve all four plots of land, in conformity with the Lease Agreement.

As of 31 October 2017, some seven months after the notification, the said plots of land have still not been retrieved by the Ministry.

Recommendation

The terms and conditions of all lease agreements should be strictly enforced and in case of non-compliance, action should be initiated to retrieve the land.

(ii) State Land at Bois Marchand

State Land, of an extent of 63,417 m² (15A02P), at Bois Marchand was leased to a private Company for a period of 25 years ending 28 February 2033.

Following a joint site visit carried out by Officers of LUD and FAREI on 29 June 2016, the Ministry was informed on 15 July 2016 that the Company was not fulfilling its purpose, as mentioned in the Lease Agreement as there was no full-time nursery man, and the nursery and orchard were not being optimally used.

On 4 April 2017, the LUD informed the lessee that the Ministry had decided, as per the Lease Agreement signed on 27 March 2008, to resume possession of an extent of 12A50P from the 15A02P, as from 4 October 2017.

As of 31 October 2017, the lessee had not yet been notified of the cancellation of the existing Lease Agreement and drawing up of a new one, on the reduced extent of 2A52P.

14.4.7 Mauritius Sugar Producers Association (MSPA) Lands Scheme

At paragraph 14.3.6 of the Audit Report for the 18-month period 1 January 2015 to 30 June 2016, I reported on the agreement 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 was valid up to 31 December 2017.

As of 31 October 2017, that is, two months prior to the expiry of agreement, of the 1,252 arpents to be allocated for agricultural projects and the remaining 748 arpents for housing and other social projects, only an extent of 895 and 372 arpents of land for the respective

projects, representing 63 per cent of total extent of land, have so far been acquired. Procedures have been initiated for the acquisition of another 133 arpents and proposals were under consideration for the remaining 109 arpents. Survey reports concerning 491 arpents were being finalised.

As of 31 October 2017, there was no evidence that the acquisition of the 2,000 arpents of land as agreed between Government and MSPA would be completed by the due date of 31 December 2017.

15 - MINISTRY OF ARTS AND CULTURE

15.1 Compliance with Legislation

Grants were allocated to 29 Statutory Bodies falling under the aegis of the Ministry of Arts and Culture to meet operating expenses and costs of capital projects. The Table 15-1 shows grants disbursed by the Ministry to Statutory Bodies during the specified periods:

Table 15-1 Grants to Statutory Bodies

Financial Year	Recurrent Grant Rs	Capital Grant Rs	Total Rs
2016-17	176,298,422	45,876,830	222,175,252
2015-16	172,664,361	14,786,169	187,450,530
Six months to 30 June 2015	83,521,822	3,421,809	86,943,631
Year 2014	156,672,291	23,323,134	179,995,425
Total	589,156,896	87,407,942	676,564,838

Of the Recurrent Grants disbursed in the years 2015-16 and 2016-17, grants totalling Rs 14,320,000 and Rs 14,238,300 respectively were made to Speaking Unions.

Submission of Audit Accounts by Statutory Bodies

Among the conditions of the Grant Memorandum signed between the Ministry and the recipients of the grant, the latter shall submit to the Minister their annual report along with their audited financial statements not later than one month from the date of receipt of their audited statements. The Minister shall then lay these two documents before the National Assembly.

As of October 2017, 10 Statutory Bodies had not submitted their audited statements to the Ministry for a number of years. Significant public funds are remaining outside the framework of public accountability.

Audit of Accounts of Speaking Unions

The Acts governing 10 of the 11 Speaking Unions were amended in October 2015, specifically designating the Director of Audit as the auditor for the accounts of these Speaking Unions. It was agreed that the engagement of the Director of Audit should be for the financial statements with accounting periods starting on or after 1 January 2016.

However, Grant Memoranda signed with three Speaking Unions for the financial years 2016-17 and 2017-18 allowed them to retain their former auditor for the audit of their accounts. Also, for one Speaking Union, the Grant Memorandum did not specify the name of the auditor for the two financial years.

Mauritian Cultural Centre Trust

The Board of the above Trust was dissolved in 2015 and had not been reconstituted since. Funds of some Rs 600,000 were however appropriated annually in favour of the Trust under the budget of the Ministry. The funds were used by the Ministry to meet expenditure in relation to two permanent employees of the dormant Trust. This may not be legally in order as per advice given by the Attorney General's Office for a similar case in 2008.

Centre De Lecture Publique et D'animation Culturelle (CELPAC)

The Centre was established under the CELPAC Act 2009 and is managed by a Committee appointed by the Minister responsible for Arts and Culture. The costs of CELPAC staff are borne by the Ministry while other operating expenses are met from the Centre's recurrent grant appropriated under the Ministry's budget.

Expenses charged to item "Grants – CELPAC" amounted to Rs 2,812,715 and Rs 2,921,873 for the financial years 2015-16 and 2016-17 respectively.

The CELPAC Act provides that for each financial year, the Committee shall submit to the Minister an annual report together with an audited statement of accounts on the Centre's operation.

Separate financial statements and annual reports for the Centre have never been prepared.

Ministry's Reply

- The Ministry has pressed upon the concerned Statutory Bodies for early submission of their audited accounts. Also, the Ministry has advised those encountering difficulties to prepare their financial statements to hire the services of Accountants;
- The relevant Speaking Unions have been requested to comply with provision of their Act and to have their accounts audited by the Director of Audit;
- The Ministry is having consultations for the setting up of a new Mauritian Cultural Centre Trust Board;
- CELPAC has initiated action to comply with the CELPAC's Act and follow up is being ensured.

16 - MINISTRY OF GENDER EQUALITY, CHILD DEVELOPMENT AND FAMILY WELFARE

16.1 Residential Care Institutions and Shelters

At paragraph 16.2.2 of the Audit Report for the 18-month period 1 January 2015 to 30 June 2016, I reported that the Ministry ensured the placement of children in distress in 20 Residential Care Institutions or Shelters that were still operational as at 30 June 2016. Six of the Shelters were Government Owned while the other 14 were run by Non Governmental Organisations (NGOs).

Four of the Government Owned Shelters were operated under fixed annual sum Management Services Contract, renewable on a month to month basis with a private Service Provider. Two other Shelters were run by the National Children Council (NCC) and were financed by way of Fixed Annual Grants. 13 of the 14 shelters run by NGOs were financed by Capitation Grants of Rs 378.27 per child per day, while one shelter was financed by way of Fixed Annual Grant.

During 2016-17, the Ministry disbursed some Rs 82.5 million for the running of Shelters for children and women in distress. In August 2017, one of the Government Owned Shelters under Management Services Contract, namely La Dauphinelle, was closed.

Compliance with terms and conditions of Contract/Memorandum of Understanding was reviewed as of November 2017. The following were observed during site visits at two Shelters under Management Services Contract and those run by the NCC.

16.1.1 Shelters run under Management Services Contract

Shelter L'Oiseau du Paradis for Boys at Cap Malheureux - Number of Residents

As per the Contract, which was being renewed on a month to month basis, the shelter was to accommodate a maximum of 30 residents and the annual contract amount of Rs 5,430,500 was payable to the Service Provider in 12 equal instalments of Rs 452,542.

The number of Residents has been decreasing steadily over the past 12 months from 27 in November 2016 to 20 in March 2017, to 19 in June 2017 and to 8 in November 2017. The monthly amount of Rs 452,542 was, however, paid in full until the month of June 2017.

La Marguerite Shelter for Girls at Belle Rose -Compliance with Terms and Conditions of Contract with the Service Provider

With reference to paragraph 16.2.3 of the Audit Report for the period 1 January 2015 to 30 June 2016, the following shortcomings were still noted during a site visit on 16 November 2017:

- Monthly reports on Residents, giving details, amongst others, of their health conditions, and behaviour were not submitted by the Shelter for 2016-17;
- The 'Commodities Book' was not updated for the past two months;

- Only five staff members out of 12, including management, held a Certificate of Character;
- No specialised training programme was developed for the staff of the Institution, particularly for the Caregivers who were directly involved with the children in distress;
- As per the Roster for the month of November 2017, only three to four Child Caregivers were to be on duty during the day and two to three during the night, against five and six respectively as per the MOU. During the site visit, only two Child Caregivers were on duty to cater for the 25 residents;
- The MOU provided that there were to be at least two Cooks and at least two Cleaners and one Handyman. There was, however, only one Cook and no Cleaners/Handymen on the establishment of the institution. During the site visit, the Cook was on leave and a Child Caregiver was preparing the food for the day.

Ministry's Reply

- (i) The contract with the Service Provider for Shelter L'Oiseau du Paradis has been terminated on 31 December 2017 and the minors have been transferred to other shelters;
- (ii) Procedures for each staff to have a Certificate of Character have already been initiated and close follow up is being carried out by the Ministry;
- (iii) Directors of RCIs/Shelters have been informed to arrange for training programme for their staff;
- (iv) The Shelter Managers have been requested to abide with provisions of the MOU.

16.1.2 Shelters run by the National Children Council (NCC)

The NCC, a Statutory Body operating under the aegis of the Ministry, runs two Government Shelters, namely La Colombe at Pointe aux Sables and L'Oasis for Girls at Grand River North West. Funds disbursed by the Ministry to the NCC for the running of these two shelters amounted to some Rs 8 million in 2016-17.

The observations made at paragraph 16.2.4 of the Audit Report for the 18-month period 1 January 2015 to 30 June 2016 were reviewed and the following were noted:

➤ Memorandum of Understanding for Shelter L'Oasis

The shelter is in operation since May 2016. A MOU for the management of the shelter has yet to be signed by the Ministry and the NCC.

➤ Books and Records of the Shelters

A few books and records as required under the MOU were not produced to my Officers. The Commodities Books of the two Shelters were not properly maintained.

A comprehensive record of all assets given by Ministries and Government Departments, purchased by the Council or obtained through sponsorship was not available at the Shelters.

Also, the 'Sponsors/Donation' Book of La Colombe Shelter was not complete. Valuable items of equipment received as donations, and kept in the Stores, were not taken on charge.

➤ *Residents at the Shelter La Colombe*

As of mid November 2017, 62 residents comprising 11 babies, 27 teenage girls/mothers and 24 teenage boys were accommodated at the Shelter. These three categories of residents were housed in the same building.

➤ *Staffing of the Shelters*

The number of Caregivers available to cater for a 24 hour service at the two Shelters was insufficient and was much less than the prescribed ratio.

The roster of La Colombe Shelter for the period 1 to 26 November 2017 showed that on average, only two Caregivers were to be on duty at any given time in the Boys, Girls and Baby Section of the Shelter. On 16 November 2017, the number of Care Givers in attendance at the La Colombe Shelter was seven, when 12 Caregivers were supposed to be on duty as per the prescribed ratio.

At Shelter L'Oasis, there were only two Caregivers to cater for 26 residents, including two infants.

16.1.3 L'Oasis Shelter as a 'Place of Safety'

L'Oasis Shelter was declared as a place of safety as per criteria set by the Ministry under the Child Protection Act. During the site visit carried out at the shelter on 16 November 2017, the following non compliance with 'Place of Safety' criteria were noted:

➤ *Cleanliness, Safety and Sanitation*

There were water leakages near the washbasin, rendering the floor slippery. The bins in the yard were insufficient in number, such that there was spillage of garbage. The rooms were messy, with clothes hanging all around. Also, the cook did not possess a Food Handling Certificate.

➤ *Expertise of Caregivers*

Caregivers were not provided adequate training. The last training programme, which was run in January 2016, was attended by only three Caregivers. The fact that the Caregivers did not possess the required expertise in childcare had led to numerous complaints of their displaying hostile behaviour and using foul language.

➤ *Activities Proposed for the Children*

No indoor activities were proposed during the site visit. The residents were left idle and were watching television. An Extra Curricular / Developmental Activities Book was not maintained.

➤ *Management of Shelter*

- There were 19 beds and two cradles for the 26 residents. Three of the beds were broken whilst being moved out in the sun, due to the presence of bedbugs. The three occupants have been sleeping on the mattress on the floor since the beginning of November 2017;
- The menu was prepared by the Acting Officer in Charge, rather than under the guidance of a Nutritionist / the Home Economics Section of the Ministry;
- The 'Commodities Book' kept for the recording of stock of food and consumables was not properly maintained. The last entry therein was made on 8 November 2017.

Ministry's Reply

- (i) A Technical Committee set up at the level of the Ministry has recommended that separate structures are to be set up to cater for the different needs of the children in accordance with their age, gender and impairments;
- (ii) Due to the limited number of shelters for children, different categories of children are being housed in the same building at La Colombe Shelter;
- (iii) The two Shelters have a shortage of Caregivers and the ratios of Caregivers to children are not being satisfied. The National Children Council (NCC) is in the process of recruiting the necessary staff;
- (iv) The Shelter Manager of La Colombe has been requested to comply with the provisions of the MOU and to have all books and records updated. Also, instruction has been issued for the Donation Book to be up to date;

As for Shelter L'Oasis, follow up is being ensured with Management of the Shelter to meet the predefined criteria;

- (v) Other indoor games and activities are also proposed to the children. Sports and other activities are being planned for year 2018;
- (vi) Training sessions were carried out in September 2017 and NCC has earmarked funds for training of caregivers at the Mauritius Institute of Education in 2018;
- (vii) NCC will seek the services of a qualified nutritionist for the preparation of the menu sheet.

16.2 The Special Collaborative Programme for support to Women and Children in Distress

The Special Collaborative Programme (SCP) aims at providing financial support to Non-Governmental Organizations (NGOs), Community Based Organisations (CBOs), Non-State Actors including Local Authorities, Rodrigues Regional Assembly and Statutory Bodies working for the social empowerment of women and children in distress. The grant ceiling was set at Rs 2 million and each project was to be implemented within a maximum period of two years.

As of June 2017, some Rs 159 million had been disbursed by the Ministry in respect of 177 projects approved since July 2009.

16.2.1 Review of the Special Collaborative Programme

The services of a Consultancy Firm were retained in October 2015 for Rs 810,000, to conduct an evaluation of the above programme in terms of, amongst others, the efficiency of implementation mechanism of the SCP and the effectiveness of the Programme through an assessment and analysis of projects implemented and their impact on beneficiaries.

The Consultant selected a sample of 63 completed projects and three ongoing projects, covering period 2009 to 2014, of which 55 were being implemented in Mauritius and 11 in Rodrigues. In the Final Report submitted by the Consultant and approved by the Ministry in October 2016, the Consultant identified serious flaws and weaknesses at all levels in the Programme implementation and management. These included:

Segregation of Duties

- The duties of the Project Coordinator in Mauritius were not well defined. He was involved in project write-ups and preliminary assessment of projects for approval, recommending projects for approval and funds for disbursements, and project monitoring;
- According to NGOs, the Project Coordinator in Rodrigues was charging amounts ranging from Rs 10,000 to Rs 60,000 for assistance in project write ups.

