



REPUBLIC OF MAURITIUS

## **NATIONAL AUDIT OFFICE**

# **REPORT OF THE DIRECTOR OF AUDIT ON THE ACCOUNTS OF THE GOVERNMENT FOR THE FINANCIAL YEAR 2020-21**

**FEBRUARY 2022**



# **NATIONAL AUDIT OFFICE**

## **REPORT OF THE DIRECTOR OF AUDIT ON THE ACCOUNTS OF THE GOVERNMENT FOR THE FINANCIAL YEAR 2020-21**





# **NATIONAL AUDIT OFFICE**

*Contributing to Strengthening Good Governance  
in the Public Sector*





# NATIONAL AUDIT OFFICE

My Ref: NAO/ADM/ARA/AUD

28 February 2022

Dr. the Honourable Renganaden Padayachy  
Minister of Finance, Economic Planning and Development  
Ministry of Finance, Economic Planning and Development  
Government House  
Port Louis

Honourable Minister,

Pursuant to the provisions of Section 110 of the Constitution of the Republic of Mauritius and Section 20 of the Finance and Audit Act, I am pleased to submit copies of the Annual Statements for the financial year 2020-21, submitted to me in accordance with Section 19 of the Act, together with the Certificate of Audit and the Report upon my examination and audit of the Accounts of Government.

Subsequent to the laying of the above documents before the National Assembly, they will be posted on the Website of the National Audit Office- <https://nao.govmu.org>.

Yours sincerely,

**C. ROMOOAH**  
**Director of Audit**



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## FOREWORD BY THE DIRECTOR OF AUDIT

I am pleased to submit my Audit Report on the Accounts of the Government of the Republic of Mauritius for the financial year 2020-21.

It is my responsibility under Section 110 of the Constitution of the Republic of Mauritius to audit and report on the public accounts of Mauritius and of all courts of law and all authorities and officers of the Government. The Finance and Audit Act further requires me to submit a certificate of audit and a report upon my examination and audit of all accounts relating to public money, stamps, securities, stores and other property of Government and of the Regional Assembly relating to the Island of Rodrigues.

I am submitting this Report within the required statutory time-frame together with my Certificate of Audit on the Financial Statements of the Government for the financial year 2020-21.

My audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs) which are the standards relevant for the audit of Public Sector entities.

### **Audit Observations**

My observations for the financial year 2020-21 are mainly in the areas of financial reporting, procurement and project management, contract administration, assets management, revenue management, control over expenditure, and compliance with laws and regulations. Various lapses have been noted. These lapses impact adversely on public finances, resources, and service delivery.

In particular, I am again drawing attention on lapses in procurement and deficiencies in the management of government projects. As significant sums are spent on the acquisition of assets and inventory items, and in the implementation of capital projects, the need to obtain value for money as well as strict observance of procurement rules and proper management of capital projects at the level of Ministries and Government Departments is reiterated.

On the other hand, I have noted that many of our recommendations have been acted on and improvements made. My Office has carried out an exercise to assess responses by Ministries/Departments to matters raised in my Audit Report for the financial year 2019-20. This exercise has shown that 20 per cent of audit issues raised have been resolved and action has at least been initiated in respect of some 76 per cent of the issues.

Significant efforts have been made by public bodies to submit their financial statements to the National Audit Office for audit and to table their Annual Reports at the National Assembly. Likewise, 70 per cent of Ministries and Government Departments have submitted their Annual Report on Performance for the financial year under review, compared to 40 per cent reported last year.

The challenge is now for the Ministries and Departments to complete initiated actions within a reasonable time frame as they have an impact on operational efficiency and the quality of service delivery.

### **Constraints**

The COVID-19 pandemic has affected the conduct of audits worldwide and the National Audit Office is no exception. The audit of the accounts of the Rodrigues Regional Assembly (RRA) could not be undertaken as my officers have not been able to proceed to Rodrigues due to travel restrictions. Pursuant to Section 20(2)(b) of the Finance and Audit Act, the period for the submission of the Annual Audit Report on the accounts of the RRA for the financial year 2020-21 has been extended to 30 June 2022.

Considering the substantial challenges of 2021 and the impact of the COVID-19 pandemic on planned audit activities, the performance of my staff needs to be recognised. They have achieved their task with dedication so that I can submit my Report within the statutory deadline.

### **Challenges**

The COVID-19 pandemic has brought with it opportunities as well. Resorting to remote auditing by making maximum use of ICT tools is an opportunity to be exploited. However, for remote audits to be possible in the public sector, my officers must be able to have access to the records of public bodies electronically. It is therefore imperative that the computerisation of the whole spectrum of financial management systems in the public sector be expedited.

### **Acknowledgement**

I wish to express my sincere thanks to the Heads of Divisions and all the staff of the NAO for their continual support. Without their contribution and commitment, the submission of this Report would not have been possible.

I would also like to thank the Secretary to Cabinet and Head of the Civil Service, the Financial Secretary, the Secretary for Public Service, all the Senior Chief Executives, Permanent Secretaries and other Accounting Officers, the Accountant General, the Government Printer, the Clerk of the National Assembly and all their staff for their cooperation and collaboration.



**C. ROMOOAH**  
Director of Audit

28 February 2022



# OVERVIEW

This Report is submitted to the Minister of Finance, Economic Planning and Development to be laid before the National Assembly, in accordance with Section 20 of the Finance and Audit Act. The Public Accounts Committee deliberates on the Report and may call upon government officials to account for lapses reported, where it deems necessary.

## Scope of Report

The Report contains a summary of the most significant audit observations following the audit of the accounts of Government, that in my opinion, may have significant impact on finances, resources and service delivery, or that may adversely affect financial governance and controls, if not corrected.

These audit observations were communicated and discussed with the respective Accounting Officers of Ministries and Government Departments concerned.

This Report also includes -

- (a) an overview of the mandate of the National Audit Office (NAO) and the audit process (*Appendix I*);
- (b) the lists of other public entities which are audited by NAO, together with the status on the submission of their respective financial statements (*Appendices II to V*); and
- (c) the status on matters raised in the Audit Report for the financial year 2019-20 (*Appendix VI*).

## Audit Mandate

NAO's mandate stems from Section 110 of the Constitution of the Republic of Mauritius, making the Office one of the state institutions that support constitutional democracy.

The Constitution provides that the public accounts of Mauritius and of all courts of law and all authorities and officers of the Government shall be audited and reported on by the Director of Audit, and for that purpose, the Director of Audit or any person authorised by him in that behalf shall have access to all books, records, reports and other documents relating to those accounts. In the case of a body corporate directly established by law, the accounts of that body corporate shall be audited and reported on by the Director of Audit provided it is so prescribed.

## Scope of Audit

The scope of my audit includes determining whether:

- (a) the annual statements submitted by the Accountant General present fairly the financial transactions of Government during 2020-21 and the financial position as at 30 June 2021; and

- (b) Ministries and Government Departments are managing and utilising resources economically, efficiently and effectively, and laws and regulations are being complied with.

In accordance with Section 16(1) of the Finance and Audit Act, I am required to provide reasonable assurance to the National Assembly that –

- (a) all reasonable precautions have been and are taken to safeguard the collection of public money;
- (b) all laws, directions or instructions relating to public money have been and are duly observed;
- (c) 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;
- (d) 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; and
- (e) satisfactory management measures have been and are taken to ensure that resources are procured economically and utilised efficiently and effectively.

Section 20 of the Act further provides that I should send to the Minister (responsible for the subject of finance) copies of the statements submitted by the Accountant General in accordance with Section 19 together with a Certificate of Audit and a report upon my examination and audit of all accounts relating to public money, stamps, securities, stores and other property of Government and the Regional Assembly relating to the Island of Rodrigues.

### **Audit Approach**

NAO adopts a Risk-Based approach in determining the areas to be covered. In carrying out the audit, NAO examines records, files, reports, and other documents, conducts site visits and interviews relevant officers. The audit observations reported are based on the information and evidence so gathered. As audits are conducted on a sample basis, they do not reveal all irregularities and weaknesses. However, they should help uncover some of the serious lapses and at the same time provide those charged with governance of Ministries and Government Departments an indication of areas where improvements are required.

Audit findings which are considered significant and of a nature to be brought to the attention of the National Assembly, are communicated through “Reference Sheets” to the respective Accounting Officer. The latter is given the opportunity to comment on the truth and fairness of these findings and to give any additional explanations he/she deems necessary. A summary of the Accounting Officer's comments is included in the Report.

Based on explanations and/or any information provided by the Accounting Officer, I may retain, amend, or consider not including any of the audit findings in my report. Accounting Officers are notified that where I do not receive a reply within the time specified in the Reference Sheet, it will be assumed that they agree with the matters reported therein.

## Responsibility of Accounting Officers

The Accounting Officer is designated under Section 21(1) of the Finance and Audit Act by the Minister responsible for the subject of finance and is charged with the duty of-

- (a) controlling expenditure on any service in respect of which public funds have been appropriated; and
- (b) collecting revenue and paying that revenue into public funds.

The Accounting Officer is the officer who is answerable to the Public Accounts Committee. According to the *Financial Management Kit (Volume I – Duties and Responsibilities in Management of Public Finance)* issued by the Ministry of Finance, Economic Planning and Development, it is the responsibility of the Accounting Officer to put in place a sound system of internal control designed to provide reasonable assurance regarding –

- (a) the effectiveness and efficiency of operations in the Ministry/Department;
- (b) the safeguarding of assets and data of the Ministry/Department;
- (c) reliability of financial and non-financial reporting;
- (d) prevention of fraud and irregularities; and
- (e) compliance with applicable laws, regulations and instructions, as well as policies and established procedures.

## Annual Statements 2020-21 - Financial Highlights

- Government Expenditure has increased from Rs 189.6 billion in 2019-20 to Rs 297.3 billion in 2020-21. Government Debt Servicing and payment of Public Service Pension totalled Rs 110.4 billion and Rs 10.3 billion respectively, representing some 40.6 per cent of total Government Expenditure for 2020-21. The balance of Rs 176.6 billion was spent under the Votes of Expenditure of various Ministries and Government Departments, which included payment of Social Benefits of Rs 45.7 billion, transfers to Special Funds of Rs 31.9 billion and grants to Parastatal Bodies/Local Authorities/Rodrigues Regional Assembly of Rs 23.7 billion.
- Government Revenue in 2020-21 totalled Rs 289.1 billion, as compared to Rs 178.9 billion in 2019-20. There has been high dependency on borrowings, which represented some 47 per cent of total Government Revenue for the year 2020-21. Borrowings have increased from Rs 56.9 billion in 2019-20 to Rs 135 billion in 2020-21. Receipts from taxes have dropped by 6.3 per cent from Rs 91.8 billion for the year 2019-20 to Rs 86 billion in 2020-21. In addition, Government has received a one-off contribution of Rs 55 billion from the Bank of Mauritius in 2020-21.
- Public Sector Debt (PSD) has increased by 10 per cent from Rs 381.8 billion as at 30 June 2020 to Rs 419.4 billion as at 30 June 2021. The Public Debt Management Act was amended through the COVID-19 (Miscellaneous Provisions) Act 2020 to provide for the removal of the PSD ceiling of 65 per cent of Gross Domestic Product

(GDP) and to calculate PSD as a percentage of GDP on a net basis rather than on Gross Basis. PSD as a percentage of GDP, has increased from 83.4 per cent (gross basis) to 96.2 per cent (gross basis). On a net basis, PSD as a percentage of GDP, has increased from 70.4 to 79.2 per cent.

- Long outstanding loans for a total amount of Rs 2.3 billion were written off during 2020-21. The balance of outstanding loans as at 30 June 2021 was Rs 9.7 billion, of which Rs 6.3 billion (65 per cent) were due by two Statutory Bodies.
- Total investments of Government of Rs 72.4 billion (cost) were stated at fair value of Rs 119.8 billion in the accounts of Government as at 30 June 2021. Investments acquired for a total amount of Rs 44.9 billion have not yielded any return since their acquisitions. During the financial year 2020-21, some Rs 110.9 million were received as dividends from investments of Government in Quoted and Unquoted Shares of Companies, representing a return of 0.24 per cent.

### **Summary of Audit Findings**

The key issues highlighted in this Report and elaborated hereunder are:

- (a) Non-Compliance with Legislations regulating Reporting Responsibilities;
- (b) Non-compliance with Rules and Regulations;
- (c) Lapses in Procurement Management;
- (d) Deficiencies in Project Management;
- (e) Lapses in Contract Administration;
- (f) Weaknesses in Expenditure Control;
- (g) Issues in Revenue Management;
- (h) Deficiencies in Asset Management;
- (i) Inadequate Control over Inventory; and
- (j) Inadequate Management Information Systems.

### ***Non-Compliance with Legislations regulating Reporting Responsibilities***

As of 21 February 2022,

- 44 Statutory Bodies had not submitted a total of 132 financial statements to NAO for audit purposes.
- 95 Financial Statements in respect of 37 Statutory Bodies had been certified by NAO but were not yet laid before the National Assembly.

- A total of 11 financial statements in respect of five Special Funds were not submitted to NAO for audit purposes.
- 13 Financial Statements in respect of five Special Funds were already certified by NAO but were not yet laid before the National Assembly.

Also, as of 15 February 2022, 20 Ministries and Government Departments had not submitted their Annual Reports on Performance for the financial year 2020-21 to the Ministry of Finance, Economic Planning and Development.

#### ***Non-Compliance with Rules and Regulations***

- Contractor was not reported to the Procurement Policy Office (PPO) for non-performance.
- Non-compliance with the Capital Project Process Manual.
- In certain cases, offices were operating without valid Fire Certificates.

#### ***Lapses in Procurement Management***

- Critical assets were not provided for in the original project contract.
- Procurement procedures were not followed for the acquisition of an official vehicle.
- Procurement lead time prescribed under PPO Directive was exceeded in several instances.
- Award of contracts was delayed due to issues relating to specifications, inadequate market survey and inaccurate cost estimates.

#### ***Deficiencies in Project Management***

- Cost estimates were wrongly prepared.
- Cases where specifications were inaccurate and works to be carried out were not properly determined, resulting in project delays, cancellation of projects and increase in costs.
- Emergency drain projects in high-risk flood-prone areas were not completed after two years.
- Long delays in the completion of projects were noted in some cases.
- There were cases of delays in the award of contracts.

#### ***Lapses in Contract Administration***

- Payments were effected to a Consultant for supervision of works not carried out.

- Liquidated damages were not claimed as required.
- Advance Payment was not recovered due to non-renewal of Advance Payment Guarantee.
- Compensation was not claimed due to non-extension of Performance Security.

#### ***Weaknesses in Expenditure Control***

- Excess rental paid for office space due to wrong interpretation of clauses in lease agreement.
- Inadequate control over payment of mileage allowance.
- Inadequate control over disbursements of grants.
- Lack of internal checks on payment of quarantine charges.

#### ***Issues in Revenue Management***

- Enquiry on irregularity in revenue collection still ongoing after more than six years.
- Discrepancies in the recording of revenue.
- Loss of revenue due to delays in reassessment/revaluation of immovable properties.
- Ineffective mechanism for recovery of arrears.
- Several disputed tax cases not resolved after more than 10 years, in some cases, 20 years.
- Lapses in auction process resulting in potential loss of revenue.

#### ***Deficiencies in Asset Management***

- Implementation of critical systems delayed due to inadequate planning.
- Non-Financial Assets not recorded in the Government Asset Register.
- Long waiting list for angiography examinations due to inadequate angiography machines.

#### ***Inadequate Control over Inventory***

- Overestimation of stock of flu vaccines required and poor storage condition.
- Nugatory expenditure due to overstocking of flu vaccines, which have now expired.
- Tablets purchased in excess of requirement.

### ***Inadequate Management Information System***

- Absence of proper Management Information System (MIS) for “prescribed premises”.
- Incomplete MIS for vehicle registration.

### **Follow up of the Matters Raised in Audit Report 2019-20**

As required by ISSAIs, Supreme Audit Institutions (SAIs) should report on follow-up measures taken by audited entities with respect to their findings and recommendations. The follow-up mechanism is intended to:

- (a) enable the SAI to report on the results of its follow-up actions appropriately to the legislature, executive, stakeholders and the public;
- (b) encourage the audited entity to take relevant corrective actions; and
- (c) demonstrate the value and benefit of the SAI and the impact of the audit report.

Accordingly, a follow up of matters raised in the Audit Report 2019-20 was carried out during the current audit. Based on the findings of NAO and/or management response, the actual status of the audit issues have been categorised as follows:

- Whether necessary actions have been taken and the matter has been resolved.
- Whether management has taken necessary actions at its end but is awaiting for other outcomes, advice or decisions in pursuit to wholly resolve the issues.
- Whether management has initiated some actions at its end to resolve the audit issues.
- No appropriate action has been taken by management to address shortcomings reported.

The follow up audit has shown that:

- 20 % of issues raised in the Audit Report 2019-20 have been resolved.
- In respect of another 20% of issues, Ministries/Departments have already taken necessary actions at their end.
- Actions have been initiated, but not completed, in respect of 56% of issues.
- No action has been taken on nine issues (4%).

### **Performance Audit Reports**

Performance Audit is carried out by NAO as per provisions of Section 16(1A) of the Finance and Audit Act. Two Performance Audit Reports were laid at the National Assembly in 2021:

- *Enhancing Road Safety in Mauritius*
- *Provision of Social Housing*

Performance Audits are currently being carried out on the following subject matters:

- *Cash Management*
- *Solid Waste Management*
- *Use of Pesticides*
- *Drug Rehabilitation*

The Reports are planned to be issued in the course of this year.

## **Recommendations**

- ***Submission of Financial Statements for audit by Statutory Bodies***

Provision of accounting support to organisations which have capacity issues. Consideration could be given to the setting up of a common pool of accountants to assist in the preparation of their financial statements.

- ***Submission of Performance Reports by Ministries and Government Departments***

- Assessment of the quality of Performance Reports submitted, to ensure that they contain required information.
- Ensuring that Performance Reports are publicly available.

- ***Procurement/Project Management and Contract Administration***

- Consolidation of the provisions of the Public Procurement Act, Directives and Circulars issued by the Procurement Policy Office (PPO).
- Review of the roles of the PPO and the Procurement and Supply Directorate of the Ministry of Finance, Economic Planning and Development to provide for more support to public officers in procurement operations, including in carrying out market surveys, preparation of specifications and cost estimates.
- Enhancing capacity of the PPO to carry out real time procurement audits.
- Enhancing support by the Ministry of National Infrastructure and Community Development to Ministries and Departments in management of capital projects.
- Implementation of a capacity development programme for continuous training of public officers engaged in procurement and project management. Areas of interest may include e-procurement, training in market surveys, procurement planning,



cost estimates and specification preparation, management of contracts and general guidance on application of rules and regulations.

- Implementation of a proper Management Information System with readily available status reports and exception reports to improve monitoring of projects.
  - Strengthening due diligence to properly assess operational and financial capacity of contractors prior to award of contracts.
  - Determination of root causes in case of absence of competitive bids in certain areas. In some cases, lack of a sufficient number of bids may be due to wrong specifications or terms and conditions in tenders.
- ***Revenue Management***
    - Enhancing coordination amongst stakeholders involved in revenue management.
  - ***Expenditure Control***
    - Scheduled payments to Contractors to be checked by internal auditors to ensure that they are according to terms and conditions of payments.
  - ***Asset and Inventory Management***
    - Implementation of the Government Assets Register and Electronic Inventory Management System to be expedited.
  - ***Management Information Systems***
    - Proper assessment of the adequacy of MIS across Ministries/Departments.

## **Concluding Remarks**

At a time when there is a significant increase in Government expenditure to respond to the impacts of COVID-19 and the reliance the citizens place on essential public services, the need for public organisations to be more efficient has become more apparent.

Through our audits, we draw attention on issues and shortcomings to help public organisations improve their performance and accountability. We have seen many of our recommendations acted on and improvements being made. However, more efforts are required in various areas of public sector management.

Procurement and project management remain major concerns. This year's thematic audit has revealed that the management of capital projects needs to be strengthened. Government invests massively in capital projects to provide required infrastructure and amenities with a view to improving service delivery. Those charged with the governance of Ministries and Government Departments should exercise due care and diligence to ensure that public funds are spent economically, efficiently and effectively with a view to ensuring that expected outcomes are achieved.

The COVID-19 pandemic has given clear signals that work practices in the public sector have to be revamped. It is thus imperative that the computerisation of the whole spectrum of management systems in the public sector be expedited. At NAO, one of our main goals is to improve the efficiency of our audits by leveraging on emerging technologies to enable remote auditing.

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# PART I

## AUDIT OF ANNUAL STATEMENTS



## 2 - ANNUAL STATEMENTS

### 2.1 Annual Statements 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 fiscal year.

The set of statements of the Government of the Republic of Mauritius for the financial year ended 30 June 2021 included a Statement of Financial Position showing the assets and liabilities as at the end of the financial year, a Statement of Financial Performance for the financial year, and other Statements as prescribed by Section 19(3) of the Act.

#### *Submission of Statements*

The accounts of Government were closed on 10 August 2021 and the annual Statements of Government were authorised for issue by the Accountant General on 29 December 2021. The main Statements comprising the Statement of Financial Position (Statement A), Statement of Financial Performance (Statements AA and AB), Statement of Changes in Net Assets or Equity (Statement AC), Statement of Cash Flow (Statement AD) and Statement of Comparison of Budget Estimates and Actual Amounts (Statements AE and AF), as well as the Statement of Public Sector Debt (Statement J) were submitted to the NAO on 29 December 2021.

Other Statements, as prescribed by Section 19(3) of the Finance and Audit Act not mentioned above, were submitted to my Office on 22 October 2021, 13 December 2021 and 17 December 2021.

Statement A – ‘Statement of Financial Position’ of the Government and related records were examined and the following were observed:

- (a) The target set in the roadmap for the implementation of a financial reporting framework based on accrual accounting and International Public Sector Accounting Standards (IPSAS) and for the Budgetary Central Government’s Financial Statements to be fully compliant with IPSAS as from the financial year 2020-21 was not achieved;
- (b) Although significant progress has been made regarding the implementation of financial reporting based on accrual IPSAS, key issues such as the Secondary Ledger and the Government Asset Register (GAR) were still not fully addressed;
- (c) Audited figures for the financial year 2019-20 have been restated due to first time recognition of certain assets and liabilities, resulting in increases in Total Assets, Total Liabilities and Net Assets of Rs 3.8 billion, Rs 2.7 billion and Rs 1.1 billion respectively;
- (d) As of 30 June 2021, Rs 25.6 billion of Cash and Cash equivalents were held by seven Special Funds. A total amount of Rs 16.7 billion were appropriated through the Supplementary Appropriation (2020-2021) Act 2021 and transferred to four Special Funds on 30 June 2021;

- (e) Out of a total amount of Rs 9.7 billion of loans due to Government, some Rs 888 million were in respect of loans instalments due as of 30 June 2021 but not yet paid to Government as at that date. In addition, interests due on loans outstanding as at 30 June 2021 and penalties totalled some Rs 1 billion;
- (f) Investments costing Rs 6 billion were disclosed at zero fair value as at 30 June 2021 and total investments costing some Rs 28.3 billion were measured at fair value of Rs 51.8 billion based on the Net Assets Values extracted from the Financial Statements of investees dating back to years 2013 to 2019; and
- (g) As of December 2021, the exercise to complete the GAR was still in progress. The value of assets recorded in the GAR amounted to some Rs 190.3 million as compared to the reported figures of Rs 514.5 billion for Property, Plant and Equipment (PPE) and Rs 884.3 million for Intangible Assets (IA) in the Financial Statements.

## **2.2 Implementation of IPSAS Financial Statements**

With a view to improving transparency, accountability and decision making through the production and publication of internationally benchmarked Financial Statements, the Finance and Audit Act was amended in July 2017 to provide for the Annual Statements of Government to be prepared in compliance with IPSAS as from the financial year 2022-23 onwards.

Regarding Annual Statements prior to 2022-23, Section 19(3A)(a) of the Finance and Audit Act provides that Statement A to Statement AF shall as far as possible be prepared in compliance with IPSAS.

In October 2016, Government embarked on the implementation of a financial reporting framework based on accrual accounting and IPSAS with the technical assistance of the International Monetary Fund (IMF).

A detailed road map was developed in consultation with IMF, which outlined the steps towards the fully IPSAS compliant Financial Statements by 2022-23 as follows:

- 2020-2021: IPSAS Financial Statements for the Budgetary Central Government (BCG).
- 2021-2022: IPSAS Consolidated Financial Statements for the General Government.
- 2022-2023: IPSAS Consolidated Financial Statements for the Public Sector.

The progress regarding the implementation of accrual based IPSAS is being reviewed by the IMF. A remote Technical Assistance Mission was effected from 5 to 19 October 2020 and a report summarising the Mission's findings and recommendations was submitted in November 2021. Another Technical Assistance Mission was held in January/February 2022 to assess the progress made since the last Mission.



### ***The Target set in the Roadmap was not met***

The target set for the BCG's Financial Statements to be fully compliant with IPSAS by the financial year ended 30 June 2021 was not achieved.

While the BCG's 2020-21 Financial Statements showed improvements over the previous year, the following areas still needed to be addressed for the 2020-21 Financial Statements to be fully IPSAS compliant:

- Revenue – Dividends and Income from Quasi Corporations accounted on Cash Basis.
- Expenses relating to 'Subsidies' and most transfer payments classified under 'Other Expenses' accounted on Cash Basis.
- All Contingent Liabilities of Government were not accounted or appropriately disclosed.
- Biological Assets were not accounted for.
- Disclosure notes regarding Key Management Remuneration, Related Party Transactions and Events after the Reporting Date were not provided.

Since the milestone for the BCG 2020-21 Financial Statements to be fully IPSAS compliant was not met, meeting the deadline for the Annual Statements of Government for the financial year 2022-23 to be prepared in compliance with IPSAS would be challenging.

### ***Treasury's Response***

The target for full IPSAS compliance by the BCG was optimistically set for the financial statements for the financial year 2020-21. This could not be achieved due to resurgence of COVID-19 pandemic, non-availability of complete relevant information and limited resources at the level of Treasury. Despite these challenges, the financial statements for the financial year 2020-21 have been greatly enhanced.

### ***Issues noted during the Implementation of Accrual-Based IPSAS***

Although significant progress was noted in the implementation accrual-based IPSAS, yet the following issues, previously reported, were still not fully addressed.

- As of January 2022, the Secondary Ledger (SL) which was to cater for accruals accounting in the Treasury Accounting System was not fully operational.

Figures in the Financial Statements for Receivables, Advances, Inventories, Prepayments, Additions to Non-Financial Assets under recurrent expenditure and Payables were still being computed manually from returns obtained from Ministries and Government Departments. Consequently, the accrual-based IPSAS Financial Statements of Government which were to be generated from the SL, had to be prepared manually.

- The GAR was introduced since August 2017 to record all assets of Government and to support figures for the items ‘Property, Plant and Equipment’ and ‘Intangible Assets’ in the Financial Statements of Government. However, as of January 2022, entries in the GAR were still not complete.

### Treasury’s Response

- The preparation of Financial Statements under accrual basis is not dependent on the Secondary Ledger although the latter is an added tool in the process. Despite the foregoing, the Secondary Ledger has been worked out and is on a testing phase in parallel to the manual preparation of the Financial Statements. It is expected that the Financial Statements for the year 2021-22 of the Budgetary Central Government would be generated from the Secondary Ledger.
- In respect to GAR, the onus of recording the assets purchased by Ministries/ Departments rest on them.

### ***Main changes to the Financial Statements with the Implementation of Accrual-Based IPSAS***

During the financial year 2020-21, the following additional assets and liabilities were recognised for the first time in the Statement of Financial Position:

- Receivables from Income Tax: Companies and Bodies Corporate.
- Receivables from Property and Fines, Penalties and Forfeits.
- Receivables from Exchange Transactions, net of loss allowance.
- Financial Guarantee Liability.
- Employee Benefit Obligations – Accruals for End of Year bonus.

Changes brought to the Financial Statements resulting from the recognition of additional assets and liabilities in the implementation of accrual-based IPSAS Financial Statements have had significant effects on Total Assets and Total liabilities reported as at 30 June 2020.

Comparative figures for Government’s Total Assets had increased by Rs 3.8 billion and Total Liabilities had increased by Rs 2.7 billion, hence resulting in an increase in Net Assets Value of Rs 1.1 billion.

Details of increases in Assets and Liabilities are given in Table 2-1.

*Table 2-1 Increase in Assets and Liabilities due to First Time Recognition*

| <b>Assets and Liabilities</b>               | <b>Increase<br/>Rs</b> |
|---------------------------------------------|------------------------|
| Receivables from Non- Exchange Transactions | 458,989,935            |
| Receivables from Exchange Transactions      | 3,390,602,048          |
| Loans and Advances                          | 3,266,844              |
| <b>Total Assets</b>                         | <b>3,852,858,827</b>   |
| Financial Guarantee Liability               | 1,903,777,323          |
| Employee Benefit Obligations                | 816,749,086            |
| <b>Total Liabilities</b>                    | <b>2,720,526,409</b>   |
| <b>Net Assets</b>                           | <b>1,132,332,418</b>   |

*Source: Treasury Workings*

## 2.3 Statement A - Statement of Financial Position as at 30 June 2021

The Assets and Liabilities of Government are shown in Table 2-2.

*Table 2-2 Assets and Liabilities as at 30 June 2020 and 30 June 2021*

|                                            | 30 June 2021     | 30 June 2020<br>(Restated) |
|--------------------------------------------|------------------|----------------------------|
|                                            | Rs million       | Rs million                 |
| <b>Assets</b>                              |                  |                            |
| Cash and Cash Equivalents                  | 42,510.4         | 29,496.9                   |
| Receivables from Non-Exchange Transactions | 15,686.6         | 8,526.9                    |
| Receivables from Exchange Transactions     | 2,120.5          | 3,390.6                    |
| Loans and Advances                         | 13,825.1         | 15,710.2                   |
| Investments                                | 119,810.1        | 104,351.8                  |
| Inventories                                | 2,488.4          | 2,385.1                    |
| Prepayments                                | 39.5             | 37.2                       |
| Other Financial Assets                     | 6,437.2          | 5,857.4                    |
| Property, Plant and Equipment              | 514,493.8        | 511,451.0                  |
| Intangible Assets                          | 884.3            | 815.6                      |
| <b>Total Assets</b>                        | <b>718,295.9</b> | <b>682,022.7</b>           |
| <b>Liabilities</b>                         |                  |                            |
| Payables                                   | 1,815.1          | 1,583.4                    |
| Deposits                                   | 8,253.6          | 2,449.1                    |
| Government Debt                            | 386,769.4        | 345,192.3                  |
| Employee Benefit Obligations               | 138,028.2        | 135,570.7                  |
| Financial Guarantee Liability              | 2,490.6          | 1,903.8                    |
| <b>Total Liabilities</b>                   | <b>537,356.9</b> | <b>486,699.3</b>           |
| <b>Net Assets</b>                          | <b>180,939.0</b> | <b>195,323.4</b>           |
| <b>Net Assets/Equity</b>                   |                  |                            |
| Consolidated Fund                          | 73,865.4         | 49,161.7                   |
| Accumulated Surplus                        | 70,586.0         | 133,119.2                  |
| Special Funds                              | 36,487.6         | 13,042.5                   |
| <b>Total Net Assets/Equity</b>             | <b>180,939.0</b> | <b>195,323.4</b>           |

*Source: Statement A - Statement of Financial Position as at 30 June 2021*

### **Cash and Cash Equivalents – Rs 42.5 billion**

As of 30 June 2021, Cash and Cash Equivalents amounted to Rs 42.5 billion, compared to Rs 29.5 billion as of 30 June 2020, representing a 44 per cent increase. A breakdown of the Cash and Cash Equivalents figure is given in Table 2-3.

*Table 2-3 Cash and Cash Equivalents as at 30 June 2020 and 30 June 2021*

|                               | <b>30 June 2021</b>   | <b>30 June 2020</b>   | <b>Increase/<br/>(Decrease)</b> |
|-------------------------------|-----------------------|-----------------------|---------------------------------|
|                               | <b>Rs</b>             | <b>Rs</b>             | <b>Rs</b>                       |
| <b>Cash and Bank Balances</b> |                       |                       |                                 |
| 1. Accountant General         | 13,542,324,417        | 13,539,913,303        | 2,411,114                       |
| 2. District Cashiers          | 366,714               | 368,189               | (1,475)                         |
| 3. Ministries and Departments | 169,484,584           | 201,127,423           | (31,642,839)                    |
| 4. Mauritius Embassies        | 69,568,874            | 33,583,662            | 35,985,212                      |
| 5. Deposit Accounts           | 943,504,810           | 793,402,679           | 150,102,131                     |
| 6. Special Funds              | 25,567,657,163        | 12,722,525,766        | 12,845,131,397                  |
| <b>Sub-Total</b>              | <b>40,292,906,562</b> | <b>27,290,921,022</b> | <b>13,001,985,540</b>           |
| <b>Remittances</b>            | <b>2,217,455,202</b>  | <b>2,205,982,271</b>  | <b>11,472,931</b>               |
| <b>Total</b>                  | <b>42,510,361,764</b> | <b>29,496,903,293</b> | <b>13,013,458,471</b>           |

*Source: TAS balances as at 30 June 2020 and 30 June 2021*

*Significant Increase in the Cash and Bank Balances of Special Funds*

Out of the Cash and Cash Equivalents as at 30 June 2021 of Rs 42.5 billion, Rs 25.6 billion were in respect of funds deposited with the Accountant General by seven Special Funds set up under the Finance and Audit Act.

The Special Funds' Cash and Cash Equivalents recorded an increase of 101 per cent from Rs 12.7 billion as at 30 June 2020 to Rs 25.6 billion as at 30 June 2021. The increase was due mainly to the transfer of Rs 16.7 billion, provided through the Supplementary Appropriation (2020-2021) Act 2021, from the Consolidated Fund to four Special Funds on 30 June 2021.

Details are given in Table 2-4.

*Table 2-4 Special Fund - Transfer of Funds on 30 June 2021 and  
Bank/Investment Balances as at that date*

| <b>Special Funds</b>                            | <b>Transfer of<br/>Funds on 30<br/>June 2021</b> | <b>Bank Balance<br/>as at<br/>30 June 2021</b> | <b>Investment<br/>as at<br/>30 June 2021</b> |
|-------------------------------------------------|--------------------------------------------------|------------------------------------------------|----------------------------------------------|
|                                                 | <b>Rs</b>                                        | <b>Rs</b>                                      | <b>Rs</b>                                    |
| National Resilience Fund                        | 9,200,000,000                                    | 13,364,511,076                                 | 200,000,000                                  |
| National Environment and Climate<br>Change Fund | 2,500,000,000                                    | 3,276,781,701                                  | -                                            |
| COVID-19 Projects Development<br>Fund           | 4,000,000,000                                    | 7,888,031,855                                  | 10,600,000,000                               |
| National COVID-19 Vaccination<br>Programme Fund | 1,000,000,000                                    | 818,327,736                                    | -                                            |
| <b>Total</b>                                    | <b>16,700,000,000</b>                            | <b>25,347,652,368</b>                          | <b>10,800,000,000</b>                        |

*Source: Estimates of Supplementary Expenditure 2020-2021 and Statement H, Statement of Special Funds  
Deposited with the Accountant General as at 30 June 2021*

### ***Loans and Advances - Rs 13.8 billion***

Included under the item 'Loans and Advances' was an amount of Rs 9.7 billion representing outstanding balance as at 30 June 2021, for loans advanced to Statutory Bodies, Private Bodies, Other Bodies and private individuals mainly to finance capital projects.

Out of the Rs 9.7 billion, some Rs 888 million were in respect of loans instalments due as of 30 June 2021 but not yet paid to Government as at that date. Some of the unpaid instalments dated as far back as 1996. Additionally, interests and penalties totalling some Rs 1 billion were due on the loan amount outstanding.

On 30 June 2021, outstanding loan balances including interests and penalties, amounting to Rs 2.9 billion, were written off.