Projects Impact

- Projects did not necessarily address the needs of beneficiaries. A number of projects, particularly in Rodrigues, were written by a third party, with the applicants (NGOs/Associations) having minimal knowledge about the content thereof. Some projects were considered as 'dubious' by the Consultant;
- Some 45 per cent of assessed completed projects in Mauritius were found to be unsustainable in delivering adequate or positive impact to the intended population over time;
- For some projects, beneficiaries comprised members of the NGOs, while the target group of the SCP was women and children in distress.

Projects Selection

‘Calls for Proposals’ contained no deadline for submission, such that applications were received throughout the whole year, rendering administrative work in terms of preliminary assessment of proposals for eligibility and/or project write-ups advice cumbersome.

The time frame for follow-up on missing documents during screening of applications or in responding to queries ranged from one to three years for certain projects; and was found to be lengthy.

According to the Consultant, project approval appeared to have been based on project title, activities and proposed budget. The Consultant was of view that no prior assessment of technical requirements, capability and competence of NGOs seemed to have been done. More than 50 and 70 percent of NGOs in Mauritius and Rodrigues respectively had no prior knowledge and any basic competence on projects they have embarked upon.

Projects Implementation

Disbursements were effected based on the beneficiaries’ cost analysis. Costs of items procured were not justified in terms of value for money.

Projects Monitoring

Members of Technical and Steering Committees, as well as Assessors conducting site visits were not always knowledgeable about specific projects being assessed (for example projects involving purchase of items for construction).

Project monitoring was not done systematically. Site visits were not always done prior to disbursements. Project progress was only assessed, based on documents received from fund recipients. Moreover, Monitoring Reports by SCP Assessors were not always specific and explicit.

There was no evidence of any verification done by the SCP Unit of stated contribution/ contribution in kind from the NGO or other donors into the project.

Project Completion Review

- Completion reports were sought from the fund recipients only. No internal evaluation report was produced by the SCP Unit on the overall status or implementation of each project. There were no guidelines in place to determine when a project should be considered as a failure;
- Though projects might be successful activity wise, no proper follow up has been done by fund recipients to assess the outcome/impact of same on beneficiaries. Post completion follow-up of projects to ensure sustainability of same was not carried out at all by the SCP Unit;
- Around 12 per cent of NGOs had unused money from disbursements which were not returned to SCP and/or reused for further approved reallocations

Other Issues

The proper safeguarding of expensive specialised tools and equipment purchased against theft or otherwise has not been given due consideration. There were cases of loss of documents submitted by applicants.

Overall, lack of pragmatic and performance-based prerequisite activities prior to approving projects and lack of stringent monitoring of same have given way to possible misuse and wastage of funds.

Based on the loopholes identified in the operative framework of the SCP Unit, the Consultant has strongly recommended halting the processing of applications and the disbursement of funds until the whole process and mechanism are reviewed.

The Ministry of Finance and Economic Development (MOFED) has informed the Ministry in May 2017 that no new applications should be entertained as from 2017-18 and that funds will be allocated only to already approved ongoing projects.

Ministry's Reply

- (i) The Consultant submitted his report in August 2016. The recommendations of the Consultant were being implemented by the Ministry. However, on 31 May 2017, the MOFED informed of the phasing out of the Programme by 2018. No new project has been entertained since 1 July 2017;
- (ii) The Programme Coordinator in Mauritius performed tasks and duties as specified in his contract and as assigned by the Technical and Steering Committee. As for the project Coordinator in Rodrigues, he was paid based on mutual arrangements with NGOs. The Ministry does not have control on such practices;
- (iii) Only NGOs in Rodrigues, due to absence of capacity, have assigned project write ups to a third party. Also, most of beneficiaries in Rodrigues comprised members of NGO from poor, distressed and vulnerable backgrounds, which are specificities of Rodrigues;
- (iv) Assessment of NGOs was done through past track records, financial reports of the NGOs preceding years and pre-evaluation reports;
- (v) Due to shortage of staff to manage 75 ongoing projects in one financial year, verifications were done during site visits;
- (vi) Legal and administrative procedures have been initiated to recover the amount due. 80 per cent thereof have already been recovered.

17 - MINISTRY OF FINANCIAL SERVICES, GOOD GOVERNANCE AND INSTITUTIONAL REFORMS

17.1 Heritage City Project

At paragraph 17.1 of the Audit Report for the 18-month period 1 January 2015 to 30 June 2016, I reported, among others, that:

- Some Rs 55 million were disbursed to the Heritage City Company (Company), set up to implement the Heritage City Project, which was put on hold on 5 August 2016 and abandoned in October 2016. The Ministry had replied that action was being taken for the winding up of the Company;
- Of the Rs 55 million, some Rs 47.2 million were spent, leaving a balance of Rs 7.8 million as at August 2016.

Observations

- As at December 2017, that is more than 12 months after the Project was abandoned, procedures for the winding up of the Company had still not started;
- No decision had yet been taken in respect of the outstanding claims totalling Rs 2,120,872 received in March 2017 from two Service Providers;
- Any transactions, which had entailed further disbursement from the above mentioned balance of Rs 7.8 million, were not known at the level of the Ministry. However, as per a Bank Statement for the Overdraft Current Account of the Company, there was a balance of Rs 7,691,828 as at 31 January 2017.

Ministry's Reply

The services of a Company Secretary have already been hired for the winding up of the Company and settlement of outstanding claims.

17.2 Grants

For the financial year 2016-17, the Ministry had disbursed some Rs 172.6 million as grants to Institutions as per Table 17-1.

Table 17-1 Amount Disbursed as Grants

Institution	Recurrent Rs	Capital Rs	Total Rs
Competition Commission	39,858,000	2,000,000	41,858,000
Financial Reporting Council	24,149,000	226,000	24,375,000
National Productivity & Competitiveness Council	35,505,000	296,000	35,801,000
National Committee on Corporate Governance	792,000	-	792,000
Integrity Reporting Services Agency	19,797,000	-	19,797,000
Financial Services Promotion Agency	50,000,000	-	50,000,000
Total			172,623,000

Source: TAS Accounts

17.2.1 Grant Memorandum

Grant Memorandum, which lists all the conditions applicable for the release of the grant as well as the amounts approved as per the Budget Estimates, must first be approved by the Ministry.

Observations

- Grant Memorandum for period January to June 2017, during which the Ministry had disbursed a total amount of Rs 18.06 million as grant to National Productivity & Competitiveness Council, was not available;
- The Ministry had released grants to the above Institutions although their applications for grants were not in compliance with the conditions of the Grant Memorandum. The applications were in general not supported by Cash Flow Statements for the last 12 months, and Progress Reports on delivery of output/services.

17.2.2 Release of Grants

The Institutions were receiving grants although they were not complying with certain Sections of their respective Acts.

Estimates of Income and Expenditure

Their respective Act provides that the Institution ‘shall, not later than 3 months before the end of each financial year, make and submit to the Minister for approval, Estimates of income and expenditure of the Institution for the ensuing year’. None of these Institutions had submitted such Estimates.

Submission of Accounts

As of December 2017, the National Committee on Corporate Governance had not yet submitted its Financial Statements for the years 2014 and 2015, and for the 18-month period 1 January 2016 to 30 June 2017 to the Director of Audit, for audit.

Ministry's Reply

- It will be ensured that henceforth proper monitoring is carried out regarding conditions of Grant Memorandum;
- The National Committee on Corporate Governance, previously under the Ministry of Finance and Economic Development, is under the aegis of this Ministry as from September 2015. The Financial Statements for the years 2014 and 2015, and for the 18-month period 1 January 2016 to 30 June 2017 will be submitted shortly.

18 - MINISTRY OF SOCIAL SECURITY, NATIONAL SOLIDARITY AND REFORM INSTITUTIONS

18.1 Overpayment of pensions – Rs 92 million

Overpayments of pensions, which stood at some Rs 88.6 million as at 30 June 2016, were some Rs 91.9 million as at 30 June 2017. During 2016-17, new cases of overpayments were to the order of some Rs 41.1 million. Out of that amount, Rs 17.6 million and Rs 16.4 million related to cases of Departures of beneficiaries overseas and to Deaths respectively. Overpayments in respect of these cases were as follows:

Details	Opening balance as at 01 July 2016 (Rs)	New cases (Rs)	Total (Rs)	Refund during the year (Rs)	Percentage recovered
Death	15,244,348	16,396,036	31,640,384	13,080,950	41
Departure	38,085,445	17,584,177	55,669,622	13,757,774	25

Overpayment in above two cases continued to be on the increase each year due to recovery being only 41 per cent in respect of Death cases and 25 per cent regarding Departure cases.

It was reported at paragraph 19.2 of the Audit Report for the 18-month period 1 January 2015 to 30 June 2016 that amendments were brought to the Acts of two Public Bodies for the sharing of information in May 2015, and that, the information was not yet made available to the Ministry despite the amendments to legislations.

Travel data supplied by the Passport and Immigration Office (PIO) regarding Departure cases had to be sorted out and matched manually by the Ministry. In the absence of electronic matching of data of both PIO and of the Ministry, the tracking of beneficiaries' movements overseas, avoiding and recoupment of overpayments had proved to be administratively difficult for the Ministry.

According to Ministry's records, it was understood that the PIO was to have a new server operational by March 2017 for the purpose of electronic matching of data.

As of November 2017, the outcome was still unknown. Matching of data therefore continued to be done manually. Control over overpayments relating to departure would therefore continue to be difficult.

19 – MINISTRY OF OCEAN ECONOMY, MARINE RESOURCES, FISHERIES, SHIPPING AND OUTER ISLANDS

19.1 Mauritius Shipping Corporation Ltd

The MSCL is a state-owned company, incorporated in 1986. Its value, as a national carrier, has been more of a strategic nature as it provides security of sea transport and ensures shipping connections with Rodrigues and the Outer Islands.

After the sale of the MV Mauritius Pride in September 2014, the MSCL has been operating two vessels, namely the MV Mauritius Trochetia and chartered vessel MV ANNA. Therefore, two vessels have to be always available to avoid disruption in services.

19.1.1 Loans to MSCL - Rs 107.2 million

Loans totalling Rs 107.2 million were disbursed to the MSCL from 2010 to 2013 by Government. Out of this amount, Rs 37 million were granted on 6 October 2010, on the understanding that the Ministry of Finance and Economic Development (MOFED) would convert same into equity. The remaining loan of Rs 70.2 million was to meet the cost of dry-docking of the MV Mauritius Pride. According to the Consultant report submitted in October 2013, the cost was considered to be on the high side as the vessel had already exceeded its economic life.

Repayment of Loan

The initial repayments of the loans of Rs 37 million, Rs 45 million and Rs 25.2 million were scheduled to start in November 2011, June 2015 and June 2016 respectively.

On 23 May 2014, MOFED decided that the total loan of Rs 107.2 million would be re-scheduled as part of the restructuring plan. Hence, repayments of the loan would be deferred as from 2017 on same terms and conditions which comprised repayment with interest of five per cent per annum and any penalty fee at the rate of two per cent per annum. However, no mention was made of the loan of Rs 37 million which was to be converted into equity.

As of 31 August 2017, the repayment terms had not been re-scheduled and no repayment had yet been made by MSCL. According to the MSCL financial statements for the year ended 30 June 2016, an amount of Rs 107.2 million was accounted as borrowings.

Cost of dry-docking

In 2012, after the MV Mauritius Pride returned from dry-docking, crane breakdowns and other defects were noted. Several discrepancies were also observed on the invoice issued by the shipyard company. It was then decided to refer the matter to relevant instances for further investigations. As of May 2014, out of the remaining loan of Rs 70.2 million, only an amount of Rs 46 million was paid to the shipyard company.

However, as of 31 August 2017, more than three years later, the status of the investigation was not known to the Ministry.

Recommendations

- The terms and conditions of financial assistance provided should be clearly defined and agreed by both parties, that is, the Government and the beneficiary at the outset in the loan agreement or the Memorandum of Understanding;
- A proper mechanism should be set up for the monitoring of repayment of loans and compliance with conditions of the loan agreements should be ensured.

Ministry's Reply

- With regard to the loan of Rs 37 million, the issue of conversion to equity was still pending at the level of the Ministry of Finance and Economic Development;
- There has not been any legal claim from the shipyard company for the remaining balance under litigation. The latter did not have all supporting documents and did not follow the procedures as per agreement. Hence, it could not substantiate their remaining claims.

19.2 Procurement of a Vessel

On 16 May 2014, Government agreed to the procurement of a second-hand cargo vessel, as the MV Mauritius Pride had ceased to be in operation since February 2014. The MV Mauritius Pride was sold in September 2014 for US \$ 1.08 million since she had already reached its useful economic life and was becoming costly to operate and maintain, in compliance with international regulations.

The estimated cost of the cargo vessel was to be in the range of US \$ 4 to 5 million depending on the age, the condition of the vessel and the prevailing market forces. On 23 May 2014, the Ministry of Finance and Economic Development (MOFED) agreed to provide a loan of Rs 112 million to Mauritius Shipping Corporation Ltd (MSCL) for the acquisition of a second-hand container vessel.

19.2.1 Chartering of a vessel in lieu of Acquisition

On 4 July 2014, a Consultant was appointed, for a fee of US \$ 8,000 to assist MSCL during the whole process of acquisition of a second-hand container or multipurpose vessel including the appointment of Shipbrokers.

On 21 November 2014, three Shipbrokers were appointed following the launching of Expression of Interest (EOI). As the Mauritius Trochetia, the only Government cargo vessel, was scheduled for its dry-docking in mid-January 2015, a back-up vessel was urgently needed.

According to both the Consultant and one of the Shipbrokers, an appropriate vessel with the specifications required by the MSCL was rare on the market. As of end of November 2014, the procurement procedure for the acquisition of the vessel had not been completed. The Shipbroker, was therefore instructed to proceed with the chartering of a vessel.

19.2.2 Short-term Charter of Vessel - Rs 40 million

Seven vessels were proposed for chartering, of which two proposals were found to be technically and financially responsive. The first one was MV Apolo, built in 2003 with deadline for replying to the proposal set on 13 February 2015. The second one was the MV ANNA built in 1998 which was five years older than the first one. Both vessels offered approximately the same charter rate.

However, the advice of the Consultant for a prompt reply to secure chartering of the MV Apolo was not followed. Consequently, the vessel was chartered from another company due to failure on the part of the MSCL in replying before the deadline.

On 28 February 2015, Government approved the chartering of vessel MV ANNA for an initial period of six months and agreed to finance the cost of the charter amounting to Rs 40 million in the form of a grant. The vessel was delivered on 3 May 2015 with expiry of the charter date scheduled on 2 November 2015.

19.2.3 Long-Term Charter of Vessel - Rs 120 million

The procurement procedure for a container vessel had already been initiated at the Central Procurement Board (CPB) since 24 April 2015. As of November 2015, the procurement process had not been finalised. Therefore, the chartering of the MV ANNA was extended up to 19 February 2016 as a back-up vessel was urgently needed.

At the beginning of December 2015, the MSCL decided to acquire the MV ANNA through emergency procurement. As MV ANNA was nearly 20 years old, the Consultant advised MSCL not to proceed with the acquisition. Consequently, the MSCL opted for a long-term charter of the same vessel to avoid impending risks of considerable maintenance and repair related expenses.

The MOFED acceded to the request of MSCL for the renewal of the chartering of the MV ANNA until the acquisition of a new vessel. An annual estimated amount of Rs 75 million was therefore provided in the budget 2016-17 and 2018-19.

The decision taken by MOFED not to entertain any further injection of money as it had already provided Rs 40 million for short-term chartering could therefore not be sustained due to delays in the procurement of a cargo vessel.

19.2.4 Chartering Costs

As of 30 June 2017, the total chartering costs amounted to Rs 162.62 million as shown in Table.19-1:

Table 19-1 Payments effected for chartering of vessels

Details	Period	Chartering Costs (Rs)
Short Term Charter of Vessels	January to June 2015	15,000,000
Short and Long Term Charter of Vessels	July 2015 to June 2016	72,620,000
Long Term Charter of Vessels	July 2016 to June 2017	75,000,000
Total		162,620,000

19.2.5 Delays in the procurement of a second-hand cargo vessel

Tenders for the procurement of a second-hand cargo vessel were launched on 24 July 2015. On 22 September 2015, after technical evaluation, the Bid Evaluation Committee (BEC) of the CPB recommended the MSCL to carry out physical inspections of the two selected vessels, namely the MV Madeleine and the MV Sara Nicolas. The findings were to be submitted to the BEC in order to proceed further with the evaluation exercise.

The physical inspections of the MV Madeleine and the MV Sara Nicolas were carried out and completed on 5 and 29 October 2015 respectively. However, the respective reports were not submitted to the CPB by the agreed expected date of 20 October and 13 November 2015, thus delaying the completion of the evaluation process.

The financial evaluation of the MV Madeleine was to be carried out by the BEC on 27 October 2015, but documents relating to the physical inspection of the MV Madeleine were missing. On 4 November 2015, the MSCL was informed accordingly, and on the next day, the broker informed MSCL that the ship had already been sold.

On 16 November 2015, nearly a month later, the MSCL sent Condition of Survey Report of the MV Sara Nicolas to the CPB. In the meantime, the charter period of the MV ANNA had already been renewed.

19.2.6 Construction of a new Vessel

As the back-up vessel was becoming urgent, in February 2016, the MSCL submitted a project proposal for the acquisition of a new cargo/multipurpose vessel to its Parent Ministry and Ministry of Finance and Economic Development.

The construction of a new vessel was expected to start as from June 2016 with expected completion date scheduled for end of June 2018. The cost of the construction of the new vessel was estimated at Rs 500 million.

On 3 May 2016, the MSCL made a request to the Procurement Policy Office for the preparation of a well-defined procurement guideline for the new vessel. On 19 June 2016,

an invitation for expression of interest was forwarded to all Embassies and Consulates based in Mauritius for wide circulation.

19.2.7 Cost/Benefit Analysis

In July 2016, a cost-benefit analysis in respect of options pertaining to acquisition versus chartering of vessel was done. Details are shown Table 19-2

Table 19-2 Cost/Benefit Analysis

Cost / Rate per day	US \$
Actual Charter rate per day	6,500
Fixed Operating Costs per day for new vessel	4,642
Savings per day on purchase	1,858

According to the analysis, the purchase option was better than the chartering option as a saving of approximately US \$ 1,858 per day would be made. On 7 February 2017, nearly seven months later, the proposal was submitted to the Parent Ministry for approval.

Conclusion

As of 30 September 2017, more than three years after the disposal of the Mauritius Pride, the MSCL has not yet acquired a second hand/new vessel. Delays at different stages of procurement led to increased cost of chartering vessel MV ANNA.

Government was prepared in June 2014 to finance the acquisition of the Second hand vessel through a loan of Rs 112 million to the MSCL. However, as of September 2017, the cost of a new vessel would amount to more than four times the initial estimated cost.

More than 17 months later, the procurement process for the construction of the new vessel has not yet started. Therefore, the chartering of a vessel would again be required. The savings, as outlined in the cost-benefit analysis, have not been duly considered.

Besides, MV ANNA had reached the end of its useful economic life, and hence, Government would have to bear all the risks and consequences of chartering such a vessel.

The provision of Rs 500 million for the acquisition of the new vessel was not made in the Public Sector Investment Program. Besides, no funds were earmarked in the budget 2016-17 and 2017-18 for the acquisition. As such, the method of financing the acquisition of the new vessel has not yet been determined.

Recommendations

Projects should be closely and properly monitored in order to avoid unnecessary delays and excessive increase in costs. Procurement of the vessel, being considered as a major procurement, should be carried out with diligence.

It should be ensured that proper coordination and communication exist among the MSCL, the Ministry and other stakeholders to manage the project in an effective and efficient manner.

Ministry's Reply

- The sale and purchase market of second hand vessels are highly volatile. Hence, while the procurement process was still in progress, the ship had already been sold whilst the physical technical inspection of the second ship revealed non conformity;
- The MSCL is in favour to procure a new Multipurpose/Container. The technical specifications for this vessel have been finalised and tenders will be floated after appropriate approval.

19.3 Aquaculture Projects -Fish Farming Zones

For Large Scale production, application for aquaculture project is normally made to the Board of Investment (BOI) whereby a copy is sent to the Ministry. The BOI, through its Technical Committee, recommends the selected project to the Ministry. After obtaining necessary approval from the Ministry, an EIA Licence should be obtained from the Ministry of Social Security, National Solidarity, and Environment and Sustainable Development (MSS). The Promoter has to apply for a concession and an annual fee of Rs 100,000 is to be paid to the Ministry of Housing and Lands. A Concession Deed is issued by the Prime Minister's Office (PMO).

In May 2015, 31 Fish Farming Zones were proclaimed as per the Fisheries and Marine Resources (Amendment of Schedule) Regulations, out of which 20 Zones were for Large Scale production, 10 for Small Scale production and one for the culture of oysters. The Fish Farming Zones for Small Scale production were allocated to fishermen after launching an Expression of Interest while the Zones for Large Scale Fish Farming were allocated to Promoters without doing so.

19.3.1 Allocation of Zones

As of 30 June 2017, of the 20 Large Scale Fish Farming Zones, 17 were allocated to Promoters and the remaining three had not yet been allocated. Eight Zones were allocated to the same Promoter A, of which five were already occupied and in operation prior to their proclamation. Besides, project proposals were already submitted to the BOI in 2013 and 2014 in respect of seven Zones.

19.3.2 Costs of Projects

The total costs of the projects for the 12 Zones allocated after proclamation were estimated at Rs 3,960 million. The letter of authorisation was given for these Zones in 2016 and early 2017, but as of end of August 2017, the projects have not yet started. They were either awaiting for EIA License or Deed of Concession.

Promoter B of one major project with estimated cost of Rs 3 billion, had applied for the occupation of two Zones at Le Morne and two Zones at Bambous. The Ministry had approved the proposals. A Memorandum of Understanding was signed by the Ministry and Promoter B in April 2016. Application for EIA was submitted to the MSS in May 2017.

19.3.3 Status of Project

Two years after the proclamation of the Fish Farming Zones for Large Scale production, 12 of the 20 Zones had not yet started operations and three of them had not yet been allocated.

In July 2017, Promoter B had decided not to go ahead with the Zones at Le Morne because of the tourism-related activity in the region. Therefore, nearly two years after their proclamation, it was found that the Le Morne Zones were not suitable for Fish Farming and they were also linked to the Le Morne Cultural Landscape World Heritage Site.

The Ministry granted authorisation for the use of the Fish Farming Zones based on the recommendation of the Technical Committee set up by the BOI. However, the Technical Committee did not include a representative of the Ministry of Tourism, who should be considered as an important stakeholder in respect of this project.

Recommendations

- An Expression of Interest should have been launched for the Large Scale aquaculture projects. This would have attracted a larger number of potential promoters, both foreign and local;
- Before the proclamation of Zones for Fish Farming, the Ministry should have obtained the views of relevant stakeholders to ensure that the identified Zones were suitable for implementation of the Fish Farming projects. The Ministry should ensure that a proper mechanism is in place to assess the viability of projects before authorisation for the use of public resources.

Ministry's Reply

- An Expression of Interest was launched by the BOI in 2013 and no response was received. It must be pointed out that such projects require huge investments with high technological means;
- Three of the eight Zones allocated to the same promoter were awaiting the EIA Certificates to become operational;

- The BOI would be informed to have a representative of the Ministry of Tourism in the Technical Committee;
- The views of relevant stakeholders were obtained when the application for an EIA Certificate was dealt with. It would not be practical to seek views of stakeholders before proclamation of Zones, as details of the project were not available at that time.

19.4 Vested Barachois

In line with Government vision to promote fisheries and aquaculture development with a view to creating new jobs and boosting economic growth, the Ministry of Housing and Lands had vested six barachois in the Ministry of Ocean Economy, Marine Resources, Fisheries and Shipping (MOEMR) for aquaculture projects in 2013, 2015 and 2016 respectively.

On allocation of the barachois, the MOEMR issued a letter of intent to the Promoters provided that *“the barachois shall remain the property of the Ministry and conditions may be amended and new one may be added at any time should the need arise”*. The Promoters were, therefore, authorised to use the barachois for aquaculture projects jointly with the Ministry for a certain period of time on a pilot basis, as no lease agreement/deed of concession was drawn and no fee was charged for the use of the barachois.

In line with the Investment Promotion Act, project with initial investment of US \$ 100,000 may be registered with the Board of Investment (BOI) for support services, assistance, processing of the project proposal and assessment of its viability. Subsequently, through its Technical Committee, the BOI would make recommendations for authorisation of the project.

19.4.1 Allocation of the Barachois

As of 31 August 2017, the six barachois had been allocated to Promoters and the total estimated costs of the projects amounted to Rs 128 million. Four of the six barachois had already started operations.

The ‘Petit Barachois’ at Poudre d’Or covering an area of 9.3 hectares was allocated to Company X on 9 January 2014. The Company was authorised to undertake culture of oyster for an initial period of three years, which was subsequently renewed for another period of three years up to 2020.

The ‘Grand Barachois’ at Poudre d’Or, covering an extent of 52 hectares was allocated to Company Y in September 2015 for the sea cucumber project on a five-year pilot basis.

However, the allocation of all the barachois was done without launching an Expression of Interest for the aquaculture project.

Vesting of the 'Grand Barachois'

On 22 June 2015, Company Y submitted its proposal to the Ministry for a Mud Crab, Sea Cucumber and Oysters Aquaculture Project at Poudre d'Or Barachois to the total extent of 61.3 hectares for the two barachois.

Some three months later, on 17 September 2015, the Ministry issued the letter of intent and authorised Company Y to undertake its project at the 'Grand Barachois' only to the extent of 52 hectares for an initial period of five years on a pilot basis and renewable on mutual consent.

Initially, the estimated cost of the project was Rs 100 million for an integrated polyculture project as a whole. The investment cost at the start-up phase was estimated at Rs 30 million.

However, the promoter had submitted its project proposal directly to the MOEMRFS for approval instead of the BOI in line with the Investment Promotion Act.

19.4.2 Facilities at Albion Fisheries and Research Centre (AFRC)

On 29 December 2015, Company Y made a request to the Ministry to have access to some facilities at the AFRC for research and development activities on sea cucumber breeding and hatchery seed production. The facilities requested would be for a period of one year, renewable up to three years. On 26 February 2016, the Ministry agreed to the request but a Memorandum of Understanding (MOU) should be signed by both parties, prior to implementation of the project.

There was no evidence that an MOU was entered into between Company Y and the Ministry for the use of AFRC facilities.

19.4.3 Revised Project Cost

On 11 August 2016, Company Y informed the Ministry that, based on the amended feasibility study report issued by its Consultant on 1 August 2016, the cost of the project was revised to Rs 19.98 million due to the allocation of one Barachois and the culture of sea cucumber only. Hence, Company Y was qualified to apply for SME Development Scheme Certificate and eligible for financial assistance as the revised project cost was within the limit of Rs 20 million.

Therefore, the project cost was substantially reduced by some 80 per cent with a reduction in the area allocated by some 15 per cent and the culture of one component only.

However, as of 22 September 2017, the Company had not obtained the SME Development Scheme Certificate on the ground that Small and Medium Enterprises Development Authority (SMEDA) considered that the value of the project significantly exceeded the limit of Rs 20 million for a company to be eligible for financial assistance. Subsequently, Company Y was not entitled to any financial assistance from SMEDA.

19.4.4 Present Status of the Project

As of 30 September 2017, nearly two years after the authorisation was granted, the ‘Grand Barachois’ was still not operational.

Recommendations

- An Expression of Interest should have been launched for the allocation of public properties. This would have given wider opportunities to potential promoters;
- An agreement or a MOU should be entered into with both parties, whereby the terms and conditions would be clearly defined including the time frame for implementation of the project. Besides, the agreement should also contain a retrieval clause in case of long delays for starting the project;
- The Ministry should ensure that, proper procedures are followed, in line with the relevant legislations; and also the financial viability of project proposals should be properly assessed before authorisation.

Ministry’s Reply

- The project was reviewed by the Promoter taking into consideration the extent of land being allocated;
- Concerning the review of the value of the project by this Ministry, it should be pointed out that only one component of the whole project was estimated to be around Rs 19.98 million. The initial project value for the whole project has not changed.

20 – MINISTRY OF CIVIL SERVICE AND ADMINISTRATIVE REFORMS

20.1 Oracle Human Resource Management Information System (HRMIS)

Following Government approval in August 2013, the Ministry awarded the contract for the implementation of the Oracle Human Resource Management Information System in the Civil Service in September 2013 to a private Company for a project value of Rs 206.4 million. The contract was signed in November 2013.