### ***Investments – Rs 119.8 billion***

As of 30 June 2021, Investments costing Rs 72.4 billion were measured at fair value of Rs 119.8 billion, consisting of Investments within one year maturity of Rs 11.1 billion disclosed under current assets and Investments after one year maturity of Rs 108.7 billion disclosed under non-current assets.

The fair value of the quoted shares was determined on the basis of the market prices of the shares on the Stock Exchange of Mauritius. For the estimation of fair value for unquoted investments and equity participation, the Net Asset figure from the most recently available audited Financial Statements of investees was used.

The following were noted:

- Investments for a total cost of Rs 6 billion were disclosed at zero fair value as at 30 June 2021 in respect of unquoted shares and equity participation in companies with negative net assets as per their latest audited accounts.
- In 17 cases, where the cost of investments totalled Rs 28.3 billion, the Net Asset figure was extracted from Financial Statements of investees dating back to years 2013 to 2019 and their fair value was stated at Rs 51.8 billion.

***Property, Plant and Equipment - Rs 514.5 billion and Intangible Assets - Rs 884.3 million***

As at 30 June 2021, Property, Plant and Equipment (PPE) and Intangible Assets (IA) owned by Government were recognised at some Rs 514.5 billion and Rs 884.3 million respectively in the Statement of Financial Position.

***Government Asset Register not yet completed***

At paragraph 2.3 of the Audit Report for 2019-20, I highlighted that the computerised GAR which was being developed since July 2017 to enable Ministries/Government Departments to record their physical assets, was not completed and as such, the completeness of assets could not be ascertained.

In May 2021, Treasury decided to retire all assets uploaded in the GAR (some Rs 259 million) and to set the value of assets recorded therein to zero on the basis that data input by Ministries/ Government Departments in the GAR was incomplete and unreliable.

A report submitted to NAO on 29 December 2021 on the status of the GAR showed a slow progress on the recording of assets. The value of assets recorded therein as at that date amounted to some Rs 190.3 million as compared to the reported figures of Rs 514.5 billion for PPE and Rs 884.3 million for IA in the Financial Statements.

Treasury should endeavor to complete the GAR as early as possible in order to be able to support the value at which PPE and IA are reported in the Financial Statements.

**Treasury's Response**

The Treasury has issued Circulars and Guidance and provided training to Ministries and Departments to update the Government Asset Register. The onus rests with them to update the GAR.

***Useful Economic Lives of fully depreciated assets still in use by Ministries/ Departments not reviewed.***

As of 30 June 2021, assets worth some Rs 7.5 billion had been fully depreciated. These could include items that are still in use.

The useful economic lives of fully depreciated assets still in use should be reviewed on a regular basis and their carrying values be adjusted accordingly.

Furthermore, the value of all assets which have retired from active use should be removed from total costs and total accumulated depreciation charges after the necessary approval has been obtained.

#### Treasury's Response

This issue will be taken care of when the GAR will be updated by Ministries/Departments.

#### *Biological Assets and Agricultural Produce owned by Government not yet recognised in the Financial Statements.*

A scrutiny of the list of State Lands provided by the Valuation Department and recorded under PPE showed that several State Properties (Agricultural Stations) were used for the purpose of agricultural activities, such as raising of livestock, forestry, and plantations.

However, Biological Assets and Agricultural Produce harvested from the Biological Assets were not yet recognised in the Financial Statements.

#### Treasury's Response

Information regarding Biological Assets and Agricultural Produce is still being gathered and same will be recognised in the financial statements 2021-22.

## **2.4 Statements AA and AB - Statement of Financial Performance for the Financial Year 2020-21**

The Statements of Financial Performance of the Government, Statement AA (Classification of Expenses by Function) and Statement AB (Classification of Expenses by Nature), provide details of Revenue, Expenses, other Gains/Losses and the resulting deficit for the financial year 2020-21. An examination of the Statements revealed the following:

- (a) The Accounts of Government closed with a deficit of Rs 49.3 billion for financial year 2020-21;
- (b) Government's total revenue increased by 30.7 per cent from Rs 122.4 billion in 2019-20 to Rs 160 billion in 2020-21. The increase was mainly due to a One-off Solidarity Contribution of Rs 55 billion received from the Bank of Mauritius (BOM) in 2020-21 as compared to a grant of Rs 18 billion from the BOM in 2019-20;
- (c) Expenses increased by 19 per cent from Rs 156.7 billion in 2019-20 to Rs 185.9 billion in 2020-21;
- (d) Included in the 'Grants' figure of Rs 55.6 billion under Expenses was an amount of Rs 31.9 billion, being funds disbursed to four Special Funds.

#### ***The Accounts of Government closed with a Deficit of Rs 49.3 billion***

The accounts of Government had been showing deficits during the past five financial years.

Total Revenue, Total Expenses, Other Gains/Losses and Deficits for the past five financial years are shown in Table 2-5.



Table 2-5 Deficits during Financial Years 2016-17 to 2020-21

| Financial Year | Total Revenue   | Total Expenses    | Other Gains/(Losses) | Deficits for the year |
|----------------|-----------------|-------------------|----------------------|-----------------------|
|                | Rs              | Rs                | Rs                   | Rs                    |
| 2016-17*       | 94,101,086,871  | (107,636,841,485) | 1,092,812,450        | (12,442,942,164)      |
| 2017-18*       | 105,824,629,797 | (115,177,589,211) | (450,755,145)        | (9,803,714,559)       |
| 2018-19*       | 107,744,725,468 | (124,160,347,061) | (23,081,732)         | (16,438,703,325)      |
| 2019-20*       | 122,429,990,373 | (156,717,854,771) | (10,266,552,051)     | (44,554,416,449)      |
| 2020-21        | 159,960,218,261 | (185,863,679,305) | (23,432,095,022)     | (49,335,556,066)      |

Source: The Accounts of the Government of the Republic of Mauritius 2017-18 to 2020-21

Other Gains/(Losses) refer to fair value gain/loss on investments and gain/loss on foreign exchange transactions.

\*Restated figures

Revenue generated in 2020-21 totalled some Rs 160 billion, representing an increase of some Rs 37.6 billion (30.7 per cent) compared to the previous financial year. The Revenue figure included a One-off Solidarity Contribution of Rs 55 billion from the BoM which was provided to balance the budget for 2020-21. In 2019-20, an amount of Rs 18 billion was received from the BoM to meet External Debt repayments. Additionally, Government collected revenue of some Rs 6 billion from 'the Contribution Sociale Généralisée' for the first time in 2020-21. On the other hand, revenue from Taxation declined by some Rs 2.6 billion, from Rs 89.2 billion in 2019-20 to Rs 86.6 billion in 2020-21.

Expenses have increased by some Rs 29.2 billion from Rs 156.7 billion in 2019-20 to Rs 185.9 billion in 2020-21, representing an increase of 19 per cent. There were increases in 'Employee Cost' of Rs 2.1 billion, Social Benefits of Rs 2.8 billion, 'Grants' of Rs 19.2 billion and 'Other Expenses' of Rs 8.2 billion.

Included in the 'Grants' figure of Rs 55.6 billion for the year 2020-21, was an amount of Rs 31.9 billion, representing funds disbursed to four Special Funds.

## 2.5 Statement AE and Statement AF - Statement of Comparison of Budget Estimates and Actual Amounts for the Financial Year 2020-21

Statements AE and AF, Comparison of Budget Estimates and Actual Amounts for the financial year 2020-21, were prepared in line with IPSAS 24 - Presentation of Budget Information in Financial Statements.

An examination of these Statements revealed the following:

- Significant Budget Deficit of Rs 30.4 billion as opposed to an estimated balanced budget for the financial year 2020-21; and
- Projected Reduction of Debt to GDP ratio in the financial year 2020-21 not achieved.

**Summary of Comparison of Budget Estimates and Actual Amounts for the Financial Year 2020-21**

A summary of the Comparison of Budget Estimates and Actual Amounts for the financial year 2020-21 is provided in Table 2-6.

*Table 2-6 Comparison of Budget Estimates and Actual Amounts for the Financial Year 2020-21*

|                                                                                  | <b>Original<br/>Estimates<br/>Rs million</b> | <b>Total<br/>Provisions<br/>Rs million</b> | <b>Actual<br/>Amount<br/>Rs million</b> | <b>Variance<br/>Rs million</b> |
|----------------------------------------------------------------------------------|----------------------------------------------|--------------------------------------------|-----------------------------------------|--------------------------------|
| <b>Recurrent Budget</b>                                                          |                                              |                                            |                                         |                                |
| Recurrent Revenue                                                                | 132,880                                      | 132,880                                    | 129,494                                 | (3,386)                        |
| Recurrent Expenditure                                                            | 132,880                                      | 143,100                                    | 138,797                                 | (5,917)                        |
| <b>Recurrent Balance</b>                                                         | -                                            | <b>(10,220)</b>                            | <b>(9,303)</b>                          | <b>(9,303)</b>                 |
| <b>Recurrent Balance as % of GDP*</b>                                            | -                                            | <b>2.3%</b>                                | <b>2.1%</b>                             |                                |
| <b>Capital Budget</b>                                                            |                                              |                                            |                                         |                                |
| Capital Revenue                                                                  | 30,020                                       | 30,020                                     | 24,217                                  | (5,803)                        |
| Capital Expenditure                                                              | 30,020                                       | 48,164                                     | 45,334                                  | (15,314)                       |
| <b>Capital Balance</b>                                                           | -                                            | <b>(18,144)</b>                            | <b>(21,117)</b>                         | <b>(21,117)</b>                |
| <b>Capital Balance as % of GDP*</b>                                              | -                                            | <b>4.0%</b>                                | <b>4.9%</b>                             |                                |
| <b>Budget Balance/before Net Acquisition of Financial Assets</b>                 | -                                            | <b>(28,364)</b>                            | <b>(30,420)</b>                         | <b>(30,420)</b>                |
| <b>Budget Balance/before Net Acquisition of Financial Assets as a % of GDP</b>   | -                                            | <b>6.3%</b>                                | <b>7.0%</b>                             | -                              |
| <b>Net Acquisition of Financial Assets</b>                                       | 998                                          | <b>(11,047)</b>                            | <b>(15,143)</b>                         | <b>(16,141)</b>                |
| <b>Adjustment for difference in cash and accrual interest</b>                    | 90                                           | <b>90</b>                                  | <b>(263)</b>                            | <b>(353)</b>                   |
| <b>Budget Balance (Budget Deficit) after Net Acquisition of Financial Assets</b> | <b>1,088</b>                                 | <b>(39,321)</b>                            | <b>(45,826)</b>                         | <b>46,914</b>                  |
| <b>Government Borrowing Requirements</b>                                         | <b>(1,088)</b>                               | <b>39,321</b>                              | <b>45,826</b>                           | <b>(46,914)</b>                |
| Domestic Financing                                                               | (11,371)                                     | 29,261                                     | 22,962                                  | (34,333)                       |
| Foreign Financing                                                                | 10,283                                       | 10,060                                     | 22,864                                  | (12,581)                       |

*Source: Statement AF, Statement of Comparison of Budget Estimates and Actual Amounts for the financial year 2020-21 (Classification of Expenses by Nature) and NAO workings*

*\*Note: Estimated GDP 2020-21 – Rs 452.3 billion (Source- Estimates 2020-2021) and Estimated GDP 2021 – Rs 435.6 billion (Source: Website – Statistic Mauritius, Quarterly National Accounts, Second Quarter 2021)*

### ***Significant Budget Deficit***

Total revenue of Government in the financial year 2020-21 was Rs 153.7 billion, that is, Rs 9.2 billion below the estimated figure of Rs 162.9 billion. On the other hand, Government expenditure had reached Rs 184.1 billion, that is, Rs 21.2 billion above the estimated figure of Rs 162.9 billion. The budget balance before net acquisition of financial assets which was expected to be balanced for financial year 2020-21, closed with a significant deficit of Rs 30.4 billion.

The net acquisition of financial assets figure, which was expected to show a net receipt of Rs 1 billion for the financial 2020-21, ended with a net expenditure of Rs 15.1 billion.

### ***Projected Reduction of Debt to GDP ratio could not be achieved***

In the financial year 2019-20, due to the COVID-19 pandemic which resulted in a contraction in economic activities, Government Revenue had fallen significantly while expenditure was higher due to measures taken by Government in the context of the pandemic. This had caused an increase in Government borrowing requirements, resulting in a significant increase in the Budgetary Central Government (BCG) Debt from Rs 289.5 billion or 59 per cent of GDP as of 30 June 2019 to reach Rs 348.5 billion or 76 per cent of GDP as at end of 30 June 2020.

In the Estimates 2020-2021, the fiscal strategy was focussed in bringing down the Debt to GDP ratio and the budget was to be balanced through an exceptional one-off contribution of Rs 60 billion from the Bank of Mauritius. The net borrowing requirements of Government was Rs 45.8 billion for the financial year 2020-21, as compared to a projected net repayment of borrowings of Rs 1.1 billion in the Estimates 2020-2021.

### **MOFEPD Response**

Both Government revenue and Government expenditure were severely affected by the resurgence of the pandemic and the second lockdown that was imposed in March/April 2021. As a result, the net borrowing requirements of Government was Rs 45.8 billion for the financial year 2020-2021, as compared to a projected net repayment of borrowings of Rs 1.1 billion in the Estimates 2020-21.

Table 2-7 gives details of the estimated and actual Government's borrowing requirements.

Table 2-7 Government's Borrowing Requirements for the Financial Year 2020-21

|                                                                                 | Original<br>Estimates<br>Rs billion | Actual<br>Amount<br>Rs billion |
|---------------------------------------------------------------------------------|-------------------------------------|--------------------------------|
| <b>Domestic Financing</b>                                                       |                                     |                                |
| Net Government Securities                                                       | (16.96)                             | 14.46                          |
| Financing from SIC Development Co. Ltd                                          | 0.59                                | 0.07                           |
| Financing from cash and cash equivalents                                        | 5.00                                | 8.44                           |
| <b>Foreign Financing</b>                                                        |                                     |                                |
| Net Government Securities held by Non-Residents                                 | 0.02                                | 1.47                           |
| Net Foreign Loans                                                               | 10.26                               | 21.39                          |
| <b>Budget (Balance)/Deficit and Total Government<br/>Borrowing Requirements</b> | <b>(1.09)</b>                       | <b>45.83</b>                   |

Source: Estimates 2020-2021 and Statement AF

As a result of the actual borrowings required to finance the budget deficit, BCG Debt has increased from Rs 348.5 billion as at the end of the previous financial year to Rs 392.7 billion as at 30 June 2021.

Consequently, the aim of Government to reduce the Debt Ratio, as stated in the Estimates 2020-2021 has not been achieved. The BCG Debt to GDP Ratio, on the other hand, increased from 76 per cent in June 2020 to 90 per cent in June 2021.

## 2.6 Revenue and Expenditure of the Consolidated Fund

In accordance with Section 3 of the Finance and Audit Act, the Consolidated Fund has, during the year under review, been:

- (a) Credited with all revenues of the Government and any other money properly accruing to it; and
- (b) Charged only with expenses on the authority of warrant issued by the Minister responsible for the subject of Finance.

Statement B - Abstract Account of Revenue and Expenditure of the Consolidated Fund for the financial year 2020-21 was examined. It was noted that for the financial year 2020-21 expenditure exceeded revenue by Rs 8.2 billion. Also, there was high dependence on borrowings by Government to finance its expenditure.

### ***Revenue and Expenditure of the Consolidated Fund – Excess of Expenditure over Revenue of Rs 8.2 billion***

Statement B provides details of Revenue and Expenditure of the Consolidated Fund for the financial year ended 30 June 2021. The transactions closed with deficits of Rs 10.6 billion for 2019-20 and Rs 8.2 billion for 2020-21.

Table 2-8 shows the revenue and expenditure of the Consolidated Fund for the past five financial years.

*Table 2-8 Revenue and Expenditure of the Consolidated Fund - Past Five Financial Years*

| <b>Financial Year</b> | <b>Revenue<br/>Rs</b> | <b>Expenditure<br/>Rs</b> | <b>Surplus/(Deficit)<br/>Rs</b> |
|-----------------------|-----------------------|---------------------------|---------------------------------|
| 2016-17               | 123,053,995,739       | 130,501,784,088           | (7,447,788,349)                 |
| 2017-18               | 134,696,987,693       | 135,932,944,515           | (1,235,956,822)                 |
| 2018-19               | 136,132,378,988       | 147,154,358,137           | (11,021,979,149)                |
| 2019-20               | 178,906,756,635       | 189,555,981,185           | (10,649,224,550)                |
| 2020-21               | 289,103,836,427       | 297,277,874,464           | (8,174,038,037)                 |

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

Government Revenue in 2020-21 has increased by Rs 110.2 billion (62 per cent) over the previous year. This was mainly attributed to a one-off contribution of Rs 55 billion from the Bank of Mauritius (BOM).

The increase in Government Revenue is also attributed to increases in the following:

- Social Contribution received of Rs 5.2 billion.
- Loans received from Foreign Government and International Organization of Rs 16.5 billion.
- Receipts of Rs 71.2 billion from the issue of Treasury Bills, Treasury Certificates and Treasury Notes accounted as 'Revenue' in Statement B in 2020-21. Revenue from the same sources, totaling some Rs 75.4 billion were not accounted in 2019-20 as prior to the financial year 2020-21, the policy of the Treasury was to account only for the issue of long term Government Securities as Revenue in Statement B.

These increases in revenue were, however, partly offset by falls in:

- Receipts from taxes of Rs 5.8 billion.
- Grants received of Rs 2.1 billion.
- Other revenue of Rs 2.5 billion.
- Receipts from the issue of long term Government securities of Rs 10.8 billion.

On the other hand, Government's expenditure has also increased significantly by Rs 107.7 billion (57 per cent) over the previous year. The increase was mainly attributed to increase in expenditure in respect of the Ministry of Social Security and National Solidarity (Rs 5.3 billion), the Vote Centrally Managed Initiatives of Government (Rs 31.6 billion) and Government Debt Servicing (Rs 73.8 billion).

The increase in Government Expenditure by Rs 31.6 billion under the Vote Centrally Managed Initiatives of Government was mainly due to the following:

- Rs 4.6 billion provided to the State Trading Corporation (STC) for the settlement of its liability following the determination of the Privy Council in the STC versus Betamax case.
- Rs 19 billion provided to the COVID-19 Projects Development Fund for the implementation of an investment programme following the negative impact of the COVID-19 pandemic on the economy.
- Rs 11.9 billion for the conversion of two Advances provided to the National Property Fund Ltd into equity. The Advance of Rs 7.9 billion was provided to the Company to enable it to meet its immediate debt obligations and another Advance of Rs 4 billion was provided to enable the company to inject capital in the National Insurance Company Ltd in view of the latter's restructuring exercise.
- Rs 2.3 billion of long outstanding loans to some Public Bodies written off during the year, treated as an expenditure of the Consolidated Fund.

The increase in Government Debt Servicing figure from Rs 36.6 billion in 2019-20 to Rs 110.4 billion in 2020-21 was largely due to a change in the Treasury accounting policy, which now requires the redemption of Treasury Bills, Treasury Certificates and Treasury Notes to be accounted for as from the year 2020-21. Previously, same was not accounted in Statement B.

The redemptions of these Government securities amounted to Rs 54.0 billion and Rs 79.4 billion in financial years 2019-20 and 2020-21 respectively.

### ***Revenue of the Consolidated Fund – High Dependence of Government on Borrowings to finance its Expenditure***

Receipts from taxes had traditionally been considered to be the major source of Government Revenue. A total amount of Rs 86 billion was collected during the financial year 2020-21, representing a fall of some 6.3 per cent over the previous year's collection of Rs 91.8 billion.

However, Government has been highly dependent on borrowings to finance its expenditure during the past financial years.

In financial year 2020-21, borrowings ranked first as a source of Government revenue and constituted some 47 per cent of total revenue. Borrowings, which totalled some Rs 135.3 billion in financial year 2020-21, comprised Rs 108.9 billion from Government Securities issued, Rs 68.8 million being financing from SIC Development Company Ltd and Rs 26.3 billion being loans from Foreign Governments and International Organisations.

Other sources of Government revenue included transfers from the BoM, Grants, Social Contributions, and Other Revenue such as Property Income, Sales of Goods and Services, Fines, Penalties and Reimbursements of Loans, as shown in Table 2-9.

Table 2-9 Sources of Government Revenue

|                                  | 2018-19        |      | 2019-20        |      | 2020-21        |      |
|----------------------------------|----------------|------|----------------|------|----------------|------|
|                                  | Rs million     | %    | Rs million     | %    | Rs million     | %    |
| Taxes                            | 98,300         | 72.2 | 91,787         | 51.3 | 86,028         | 29.8 |
| Borrowings                       | 27,769         | 20.4 | 56,948         | 31.8 | 135,317        | 46.8 |
| Financing from Bank of Mauritius | -              | -    | 18,000         | 10.1 | 55,000         | 19.0 |
| Grants                           | 1,648          | 1.2  | 4,288          | 2.4  | 2,217          | 0.8  |
| Social Contributions             | 1,326          | 1.0  | 1,384          | 0.8  | 6,548          | 2.2  |
| Other Revenue                    | 7,089          | 5.2  | 6,500          | 3.6  | 3,994          | 1.4  |
| <b>Total Revenue</b>             | <b>136,132</b> |      | <b>178,907</b> |      | <b>289,104</b> |      |
| <b>Total Expenditure</b>         | <b>147,154</b> |      | <b>189,556</b> |      | <b>297,278</b> |      |
| <b>Deficit</b>                   | <b>11,022</b>  |      | <b>10,649</b>  |      | <b>8,174</b>   |      |

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

During the financial year 2020-21, Rs 110.4 billion were spent towards Government Debt Servicing, which included Capital Repayments of Rs 97.9 billion, Interests payments of Rs 12.4 billion and Management/Service Charges of Rs 70.4 million. This sum accounted for some 37 per cent of overall Government expenditure.

## 2.7 Statement D1 – Detailed Statement of Expenditure of the Consolidated Fund for the Financial Year 2020-21

The Appropriation (2020-2021) Act 2020 was passed on 23 June 2020 to provide for the issue of a total sum of Rs 144.3 billion from the Consolidated Fund to meet expenditure under various Votes, both recurrent and capital, in respect of the Services of Government for the financial year 2020-21.

### *Supplementary Appropriations*

In addition, two Supplementary Appropriation Acts were passed in the National Assembly in May 2021 and June 2021 for amounts of Rs 17 billion and Rs 23.6 billion respectively. The supplementary provisions of Rs 40.6 billion represented 28 per cent of the original Estimates 2020-21.

### *Supplementary Appropriation - Rs 17 billion*

Of the supplementary provision of Rs 17 billion, Rs 11.9 billion were earmarked under item 32155060: National Property Fund Ltd, for the clearing of advances made to the National Property Fund Ltd (NPFL), Rs 3 billion for the implementation of projects under the Economic Recovery Programme, Rs 2 billion for expenditure of various Ministries/ Departments and Rs 100 million for the payment of allowances in connection with the National Minimum Wage for which the voted provision was insufficient.

A review carried out showed the following:

- In September 2020, a total of Rs 11.9 billion was provided to NPFL through two advances of Rs 4 billion and Rs 7.9 billion respectively to meet its commitments. These advances were to be subsequently cleared through the appropriation of funds in the next budget. However, in May 2021, Rs 11.9 billion were appropriated through the Supplementary Appropriation (2020-2021) Act 2021 to clear these advances in the financial year 2020-21.
- Out of Rs 3 billion rupees voted through the Supplementary Appropriation (2020-2021) Act 2021 for the implementation of the Economic Recovery Programme, only some Rs 107 million had been used as of 30 June 2021.

#### MOFEPD's Response

It was a Government decision to appropriate funds through the Supplementary Appropriation Act to clear the advances during the year. With the increasing uncertainties following the outbreak of the pandemic, it was considered more prudent to clear the advance through the introduction of a Supplementary Appropriation Bill rather than waiting for the next budget.

#### *Supplementary Appropriation - Rs 23.6 billion*

Rs 23.6 billion were voted through the Supplementary Appropriation (2020-2021) Act 2021 in June 2021 to meet, amongst others the following:

- Rs 9.2 billion as a grant to the National Resilience Fund (NRF) for the payment of a one-off grant contribution to self-employed persons (Rs 2.3 billion) and for payments under the Government Wage Assistance Schemes (GWAS) and the Self -Employed Assistance Schemes (SEAS) for those working in the non-tourism sector (Rs 6.9 billion).
- Rs 4.0 billion for the Covid-19 Projects Development Fund.
- Rs 4.6 billion to clear an advance provided to the Ministry of Commerce and Consumer Protection to enable the State Trading Corporation to settle its liability following the determination of the Privy Council in the Betamax case.

Transfers to respective beneficiaries were effected on 30 June 2021.

#### *Funds appropriated for the COVID-19 Projects Development Fund*

Under vote 27-1: Centrally Managed Initiatives of Government, an amount of Rs 15 billion was provided for the COVID-19 Project Development Fund for the financing of a number of capital projects. This amount was transferred to the Fund's Bank Account in September 2020.

As of 30 June 2021, amounts disbursed from the Rs 15 billion were as follows:

- Some Rs 510 million for the construction and upgrading of bridges and for the implementation of various schemes under the Economic Recovery Programme.



- Investments (fixed deposits) were made with three local institutions, namely Rs 3 billion and Rs 1 billion on 20 November 2020 and Rs 600 million on 8 December 2020. The three deposits had a maturity period of one year.
- Purchase of Treasury Certificates for an amount of Rs 6 billion from the Bank of Mauritius on 29 June 2021. The term was for a period of 182 days.

As such, out of the budgetary provision of Rs 15 billion, Rs 10.6 billion were held as Investments and actual amount spent for projects/schemes was some Rs 0.51 billion only. The balance of the initial fund remaining as at 30 June 2021 stood at some Rs 3.9 billion.

Government also approved an additional amount of Rs 4 billion through the Supplementary Appropriation (2020-2021) Act 2021 at the close of the financial year for the COVID-19 Project Development Fund.

#### MOFEPD's Response

- The initial Rs 15 billion that was transferred to the Fund was committed for implementation of priority projects under the Fund that were already identified and approved.
- During the course of the year, Government introduced the Economic Recovery Programme with new measures to mitigate the negative impact of the pandemic on the economy and the Rs 4 billion were transferred to the Fund to meet the costs in respect of this Programme.

#### **Expenses of Government**

The amount actually spent under the various votes of expenditure amounted to Rs 176.6 billion. The expenditure charged against the Consolidated Fund in financial year 2020-2021, as per Statement D1, is summarised in Table 2-10.

*Table 2-10 Expenditure of the Consolidated Fund for the Financial Year 2020-21*

| <b>Details</b>                                                     | <b>Amount<br/>Rs billion</b> | <b>Amount<br/>Rs billion</b> |
|--------------------------------------------------------------------|------------------------------|------------------------------|
| Under various votes of Expenditure                                 |                              | 176.6                        |
| Expenditure charged statutorily or by virtue of State Obligations: |                              |                              |
| <i>Government Debt Servicing</i>                                   | 110.4                        |                              |
| <i>Public Service Pension</i>                                      | <u>10.3</u>                  | 120.7                        |
| <b>Total Expenditure</b>                                           |                              | <b>297.3</b>                 |

*Source: Statement D1*

#### **Expenditure met from Other Sources**

In addition to expenditure reflected in statement D1, were instances where expenditure of similar nature was being met from other sources. Examples are as follows:

### *Payment on Capital Projects Undertaken by the National Development Unit*

Expenditure on capital projects under Vote 18-2: National Development Unit for the construction and upgrading of roads and amenities amounted to Rs 388.9 million. However, the actual amount spent on projects financed from three different sources during the financial year 2020-21 amounted to some Rs 1.3 billion, as shown in Table 2-11.

*Table 2-11 Expenditure on Capital Projects by the NDU*

|                                                     | <b>Roads</b> | <b>Amenities</b> | <b>Drains Works</b> | <b>Total Expenditure</b> |
|-----------------------------------------------------|--------------|------------------|---------------------|--------------------------|
|                                                     | <b>Rs m</b>  | <b>Rs m</b>      | <b>Rs m</b>         | <b>Rs m</b>              |
| <b>NDU Budget</b>                                   |              |                  |                     |                          |
| Voted Provisions                                    | 350.0        | 125.0            | -                   |                          |
| Actual Expenditure                                  | 296.3        | 92.6             | -                   | <b>388.9</b>             |
| <b>National Environment and Climate Change Fund</b> |              |                  |                     |                          |
| Voted Provisions                                    | -            | -                | 1,100.0             |                          |
| Actual Expenditure                                  | -            | -                | 918.0               | <b>918.0</b>             |
| <b>COVID-19 Project Development Fund</b>            |              |                  |                     |                          |
| Amount allocated                                    | 249.5        | 139.4            | 635.6               |                          |
| Amount paid                                         | 1.1          | -                | -                   | <b>1.1</b>               |
| <b>Total</b>                                        |              |                  |                     | <b>1,308.0</b>           |

*Sources: Treasury Abstract and NDU Project Files*

### *Payment of Wage Assistance Schemes*

In the Budget Estimates 2020-2021 (Vote 27-1: Item code 25210025), an amount of Rs 8 billion was provided for the payment of allowances under the item “Wage Assistance Scheme”. The amount disbursed in financial year 2020-21 was to the tune of some Rs 6.4 billion, as stated in Statement D1.

Following the passing of the Supplementary Appropriation (2020-2021) Act 2021 in June 2021, an amount of Rs 9.2 billion was transferred to the bank account of the National Resilience Fund (NRF) on 30 June 2021 to meet additional payment of allowances under the Wage Assistance Scheme and the Self Employed Assistance Scheme in the wake of the COVID-19 pandemic.

According to the financial statements of the NRF for the financial year 2020-21 submitted to NAO on 11 November 2021 (unaudited), disbursements of funds by the NRF for the payment of allowances under these two Schemes totalled some Rs 6.24 billion in 2020-21, made up of Rs 2.04 billion and Rs 4.2 billion for the payment of self-employed one off grant and Wage Assistance Scheme respectively.

The transfer of Rs 9.2 billion effected to the NRF has been charged against the Consolidated Fund as a Grant to the NRF, whilst the payments effected by the NRF for the various assistance schemes are recorded in the books of the Special Fund.

It is recommended that proper disclosure by way of notes to the accounts, be made in Statement D1 to reflect total expenditure under specific schemes which are financed from different sources.

*Treasury's Response*

Observations of the NAO to disclose total expenditure under specific schemes that are financed from different sources, by way of notes to the accounts, will be taken on board.

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# PART II

**THEMATIC AUDIT**

**MANAGEMENT OF CAPITAL PROJECTS**



## 3 - THEMATIC AUDIT

### MANAGEMENT OF CAPITAL PROJECTS

#### 3.1 Introduction

Government invests massively in capital projects to provide required infrastructure and amenities with a view to improving service delivery and the life of citizens. Hence, it is important to ensure that these projects are properly managed.

Over the past five years, Government has spent a total of Rs 37.2 billion on the acquisition of Non-Financial Assets, as shown in Table 3-1.

*Table 3-1 Expenditure on Non-Financial Assets – Past Five Years*

| <b>Financial Year</b> | <b>Amount<br/>Budgeted<br/>(Rs Billion)</b> | <b>Actual<br/>Expenditure<br/>(Rs Billion)</b> |
|-----------------------|---------------------------------------------|------------------------------------------------|
| 2016-17               | 9.5                                         | 6.3                                            |
| 2017-18               | 12.5                                        | 7.9                                            |
| 2018-19               | 10.9                                        | 7.9                                            |
| 2019-20               | 11.0                                        | 7.6                                            |
| 2020-21               | 9.6                                         | 7.5                                            |
| <b>Total</b>          | <b>53.5</b>                                 | <b>37.2</b>                                    |

*Source: Treasury Annual Statements*

The sum of Rs 37.2 billion was mainly spent on:

- (a) construction and upgrading of buildings;
- (b) infrastructural works;
- (c) development of computerised systems; and
- (d) acquisition of plant and equipment.

Infrastructural works referred to above, excluded construction and maintenance of roads and bridges undertaken by the Road Development Authority (RDA), which was financed by Government Grants. Projects undertaken by RDA is not included in the scope of this audit.

#### Scope of Audit

NAO regularly reports on lapses in the management of capital projects, such as inadequate project planning, issues regarding specifications and wrong estimation of project costs, cost overruns, project delays, overpayments, and poor performance of Contractors.

A thematic audit was carried out to assess whether:

- (a) management of capital projects by Ministries/Departments was carried out efficiently, economically and effectively, and
- (b) procurement rules and regulations were complied with at different stages of implementation.

A sample of projects managed by the following Ministries/Departments during the financial year 2020-21 were accordingly examined:

- National Development Unit
- Department of Civil Aviation
- Ministry of Environment, Solid Waste Management and Climate Change
- Police Service
- Ministry of Land Transport and Light Rail
- Ministry of Education, Tertiary Education, Science and Technology
- Ministry of Agro-Industry and Food Security
- Ministry of Industrial Development, SMEs and Cooperatives
- Mauritius Fire and Rescue Service

Details of audit findings and relevant responses of the Ministries/Departments are reported under the chapter allocated to each of them in this Report. This chapter provides a summary of the common issues that were noted across the selected projects.

The common issues that were noted are listed below.

### ***Planning and Budgeting***

- Inaccurate specifications
- Lapses in preparation of cost estimates
- Substantial increase of cost estimates
- Delays in finalising Framework Agreements

### ***Bidding Process***

- Insufficient number of competitive bids
- Delays in awarding contracts



### ***Project Execution***

- Delays in completion of projects
- Unsatisfactory performance of Contractors
- Emergency drain projects not completed and contracts not awarded

### ***Project Closure***

- Building not utilised after construction
- Non-renewal of performance securities

### ***Procurement Rules and Regulations***

- Non-compliance with procurement rules, regulations and directives.

## **3.2 Summary of Audit Findings**

### ***3.2.1 Planning and Budgeting***

#### ***Inaccurate Specifications***

A contract specification provides a clear instruction on project intent, performance and work to be carried out. There were cases where specifications were inaccurate and works to be carried out were not properly determined, resulting in project delays, cancellation of projects and increase in cost.

- A Bill of Quantities (BOQ) is a document prepared by the Consultant that provides quantities of the items of work identified by the drawings and specifications in the tender documentation.

The contract for the ‘Construction and Installation of Traffic and Road Safety Devices’ at the Ministry of Land Transport and Light Rail was awarded for the sum of Rs 180.7 million in August 2020. Differences between the quantities as per BOQ and actual quantities were noted in respect of 58 items in a payment certificate of June 2021. Works specified in the BOQ were not carried out in respect of 55 items.

- At the Mauritius Fire and Rescue Service, a contract was awarded in June 2019 for the procurement of 20 Fire Fighting and Rescue Vehicles, including three water/foam and 13 Trailer Mounted Flood Pump Units, for a total sum of US \$ 6.9 million.

As at November 2021, the 13 Trailer Mounted Pumps, received since August 2021, had not been utilised due to commissioning not yet carried out.

No provision was made in the initial contract for the purchase of towing vehicles with appropriate braking and lighting systems that are essential for the effective use of the

pumps. It was only in March 2021 that financial clearance of some Rs 33 million was sought and obtained for the purchase of 11 double cabs. In September 2021, the contract for the supply of nine double cabs was awarded for the sum of Rs 22.5 million and delivery is expected in March 2022.

### *Lapses in Preparation of Cost Estimates and Substantial Increase of Cost Estimates*

Lapses were noted in the preparation of cost estimates. Reliable estimates were not prepared due to the non-consideration of proper assumptions and market rates. Re-launching of bids for cancelled contracts may entail higher costs.

- At the National Development Unit, there were delays in finalising Framework Agreements for 2020-21. Out of the 47 procurement exercises carried out during the financial year 2020-21, 24 were cancelled as the lowest evaluated bids exceeded the cost estimates by 31 to 147 per cent.
- At the Ministry of Education, Tertiary Education, Science and Technology, funds allocated for the construction of two swimming pools were increased from Rs 40 million to Rs 65.6 million. Contracts awarded to a Contractor were subsequently cancelled. Re-launching of bids may entail additional funding due to increase in costs.