20.1.1 The HRMIS Modules

The Oracle Human Resource Management Information System (HRMIS) has five modules, as follows:

- *Module 1: Oracle Human Resource- Enterprise Employee Perpetual (EEP)* provides for human resource planning and management of human resources. This module will lessen administrative burden and increase data accuracy and ease change management, among others;
- *Module 2: Oracle Payroll-EEP* will generate the monthly payroll. Among various benefits to be obtained, it will support on-line payslip, cater for all payments possibilities and raise exception reports;
- *Module 3: Oracle Self Service HR-EEP* will allow Public Officers to access their personal records. It is flexible, as HR Managers can make amendments if any, upon requests of employees;
- *Module 4: Oracle Performance Management System-EEP* provides for online performance review and appraisals. It also integrates competency frameworks, personal development, inter alia;
- *Module 5: Oracle Learning Management System- Enterprise Trainee Perpetual* will, among others, allow HR Divisions of Ministries/Departments to better coordinate training activities.

20.1.2 Estimated Cost of Project - Rs 431.3 million

The total estimated costs for Oracle Licences for the five modules, together with pre implementation and technical support services amounted to Rs 206.4 million. Additional costs for server, rental of physical space and other implementation costs to the tune of Rs 98.3 million were incurred, and post implementation costs for maintenance and support services for 2016 to 2020 totalling Rs 126.6 million were also expected to be incurred.

Thus, project cost was estimated at Rs 431.3 million as of 30 June 2017, of which the Ministry has already disbursed Rs 271.1 million as shown in Table 20-1.

Table 20-1 Projects Estimated Costs and Actual Disbursements

Details of project costs and other related costs	Estimated Cost (Rs million)	Actual Disbursement (Rs million)
Cost of Oracle Licences for the five Modules	90.6	96.6
Costs pre implementation and support services	115.8	58.9
Total initial HRMIS project cost	206.4	155.5
Acquisition of server	67.0	67.0
Rental of physical space for server and maintenance cost	27.5	27.5
Other implementation costs	3.8	3.8
Post implementation , maintenance and support services for years 2016 to 2020	126.6	17.3
Total Estimated costs/ Actual disbursement	431.3	271.1

Sources: HRMIS agreement and Hardware equipment contract and service agreements and Treasury Abstracts

20.1.3 Project Implementation Schedule

The Company submitted the original project plan in November 2013. The project was expected to start in November 2013 and be completed by October 2016. The project was to be implemented in two phases, as shown in Table 20-2:

Table 20-2 Initial Project Implementation Schedule

Phase	Details of Implementation Schedules
Phase 1: Modules 1 and 2	Part 1: Pilot phase for Modules 1 and 2 in Year 1 for six Ministries/ Departments from November 2013 to October 2014 Roll out of Modules 1 & 2 to other Ministries/Departments from November 2014 to October 2015
Phase 2: Modules 3 to 5	Pilot phase for Modules 3 to 5 in Year 2 for six Ministries/ Departments from November 2014 to October 2015 Roll out of Modules 3 to 5 to other Ministries/Departments from November 2015 to October 2016

Source: Ministry's Documents

20.1.4 New Implementation Approach

The initial approach was revised in December 2013, one month after the date of the signature of contract. A new implementation approach was adopted, with changes that were made in the implementation schedule and the roll out timeframe of each Module, as shown in Table 20-3:

Table 20-3 Revised Project Implementation Schedule

Phase	Details of implementation schedules
Phase 1 Modules 1 and 2	Developing Modules 1 & 2 to be completed by December 2014 Roll out in all Ministries/ Departments up to October 2016
Phase 2 Modules 3 and 5	Developing Modules 3 & 5 to be completed by March 2015 Roll out in all Ministries/ Departments up to October 2016
Phase 3 Module 4	Developing Module 4 to be completed by September 2015 Roll out in all Ministries/ Departments up to October 2016

Source : Ministry's Documents

The completion timeframe was not amended, and the whole project was expected to be completed by October 2016, that is within three years.

Observations

- As of December 2017, the five modules of the HRMIS project were not yet operational;
- The change to the new approach has affected the deadline. For instance, the readiness and user acceptance of Modules 1 and 2 for HR and Payroll respectively, should have been completed by October 2015, put in production environment as from November 2015 and Government payroll would have been produced by the HRMIS.

With the new approach the completion date has been postponed from October 2015 to October 2016, that is by a year, yet the two modules have not gone “live” as of December 2017, that is a delay of two years.

- The approval of the Business Case to change the approach of implementation was not produced.

Ministry's Reply

- A Working Group under the Chair of the Permanent Secretary and comprising all the stakeholders was constituted in June 2017 with a view to ensuring inter alia the timely implementation of the project;

- The two modules HR (Basic) and Payroll Modules will be operationalised by April 2018 and the remaining three Modules by end of December 2018;
- There is no documentary evidence that can otherwise justify the change to a new implementation approach, hardly one month after the signature of the project contract.

20.1.5 Acquisition of Oracle Licences

The Ministry paid a total of Rs 96.6 million for 213,000 Oracle Licences for the five modules, as shown in Table 20-4. In addition, Government is also committed to pay Annual Maintenance Support (AMS) for five years totaling Rs 126.6 million, and these AMS will continue to be payable thereafter for maintenance and technical support, as long as HRMIS will be in use.

Table 20-4 Oracle Licences Acquired

Year of Acquisition	Oracle Modules	No. of Licences	Amount (Rs million)
2013	Human Resource EEP	52,000	23.9
2013	Payroll-EEP	52,000	29.1
2015	Oracle–Self Service HR-EEP	52,000	7.0
2015	Learning Management-ETP	5,000	18.1
2016	Performance Management System-EEP	52,000	18.5
Total number of Oracle Licences acquired and disbursements made		213,000	96.6
Annual Maintenance Support for years 2016 to 2020			126.6
Total estimated disbursements			223.2

Source: Treasury Abstracts and HRMIS agreement

As per Oracle Licensing Terms, Enterprise Employee is defined as “(i) all of Customer’s full time, part-time, temporary employees, and (ii) all of Customer’s agents, contractors and consultants who have access to use, or are tracked by programs. The quantity of the licences required is determined by the number of Enterprise Employees and not the actual number of users.”

Observations

- No demarcation was made between “Enterprise Employee” who are employees on the Government payroll and the Applications Users who would have access to the systems, as delegated officers in the HR and Finance Cadres;
- No technical recommendation was available to justify the number of Oracle Licences to be acquired for each module.

Ministry's Reply

The actual number of licences would be difficult to be reviewed, unless with additional costs.

20.1.6 Technical and post implementation support of Rs 47.4 million

The Ministry has effected payments for technical support for five years from 2014 to 2018 totalling Rs 30.1 million for the above named five Modules. The Ministry even had to pay for post implementation support service of Rs 17.3 million for Modules 1, 2, 3 and 5 in year 2016.

Although none of the five Oracle Modules and their applications were operational, the supplier has already charged Government for technical and post implementation support services to the tune of Rs 47.4 million.

Ministry's Reply

The Oracle Technical Support cannot be postponed as payment of reinstatement fees may be costlier.

21 – MINISTRY OF ENVIRONMENT, SUSTAINABLE DEVELOPMENT AND DISASTER AND BEACH MANAGEMENT

21.1 Lease of Factory Space for Storage Purposes

A factory space of 11,177ft² owned by a company at the Plaine Lauzun Industrial Estate was being leased by the Ministry since 1 June 2016 to store compost bins purchased under the Composting Scheme. The lease, which was for an initial duration of four months, was renewed up to 31 August 2017. However, as of November 2017 according to the Ministry's records, 9,316 compost bins and 9,360 compost mixing tools were still stored in that factory space.

A monthly rent of Rs 55,885 and service charge of Rs 11,177 were to be paid by the Ministry under the lease. For the four months duration, the rent and service charge amounting to Rs 223,540 and Rs 44,708 respectively payable in advance were settled on 9 June 2016.

21.1.1 Absence of Legally Vetted Lease Agreements

Lease agreements needed to be formally drawn and legally vetted to safeguard Government interest.

The following were noted:

- Lease agreement, for the initial four-month duration, was not vetted by the Ministry's Legal Adviser;
- A lease agreement, for the subsequent period 1 October 2016 to 31 August 2017, was formally drawn. However, it was referred by the Ministry for legal vetting on 1 June 2017. The Ministry was given to understand, by its Legal Adviser, that legal vetting at that stage would not be in order.

That lease agreement was therefore signed on 15 June 2017, that is, nearing the end of the second lease period and without it having been legally vetted;

- There was no lease agreement after expiry of the second lease period on 31 August 2017, although the compost bins were still held in store in that factory space.

In the absence of legal vetting of the leases, the interest of Government might not have been safeguarded.

Ministry's Reply

Arrangements are being made for the distribution of the compost bins and the storage space at the Plaine Lauzun Industrial Estate to be vacated by June 2018.

22 - STATUTORY BODIES, LOCAL AUTHORITIES AND OTHER BODIES

22.1 Background

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, a few State Owned Companies 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.

22.2 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 2015 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
- 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 109 Statutory Bodies. Appendix IIIA refers.

45 Statutory Bodies have not yet submitted a total of 109 financial statements. Appendix IIIB refers.

236 financial statements in respect of 66 Statutory Bodies have been certified but have not yet been laid before the National Assembly. Appendix IIIC refers.

22.3 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 to whom responsibility for the subject of local government is assigned 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. As of 23 February 2018 two financial statements in respect of two Local Authorities have not yet been published in the gazette. Table 22-1 refers

Table 22-1 Local Authorities - Financial Statements Certified but not yet Gazetted

Local Authorities	No of Financial Statements	Period	Date Certified
1 The Grand Port Savanne District Council	1	2011	06.07.2015
2 The Municipal Council of Curepipe	1	2015	17.03.2017
Total	2		

The Director of Audit is thus responsible for the audit of all Local Authorities. Appendix IV refers

22.4 Other Bodies

The Director of Audit is responsible for the audit of four State Owned Companies and 26 Other Bodies including donor-funded projects. Appendix VA refers. 13 of these organisations have not yet submitted a total of 45 financial statements to my Office for audit purposes. Appendix VB refers.

APPENDICES

Appendix IA

Minister Mentor's Office, Ministry of Defence and Rodrigues

Performance Audit on "Management of the Fleet of VIP Vehicles"

Executive Summary

Vehicles are purchased by Government and allocated to Senior Government Officials under the "Government Official Car Scheme", and to eligible Members of the National Assembly. Usually, after three or four years of use, these vehicles are sent to the VIP Car Pool Unit (VIPCPU) of the Police Service. The VIPCPU has been conferred the responsibility to operate, arrange for maintenance and disposal of this fleet of vehicles (referred as VIP vehicles). The key tasks include:

- Keep the vehicles in good running condition by arranging for their repair and maintenance in collaboration with the Mechanical Engineering Services (MES) of the Ministry of Public Infrastructure and Land Transport (MPILT);
- Conveyance of VIPs during conferences and missions in Mauritius;
- Refer surplus and beyond economic repair vehicles to Boards of Survey for eventual disposal.

Provision of this VIP vehicle services forms part of the conditions of service of beneficiaries. The cost of providing these services includes the acquisition costs of these vehicles by the Ministries and Government Departments for their respective beneficiaries, and subsequent costs incurred by the Police Service once they are in the Pool. As at 31 August 2016, the Pool was reported to comprise 96 vehicles acquired at a total cost of some Rs 163 million (Duty Free).

The National Audit Office (NAO) had previously reported that VIP vehicles in the Pool were costly to maintain, underutilised and fetched relatively low disposal proceeds at public auctions, and were subject to damage through exposure to inclement weather in the absence of shelters. It was against this background that the NAO carried out this Performance Audit with the objective to assess whether VIP vehicles from the Pool were being provided at minimum cost for their intended purposes and services.

Key Findings

Right Fleet Sizing to Minimise Holding Cost of VIP Vehicles

- The VIP fleet was not properly sized with an appropriate number of vehicles and with the required specifications for service delivery. Some 70 VIP vehicles, as reported by the VIPCPU, were required on a daily basis to provide the required services. However, the Unit was able to provide the same service with less than the 70 vehicles. The Unit did not ascertain the precise number of vehicles in running condition in the Pool in its Monthly Returns. Our analysis showed that this number increased from 80 in January 2014 to reach 104 in January 2017;

- Service users' requirements were not constantly matched with number and type of vehicles in the fleet. There was mismatch between the number of beneficiaries with specific eligibilities and corresponding number of vehicles. The actual usage for relieving/ allocation of the different categories of VIP vehicles was in the range 10 to 20 per cent, indicating surplus capacity in terms of mix and number in each category;
- Vehicles in the Pool spent more time undergoing repairs than actually being used for purposes like conference, workshops, and duty. Also, time spent standing idle in Line Barracks Compound was three times as much as that for performing tasks, such as relieving duties for which the fleet has been set up;
- Information contained in the Monthly Return on the fleet was insufficient to support adequate oversight on fleet size, usage and cost;
- Good practices in fleet management require the computation of the average monthly holding cost of vehicles to ascertain that services are provided at minimum cost. However, this was not being computed to provide an indication on the holding cost of underutilised vehicles.

Maintenance of VIP Vehicles at Minimum Cost

- Vehicles in the Pool were repaired and maintained irrespective of their utilisation rate and of whether they were excess to requirement. Vehicles which were lying idle had to be maintained and repaired. This unnecessarily increased the repair and maintenance cost;
- In its Circular No 17 of 2012, the Ministry of Finance and Economic Development (MoFED) recommended the calculation of "economic lives" of vehicles. Instead of maintenance and repairs being based on "economic lives", ageing vehicles were continuously maintained and repaired until future costs were high. This brought marginal value to the fleet when compared to the costs incurred.

Maximum Proceeds from Disposal of VIP Vehicles

- The Board of Survey (BoS) team was involved in the survey of 47 boarded vehicles in July 2016 and fixing their Minimum Reserved Prices (MRPs). None of the members of the team had received training in valuation of vehicles, and the team was not supported by personnel having such expertise. This did not ensure that bidding during auction, started with a minimum price that reflected the market value of these vehicles;
- The disposal process of VIP vehicles took at least one year. In the meantime, the vehicles remained idle and were subject to impairment due to the inclemencies of weather and ageing, which impacted negatively on their disposal value.

Conclusion

The VIPCPU, supported by the MES, was providing services as per the responsibilities conferred upon it and generally in compliance with prevalent recommendations,

instructions and guidelines. Key issues in execution of these activities precluded the VIPCPU from providing these services at minimum cost.