### *Delays in Finalising Framework Agreements*

The NDU had recourse to three Framework Agreements for the award of contracts for construction of roads, drains and amenities.

As of November 2021, new Framework Agreements for drains and amenities had not been finalised, nearly one year after expiry of existing ones. The Central Procurement Board had noted e-Procurement issues such as bidding documents not properly customised and delay in uploading required documents.

The delay has led to a decrease in the number of projects undertaken. In 2020-21, 272 contracts were awarded compared to 496 in 2018-19.

### **3.2.2 Bidding Process**

#### *Insufficient number of Competitive Bids*

At the Ministry of Land Transport and Light Rail, contracts for the ‘Construction and Installation of Traffic and Road Safety Devices’ totalling Rs 682.4 million were awarded to a Contractor from financial year 2017-18 to 2020-21.

Only two bids were received for the tender launched in each of the financial years 2017-18, 2018-19 and 2020-21. In 2019-20, there were three bidders. Due to absence of competitive bids, the same Contractor was awarded annual contracts above Rs 150 million over several years.

### *Delays in Awarding Contracts*

At the Ministry of Education, Tertiary Education, Science and Technology, contracts were awarded with significant delays. Bids for the construction of the 'Abdool Raman Government School Phase II' were launched twice in April 2019 and June 2020. In October 2021, the contract was awarded to the lowest bidder for Rs 55.2 million. There was a gap of some 30 months between the date the tenders were first launched and the date the successful bidder was selected.

### **3.2.3 Project Execution**

#### *Delays in completion of projects*

Delays in the completion of projects were due to inadequate project planning at design stage, inadequate survey of site conditions and poor performance of Contractors, amongst others.

- At the NDU, out of 152 work orders issued during the financial year 2020-21, 47 were completed with delays, of which 17 projects had delays beyond six months.
- At the Ministry of Agro-Industry and Food Security, the contract for the construction of a National Wholesale Market at Belle Rive was awarded in October 2018 for Rs 389 million. Variation and additional works, worth Rs 52 million were approved. A total amount of Rs 434.9 million had been disbursed as of November 2021, including consultancy fees of Rs 16.8 million.

Though scheduled for completion by December 2019, the project was partially handed over in October 2021, nearly two years after. As of November 2021, the market was not operational as works were still in progress and regulations for the operation of the market were not yet finalised.

#### *Unsatisfactory Performance of Contractors*

There were instances where Contractors could not perform as per terms of contract, resulting in termination of contracts and debarment. Unsatisfactory performance of Contractors was attributed to cash flow problems and their inability to deploy adequate resources for timely completion of projects.

- At the NDU, 77 work orders totalling Rs 360 million were issued to a Contractor under the three-year Framework Agreement of 2018-20. As of October 2021, 32 projects were completed with delays, 23 were re-awarded to other Contractors, 15 were cancelled and seven contracts were terminated.
- At the Ministry of Education, Tertiary Education, Science and Technology, a Contractor submitted a fake performance security and was debarred in August 2021. Two other contracts for the same Contractor were terminated for failure to honour contractual obligations.

### *Emergency Drain Projects not completed and some Contracts not awarded*

The NDU had recourse to emergency procurement for the construction of drains in high flood prone areas. Sixty projects were identified by the Land Drainage Authority during the calendar years 2019 and 2020.

As of October 2021, only seven of these projects were completed while 16 other projects were at construction stage.

Thus, construction of 37 emergency projects have not yet been awarded due to issues related to inadequate planning, land acquisition, identification of services and alignment of drains. Of these, 28 projects were still at design stage, five at bidding stage and four others not yet started.

#### **3.2.4 Project Closure**

##### *Building not utilised one year after Construction*

In July 2018, the Department of Civil Aviation awarded the contract for the Construction of a new building for the Maintenance and Transport Section at SSR International Airport for Rs 44 million (VAT inclusive). The construction project was completed in September 2020, one year after the scheduled date. As of September 2021, the building was still not occupied, one year after its completion and nearly towards the end of the Defect Liability Period.

##### *Non-renewal of Performance Securities*

In recent years, Ministries and Government Departments had issues with performance securities submitted by Contractors. In some instances, performance securities were fake and in other cases, they were not renewed.

At the Ministry of Industrial Development, SMEs and Cooperatives, the contract for the e-Registration Software Project was terminated on 14 July 2020 but the performance security could not be recovered as it had already expired on 3 October 2017.

For the construction of a New Division Headquarters at Abercrombie for the Police Service, the performance security expired on 30 June 2021 but was not renewed though the building was handed over in December 2021.

#### **3.2.5 Procurement Rules and Regulations**

There were instances where Procurement Rules, Procedures and Directives were not complied with.

- At the Ministry of Education, Tertiary Education, Science and Technology, the contract for the construction of a new classroom block and other facilities at Réunion Road Government School (Phase II) was awarded for Rs 51.8 million. The bid validity period was extended on seven occasions, from 90 to 395 days, instead of once as required under procurement rules.

Under Directive issued by the Procurement Policy Office (PPO), Bid Evaluation Committees are required to assess the financial soundness of bidders. Contrary to the Directive, the contract for each of the three Projects for the Ministry for the construction of a building and swimming pools, totalling Rs 128.2 million, were awarded to the same Contractor concurrently although the latter had financial difficulties.

- The Public Procurement Act requires that a procurement with an estimated cost exceeding Rs 100 million should be referred to the Central Procurement Board (CPB) for bid launching, bid evaluation and approval of contract for award. However, the procurement of Fire Fighting Equipment with estimated cost of Rs 250 million, was not referred to the CPB by the Mauritius Fire and Rescue Service.

### **3.3 Concluding Remarks**

The recurring lapses in the management of capital projects in the public sector impacts adversely on public funds, delays the provision of amenities and undermines the delivery of services.

It is imperative that the root causes are addressed. Based on audit observations and responses of Ministries/Departments, the following root causes were identified:

- Complexity of procurement rules resulting in their wrong interpretation.
- Inadequate expertise in project management and contract administration. Some projects are complex to handle and may require high level of technical expertise.
- Lack of proper coordination amongst Authorities engaged in procurement and project management.
- Projects not properly planned at design stage resulting in delays, cancellation and additional works.
- Inadequate market surveys and proper database that are vital for cost estimation and preparation of specifications, and for ascertaining existence of potential suppliers/contractors.
- Failure to assess financial and operational capacity of Contractors.
- Lack of proper project monitoring to ensure works are completed within budget, time and in compliance with requirements.

### **3.4 Recommendations**

- Consolidation of the provisions of the Public Procurement Act, Directives and Circulars issued by the PPO.
- Reviewing the roles of the PPO and the Procurement and Supply Directorate of the Ministry of Finance, Economic Planning and Development to provide more support to public officers in procurement operations, including in carrying out market surveys, preparation of specifications and cost estimates.

- Enhancing support by the Ministry of National Infrastructure and Community Development to Ministries/Departments in management of capital projects.
- Implementing a capacity development programme for continuous training of public officers engaged in procurement and project management. Areas of interest may include e-Procurement, training in market surveys, procurement planning, cost estimates and specification preparation, management of contracts and general guidance on application of rules and regulations.
- A proper Management Information System to be implemented so that monitoring of projects is improved with readily available status reports, exception reports and other issues in the project implementation.
- Due diligence must be carried out when selecting Contractors prior to award of contracts. To that effect, proper support should be provided to concerned public officers.
- Ministries/Departments must find ways and means to create a competitive environment whereby competitive bids are received.

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# PART III

**AUDIT OF MINISTRIES**

**AND**

**GOVERNMENT DEPARTMENTS**





## **4 – THE JUDICIARY**

### **4.1 Follow up of Matters Raised in the Audit Report 2019-20**

NAO has carried out a follow up of matters raised in the Audit Report for 2019-20 to report on actions taken by the Judiciary in response thereto.

Out of eight issues highlighted in the Report and which required action by the Judiciary:

- Action has been initiated in respect of seven issues.
- No action had yet been initiated in respect of one issue.

Further information is provided at pages 379 to 380 in Appendix VI.



## **5 – PRIME MINISTER’S OFFICE, MINISTRY OF DEFENCE, HOME AFFAIRS AND EXTERNAL COMMUNICATIONS AND MINISTRY FOR RODRIGUES, OUTER ISLANDS AND TERRITORIAL INTEGRITY**

### **5.1 Prime Minister’s Office**

#### **5.1.1 Follow up of Matters Raised in the Performance Audit Report**

Title of Report: “Management of the Fleet of VIP Vehicles”

Date Published: December 2017

A follow up of matters raised in the above-mentioned Report, hereafter referred to as Report 2017, was carried out. The Prime Minister’s Office (PMO) was requested to inform NAO of the actions that have been taken to address the findings and recommendations made in the Report. The information obtained was complemented with evidence collected from a review of documents and files at the VIP Car Pool Unit (VIPCPU) of the Police Service and the Mechanical Engineering Section of the Ministry of National Infrastructure and Community Development. The information was assessed and discussed with the PMO. The status on the actions taken on the key findings and recommendations since publication of the Report is reported below.

The Ministry informed NAO that it is agreeable to the audit observations regarding the status and has provided additional information which is included in the relevant paragraphs hereunder.

#### **▪ *Right Fleet Sizing (paragraph 3.1.2 of Report 2017)***

##### *Finding in Report 2017*

The VIP fleet was not properly sized with an appropriate number of vehicles and with the required specifications for service delivery.

##### *Recommendation in Report 2017*

If the priority was to provide relieving and duty services, then the right fleet size had to be worked out, inclusive of a spare capacity to cater for contingencies.

##### *Status on 16 February 2022*

The recommendation was implemented. The Ministry informed NAO that in January 2019, the VIPCPU considered that some 55 vehicles would be sufficient to meet requirements, inclusive of 10 vehicles to provide for contingencies. As on 31 August 2021, the fleet comprised 47 vehicles.

NAO recommends that the fleet size should be re-assessed at appropriate intervals taking into consideration information on actual usage, requests, repairs and disposals.

▪ ***Monitoring of the Number of Vehicles in the Pool (paragraph 3.1.3 of Report 2017)***

*Finding in Report 2017*

The Monthly Returns did not provide sufficient information to monitor the fleet.

*Recommendation in Report 2017*

Monthly Returns prepared by VIPCPU should provide adequate information in respect of actual usage of vehicles in order to identify and dispose those vehicles in excess of requirements.

*Status on 16 February 2022*

The recommendation was partially implemented. The Monthly Returns did not provide information regarding the proportion of fleet vehicles being used or standing idle or waiting/undergoing repairs.

Deployment of the 50 vehicles of the fleet was analysed over a three month period (June to August 2021). Out of an average of 37 vehicles found to be in running condition, 16 were unutilised as there were no requests for their usage.

This indicated that at least four out of ten vehicles in running condition were lying idle daily. The number of vehicles lying idle daily, an information relevant to maintain the fleet to the right size, was not available in the Monthly Returns.

*Ministry's Response*

- Actions have been initiated for the monthly return to also include information on the number of vehicles, which were used or standing idle or waiting/undergoing repairs.
- There is a need to keep a certain number of vehicles as buffer as it is difficult to forecast/anticipate the exact number of vehicles that would be required as relieving cars on a particular day.

▪ ***Underutilised VIP Vehicles (paragraph 3.1.7 of Report 2017)***

*Findings in Report 2017*

The main reason for the underutilisation of VIP vehicles was inadequate requests for potential use and which was exacerbated by the following constraints:

- Unavailability of appropriate vehicles from the pool for first time beneficiaries;
- Some makes and models were not preferred for relieving duties; and
- Some vehicles in the pool did not match the eligibility criteria of beneficiaries.

### *Recommendation in Report 2017*

Under the monthly cash allowance option of the ‘Government Official Car Scheme’, there was no need to acquire vehicles or provide relieving/replacement ones. The attractiveness of this option needed to be re-examined as a way forward to minimise VIP fleet size and costs.

### *Status on 16 February 2022*

The recommendation was implemented. The Ministry stated that the attractiveness of the ‘Government Official Car Scheme’ has been discussed with the Pay Research Bureau (PRB) to make the option for purchase of duty-free car more attractive so as to decrease the number of requests for relieving cars. In the 2021 PRB Report, the allowance in lieu of official car has been revised upwards.

NAO recommends an assessment of the impact of the increase in car allowance on requests for relieving cars from concerned beneficiaries.

#### ▪ ***Estimated Holding cost of Underutilised Vehicles (paragraph 3.1.8 of Report 2017)***

### *Finding in Report 2017*

The merit of the argument to keep sufficient number of vehicles, though unutilised for most of the time to cater for seminars/workshops and conferences was not compared with the alternative to hire.

### *Recommendation in Report 2017*

A cost benefit analysis should be carried out to assess whether it would 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.

### *Status on 16 February 2022*

The recommendation was partially implemented. No cost benefit analysis has been carried out. The Ministry stated that the hiring of VIP cars was not considered feasible by the Ministry due to non-availability of the number and types of vehicles on the market. Also, international conferences/workshops requiring VIP vehicles had not taken place lately.

### *Ministry’s Response*

The number of vehicles in the VIP Car Pool has been decreased to be used for relieving purposes only and not to cater for seminars/conferences.

#### ▪ ***Adequacy of Present Arrangement and Practices to minimise Repair and Maintenance Cost (paragraph 3.2.3 of Report 2017)***

### *Finding in Report 2017*

The Ministry did not take into consideration the economic lives of vehicles in determining whether disposal would be a better option than repair and maintenance.

### *Recommendation in Report 2017*

The calculation of economic lives of vehicles, as recommended by the Financial Management Kit (Circular No 17 of 2012 of the Ministry of Finance and Economic Development) should be reconsidered as it is a more comprehensive method to support decision-making regarding maintenance and disposal.

### *Status on 16 February 2022*

The recommendation was partially implemented. Economic lives of vehicles were not being calculated. A ‘mileage criteria’ has been added when deciding on the disposal of vehicles, while previously only cumulative repair and maintenance costs were considered. This was considered sufficient by the Ministry to enable disposal of a larger number of vehicles with high mileage and would gradually lower the overall fleet maintenance costs.

#### ▪ ***Timely Disposal to Maximise Sales Proceeds (paragraph 3.3.2 of Report 2017)***

### *Findings in Report 2017*

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 inclemencies of the weather and ageing which impacted negatively on their disposal value.

### *Recommendation in Report 2017*

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.

### *Status on 16 February 2022*

The recommendation was not implemented. During period January 2017 to December 2021, five auctions were held, with intervals ranging from 9 to 30 months.

### *Ministry's Response*

The Police Service is agreeable to carry out the auction of VIP cars separately from other vehicles. The VIP Car Pool Unit will, henceforth, undertake auctions every six months.

#### ▪ ***Setting of Minimum Reserved Price (MRP) to Maximise Disposal Proceeds (paragraph 3.3.3 of Report 2017)***

### *Findings in Report 2017*

None of the members of the Board of Survey (BoS) Team had received training in valuation of vehicles. Also, the Team had neither received any formal recommendations, guidelines or criteria from past BoS teams on how to assign MRPs to boarded vehicles.

### *Recommendation in Report 2017*

The expertise of competent persons may be hired to advise on the setting of Minimum Reserved Prices of vehicles.

### *Status on 16 February 2022*

The recommendation was partially implemented. The Police Service has enlisted the services of Engineers of the Mechanical Engineering Section of the Ministry of National Infrastructure and Community Development to advise on the setting of the Minimum Reserved Prices.

### *Ministry's Response*

The enlistment of experts from private sector would entail high costs. Thus, the Police Service has recourse to existing expertise from the Ministry of National Infrastructure and Community Development.

## **5.1.2 Governance Issues – Non-compliance with Legislation**

Provisions have been made in various legislations to impose a statutory responsibility on Accounting Officers and Boards of Statutory Bodies with the objective of strengthening accountability and transparency in the public sector.

The following non-compliance issues were noted:

- (a) Non-submission of Financial Statements for audit as required under the Statutory Bodies (Accounts and Audit) Act; and
- (b) Annual Reports not laid before the National Assembly as required under the Statutory Bodies (Accounts and Audit) Act.

### ***Non-submission of Financial Statements for Audit***

The Statutory Bodies (Accounts and Audit) Act requires the Chief Executive Officer of a Statutory Body to submit the Annual Report to the auditor not later than four months after the end of every financial year.

As of 12 January 2022, Statutory Bodies falling under the purview of the Prime Minister's Office had not yet submitted their Financial Statements for audit for financial years as shown in Table 5-1.

*Table 5-1 Financial Statements not submitted to NAO for Audit*

| <b>Statutory Body</b>   | <b>Financial Year/Period</b> | <b>No of Financial Statements</b> | <b>Remarks</b>                                                                                 |
|-------------------------|------------------------------|-----------------------------------|------------------------------------------------------------------------------------------------|
| Chagossian Welfare Fund | 2020-21                      | 1                                 |                                                                                                |
| Media Trust             | 2019-20 & 2020-21            | 2                                 | Financial Statements 2018-19 were submitted to NAO on 11.11.2021 and are currently under audit |

*Source: NAO records*

### ***Annual Reports not laid before the National Assembly***

The Statutory Bodies (Accounts and Audit) Act requires a copy of the Annual Report and audited accounts of every Statutory Body to be laid before the National Assembly at the earliest opportunity.

As of 20 December 2021, Annual Reports including audited Financial Statements of three Statutory Bodies had not yet been laid before the National Assembly as shown in Table 5-2.

*Table 5-2 Annual Reports including Audited Financial Statements not laid before the National Assembly*

| <b>Statutory Body</b>                                | <b>Period</b> | <b>Date Certified</b> | <b>No of Financial Statements</b> |
|------------------------------------------------------|---------------|-----------------------|-----------------------------------|
| Information and Communication Technologies Authority | 2019-20       | 28.06.2021            | 1                                 |
| Mauritius Broadcasting Corporation                   | 2017-18       | 22.06.2021            | 1                                 |
| Media Trust                                          | 2017-18       | 23.09.2021            | 1                                 |

*Source: National Assembly records*



## 5.2 Civil Aviation

### 5.2.1 Refurbishment of the Area Control Centre – Lapses in Contract Administration

The contract for the refurbishment of the Area Control Centre (ACC) was awarded in June 2020 at a price of some Rs 14.9 million (VAT inclusive) to a Company, with completion date scheduled for 27 March 2021.

The project was completed on 21 May 2021, the delay being mainly due to the national lock down.

A review of the project revealed certain lapses in the administration of the Contract for refurbishment, particularly non-compliance with the General Conditions of Contract and Procurement Policy Office (PPO) Directives

#### ▪ ***Contract Agreement***

According to Section 1 of the Instructions to Bidders of the conditions of Contract, “Promptly upon issue of Letter of Acceptance, the Employer shall send to the successful Bidder the Contract Agreement” and “within 21 days of receipt of the Contract Agreement, the successful bidder shall sign, date and return it to the Employer”.

The Contract was signed on 10 November 2020, that is, some five months after the Letter of Acceptance (LOA) was issued on 17 June 2020. This is not in accordance with the above Instructions.

#### ▪ ***Tax Clearance Certificate***

A Tax Clearance Certificate was not requested from the Company as required under Directive No. 33 of 1 November 2016 issued by the PPO.

#### ▪ ***Site Possession***

The site was handed over to the Contractor on 3 August 2020, 46 days after the issue of the LOA instead of 14 days as per clause 20.1 of the General Conditions of Contract (GCC).

#### ▪ ***Program of Works***

The Program of Works was submitted on 30 July 2020, that is, 44 days after the LOA. This is not in accordance with Clause 25.1 of the GCC which requires 21 days from the date of LOA.

#### Department’s Response

- Action is being taken by the Department to ensure compliance with the above mentioned Directive.
- The Department does not have the required expertise in civil engineering matters.

### **5.2.2 Construction of New Building for the Maintenance and Transport Section at SSR International Airport - Lapses in Contract Administration**

The contract for the Construction of the new building was awarded to a Contractor at a price of some Rs 44 million (VAT inclusive) on 30 July 2018 and the contract was signed on 21 September 2018.

The project started on 11 September 2018 and was scheduled to be completed by 11 September 2019. Extension of time was granted twice and works were finally completed on 30 September 2020 as per the completion certificate dated 19 November 2020.

The Department of Civil Aviation (DCA) initially appointed one Divisional Head as Project Manager and the project execution was to be monitored by the Ministry of National Infrastructure and Community Development (MNICD).

Payments totalling some Rs 38.8 million were effected as of August 2021.

A review of the project revealed the following:

- (a) Undue delay in determination of Extension of Time;
- (b) Unclaimable liquidated damages due to unclear contractual date of completion; and
- (c) Building unoccupied during the defects liability period.

#### ***Undue delay in Determination of Extension of Time***

The Contractor applied for an Extension of Time (EOT) of 268 days on 24 December 2019, but EOT of 159 days was approved on 16 March 2020, that is, after some three months, thus exceeding the period of 21 days required under clause 26.2 of the GCC.

#### ***Department's Response***

The EOT of 268 days was sent to the MNICD for assessment on 24 December 2019 and their recommendations were received on 4 March 2020, following which approval was sent to the Contractor on 16 March 2020.

#### ***Unclaimable Liquidated Damages***

On 16 March 2020, the Contractor was granted EOT of 159 days, bringing the new completion date to 5 March 2020. However, the works were completed on 30 September 2020.

On 4 September 2020, the DCA sought legal advice from the Attorney General's Office (AGO) as to whether liquidated damages could be claimed as per clause 46 of the contract for delay in completion of works.

On 14 September 2020, the AGO advised that since there is no clear intended date of completion for the project, the public body does not have a clear right to claim Liquidated Damages of Rs 3 million.

### Department's Response

The Project Manager did not have the required knowledge in Civil Engineering matters and relied on the expertise of the officers of MNICD on this project. However, the response from MNICD was received after the time frame set as per the provisions of the contract.

### ***Building unoccupied during Defects Liability Period***

As of September 2021, nearly one year after completion of works, the building was still unoccupied and the Defect Liability Period (DLP) of 12 months was nearing its end. Hence, any defects arising after the DLP would not be remedied by the Contractor as the DLP would become ineffective.

The Fire certificate from the Mauritius Fire and Rescue Services was obtained on 13 September 2021, one year after completion of works. It was only then that action was initiated to occupy the building.

### **5.2.3 Follow up of Matters Raised in the Audit Report 2019-20**

NAO has carried out a follow up of matters raised in the Audit Report for 2019-20 to report on actions taken by the DCA in response thereto.

Action has been initiated by the DCA in respect of the four issues highlighted in the Report.

Further information is provided at page 381 in Appendix VI.

## **5.3 Government Printing**

### **5.3.1 Follow up of Matters Raised in the Audit Report 2019-20**

NAO has carried out a follow up of matters raised in the Audit Report for 2019-20 to report on actions taken by the Government Printing in response thereto.

Out of four issues highlighted in the Report and which required action by the Government Printing:

- Two issues have been resolved.
- Necessary action has already been taken at Government Printing's level on one issue.
- Action has been initiated in respect of one issue.

Further information is provided at page 382 in Appendix VI.

## 5.4 Police Service

### 5.4.1 Interdicted Officers – Lengthy Process to Settle Cases

As at 30 June 2021, 101 officers were under interdiction and salaries drawn by those officers in financial year 2020-21 amounted to some Rs 24.3 million. The number of interdicted officers was on the increasing trend. In several cases, interdiction periods lasted for several years and upon determination of their case, the officers concerned were either dismissed from the service or reinstated in their post.

The following were noted:

- (a) Over 80 per cent of interdicted officers were subject to inquiry for alleged serious offences;
- (b) As of October 2021, the alleged offences of more than 50 per cent of the interdicted officers were still under police inquiry;
- (c) Measures implemented to counter bottlenecks and reduce periods of interdiction were not effective; and
- (d) Officers were dismissed after a long period of interdiction and were remunerated while not providing any service.

#### *Alleged Serious Offences Committed by the Interdicted Officers*

An analysis of the alleged offences committed revealed that more than 80 per cent of the offences related to crimes such as murder, dealing/possession of drugs, causing child to be sexually abused, bribery and theft. Seven officers were interdicted for murder/assault while 57 interdicted officers were involved in cases of possession of, or dealing in drugs.

#### *More than 50 per cent of Cases still under Police Inquiry*

As of October 2021, the alleged offences of more than 50 per cent of the interdicted officers were still under police inquiry. These included some cases which dated prior to year 2015. This was contrary to instructions issued by the Commissioner of Police (CP's Order No. 3 of 2020), which required police inquiries to be completed within the least possible delay. These interdicted officers have been remunerated for six years while not providing any service.

#### *Measures to Counter Bottlenecks and Reduce Interdiction Periods not Effective*

A circular (CP's Order No. 3 of 2020) was issued by the Commissioner of Police on 17 October 2020 to expedite matters, especially in respect of criminal cases. In March 2021, an Inter-Ministerial Committee was set up to consider:

- (i) The setting up of a Fast Track Mechanism for disciplinary proceedings against Police Officers; and

- (ii) The implications of interdicting officers without salary.

Despite all these measures, inquiries were still delayed.

#### Department's Response

- The Police Service was not solely responsible for the failure of Fast Track Mechanism as many departments were involved from interdiction to determination of the case.
- The Commissioner of Police chaired regular meetings to streamline matters.

#### ***Nugatory Expenditure - Officers Dismissed after Long Period of Interdiction***

Disciplinary proceedings and inquiries were very lengthy. Seventeen Police Officers, interdicted during the period September 2007 to February 2021, were subsequently dismissed from the service after criminal proceedings were instituted against them.

One officer had received salaries of some Rs 2.8 million during the nine-year period of interdiction prior to dismissal. Salaries of some Rs 3.9 million were disbursed to two other officers on interdiction for more than seven years.

NAO is of the view that the root causes of the increase in the number of interdicted officers may be attributed to the following:

- Inadequate screening procedures prior to employment of new recruits.
- Lack of regular refresher training or workshops to promote integrity, honesty and accountability.
- Inadequate assessment on the causes of recurrence of offences such as drug possession or drug dealing which constitute 57 per cent of offences.
- Unreasonable delay for completion of inquiries.

#### Department's Response

- The duration of interdiction is determined by a chain of authorities.
- The root causes would be considered for improving its policy.

#### NAO's Comments

Interdiction in the Civil Service was not dealt in the same manner as in the Local Authorities since the past ten years. Circular No. 3 of 2011 of the Local Government Service Commission provides that where an officer has been “found guilty by a court and sentenced accordingly, or who has lodged an appeal against conviction, the officer should be interdicted without pay as from date of conviction”. In the Civil Service interdicted officers continue to draw their salaries until the outcome of the appeal.

### **5.4.2 Construction of Division Headquarters – Project Management Issues**

Bids for the construction of a New Division Headquarters (DHQ) at Abercrombie were launched on 8 November 2017. In June 2018, Letter of Acceptance (LOA) was issued for the negotiated amount of some Rs 108.7 million.

A review of the project revealed the following:

- (a) Contract was awarded at a negotiated amount of some Rs 108.7 million, which was 18 per cent above revised project value;
- (b) Non-compliance with the Capital Project Process Manual as prior approval of the Ministry of Finance, Economic Planning and Development for increase in project value from Rs 70 million to Rs 108.7 million was not sought;
- (c) Site was handed over to the Contractor more than two months after scheduled date. Extension of Time was granted and scheduled completion date of 18 April 2020 was extended to 23 August 2020. Approval for further extension of time was not seen. As of November 2021, the building was not yet handed over;
- (d) Requests for additional/variation works both before and during the execution of the project impacted on duration and cost of Project; and
- (e) Performance security which expired on 30 June 2021 was not renewed.

#### ***Contract Awarded for a Negotiated Sum Above Estimated Cost and Project Value***

The lowest evaluated substantially responsive bid was Rs 99.9 million, that is, 25 per cent above the cost estimate of Rs 80 million. The contract was awarded after negotiation for Rs 108.7 million (including VAT), which is 18 per cent above project value of Rs 80 million plus VAT. LOA was issued on 18 June 2018. The contract was signed on 12 October 2018.

#### ***Non-compliance with Capital Project Process Manual - Prior Approval not sought for increase in Project Value***

The increase in project value from Rs 70 million to Rs 108.7 million was mainly attributed to request for major changes by the Police Service at an advanced stage of design. Approval for the increase in project value was sought in January 2021, that is, more than two and a half years after award of contract, instead of prior approval as required under the Capital Project Process Manual. The increase in project value was approved by Government on 5 March 2021.

#### ***Delay in Handing over of Site***

The site was handed over to the Contractor on 10 January 2019 instead of the scheduled date of 26 October 2018, as police activities were still ongoing in the existing buildings. Additional cost of some Rs 416,000 were approved for clearing of land.

### Department's Response

The delay was due to felling of trees and demolition of existing Police Quarters.

### ***Building not yet Handed Over as of November 2021 while Extension of Time Approved up to August 2020***

Extension of Time was approved on two occasions, for the first national confinement and for variation works. The completion date was thus rescheduled from 18 April to 23 August 2020. As of November 2021, the building was not yet handed over to the Police Service.

Approval of further extension of time was not seen.

### Department's Response

- The Ministry of National Infrastructure and Community Development (MNI) being the contract manager is responsible for approval of extension of time.
- The COVID-19 restrictions contributed to the delay.
- The building was inaugurated on 19 January 2022.

### ***Issues Impacting on Duration and Cost of Project***

Various issues during the execution phase of the project have impacted on the duration and cost of the project. These included among others:

- Requests for additional/variation works by the Police Service both before and during the execution of the project. This included conversion of the conference room into a sub-command control centre of the Safe City Project estimated at Rs 2.7 million and additional light, trunking and conduits estimated at Rs 1.4 million.
- Modifications to the pump room, due to wrong dimensions in the design submitted to the Contractor. Existing pavement had to be lowered to facilitate access to site. The waste water could not be connected to the main sewer line of the Wastewater Management Authority (WMA) network.
- Delay in submission of calculation designs for openings to the Contractor.
- Delay in approval of quotes and lack of instructions from the Project Manager.

Poor workmanship of the finishing work was identified by the Police Service. An advance list of defects submitted in May 2021 was remedied. On 9 September 2021, the Contractor requested for a partial handing over, to enable demobilisation on site.

### Department's Response

- MNI was responsible for the conception, design and implementation of the project.
- MNI and WMA are concerned with the issue of waste water.



- A reasonable sum would be deducted on the final accounts before issue of Defects Liability Certificate.

### ***Performance Security not renewed***

The Contractor was required to submit a performance security guarantee valid up to 28 days after the end of the Defects Liability Period. There was no evidence that the performance security which expired on 30 June 2021 was renewed.

### ***Delay in effecting Payment to Contractor***

As per Clause 40.1 of the General Conditions of Contract, payment to the Contractor shall be effected within 28 days after being certified by the Project Manager. Claim submitted by the Contractor since 22 October 2020 was settled on 9 March 2021.

As of November 2021, the taking over of the site was not yet effected. Total Extension of Time granted for this project was not finalised. It was thus not known whether liquidated damages would be applicable.

### **Department's Response**

- Payment would not be delayed in other contracts.
- Site was handed over on 10 December 2021 and the clearing of ground was in progress.

### **NAO's Comments**

The root causes for the delay in construction of the Abercrombie DHQ are:

- Inadequate planning during drafting of specifications for the project. This necessitated request for additional works.
- Poor Project Management.
- Delays by other Authorities concerned to attend to issues.

## **5.4.3 Safe City Project – Not Fully Operational Two Years after Scheduled Completion Date**

The objective of the Safe City Project (SCP) is to enhance safety and security in the country by assisting the Police Service in combatting crime and elucidating cases and acting as a deterrent to potential offenders and criminals.

As highlighted at paragraph 7.1.1 of the Audit Report for the financial year 2019-20, the Police Service signed two contracts with Mauritius Telecom (MT) in December 2017 for the implementation of the SCP for a total contract amount of US \$ 465.3 million (VAT Exclusive). The contract is for a 20-year period and will operate on an operating lease model basis. An addendum to the contract was also signed between the parties on

29 October 2018. It was also mentioned in the Audit Report that in May 2019, some Rs 47.3 million were disbursed to the Central Electricity Board (CEB) as advance for supply of electricity for the cameras.

The project which was scheduled to be completed by June 2019 was not yet fully operational. As at 30 June 2021, a total sum of Rs 1.38 billion had been disbursed since initiation of the project in December 2017.

The project was reviewed during the current audit and the following were noted:

- (a) Deliverables not met as per contract;
- (b) Details of advance effected for supply of electricity not available; and
- (c) The SCP was not yet fully operational and maximum benefits were not derived.

***Deliverables not met as per Contract***

As of October 2021, that is some 28 months after the initial expected completion date, the deliverables were not fully met.

- 102 Intelligent Video Surveillance (IVS) cameras were not yet installed at 22 sites, out of 4,000 IVS projected for 2,000 sites.
- 81 installed IVS were not yet operational and were awaiting User Acceptance Tests.
- 142 of the 300 Intelligent Traffic Surveillance (ITS) cameras were not yet installed.
- One of the seven Sub-Command Centres was not yet operational.

From available records (Hansard) it was noted that the SCP infrastructure has helped the Police Service to resolve 254 cases during the period January 2019 to November 2021. The number of resolved cases was on increasing trend due to progress in installation of cameras as shown in Table 5-3.

*Table 5-3 Safe City Project – Number of Cases Resolved*

| <b>Period</b>            | <b>Cases Resolved</b> |
|--------------------------|-----------------------|
| 2019                     | 57                    |
| 2020                     | 77                    |
| January to November 2021 | 120                   |
| <b>Total</b>             | <b>254</b>            |

*Source: Hansard (from the website of the National Assembly)*

### Department's Response

The delay was due to:

- Installation of IVS cameras on steel instead of existing CEB poles as initially planned;
- Relocation of some sites due to their proximity to high voltage CEB sites, the Metro express project and new projects being undertaken by the Road Development Authority; and
- Problems encountered by CEB to provide electrical supply to certain sites.

### NAO's Comments

Had all the services of the SCP been made available as scheduled, more cases could have been resolved. Undue delays in project implementation impact adversely on services and when it concerns infrastructure to combat crime, it becomes more important to ensure that delays are not due to avoidable causes, such as clearances for implementing the different components of the project.

### ***Details of Advance Effected for Supply of Electricity not Available***

An advance payment of Rs 47.3 million was made to the CEB on 14 May 2019 for the supply of electricity for the planned 130 ITS and 2,000 IVS sites. Details of expenditure incurred under this advance payment was not available and the remaining balance was also not known. The Treasury was not apprised of the balance as at 30 June 2021 for incorporation in the Government accounts.

### Department's Response

- The CEB will submit a final invoice on the detailed expenses.
- The remaining balance will be known after receipt of final invoice and the Treasury will accordingly be informed.

### ***SCP not fully Operational and Maximum Benefits not derived***

The status of the project as of November 2021 was as follows:

- The SCP which was scheduled to be operational by June 2019 was not yet fully operational.
- The Face Recognition Capabilities of surveillance cameras have not yet been enabled. Advice would be sought from the Attorney General's Office and the Data Protection Office on the legality of the use of Face Recognition.
- The contract for an Independent Security Audit was not yet awarded. The terms of reference were under preparation by the Police Service.

### Department's Response

- The Face Recognition Capabilities were exempted from the Data Protection Act. On 30 December 2021, the advice of the Data Commissioner was sought. The protocols and guidelines to uphold the right of privacy of an individual will be worked out with the assistance of the Attorney-General's Office and the Data Protection Office.
- Tender for Independent Security Audit will be launched by March 2022.

#### **5.4.4 Deficiencies in Asset Management**

At paragraph 7.1.3 of the Audit Report for the financial year 2019-20, the negative impact of defective equipment and delay in procurement was mentioned. Some Rs 1.5 billion were disbursed for the acquisition of non-financial assets during the past three financial years, including some Rs 384.5 million in 2020-21. However, shortcomings were still noted in the management of assets which had impacted on the effectiveness of service delivery. The following were noted during the current audit:

- (a) Limited capacity for operation of Maritime Coastal Surveillance. The existing Coastal Surveillance Radar System (CSRS) was obsolete. The National Coast Guard (NCG) is equipped with five ships for Coastal Surveillance, of which two were either stranded due to defects or under repairs/refit overseas;
- (b) Helicopters were grounded or unserviceable despite high maintenance cost;
- (c) The implementation of the new Advance Passenger Information and Passenger Name Record System (APIS) was delayed due to inadequate planning; and
- (d) The Police Service was still using an obsolete Automatic Fingerprint Identification System (AFIS) since procurement of a new system was not yet finalised.