Fleet monitoring and reporting arrangements were insufficient to provide an oversight on service level and associated costs. This contributed to a fleet which was not properly sized, leading to excess and underutilised vehicles. The requirement to keep all the vehicles in the Pool in good running condition at all times, irrespective of usage rate or in excess of needs have impacted negatively on total fleet costs. Grounding of boarded vehicles over one year or more, and in the open air impaired their disposal values. Also, the current practice of setting MRPs did not ensure that bidding during auction, started with a minimum price that reflected the market value of these vehicles.

Key Recommendations

Overall, the same level of VIP vehicle services can be provided but with less vehicles. Less vehicles mean less holding costs, and hence, the Pool turning out to be more efficient. The following key processes need to be reviewed:

- If the priority is to provide relieving and duty services, then the right fleet size has to be worked out, inclusive of a spare capacity to cater for contingencies;
- Monthly Returns should provide information on all vehicles in the fleet, their actual usage and recommendations to dispose of vehicles in excess of requirements;
- Under the monthly cash allowance option of the “Government Official Car Scheme”, there is no need to acquire vehicles or provide relieving/ replacement ones. The attractiveness of this option needs to be re-examined as a way forward to minimise VIP fleet costs. Alternatively, leasing of vehicles from Local Agents may be considered;
- A cost benefit analysis should be carried out to assess whether it will be more beneficial to hire VIP cars as and when required for conferences/ workshops and seminars rather than keeping excess capacity of vehicles in the Pool for such events;
- The MES should calculate the economic lives of vehicles. This will enable disposal of larger number of vehicles with relative low age, better mechanical and physical conditions. The overall effect will be lower fleet maintenance cost and potentially higher disposal value;
- The option of carrying out auctions exclusively for VIP cars, say every six months, instead of an average of once yearly should be considered to reduce impairment of the vehicles due to age and continuous exposure to inclement weather;
- The expertise of competent persons may be hired to advise on the setting of MRPs of vehicles.

Ministry’s Reply

The Ministry has agreed to our findings and recommendations. Some corrective actions have already been initiated and further options are being considered.

Appendix IB

Ministry of Health and Quality of Life

Performance Audit on “Prevention and Control of Non Communicable Diseases”

Executive Summary

According to the World Health Organization (WHO), Cardiovascular Diseases (CVDs), Chronic Respiratory Diseases, Cancers and Diabetes are referred as essential Non Communicable Diseases (NCDs). Tobacco and alcohol consumption, unhealthy diet and physical inactivity are the common risk factors of NCDs.

The Health Statistics Report of 2016 revealed that CVDs and Diabetes were among the main causes of mortality with 1,934 (19.5 per cent) and 2,329 (23.5 per cent) deaths respectively. The results of the National NCD Survey 2015 revealed that 52.8 per cent of the population was consuming alcohol, only 23.7 per cent of the adults aged between 25 to 74 years were undertaking sufficient physical activity and the prevalence of current smoking and obesity were 19.3 and 19.1 per cent respectively. The Ministry of Health and Quality of Life (MoHQL) took several measures to address NCDs and their related risk factors.

This Performance Audit assessed the extent to which the measures taken to address early detection of NCDs, unhealthy diet, physical inactivity and harmful use of tobacco and alcohol have been efficient and effective.

Key Findings

- The WHO Progress Monitor Reports revealed that for Mauritius, the four main NCDs were attributable for 87 per cent of deaths in 2016, as compared to 85 per cent in 2015. This is not in line with Target 3.4 of the Sustainable Development Goal which is to reduce premature deaths from NCDs by one-third by 2030;
- MoHQL formulated various Action Plans on Physical Activity, Nutrition and Tobacco independently of each other and which were to be implemented at different time periods. As of December 2017, the strategies and activities of the Plans have not been evaluated to ascertain their appropriateness and effectiveness. As for alcohol consumption, it was only in mid 2017, that the Ministry initiated procedures for the preparation of an Action Plan;
- For the different Action Plans, there were issues in the implementation of the strategies and activities. These were as follows:

- *National Action Plan on Physical Activity*

For National Action Plan on Physical Activity (NAPPA) 2004-2006, only six of the 19 activities were implemented. As for NAPPA 2011-2014, in 20 of the 56 activities, MoHQL was the lead agency for their implementation. 17 of them were implemented. For the remaining 36 activities, seven were not implemented, and no feedback obtained on three. Moreover, of the eight Sub Committees set up as recommended in the Plan, two did not submit any report, and this was not followed up by the Ministry.

▪ *National Plan of Action for Nutrition*

- (i) The proposal to prepare a National Food-based Dietary Guidelines and to set up a Food Standards Agency was not implemented in 2009-2010 and was rolled over in the National Plan of Action for Nutrition (NPAN) 2016-2020. As of December 2017, the Ministry has requested the services of a Consultant for preparing the Guidelines. As for the setting up of the Agency, action has been initiated;
- (ii) Action was taken to amend the Food Regulations of 1999 with a view to regularising the consumption of oil saturated fats and trans-fatty acids. However, as of December 2017, the Regulations were not yet finalised;
- (iii) Several other activities relating to the increased consumption of fruits and vegetables, the formulation of an infant Food Bill and minimising anaemia among female adolescents were not implemented.

▪ *National Action Plan on Tobacco Control (NAPTC)*

- (i) According to WHO Framework Conventions on Tobacco Control (FCTC), Mauritius has to take measures to control the supply chain of tobacco products effectively. The proposal to have a protocol on illicit trade was made in NAPTC 2008-2012, but as of December 2017, its ratification was still under consideration;
- (ii) The contents and emissions of tobacco products were not regulated. Hence, the importers were not legally bound to disclose such information to Government Authorities. Further, the contents in the cigarette sticks have never been tested;
- (iii) According to FCTC, countries should consider establishing two or more sets of health warnings and messages to alternate within 12-36 months. As of December 2017, the Ministry had not revised the existing set of health warnings, prevailing since 2012.

- The different coordination mechanisms recommended in the Action Plans were not functioning as intended, thus affecting the implementation and monitoring of several strategies and activities.

Conclusion

The Ministry developed Action Plans independently of each other to address three of the main risk factors of NCDs, instead of using an integrated approach as in other countries. Moreover, the coordination mechanisms as proposed in the different Plans are not functioning as intended, and hence, affect the smooth implementation of those strategies and activities both falling under the responsibility of the Ministry and other stakeholders within the given timeframe. The appropriateness and effectiveness of the strategies and activities contained therein has never been evaluated.

Key Recommendations

Integrated Approach

The Ministry should adopt a strategic and integrated approach to address NCDs and their related risk factors. It may use examples from countries, such as South Africa, Seychelles, Tobago and Trinidad which have adopted Whole of Government and Whole of Society approaches. An integrated approach will bring a more synergetic and cost effective response, within a given timeframe, to mitigate the prevalence of NCDs and to meet the Sustainable Development Goal Target 3.4.

Reviewing the Coordination Mechanisms

An effective coordination mechanism is a key to the successful implementation of the different strategies and activities. The coordination mechanisms proposed in the different Action Plans need to be reviewed with a view to meeting its objectives.

Evaluation of the Action Plans

The strategies and activities of the Action Plans have to be evaluated after their implementation period. This will help the Ministry to ascertain to what extent the objectives of the different Plans have been achieved, and what changes are needed to improve them. The valuable information can be used for future Action Plans.

National Action Plan on Physical Activity

There is a need for the Ministry to identify the reasons for the non-implementation of the strategies and activities of NAPPA 2004-2006 and NAPPA 2011-2014 and take corrective action. The Ministry may consider rolling over all the uncompleted strategies and activities in a new Action Plan, along with new objectives and targets. In the meantime, the Ministry should continuously educate the population on the frequency, duration, intensity and types of physical activity necessary for better health.

National Plan of Action for Nutrition

Several of the uncompleted strategies and activities of NPAN 2009-2010 have been rolled over in NPAN 2016-2020, and which the Ministry intends to complete within the timeframe. To achieve the target, it should ensure that the new Nutrition Taskforce, together with the Nutrition Committee set up for that purpose regularly reviews the implementation status and takes corrective actions wherever needed. Continuous monitoring and reporting are vital.

National Action Plan on Tobacco Control

With the increase in prevalence of smoking, it is important for the Ministry to ensure that strategies developed under NAPTC 2015-2018 are implemented. There is a need to finalise the amendments of Tobacco Regulations 2008. Action should also be taken to assess the quality of cigarettes which are available on the market. The Protocol to Eliminate Illicit Trade in Tobacco Products should to be ratified, and the amendments to the Regulations should be finalised without further delay.

Alcohol

According to WHO, the harmful use of alcohol is a significant contributor to the global burden of disease, and is listed as the third leading risk factor for premature deaths and disabilities in the world. In Mauritius, over the period 2009 to 2015, the prevalence of alcohol consumption has increased. In that respect, the formulation of an Action Plan on alcohol consumption needs to be finalised.

Summary of Ministry's Reply

With regard to evaluation of Action Plans, this is a time and resource consuming exercise.

As for the issues regarding the implementation of the different Action Plans, the following corrective actions are being taken:

National Action Plan on Nutrition

- Regulations for decreasing the consumption of oil, saturated fats and trans-fatty acids are in the process of being amended;
- In all health promotion activities in schools and in the community, Nutritionists and other resource persons promote the consumption of fruits and vegetables;
- For minimising anaemia among female adolescents, technical support has been sought for the fortification of staples or other food vehicles from external agencies.

National Action Plan on Tobacco Control

- The Ministry has already embarked on the necessary steps towards ratification of the Protocol for the Elimination of Illicit Trade;
- Necessary amendments will be made to the Public Health (Restrictions on Tobacco Products) Regulations 2008 in order to comply with WHO FCTC;
- The second set of Graphic Health Warnings has already been finalised and is awaiting approval prior to the pre-testing exercise, and amendment of legislations for implementation.

Appendix IC

Ministry of Local Government and Outer Islands

Performance Audit on “Asset Management in Local Authorities”

Executive Summary

Local Authorities (LAs) in Mauritius are mandated to promote social, economic, environmental and cultural well-being of the local community by using of a range of facilities which are under their control. The Ministry of Local Government and Outer Islands (MoLG) is responsible to provide legal framework and general policy guidance to empower LAs to deliver their services efficiently and effectively.

As of 30 June 2016, costs of assets reported in the financial statements of one City Council, four Municipal Councils and seven District Councils amounted to some Rs 7.5 billion. The way assets are managed has direct implications on some of the services provided by the LAs. Persistent issues on assets were a cause for modified opinion by the Director of Audit.

The audit assessed whether the Ministry had exercised an effective oversight on management of assets at LAs with regard to recording, reporting, use and maintenance to ensure that they adhered to good practices.

Key Findings

➤ *Audit Opinion on Financial Statements*

As of March 2017, out of 43 financial statements for years 2010 to 2014 of LAs certified by the Director of Audit, in 22 cases, the audit opinion was modified, mainly because, proper accounting records for assets were not kept. Hence, existence and completeness of these assets could not be ascertained.

➤ *Monitoring Mechanisms*

Different mechanisms have been set up at both the MoLG and the LAs to monitor the activities, including managing the assets and to enhance accountability.

Local Authorities Governance Unit

Following Budget Speech 2012, a Local Authorities Governance Unit was set up at the Ministry with the objective to improve planning, efficiency, management and transparency at the level of LAs. However, the Unit was not operating as intended.

Audit Committee

Since 2010, Audit Committees were set up in a few City/Municipal and District Councils. However, as from 2012, it ceased functioning. In December 2015, the Ministry reiterated the need for the setting up of Audit Committees at all LAs with a view to minimising audit queries. Though, subsequently there was an Audit Committee in all LAs, its independence could not be guaranteed as the members were from management of the LA where the

Committee was set up. For the year 2016, only 20 out of 48 Audit Committee Reports due from the LAs were received at the MoLG.

Adoption of Proper Accounting Practices

Although the Local Government Act 2011 provided that Financial Statements of LAs should be prepared in accordance with, and comply with Accounting Standards which should be in convergence with International Accounting Standards, each LA continued to use Generally Accepted Accounting Practice for accounting of assets. It was only in February 2017 that the MoLG informed LAs that, as from 1 July 2017, financial statements, should be prepared according to International Public Sector Accounting Standards (IPSAS).

Internal Audit Function

At the selected LAs, the audit works performed by the officers of the Internal Audit Section were not in accordance with Financial Instructions. In respect of assets, there were few Internal Audit checks on the whole spectrum of controls, such as survey to verify their existence and condition. These were not enough to ensure that assets were properly safeguarded, adequately maintained and correctly recorded in Asset Registers.

➤ *Asset Management Practices in Local Authorities*

Recording and Reporting

The Asset Module in the e-Governance System was not being used at the selected LAs. Instead, assets information kept in Registers was not complete. Several examples of lands and facilities controlled by LAs were not recorded therein. Other assets like roads, drains, bridges and infrastructures were constructed or upgraded/enhanced by the National Development Unit and handed over to LAs. These were neither recorded nor disclosed in most of the Council's financial statements.

Use of Assets

Several facilities at the selected LAs were not used to their maximum. Available hours at the different facilities were not fully allocated to users. At the District Councils of Moka and of Flacq, there were no established opening hours for the Sport Facilities. Only the Municipal Council of Beau-Bassin – Rose-Hill kept records at most of its Sports Facilities. At LAs where no records were kept, the performance of the facilities could not be assessed.

Maintenance of Assets at Local Authorities

Maintenance activities were not always organised in a systematic way. There was no strategy, policy and plan for maintenance of assets at LAs. Hence, maintenance on most assets was carried out as and when required in an isolated manner. Condition assessment on infrastructural assets was not carried out by LAs.

Conclusion

Managing properly assets acquired and constructed over time has been a major challenge for LAs. Though asset related issues were, among others, the subject of modified audit opinion by the Director of Audit, there has been little improvement noted on its management practices.

While efforts have been made with the establishment of mechanisms, such as Local Authorities Governance Unit at the Ministry and Audit Committees in LAs, much remain to be done to improve the system in areas, such as asset management. The monitoring mechanisms have not been effective in addressing issues highlighted by the Director of Audit, and over time, this has led to the weakening of the accountability of LAs. Asset management practices in respect of recording, reporting, use and maintenance at the selected LAs have not improved.

Key Recommendations

➤ *Enhanced Ministry's Accountability and Oversight Mechanisms*

The Ministry should establish a committee to assist the LAs in holding their management to account for, and to ensure the effective and efficient utilisation of their resources. This can be done by ensuring that the recommendations of the Director of Audit and other monitoring mechanisms, such as Audit Committees and Local Authorities Governance Unit, are being implemented.