Good project planning and management are important components for successful and timely completion of projects.

#### ***Limited Capacity for Operation of Maritime Coastal Surveillance***

##### ***Obsolete Coastal Surveillance Radar System***

At paragraph 7.1.3 of the Audit Report for the financial year 2019-20, I mentioned that the existing CSRS, in use for the past 10 years had become obsolete. The equipment and associated components were outdated and the Original Equipment Manufacturer (OEM) was unable to support the system.

Request for Proposal for acquisition of a new CSRS was issued in October 2021. The installation and commissioning of the new CSRS is expected to be completed in some two years and meanwhile, the NCG is operating with an obsolete CSRS.

### *Coastal Surveillance Ships – Operating at Limited Capacity*

The NCG was equipped with five ships for Coastal Surveillance. The Guardian ship would be due for decommissioning in 2023.

The Guardian ship was having water ingress problems and operating with outdated components, and the Barracuda ship was undergoing refit during nine months. The NCG was thus operating with limited capacity for maritime Coastal Surveillance.

### ***High Maintenance Cost and Unserviceability of Helicopters***

The Police Helicopter Squadron (PHS) is responsible for search and rescue, casualty evacuation and inter-island support. The PHS was equipped with a fleet of six helicopters, namely four Chetak, one Fennec and one Dhruv. Four helicopters had already served for 34 years. Only two helicopters had the ability to fly at night.

Procedures were initiated for acquisition of a new Advanced Light Helicopter at a cost of some US \$ 26 million and was at negotiation stage. The new helicopter would be delivered within 18 months of signature of contract.

### *Maintenance cost of helicopters*

Some Rs 199.8 million were disbursed for the maintenance of the six helicopters for the past five financial years. The maintenance costs incurred for the four Chetak helicopters for the financial years 2016-17 to 2019-20 ranged from some Rs 4 million to Rs 7 million per year. However, the cost incurred during the year 2020-21 increased by more than 410 per cent compared to the previous financial year, to reach Rs 22.5 million.

### *Department's Response*

- Provision for a new CSRS under the Japanese grant had already started.
- The NCG had sufficient means for surveillance such as Satellite-based Automatic Identification System, ships and aircrafts.
- The contract for acquisition of a new helicopter has been signed on 18 January 2022.
- The increase in maintenance cost was due to procurement of two Rescue Hoists and Cables. The Hoist was extensively used during Salvage Operation of MV Wakashio.
- The cost involved for the procurement of two Rescue Hoists was covered under Insurance of MV Wakashio. Rs 20.4 million was refunded on 13 November 2020.

### *Long period of unserviceability of helicopters*

The helicopters were grounded or unserviceable for long period and hence unavailable for flights. During the past three years the four Chetak helicopters and the Dhruv helicopter were unserviceable for a total of 261 and 362 days respectively. The Fennec helicopter was unserviceable for 214 days in year 2020.

The non-availability of helicopters was attributed to the delay for overseas repairs/overhaul and high value spares which were not available in Stores. These items had to be procured from the OEM and the lead time to obtain such items ranged from 3 to 18 months.

Department's Response

There has been no impact on service delivery as all the tasks attributed to PHS have been undertaken.

***Implementation of Advance Passenger Information and Passenger Name Record System delayed due to Inadequate Planning***

At paragraph 7.1.3 of the Audit Report for the financial year 2019-20, certain lapses in the implementation of the APIS were reported.

In June 2019, the Central Procurement Board (CPB) approved the award of a contract to a consortium for an amount of some US \$ 10.8 million (excluding VAT) and inclusive of four years maintenance costs.

*Inadequate planning - Seven sub-projects identified during implementation stage*

NAO is of the view that the project was not properly planned as certain essential requirements were not identified during the initial stage. This necessitated additional tender exercises which delayed its implementation. Procurement exercises had to be carried out for seven sub-projects within the APIS project. Of these, contract for the Electronic Access Control System was not yet allocated as of November 2021. Contracts were awarded in respect of six projects for some Rs 26.4 million. These included three contracts allocated through the direct procurement method.

Department's Response

- The project is of a complex nature and actions have been taken to meet its operational exigencies.
- Several sub-projects were included during customisation of project.
- APIS is operational except for the cooling system and tender was launched for the acquisition of a cooling system.

*Contract for Electronic Access Control System not yet awarded despite three Restricted Bidding exercises*

As of November 2021, despite revision of the estimated cost and specifications, no compliant bid was received for the Electronic Access Control System after the three Restricted Bidding exercises.

Department's Response

It had no impact on the APIS project and new tender would be launched in December 2021.

### *Delay in implementation of main project*

Extension of Time was granted thrice and the project was delayed by one year. On 23 August 2021, the project went live at the Government Online Centre only. The percentage completion of the project at the Police IT Unit was 85 per cent as of 25 October 2021. The delay in completion was attributed to remote requirements analysis, late delivery of the hardware and postponement of the User Acceptance Test due to the pandemic, and amendments of the Immigration Act to support the system implementation.

As of September 2021, some US \$ 6.2 million were disbursed for the main contract, while invoice of US \$ 589,011 was awaiting the clearance of the Consultant.

The root causes of delay in completion of the APIS are poor contract management and delay in finalisation of tender procedures.

### ***Procurement of Automatic Fingerprint Identification System not finalised since more than Three Years***

At paragraph 7.1.3 of the Audit Report for the financial year 2019-20, the issues of obsolescence of the existing AFIS and its non-compatibility with Microsoft software were reported. The estimated cost of a new AFIS escalated from Rs 23 million in February 2018 to Rs 86.2 million in November 2020.

The AFIS is essential for the effective and efficient handling of police investigation and prompt resolving of crimes. Hence, the procurement of an updated version of AFIS was critical for the delivery of services. The procurement procedures for a new AFIS were not finalised after more than three years since the first tender exercise.

### *Department's Response*

- The existing system is only compatible with Microsoft XP version whereas system support is no more provided by Microsoft. However necessary action was initiated to implement the latest version of AFIS.
- The delay was attributed to request for revision of estimated project value and additional fund prior to launching of tender.

### *Cancellation of Contract due to non-submission of Performance Security*

On 17 June 2021, the CPB approved the award of the contract to the sole responsive bidder, that is, a Joint Venture comprising three companies, for the sum of some Rs 94.6 million. The Letter of Acceptance was issued on 27 August 2021, that is, two months after approval, as financial clearance was awaited.

In November 2021, the contract was cancelled as per Section 40(6) of the Public Procurement Act, due to non-submission of performance security by the Contractor.

### Department's Response

On 8 December 2021, the CIB was requested to confirm whether the same technical specifications as per the previous tender exercise could be used along with the same cost estimates to relaunch the bidding exercise.

#### **5.4.5 Delay in Procurement Impacting on Service Delivery**

At paragraph 7.1.4 of the Audit Report for financial year 2019-20, deficiencies in the management of procurement were reported. The Police Service had to operate without certain goods being available for a long time, due to delays in completing tendering process and award of contracts, amongst others.

A review of the procurement processes revealed the following lapses:

- (a) The procurement lead time prescribed under Directive No. 13 of the Procurement Policy Office (PPO) was exceeded in seven instances;
- (b) Award of contracts was delayed due to specifications issues, inadequate market survey and inaccurate estimated cost; and
- (c) Contractor was not reported to the PPO for non-performance.

#### ***Non-compliance with PPO Directive – Procurement Lead Time Exceeded***

The procurement lead time is the time taken between bid preparation and the award of contract, as per Directive No. 13 of 29 May 2013 of the PPO. In seven instances, the prescribed procurement lead time was exceeded. In one case, the procurement lead time was exceeded by 122 days.

### Department's Response

Due to the lockdown for COVID-19 pandemic, the closing time for bid submission was extended and consequently exceeding the procurement lead time.

#### ***Awards of Contracts delayed***

Award of contracts were delayed due to specifications issues, inadequate market survey and inaccurate estimated cost. For instance:

- Contract for Submersible Drone was awarded after third bidding exercise due to inadequate market survey;
- As of November 2021, Diesel Generators required by the National Coast Guard (NCG) since August 2019 were not yet procured after three bidding exercises and revision of specifications due to inadequate market survey and inaccurate estimated cost; and



- Procurement of Portable Drug Screening Devices for Anti-Drug and Smuggling Unit (ADSU) were delayed due to inadequate market survey, inappropriate technical specification and inaccurate estimated cost.

### ***Drone***

The acquisition of new equipment was required for the management of the oil spill of the “MV Wakashio” effects.

#### *Absence of response from bidders due to inadequate market survey*

On 9 July 2021, request for proposal (RFP) was sent to 13 suppliers for the acquisition of a drone and a submersible drone with provision of training in respect of both items, at an estimated cost of Rs 1.9 million. As no bid was received, the NCG submitted a list of potential suppliers for the drones.

#### *Award of contract for drone only*

Only two bids were received in the second RFP. On 1 October 2021, the Departmental Bid Committee (DBC) of the Police Service approved the offer of the sole technically responsive bidder for supply of a drone for some Rs 1.4 million (VAT exclusive) and requested that a fresh tender be launched for the submersible drone. The drone was delivered on 17 December 2021.

#### *Contract for supply of submersible drone awarded on third bidding exercise*

On 18 November 2021, only one bid was received following the Restricted Bidding exercise. On 14 December 2021, the DBC approved the supply, testing and commissioning of a submersible drone at Rs 389,000 (VAT exclusive) and transportation cost of Rs 10,000.

### ***Diesel Generators***

In August 2019, the NCG requested five “Diesel Generator sets of 5-7 KW with canopy” to replace the existing generators which were beyond repairs due to unavailability of spare parts. The generators were meant for the proper functioning of communication equipment during electricity power cut.

#### *Non-responsive bids received for two bidding exercises*

A first bid exercise was carried out on 7 October 2019 at the estimated cost of Rs 575,000. The three bids received were rejected for non-compliance with the mandatory delivery period and major deviation.

The estimated cost and the delivery period were increased to Rs 1.25 million and 120 days respectively for the second Restricted Bidding exercise of February 2020. All the four bids received were not technically responsive and were thus rejected.

*Contract not awarded due to inadequate market survey in the third tender exercise despite revision of specifications and cost*

On 16 July 2020, revised specifications were submitted for the diesel generators. The power rating was reduced and the estimated cost was revised to Rs 750,000 for the five generators. A third Restricted Bidding exercise was launched on 3 September 2021 and the sole bidder was rejected due to non-compliance with mandatory requirements of the bidding documents. DBC recommended that fresh tender be launched after a proper market survey.

On 30 November 2021, the NCG submitted revised cost estimate together with specifications and list of potential suppliers for relaunching of bids.

### ***Portable Drug Screening Devices***

On 3 December 2020, ADSU requested the procurement of two drug analysers for testing traditional and new psychoactive drugs, and controlled substances. The estimated cost was Rs 3.5 million.

*Tender not finalised due to inadequate market survey and inappropriate specifications*

The five bids received on the first tender exercise held in April 2021 were non-responsive. The DBC recommended the relaunching of tender with revised specifications and estimated cost, after a proper market survey. The cost estimate was revised to Rs 4.2 million and specifications were submitted for onward transmission to the Forensic Science Laboratory for vetting in June 2021.

Six bids were received on the second bidding exercise. None of the bidders had complied with technical specifications. On 10 December 2021, DBC recommended that the tender be relaunched with revised specifications and estimated cost.

The ADSU was thereafter requested to carry out proper market survey prior to submission of revised estimated cost and specifications.

### **Department's Response**

The issue pertaining to non-responsive bids is being reviewed to avoid working out revised specification and estimated cost, and a new procedure is being worked out to minimise delay in acquisition of goods.

### ***Contract for Supply of Overalls - Contractor not reported to PPO for Non-performance***

On 4 August 2020, the NCG requested the purchase of 100 special overalls for the Maritime Air Squadron, 300 sets of two-piece overall long sleeves and 300 sets of two-piece overall short sleeves.

### *Contract partly awarded on third restricted bidding exercise*

No bid was received from the 13 suppliers selected for the first tender launched on 6 October 2020. A second bidding exercise was launched on 21 January 2021 and only 3 out of 15 suppliers had submitted bids. The price quoted substantially exceeded the estimated cost. The DBC recommended the relaunching of tender with revised estimated cost.

Another tender was launched on 21 May 2021 and the initial estimated cost of Rs 640,000 was revised to Rs 1.4 million. Fifteen suppliers were invited to submit their quotes and five bids were received. A bidder was awarded the contract for the supply of the overalls short and long sleeves. Another bidder was awarded the contract for supply of the special overall. Letters of Acceptance were issued to the selected bidders on 30 August 2021.

### *Procurement of special overalls not finalised after three bidding exercise and bidder not reported to PPO for non-performance*

On 2 September 2021, the bidder informed that the fabric required a special treatment and it would not be able to supply the special overalls as the quantity requested was not meeting the minimum fabric order. On 8 September 2021, the DBC cancelled the contract and approved the offer of the second lowest substantially responsive bidder. DBC recommended that the bidder should be reported to PPO. However, in the absence of documentary evidence, it could not be ascertained whether this was done.

### Department's Response

- A Technical Committee was set up to examine all aspects of specifications, cost estimates and appropriate market surveys prior to launching of quotations.
- Bidders were being encouraged to register on e-Procurement portal.
- On 22 September 2021, PPO has been apprised of the cancellation of contract of the first responsive bidder through a copy of the letter addressed to the supplier.

NAO is of the view that the bidder should have been reported for non-compliance.

### NAO's Comments

The deficiencies in management of procurement were mostly due to:

- Lack of expertise in drafting of specifications.
- Inadequate market surveys entailing inappropriate estimated costs.
- Poor response from bidders in the restricted bidding exercise.

#### **5.4.6 Inadequate Controls over Collections**

In my previous Audit Reports, I reported on the irregularity committed at the Police Service in 2015, regarding collections of some Rs 32 million that were not banked by the responsible Officer. The matter has still not been resolved after more than six years. Further details are given below. Controls over collections at the Police Service have remained weak mainly due to absence of regular checks.

##### ***Delayed Remittance of Collections***

An inspection performed by the Finance Section of the Police Service on 20 September 2021 at the Souillac Police Station revealed that fees collected in respect of removal of wheel-clamps during the period May 2019 to December 2020 were not yet remitted to the Cash Office of the Southern Division Headquarters. The collections were remitted only on 12 October 2021.

This is contrary to Administrative Order No. 24/2018 which requires Station Clerks to remit collections to the Revenue Clerk of their respective Divisional Headquarters on the day following collections. This is also not in compliance with the Financial Management Manual which requires prompt remittance of collections.

There was no evidence of any disciplinary action or enquiry carried out to prevent recurrence of such practice.

##### **Department's Response**

- The enquiry carried out with the assistance of Internal Control Officers has been completed.
- A Divisional Order No. 5/21 dated 23 November 2021 has been released for strict compliance regarding the proper procedures to be followed with respect to the payment of declamping fees.

##### ***Tardy Preparation of Bank Reconciliations***

Bank reconciliations in respect of the Revenue Account of the Police Service were not prepared in a timely manner. Bank reconciliations enable early detection and correction of errors and ascertain correctness of accounting records. Monthly reconciliations for the whole financial year 2020-21 were prepared only in October 2021. There was no evidence that the bank reconciliations were verified by an Officer other than the preparer.

Treasury Circular No. 6 of 2021 requires the submission of the certificate of reconciliation for June 2021 by 12 July 2021. This was submitted on 12 October 2021, that is, with a delay of three months.

##### **Department's Response**

Reconciliations would henceforth be made on a monthly basis and would be independently verified.

### ***Irregularity in Revenue Collection - Enquiry still Ongoing after more than six years***

At paragraph 7.1.7 of the Audit Report for financial year 2019-20, I mentioned that collections of some Rs 31.8 million were not banked and this amount was outstanding in the Advance Account opened in the name of a Police Officer, acting as Revenue Clerk. Police enquiry was still ongoing for irregularity that occurred five years ago and recommendations of the Departmental Board of Enquiry dating three years back were not yet fully implemented.

As of October 2021,

- The unexplained difference and the outstanding balance in the Advance Account amounted to some Rs 31.8 million.
- Some Rs 2.1 million were disbursed as salaries and rent allowances to the Revenue Clerk since his interdiction.
- The enquiry was still ongoing and the exact amount of collections not banked has not yet been determined.

### **Department's Response**

- The services of the Internal Control Cadre were enlisted for verifications and analysis of documents to ascertain the total amount of revenue which has not been banked.
- The documents requested for examination were in the custody of the Independent Commission Against Corruption for enquiry in a case of Money Laundering. Needful is being done to take over these documents.
- Given the complexity of the case and the expertise required, it is likely that the case will take more time to be completed.
- On completion of enquiry, the findings will be submitted to the Office of the Director of Public Prosecutions for advice.
- Action could not be initiated against the Divisional Commanders mentioned in the report of the Departmental Board of Enquiry, as there was no judicial evidence against them. This will only be determined after completion of the case and full investigation.

### **5.4.7 Follow up of Matters Raised in the Audit Report 2019-20**

NAO has carried out a follow up of matters raised in the Audit Report for 2019-20 to report on actions taken by the Police Service in response thereto.

Out of 11 issues highlighted in the Report and which required action by the Police Service:

- Six issues have been resolved.
- Necessary action has already been taken at Police Service's level on four issues.
- Action has been initiated in respect of one issue.

Further information is provided at pages 383 to 385 in Appendix VI.

## 5.5 Prison Service

### 5.5.1 Non-Compliance with Regulations

#### ***Non-Compliance with the Finance and Audit Act - Annual Report on Performance not Submitted***

The Finance and Audit Act requires every Ministry/Government Department to submit a report on its performance during the previous fiscal year and its strategic directions in respect of the following three fiscal years to the Minister responsible for the subject of finance, not later than 31 October every year. An implementation plan for remedial action and prevention of the recurrence of the shortcomings, including wastage of public funds, referred to in the Report of the Director of Audit is also required.

No annual report on performance was prepared and submitted to the Minister as required under the Finance and Audit Act.

#### ***Department's Response***

The annual report on performance would henceforth be submitted to the Ministry of Finance, Economic Planning and Development and thereafter posted on its website.

#### ***Non-compliance with Financial Instructions – Computerised Salaries History Cards Not Updated***

The Computerised Salary Card System was not maintained as required by Financial Instructions No. 1 of 2021. Details such as date of appointments, promotions, allowances, leaves with pay/without pay, interdiction have not been recorded in the System.

#### ***Department's Response***

- The computerised salary card system could not be updated due to shortage of staff and the COVID-19 Pandemic.
- Action has been initiated for the updating of Computerised Salary Card System with effect from November 2021 with the posting of new recruits.
- As at December 2021, data for July to October 2021 has been input. The system is expected to be updated in six months.

### **5.5.2 Absence of Timely Action to Recover Advance Account of some Rs 4 million**

At paragraph 7.2.8 of the Audit Report for financial year 2019-20, it was reported that some Rs 4 million were advanced by the Ministry of Finance, Economic Planning and Development to the Prison Service in July 2019, to settle payment totalling Rs 3.1 million to suppliers and the negative balance in the Detainees' Deposit Account. The Attorney General's Office (AGO) had advised that enquiries be carried out to identify culpable officers in case they proceed on retirement without being sanctioned. The AGO also advised the Prison Service to review the existing system of Detainees' Private Cash Account and subsequently to transfer the Advance Account in the name of officer(s) found guilty.

No timely action was taken by the Prison Service as:

- No Board of Enquiry as required by the Financial Secretary since May 2019, has yet been set up. As of December 2021, that is after more than two years since funds were advanced, no amount has yet been recovered.
- The police enquiry was delayed due to absence of written statement by Prison Officers and certified copies of documents. Statement to the Police Service, was scheduled for November 2021. Documents regarding misappropriation have not yet been secured.
- No officer has yet been designated to ensure timely submission of monthly returns from the different prisons to the Finance Section for reconciliation with the Detainees' Deposit Account. As at 30 June 2021, the Deposit Accounts included a negative balance of Rs 854,734.
- The Financial Secretary and the Prime Minister's Office were not apprised of the status of the enquiry and of implementation of a new framework for the proper control of Detainees' Private Cash Account, despite several requests.

#### *Department's Response*

- The Internal Controllers have enquired but could not situate responsibilities for the negative balance in the Detainees' Deposit Account.
- The statement could not be recorded on the scheduled date of 24 November 2021 as the Police Officer was on isolation due to COVID-19. A meeting was scheduled for 22 January 2022.
- On 5 January 2022, all officers in charge of Institutions were requested to secure documents regarding misappropriation.
- On 11 January 2022, a Superintendent of Prisons has been designated to ensure timely submission of monthly returns from the different prisons to the Finance Section for reconciliation purposes.
- On 19 November 2020, the Prime Minister's Office and the Ministry of Finance, Economic Planning and Development were apprised of the status of implementation of the new framework and that of the Police enquiry.

### **5.5.3 Follow up on Matters Raised in Audit Report 2019-20**

NAO has carried out a follow up of matters raised in the Audit Report for 2019-20 to report on actions taken by the Prison Service in response thereto.

Out of eight issues highlighted in the Report and which required action by the Prison Service:

- Two issues have been resolved.
- Necessary action has already been taken at Prison Service's level on three issues.
- Action has been initiated in respect of three issues.

Further information is provided at pages 385 to 387 in Appendix VI.

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## **6 – DEPUTY PRIME MINISTER’S OFFICE, MINISTRY OF ENERGY AND PUBLIC UTILITIES**

### **6.1 Loans to Central Water Authority for the implementation of Capital Water Projects - Non-reimbursement of Loans**

At paragraph 6.3 of the Audit Report for 2019-20, mention was made of the non-reimbursement of outstanding loans by the Central Water Authority (CWA) and the absence of documentation at the Ministry’s level to monitor loan recovery. As at 30 June 2020, these loans stood at Rs 3,882 million.

The Ministry then stated that:

- The loans were to be repaid by the CWA to the Treasury following requests/invoices by the latter in accordance with the terms and conditions of the Loan Agreements. Accordingly, the Ministry was not involved in this process and did not have any record of transactions between the Treasury and the CWA;
- A Technical Committee was set up in January 2021 to examine the amount of loans due and their maturity dates as well as to make proposals to enable their repayments; and
- The CWA’s inability to generate sufficient revenue was the main reason for non-reimbursements of loans.

In financial year 2020-21:

- No repayments were effected in respect of these loans by the CWA;
- An amount of Rs 64.7 million was disbursed to the CWA;
- Some Rs 732.8 million were reported to have been written off; and
- Interest charged on outstanding loans amounted to Rs 16.7 million.

As at 30 June 2021, the outstanding loans balances thus stood at Rs 3,277 million.

Several measures were being envisaged by the CWA in respect of cost reduction and revenue optimisation with a view to achieve financial sustainability.

An Ad-hoc Committee was set up to fine tune proposed price adjustment of fees and charges and to work out an implementation plan in that respect.

#### *Ministry’s Response*

The various proposals were being considered at the CWA level to review the latter’s business model which included, among others, the possibility for the conversion of the outstanding loans into other Instruments.

## **6.2 Capital Investments in Wastewater Management Authority through Loans and Equity Participation – Recoverability of Loans Uncertain**

### ***Non- reimbursement of Loans***

At paragraph 6.2 of the Audit Report for 2019-20, I reported that loans to the Wastewater Management Authority (WMA) were not being reimbursed to Government.

As of 30 June 2020, these totalled some Rs 3.37 billion.

### ***Shares and Equity Participation***

It was also reported that Agreement/Memorandum of Understanding was not available in respect of funds provided to the WMA by way of 'Shares and Equity Participation' amounting to Rs 846.9 million as at 30 June 2020.

A further sum of Rs 241.1 million was disbursed in 2020-21 to WMA under this item, making up a total of some Rs 1.1 billion.

### ***No Capacity for Repayment***

According to the WMA, insufficient customer base and tariffs being charged did not allow the WMA to recover the capital investment costs.

All revenue generated by the WMA was used to meet its operational expenditure, leaving the WMA with no funds for the repayment of debts.

The WMA also informed the Ministry that the COVID-19 pandemic and the exemption of a category of customers from the payment of some Rs 11 million wastewater charges yearly had further contributed to a shortfall of revenue.

### ***Review of Legal and Financing Framework***

The Ministry and the WMA were to review the framework under which the WMA was currently operating and to propose a new agreement compatible with the new financing arrangement of capital projects.

In that respect, the Wastewater Management Authority Act was to be amended. These amendments were to be proposed by February 2020.

However, as of December 2021, proposed amendments were yet to be finalised.

### **Ministry's Response**

- Proposals to move ahead for a financially sustainable WMA, were being considered by an Ad-hoc Committee set up by the WMA Board.
- The WMA (Amendment) Bill was expected to be ready by May 2021. The proceedings of the Ad Hoc Committee to review the financial situation of the WMA were ongoing. At the same time, Government has announced the introduction of a Water Bill in Budget 2021-2022. The Water Bill would bring together the fragmented

legislations in the field of water and wastewater for a consolidated legal framework. There would be amendments to the WMA Act. As such, it would be more advisable to await for all amendments to the WMA Act to be introduced together in one Bill in the National Assembly.

### 6.3 Governance Issues – Non-compliance with Legislation

Provisions have been made in various legislations to impose a statutory responsibility on Accounting Officers and Boards of Statutory Bodies with the objective of strengthening accountability and transparency in the public sector.

#### *Annual Reports not laid before the National Assembly*

The Statutory Bodies (Accounts and Audit) Act requires a copy of the Annual Report and audited accounts of every Statutory Body to be laid before the National Assembly at the earliest opportunity.

As of 20 December 2021, Annual Reports including audited Financial Statements of two Statutory Bodies had not yet been laid before the National Assembly as shown in Table 6-1.

*Table 6-1 Annual Reports including Audited Financial Statements not laid before the National Assembly*

| Statutory Body            | Period  | Date Certified | No of Financial Statement |
|---------------------------|---------|----------------|---------------------------|
| Central Electricity Board | 2019-20 | 22.09.2021     | 1                         |
| Central Water Authority   | 2018-19 | 10.06.2021     | 1                         |

*Source: National Assembly records*

NAO is of the view that the Ministry should exercise control over Statutory Bodies operating under its purview to ensure that they fulfil their statutory responsibilities regarding the tabling of Financial Statements before the National Assembly.

#### Ministry's Response

The Annual Report of the Central Water Authority and Central Electricity Board for 2018-19 and 2019-20 respectively will be laid before the National Assembly by the end of February 2022.

#### **6.4 Follow Up of Matters Raised in the Audit Report 2019-20**

NAO has carried out a follow up of matters raised in the Audit Report for 2019-20 to report on actions taken by the Ministry in response thereto.

Out of five issues highlighted in the Report and which required action by the Ministry:

- One issue has been resolved.
- Action has been initiated in respect of four issues.

Further information is provided at pages 388 to 389 in Apendix VI.

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## **7 – VICE-PRIME MINISTER’S OFFICE, MINISTRY OF EDUCATION, TERTIARY EDUCATION, SCIENCE AND TECHNOLOGY**

### **7.1 Asset Management – Delay in recording Non-Financial Assets in the Government Asset Register**

Recording of non-financial Assets in the Government Asset Register (GAR) was not complete due to the valuation of the land and buildings being still outstanding and shortage of staff at the Ministry.

In 2017, the GAR was developed for an efficient and effective management of Government assets. It would also assist in the preparation of the Government financial statements on accrual basis. The GAR is a computerised system which was developed to assist Ministries/Government Departments to identify and record their non-financial assets acquired.

The Ministry of Finance, Economic Planning and Development (MOFEPD) and the Treasury have subsequently issued Financial Instructions and guidance as regards the procedures and timelines for the recording of assets. Hence, the recording of assets should include all non-financial assets acquired as from 1 July 2017 and non-financial assets acquired prior to 1 July 2017 and which are still in use. In accordance with Circular 6 of 2020 issued by MOFEPD, the valuations of buildings should have been completed by end of June 2021.

#### ***Delay in recording in the GAR***

A scrutiny of the GAR relating to the assets of the Ministry revealed that as of 1 September 2021, out of the Rs 2.3 billion non-financial assets acquired during the past four years, assets of only Rs 11.9 million were recorded in the GAR.

The valuations of land and buildings for the 277 primary and secondary schools were not yet completed and hence could not be uploaded on the system. Vehicles and transport equipment, and the 52,480 Tablets PCs acquired for Grade 1, 2, and 3 with the associated equipment were not yet recorded in the GAR due to shortage of staff at the Ministry.

The Treasury has recommended that an implementation plan be drawn up for the recording of assets at the earliest possible. However, as of 10 November 2021, assets acquired prior to July 2017 by the Ministry were still not captured on the GAR.

Consequently, the objective of recognising all Government assets in the Government financial statements by 2022-23 might not be met due to delays in recording all non-financial assets in the GAR.

NAO is of the view that the Ministry should ensure timely posting in the GAR as guided by the Treasury. A plan should be prepared to complete the recording in the system. The Valuation Department should be urged to complete the valuation of land and buildings which is of prime importance to meet the objectives of Government.

### Ministry's Response

- The Ministry is taking all necessary measures to ensure recording of the non-financial assets in the GAR. Assets at Headquarters totalling Rs 460 million have been recorded and all the ADI (Artificial Design Intelligence) templates would be submitted to the Accountant General's Office by end of January 2022.
- Needful is being done for the recording of the assets for Zones on the ADI templates and the task is expected to be completed in February 2022.
- Information for bulky assets prior to 30 June 2017 has been submitted to the AGO in December 2021 for validation and information would be submitted by end of January 2022 for the remaining assets.
- An updated list of land and buildings to reflect new projects/extensions would be submitted to the AGO once completed. The Valuation Department will assess all State Lands and Government Buildings and input will be made at the level of the AGO.

### **7.2 Lease of Office Space for Central Supply Division – Lapses in Procurement**

The site of an extent of 2,865 square metres housing the Central Store Division (CSD) office was handed over to the Ministry of Local Government on 7 February 2019, for the Metro Express Project.

On 24 June 2019, bids were invited for the lease of office space for an area of 2,500 square metres for the relocation of the CSD of the Ministry for an initial period of three years. Only one bid was received and that bid was not retained due to the non-submission of required documents by the sole bidder. On 13 September 2019, the Departmental Bid Committee (DBC) of the Ministry decided to cancel the current bidding exercise and to re-launch the tender.

The following issues were noted:

- (a) The CSD was accommodated in two buildings with different lease terms; and
- (b) Office space was not utilised for intended purpose.

#### ***CSD accommodated in Two Buildings with different Lease Terms***

Due to the urgency in finding the appropriate accommodation, the CSD was housed in two different buildings with different lease terms. On 26 November and 5 December 2019, site visits were effected by the officers of the CSD and the Ministry of the National Infrastructure and Community Development, at the two sites identified for the Warehousing Section and the Procurement Section.

The lease agreement for the Warehousing Section for a surface area of 1,285 square metres with all amenities was signed on 15 June 2020 for a period of five years from 1 July 2020 to 30 June 2025. Some six months later, the lease agreement for the Procurement Section

for a surface area of 588 square metres was signed on 22 October 2020 on a shell and core basis for three years from 1 November 2020 to 31 October 2023.

Hence, a total space area of 1,873 square metres was leased as compared to the required area of 2,500 square metres, and the terms of the leases differed for both Sections.

### ***Office Space not utilised for Intended Purpose***

As of 25 October 2021, the office space for the Procurement Section could not be utilised as the necessary amenities and fit-out works which include water supply, partitioning, false ceiling, electrical and plumbing works and air-conditioning were not yet provided. The officers were using the office space at the Warehousing Section with limited space area. The building leased for the Procurement Section was used to store old furniture and unserviceable items.

As of 29 October 2021, rental paid for the Procurement Section and the Warehousing Section amounted to Rs 3,350,451 and Rs 11,484,690, respectively. Additional costs would have to be borne by the Ministry to fully occupy the building.

The NAO is of the view that proper procurement planning should be done. The Ministry should ensure that the specifications are properly defined and value for money is obtained.

### **Ministry's Response**

- The Ministry proceeded with the rental of two buildings through direct procurement after a duly carried out market sounding exercise.
- The bidding documents for the works are being finalised in consultation with the officers of the Ministry of National Infrastructure and Community Development. Bids would be launched by end of January 2022 and works are expected to be completed by end of May 2022.
- The Ministry has been adversely affected by the pandemic induced situation in 2020 and 2021, resulting in delays in implementation of projects, procurement activities and other administrative tasks.

## **7.3 Delay in the setting up of the Special Education Needs Authority**

At paragraph 9.2 of the Audit Report for 2017-18, I highlighted that the accuracy of the per capita grant could not be verified and contrary to Financial Instructions issued by MOFEPD on the Administration of Government Grants, no Grant Memorandum was signed between the Non-Governmental Organisations (NGOs) and the Ministry before disbursement of grants.

As of November 2021, nearly three years after the proclamation of the Special Education Needs Authority (SENA) Act in December 2018, the Authority was not fully operational. Hence, control over disbursements of grants could still not be ensured in the absence of financial statements, cash flow and progress reports.

The Board of the SENA was constituted in 2019. As of 29 October 2021, 2,253 learners were registered and 53 NGOs were provided with Grant in Aid for their operations. An amount of Rs 198.1 million was provided in the Budget 2020-2021 for the item Grant in Aid to the Special Education Needs and actual expenditure amounted to Rs 177.6 million.

As of 29 October 2021, the recruitment exercise for the required personnel for the Authority had not been finalised. As a result, most of the functions of the Authority are still being carried out by the Ministry and no Grant Memorandum was signed between the SENA and the NGOs.

NAO is of the view that the Authority should be fully operational to ensure compliance with the Act and Regulations, and control over disbursement of funds.

#### Ministry's Response

- The Director and the Administrative Secretary are in post since November 2021.
- The SENA is in the process of finding the appropriate office for the Authority.
- The SENA is proceeding with the launching of an Expression of Interest for the rental of office space.
- Meanwhile, the Ministry is providing the necessary operational support to the Authority.

#### **7.4 Lapses in Capital Project Management and Procurement Procedures**

The Ministry invests significantly in the construction, upgrading, renovation of schools, maintenance works, and other facilities with a view to providing a conducive environment for the delivery of education to the school population. Budgetary estimates for capital projects and upgrading of schools totalled Rs 631.3 million for the financial year 2020-21. The actual amount disbursed amounted to Rs 177 million.

A sample of 25 projects for the total contract value of Rs 994.35 million was reviewed. Lapses in the capital project management and procurement procedures were noted in respect of eight projects examined with contract value totalling Rs 295.4 million, inclusive of VAT and contingencies. A list of the eight projects is given in Table 7-1.



*Table 7-1 Projects Reviewed - Dates of Award and Contract Amounts*

|   | <b>Projects</b>                                                                                                          | <b>Date of Award of contracts</b> | <b>Contract Amount<br/>Rs million</b> |
|---|--------------------------------------------------------------------------------------------------------------------------|-----------------------------------|---------------------------------------|
| A | Construction of new classroom block and other facilities at Reunion Road GS (Phase II)                                   | 9 January 2020                    | 51.8                                  |
| B | Construction of New Pre-Primary Block at Montagne Ory GS                                                                 | 1 October 2019                    | 10.3                                  |
| C | Abdool Raman Government School GS (Phase II)                                                                             | Not yet awarded                   | 55.2                                  |
| D | Construction of new science block and renovation, upgrading and refurbishment of existing block at Sir Leckraz SSS Flacq | 20 December 2018                  | 49.9                                  |
| E | Construction of U-shaped building and other Facilities at Robinson Rd GS                                                 | 19 September 2019                 | 57.6                                  |
| F | Construction of Swimming Pool-Permal Soobrayen GS                                                                        | 28 August 2020                    | 33.6                                  |
| G | Construction of Swimming Pool-Melrose GS                                                                                 | 19 August 2020                    | 37.0                                  |
| H | Conversion of Specialist Rooms                                                                                           | Not yet awarded                   | -                                     |
|   | <b>Total</b>                                                                                                             |                                   | <b>295.4</b>                          |

*Source: Ministry Project files*

The main issues noted are:

- (a) Poor performance of Contractors resulting in delays for completion of the projects and termination of contracts;
- (b) Delays in the award of contracts;
- (c) Non -compliance with procurement rules and procedures;
- (d) Lapses in costs estimates;
- (e) Lapses in project management;
- (f) Contractor debarred due to fraudulent practice and delay in the start of projects due to insolvency; and
- (g) Lapses in bidding procedures.

### ***Poor Performance of Contractors resulting in delays for Completion of Projects and Termination of Contracts***

Significant delays were noted in the completion of four of the eight projects examined. The delays were due to the poor performance of Contractors which constituted serious breach of contract. The Contractors had not been able to honour their contractual obligations for the timely completion of projects.

- The progress of works for Project A was very slow due to cash flow problems encountered by the Contractor and the non-availability of raw materials. As of November 2021, Phase A of the Project was still in progress with a delay of more than six months, hence Liquidated Damages (LDs) were charged as remedies.
- Although Extensions of Time were granted for Project B, the project was completed with significant delays. Non-Completion Notices were issued to the Contractor on three occasions for incomplete works. According to the Ministry of National Infrastructure and Community Development (MNICD), the delay was caused due to restricted access to the site as Civil Works were being carried out and exams were held during that period.
- The contract for Project D was terminated due to excessive time taken for the completion of the project. As of 23 September 2021, the 10 per cent remaining works were still not attended to and no snag list was available and the partial completion certificate was not yet issued.
- As of November 2021, only 35 per cent of the works were completed for Phase I of Project E due to serious cash-flow problems of the Contractor. The latter had failed to secure an insurance cover after its expiry on 30 April 2021. As of November 2021, the advice of the Attorney General's Office (AGO) was being awaited for termination of the contract as per the General Conditions of the contract.

### ***Delays in the Award of Contracts***

Contracts were awarded with significant delays due to the following reasons:

- (a) Excessive procurement lead time; and
  - (b) Undue delay in finalising the procurement proceedings.
- For Project A, the procurement lead time has exceeded the prescribed time by more than 500 days from approval of the bid documents to the award of contract. The procurement exercise was lengthy due to the time taken for amendment of the bidding documents, review of evaluation of bids, clarifications sought from bidders, and application of the margin of preference. The bids were re-evaluated three times due to inconsistencies in the evaluation of bids.
  - Bids for Phase II of Project C were launched twice, on 25 April 2019 and 25 June 2020. On 26 October 2021, the Central Procurement Board (CPB) recommended that the contract be awarded to the lowest substantially responsive bidder at the contract price of Rs 55.2 million. Some 30 months had lapsed from the date the tenders were first launched to the date the successful bidder was selected.

### ***Non -compliance with Procurement Rules and Procedures***

- The bid validity period for Project A was extended on seven occasions, from 90 to 395 days, which was not in line with the procurement rules whereby the bid validity period cannot be extended more than once. The contract was signed in September 2020, nine months after the award of the contract, as the insurance policy of the selected bidder was not in order.
- Section 45 of the Public Procurement Act (PPA) was not followed by the Ministry. Although an aggrieved bidder made a challenge to the Ministry but did not make an application for review of the procurement proceedings to the Independent Review Panel within seven days from the notice, the Ministry did not proceed with the award of the contract to the successful bidder for Project C.
- As the procurement proceedings could not be completed on time, two days before the expiry of the bid validity period for Project C, only the successful bidder was requested to extend the bid validity period. This practice was contrary to Section 30(4) of the Public Procurement Regulations. As a result, the bid validity for all the responsive bidders had already expired.
- The bidder agreed to extend the bid validity for Project C but subject to an increase in the contract price by Rs 4.1 million to Rs 59.3 million. The Ministry was not agreeable to the revised contract value as the contract was not subject to any price adjustments. The project was further delayed.
- Contrary to guidance issued by the Procurement Policy Office (PPO) in September 2016, the financial soundness of the bidder was not reviewed in its entirety by the Bid Evaluation Committee to allow for an informed assessment in reaching a pass-fail decision on the financial soundness and capability of the bidder. Consequently, the contracts for the three Projects E, F and G were allocated to the same Contractor concurrently, even though the Contractor was in financial difficulties.

### ***Lapses in Cost Estimates***

- In July 2017, the cost of Project B was initially estimated at Rs 7.4 million but in January 2019 due to delays in finalising the detailed design, the cost was subsequently revised to Rs 9 million. The contract was awarded to the successful bidder on 1 October 2019 at the negotiated contract amount of Rs 10.3 million which was some 15 per cent above the cost estimates.
- Funds allocated for contracts F and G, amounting to Rs 20 million for each school were increased to Rs 32 million and Rs 33.63 million respectively. However, due to cancellation of the award of the contracts, the funds have remained unspent. The re-launching of bids would imply the need for additional funds and time for realisation of the projects.

### ***Lapses in Project Management***

- The completion of Project A was further delayed as the pegging exercise for the construction of the northern boundary wall to prevent the risk of encroachment was still not carried out by the Ministry of Housing and Land Use Planning. However, claims for Extension of Time (EOT) for Project A were made on three occasions from February to July 2021. As of 1 November 2021, the EOT was still under assessment and their justification has not yet been determined.
- On 30 July 2021, the MNICD and the Ministry carried out a visit at the site for Project B and additional works were identified. The additional works were not included in the initial scope of works and should be carried out as a new project. Hence, these works would entail additional costs and time.
- In June 2021, the advice of the AGO was sought regarding the cancellation of the procurement proceedings for Project C. However, the bid could not be cancelled as all the bidders were responsive at the time of opening of bids. As of November 2021, the procurement proceedings had not yet been finalised as no decision was taken on whether to proceed with the award of the contract or to re-launch the bid.

### ***Contractor debarred due to Fraudulent Practice and delay in the Start of Projects due to Insolvency***

Contracts for the three Projects E, F and G were awarded to the same Contractor during the financial years 2019-20 and 2020-21.

- In March 2021, a request was made to the PPO for the suspension and debarment of the Contractor due to the submission of fake performance security in respect of Contract F. PPO approved the cancellation of the contract in May 2021 and the debarment of the Contractor for misconduct, for three years with effect from August 2021.
- Although the Contractor was required to deliver all ongoing contracts as per the agreed terms and conditions under Regulation 4 of the Public Procurement (Suspension and Debarment) Regulations, he could not honour his contractual obligations due to serious cash flow problems. In April 2021, the Contractor was declared insolvent.
- Insurance cover for Contract E could not be renewed and slow progress of works was noted. As of November 2021, only 35 per cent of the works were completed.
- Although the Contractor was debarred in August 2021, Contract G was handed over to the Contractor in September 2021, 274 days after the signature of the contract. A month later, in October 2021, given the contractual implications with the Contractor, the MNICD recommended termination of the contract as per Clause 57.2, 57.4 and 59.1 of the General Conditions of the contract.

### ***Lapses in Bidding Procedures***

Delays in finalising the bidding exercise for the Conversion and Construction of Specialist Rooms and the ‘bassin apprentissage’ project were noted.

- With the Educational reforms initiated in 2018, 58 Specialist Rooms were required in Secondary Schools, out of which, 11 in the Academies had to be ready at the time of their operation in July 2021. However, the bidding procedures for the Conversion and Construction of Specialist Rooms in the 11 Academies with cost estimates of Rs 69.7 million started in 2021. Out of the 11 bids, only two were launched in July and September 2021 while the remaining bids were still under preparation. However, the milestones of the project were not yet defined for its execution.
- The initial bid for the Construction of the ‘bassin apprentissage’ was launched in June/July 2018 and as of 30 November 2021, after more than 36 months, the projects have not yet started. Hence, the termination of the two contracts for Projects F and G implies that their implementation would be significantly delayed and bids would have to be launched afresh.

NAO is of the view that:

- The Ministry should engage in proper procurement planning and ensure compliance with Public Procurement Act, Regulations and procedures for effective and efficient procurement. Key performance indicators should be defined for the monitoring and evaluation of the performance of Contractors. Appropriate actions should be taken against the poor-performing Contractors.
- The specifications of the projects should be prepared in consultation with the users/stakeholders concerned to achieve efficiency in the execution of projects. In addition to applying LDs as remedial action for serious breach of contract, forfeiture of the performance security should also be considered to deter the occurrence of further delays in the implementation of the project.
- The termination of the contracts implies that their implementation would be significantly delayed and bids would have to be launched afresh with a possible increase in the cost of the projects. The financial soundness and capacity of the Contractor for completing all the projects on time should also be properly assessed. It should be ensured that the selected bidders demonstrate access to or availability of financial resources other than advance payments to meet the overall cash flow requirements for the contract and its other current commitments.

### **Ministry's Response**

- The provisions of the Public Procurement Act, Regulations and instructions issued in Directives and Circulars of the PPO would be consistently complied with. Necessary training would be provided to ensure consistent application of rules and regulations in the exercise of their duties and functions of procurement and evaluation.
- The costs of termination of a contract from both the legal and financial perspectives as well as the time constraint need to be considered on a case to case basis. The Ministry can proceed with the termination of contract only after the recommendation

of the MNICD and advice of the AGO. Legal matters have always been a lengthy pursuit and have to be factored in the determination of delays of the projects.

- There are many issues which are beyond the control of the Ministry within the procurement process.
- The attention of the MNICD is always drawn to the lengthy time taken for the preparation of bidding documents. The Ministry stands guided by the MNICD and the AGO as regards determination of the contract.
- There is a need to look into the preparatory process of projects from a holistic view and situate the root cause of delays/bottlenecks from an inter-agency perspective.
- Certain delays are sometimes unavoidable and independent of effective contract management. Due to the pandemic situation in 2020 and 2021, there has been major disruptions resulting in delays in implementation of measures, projects, procurement activities and many other administrative tasks.
- The conversion of existing infrastructure is a relatively complex task. A survey is required before finalising the design and bidding documents. A timeline has been set up for each Academy with milestones for follow-up with MNICD to ensure the timely implementation of the project.

## **7.5 Governance Issues – Non-compliance with Legislation**

Provisions have been made in various legislations to impose a statutory responsibility on Accounting Officers and Boards of Statutory Bodies with the objective of strengthening accountability and transparency in the public sector.

The following non-compliance issues were noted:

- (a) Non-submission of Financial Statements for audit as required under the Statutory Bodies (Accounts and Audit) Act; and
- (b) Annual Reports not laid before the National Assembly as required under the Statutory Bodies (Accounts and Audit) Act.

### ***Non-submission of Financial Statements for Audit***

The Statutory Bodies (Accounts and Audit) Act requires the Chief Executive Officer of a Statutory Body to submit the Annual Report to the auditor not later than four months after the end of every financial year.

As of 12 January 2022, the following Statutory Bodies falling under the purview of the Ministry have not submitted their Financial Statements for audit for periods as shown in Table 7-2.

*Table 7-2 Financial Statements not submitted to NAO for Audit*

| <b>Statutory Body</b>                        | <b>Financial Year/<br/>Period</b> | <b>No of<br/>Financial<br/>Statements</b> | <b>Remarks<br/>(Accounts under Audit)</b>                                         |
|----------------------------------------------|-----------------------------------|-------------------------------------------|-----------------------------------------------------------------------------------|
| Early Childhood Care and Education Authority | 2018-19 to 2020-21                | 3                                         |                                                                                   |
| Rajiv Gandhi Science Centre Trust Fund       | 2018-19 to 2020-21                | 3                                         | Financial Statements 2017-18 were submitted to NAO on 21.12.2021                  |
| Sir Seewoosagur Ramgoolam Foundation         | 2017-18 to 2020-21                | 4                                         | Financial Statements 2014 to 2016-17 were submitted to NAO on 07.07.2021          |
| Université Des Mascareignes                  | 2019-20 & 2020-21                 | 2                                         | Financial Statements 2013 to 2018-19 were submitted to NAO between 2019 and 2021. |
| University of Technology Mauritius           | 2017-18 to 2020-21                | 4                                         |                                                                                   |

*Source: NAO records*

### ***Annual Reports not laid before the National Assembly***

The Statutory Bodies (Accounts and Audit) Act requires a copy of the Annual Report and audited accounts of every Statutory Body to be laid before the National Assembly at the earliest opportunity.

As of 20 December 2021, Annual Reports including audited Financial Statements of six Statutory Bodies had not yet been laid before the National Assembly as shown in Table 7-3.

*Table 7-3 Annual Reports including Audited Financial Statements not laid before the National Assembly*

| <b>Statutory Body</b>                 | <b>Financial Year/<br/>Period</b> | <b>Date<br/>Certified</b> | <b>No of<br/>Financial<br/>Statements</b> |
|---------------------------------------|-----------------------------------|---------------------------|-------------------------------------------|
| Mauritius Examinations Syndicate      | 2019-20                           | 22.07.2021                | 1                                         |
| Private Secondary Education Authority | 2019-20                           | 13.08.2021                | 1                                         |
| Sir Seewoosagur Ramgoolam Foundation  | 2006-07 to 2013                   | 20.10.2015                | 7                                         |
| University of Technology Mauritius    | 01.01.2016-30.06.2017             | 25.08.2021                | 1                                         |

*Source: National Assembly records*

NAO is of the view that the Ministry should exercise control over Statutory Bodies and other entities operating under their aegis to ensure that they fulfil their statutory responsibilities regarding the preparation of Financial Statements, their submission for audit and tabling before the National Assembly.

#### Ministry's Response

- The preparation of the Annual Report and Financial Statements of the Early Childhood Care and Education Authority are expected to be completed by August 2022.
- The Financial Statements of the Rajiv Gandhi Science Centre Trust Fund are expected to be completed by end of June 2022.
- The Financial Statements of Sir Seewoosagur Ramgoolam Foundation are being finalised.
- The Financial Statements of Université des Mascareignes for financial year 2019-20 are under preparation and expected to be completed by May 2022. The preparation of Financial Statements for financial year 2020-21 would start after completion of the exercise in respect of financial year 2019-20.
- The University of Technology Mauritius is currently recruiting an Accountant. The Financial Statements would be prepared in compliance with proper accounting standards by the Accountant, once recruited.

#### **7.6 Follow up of Matters Raised in the Audit Report 2019-20**

NAO has carried out a follow up of matters raised in the Audit Report for 2019-20 to report on actions taken by the Ministry in response thereto.

Out of 12 issues highlighted in the Report and which required action by the Ministry:

- Three issues have been resolved.
- Necessary action has already been taken at Ministry's level on two issues.
- Action has been initiated in respect of seven issues.

Further information is provided at pages 390 to 392 in Appendix VI.



## 8 – VICE-PRIME MINISTER’S OFFICE, MINISTRY OF LOCAL GOVERNMENT AND DISASTER RISK MANAGEMENT

### 8.1 Local Government

#### 8.1.1 Facilitation to Local Authorities – Lapses in the Grant in Aid Process

Disbursements to Local Authorities (LAs) in the three-year period July 2018 to June 2021 totalled some Rs 12.5 billion as detailed in Table 8-1.

*Table 8-1 Disbursements to Local Authorities*

| Financial Years | Current Grant in Aid | Additional Grant in Aid | Capital Grants | Financing from NEF* | Total      |
|-----------------|----------------------|-------------------------|----------------|---------------------|------------|
|                 | Rs million           | Rs million              | Rs million     | Rs million          | Rs million |
| 2018-19         | 3,500                | 90                      | 558            | 94                  | 4,242      |
| 2019-20         | 3,603                | 41                      | 529            | 57                  | 4,230      |
| 2020-21         | 3,200                | **103                   | 522            | 196                 | 4,021      |
|                 | ***10,303            | 234                     | 1,609          | 347                 | 12,493     |

*Source: Treasury Accounting System*

\* NEF – National Environment Fund

\*\* includes an amount of Rs 3.2 million for loss of stall fees for stallholders dealing with tourists in the Central Market.

\*\*\* does not include reimbursements for payments of Interim PRB Allowance to LAs employees and CSG contributions

The process for providing funds to LAs was reviewed and the following shortcomings were noted:

- (a) Grant in Aid (GIA) Formula not yet worked out; and
- (b) Inadequate supervision of the cash balances of LAs by the Ministry.

#### ***Grant in Aid Formula not yet worked out***

At paragraph 7.1 of my Audit Report for the financial year 2018-19, I reported that:

- (i) The Local Government Act provided that a grant should be paid to all LAs according to such formula as may be prescribed. No Formula was prescribed as of February 2020.
- (ii) Three attempts to develop a formula that would ensure a fair and equitable distribution of grant among LAs were unsuccessful.
- (iii) Annual increases in GIA to District Councils and Municipal Councils were not scientifically determined.

In October 2020, the Office of the Public Sector Governance (OPSG) submitted a report that provided eight options that could be used to come up with the most appropriate grant formula. One of the options, which reflected a combination of population-related components and cost drivers, was preferred. OPSG also worked out different scenarios for the selected options.

In September 2021, the Ministry requested the OPSG to review the formula and to come up with one which would be acceptable to all stakeholders.

### ***Inadequate Supervision of the Cash Balances of LAs by the Ministry***

The Ministry released the entire annual grants to LAs without consideration of their available cash balances. As a result, LAs accumulated large cash balances. Two of these LAs invested their cash surpluses totalling some Rs 129 million in a risky financial institution without proper regards to directives given by the Ministry of Finance, Economic Planning and Development (MOFEPD), through Circular 6 of 2019, for the placement of funds.

### **Ministry's Response**

- The final report from OPSG on the Grant Formula was received on 8 November 2021. Extended consultations thereon are being held with all stakeholders prior to seeking Cabinet approval as the matter pertains to major policy decisions. It is expected that the new GIA formula would resolve the issue regarding the submission of Council's estimates without being aware of the GIA quantum.
- All Councils are henceforth requested to apply for Grant together with a monthly forecast of expenditure, providing information on the latest cash and bank balances before the release of monthly grants.
- As regards surplus funds accumulated by LAs, corrective actions have been taken. LAs were required to transfer Rs 470 million to the Consolidated Fund and to use some Rs 200 million of their own funds for the purpose of Budget 2020-21 and 2021-22. Also, Grants to LAs have been reduced by Rs 400 million and Rs 300 million for financial years 2020-21 and 2021-22 respectively.
- On 26 July 2021, the Ministry issued a circular letter to all LAs detailing instructions as to how they were to process the investment of their surplus cash balances.

### **8.1.2 Follow Up on Matters Raised in the Audit Report 2019-20**

NAO has carried out a follow up of matters raised in the Audit Report for 2019-20 to report on actions taken by the Ministry in response thereto.

Out of two issues highlighted in the Report and which required action by the Ministry:

- One issue had been resolved in January 2021.
- Action has been initiated in respect of the other issue as detailed hereunder.

Further information is provided at page 392 in Appendix VI.

### **Acquisition of 17 Tipper Lorries for LAs at the Cost of Rs 42.3 million – Delivery Delayed**

At paragraph 8.1.1 of the Audit Report for 2019-20, I reported that the delivery of the Tipper Lorries had been delayed due to non-conformance with tender specifications and that the Ministry had not taken any decision regarding the potential breach of contract.

Upon the advice of the Attorney General's Office, a Notice of Default for Termination of Contract was served on the Supplier on 12 April 2021. The Supplier was requested to attend to the non-conformances within 60 days and to comply with the tender specifications.

As of October 2021, the delivery and commissioning of the lorries were still awaited.

#### **Ministry's Response**

In the light of legal advice obtained, a Technical Committee comprising two Mechanical Engineers of the Ministry of National Infrastructure and Community Development and one Mechanical Engineer from the City Council of Port Louis would be set up to advise on the safety standards and efficiency requirements of the vehicle.

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## 8.2 Mauritius Fire and Rescue Service

### 8.2.1 Procurement of Fire Fighting Equipment - Procurement and Contract Management Issues

The Project consisted of the procurement of fire fighting equipment and vehicles under a Line of Credit from the Government of India. The procurement comprised 20 Fire Fighting and Rescue Vehicles including three water/foam tenders and 13 Trailer Mounted Flood Pump Units, and was originally estimated to cost some Rs 250 million.

The Bidding exercise was restricted to eligible Indian Bidders. The contract for the supply of the Vehicles and the Pump Units was awarded to an Indian Company (the Supplier) for the tendered sum of US \$ 6,432,434 for the Vehicles and US \$ 467,197 for the Pump Units in June 2019. The award also included a maintenance agreement for five years, after free maintenance during the warranty period of two years, for the sum of US \$ 253,200 for the Vehicles and US \$ 85,704 for the Pump Units.

The contract with the Supplier was signed on 24 July 2020. The contractual delivery dates for the Pump Units and Fire Fighting Vehicles were 20 April and 20 July 2021 respectively.

Payments under the Project as of October 2021 amounted to some Rs 54.6 million, representing Advance Payment of 20 per cent of the value of the contract.

The Project was reviewed and the following were noted:

- (a) Complex financing arrangement entailing additional costs;
- (b) Non-compliance with legislations and financial regulations;
- (c) Variations to terms and conditions of contract; and
- (d) Critical assets not provided for in original project.

#### ***Complex Financing Arrangement entailing Additional Costs***

Funds for the procurement were made available to the Ministry of Local Government, Disaster and Risk Management (MOLGDRM) by the EXIM Bank of India via a subsidiary of a local commercial bank through a local private company (Local Company) that was incorporated in December 2017.

A Memorandum of Understanding was signed between MOLGDRM and the Local Company setting out the terms and conditions of the arrangement, which included among other conditions that the Government of Mauritius should pay an all-inclusive management fee to the Local Company for its services for the management of the Line of Credit.

As of October 2021, the rate or amount of the all-inclusive management fee was not known.

### Department's Response

The financing arrangements including negotiations and financial structuring were discussed and approved by MOFEPD.

### ***Non-Compliance with Legislations and Financial Regulations***

The Government of India Line of Credit Operational Guidelines on project selection, bidding and procurement procedures requires the Borrowing Government, and their nominated agencies, to conduct transparent and fair bidding processes.

Invitation for bids for the Project was done at the Mauritius High Commission in New Delhi by the Local Company on behalf of the Government of Mauritius. Also, bids were received at the registered office of the Local Company.

- The process for approval of Capital Projects to be implemented as required under Section 22A of the Finance and Audit Act was not followed.
- A feasibility study of the Project as required under the Capital Project Process Manual was not conducted. A few significant issues were not considered so that effective use of equipment already received could not be made as of November 2021.
- Though the procurement was estimated to cost above Rs 100 million, the Project was not referred to the Central Procurement Board (CPB) for bid launching, bid evaluation and approval of contract for award.

In August 2019, an unsuccessful bidder applied for review to the Independent Review Panel. The application was not entertained as the procurement proceedings were not carried out by the CPB and the Local Company that floated the bid did not form part of the Schedule to the Public Procurement Act.

### Department's Response

The MFRS was simply directed to follow a path/instruction by MOFED. MFRS was informed that the Procurement under the Indian Line of Credit was exempted from the Public Procurement Act as per section 33(i)(b) and the Invitation for Bids was restricted to Indian Companies only. MOLGDRM was the implementing body under the project and was designated as the employer in the contract, while MFRS was the end user.

### ***Variations to Terms and Conditions of Contract***

The delivery of the Vehicles and Pumps has been constantly postponed.

The delivery periods were initially extended to November 2020 due to non-issuance of appropriate Performance Bank Guarantee by the Supplier and MOLGDRM's inability to establish letters of credit successfully.

The 13 Trailer Mounted Flood Pumps were finally delivered in August 2021. As of November 2021, they were yet to be commissioned.

In addition to the extended delivery dates, change in payment structure and removal of the requirement for Documentary Credit, the following Conditions of Contract were also altered:

- (i) *Pre-Construction Meetings:* The Pre-Construction meetings for the Pump Units and Vehicles were conducted virtually on 31 July and 10 August 2020 respectively. The contract provided for a physical meeting regarding the fire fighting and rescue vehicles at the manufacturing premises of the Supplier in India, and at the cost of the Supplier.
- (ii) *Pre-Delivery Inspection:* The Pre-Delivery inspection for the Pump Units was carried out in February 2021 by a foreign Quality Assurance Surveyor, instead of officials of MFRS. In April 2021, after analysis of the 'Technical Analysis of Inspection' Report of the Surveyor, MFRS recommended the shipment of the Pump Units.

There was no indication there would be an allowance from the Supplier for the costs not incurred.

#### Department's Response

- Visible shortcomings were noted before the official commissioning of the pumps and these were remedied by the supplier through his local representative. This delayed the testing and commissioning exercise. The exercise was completed in December 2021 and the pumps are now operational.
- The pre-construction meeting for the firefighting and rescue vehicles were not held physically due to the Covid-19 situation overseas and the travel ban issued for Government officials during that time. MFRS is benefitting more than the foregone amount in that three pre-delivery inspections would take place instead of one, as provided in the bidding document.

#### ***Critical Assets not Provided for in the Original Project***

No provision was made for the purchase of the following vehicles at the initial stage of the Project.

- *Towing Vehicles:* In February 2021, MFRS informed that the Trailers Pump Units needed to be towed by proper independent vehicles with appropriate braking and lighting systems. The unavailability of the appropriate towing vehicles would render these costly pumps unusable.

In March 2021, financial clearance of some Rs 33 million was sought and obtained for the purchase of 11 Double Cabs in financial year 2020-21. The contract for the supply of nine Double Cabs costing some Rs 22.5 million was awarded in September 2021 and delivery is expected in March 2022.

- *Lorry with Crane:* In August 2021, an inquiry report on the Submersible Pumps showed that they had to be submerged in water at suitable depth in order to avoid formation of vortex. Also, it emerged that the Submersible Pumps weighed around 400 Kgs and were beyond the lifting capacity of firefighters. It was assumed that for

sites inaccessible by trailers, the Submersible Pumps would be hand-carried by firefighters.

A survey was thereafter carried out with a crane lorry from a local authority with an appropriate outreach and lifting capacity. The vehicle was considered appropriate for the purpose and was estimated to cost some Rs 5 million. It was decided that two lorries of this type would be purchased.

#### Department's Response

- A survey carried out by MFRS Mechanical Engineer revealed that the five available Double Cabs purchased in 2019 could tow the trailer pumps. In February 2021, the supplier of the Double Cabs was approached to effect modification on the braking system. Latter stated that same could not be modified/upgraded. MFRS had no option than to procure Double Cabs meeting the requirement for towing the trailers. The Double Cabs will also be used for other purposes to ensure optimum use.
- A trolley was provided for conveying the submersible pumps in case of inaccessibility to sites by the trailer. However, the submersible pumps could not be hand-carried by four firefighters. Hence the option to have a crane lorry, which would also be used for carrying large diameter hoses as well as tools and equipment to incident sites and during major disasters.

#### **8.2.2 Procurement of Articulated Hydraulic Platform - Procurement and Contract Management Issues**

The contract for the supply of one Articulated Hydraulic Platform (AHP) of 55 metres was awarded to a local company (the Supplier) for the sum of Rs 33.3 million (VAT exclusive) (Euros 841,700) on 8 February 2019. Maintenance charges was agreed at Rs 2.1 million (VAT inclusive) for a period of six years after warranty period of two years. The AHP was of Italian origin.

The contract was signed between MFRS and the Supplier on 29 March 2019 and the delivery of the AHP was scheduled for 8 November 2019.

As of October 2021, payments totalling Rs 8.2 million and comprising charges for attending Pre-Construction Meeting in Italy, Pre-Delivery Inspection by a Quality Assurance Surveyor in Italy and VAT of Rs 6.9 million for the AHP were made.

The procurement was reviewed and it was noted that two technically similar vehicles purchased in 2001 and 2013 for the total cost of some Rs 64 million were never utilised or under-utilised (Table 8-2 below) for various technical reasons. In October 2021, they were lying idle at the workshop of MFRS in Coromandel.

Table 8-2 Fire and Rescue Vehicles Under-utilised

| Year Acquired | Equipment                                | Registration Number | Cost Rs million | Date Last Utilised    |
|---------------|------------------------------------------|---------------------|-----------------|-----------------------|
| 2001          | Articulated Hydraulic Platform           | GM 8780             | 29              | Never                 |
| 2013          | Articulated Turntable Ladder - 32 Metres | 9RM13               | 35              | 11 October 2021<br>** |
| <b>Total</b>  |                                          |                     | <b>64</b>       |                       |

\*\* Vehicle used six times between January to October 2021. On 11 October 2021 used for cutting of hanging concrete.

### Department's Response

- ALP GM 8780 encountered problems which could not be attended by local expertise. The only solution was to ship back the vehicle to the manufacturer and get it repaired. The solution entailed high cost and could not materialise for various reasons.
- The ALP 32m had to be reserved for the right intervention. Repairs are costly and spare parts are not readily available. MFRS cannot afford to effect turnouts for atypical situations. Eleven interventions were effected during the year 2021, four of which related to the rescue of persons.
- The necessity to acquire the 55-65m AHP was triggered by a rescue operation where the existing 32 m Turntable Ladder proved to be ineffective due to the height of the concerned building and also because of the multiple construction of high-rise buildings over eight floors during recent years. MFRS acted proactively in its state of preparedness for emergencies and disasters.

### **8.2.3 Fire Certificate – Absence of Proper Management Information System for Fire Risk Management**

At Paragraph 8.2.1 of the Audit Report for 2019-20, I drew attention to a number of issues regarding the Fire Certificate processing system. As of October 2021, the status on those issues was as follows:

- *Absence of proper management information system for prescribed premises:* The MFRS still did not have a comprehensive database of all prescribed premises in the island. No action was seen taken to compile the information. As a result, several prescribed premises may be remaining outside the scrutiny of MFRS.
- *Undue delay in the processing of Fire Certificate applications:* The statutory time frame of 13 days as specified in the MFRS Act for the processing of Fire Certificate applications were not observed.



During the period January 2020 to August 2021, 4,777 applications for Fire Certificate were received. In relation to those applications, 3,133 Fire Certificates were issued, of which 793 were issued with delays ranging between 1 to 526 days.

As of October 2021, 1,644 applications were still under process. Inspections were yet to be effected in respect of 227 applications, while Inspection Findings for 423 applications were still being finalised.

Inspection Notices were issued with delays of up to 553 days after application.

- *Inaccurate record for Fire Certificate applications:* No major improvement was seen with regards to the recording of applications received and their processing. The review of the Application Register for the period January 2020 to August 2021, which was kept in Excel format, revealed the following discrepancies:
  - (i) The dates of issue of 50 Fire Certificates were earlier than the dates of application.
  - (ii) Inspection dates for 60 applications were earlier than the application dates.
  - (iii) 506 Inspection Notices had issue dates earlier than the dates of inspection.
- *Non-Renewal and follow up on Fire Certificates issued:* Fire Certificates which expired on 12 October 2019 consequent to MFRS (Fire Safety Plan and Fire Safety) Regulations 2018, were not submitted for renewal by owners of prescribed premises. Also, there was no follow up in relation to the submission of Fire Safety Plan by recipients of Fire Certificates, as required under Section 18 of the MFRS Act.

The following issues were also identified:

- (i) Six Fire Stations were operating without a valid Fire Certificate.
- (ii) As from 13 September 2021, application and renewal of Fire Certificates were submitted electronically on the National e-Licensing Platform. During the period to 27 October 2021, 411 valid applications were received on the platform, in respect of which 86 Fire Certificates had been issued.

The National e-Licensing System Report on Fire Certificate application lacked important details such as:

- (a) Date additional information was requested;
- (b) Date of Inspection;
- (c) Date survey sheets were uploaded;
- (d) Date improvement notices were issued; and
- (e) Date Fire Certificates were issued.

In the absence of these information, compliance with the Act regarding the statutory time frame of 13 days and the date that applications had lapsed could not be ascertained.

*Department's Response*

- The onus to be fire safety compliant remains on the owner of the premises concerned. For prescribed premises which might be remaining outside the scrutiny of the MFRS, necessary was under process to take them on board. A consultant is about to be appointed by EDB for this purpose.
- Inconsistencies in the manual recording system would not recur with National e-Licensing System. NELS was also working on generation of appropriate reports that would provide right information.
- Processing of applications were delayed because they were initially not made on prescribed FSD1 Form, while delays in the issue of inspection notices were mainly due to applicants not responding despite several reminders sent to them.
- A Fire Safety Plan is required where the occupancy exceeds 10 persons. Necessary action is undertaken to ensure that a Fire Safety Plan is available where required.
- Some fire stations were constructed prior to the promulgation of OSHA 2005 and did not have emergency staircase. Necessary action has been initiated at the level of Ministry of National Infrastructure for the construction of an alternate means of escape where required.

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## **9 – MINISTRY OF LAND TRANSPORT AND LIGHT RAIL**

### **9.1 Ministry of Land Transport and Light Rail**

#### **9.1.1 Governance Issues – Non-compliance with Legislation**

Provisions have been made in various legislations to impose a statutory responsibility on Accounting Officers and Boards of Statutory Bodies with the objective of strengthening accountability and transparency in the public sector.

The following non-compliance issues were noted:

- (a) Non-submission of report on performance as required under the Finance and Audit Act;
- (b) Non-submission of Financial Statements for audit as required under the Statutory Bodies (Accounts and Audit) Act; and
- (c) Annual Reports not laid before the National Assembly as required under the Statutory Bodies (Accounts and Audit) Act.

#### ***Non-submission of Report on Performance***

As of 11 January 2022, the report on performance of the Ministry of Land Transport and Light Rail for the financial year 2020-21 had not yet been submitted to the Ministry of Finance, Economic Planning and Development, despite the statutory deadline being 31 October 2021.

#### ***Non-submission of Financial Statements for Audit***

The Statutory Bodies (Accounts and Audit) Act requires the Chief Executive Officer of a Statutory Body to submit the Annual Report to the auditor not later than four months after the end of every financial year.

As of 12 January 2022, the National Transport Corporation falling under the aegis of the Ministry had not submitted its Financial Statements for audit for periods 2015 to 2020-21. The accounts for the year 2014 was submitted to the NAO on 11 August 2021 and is currently under audit.

#### ***Annual Reports not laid before the National Assembly***

The Statutory Bodies (Accounts and Audit) Act requires a copy of the Annual Report and audited accounts of every Statutory Body to be laid before the National Assembly at the earliest opportunity.

As of 20 December 2021, Annual Reports including audited Financial Statements of two Statutory Bodies had not yet been laid before the National Assembly as shown in Table 9-1.

*Table 9-1 Annual Reports including Audited Financial Statements not laid before the National Assembly*

| <b>Statutory Body</b>               | <b>Financial Year/Period</b> | <b>Date Certified</b> | <b>No of Financial Statements</b> |
|-------------------------------------|------------------------------|-----------------------|-----------------------------------|
| Bus Industry Employees Welfare Fund | 2019-20                      | 10.05.2021            | 1                                 |
| National Transport Corporation*     | 2013                         | 18.11.2015            | 1                                 |

*Source: National Assembly records*

*\*The Annual Report for 2013 was tabled but it did not include the audited financial statements and the audit report.*

NAO is of the view that the Ministry should exercise control over Statutory Bodies and other entities operating under its aegis to ensure that they fulfil their statutory responsibilities regarding the preparation of financial statements, their submission for audit and tabling before the National Assembly.

#### Ministry's Response

Arrangements are being made for the Annual Report of the Bus Industry Employees Welfare Fund for 2019-20 to be laid at the National Assembly.

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## Land Transport Division

### 9.1.2 Construction and Installation of Traffic and Road Safety Devices – Repeated increase of Contract Value and Absence of Competitive bids

The contract for the ‘Construction and Installation of Traffic and Road Safety Devices’ for the financial year 2020-21 was awarded on 11 August 2020 for the sum of Rs 180.7 million (VAT inclusive). The following were noted:

- (a) Repeated increase of contract value;
- (b) Absence of competitive bids resulting in same Contractor being awarded annual contracts since 2017; and
- (c) Lapses in the preparation of Bills of Quantities.

#### *Repeated increase of Contract Value*

In February 2021, the Central Procurement Board approved the increase of the contract value by 25 per cent to Rs 225.8 million. The contract value was increased by 25 per cent for the period 2014-16 and for the financial years 2017-18 and 2018-19.