➤ *Improving Asset Management Practices at Local Authorities*

Recording and Reporting

As all LAs would be preparing their financial statements in accordance with IPSAS Accrual Basis as from 1 July 2017, it is important for them to have comprehensive Asset Register. LAs should be inspired by the initiative taken by Central Government to come up with a Government Asset Register. The Register can be customised to reflect the environment of LAs. In this respect, they should use existing software tools at their disposal in the customisation process.

Usage of Assets

LAs should conduct a survey based on needs and demands from the local community in order to improve access to Sports Facilities. This will help them to make the best use of the existing facilities through improving their quality, access and management.

Information on the number of users should be recorded at each facility and made readily available to Management for appropriate control in order to identify hours allocated but not utilized.

➤ *Maintenance of Assets*

LAs should move towards a planned and proactive approach to maintain its different infrastructures, focusing more on preventive maintenance. This will require the development of a comprehensive maintenance plan. Consequently, LAs should ensure that there is a complete database of all its assets. There should also be a mechanism to identify and evaluate maintenance needs of the different infrastructures through monthly surveys. A condition assessment of all their infrastructures should also be carried out at regular intervals.

Ministry's Reply

According to information submitted by the selected LAs to the Ministry and forwarded by the latter to NAO, they are in general agreeable to the findings, conclusion and recommendations. Taking into considerations our recommendations, remedial actions are being taken to address the issues reported.

Appendix ID**Ministry of Gender Equality, Child Development and Family Welfare****Performance Audit on “Response to Cases of Child Maltreatment”****Executive Summary**

Child maltreatment is a widespread, global phenomenon affecting children. According to data from Statistics Mauritius and the Ministry of Gender Equality, Child Development and Family Welfare (MoGE) for the period January 2012 to December 2016, some 28,000 new cases were reported. They included abandonment, physical abuse, neglect cases, sexual abuse, worst forms of labour and psychological/emotional abuse. MoGE took several measures in response to the problem, and during the period January 2014 to June 2017, it spent some Rs 459 million on the protection, welfare and development of children.

The National Audit Office carried out this Performance Audit with the objective to assess the effectiveness of the measures taken by the Ministry to respond to reported cases of child maltreatment.

Key Findings***Strategy on Protection Services***

Following the National Children’s Policy of 2004, the Ministry took several measures to respond to reported cases of child maltreatment. According to a Consultant from the European Union, several of these measures have improved the provision of services in the areas of health, education, child protection and social security. However, an overarching national policy framework, law or strategy would have provided a comprehensive framework for the priorities and outcomes to be achieved for children in the area of child protection.

Case Management

According to the United Nations International Children Emergency Fund, response to child violence, abuse and neglect involves the development of case management. However, certain core elements of the case management process, such as case planning, assessment and monitoring progress and case closure, were not followed by the Ministry.

Child Protection Register

Some 5,500 cases of child maltreatment were reported at the Ministry on an annual basis, and these cases were processed manually in individual files. To cope with the increasing number of cases, the Ministry, in 2012, embarked on the development of a Child Protection Register. In 2014, the Register went live at the Ministry’s Head Office, and subsequently, in 2016, it was made operational in only three outstations. As at November 2017, some Rs 3.9 million were spent in connection with the Register. However, the input was low, as only some 1,100 of some 3,000 new cases were input from the launching date till the end of November 2017.

Residential Care Institutions

For the period January 2014 to June 2017, some Rs 254.3 million were spent on Residential Care. As at September 2017, there were 19 Residential Care Institutions accommodating 552 children. Only four of them with a total of 81 children were registered with the Board set up under the Residential Care Homes Act. However, these registered RCIs did not have a contract or a Memorandum of Understanding (MoU) signed with the Ministry. Of the 15 remaining RCIs not registered with the Board, three had both contracts and MoUs, one had only a MoU which was being renewed on a month to month basis since 2012, and the remaining 11 RCIs which housed 354 children, had neither a contract nor MoU with the Ministry.

Hence, the level of compliance to conditions needed to be a place of safety was not the same in all the RCIs.

Foster Care System

For the period January 2014 to June 2017, some Rs 6.41 million were paid as stipend to foster care parents. Since the inception of the Foster Care Programme in January 2002 to June 2017, 167 applicants had been registered as foster parents, and 143 children were placed in foster homes.

Since 2014, the Ministry took some initiatives to improve the interest of the public in the programme, such as introducing a decentralised Foster Care Service, increasing stipend to foster families and carrying out sensitisation campaign. Though no yearly target was set, the number of prospective foster parents had slightly increased. For the period prior to 2015, on average, 10 parents were being registered as foster parents annually, and from 2015 to 2017, the average was some 14 per annum. However, in the absence of the target, the effectiveness of the initiatives taken to improve interest in the Programme could not be measured by the Ministry.

The foster care aims at providing the opportunity to children victims of abuse and/or neglect to live in a substitute family on a temporary basis, and yet the number of placements in foster families was relatively low as compared to those placed in RCIs. For the period January 2014 to June 2017, the percentage of children placed in foster homes¹ was about seven, while the remaining (93 per cent) were in shelters/ RCIs.

Child Mentoring Scheme

The Scheme was initiated in 2009, but kick started in September 2011. During the period January 2012 to June 2017, 63 children within the age brackets of 10 to 16 were roped into the Scheme. As of July 2017, 46 of them completed the mentoring sessions, while the sessions for nine children were still ongoing. For the remaining eight, one was aged more than 16 at time of matching, in five cases, the parents retracted, and in two cases, mentor did not want to form part of the programme.

¹ According to the Child Protection (Foster Care) Regulations , a foster home means a foster parent or family.

From January 2014 to June 2017, 106 cases were referred to the Child Mentoring Section. However, only a few matching activities were made for following reasons:

From July 2014 to December 2015, the Child Mentoring Committee set up under the Child Protection Act met only twice;

From October 2014 to May 2015, the Child Mentoring Section was not fully functional as there was no Coordinator responsible for the Scheme;

Though as from March 2016, there was an increase in the number of matching exercises and the number of children matched, the achievement of the objective of the Scheme was hampered by a shortage of mentors in 2016 and 2017.

As of August 2017, the mentoring sessions of four children with mild behavioural problems were still ongoing, and the matching exercise for 17 children was conducted by the Ministry who had already initiated actions for obtaining Mentoring Orders. Moreover, the Ministry, in 2016 initiated a recruitment exercise for child mentors. As at August 2017, 79 candidates accepted the offer, and 68 of them followed a training programme.

Rehabilitation and Reintegration

One of the objectives of the Child Development Unit (CDU) is the reinsertion of children victim of abuse in the society after being provided with follow-up sessions to ensure recovery from trauma.

During the period January 2014 to November 2017, 219 children from the RCIs were integrated either with their biological families or other relatives. On the other hand, none of the 143 children placed in foster homes since the inception of the Foster Care Programme in 2002 had integrated their biological families. From a scrutiny of case files, it was found that this was due to combining factors, such as unstable biological families and inadequate professional skill of Caregivers and CDU staff.

Monitoring, Review and Evaluation

Monitoring, review and evaluation of measures and programmes were not well developed. However, officers of the CDU carried out inspections in the following cases:

- According to reports of inspection visits effected by Enforcement Officers in nine RCIs for the period mid 2016 to October 2017, shortcomings identified and proposed remedial actions were regularly reported to the Managers thereof. However, some issues remained unresolved and became recurrent ones;
- Officers of the Foster Care Section carried out inspection at foster homes either when Court Orders were nearing expiry or upon requests of District Magistrates who, in some cases, required status on minor's progress on a regular basis. Officers also attended visits upon requests of foster parents who were facing difficulties in coping with children. In case where a child was having behavioural issues, visits at foster homes and at schools were carried out more regularly, depending upon the complexity of the problem;
- Progress reports on children placed under the Child Mentoring Scheme were not submitted to the Permanent Secretary of MoGE. However, debriefing sessions were carried out every

two months with child mentors, and data on the number of children joining and leaving the Scheme was kept.

Conclusion

With some 5,900 new cases of child maltreatment reported annually, MoGE has taken measures according to good practices for the best interest of the children. However, the implementation of the measures has been a major challenge for the Ministry to effectively address child maltreatment problem. Over the years, it attempted to improve some of those measures, but with limited success. In the absence of a holistic approach to child maltreatment, MoGE is functioning in a fragmented and reactive manner to address the problem.

The programmes and services were not being fully monitored, reviewed and evaluated to understand what had been the outcomes in terms of rehabilitation and reintegration of children in their biological families. There was also no proper reporting mechanism on the outcomes.

It has also been a challenge for the Ministry to reintegrate children into their biological families and society due to combining factors, such as absence of a proper case plan/care plan, inadequate training of case managers and the complex situation of biological families. Hence, the children have to stay in RCIs for longer period.

Key Recommendations

Strategy on Protection Services

As the activities in the National Child Protection Strategy 2014-2022 are too costly to implement, the Ministry should prepare a synopsis of the importance of the priority activities highlighted therein, and make preliminary demand for necessary funding.

Develop Care/Case Plans

All children who are currently placed in alternative care and their families, as well as all new cases reported should have care/case plans that are subject to formal review. A case plan should also be developed to effectively address child maltreatment. Cases of children within the child protection system must be followed up and reviewed throughout the period during which they are receiving support to ensure that they are not at risk.

Develop Mechanism to Monitor, Review and Evaluate Programmes

All the programmes and measures should be monitored, reviewed and evaluated by the Ministry. This will help to assess the effectiveness of the programmes, identify any shortcomings and take corrective measures in the best interest of the children and their families. Proper mechanisms of reporting the outcomes of the programmes should be developed. The Ministry should also optimise the use of the Child Protection Register, and ensure that data pertaining to child maltreatment cases reported at the Ministry has been promptly input therein. The Register should be made operational in the remaining outstations, namely at Flacq, Goodlands and Rose Belle, as soon as possible.

Standardisation in Provision of Service

The Ministry should have contracts and MoUs with all the RCIs and ensure that they comply with the conditions contained therein. It should also ascertain that all them are duly registered and provide a standard service for the benefit of the children.

Facilitate Reintegration of Children

During the period of placement of a child victim of maltreatment, there should be continuous rehabilitative work for the child to reintegrate his/her family environment. The Ministry should identify factors preventing the rehabilitation of parents and work out solution to facilitate the reintegration of children in their biological families.

Summary of Ministry's Reply

- In respect of care/case plan, it has been developed, but due to the lack of human resources at the RCI Section, considerable delay is experienced in completing the said care plans and updating same;
- As for the registration of RCIs, their specificities are not captured in the Residential Care Homes Act. Not all provisions in the “Minimum Conditions for a Residential Care Home” can be met by shelters. Regulations for places of safety, as well as provisions for registration of shelters will be made under the forthcoming Children’s Bill;
- As regards the absence of MoU/Contract, Managers/Directors of shelters are requested to ensure strict adherence to a list of Do’s and Don’ts and a pre-defined child-to-Caregiver ratio;
- All matching exercises were conducted in line with the CPA. Children with mild behavioural were kept in abeyance as the programme was optimised;
- With regard to rehabilitation and reintegration, most of the children placed in RCIs under Court Order came from unstable homes and family environments whereby their physical, social and emotional needs could not be met. The Family Welfare and Protection Unit would be called upon to work on processing cases for family rehabilitation and reintegration on a fast track basis. A call for proposals from Non-Governmental Organisations (NGOs) willing to work on the rehabilitation of families and reintegration of minors thereat is also in the pipeline. All officers posted in the Section during the period January 2014 to November 2016 were provided on-the-job coaching, as well as formal training from the International Social Services and a local Consultant. However, they have moved to other sectors;
- RCIs have again been requested to ensure compliance with norms and standards set by the Ministry, including the submission of monthly reports on residents;
- With regard to shortcomings identified in shelters run by NGOs, it is difficult for the Ministry to apply sanctions as appropriate in the absence of an agreement between the Ministry and NGOs, among other reasons.

Appendix IIA

List of Special Funds audited by the Director of Audit

- 1 Build Mauritius Fund
- 2 Cooperative Development Fund
- 3 Curatelle Fund
- 4 Lotto Fund
- 5 Morris Legacy Fund
- 6 National Environment Fund
- 7 National Habitat Fund
(Ceased operation on 11/11/2015)
- 8 National Parks and Conservation Fund
- 9 National Pensions Fund
- 10 National Recovery Fund
- 11 National Resilience Fund
- 12 National Solidarity Fund
(Also listed as Statutory Body)
- 13 Non Government Organisation Trust Fund
- 14 Permanent Resident Investment Fund
- 15 President Fund for Creative Writing
- 16 Prime Minister's Cyclone Relief Fund
- 17 Prime Minister's Relief Fund
- 18 Recovered Assets Fund
- 19 Residential Care Home Fund
- 20 Special Fund for the Welfare of the Elderly
- 21 Students Relief Fund
- 22 Sugar Industry Labour Welfare Fund
(Also listed as Statutory Body)
- 23 Treasury Foreign Currency Management Fund
- 24 Trust Fund for the Social Integration of Vulnerable Groups
(Ceased operation on 31/12/2009)

Appendix IIB**Special Funds - Financial Statements not yet Submitted**

Sn	Special Funds	No of Financial Statements	Period
1	Cooperative Development Fund	1	2016-17
2	Lotto Fund	1	01.10.2016-30.06.2017
3	National Environment Fund	1	2016-17
4	National Pensions Fund	3	2014 01.01.2015-30.06.2016 2016-17
5	National Resilience Fund	2	01.01.2015-30.06.2016 2016-17
6	President Fund for Creative Writing	2	01.01.2015-30.06.2016 2016-17
7	Recovered Assets Fund	2	01.07.2015-30.06.2016 2016-17
8	Residential Care Homes Fund	1	2016-17
9	Students Relief Fund	3	2014 01.01.2015-30.06.2016 2016-17
Total		16	

Appendix IIC**Special Funds - Financial Statements Certified
but not yet Laid before National Assembly**