Extensions generally arise as a result of unforeseen events. However, for this contract, this has become a regular practice at the Ministry, indicating poor project planning. Scope of works was not properly defined at design stage.

The last contract was awarded for one year to August 2021. As of October 2021, the contract for the financial year 2021-22 had not yet been finalised.

The cause for repeated increases of contract value was inadequate project planning both in terms of extent of works to be carried out and timing for launching of new tenders.

#### Ministry’s Response

Corrective measures have been taken by the Traffic Management and Road Safety Unit (TRMSU) to prevent such occurrences by adopting a Framework Agreement over a two-year contract period. Following Central Procurement Board’s recommendations, the contract under the Framework Agreement has already been awarded on 21 January 2022.

#### *Absence of Competitive Bids*

Since 2017, the contracts for the ‘Construction and Installation of Traffic and Road Safety Devices’ were awarded to the same Contractor primarily because of a restricted number of bids received. The value of the contracts awarded are shown in Table 9-2.

*Table 9-2 Traffic and Road Safety Devices - Value of Contracts Awarded*

| <b>Financial Year</b> | <b>Contract Value<br/>Rs million</b> |
|-----------------------|--------------------------------------|
| 2017-18               | 147.4                                |
| 2018-19               | 171.5                                |
| 2019-20               | 182.8                                |
| 2020-21               | 180.7                                |

*Source: Ministry Project files*

Only two bids were received for tenders launched in each of financial years 2017-18, 2018-19 and 2020-21. Although the contract was awarded to the lowest bidder, NAO is of the view that award of contracts above Rs 150 million to the same Contractor over several financial years is not reasonable.

NAO is of the view that the Ministry must take necessary measures to promote competition with a view to obtaining competitive bids. It is understood that the Ministry has attempted to adopt a framework agreement for bidding on a zone basis and by type of works. Other measures may include preparation of Bill of Quantities (BOQ) in a manner to enable a maximum number of Contractors to quote for the project.

#### *Ministry's Response*

- For the current contract for the period 2021-23, the Ministry has adopted the Framework Agreement for bidding on a zone-wise basis and by type of works. The bidding exercise has been carried out through an open international bidding.
- The Bill of Quantities (BOQ) have been prepared in such a manner so as to enable a maximum number of Contractors to bid for the project.

#### ***Lapses in the Preparation of Bills of Quantities***

Directive No 59 issued by the Procurement Policy Office in September 2021 requires Public Bodies to henceforth prepare BOQ for all capital projects exceeding Rs 5 million to enable more realistic budget provisioning. Thus, the BOQ provides the financial structure for contract administration.

A payment certificate supporting a payment made in June 2021 was examined to compare actual work carried out with BOQ. The results are shown in Table 9-3.

*Table 9-3 Traffic and Road Safety Devices - Actual Work done compared to BOQ*

|                                               | <b>Number of<br/>Items</b> | <b>%</b> |
|-----------------------------------------------|----------------------------|----------|
| Actual quantities exceed quantities in BOQ    | 25                         | 22       |
| Actual quantities less than quantities in BOQ | 33                         | 29       |
| Quantities in BOQ not used                    | 55                         | 48       |
| Actual quantities same as in BOQ              | 1                          | 1        |

*Source: Ministry Project files*

The estimated quantities of the BOQ items at the start of the year, on the basis of which the bidding exercise was carried out, was not reliable. As illustrated above, there were major deviations between estimates as per the BOQ and the actual quantities of work carried out.

The cause for the major deviations is inadequate planning in determining the works to be carried out under the contract.

NAO is of the view that the project ‘Construction and Installation of Traffic and Road Safety Devices’ should be properly planned in terms of extent and nature of works to be carried out. The BOQ is an important contract document based on which contractors submit quotes for the project and it has a significant impact on budget.

#### Ministry’s Response

The quantities are estimated based on previous contract as far as possible. But, since traffic and road safety issues are dynamic and keep on changing the TMRSU has to adapt to the situation. Accordingly, the TRMSU had to include several items in the BOQ that form part of the whole spectrum of traffic and road safety improvement tools even though they are not regularly used. In the event there is an unforeseen situation, the TRMSU should be able to respond as fast as possible.

#### **9.1.3 Follow Up of Matters Raised in the Audit Report 2019-20**

NAO has carried out a follow up of matters raised in the Audit Report for 2019-20 to report on actions taken by the Ministry in response thereto.

Out of four issues highlighted in the Report and which required action by the Ministry:

- Necessary action has already been taken at Ministry’s level on two issues.
- Action has been initiated in respect of two issues.

Further information is provided at page 394 in Appendix VI.

## 9.2 National Land Transport Authority

### 9.2.1 Lapses in Internal Control System Over Zero Payment Receipts

Revenue collected by the National Land Transport Authority (NLTA) amounted to Rs 1.9 billion during 2020-21. Some 301,000 electronic receipts were generated by the Registration and Licensing System (RLS) at NLTA.

Following a sequence check performed on the receipts, the following were noted:

- (a) A total of 10,650 zero payment receipts were generated in respect of transactions where amounts received were recorded as nil;
- (b) Proper explanation could not be provided in respect of 307 zero payment receipts for June 2021; and
- (c) Gaps in receipts sequence due to non-recording of 12,400 receipts.

#### *Zero Payment Receipts*

Statutory Bodies, District Councils, Municipal Councils, Embassies and Non-Governmental Organisations were exempted from payment of licences or fees in accordance with their respective legislation. Applications were submitted to the NLTA where eligibility to 'free payment' was checked. Thereafter a 'free' stamp was affixed on the application. However, no receipt numbers were recorded in the applications nor were receipts attached. In the absence of these information, tracing these zero payment receipts to their applications has been very time consuming for audit.

A sample of 1,046 zero payment receipts issued in June 2021 was verified. In respect of some 307 receipts that related to individuals and companies, proper explanation was not obtained to justify their eligibility for exemption. There is a risk that revenue may have been collected but not accounted in the records of the NLTA or revenue was not collected. The sample related to the month of June 2021 only and this does not preclude the existence of similar cases in other months.

#### *Gap in Sequence of Receipts*

Some 12,400 receipts were not recorded in the database. These were also not seen in the list of cancelled receipts.

The root cause for this state of affairs is that there was no proper internal control system on the issue of electronic receipts. There was no evidence of reconciliation of revenue collected with receipts issued, nor any internal audit verification on the sequence of receipts.

NAO is of the view that a daily report of receipts issued should be generated and sequence tests carried out. The system should be able to generate exception reports on missing and zero payments receipts for audit trail purpose. Zero payments receipts should be verified for genuineness and validity.



### Ministry's Response

- An investigation is currently being conducted by the Internal Control Unit over the 307 receipts reported by the NAO not eligible for exemption.
- A report for no-payment transaction has already been implemented by a Software Company for monitoring by the Examination Section. Zero-payment transactions are being verified against supporting documents daily.
- A system of checks and balances is already in place in the Finance section to ensure that zero payment transactions are genuine.
- The gap in sequence receipts has already been relayed to a Software Company for remedial action by the Officer in Charge, IT unit.

### **9.2.2 Rodrigues Office - Incomplete Management Information System and Inadequate Control on Revenue Collection**

Subsidy paid under the free travel scheme to bus operators amounted to Rs 42.7 million in the financial year 2020-21, while the Rodrigues Office collected Rs 18.4 million in respect of motor vehicle licences. The following were noted:

- (a) Incomplete Management Information System for Vehicle Registration; and
- (b) Inadequate control on revenue collection.

#### ***Incomplete Management Information System for Vehicle Registration***

##### *Database of Vehicles*

The Registration and Licensing System (RLS) at the NLTA is a computerised database for the recording of vehicles registered in Mauritius and Rodrigues.

According to the RLS, there were some 4,800 vehicles registered in Rodrigues. However, according to reports received from the Rodrigues Office, there were some 17,000 vehicles registered. Thus, the RLS was incomplete as not all vehicles were captured in the database. As the issue of motor vehicle licences falls under the responsibility of the NLTA, the latter should have an updated database to exercise better control over revenue collected from motor vehicle licences.

##### *Missing Details in Registration and Licensing System at NLTA*

A sample of 50 vehicles was selected from the list of 4,800 vehicles for verification. No details were available regarding fitness certificates of vehicles and on payment of motor vehicle licences. As per the records, the fitness period of several vehicles had already expired. In the absence of an updated database, there is a risk that payment of free travel subsidy is made to bus operators whose fitness certificates have not been renewed and hence are not operating.

The root cause for the incomplete Management Information System was the delay in posting of information in the system and lack of appropriate monitoring.

NAO is of the view that all the necessary recording should be done to ensure a complete and updated database.

### Ministry's Response

The process of input of all existing files is still being carried out by the NLTA and around 60 per cent of the work has already been completed.

### ***Inadequate control on Revenue Collection***

#### *Motor Vehicle Licenses*

During financial year 2020-21, 533 motor vehicle licences booklets were issued by NLTA to the Rodrigues Office. Unused booklets, copies of used booklets, returns on collections and remittance vouchers were not submitted to the NLTA for verification purpose. In the absence of these information, reliability and accuracy of figures reported by the Treasury regarding amount remitted by the Rodrigues Office could not be ascertained.

### Ministry's Response

Upon resumption of flights in Rodrigues, used and unused MVL booklets would be returned to the NLTA Office for examination.

#### *Absence of Internal Audit on Records of Rodrigues Office.*

Records maintained by the Rodrigues Office were not subject to checks and verifications by the Internal Control Unit of the NLTA for many years.

NAO is of the view that all the documents supporting collection and banking should be submitted to the NLTA for verification to ensure accuracy and completeness of revenue. Moreover, the Internal Control Unit should provide for the verification of records of the Rodrigues Office in their workplan.

### Ministry's Response

The Rodrigues Office has been included in the Annual Audit Plan of the Internal Control Unit of the NLTA for financial year 2021-22.

## **9.2.3 Follow up of Matters Raised in Audit Report 2019-20**

NAO has carried out a follow up of matters raised in the Audit Report for 2019-20 to report on actions taken by the NLTA in response thereto.

Out of 10 issues highlighted in the Report and which required action by the NLTA:

- One issue has been resolved.
- Necessary action has already been taken at NLTA's level on two issues.
- Action has been initiated in respect of seven issues.

Further information is provided at pages 395 to 397 in Appendix VI.

## **10 –MINISTRY OF FINANCE, ECONOMIC PLANNING AND DEVELOPMENT**

### **10.1 Ministry of Finance, Economic Planning and Development**

#### **10.1.1 Governance Issues – Non-compliance with Legislation**

Provisions have been made in various legislations to impose a statutory responsibility on Accounting Officers and Boards of Statutory Bodies with the objective of strengthening accountability and transparency in the public sector.

##### ***Non-submission of Financial Statements for Audit as required under the Statutory Bodies (Accounts and Audit) Act***

The Statutory Bodies (Accounts and Audit) Act requires the Chief Executive Officer of a Statutory Body to submit the Annual Report to the auditor not later than four months after the end of every financial year.

As of 12 January 2022, the Gambling Regulatory Authority falling under the purview of the Ministry of Finance, Economic Planning and Development (MOFEPD), had not submitted its Financial Statements for audit for the financial years 2019-20 and 2020-21. Financial Statements for the financial year 2018-19 were submitted to NAO on 11 August 2021 and are currently under audit.

NAO is of the view that control should be exercised over Statutory Bodies and other entities operating under their aegis to ensure that they fulfil their statutory responsibilities regarding the preparation of financial statements and their submission for audit.

#### ***10.1.2 Follow up of Matters Raised in the Audit Report 2019-20***

NAO has carried out a follow up of matters raised in the Audit Report for 2019-20 to report on actions taken by MOFEPD in response to issues raised thereto. Out of two issues requiring action by MOFEPD, action has been taken in one case and in another case, action has been initiated.

Further information is provided at pages 398 to 399 in Appendix VI.

## 10.2 Treasury

### 10.2.1 Investment Management

An examination of the records relating to investments of Government revealed the following:

- (a) As at 30 June 2021, total investments costing Rs 72.4 billion were stated at fair value of Rs 119.8 billion;
- (b) Total cost of investments has increased by 85 per cent as a result of additional investments of Rs 32.9 billion during the year 2020-21 whilst the fair value of these investments increased by 15 per cent;
- (c) Rs 11.9 billion invested in the National Property Fund Ltd (NPFL) with remote expectation of returns or increase in the company's Net Asset Value;
- (d) Investments costing Rs 28.3 billion were measured at a total fair value of Rs 51.8 billion on the basis of Net Asset Values in Financial Statements which dated back to years 2013 to 2019;
- (e) Investments for a total amount of some Rs 6 billion were in respect of Shares and Equity Participation in companies which had negative net assets as at 30 June 2021 and were, therefore, disclosed at zero fair value;
- (f) Dividends received in 2020-21 totalled Rs 110.9 million, representing a return of 0.24 per cent on total investments of Rs 46.4 billion in Quoted and Unquoted Shares;
- (g) Investments (at cost) totalling Rs 14.7 billion did not yield any return during financial year 2020-21;
- (h) Investments (at cost) totalling Rs 44.9 billion and representing some 74 per cent of total investments in shares and equity participation did not yield any return since their acquisitions;
- (i) Long-term placement of Rs 590 million in the Development Bank of Mauritius (DBM) Ltd yielded an average return of 1.7 per cent only during 2020-21; and
- (j) Action not taken to recoup interests due on a Rs 200 million Fixed Deposit (FD) with the DBM Ltd.

#### ***Government Controlled Companies(GCCs)***

- (k) During the past five financial years, significant amounts invested in GCCs generated a very low return;
- (l) Twelve GCCs with Government's equity holdings totalling Rs 38.2 billion as at 30 June 2021, have not declared dividends since their incorporation;
- (m) Due to accumulated losses, two GCCs had negative Net Assets. In 2019-20. Government invested an additional Rs 2 billion in one of the two companies; and
- (n) Effective and efficient use of public funds could not be ensured due to lack of Government oversight over GCCs.

### 10.2.2 Statement of Investments – Significant Increase in Investment

Statement F – ‘Statement of Investments’ gives details of all investments made out of monies standing to the credit of the Consolidated Fund and Special Funds. As of 30 June 2021, investments comprised:

- (a) Quoted Shares in 15 Companies;
- (b) Unquoted Shares in 37 Companies;
- (c) Equity Participation in 11 Public Bodies/Companies, being investments other than in the Share Capital of those Bodies/Companies; and
- (d) Other Investments, including Fixed Deposits in Local Financial Institutions.

As of 30 June 2021, total investments costing Rs 72.4 billion were valued at fair value of Rs 119.8 billion. The movement of investments during 2020-21 is shown in Table 10-1.

*Table 10-1 Investments as at 30 June 2021*

|                     | Quoted<br>Shares   | Unquoted<br>Shares    | Equity<br>Participation | Redeemable<br>Preference<br>Shares | Other<br>Investments  | Total                  |
|---------------------|--------------------|-----------------------|-------------------------|------------------------------------|-----------------------|------------------------|
| <i>Cost</i>         | <b>Rs</b>          | <b>Rs</b>             | <b>Rs</b>               | <b>Rs</b>                          | <b>Rs</b>             | <b>Rs</b>              |
| 1 July 2020         | 140,251,693        | 31,901,515,005        | 6,105,248,699           | 200,000,000                        | 914,695,000           | 39,261,710,397         |
| New investments     | -                  | 14,095,817,759        | 8,242,142,984           | -                                  | 10,600,000,000        | 32,937,960,743         |
| Deposit matured     | -                  | -                     | -                       | -                                  | (4,400,000)           | (4,400,000)            |
| Exchange Difference | -                  | 248,405,841           | -                       | -                                  | -                     | 248,405,841            |
| <b>30 June 2021</b> | <b>140,251,693</b> | <b>46,245,738,605</b> | <b>14,347,391,683</b>   | <b>200,000,000</b>                 | <b>11,510,295,000</b> | <b>72,443,676,981</b>  |
| <i>Fair Value</i>   |                    |                       |                         |                                    |                       |                        |
| 1 July 2020         | 628,414,326        | 56,214,993,633        | 46,393,688,991          | 200,000,000                        | 914,695,000           | 104,351,791,950        |
| <b>30 June 2021</b> | <b>704,011,166</b> | <b>75,845,667,417</b> | <b>31,550,087,048</b>   | <b>200,000,000</b>                 | <b>11,510,295,000</b> | <b>119,810,060,631</b> |

*Source – Statement F: Detailed Statement of Investments as at 30 June 2021 and NAO workings*

As at 30 June 2021, the total cost of investments increased significantly by 85 per cent as a result of additional investments costing Rs 32.9 billion whilst the fair value of total investments increased by only 15 per cent when compared to the previous year.

### 10.2.3 New Investments in Shares and Equity Participation

Government invested some Rs 22.3 billion in Unquoted Shares of nine Companies and for Equity Participation in two Government Bodies during financial year 2020-21. Details of the new investments are shown in Table 10-2.

*Table 10-2 New Investments during Financial Years 2019-20 and 2020-21*

| <i>Companies</i>                         | <b>New<br/>Investments<br/>2020-21<br/>Rs</b> | <b>New<br/>Investments<br/>2019-20<br/>Rs</b> |
|------------------------------------------|-----------------------------------------------|-----------------------------------------------|
| African Development Bank                 | 213,756,265                                   | -                                             |
| Airports of Mauritius Co. Ltd            | -                                             | 250,000,000                                   |
| Investment Support Programme (ISP) Ltd   | -                                             | 1,000,000                                     |
| ISM Ltd                                  | 5,000,000                                     | -                                             |
| EKADA CAPITAL LTD                        | 1                                             | -                                             |
| Landscape (Mauritius) Ltd                | 72,804,355                                    | -                                             |
| MauBank Holdings Ltd                     | -                                             | 2,000,000,000                                 |
| Mauritius Multisports Infrastructure Ltd | 390,139,333                                   | 2,302,249,285                                 |
| Metro Express Ltd                        | 1,264,017,805                                 | 1,877,395,613                                 |
| National Property Fund Ltd               | 11,900,000,000                                | 3                                             |
| SME Equity Fund Ltd                      | 250,000,000                                   | -                                             |
| The National Fishing Company Ltd         | 100,000                                       | -                                             |
| <b>Government Bodies</b>                 |                                               |                                               |
| Bank of Mauritius                        | 8,000,000,000                                 | -                                             |
| Wastewater Management Authority          | 242,142,984                                   | 596,875,383                                   |
| <b>Total</b>                             | <b>22,337,960,743</b>                         | <b>7,027,520,284</b>                          |

*Source: Statement D1- Vote 3-104 – Wastewater Services, Vote 27-1 – Centrally Managed Initiatives of Government and Investment Register*

#### ***Investment in National Property Fund Ltd – Rs 11.9 billion***

In May 2021, a supplementary provision of Rs 11.9 billion was made through the Supplementary Appropriation (2020-2021) Act 2021 to clear two Advances made to the NPFL in September 2020 and provide for equity injection of an equivalent amount into the Company. The two Advances disbursed were used by the NPFL as follows:

- Advance Warrant No. 21 of 2020-21 of Rs 4 billion for equity injection in the National Insurance Company Ltd (NICL) to ensure its financial viability.

- Advance Warrant No. 22 of 2020-21 of Rs 7.9 billion to clear debts contracted by the NPFL to repay policyholders of the Super Cash Back Gold Scheme and investors of the Bramer Asset Management Ltd.

As at September 2020, the NPFL had total debt obligation of Rs 12.7 billion. In addition to the Equity Injection of Rs 7.9 billion to enable the Company to meet its immediate debt obligations, an amount of Rs 2.4 billion was also provided in the Budget Estimates 2021-2022 for that purpose.

*Significant Funds invested in the NPFL with Remote Expectations of Returns or Increase in Net Asset Value*

The investments in the NPFL in both 2020-21 and 2021-22 would be used to pay the company's past debts, and are not expected to yield any return to Government in terms of dividends or capital gains in the near future.

The Treasury explained that the purpose of capital injections of Rs 11.9 billion by Government in the NPFL was to enable the Company to meet its immediate debt obligations that were contracted to repay policyholders of the Super Cash Back Gold Scheme and investors of the Bramer Asset Management Ltd and to ensure financial stability and that it was not to expect any return from capital injections.

#### **10.2.4 Fair Value of Investments - Rs 119,810,060,631**

Fair value is defined as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

Investments costing Rs 72.4 billion as of 30 June 2021 were measured at fair value of Rs 119.8 billion. The fair value of investments was determined as follows:

- Quoted Shares were based on their market prices on the Stock Exchange of Mauritius as at the end of the financial year;
- Unquoted Shares and Equity Participation were based on the Net Asset Figure from the latest audited Financial Statements of investees; and
- For Other Investments, their fair values were deemed to approximate their costs.

***Fair Value based on Old Net Asset Value***

The fair values of Unquoted Shares and Equity Participation in Companies/Government Bodies were based on Net Asset Figure from the audited Financial Statements of investees.

An analysis of the fair value of investments by Financial Statements year-end date is given in Table 10-3.

*Table 10-3 Fair Value of Investments based on latest available Financial Statements*

| <b>Financial Statement<br/>Year End</b> | <b>No.of<br/>Companies/<br/>Government<br/>Bodies</b> | <b>Cost of<br/>Investment<br/>Rs</b> | <b>Fair Value of<br/>Investment<br/>Rs</b> |
|-----------------------------------------|-------------------------------------------------------|--------------------------------------|--------------------------------------------|
| 30 June 2021                            | 3                                                     | 21,900,000,004                       | 22,685,614,065                             |
| 31 December 2020                        | 9                                                     | 3,493,559,156                        | 8,281,157,022                              |
| 30 June 2020                            | 16                                                    | 6,870,540,285                        | 24,616,807,868                             |
| 31 December 2019                        | 2                                                     | 144,161,634                          | 9,092,795,533                              |
| 30 June 2019                            | 9                                                     | 27,509,654,181                       | 37,705,632,305                             |
| 31 March 2019                           | 1                                                     | 87,354,608                           | 848,683,789                                |
| 31 December 2018                        | 3                                                     | 216,029,000                          | 520,889,856                                |
| 31 December 2017                        | 1                                                     | 98,844,218                           | 3,639,074,027                              |
| 31 December 2013                        | 1                                                     | 267,887,202                          | -                                          |
| Based on Cost                           | 2                                                     | 5,100,000                            | 5,100,000                                  |
| <b>Total</b>                            | <b>47</b>                                             | <b>60,593,130,288</b>                | <b>107,395,754,465</b>                     |

*Source: Treasury's NAV workings*

*Investment in one Company is both in terms of Unquoted Shares and Equity participation*

In 17 cases, investments costing Rs 28.3 billion were measured at a total fair value of Rs 51.8 billion on the basis of Net Assets Values stated in Financial Statements dating back to years 2013 to 2019.

#### ***Investment Measured at Zero Fair Value as at 30 June 2021***

Investments for a total amount of some Rs 6 billion were in respect of Shares and Equity Participation in companies/entities which had negative net assets and were, therefore, disclosed at zero fair value as at 30 June 2021. Details of these investments are shown in Table 10-4.



Table 10- 4 Investments stated at zero Fair Value as at 30 June 2021

| <b>Unquoted Shares</b>               | <b>Year of Investment</b>     | <b>Cost Price Rs</b> | <b>% Shareholding</b> | <b>Net Asset Value Rs</b> | <b>Net Asset Value as at</b> |
|--------------------------------------|-------------------------------|----------------------|-----------------------|---------------------------|------------------------------|
| Investment Support Programme Limited | 2020                          | 1,000,000            | 0.06                  | (713,953,104)             | 30 June 2020                 |
| MauBank Holdings                     | 2001-2005, 2015-2016 and 2019 | 5,196,266,400        | 100                   | (2,736,046,184)           | 30 June 2019                 |
| The Mauritius Post Ltd               | 2001-2016                     | 626,111,200          | 100                   | (101,118,203)             | 30 June 2019                 |
| <b>Equity Participation</b>          |                               |                      |                       |                           |                              |
| National Transport Corporation       | Prior 1.07.01-2018            | 267,887,202          | 100                   | (606,949,624)             | 31 December 2013             |
| <b>Total</b>                         |                               | <b>6,091,264,802</b> |                       |                           |                              |

Source: Treasury Investment Register and Treasury Workings

## 10.2.5 Return on Investments

### Dividends Received

As at 30 June 2021, total investments in Quoted and Unquoted Shares in Companies amounted to some Rs 46.4 billion. Dividends received, during the financial year 2020-21 amounted to some Rs 110.9 million, representing a return of 0.24 per cent only. The estimated dividend receivable for the financial year 2020-21 was Rs 150 million.

The budgeted and actual dividends received from investments during the past five financial years are given in Table 10-5.

Table 10-5 Budgeted and Actual Dividends received during Financial Years 2016-17 to 2020-21

| <b>Period</b>          | <b>Budgeted Rs</b> | <b>Actual Rs</b> |
|------------------------|--------------------|------------------|
| July 2016 to June 2017 | 1,238,500,000      | 298,024,518      |
| July 2017 to June 2018 | 525,000,000        | 303,053,677      |
| July 2018 to June 2019 | 480,000,000        | 185,865,844      |
| July 2019 to June 2020 | 613,000,000        | *556,894,909     |
| July 2020 to June 2021 | 150,000,000        | 110,896,954      |

Source: Statement D-Detailed Statement of Revenue of the Consolidated Fund for the financial years 2016-17 to 2020-21 and Treasury Records

\* Dividends received included an amount of Rs 4.6 million being shares received in lieu of dividend

Dividends received during the financial year 2020-21 were significantly lower compared to the previous four financial years.

Details of dividends received during the financial years 2019-20 and 2020-21 are shown in Table 10-6.

*Table 10-6 Dividends received during Financial Years ended  
30 June 2020 and 30 June 2021*

| <b>Details</b>                                       | <b>Investment at<br/>Cost<br/>30.06.2021<br/>Rs</b> | <b>Dividend<br/>Received<br/>2020-21<br/>Rs</b> | <b>Dividend<br/>Received<br/>2019-20<br/>Rs</b> |
|------------------------------------------------------|-----------------------------------------------------|-------------------------------------------------|-------------------------------------------------|
| <b><i>Quoted Shares</i></b>                          |                                                     |                                                 |                                                 |
| Alteo Group Ltd                                      | 1,140                                               | 249                                             | 310                                             |
| Excelsior United Development<br>Companies Ltd        | 37                                                  | 20                                              | 18                                              |
| IBL LTD                                              | 125                                                 | 2                                               | 3                                               |
| Medine Ltd                                           | 300                                                 | -                                               | 77                                              |
| New Mauritius Hotels Ltd                             | 240                                                 | -                                               | 8                                               |
| SBM Holdings Ltd                                     | 41,058,573                                          | -                                               | 29,905,230                                      |
| The Bee Equity Partners Ltd                          | 16                                                  | 8                                               | -                                               |
| The United Basalt Products Limited                   | 415                                                 | 25                                              | 19                                              |
| The Mauritius Development<br>Investment Trust Co Ltd | 2                                                   | -                                               | 5                                               |
| <b><i>Unquoted Shares</i></b>                        |                                                     |                                                 |                                                 |
| AfrAsia Bank Limited                                 | 197                                                 | -                                               | 11                                              |
| African Export-Import Bank                           | 35,008,325                                          | 3,261,917                                       | 5,012,894                                       |
| African Reinsurance Corporation                      | 38,927,684                                          | 3,171,863                                       | 2,651,756                                       |
| Mauritius Housing Company Ltd                        | 59,161,634                                          | 15,381,513                                      | 24,506,833                                      |
| Mauritius Telecom Ltd                                | 63,625,174                                          | 54,081,398                                      | 262,135,717                                     |
| PTA Reinsurance Company (ZEP-RE)                     | 5,771,452                                           | -                                               | 414,073                                         |
| Sugar Investment Trust                               | 19,999,980                                          | -                                               | 1,018,577                                       |
| State Informatics Ltd                                | 32,800,000                                          | -                                               | 10,000,000                                      |
| State Investment Corporation Ltd                     | 85,000,000                                          | 34,999,959                                      | 149,999,959                                     |
| <b><i>Equity Participation</i></b>                   |                                                     |                                                 |                                                 |
| Bank of Mauritius                                    | 10,000,000,000                                      | -                                               | 71,249,419                                      |
| <b>Total</b>                                         |                                                     | <b>110,896,954</b>                              | <b>556,894,909</b>                              |

*Source: Treasury Abstract– Item Code 1412: Dividends and Treasury Records*

The Treasury explained that actual dividend is dependent upon the financial situation of the entities concerned. The resurgence of the pandemic has impacted on the performance of these entities. Furthermore, the primary objective of investment in various entities is not to generate dividends or other financial returns but to enable them to sustain their operations and improve service delivery.

### ***Income from Quasi Corporations***

Government also received income from Quasi Corporations. During the year 2020-21, Rs 992.1 million were received compared to Rs 2,152 million in 2019-20, as shown in Table 10-7.

*Table 10-7 Estimates and Actual Revenue received from Quasi Corporations*

| <b>Quasi Corporations</b>                          | <b>Year 2020-21</b>  |                       | <b>Year 2019-20</b>   |
|----------------------------------------------------|----------------------|-----------------------|-----------------------|
|                                                    | <b>Estimates of</b>  | <b>Actual Revenue</b> | <b>Actual Revenue</b> |
|                                                    | <b>Revenue</b>       |                       |                       |
|                                                    | <b>Rs</b>            | <b>Rs</b>             | <b>Rs</b>             |
| Information and Communication Technology Authority | 40,000,000           | 62,020,691            | 58,423,084            |
| Financial Services Commission                      | 830,000,000          | 866,082,988           | 1,293,579,959         |
| Mauritius Ports Authority                          | -                    | -                     | 300,000,000           |
| State Trading Corporation                          | 350,000,000          | -                     | 500,000,000           |
| Treasury Foreign Currency Management Fund          | -                    | 63,999,700            | -                     |
| <b>Total</b>                                       | <b>1,220,000,000</b> | <b>992,103,379</b>    | <b>2,152,003,043</b>  |

*Source: Statement D – Detailed Statement of Revenue of the Consolidated Fund for Financial Years 2019-20 and 2020-21 – Item Code 1413 – Withdrawals from Income of Quasi Corporations*

### ***Investments yielding no Returns during Financial Year 2020-21***

Investments (at cost) totalling Rs 14.7 billion did not yield any return during the financial year 2020-21. Details of these investments are given in Table 10-8.

Table 10-8 Investments yielding no Returns during 2020-21

|                                                            | Year of Investment     | Cost Price Rs         |
|------------------------------------------------------------|------------------------|-----------------------|
| <b>Quoted Shares</b>                                       |                        |                       |
| Air Mauritius Limited                                      | Prior 2001             | 99,178,348            |
| Lux Island Resorts Ltd                                     | 2016                   | 401                   |
| Medine Ltd                                                 | 2014                   | 300                   |
| New Mauritius Hotels Ltd                                   | Prior 2001             | 240                   |
| SBM Holdings Ltd                                           | Prior 2001             | 41,058,573            |
| The Mauritius Development Investment Trust Company Limited | 2007-2011              | 2                     |
| United Docks Ltd                                           | Prior 2001             | 9,600                 |
| <b>Unquoted Shares</b>                                     |                        |                       |
| AfrAsia Bank Ltd                                           | 2016                   | 197                   |
| Airports of Mauritius Co. Ltd                              | 1998-2019              | 2,207,085,170         |
| Air Mauritius Holding Ltd                                  | Prior 2001             | 87,354,608            |
| Cargo Handling Corporation Limited                         | 1983-2019              | 943,600,000           |
| Development Bank of Mauritius Ltd                          | Prior 2001 & 2005-2009 | 496,150,000           |
| Mauritius Shipping Corporation Ltd                         | Prior 2001 and 2011    | 290,693,000           |
| National Real Estate Ltd                                   | 2009                   | 500,000,000           |
| PTA Reinsurance Company (ZEP-RE)                           | 2001                   | 5,771,452             |
| Shelter- Afrique                                           | 2013                   | 4,865,961             |
| State Informatics Ltd                                      | Prior 2001             | 32,800,000            |
| Sugar Investment Trust                                     | 2007 and 2011          | 19,999,980            |
| <b>Equity Participation</b>                                |                        |                       |
| Bank of Mauritius                                          | 2005, 2011 and 2020    | 10,000,000,000        |
| State Trading Corporation                                  | Prior 2001             | 400,000               |
| <b>Total</b>                                               |                        | <b>14,728,967,832</b> |

Source: Statement F – Detailed Statement of Investments as at 30 June 2021 and Investment Register

### **Investments not Yielding any Return since Acquisition**

Investments (at cost) totalling Rs 44.9 billion and representing some 74 per cent of total investments in Shares and Equity Participation did not yield any return since they were acquired. Details are given in Table 10-9.

Table 10-9 Investments not yielding any Return since Acquisition

|                                                         | Year of Investment      | Cost of Investment<br>Rs | % Shareholding |
|---------------------------------------------------------|-------------------------|--------------------------|----------------|
| <b>Quoted Shares</b>                                    |                         |                          |                |
| Blue Life Ltd                                           | 2013                    | 1,976                    | Insignificant  |
| United Investment Ltd                                   | Prior 2001              | 48                       | Insignificant  |
| <b>Unquoted Shares</b>                                  |                         |                          |                |
| African Development Bank                                | 1992-2021               | 2,245,070,682            | 0.63           |
| Eastern & Southern African Trade & Development Bank Ltd | 1990-1991               | 585,289,878              | 2.98           |
| Investment Support Programme                            | 2020                    | 1,000,000                | 0.06           |
| Landscape (Mauritius) Ltd                               | 2009-2021               | 3,040,370,633            | 99.42          |
| MauBank Holdings Ltd                                    | 2001-2005 and 2015-2020 | 5,196,266,400            | 100.00         |
| Mauritius Africa Fund Ltd                               | 2016-2019               | 183,980,000              | 100.00         |
| Mauritius Educational Development Company Ltd           | 2000-2001               | 16,000,000               | 99.94          |
| Mauritius Multisports Infrastructure Ltd                | 2018-2021               | 4,874,413,618            | 96.83          |
| Metro Express Ltd                                       | 2018-2021               | 11,627,784,292           | 100.00         |
| Multi Carrier Mauritius Ltd                             | 2001-2019               | 219,000,000              | 100.00         |
| National Housing Development Company Ltd                | 2007-2008               | 200,000,000              | 99.50          |
| National Property Fund Ltd                              | 2015-2021               | 11,900,000,003           | 100.00         |
| Polytechnics Mauritius Ltd                              | 2013-2017               | 299,937,111              | 100.00         |
| Rodrigues Educational Development                       | 2001-2002               | 29,000                   | 29.00          |
| The Lux Collective                                      | 2018                    | 14                       | 0.00%          |
| SME Equity Fund                                         | 2006-2017               | 355,317,588              | 39.79          |
| SME Mauritius Ltd                                       | 2017                    | 25,000                   | 100.00         |
| The Mauritius Post Ltd                                  | 2001-2016               | 626,111,200              | 100.00         |
| <b>Equity Participation</b>                             |                         |                          |                |
| Central Water Authority                                 | 1993-2012               | 1,862,250,913            | 100.00         |
| Civil Service College                                   | 2012                    | 15,000,000               | 100.00         |
| Economic Development Board                              | 2004-2005               | 79,782,747               | 100.00         |
| Mauritius Cooperative Livestock Marketing Federation    | 1992-1993               | 450,000                  | 100.00         |
| Mauritius Cane Industry Authority                       | 2013                    | 173,803,732              | 100.00         |
| National Transport Corporation                          | Prior 1.07.01-2016      | 267,887,202              | 100.00         |
| Rose Belle Sugar Estate Board                           | 1987-1996               | 98,844,218               | 100.00         |
| Wastewater Management Authority                         | 2017-2021               | 1,088,972,871            | 100.00         |
| <b>Total</b>                                            |                         | <b>44,957,589,126</b>    |                |

Source: Statement F – Detailed Statement of Investments as at 30 June 2021 and Investment Register

### ***Interest Received on Other Investments***

During the financial year 2020-21, a total amount of Rs 9.8 million representing an average return of 1.7 per cent only was received as interests from long-term placements totalling Rs 590 million with the DBM Ltd, as shown in Table 10-10.

*Table 10-10 Interests received on Other Investments during 2020-21*

| <b>Other Investments</b>                                  | <b>Investment<br/>Rs</b> | <b>Interest<br/>Received<br/>Rs</b> |
|-----------------------------------------------------------|--------------------------|-------------------------------------|
| <b><i>Consolidated Fund - Placements with DBM Ltd</i></b> |                          |                                     |
| Fixed Deposits                                            | 420,000,000              | 6,300,000                           |
| Line of Credit to Madagascar                              | 150,000,000              | 1,472,909                           |
| Education Reform Loan Scheme                              | 20,295,000               | 1,990,235                           |
| <b>Total</b>                                              | <b>590,295,000</b>       | <b>9,763,144</b>                    |

*Source: Treasury Abstract 1 July 2020 to 30 June 2021 - Item Code 14110051 - Investment of Surplus Balances*

### ***Interest Due on Fixed Deposit of Rs 200 million with DBM Ltd not received***

A FD of Rs 200 million was placed with the DBM Ltd on 3 May 2016 for a period of 12 months bearing interest at Repo rate and payable half yearly. Upon maturity, the FD was renewed for further 12 months with interest of Repo rate less 1 per cent per annum payable at maturity. Following the DBM Turnaround Plan in June 2018, the FD of Rs 200 million was converted into shares with effect from 30 June 2018.

Interests for the period 3 May 2016 to 29 June 2018 on the FD, which the DBM Ltd agreed to pay to Government by 30 June 2020, were not received.

The Treasury informed NAO that the Bank acknowledges that the interest on the FD of Rs 200 million is due and payable to Government and that the Ministry of Finance, Economic Planning and Development is following up with DBM Ltd to recoup the interests accruing to Government.

## **10.2.6 Investments in Government Controlled Companies**

### ***Significant Investments in Government Controlled Companies***

As at 30 June 2021, Government had equity holdings of Rs 46.2 billion in Unquoted Shares of 37 Companies, of which Rs 42.8 billion were in 22 companies where Government had controlling interests, that is, its holding in each of these Companies was 51 per cent or more.

These 22 companies are being termed as ‘Government Controlled Companies’ (GCCs) for the purpose of this report. The investments in these 22 GCCs accounted for some 59 per cent of Government’s total investments.

Details of shareholdings of Government as at 30 June 2021 in the paid up capital of the GCCs is given in Table 10-11.

Table 10-11 Details of Unquoted Shares held in Government Controlled Companies

| Government Controlled Companies           | Year of incorporation | % Shareholding | Cost as at 30.6.2021<br>Rs | Fair Value            |                |
|-------------------------------------------|-----------------------|----------------|----------------------------|-----------------------|----------------|
|                                           |                       |                |                            | Rs                    | Date           |
| Airports of Mauritius Co.Ltd              | May 1998              | 100.00         | 2,207,085,170              | 12,942,435,824        | 30-Jun-19      |
| Cargo Handling Corporation Limited        | September 1983        | 83.99          | 943,600,000                | 574,770,974           | 30-Jun-20      |
| Development Bank of Mauritius Ltd         | March 1964            | 96.29          | 496,150,000                | 3,036,568,581         | 30-Jun-20      |
| ISM Mauritius Ltd                         | January 2020          | 100.00         | 5,000,000                  | 5,000,000             | *              |
| Landscape (Mauritius) Ltd                 | December 2016         | 99.42          | 3,040,370,633              | 17,491,099,907        | 30-Jun-20      |
| Maubank Holdings Ltd                      | September 2015        | 100.00         | 5,196,266,400              | -                     | 30-Jun-19      |
| Mauritius Africa Fund Ltd                 | February 2014         | 100.00         | 183,980,000                | 183,930,336           | 30-Jun-20      |
| Mauritius Educational Development Co. Ltd | May 1993              | 99.94          | 16,000,000                 | 36,876,365            | 31-Dec-18      |
| Mauritius Housing Company Ltd             | December 1989         | 60.00          | 59,161,634                 | 2,153,417,697         | 31-Dec-19      |
| Mauritius Multisports Infrastructure Ltd  | November 2016         | 96.83          | 4,874,413,618              | 2,267,072,059         | 30-Jun-19      |
| Mauritius Shipping Corporation Ltd        | January 1986          | 99.99          | 290,693,000                | 1,048,568,313         | 30-Jun-20      |
| Metro Express Ltd                         | October 2016          | 100.00         | 11,627,784,292             | 8,486,370,900         | 30-Jun-19      |
| Multi Carrier (Mauritius) Ltd             | August 2000           | 100.00         | 219,000,000                | 193,714,312           | 30-Jun-20      |
| National Fishing Company Ltd              | August 2020           | 100.00         | 100,000                    | 100,000               | *              |
| National Housing Development Co. Ltd      | March 1991            | 99.50          | 200,000,000                | 480,176,955           | 31-Dec-18      |
| National Property Fund Ltd                | May 2015              | 100.00         | 11,900,000,003             | 10,169,021,065        | 30-Jun-21<br># |
| National Real Estate Ltd                  | June 2009             | 100.00         | 500,000,000                | 548,694,207           | 31-Dec-20      |
| Polytechnics Mauritius Ltd                | May 2013              | 100.00         | 299,937,111                | 168,464,797           | 30-Jun-20      |
| SME Mauritius Ltd                         | July 2017             | 100.00         | 25,000                     | 22,192,018            | 30-Jun-19      |
| The Mauritius Post Ltd                    | October 2001          | 100.00         | 626,111,200                | -                     | 30-Jun-19      |
| The State Informatics Ltd                 | March 1989            | 80.00          | 32,800,000                 | 159,855,814           | 30-Jun-20      |
| The State Investment Corporation Limited  | August 1984           | 100.00         | 85,000,000                 | 6,939,377,836         | 31-Dec-19      |
| <b>Total</b>                              |                       |                | <b>42,803,478,061</b>      | <b>66,907,707,960</b> |                |

Source: Statement F – Detailed Statement of Investments as at 30 June 2021, Respective Company's latest audited Financial Statements and Websites.

\* The cost of the investment has been deemed to be the fair value as no audited financial statements were available due to the recent incorporation of the company

# Fair Value was based on unaudited financial statements

### ***Significant Funds disbursed to Government Controlled Companies during the Past Five Financial Years***

Details of investments in Unquoted Shares, Equity Participation and Loan to GCCs during the past five financial years are given in Table 10-12.

*Table 10-12 Funds disbursed to Government Controlled Companies*

| <b>Financial Years</b> | <b>New Unquoted Shares</b> | <b>New Equity Participation</b> | <b>New Loans</b>     | <b>Advances</b>      | <b>Total Fund Disbursed</b> |
|------------------------|----------------------------|---------------------------------|----------------------|----------------------|-----------------------------|
|                        | <b>Rs</b>                  | <b>Rs</b>                       | <b>Rs</b>            | <b>Rs</b>            | <b>Rs</b>                   |
| 2016- 2017             | 1,846,502,735              | -                               | 471,324,162          | *3,115,000,000       | 5,432,826,897               |
| 2017-2018              | 3,823,068,923              | -                               | 299,776,087          | 99,855,000           | 4,222,700,010               |
| 2018-2019              | 6,639,570,464              | 210,000,000                     | -                    | **2,355,000,000      | 9,204,570,464               |
| 2019- 2020             | 6,183,570,948              | 250,000,000                     | 418,100,000          | 325,000,000          | 7,176,670,948               |
| 2020- 2021             | 13,632,061,493             | -                               | 403,871,115          | -                    | 14,035,932,608              |
| <b>Total</b>           | <b>32,124,774,563</b>      | <b>460,000,000</b>              | <b>1,593,071,364</b> | <b>5,894,855,000</b> | <b>40,072,700,927</b>       |

*Source: Investment Register and Treasury Abstract 1 July 2016 to 30 June 2021*

*\*The advance of Rs 3 billion to MauBank Ltd in 2016-17 was cleared in same financial year.*

*\*\*The advance of Rs 2 billion to MauBank Ltd in 2018-19 was converted into equity in 2019-20.*

As per above Table, significant amounts have been disbursed during the past five financial years to GCCs.

Government new equity holdings in the 22 GCCs, in the past five years, totalled Rs 32 billion, which represented 69 per cent of total investments in Unquoted Shares in Companies (Rs 46.2 billion) as at 30 June 2021, whilst 'Equity Participation', new Loans and Advances provided to them amounted to Rs 460 million, Rs 1.6 billion and Rs 5.9 billion respectively.

### ***Low Return from Government Controlled Companies***

In the financial year 2020-21, Government received dividends amounting to Rs 50.4 million from only two of the 22 GCCs, representing a return of 0.1 per cent on the total investment in GCCs.

Over the past five financial years, returns ranging from 0.1 to 1.8 per cent of the total investment in all GCCs were received as dividends from only four companies, as shown in Table 10-13.



*Table 10-13 Dividends received from Government Controlled Companies*

| <b>Financial Years</b> | <b>Investments Cost</b> | <b>Dividends Received</b> |                   | <b>Percentage Return</b> |
|------------------------|-------------------------|---------------------------|-------------------|--------------------------|
|                        | <b>Rs</b>               | <b>Rs</b>                 | <b>Companies*</b> | <b>%</b>                 |
| 2016- 2017             | 13,025,206,232          | 240,854,860               | AML, MHC, SIL     | 1.8                      |
| 2017-2018              | 16,848,275,155          | 183,855,459               | AML, MHC, SIL     | 1.1                      |
| 2018-2019              | 23,697,845,618          | 47,227,685                | MHC, SIL, SIC     | 0.2                      |
| 2019- 2020             | 30,131,416,568          | 184,506,792               | MHC, SIL, SIC     | 0.6                      |
| 2020- 2021             | 43,763,478,061          | 50,381,472                | MHC, SIC          | 0.1                      |

*Source: Treasury Abstract 1 July 2016 to 30 June 2021 and NAO workings*

*\*AML - Airports of Mauritius Company Ltd; MHC - Mauritius Housing Company Ltd; SIL - The State Informatics Ltd and SIC - The State Investment Corporation Ltd*

#### ***No Returns Received from 12 Government Controlled Companies***

Out of the 22 GCCs, 12 Companies with Government's equity holdings totalling Rs 38.2 billion as of 30 June 2021 did not declare dividends since their incorporation. Of the 12 Companies, four had accumulated profits whilst seven companies had accumulated losses as per their latest financial statements, as shown in Table 10-14.

*Table 10-14 Accumulated Profits/ (Losses) of Government Controlled Companies*

| Companies                                         | Year of Incorporation | Investment (Cost) as at 30 June 2021 | Accumulated Profits/(Losses) |            |
|---------------------------------------------------|-----------------------|--------------------------------------|------------------------------|------------|
|                                                   |                       | Rs                                   | Rs                           | Date       |
| Landscape (Mauritius) Ltd                         | December 2016         | 3,040,370,633                        | 9,109,867,593                | 30-Jun-20  |
| Maubank Holdings Ltd                              | September 2015        | 5,196,266,400                        | (6,399,770,465)              | 30-Jun-19  |
| Mauritius Africa Fund Ltd                         | February 2014         | 183,980,000                          | (1,158,467)                  | 30-Jun-20  |
| Mauritius Educational Development Company Limited | May 1993              | 16,000,000                           | 20,889,413                   | 31-Dec-18  |
| Mauritius Multisports Infrastructure Ltd          | November 2016         | 4,874,413,618                        | (259,481)                    | 30-Jun-19  |
| Metro Express Ltd                                 | October 2016          | 11,627,784,292                       | -                            | 30-Jun-19  |
| Multi Carrier (Mauritius) Ltd                     | August 2000           | 219,000,000                          | (25,285,688)                 | 30-Jun-20  |
| National Housing Development Co. Ltd              | March 1991            | 200,000,000                          | 88,043,564                   | 31-Dec-18  |
| National Property Fund Ltd                        | May 2015              | 11,900,000,003                       | (1,730,978,938)              | 30-Jun-21* |
| Polytechnics Mauritius Ltd                        | May 2013              | 299,937,111                          | (131,472,203)                | 30-Jun-20  |
| SME Mauritius Ltd                                 | July 2017             | 25,000                               | 22,167,018                   | 30-Jun-19  |
| The Mauritius Post Ltd                            | October 2001          | 626,111,200                          | (397,220,989)                | 30-Jun-19  |
| <b>Total</b>                                      |                       | <b>38,183,888,257</b>                |                              |            |

Source: Statement F – Detailed Statement of Investments as at 30 June 2021, Respective Company's latest audited Financial Statements and Websites. \* Based on unaudited financial statements

### ***Net Assets/Accumulated Losses of Government Controlled Companies***

The Net Assets of two GCCs were completely eroded by accumulated losses and their Net Assets were negative as per latest audited Financial Statements. Details are given in Table 10-15.

*Table 10-15 Government Controlled Companies with Negative Net Assets*

| Companies              | Investment Cost as at 30.06.2021<br>Rs | Latest Financial Statements |                  | Date      |
|------------------------|----------------------------------------|-----------------------------|------------------|-----------|
|                        |                                        | Accumulated Losses<br>Rs    | Net Assets<br>Rs |           |
| Maubank Holdings Ltd   | 5,196,266,400                          | (6,399,770,465)             | (2,736,046,184)  | 30-Jun-19 |
| The Mauritius Post Ltd | 626,111,200                            | (397,220,989)               | (101,118,203)    | 30-Jun-19 |
| <b>Total</b>           | <b>5,822,377,600</b>                   |                             |                  |           |

Source: Statement F – Detailed Statement of Investments as at 30 June 2021, Respective Company's latest audited Financial Statements

Furthermore, in 2019-20, Government invested an additional Rs 2 billion in the Maubank Holdings Ltd. In the absence of Financial Statements for the years ended 30 June 2020 and 2021, the effect of the new equity injection on the Net Asset Values of Maubank Holdings Ltd could not be determined.

The Treasury explained that the losses relating to the Maubank Holdings Ltd are not operating losses per se. Upon incorporation, they had taken over companies with negative Net Assets. This effect is still being felt and is reflected in the accounts of the Company.

### ***Oversight Role of Government over Government Controlled Companies***

Significant amounts of public funds are being disbursed to GCCs every year with hardly any returns. The Ministry of Finance, Economic Planning and Development stated that the primary objective of investment in the various entities is not to generate dividends or other financial returns, but to enable them to sustain their operations and improve service delivery. However, there is no proper framework in place to regularly review whether the rationale for investing in the respective GCCs remains valid and whether value for money is being obtained.

It was also noted that the 22 GCCs fall outside the ambit of the Public Procurement Act and in most cases, their Financial Statements were being audited by private audit firms and same were not tabled in the National Assembly for public scrutiny.

The Treasury informed NAO that the Boards of these GCCs ensure that these Companies are run as per good governance principles and meet their deliverables as per their mandate. Also, before any injection of funds is made in these Companies, an analysis is undertaken to assess their financial situation and requirements to meet various socio-economic objectives.

### **10.2.7 Public Sector Debt**

The Public Sector Debt (PSD) in Mauritius is governed by the Public Debt Management Act, wherein it is stated that the PSD shall be constituted of any debt incurred:

- (a) through the raising of loans, issuing of securities, overdrafts or by any other means by the Central Government, the Rodrigues Regional Assembly, the Local Government and a Public Enterprise, whether or not the loans are wholly or partly guaranteed by Government; and
- (b) by way of advances from the Bank of Mauritius to any entity in the public sector.

The PSD includes debts of the Budgetary Central Government (BCG) raised both internally and externally to fund development projects that are necessary for sustaining economic growth, creating employment opportunities and improving the quality of life of citizens, debts of Public Enterprises and Extra Budgetary Units guaranteed by Government and also those not guaranteed by Government.

### *Analysis of Debt Data*

All of the above mentioned debts are detailed in Statement J - Statement of Public Sector Debt. An analysis of the data as at 30 June 2021, as provided in Statement J, showed the following:

- (a) The PSD increased from Rs 381.8 billion as at 30 June 2020 to Rs 419.4 billion as at 30 June 2021, representing an increase of 10 per cent;
- (b) Over the past five financial years, PSD has risen significantly from Rs 290.1 billion as at 30 June 2017 to Rs 419.4 billion as at 30 June 2021, that is an increase of 45 per cent;
- (c) Public Sector External Debt obligation increased by 71 per cent, from Rs 64.7 billion as at 30 June 2020 to Rs 110.8 billion as at 30 June 2021;
- (d) Non-Financial Public Sector Entities held some Rs 12.9 billion of Government Securities. The PSD figure of Rs 419.4 billion is net of this amount;
- (e) The PSD of Rs 419.4 billion as at 30 June 2021 was Rs 28.5 billion higher than the amount projected, that is, Rs 390.9 billion;
- (f) The PSD as a percentage of Gross Domestic Product (GDP) which was 83.4 per cent (gross basis) as at June 2020 has significantly increased to 96.2 per cent (gross basis) as at 30 June 2021;
- (g) The PSD-to-GDP ratio calculated on a net basis as at 30 June 2020 and 30 June 2021 was 70.4 per cent and 79.2 per cent respectively;
- (h) As of 30 June 2021, BCG Domestic Debt of Rs 307.6 billion represented some 78 per cent of the total Debt of BCG. Some 27 per cent of these Debts (Rs 82 billion) will mature by 30 June 2022. In addition, 9 per cent of the BCG Domestic Debt (Rs 28.7 billion) will be due for repayment in the financial year 2022-23;
- (i) Over the past five financial years, the issue of financial instruments by Government has exceeded redemption, thus increasing the level of indebtedness;
- (j) BCG External Debt has increased by Rs 41.4 billion from Rs 43.7 billion as at 30 June 2020 to Rs 85.1 billion as at 30 June 2021;
- (k) Debt forgiveness of 32 million RMB Yuan on loan provided by the Government of the People's Republic of China under the Economic and Technical Cooperation Agreement;
- (l) Capital repayments of debts in 2020-21 was stated in Statement D1 at Rs 97.93 billion whereas repayments over the previous four financial years ranged from Rs 10.5 billion to Rs 23.2 billion. This is due to the fact that as from the year 2020-21, domestic capital repayments for Treasury Bills, Treasury Certificates and Treasury Notes are included in capital repayment.
- (m) Government debt servicing accounted for 37.1 per cent of total Government spending for the financial year 2020-21;

- (n) Repayment of External Debts of Rs 4.9 billion was effected in the financial year 2020-21 out of the transfer of Rs 18 billion from the Special Reserve Fund of the Bank of Mauritius in 2019-20; and
- (o) Commitment fees have increased by 94.7 per cent, from Rs 2.26 million in 2019-20 to Rs 4.4 million in 2020-21.

#### **10.2.8 Public Sector Debt as at 30 June 2021 – Increase from Rs 381.8 billion to Rs 419.4 billion, representing an increase of 10 per cent**

PSD amounted to Rs 419.4 billion as at 30 June 2021, compared to Rs 381.8 billion as at 30 June 2020, representing a 10 per cent increase. Details are given in Table 10-16.

*Table 10-16 Public Sector Debt as at 30 June 2020 and 30 June 2021*

| <b>Debt Category</b>                | <b>30 June 2021<br/>Rs</b> | <b>30 June 2020<br/>Rs</b> |
|-------------------------------------|----------------------------|----------------------------|
| <b>BCG Debt</b>                     |                            |                            |
| BCG – Domestic                      | 307,558,573,875            | 304,788,819,841            |
| BCG – External                      | 85,106,103,556             | 43,688,541,194             |
|                                     | <b>392,664,677,431</b>     | <b>348,477,361,035</b>     |
| <b>Guaranteed by Government</b>     |                            |                            |
| Extra Budgetary Units               | 23,851,050                 | 49,602,939                 |
| Public Corporations                 | 32,985,996,159             | 34,705,931,400             |
|                                     | <b>33,009,847,209</b>      | <b>34,755,534,339</b>      |
| <b>Not Guaranteed by Government</b> |                            |                            |
| Extra Budgetary Units               | 111,936,713                | 167,387,121                |
| Public Corporations                 | 6,519,680,091              | 3,830,249,767              |
|                                     | <b>6,631,616,804</b>       | <b>3,997,636,888</b>       |
| <b>Sub Total</b>                    | <b>432,306,141,444</b>     | <b>387,230,532,262</b>     |
| Less Consolidation Adjustment       | (12,948,151,009)           | (5,434,325,451)            |
| <b>Total Public Sector Debt</b>     | <b>419,357,990,435</b>     | <b>381,796,206,811</b>     |
| <b>Comprising:</b>                  |                            |                            |
| Total Domestic Public Sector Debt   | 308,559,826,423            | 317,096,046,950            |
| Total External Public Sector Debt   | 110,798,164,012            | 64,700,159,861             |

*Source: Statement J - Statement of Public Sector Debt as at 30 June 2021 and 30 June 2020*

### ***Public Sector Domestic Debt***

Public Sector Domestic Debt accounted for 74 per cent of total PSD and comprised short, medium, and long-term debt obligations arising from the issuance of Treasury Bills, Treasury Certificates, Treasury Notes, Government of Mauritius Bonds, Silver Bonds and loans from SIC Development Co Ltd.

As of 30 June 2021, Public Sector Domestic Debt obligations amounted to Rs 308.6 billion, that is a decrease of 3 per cent (Rs 8.5 billion) over the previous year's debt balance of Rs 317.1 billion.

### ***Public Sector External Debt***

Public Sector External Debt obligations amounted to Rs 110.8 billion, that is an increase of 71 per cent (Rs 46.1 billion) over the previous year's balance of Rs 64.7 billion.

Public Sector External Debts represented some 26 per cent of total PSD and comprised Loans from Foreign Governments and Institutions, Government Securities held by Non-Residents and the International Monetary Fund (IMF) Special Drawing Rights (SDR) Allocations.

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

### ***Significant Increase of PSD as at 30 June 2021 over the Past Five Financial Years***

PSD figures as at the end of the past five financial years up to 30 June 2021 are given in Table 10-17.

*Table 10-17 Public Sector Debt as at end of Financial Years 2017 to 2021*

| <b>Financial year ended</b> | <b>Public Sector Debt<br/>Rs million</b> | <b>Increase over the previous year<br/>Rs million</b> | <b>Increase over the previous year<br/>%</b> |
|-----------------------------|------------------------------------------|-------------------------------------------------------|----------------------------------------------|
| 30.06.2017                  | *290,103                                 | 15,708                                                | 5.72                                         |
| 30.06.2018                  | *300,163                                 | 10,060                                                | 3.47                                         |
| 30.06.2019                  | 320,654                                  | 20,491                                                | 6.83                                         |
| 30.06.2020                  | 381,796                                  | 61,142                                                | 19.07                                        |
| 30.06.2021                  | 419,358                                  | 37,562                                                | 9.84                                         |

*Source: Statements J – Statement of Public Sector Debt for financial years 2016-17 to 2020-21*

*\*The figures for Public Sector Debt for financial years 2016-17 and 2017-18 exclude Consolidation Adjustments of Rs 2,073 million and Rs 2,063 million respectively.*

Over the past five financial years, PSD has risen significantly from Rs 290.1 billion as at 30 June 2017 to Rs 419.4 billion, that is an increase of Rs 129.3 billion, representing a 45 per cent increase over the years.

### ***Consolidation Adjustment - Rs 12.9 billion***

According to Statement J - 'Statement of Public Sector Debt' as at 30 June 2021, the PSD of Rs 432.3 billion was adjusted downwards by an amount of Rs 12.9 billion, representing investments held by Public Corporations and State owned Companies in Treasury Bills, GOM Bonds, Treasury Notes and Treasury Certificates and hence, bringing the PSD to a reduced amount of Rs 419.4 billion. Details of the Consolidation Adjustment are given in Table 10-18.

*Table 10-18 Public Sector Debt - Details of Consolidation Adjustment*

| <b>Details</b>                                                         | <b>Nominal Value<br/>Rs million</b> |
|------------------------------------------------------------------------|-------------------------------------|
| <b><i>Investment in Government Treasury Certificates</i></b>           | <b>11,835.3</b>                     |
| <b><i>Investment in Treasury Bills by Non-Bank Sector</i></b>          |                                     |
| Financial Services Commission                                          | 489.9                               |
| Public Corporations                                                    | 345.0                               |
| <b><i>Investment in GoM Bonds by Non-Bank Sector</i></b>               |                                     |
| Financial Services Commission                                          | 48.4                                |
| <b><i>Investment in Treasury Notes by Non-Bank Sector</i></b>          |                                     |
| Public Officers Welfare Council                                        | 4.0                                 |
| <b><i>Investment in 5-Year Government Bonds by Non-Bank Sector</i></b> |                                     |
| Public Corporations                                                    | 95.2                                |
| <b>Sub Total</b>                                                       | <b>12,817.8</b>                     |
| <b><i>Loan from SIC Development Co Ltd</i></b>                         | <b>130.3</b>                        |
| <b>Total</b>                                                           | <b>12,948.1</b>                     |

*Source: Listing of Investments from MoFEPD and the Treasury*

### ***Treasury Certificates Designed for Non-Financial Public Sector Bodies***

Included in the Consolidation Adjustment were Treasury Certificates with a maturity period of 182 days, specifically designed for Non-Financial Public Sector Bodies (NFPSBs), issued by the Bank of Mauritius on behalf of Government.

Treasury Certificates held by NFPSBs were to the tune of Rs 11.8 billion as at 30 June 2021, as detailed in Table 10-19.

*Table 10-19 Treasury Certificates held by Non-Financial Public Sector Bodies  
as at 30 June 2021*

| <b>Bodies</b>                                        | <b>Nominal Value<br/>Rs million</b> |
|------------------------------------------------------|-------------------------------------|
| Cargo Handling Corporation Ltd                       | 400.0                               |
| Central Electricity Board                            | 2,750.0                             |
| Cooperative Development Fund                         | 13.0                                |
| COVID-19 Projects Development Fund                   | 6,000.0                             |
| Cyber Properties Investment Ltd                      | 135.0                               |
| District Council of Black River                      | 56.0                                |
| District Council of Flacq                            | 42.0                                |
| District Council of Moka                             | 15.0                                |
| Economic Development Board                           | 180.0                               |
| Informatics Park Ltd                                 | 10.0                                |
| Information and Communication Technologies Authority | 750.0                               |
| Landscape (Mauritius) Ltd                            | 325.0                               |
| Manufacturing Sector Workers Welfare Fund            | 19.5                                |
| Mauri Facilities Management Co Ltd                   | 15.0                                |
| Mauritius Ports Authority                            | 731.8                               |
| Mauritius – Africa Fund Ltd                          | 40.0                                |
| Municipal Council of Quatre Bornes                   | 150.0                               |
| Municipal Council of Vacoas/ Phoenix                 | 50.0                                |
| Postal Authority                                     | 37.0                                |
| State Informatics Ltd                                | 60.0                                |
| The District Council of Pamplemousses                | 56.0                                |
| <b>Total Investments in Treasury Certificates</b>    | <b>11,835.3</b>                     |

*Source: Treasury Ledger*

### ***Projected Public Sector Debt could not be achieved***

PSD was estimated at Rs 390.9 billion (gross basis) in the budget estimates for the financial year 2020-21. The actual PSD as at 30 June 2021, as per Statement J, was Rs 419.4 billion (gross basis) showing an increase of Rs 28.5 billion compared to the projected amount.



### ***Significant Increase in the PSD to GDP Ratio over the Past Two Years***

According to a study undertaken by the World Bank (*Finding the Tipping Point – When Sovereign Debts Turns Bad*), published in August 2010, if the PSD-to-GDP Ratio of a country exceeds 77 per cent for an extended period, it slows economic growth.

Table 10-20 shows data regarding the PSD-to-GDP Ratio calculated on Gross and Net basis as at the end of each of the previous five financial years.

*Table 10-20 Public Sector Debt and Gross Domestic Product -  
Past Five Financial Years*

| <b>As at<br/>end of</b> | <b>GDP<br/>Rs billion</b> | <b>PSD (Gross)</b> |                          | <b>PSD (Net)</b>  |                          |
|-------------------------|---------------------------|--------------------|--------------------------|-------------------|--------------------------|
|                         |                           | <b>Rs billion</b>  | <b>as a %<br/>of GDP</b> | <b>Rs billion</b> | <b>as a %<br/>of GDP</b> |
| June 2017               | 446.4                     | 290.1              | 65.0                     | N/A               | N/A                      |
| June 2018               | 469.6                     | 300.2              | 63.9                     | N/A               | N/A                      |
| June 2019               | 491.1                     | 320.7              | 65.3                     | N/A               | N/A                      |
| June 2020               | 457.6                     | 381.8              | 83.4                     | 322.2             | 70.4                     |
| June 2021               | 435.6                     | 419.4              | 96.2                     | 345.0             | 79.2                     |

*Source: Statistics Mauritius Website and Records of MoFEPD*

As shown above, the PSD-to-GDP Ratio as of end of June 2021 was 96.2 per cent (gross basis) and 79.2 per cent, if calculated on net basis.

#### ***PSD-to-GDP Ratio calculated on Net Basis***

The COVID-19 (Miscellaneous Provisions) Act 2020 had repealed Section 7 of the Public Debt Management (PDM) Act 2008 relating to public sector debt ceiling of 65 per cent.

Further, Section 6(1A) of the PDM Act 2008, as amended through the COVID-19 (Miscellaneous Provisions) Act 2020, requires the PSD to be calculated on a “net basis” after deductions of:

- Any cash balance or cash equivalent held by Government with the bank or any financial institution in excess of an aggregate amount of 200 million rupees;
- Any cash balance or cash equivalent held by non-financial public sector bodies in any financial institution in excess of an aggregate amount of 300 million rupees;
- Any equity investment held by Government or non-financial public sector bodies in any private sector entity; or
- Such other money as may be prescribed.

The above amendments became effective as from 23 March 2020 and the Debt-to-GDP Ratio is now being calculated on a net basis.

As at 30 June 2021, cash and cash equivalents and equity investments of Rs 74.4 billion were deducted from the PSD figure of Rs 419.4 billion to arrive at a net PSD figure of Rs 345.0 billion. Hence, the net PSD as a percentage of GDP was 79.2 per cent as of 30 June 2021.

Despite now being calculated on net basis, the Debt-to-GDP Ratio remained high as of 30 June 2020 and 30 June 2021, being 70.4 per cent and 79.2 per cent, respectively.

### 10.2.9 BCG Domestic Debt constituted 78 Per Cent of Total BCG Debt

BCG Domestic Debt constituted 78 per cent of the total Debt of BCG and increased from Rs 304.8 billion in financial year 2019-20 to Rs 307.6 billion in financial year 2020-21, of which Rs 307.4 billion related to Government Securities and the remaining balance being disbursement from the SIC Development Co Ltd vice the Line of Credit from the Exim Bank of India for implementation of Government Projects.

Government Securities comprised Treasury Bills of Rs 26.3 billion, Treasury Certificates of Rs 11.8 billion, Treasury Notes of Rs 57.2 billion, Bonds of Rs 205.6 billion and Silver Bonds of Rs 6.5 billion as of 30 June 2021.

#### *Maturity Structure of Government Securities*

Table 10-21 provides an indication of the maturity of the outstanding Government Securities as of 30 June 2021.

*Table 10-21 Maturity Structure of Government Securities*

| <b>Maturity Period</b> | <b>Treasury Bills</b> | <b>Treasury Certificates</b> | <b>Treasury Notes</b> | <b>Bonds</b>   | <b>Silver Bonds</b> | <b>Total</b>   | <b>%</b>   |
|------------------------|-----------------------|------------------------------|-----------------------|----------------|---------------------|----------------|------------|
|                        | <b>Rs m</b>           | <b>Rs m</b>                  | <b>Rs m</b>           | <b>Rs m</b>    | <b>Rs m</b>         | <b>Rs m</b>    |            |
| 2021-22                | 26,328                | 11,835                       | 27,298                | 16,078         | -                   | 81,539         | 27         |
| 2022-23                | -                     | -                            | 10,065                | 18,667         | -                   | 28,732         | 9          |
| 2023-24                | -                     | -                            | 19,796                | 17,065         | -                   | 36,861         | 12         |
| 2024-25                | -                     | -                            | -                     | 33,750         | -                   | 33,750         | 11         |
| 2025-26                | -                     | -                            | -                     | 28,588         | -                   | 28,588         | 9          |
| 2026-27                | -                     | -                            | -                     | 91,421         | 6,537               | 97,958         | 32         |
| Onwards                |                       |                              |                       |                |                     |                |            |
| <b>Total</b>           | <b>26,328</b>         | <b>11,835</b>                | <b>57,159</b>         | <b>205,569</b> | <b>6,537</b>        | <b>307,428</b> | <b>100</b> |

*Source: Ledger of Respective Securities*

According to the maturity structure of Government Securities, around 27 per cent of the total debt will mature by June 2022, requiring Rs 81.54 billion to settle those debts.

In addition, some 32 per cent of the outstanding debts, amounting to Rs 99.34 billion, will be due for repayment between July 2022 and June 2025.

As shown in Table 10-21, there is a concentration of maturities in the near term.

### MOFEPD's Response

- The maturity profile of Government Debt is set according to a medium debt management strategy. The share of short term instruments (Treasury Bills and Treasury Notes) has been gradually brought down while that of longer term instruments has been increased.
- For maturing Government Securities, a system of rollover or refinancing is applied. During 2020-21, securities amounting to Rs 92.9 billion were redeemed and Rs 107.4 billion were issued, representing on a net basis, additional issuance of Rs 14.5 billion.

### ***Annual Issue of Financial Instruments exceed Redemption, resulting in Increase in Debt***

Table 10-22 shows the issues and redemptions of the main financial instruments, namely Treasury Bills, Treasury Notes, Treasury Certificates and Government Bonds for the past five financial years.

*Table 10-22 Issues and Redemptions of Government Securities – Past Five Financial Years*

|                       | <b>30 June<br/>2017<br/>Rs billion</b> | <b>30 June<br/>2018<br/>Rs billion</b> | <b>30 June<br/>2019<br/>Rs billion</b> | <b>30 June<br/>2020<br/>Rs billion</b> | <b>30 June<br/>2021<br/>Rs billion</b> |
|-----------------------|----------------------------------------|----------------------------------------|----------------------------------------|----------------------------------------|----------------------------------------|
| <b>Issued</b>         |                                        |                                        |                                        |                                        |                                        |
| Treasury Bills        | 67.7                                   | 37.2                                   | 39.7                                   | 46.1                                   | 31.9                                   |
| Treasury Notes        | 19.1                                   | 20.1                                   | 21.0                                   | 21.9                                   | 19.7                                   |
| Treasury Certificates | -                                      | -                                      | 1.9                                    | 7.4                                    | 19.6                                   |
| GoM Bonds             | 24.8                                   | 24.9                                   | 27.7                                   | 40.4                                   | 36.2                                   |
| <b>Total</b>          | <b>111.6</b>                           | <b>82.2</b>                            | <b>90.3</b>                            | <b>115.8</b>                           | <b>107.4</b>                           |
| <b>Redeemed</b>       |                                        |                                        |                                        |                                        |                                        |
| Treasury Bills        | 63.4                                   | 49.9                                   | 36.2                                   | 33.0                                   | 47.6                                   |
| Treasury Notes        | 16.1                                   | 17.7                                   | 19.3                                   | 14.8                                   | 20.1                                   |
| Treasury Certificates | -                                      | -                                      | -                                      | 5.4                                    | 11.7                                   |
| GOM Bonds             | 10.2                                   | 7.2                                    | 9.9                                    | 11.3                                   | 13.5                                   |
| <b>Total</b>          | <b>89.7</b>                            | <b>74.8</b>                            | <b>65.4</b>                            | <b>64.5</b>                            | <b>92.9</b>                            |

*Source- Reports of Director of Audit and Treasury Financial Statements*

Over the past five financial years, the redemption of the financial instruments was lower than the issue thereof. As a result, debts continue to increase over the years.

### **10.2.10 BCG External Debt – Significant Increase in Financial Year 2020-21**

Table 10-23 shows the balances of BCG External Debt as at the end of the past five financial years. The BCG External Debt as at 30 June 2021 includes External Loans of Rs 65.7 billion, Government Securities held by Non-Residents of Rs 13.5 billion and IMF SDR Allocations of Rs 5.9 billion.