Sn	Special Funds	No of Financial Statements	Period	Date Certified
1	Curatelle Fund	1	01.01.2015-30.06.2016	17.11.2016
2	Morris Legacy Fund	1	01.01.2015-30.06.2016	24.11.2016
3	National Environment Fund	1	2012	07.11.2013
4	National Habitat Fund	1	2014	14.12.2016
5	National Parks and Conservation Fund	5	2012	24.09.2013
			2013	14.11.2014
			2014	22.01.2016
			01.01.2015-31.10.2015	04.05.2017
			01.11.15-30.06.2016	04.05.2017
6	National Pensions Fund	2	2011	05.02.2016
			2012	21.09.2016
7	National Resilience Fund	3	2012	02.12.2016
			2013	02.12.2016
			2014	14.04.2017
8	Non Government Organisation Trust Fund	1	2013	29.10.2014
9	Permanent Resident Investment Fund	1	2014	08.06.2015
10	President Fund for Creative Writing	3	2005-06	29.03.2007
			2006-07	21.04.2008
			2007-08	08.10.2009
11	Recovered Assets Fund	1	01.02.2012-31.12.2013	24.03.2015
12	Residential Care Home Fund	4	2011	09.10.2012
			2012	17.10.2013
			2013	29.10.2014
			2014	29.12.2017

Continued

**Special Funds - Financial Statements Certified
but not yet Laid before National Assembly(Continued)**

Sn	Special Funds	No of Financial Statements	Period	Date Certified
13	Special Fund for the Welfare of the Elderly	3	2013 2014 01.01.2015-30.06.2016	25.08.2014 30.03.2017 30.03.2017
14	Students Relief Fund	1	2013	26.02.2014
15	Treasury Foreign Currency Management Fund	13	2002-03 2003-04 2004-05 2005-06 2006-07 2007-08 2008-09 01.07.2009-31.12.2010 2011 2012 2013 2014 01.01.2015-30.06.2016	20.01.2004 03.12.2004 29.12.2005 23.11.2007 30.11.2007 10.03.2009 24.02.2010 10.10.2011 19.09.2012 30.08.2013 19.01.2015 20.08.2015 08.08.2017
Total		41		

Appendix IIIA**List of Statutory Bodies audited by the Director of Audit**

- 1 Aapravasi Ghat Trust Fund
- 2 Agricultural Marketing Board
- 3 Beach Authority
- 4 Bhojpuri-Speaking Union
- 5 Board of Investment
- 6 Bus Industry Employees Welfare Fund
- 7 Central Electricity Board
- 8 Central Water Authority
- 9 Chagossian Welfare Fund
- 10 Chinese Speaking Union
- 11 Civil Service Family Protection Scheme Board
- 12 Competition Commission
- 13 Conservatoire de Musique François Mitterand Trust Fund
- 14 Construction Industry Development Board
- 15 Creole-Speaking Union
- 16 Early Childhood Care and Education Authority
- 17 Employees Welfare Fund
- 18 Fashion and Design Institute
- 19 Financial Reporting Council
- 20 Fishermen Investment Trust
- 21 Fishermen Welfare Fund
- 22 Food and Agricultural Research and Extension Institute
(Previously Food and Agricultural Research Council - Ceased operation on 14/02/2014)
- 23 Gambling Regulatory Authority
- 24 Hindi Speaking Union
- 25 Human Resource Development Council
- 26 Information and Communication Technologies Authority
- 27 Islamic Cultural Centre Trust Fund
- 28 Law Reform Commission
- 29 Le Morne Heritage Trust Fund
- 30 Mahatma Gandhi Institute
- 31 Malcom De Chazal Trust Fund
- 32 Manufacturing Sector Workers Welfare Fund
- 33 Marathi Speaking Union
- 34 Mauritian Cultural Centre Trust
- 35 Mauritius Broadcasting Corporation

List of Statutory Bodies audited by the Director of Audit (Continued)

- 36 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)
- 37 Mauritius Council of Registered Librarians
- 38 Mauritius Examinations Syndicate
- 39 Mauritius Ex-Services Trust Fund
- 40 Mauritius Film Development Corporation
- 41 Mauritius Institute of Education
- 42 Mauritius Institute of Health
- 43 Mauritius Institute of Training and Development
(previously Industrial and Vocational Training Board - Ceased operation on 15/11/2009)
- 44 Mauritius Marathi Cultural Centre Trust
- 45 Mauritius Meat Authority
- 46 Mauritius Museums Council
- 47 Mauritius Oceanography Institute
- 48 Mauritius Qualifications Authority
- 49 Mauritius Renewable Energy Agency
- 50 Mauritius Research Council
- 51 Mauritius Revenue Authority
- 52 Mauritius Society for Animal Welfare
- 53 Mauritius Society of Authors
(previously Rights Management Society name changed w.e.f 14/12/2017)
- 54 Mauritius Sports Council
- 55 Mauritius Standards Bureau
- 56 Mauritius Tamil Cultural Centre Trust
- 57 Mauritius Telugu Cultural Centre Trust
- 58 Mauritius Tourism Promotion Authority
- 59 Media Trust
- 60 National Adoption Council
- 61 National Art Gallery
- 62 National Children's Council
- 63 National Computer Board
- 64 National Cooperative College
(previously National Institute for Cooperative Entrepreneurship name changed w.e.f 02/05/2017)
- 65 National Council for the Rehabilitation of Disabled Persons

List of Statutory Bodies audited by the Director of Audit (Continued)

- 66 National Heritage Fund
- 67 National Human Rights Commission
- 68 National Library
- 69 National Productivity and Competitiveness Council
- 70 National Solidarity Fund
(Also listed as *Special Fund*)
- 71 National Transport Corporation
- 72 National Wage Consultative Council
- 73 National Women Entrepreneur Council
- 74 National Women's Council
- 75 National Youth Council
- 76 Nelson Mandela Centre for African Culture Trust Fund
- 77 Open University of Mauritius
- 78 Outer Islands Development Corporation
- 79 Private Secondary Education Authority
(Previously *Private Secondary Schools Authority* name changed w.e.f 01/10/2016)
- 80 Professor Basdeo Bissoondoyal Trust Fund
- 81 Public Officers' Welfare Council
- 82 Rabindranath Tagore Institute
- 83 Rajiv Gandhi Science Centre Trust Fund
- 84 Rights Management Society
- 85 Road Development Authority
- 86 Seafarers' Welfare Fund
- 87 Senior Citizens Council
- 88 Sir Seewoosagur Ramgoolam Botanical Garden Trust
- 89 Sir Seewoosagur Ramgoolam Foundation
- 90 Small and Medium Enterprises Development Authority
- 91 Small Farmers Welfare Fund
- 92 St Antoine Planters Cooperative Trust
- 93 State Trading Corporation
- 94 Sugar Industry Labour Welfare Fund
(Also listed as *Special Fund*)
- 95 Sugar Insurance Fund Board
- 96 Tamil Speaking Union
- 97 Telugu Speaking Union
- 98 Tertiary Education Commission
- 99 Tourism Authority

List of Statutory Bodies audited by the Director of Audit (Continued)

- 100 Tourism Employees Welfare Fund
- 101 Town and Country Planning Board
- 102 Trade Union Trust Fund
- 103 Training and Employment of Disabled Persons Board
- 104 Trust Fund for Specialised Medical Care
- 105 Université des Mascareignes
- 106 University of Mauritius
- 107 University of Technology Mauritius
- 108 Vallée D'Osterlog Endemic Garden Foundation
- 109 Wastewater Management Authority

- * National Agency for the Treatment and Rehabilitation of Substance Abusers
Ceased operation on 01/07/2016
Financial statements for the financial year 2012 and 2013 were certified on 21.08.2013 and 22.08.2014 respectively, but not yet laid before the National Assembly.

- ** National Economic and Social Council- *ceased operation on 01/05/2015*
Financial statements for the financial year 2014 and for the period 01.01.2015 -30.04.2015 have not yet been submitted for audit and financial statements for the financial year 2013 were certified on 17.03.2015, but not yet laid before the National Assembly.

- *** Sugar Cane Planters Trust - *Ceased operation as from 24/07/2010*
Financial statements for the financial years 2007-08, 2008-09 and period 01.07.2009-24.07.2010 have not yet been submitted for audit and the financial statements for financial year 2006-07 were certified on 20.10.2008, but not yet laid before the National Assembly.

- **** Tea Board - *Ceased operation as from 26/11/2013*
Financial statements for the period 01.01.2013 to 26.11.2013 were certified on 17.08.2017, but not yet laid before the National Assembly

- ***** Technical School Management Trust Fund - *Ceased operation as from 16/11/2009*
Financial statements for the financial year 2007-08, 2008-09 and period 01.07.2009-15.11.2009 were certified on 19.08.2016, 30.08.2016 and 08.08.2017 respectively, but not yet laid before the National Assembly.

Appendix IIIB

Statutory Bodies - Financial Statements not yet Submitted

Sn	Statutory Bodies	No of Financial Statements	Period	Statutory Date Limit
1	Creole Speaking Union	1	01.01.2016-30.06.2017	31.10.2017
2	Fishermen Investment Trust	3	2014 2015 01.01.2016-30.06.2017	30.04.2015 30.04.2016 31.10.2017
3	Food and Agricultural Research and Extension Institute	1	01.01.2016-30.06.2017	31.10.2017
4	Hindi Speaking Union	1	01.01.2016-30.06.2017	31.10.2017
5	Information and Communication Technologies Authority	2	2015 01.01.2016-30.06.2017	30.04.2016 31.10.2017
6	Le Morne Heritage Trust Fund	1	01.01.2016-30.06.2017	30.10.2017
7	Malcom de Chazal Trust Fund	5	2012 2013 2014 2015 01.01.2016-30.06.2017	30.04.2013 30.04.2014 30.04.2015 30.04.2016 31.10.2017
8	Marathi Speaking Union	1	01.01.2016-30.06.2017	31.10.2017
9	Mauritian Cultural Centre Trust	12	2004-05 2005-06 2006-07 2007-08 2008-09 01.07.2009-31.12.2010 2011 2012 2013 2014 2015 01.01.2016-30.06.2017	30.09.2005 30.09.2006 30.09.2007 30.09.2008 30.09.2009 31.03.2011 30.04.2012 30.04.2013 30.04.2014 30.04.2015 30.04.2016 31.10.2017
10	Mauritius Broadcasting Corporation	1	01.01.2016-30.06.2017	31.10.2017

Continued

Statutory Bodies - Financial Statements not yet Submitted.(Continued)

Sn	Statutory Bodies	No of Financial Statements	Period	Statutory Date Limit
11	Mauritius Council of Registered Librarians	1	01.01.2016-30.06.2017	31.10.2017
12	Mauritius Film Development Corporation	1	01.01.2016-30.06.2017	31.10.2017
13	Mauritius Marathi Cultural Centre Trust	1	01.01.2016-30.06.2017	31.10.2017
14	Mauritius Meat Authority	1	01.01.2016-30.06.2017	31.10.2017
15	Mauritius Museums Councilil	2	2015 01.01.2016-30.06.2017	30.04.2016 31.10.2017
16	Mauritius Oceanography Institute	1	01.01.2016-30.06.2017	31.10.2017
17	Mauritius Renewable Energy Agency	1	26.12.2015-30.06.2017	31.10.2017
18	Mauritius Society for Animal Welfare	2	2015 01.01.2016-30.06.2017	30.04.2016 31.10.2017
19	Mauritius Sports Council	1	01.01.2016-30.06.2017	31.10.2017
20	Mauritius Tamil Cultural Centre Trust	3	2014 2015 01.01.2016-30.06.2017	30.04.2015 30.04.2016 31.10.2017
21	Media Trust	5	2012 2013 2014 2015 01.01.2016-30.06.2017	30.04.2013 30.04.2014 30.04.2015 30.04.2016 31.10.2017
22	National Adoption Council	7	01.07.2009-31.12.2010 2011 2012 2013 2014 2015 01.01.2016-30.06.2017	31.03.2011 30.04.2012 30.04.2013 30.04.2014 30.04.2015 30.04.2016 31.10.2017

Continued

Statutory Bodies - Financial Statements not yet Submitted.(Continued)

Sn	Statutory Bodies	No of Financial Statements	Period	Statutory Date Limit
23	National Art Gallery	1	01.01.2016-30.06.2017	31.10.2017
24	National Children's Council	1	01.01.2016-30.06.2017	31.10.2017
25	National Computer Board	1	01.01.2016-30.06.2017	31.10.2017
26	National Economic and Social Council	2	2014 01.01.2015-30.04.2015	30.04.2015 31.08.2015
27	National Heritage Trust Fund	5	2012 2013 2014 2015 01.01.2016-30.06.2017	30.04.2013 30.04.2014 30.04.2015 30.04.2016 31.10.2017
28	National Transport Corporation	3	2014 2015 01.01.2016-30.06.2017	30.04.2015 30.04.2016 31.10.2017
29	National Women Entrepreneur Council	2	2015 01.01.2016-30.06.2017	30.04.2016 31.10.2017
30	Nelson Mandela Centre for African Culture Trust Fund	1	01.01.2016-30.06.2017	31.10.2017
31	Professor Basdeo Bissoondoya Trust Fnd	11	04.04.2005-30.06.2006 2006-07 2007-08 2008-09 01.07.2009-31.12.10 2011 2012 2013 2014 2015 01.01.2016-30.06.2017	30.09.2006 30.09.2007 30.09.2008 30.09.2009 31.03.2011 30.04.2012 30.04.2013 30.04.2014 30.04.2015 30.04.2016 31.10.2017

Continued

Statutory Bodies - Financial Statements not yet Submitted.(Continued)

Sn	Statutory Bodies	No of Financial Statements	Period	Statutory Date Limit
32	Rajiv Gandhi Science Centre Trust Fund	1	01.01.2016-30.06.2017	31.10.2017
33	Rights Management Society	1	01.01.2016-30.06.2017	31.10.2017
34	Sir Seewoosagur Ramgoolam Botanical Garden Trust	7	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
			2015	30.04.2016
			01.01.2016-30.06.2017	31.10.2017
35	Small and Medium Enterprises Development Authority	1	01.01.2016-30.06.2017	31.10.2017
36	Small Farmers Welfare Fund	1	01.01.2016-30.06.2017	31.10.2017
37	Sugar Cane Planters Trust	3	2007-08	30.09.2008
			2008-09	30.09.2009
			01.07.2009-24.07.2010	24.10.2010
38	Tamil Speaking Union	1	01.01.2016-30.06.2017	31.10.2017
39	Trade Union Trust Fund	2	2015	30.04.2016
			01.01.2016-30.06.2017	31.10.2017
40	Training and Employment of Disabled Persons Board	1	01.01.2016-30.06.2017	31.10.2017
41	Universite Des Mascarnignes	4	06.09.2012-31.12.2013	30.04.2014
			2014	30.04.2015
			2015	30.04.2016
			01.01.2016-30.06.2017	31.10.2017
42	University of Technology Mauritius	1	01.01.2016-30.06.2017	31.10.2017

Continued

Statutory Bodies - Financial Statements not yet Submitted.(Continued)

Sn	Statutory Bodies	No of Financial Statements	Period	Statutory Date Limit
43	University of Technology Mauritius	1	01.01.2016-30.06.2017	31.10.2017
44	Urdu Speaking Union	1	01.01.2016-30.06.2017	31.10.2017
45	Vallée D'Osterlog Endemic Garden Foundation	3	2014 2015 01.01.2016-30.06.2017	30.04.2015 30.04.2016 31.10.2017
Total		109		

Appendix IIIC

Statutory Bodies - Financial Statements Certified but not yet Laid before National Assembly

Sn	Statutory Bodies	No of Financial Statements	Period	Date Certified
1	Beach Authority	2	2014 2015	26.10.2015 05.10.2016
2	Central Electricity Board	1	2015	29.06.2017
3	Competition Commission	1	2013	08.09.2014
4	Farmers Service Corporation	2	2011 01.01.2012-18.03.2012	28.12.2012 21.07.2014
5	Fashion and Design Institute	4	01.07.2009-31.12.2010 2011 2014 2015	04.04.2014 04.09.2014 01.04.2016 17.11.2017
6	Financial Reporting Council	1	2014	21.09.2015
7	Fishermen Investment Trust	1	2012	31.10.2013
8	Food and Agricultural Research Council	1	01.01.2013-13.02.2014	13.01.2017
9	Gambling Regulatory Authority	1	2015	02.03.2017
10	Hindi Speaking Union	1	2014	10.08.2017
11	Industrial and Vocational Training Board	1	01.07.2009-15.11.2009	11.07.2014
12	Information and Communication Technologies Authority	2	2013 2014	07.08.2015 03.06.2016
13	Islamic Cultural Centre Trust Fund	9	2005-06 2006-07 2007-08 2008-09 01.07.2009-31.12.2009 2010 2011 2012 2013	26.07.2011 26.07.2011 26.07.2011 07.02.2014 07.02.2014 07.02.2014 12.07.2016 12.07.2016 12.07.2016

Continued

**Statutory Bodies - Financial Statements Certified
but not yet Laid before National Assembly (Continued)**

Sn	Statutory Bodies	No of Financial Statements	Period	Date Certified
14	Le Morne Heritage Trust Fund	9	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
			2012	12.11.2015
			2013	20.11.2017
15	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
16	Mauritian Cultural Centre Trust	2	2002-03	30.03.2005
			2003-04	22.01.2007
17	Mauritius Broadcasting Corporation	2	2007-08	20.10.2009
			01.07.2009-31.12.2010	07.02.2013
18	Mauritius Council of Registered Librarians	4	2012	03.12.2014
			2013	02.07.2015
			2014	23.05.2017
			2015	23.05.2017

Continued

**Statutory Bodies - Financial Statements Certified
but not yet Laid before National Assembly (Continued)**

Sn	Statutory Bodies	No of Financial Statements	Period	Date Certified
19	Mauritius Examinations Syndicate	5	2011 2012 2013 2014 2015	23.10.2012 08.10.2013 25.09.2014 18.05.2016 31.10.2016
20	Mauritius Film Development Corporation	2	2013 2014	14.05.2015 25.05.2016
21	Mauritius Institute of Education	2	2014 2015	21.10.2015 10.10.2016
22	Mauritius Marathi Cultural Centre Trust	3	2013 2014 2015	16.06.2015 14.01.2016 29.06.2017
23	Mauritius Meat Authority	2	2012 2013	04.02.2014 09.10.2014
24	Mauritius Museums Council	4	2008-2009 01.07.2009-31.12.2010 2011 2012	06.09.2010 04.06.2012 03.09.2014 09.10.2014
25	Mauritius Oceanography Institute	2	2013 2014	24.02.2015 31.10.2016
26	Mauritius Research Council	1	2011	27.12.2012
27	Mauritius Sports Council	5	2008-09 01.07.2009-31.12.2009 2010 2013 2014	09.09.2013 09.09.2013 09.09.2013 02.12.2014 04.11.2016

Continued

**Statutory Bodies - Financial Statements Certified
but not yet Laid before National Assembly (Continued)**

Sn	Statutory Bodies	No of Financial Statements	Period	Date Certified
28	Mauritius Sugar Authority	6	2006-07 2007-08 2008-09 01.07.2009-31.12.2010 2011 01.01.2012-18.03.2012	03.12.2009 13.12.2011 13.12.2011 29.03.2013 31.05.2013 21.07.2014
29	Mauritius Sugar Terminal Corporation	1	01.01.2012-18.03.2012	02.09.2014
30	Mauritius Tamil Cultural Centre Trust	6	2004-05 2005-06 2006-07 2007-08 2008-09 01.07.2009-31.12.2010	24.10.2012 24.10.2012 21.11.2012 21.11.2012 23.12.2013 23.12.2013
31	Mauritius Telugu Cultural Centre Trust	6	2004-05 2005-06 2006-07 2007-08 2008-09 2015	13.05.2011 07.10.2011 21.05.2012 21.05.2012 21.05.2012 10.06.2016
32	National Agency for the Treatment and Rehabilitation of Substance Abusers	2	2012 2013	21.08.2013 22.08.2014
33	National Art Gallery	2	2012 2013	17.10.2014 02.12.2014
34	National Children's Council	8	2006-07 2007-08 2008-09 01.07.2009-31.12.2010 2011 2012 2013 2014	28.01.2013 30.07.2013 13.02.2014 13.02.2014 12.05.2014 22.09.2014 07.10.2014 17.05.2016

Continued

**Statutory Bodies - Financial Statements Certified
but not yet Laid before National Assembly (Continued)**

Sn	Statutory Bodies	No of Financial Statements	Period	Date Certified
35	National Computer Board	6	2007-08 2008-09 01.07.2009-31.12.2010 2011 2012 2013	05.12.2014 30.12.2014 30.12.2014 20.01.2015 26.01.2017 17.08.2017
36	National Council for the Rehabilitation of Disabled Persons	4	01.07.2009-31.12.2010 2011 2013 2015	18.11.2011 04.10.2012 16.10.2014 28.09.2016
37	National Economic and Social Council	1	2013	17.03.2015
38	National Heritage Trust Fund	4	2007-08 2008-09 01.07.2009-31.12.2010 2011	19.11.2012 19.11.2012 28.01.2013 17.02.2014
39	National Productivity and Competitiveness Council	1	2013	16.01.2015
40	National Solidarity Fund	1	2015	31.10.2016
41	National Transport Corporation	1	2013	18.11.2015
42	National Women Entrepreneur Council	5	2006-07 2007-08 2008-09 01.07.2009-31.12.2010 2011	19.04.2011 19.04.2011 01.08.2012 07.12.2012 08.10.2013
43	National Women's Council	4	2006 2007 2008 2009	14.05.2013 26.07.2013 05.12.2013 24.04.2014

Continued

**Statutory Bodies - Financial Statements Certified
but not yet Laid before National Assembly (Continued)**

Sn	Statutory Bodies	No of Financial Statements	Period	Date Certified
44	National Youth Council	15	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
			2014	29.09.2015
45	Nelson Mandela Centre for African Culture Trust Fund	17	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
			2008-09	10.08.2015
			01.07.2009-31.12.2010	10.08.2015
			2011	10.08.2015
			2012	16.02.2016
			2013	16.02.2016

Continued

**Statutory Bodies - Financial Statements Certified
but not yet Laid before National Assembly (Continued)**

Sn	Statutory Bodies	No of Financial Statements	Period	Date Certified
46	Outer Islands Development Corporation	4	01.07.2009-31.12.2010 2011 2012 2015	31.07.2013 31.07.2013 11.12.2013 30.08.2017
47	Private Secondary Schools Authority	1	2015	30.06.2017
48	Rajiv Gandhi Science Centre Trust Fund	5	2006-07 2007-08 2008-09 01.07.2009-31.12.2010 2012	23.06.2009 11.03.2010 11.03.2010 13.04.2012 21.04.2014
49	Road Development Authority	8	2007-08 2008-09 01.07.2009-31.12.2010 2011 2012 2013 2014 2015	28.06.2012 12.07.2013 12.07.2013 19.11.2013 19.11.2013 13.08.2015 28.03.2016 31.10.2016
50	Seafarers' Welfare Fund	1	2014	30.10.2015
51	Senior Citizens Council	1	2015	14.12.2016
52	Sir Seewoosagur Ramgoolam Botanical Garden Trust	10	05.06.1999-30.06.2000 2000-01 2001-02 2002-03 2003-04 2004-05 2005-06 2006-07 2007-08 2008-09	28.02.2014 28.02.2014 28.02.2014 02.05.2014 13.05.2014 13.05.2014 27.05.2014 25.06.2014 17.08.2017 17.08.2017

Continued

**Statutory Bodies - Financial Statements Certified
but not yet Laid before National Assembly (Continued)**

Sn	Statutory Bodies	No of Financial Statements	Period	Date Certified
53	Sir Seewoosagur Ramgoolam Foundation	7	2006-07 2007-08 2008-09 01.07.2009-31.12.2010 2011 2012 2013	20.10.2015 20.10.2015 20.10.2015 20.10.2015 20.10.2015 20.10.2015 20.10.2015
54	Small and Medium Enterprises Development Authority	1	2012	21.09.2017
55	Small Farmers Welfare Fund	3	2013 2014 2015	10.10.2014 29.10.2015 08.08.2017
56	State Trading Corporation	1	2015	20.02.2017
57	Sugar Cane Planters Trust	1	2006-07	20.10.2008
58	Sugar Planters Mechanical Pool Corporation	1	01.01.2012-18.03.2012	28.07.2014
59	Sugar Industry Labour Welfare Fund	1	2013	27.10.2014
60	Tea Board	1	01.01.2013-25.11.2013	17.08.2017
61	Technical School Management Trust Fund	3	2007-08 2008-09 01.07.2009-15.11.2009	19.08.2016 30.08.2016 08.08.2017
62	Tourism Authority	4	2011 2012 2013 2014	03.10.2014 11.11.2014 11.11.2014 23.05.2016
63	Tourism Employees Welfare Fund	3	2013 2014 2015	28.10.2014 23.05.2016 30.09.2016
64	Training and Employment of Disabled Persons Board	3	2013 2014 2015	11.04.2016 11.04.2016 26.05.2017
65	University of Mauritius	1	2013	30.10.2014

Continued

**Statutory Bodies - Financial Statements Certified
but not yet Laid before National Assembly (Continued)**

Sn	Statutory Bodies	No of Financial Statements	Period	Date Certified
66	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
Total		236		

Appendix IV**List of Local Authorities audited by the Director of Audit**

- 1 The City Council of Port Louis
 - 2 The District Council Black River
(Including 13 Village Councils)
 - 3 The District Council of Flacq
(Including 23 Village Councils)
 - 4 The District Council of Grand Port
(Including 24 Village Councils)
 - 5 The District Council of Moka
(Including 17 Village Councils)
 - 6 The District Council of Pamplemousses
(Including 18 Village Councils)
 - 7 The District Council of Rivière Du Rempart
(Including 19 Village Councils)
 - 8 The District Council of Savanne
(Including 17 Village Councils)
 - 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
- * The Grand Port Savanne District Council – *Split in two District Councils- The District Council of Grand Port and The District Council of Savanne w.e.f 01/01/2013.*
Financial statements for the financial year 2011 were certified on 06.07.2011 but not yet gazetted.

Appendix VA**List of State Owned Companies and Other Bodies audited by the Director of Audit****Private Companies**

- 1 CEB (Green Energy) Company Ltd
- 2 CEB (Fibernet) Company Ltd
- 3 CEB (Facilities) Company Ltd
- 4 National Empowerment Foundation

Other Bodies

- 1 Association of District Councils
- 2 Association of Urban Authorities
- 3 Centre for Development Corporation in Fisheries-NORAD
- 4 Discharged Persons Aid Committee
- 5 Financial Intelligence Unit
- 6 Global Fuel Economy Initiative
- 7 Independent Commission Against Corruption
- 8 Indian Ocean Rim Association for Regional Cooperation
- 9 Institute For Judicial and Legal Studies
- 10 Lottery Committee
- 11 Mental Health Care Accounts Committee
- 12 National Archives Research and Publication Fund
- 13 National Committee on Corporate Governance
- 14 National Savings Fund
- 15 Parole Board
- 16 Postal Authority
- 17 Roman Catholic Diocese of Port Louis Religious Subsidy Act
- 18 Statutory Bodies Family Protection Fund
- 19 University of Mauritius Trust
- 20 World Diabetes Foundation

International Donor Agencies

- 1 Middle Income Countries Technical Assistance - Grant For Health Sector Review
- 2 Middle Income Countries Technical Assistance - Grant For Statistical Capacity Building Programme
- 3 Plaines Wilhems Sewerage Project
- 4 Third National Communication of the Republic of Mauritius under the UNFCCC
- 5 UNFPA Improved Quality of Life of Population
- 6 UNFPA Strengthening Reproductive Health for Youth

Appendix VB**Other Bodies - Financial Statements not yet Submitted**

Sn	Other Bodies	No of Financial Statements	Period
1	Centre for Development Corporation in Fisheries NORAD	1	01.01.2016-30.06.2017
2	Financial Intelligence Unit	2	01.01.2015-30.06.2016 2016-17
3	Institute For Judicial and Legal Studies	2	01.01.2015-30.06.2016 2016-17
4	Mental Health Care Accounts Committee	14	2002-03 2003-04 2004-05 2005-06 2006-07 2007-08 2008-09 01.07.2009-30.06.2010 2011 2012 2013 2014 01.01.2015-30.06.2016 2016-17
5	Middle Income Countries Technical Assistance Fund For Statistical Capacity	1	01.01.2016-30.06.2017
6	National Archives Research and Publication Fund	7	01.07.2009-31.12.2010 2011 2012 2013 2014 01.01.2015-30.06.2016 2016-17

Continued

Other Bodies - Financial Statements not yet Submitted (Continued)

Sn	Other Bodies	No of Financial Statements	Period
7	National Committee on Corporate Governance	3	2014 01.01.2015-31.12.2015 01.01.2016-30.06.2017
8	National Savings Fund	4	2014 01.01.2015-30.06.2016 2016-17
9	Parole Board	1	2016-17
10	Plaines Wilhems Sewerage Project	2	01.01.2015-30.06.2016 2016-17
11	Postal Authority	1	01.01.2015-30.06.2016 2016-17
12	University of Mauritius Trust	4	2013 2014 01.01.2015-30.06.2016 2016-17
13	World Diabetes Foundation	3	2014-15 2015-16 2016-17
Total		45	



National Audit Office

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