*Table 10-23 BCG External Debt - Past Five Financial Years*

| <b>Year Ended</b> | <b>Rs billion</b> |
|-------------------|-------------------|
| 30 June 2017      | 46.2              |
| 30 June 2018      | 44.5              |
| 30 June 2019      | 40.2              |
| 30 June 2020      | 43.7              |
| 30 June 2021      | 85.1              |

*Source: Statement J – Statement of Public Sector Debt*

As shown above, BCG External Debt has increased by Rs 41.4 billion from Rs 43.7 billion as at end of June 2020 to Rs 85.1 billion as at end of June 2021.

Table 10-24 shows the composition of BCG External Debt and the increase from 30 June 2020 to 30 June 2021.

*Table 10-24 BCG External Debt Composition*

| <b>BCG External Debt</b>                    | <b>As at<br/>30 June 20<br/>Rs</b> | <b>As at<br/>30 June 21<br/>Rs</b> | <b>Increase<br/>Rs</b> |
|---------------------------------------------|------------------------------------|------------------------------------|------------------------|
| Government Securities held by Non-Residents | 364,200,000                        | 13,533,450,000                     | 13,169,250,000         |
| External Loans                              | 37,949,367,975                     | 65,684,204,344                     | 27,734,836,369         |
| IMF SDR Allocations                         | 5,374,973,219                      | 5,888,449,212                      | 513,475,993            |
| <b>Total</b>                                | <b>43,688,541,194</b>              | <b>85,106,103,556</b>              | <b>41,417,562,362</b>  |

*Source: Statement J - Statement of Public Sector Debt as at 30 June 2021 and 30 June 2020*

The significant increase in BCG External Debt is mainly due to:

- Government Securities held by Non-Residents which have increased by Rs 13.2 billion.
- Government External Loans which have increased from Rs 37.9 billion to Rs 65.7 billion, mainly due to new loans contracted by Government in its fight against the COVID-19 pandemic, as detailed at paragraph below.
- Revaluation of external debt translated at year end exchange rate.

#### ***Loans related to COVID-19 contracted by Government during Financial Year 2020-21***

Government contracted three foreign loans during the financial year 2020-21 in its effort to support the country in response to the COVID-19 pandemic. Details of the loans are shown in Table 10-25.

Table 10-25 COVID-19 Loans contracted in 2020-21 by Government

| Organisation                                                 | Loan Details                                                                                                                                                                                                                                                                                                                        | Contracted Amount Foreign currency | Loan Disbursed Rs billion |
|--------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|---------------------------|
| <b>Japan International Cooperation Agency (JICA)</b>         | <b>COVID-19 Crisis Response Emergency Support Loan</b><br>Purpose: To contribute to the socio-economic stability and development efforts in response to the COVID-19 pandemic.<br>Date Agreement Signed: 22.02.2021<br>Duration: 15 years (including grace period of 4 years)– Interest: 0.01% per annum                            | JPY 30 billion                     | 10.9                      |
| <b>Agence Francaise de Developpement</b>                     | <b>Credit Facility Agreement</b><br>Purpose: To implement a support program for the economic and social resilience and for the reduction and management of sanitary and natural disasters in Mauritius.<br>Date Agreement Signed: 27.07.2020<br>Duration: 20 years (including grace period of 10 years) – Interest: 1.12% per annum | EUR 300 million                    | 13.9                      |
| <b>Standard Chartered Bank (Singapore) Limited (SCB Ltd)</b> | <b>Import Invoice Financing Facility</b><br>Purpose: To finance the importation of medical goods/equipment to assist in preventing the spread and treatment of COVID-19.<br>Date Agreement Signed: 02.07.2020<br>Duration: 2 years– Interest: 1.09% per annum                                                                       | US \$ 25 million                   | 0.5                       |
| <b>Total (Rs)</b>                                            |                                                                                                                                                                                                                                                                                                                                     |                                    | <b>25.3</b>               |

Source: Ministry of Finance, Economic Planning and Development

### ***Debt Forgiveness by the Government of the People's Republic of China***

In February 2009, the Government of the People's Republic of China provided a loan of 40 million RMB Yuan to the Government of Mauritius (GOM) under the Economic and Technical Cooperation Agreement, with a maturity date of 31 December 2028. A total of 8 million RMB Yuan was repaid as at 31 December 2020.

With a view to supporting the Mauritian economy and reducing the debt burden, the Government of the People's Republic of China relieved the GOM of the obligation of paying back the remaining loan. Hence, in March 2021, a partial debt remittance protocol was signed by both parties whereby the balance of 32 million RMB Yuan was waived.

#### **10.2.11 Debt of Extra Budgetary Units - Rs 135.8 million**

The debt of Extra Budgetary Units as of 30 June 2021 was Rs 135.8 million, showing a decrease of Rs 81.2 million compared to the previous financial year. The decrease was due to:

- A part repayment of a domestic non-guaranteed loan of Rs 55.45 million by the University of Mauritius to the Mauritius Commercial Bank Ltd.
- The full repayment of a Government guaranteed External Loan of Rs 25.75 million by the Road Development Authority to the African Development Bank in respect to the South Eastern Highway Project.

#### **10.2.12 Public Corporations Debt - Rs 39.5 billion**

As of 30 June 2021, financial and non-financial Public Corporations Debt stood at Rs 39.5 billion compared to Rs 38.5 billion as of 30 June 2020. Transactions which took place during the financial year 2020-21 included the following:

- Government Guaranteed Domestic Debt decreased by Rs 6.34 billion mainly due to the National Property Fund Ltd repaying Rs 6.3 billion to a consortium of four local banks, for a syndicated loan contracted in September 2017.
- Domestic Non-Guaranteed Debt increased mainly due to two major loans. The Airport Terminal Operations Ltd availed itself of a loan from the State Bank of Mauritius Ltd in March 2021 and an amount of Rs 1.2 billion was outstanding at 30 June 2021.

Also, the Development Bank of Mauritius Ltd (DBM) had drawn down an amount of Rs 2 billion at 30 June 2021 out of a loan contracted from the Bank of Mauritius (BOM). This Special Line of Credit 2020-21 was provided to the DBM for on-lending to eligible beneficiaries who were affected by the COVID-19 pandemic. The loan agreement was signed in February 2021.

- The Government Guaranteed External Debt increased mainly due to significant disbursements from the Export-Import Bank of India to the SBM (Mauritius) Infrastructure Development Company Ltd, amounting to US \$ 107.5 million, equivalent to Rs 4.4 billion, for the Dollar Line of Credit (LOC) Agreement of US \$ 500 million signed in 2017. Table 10-26 gives details of the amount disbursed during the financial year 2020-21.

*Table 10-26 Disbursements under LOC US \$ 500 million during the  
Financial Year 2020-21*

| <b>Contract No.</b> | <b>Contractor</b>           | <b>Importer/<br/>Project Authority</b>                  | <b>Purpose</b>                                                                                            | <b>Amount Disbursed<br/>US \$</b> |
|---------------------|-----------------------------|---------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|-----------------------------------|
| GOILOC-240(1)       | Varindera Construction Ltd  | National Housing Development Ltd (MOH)                  | Construction of Social Housing units at Mare Tabac and Dagotiere sites in Mauritius                       | 6,754,400                         |
| GOILOC-240(2)       | Larsen & Toubro Limited     | Metro Express Ltd                                       | Engineering, procurement and construction works for the Metro Express project                             | 99,051,838                        |
| GOILOC-240(4)       | NBCC (India) Ltd            | Prime Minister's Office                                 | Project Management Consultancy (PMC) for construction of Mauritius Police Academy                         | 127,484                           |
| GOILOC-240(5)       | NBCC (India) Ltd            | Prime Minister's Office                                 | PMC for construction of Forensic Science Laboratory                                                       | 117,397                           |
| GOILOC-240 (6)      | NBCC (India) Ltd            | Ministry of Arts & Culture                              | PMC for construction of National Archives and National Library in Mauritius                               | 87,428                            |
| GOILOC-240(7)       | NewAge Firefighting Co. Ltd | Ministry of Local Government & Disaster Risk Management | Supply, testing & commissioning of 20 fire fighting & rescue vehicles including three water /foam tenders | 1,286,487                         |
| GOILOC-240(8)       | NewAge Firefighting Co. Ltd | Ministry of Local Government & Disaster Risk Management | Supply, testing & commissioning of A-3 units & types B-10 units trailer mounted flood pump                | 93,439                            |
| <b>Total</b>        |                             |                                                         |                                                                                                           | <b>107,518,473</b>                |

*Source: Ministry of Finance, Economic Planning and Development*

### 10.2.13 BCG Debt Servicing – 37.1 per cent of Total BCG Expenditure were on Debt Servicing

The BCG debt servicing comprised capital repayments and interest payments on BCG Domestic and External Debts, as well as management service charges on these debts. Government debt servicing as per Statement D1 – ‘Detailed Statement of Expenditure of the Consolidated Fund’ for the past five financial years is shown in Table 10-27.

*Table 10-27 Government Debt Servicing for Financial Years 2016-17 to 2020-21*

| <b>Particulars</b>         | <b>30.06.2017<br/>Rs m</b> | <b>30.06.2018<br/>Rs m</b> | <b>30.06.2019<br/>Rs m</b> | <b>30.06.2020<br/>Rs m</b> | <b>30.06.2021<br/>Rs m</b> |
|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| <b>*Interests</b>          |                            |                            |                            |                            |                            |
| External Debt              | 720.6                      | 675.0                      | 710.6                      | 637.6                      | 577.4                      |
| Domestic Debt              | 10,237.7                   | 10,703.3                   | 11,937.0                   | 12,727.6                   | 11,837.3                   |
| Management Service Charges | 7.2                        | 4.5                        | 3.5                        | 24.3                       | 70.4                       |
| <b>Sub Total</b>           | <b>10,965.5</b>            | <b>11,382.8</b>            | <b>12,651.1</b>            | <b>13,389.5</b>            | <b>12,485.1</b>            |
| <b>Capital Repayments</b>  |                            |                            |                            |                            |                            |
| External Debt              | 6,695.2                    | 3,028.9                    | 4,067.2                    | 10,875.1                   | 4,949.4                    |
| Domestic Debt              | 10,737.3                   | 7,508.8                    | 11,356.5                   | 12,352.9                   | 92,979.1                   |
| <b>Sub Total</b>           | <b>17,432.5</b>            | <b>10,537.7</b>            | <b>15,423.7</b>            | <b>23,228.0</b>            | <b>97,928.5</b>            |
| <b>Total</b>               | <b>28,398.0</b>            | <b>21,920.5</b>            | <b>28,074.8</b>            | <b>36,617.5</b>            | <b>110,413.6</b>           |

*Source Treasury Accounting Systems*

*\* Interest is computed on an accrual basis*

*Redemption of Treasury Bills, Treasury Certificates and Treasury Notes is included only for the year 30 June 2021*

Interest payments on BCG Debt have increased over the past five financial years, from Rs 10.97 billion in 2017 to Rs 12.49 billion in 2021.

During the same period, capital repayments increased from Rs 17.43 billion to Rs 97.93 billion. This sharp increase was explained by the fact that prior to the financial year 2020-21, it was the Treasury’s policy not to include redemption of Treasury Bills, Treasury Certificates and Treasury Notes, Saving Notes and Saving Bonds in Government Debt Servicing in Statement D1. The redemptions of these instruments were Rs 79.5 billion, Rs 68.2 billion, Rs 55.5 billion and Rs 54.0 billion for the financial years ending 30 June 2017 to 30 June 2020 respectively.

Table 10-28 shows BCG debt servicing as a percentage of total BCG expenditure, as per Statement D1 for the past five financial years 2017 to 2021.



Table 10-28 BCG Debt Servicing as a Percentage of Total Government Expenditure

| Period                 | Government<br>Debt Servicing | Total<br>Expenditure | Government<br>Debt Servicing<br>(% of Total<br>Expenditure) |
|------------------------|------------------------------|----------------------|-------------------------------------------------------------|
|                        | Rs million                   | Rs million           |                                                             |
| July 2016 to June 2017 | *28,398.0                    | *130,501.8           | 21.8                                                        |
| July 2017 to June 2018 | *21,920.5                    | *135,932.9           | 16.1                                                        |
| July 2018 to June 2019 | *28,074.8                    | *147,154.4           | 19.1                                                        |
| July 2019 to June 2020 | *36,617.5                    | *189,556.0           | 19.3                                                        |
| July 2020 to June 2021 | 110,413.6                    | 297,277.9            | 37.1                                                        |

Source: Statement D1- Detailed Statement of Expenditure of the Consolidated Fund

\*Government Debt Servicing and Total Expenditure did not include redemption of Treasury Bills, Treasury Certificates and Treasury Notes, Saving Notes and Saving Bonds

The amount spent on Government debt servicing totalled Rs 110.4 billion, representing 37.1 per cent of total Government expenditure for the financial year ended 30 June 2021.

#### 10.2.14 Transfer Rs 18 Billion from Special Reserve Fund of the Bank of Mauritius in Financial Year 2019-20 for Repayments of External Debt

On 26 November 2019, the Bank of Mauritius (BOM) exceptionally approved the transfer of an amount of Rs 18 billion out of the BOM's Special Reserve Fund to Government for the purpose of repaying Government External Debts.

On 11 December 2019, BOM credited Rs 18 billion in the Bank Account of Government held at the BOM. As of 30 June 2021, a total of Rs 13.1 billion had been used for repayment of Government external loans obligations, of which Rs 6.7 billion were for early repayment of debts and Rs 6.4 billion for scheduled repayments of debts respectively, as shown in Table 10-29.

Table 10-29 Funds utilised from the Rs 18 billion Transfer from the BOM

|                     | 30 June 2020 | 30 June 2021 | Total       |
|---------------------|--------------|--------------|-------------|
|                     | Rs billion   | Rs billion   | Rs billion  |
| Early repayment     | 6.4          | 0.3          | 6.7         |
| Scheduled repayment | 1.8          | 4.6          | 6.4         |
| <b>Total</b>        | <b>8.2</b>   | <b>4.9</b>   | <b>13.1</b> |

Source: Ministry of Finance, Economic Planning and Development

According to the Estimates 2021-2022, an additional amount of Rs 4.3 billion would be repaid in financial year 2021-22 and Rs 600 million in the financial year 2022-23.

### **10.2.15 Commitment Fees of Rs 4.4 million paid during Financial Year 2020-21**

Commitment fees are paid on undrawn balances when disbursement of funds in respect of projects are effected after the scheduled date specified in the Loan Agreements due to delays in the implementation of projects. Rs 2.26 million and Rs 4.4 million were paid in the financial years 2019-20 and 2020-21 respectively.

Commitment fees paid during the financial year 2020-21 included the following:

- A total of Rs 2.3 million was paid to JICA for the Grand Bay Sewerage Project in August 2020 and February 2021. Total amount paid as commitment fees since 2011 up to 30 June 2021 amounted to some Rs 22.5 million.
- In September 2020, US \$ 39,799, equivalent to Rs 1.6 million, were paid in relation to the third contract signed on 15 February 2019 for projects of the Mauritius Police Force, under a Dollar Line of Credit Agreement with the Export-Import Bank of India.
- Rs 607,919 were paid on 29 January 2021 in relation to a Credit Facility Agreement from Agence Française de Développement of EUR 300 million.

#### **MOFEPD's Response**

- The main causes of the accrued delays under the Grand Baie Sewerage Project were:
  - Site activities were severely impacted due to the two lockdowns imposed by Government in 2020 and 2021.
  - During the period January 2020 to October 2021, a ban was imposed on international flights from China with a view to mitigate imported cases of COVID-19. Recruitment of foreign labour did not materialize during this period and the Contractor applied for extension of time on account of this travel ban.

A series of remedial actions have been undertaken in terms of mobilization of labour force, acquisition of construction equipment and new construction methodology, amongst others.

- Regarding the commitment fee of Rs 607,919 claimed by the Agence Française de Développement (AFD), a request for refund was made by the Ministry as this fee was applied due to delay on the part of AFD to disburse the loan amount to the Government of Mauritius.

### **Statement M: Statement of All Outstanding Loans Financed from Revenue as at 30 June 2021**

#### **10.2.16 Loan Administration**

Loans are granted by Government to Statutory Bodies, Private Bodies, Other Bodies and Private Individuals, mainly to finance the implementation of capital projects. A review of the records relating to these loans showed the following:

- (a) Outstanding loans have decreased by some 15 per cent, from Rs 11.5 billion to Rs 9.7 billion as at 30 June 2021 due mainly to the write-off of loans for a total amount of Rs 2.3 billion during the financial year 2020-21;
- (b) Outstanding loans from two Statutory Bodies totalled Rs 6.3 billion, representing 65 per cent of the total outstanding loans of Rs 9.7 billion;
- (c) New loans disbursed during the financial year 2020-21 totalled Rs 564.6 million whilst repayments of loans during the same period amounted to Rs 75.4 million; and
- (d) Loan capital, interests and penalties due as at 30 June 2021 amounted to Rs 1.9 billion, after write off of loan capital of Rs 1.46 billion and waiving off of interests and penalties of Rs 1.47 billion.

***Outstanding Loans as at 30 June 2021 - Rs 9.7 billion***

The total amount of loan outstanding as at 1 July 2020 was Rs 11.5 billion.

During the financial year 2020-21, new loans for a total amount of Rs 564.6 million were granted to the following organisations/individuals, as shown in Table 10-30.

*Table 10-30 New Loans disbursed during 2020-21*

| <b>Organisation/Individuals</b>             | <b>Loan Amount<br/>Disbursed<br/>Rs</b> |
|---------------------------------------------|-----------------------------------------|
| Metro Express Limited                       | 380,000,000                             |
| Central Water Authority                     | 64,723,584                              |
| Rodrigues Business Park Development Co. Ltd | 50,000,000                              |
| Wastewater Management Authority             | 45,952,370                              |
| Development Bank of Mauritius Ltd           | 23,871,115                              |
| Individuals - Repatriation Expenses         | 42,020                                  |
| <b>Total</b>                                | <b>564,589,089</b>                      |

*Source: Treasury Records*

During the financial year 2020-21, a total repayment of Rs 75.4 million was effected by Statutory Bodies, Private Bodies, Other Bodies and Private Individuals.

In the same financial year, full outstanding loans granted to Rose Belle Sugar Estate Board, comprising Rs 95.2 million capital and arrears of interests of Rs 115.7 million were waived in exchange of land and shares transferred to the Government of Mauritius through Landscape (Mauritius) Ltd.

With an adjustment due to currency revaluation of Rs 131.1 million as at 30 June 2021, total outstanding loans would have been Rs 12 billion. This represents an increase of 5.4 per cent compared to the outstanding loans as at the end of the previous financial year.

However, on 30 June 2021, loans for a total amount of Rs 2.3 billion were written off, bringing the amount of outstanding loans as at 30 June 2021 to Rs 9.7 billion.

Details of outstanding loans as at 30 June 2021 are shown in Table 10-31.

*Table 10-31 Outstanding Loans as at 30 June 2021*

| <b>Name of Borrowers</b>                                          | <b>Original Loan<br/>Rs</b> | <b>Outstanding Loan<br/>Rs</b> |
|-------------------------------------------------------------------|-----------------------------|--------------------------------|
| <b>Statutory Bodies</b>                                           |                             |                                |
| Central Water Authority                                           | 7,238,717,787               | 3,273,666,804                  |
| Wastewater Management Authority                                   | 5,148,472,616               | 3,011,091,220                  |
| Mauritius Cane Industry Authority                                 | 20,408,214                  | 17,206,977                     |
| <b>Sub Total</b>                                                  | <b>12,407,598,617</b>       | <b>6,301,965,001</b>           |
| <b>Private Bodies</b>                                             |                             |                                |
| Cargo Handling Corporation Ltd                                    | 699,000,000                 | 807,231,564                    |
| Airport Terminal Operations Ltd                                   | 494,130,000                 | 644,003,079                    |
| Metro Express Limited                                             | 600,000,000                 | 606,476,622                    |
| National Housing Development Co Ltd                               | 776,223,428                 | 418,877,636                    |
| Airports of Mauritius Ltd                                         | 513,372,400                 | 339,912,025                    |
| Development Bank of Mauritius Ltd                                 | 471,100,000                 | 262,305,324                    |
| Landscape (Mauritius) Ltd                                         | 163,121,466                 | 146,809,319                    |
| Mauritius Cooperative Central Bank (MCCB) Ltd<br>(in liquidation) | 81,880,000                  | 81,308,000                     |
| Rodrigues Business Park Dev Co Ltd                                | 220,000,000                 | 50,000,000                     |
| Mauritius Housing Company Ltd                                     | 51,394,315                  | 400,793                        |
| <b>Sub Total</b>                                                  | <b>4,070,221,609</b>        | <b>3,357,324,362</b>           |
| <b>Other Bodies</b>                                               |                             |                                |
| The Municipal Council of B. Bassin/R. Hill                        | 42,000,000                  | 25,200,000                     |
| Rodrigues Regional Assembly                                       | 14,847,000                  | 14,694,000                     |
| Pamplemousses District Council                                    | 23,520,000                  | 12,936,000                     |
| Riviere du Rempart District Council                               | 18,480,000                  | 10,164,000                     |
| <b>Sub Total</b>                                                  | <b>98,847,000</b>           | <b>62,994,000</b>              |
| <b>Private Individuals</b>                                        |                             |                                |
| Repatriation Expenses                                             | 2,827,070                   | 650,269                        |
| <b>Sub Total</b>                                                  | <b>2,827,070</b>            | <b>650,269</b>                 |
| <b>Sinking Fund Contribution</b>                                  |                             |                                |
| Mauritius Cane Industry Authority                                 | 2,631,395                   | 188,112                        |
| <b>Sub Total</b>                                                  | <b>2,631,395</b>            | <b>188,112</b>                 |
| <b>Total</b>                                                      | <b>16,582,125,691</b>       | <b>9,723,121,744</b>           |

*Source: Statement M – Statement of all Outstanding Loans Financed from Revenue as at 30 June 2021*

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

As of 30 June 2021, outstanding loans from two Statutory Bodies, namely the Central Water Authority and the Wastewater Management Authority totalled some Rs 6.3 billion, representing 65 per cent of the total outstanding loans of some Rs 9.7 billion.

### *Central Water Authority - Outstanding Loans of Rs 3.3 billion as at 30 June 2021*

Government has been providing loans to the Central Water Authority (CWA) to finance the implementation of various water distribution projects.

The total amount of loan due by the CWA as at 30 June 2021 amounted to Rs 3.3 billion, representing 34 per cent of the total amount due by Statutory and Other Bodies.

The CWA has not been in a position to repay its loans since long. However, on 27 November 2020, a new Loan Agreement for a project value of Rs 315.5 million was signed between Government and the CWA to enable the latter to continue the implementation of various capital projects. A total of Rs 64.7 million out of the Rs 315.5 million, had been disbursed as of June 2021.

As at 30 June 2021, CWA had repaid neither the capital amounts due nor the interests and penalties accrued thereon. Instead, Government had written off loans amounting to a total of Rs 732.8 million granted to the CWA during the period 1991 to 2009.

The Ministry of Finance, Economic Planning and Development (MOFEPD) has informed NAO that an Ad-hoc Committee has been set up at the level of the CWA comprising representatives of the Ministry of Energy and Public Utilities and Water Resources Unit with a view to:

- Refining the proposed price adjustment in User Fees and Charges regulated by CWA; and
- Work out an Implementation Plan for the price adjustment. The Ad-hoc Committee has held its meeting and the proceedings are ongoing.

It is expected that the proposals would be finalised by the end of February 2022.

### *Wastewater Management Authority - Outstanding Loans of Rs 3 billion as at 30 June 2021*

Government has been providing loans to the Wastewater Management Authority (WMA) since January 2013 for the implementation of sewerage projects.

The WMA has not been in a position to repay its loans, which became due and payable as far back as 2018. In a correspondence dated 20 November 2017, the then Ministry of Energy and Public Utilities informed my Office that the MOFEPD had decided that sewerage works would henceforth be financed by way of shares and equity and the WMA was requested to start repaying to Government the outstanding interests.

However, as of date, neither repayments of loans nor payment of interests/penalties had been effected by the WMA. Instead:

- A new loan agreement was signed in August 2020 between Government and the WMA for an amount of Rs 135 million, of which Rs 45.9 million had been disbursed as of 30 June 2021.
- Part of the loan disbursed under the loan agreement signed in 2014 and amounting to Rs 385.1 million was written off in June 2021.

The total amount of loan outstanding as of 30 June 2021 amounted to some Rs 3 billion, representing 31 per cent of the total loan outstanding.

The MOFEPD has informed that an exercise has already started to move the WMA towards a long term financial sustainability. A comprehensive report on the financial position has been prepared by the WMA Management and is being considered by an Ad-hoc Committee set up by the WMA Board. The Report would be relayed to the Ministry of Energy and Public Utilities once approved by the WMA Board.

*Mauritius Cooperative Central Bank Limited (In liquidation) – Outstanding loans of Rs 81.3 million as at 30 June 2021*

Two loan agreements were signed between Government and the Mauritius Cooperative Central Bank Limited in 1987 and 1992 for amounts of Rs 880,000 and Rs 81 million respectively. The Bank went into liquidation in April 1996. As at 30 June 2021, the total amount of loans outstanding was Rs 81.3 million.

The Accountant General was informed by the liquidator, in October 2021, that the case was heard on 23<sup>rd</sup> and 24<sup>th</sup> September 2021 and that judgment is being awaited.

***Loans Written off – Total amount of Rs 2.3 billion***

On 30 June 2021, the MOFEPD informed the Accountant General that an amount of Rs 2.3 billion has been voted, through the Estimates of Supplementary Expenditure in 2020-21, for the writing off of outstanding loans of public bodies and for the waiving of the interests and penalties due on these loans.

Details of the loans written off are shown in Table 10-32.

*Table 10-32 Loans Written off during 2020-21*

|                                    | <b>Period of Loans</b> | <b>Capital Component of Loans<br/>Rs</b> |
|------------------------------------|------------------------|------------------------------------------|
| Central Water Authority            | 1991-2009              | 732,810,061                              |
| Polytechnics Mauritius Ltd         | 2014-2016              | 651,213,763                              |
| Wastewater Management Authority    | 2013                   | 385,132,748                              |
| Irrigation Authority               | 1979-2011              | 291,186,512                              |
| National Transport Corporation     | 1986-1998              | 154,071,447                              |
| Mauritius Broadcasting Corporation | 2016-2017              | 67,268,268                               |
| MauBank Ltd                        | 2011                   | 8,000,000                                |
| Mauritius Meat Authority           | 1975-1980              | 5,669,085                                |
| Bus Companies                      | 1978                   | 4,460,006                                |
| Small Scale Industries             | 1981-1982              | 188,110                                  |
| <b>Total</b>                       |                        | <b>2,300,000,000</b>                     |

*Source: Treasury Records*

The following observations were made:

- The entire arrears of the above Bodies have been fully written off, except those of the Central Water Authority and the Wastewater Management Authority; and
- 48 per cent of the loans written off were in respect of loans which had remained outstanding for less than ten years.

***Loans, Interests and Penalties in Arrears - Rs 1,888,112,527***

Claims are issued by the Treasury for all loan instalments which fall due. Amounts of loans due and not yet repaid as of 30 June of each financial year are reflected in Statement N: Arrears of Revenue.

Total arrears as at 1 July 2020 was Rs 4.2 billion (Capital Amount: Rs 1.9 billion and Interest/ Penalty: Rs 2.3 billion).

A major part of these arrears had been written off as several Statutory Bodies and Other Bodies had not been in a position to repay their long outstanding loan instalments, accrued interests and penalties.

Details of amounts waived as of 30 June 2021 are given in Table 10-33.

*Table 10-33 Capital, Interests and Penalties waived during 2020-21*

| <b>Public Body</b>              | <b>Amount<br/>Written-off<br/>Capital<br/>Rs</b> | <b>Amount<br/>Waived off<br/>Interests<br/>Rs</b> | <b>Amount<br/>Waived off<br/>Penalties<br/>Rs</b> | <b>Total Arrears<br/>Written off<br/>Rs</b> |
|---------------------------------|--------------------------------------------------|---------------------------------------------------|---------------------------------------------------|---------------------------------------------|
| Central Water Authority         | 522,097,851                                      | 355,134,145                                       | -                                                 | 877,231,996                                 |
| Wastewater Management Authority | 322,347,417                                      | 267,134,597                                       | 80,945,600                                        | 670,427,614                                 |
| Irrigation Authority            | 291,186,512                                      | 243,434,847                                       | 6,687,037                                         | 541,308,396                                 |
| National Transport Corporation  | 154,071,447                                      | 341,102,908                                       | -                                                 | 495,174,355                                 |
| Polytechnics Mauritius Ltd      | 162,803,440                                      | 138,878,026                                       | 34,168,755                                        | 335,850,221                                 |
| Mauritius Meat Authority        | 5,669,085                                        | -                                                 | -                                                 | 5,669,085                                   |
| Bus Companies                   | 4,460,006                                        | -                                                 | -                                                 | 4,460,006                                   |
| Small Scale Industries          | 188,110                                          | 1,294,472                                         | -                                                 | 1,482,582                                   |
| <b>Total</b>                    | <b>1,462,823,868</b>                             | <b>1,346,978,995</b>                              | <b>121,801,392</b>                                | <b>2,931,604,255</b>                        |

*Source: Treasury Records*

Total arrears written off, including interests and penalties, amounted to Rs 2.9 billion, of which Rs 1.46 billion were in respect of the capital amounts which became due and payable as at 30 June 2021.

Amounts not yet repaid as at 30 June 2021 totalled Rs 1.9 billion, comprising capital amounts of Rs 888 million and interests/penalties of some Rs 1 billion, as shown in Table 10-34.

*Table 10-34 Arrears of Capital, Interest and Penalty due as at 30 June 2021*

| <b>Statutory Bodies</b>                     | <b>Principal Arrears<br/>Rs</b> | <b>Interest and penalties<br/>Rs</b> | <b>Period due</b> | <b>Remarks</b>                       |
|---------------------------------------------|---------------------------------|--------------------------------------|-------------------|--------------------------------------|
| Central Water Authority (Note 1)            | 453,092,381                     | 421,591,720                          | 1999-2021         | No repayment                         |
| Wastewater Management Authority (Note 2)    | 258,077,065                     | 470,834,095                          | 2014-2021         | No repayment since 2014              |
| <b>Other Bodies</b>                         |                                 |                                      |                   |                                      |
| Ex. M.C.C.B Ltd                             | 81,308,000                      | 82,962,018                           | 1996-2021         | In liquidation                       |
| Rodrigues Regional Assembly (Note 3)        | 14,694,000                      | 12,359,601                           | 2011-2021         | Repayment effected only in 2015-16   |
| Development Bank of Mauritius Ltd           | -                               | 2,210,000                            | 2019-2021         | Repayment effected in September 2021 |
| Airports of Mauritius Ltd                   | 80,394,130                      | 10,418,284                           | 2019-2021         | No repayment                         |
| Rodrigues Business Park Development Co. Ltd | -                               | 171,233                              | 2020-2021         | Repayment effected in July 2021      |
| <b>Total</b>                                | <b>887,565,576</b>              | <b>1,000,546,951</b>                 |                   |                                      |

*Source: Return of Arrears*

*Note 1 – Loan to Central Water Authority*

Claims in respect of arrears of capital, interests and penalties and amounting to a total of Rs 874.7 million, were issued to the CWA as at 30 June 2021. During 2020-21, no repayment had been effected by the Authority.

*Note 2 - Loan to Wastewater Management Authority*

As of 30 June 2021, total loans disbursed to the Authority as per Loan Agreements signed between Government and the WMA since 2014 amounted to Rs 3.01 billion, as shown in Table 10-35.



Table 10-35 Loans to Wastewater Management Authority

| Date of Loan Agreement | Amount of Loan Disbursed<br>Rs | Loan Repayment Period       |
|------------------------|--------------------------------|-----------------------------|
| 6 May 2014             | 535,859,868                    | 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   |
| 11 August 2017         | 255,009,473                    | June 2022 – December 2031   |
| 20 November 2018       | 179,201,337                    | June 2023 – December 2032   |
| 19 September 2019      | 72,435,330                     | June 2024-December 2033     |
| 21 August 2020         | 45,952,370                     | June 2025-December 2034     |
| <b>Total</b>           | <b>3,011,091,220</b>           |                             |

Source: Advance Ledger of Treasury

As per the loan agreements, interests were accrued as from the date of the first drawdown of the loans by the WMA. On 30 June 2021, the MOFEPD conveyed its approval for the write off of the balance of the loan due under the loan agreement signed in 2014 and amounting to some Rs 320 million, and for the waiving off of all interests and penalties accrued thereon.

As of 30 June 2021, claims already issued in respect of capital and interests plus penalties totalling some Rs 728.9 million (Capital:Rs 258.1 million, Interests and Penalties: Rs 470.8 million) have remained unpaid, as indicated in Table 10-34.

### Note 3- Rodrigues Regional Assembly

A loan of some Rs 15 million was disbursed to the Rodrigues Regional Assembly (RRA) to finance development projects in the fisheries sector in 2011. No repayment of capital and interests was made by the RRA since 2017-18.

Amount outstanding as at 30 June 2021 amounted to some Rs 27 million, comprising capital of Rs 14.7 million and interest and penalties of Rs 12.3 million.

In February 2020, MOFEPD stated that Loans were granted to five fishing cooperatives as a contribution towards the purchase of fishing vessels with a view to promoting outer lagoon fishing in Rodrigues. However, the cooperatives have effected only a partial repayment so far.

Several reminders were sent to the cooperatives and regular meetings were held with the Commission to settle their debts, including interests. Due to their failure to respond positively to the different solicitation, the Executive Council has taken the decision to re-possess the fishing vessels.

Meanwhile the RRA is working on a Business Model for the operationalisation of the fishing vessels once repossession is completed.

## **Statement N: Statement of Arrears of Revenue**

### **10.2.17 Arrears of Revenue as at 30 June 2021 – Rs 14.2 billion**

Statement N- ‘Statement of Arrears of Revenue’ as at 30 June 2021 was prepared by the Treasury on the basis of the returns submitted by all Ministries and Government Departments.

A review of Statement N and the relevant records revealed the following:

- (a) The balance of arrears of revenue which stood at Rs 14.5 billion on 30 June 2020 has registered an increase of some Rs 2.9 billion during the financial year 2020-21 and was reduced by a write off of a total amount of Rs 3.2 billion to reach Rs 14.2 billion as at 30 June 2021;
- (b) Arrears of Revenue of the Mauritius Revenue Authority (MRA) were Rs 10.7 billion, being some 75 per cent of the total arrears of Government of Rs 14.2 billion;
- (c) The total book balance of arrears of revenue for the MRA as at 30 June 2021 stood at Rs 33 billion, of which Rs 10.7 billion were collectible. The remaining sum of Rs 22.3 billion, referred to as ‘non-collectible’ arrears, included an amount of Rs 19.5 billion (87 per cent), representing cases outstanding at the Assessment Review Committee (ARC) as of 30 June 2021;
- (d) Arrears in the books of the Treasury as at 30 June 2021, comprising mainly Loans, Interests and Penalties and Accidents Claims, have decreased from Rs 4.2 billion to Rs 1.9 billion, that is, by some 55 per cent compared to the previous year. Arrears of Rs 2.9 billion as at 30 June 2021, in respect of eight Statutory Bodies/Other Bodies, were written off on 30 June 2021. Out of the Rs 2.9 billion, Rs 2.6 billion were in respect of revenue arrears as at 30 June 2020; and
- (e) During the financial year 2020-21, a total of Rs 3.2 billion was written-off by Ministries/Government Departments, being long outstanding and irrecoverable debts, compared to Rs 386.6 million which were written off in the financial year 2019-20.

***Arrears of Revenue as at 30 June 2021 totalled Rs 14.2 billion after write-offs of an amount of Rs 3.2 billion***

As of 30 June 2021, arrears of revenue of Government totalled some Rs 14.2 billion. The arrears of revenue as at the end of the past five financial years are given in Table 10-36.

*Table 10-36 Arrears of Revenue as at end of the Past Five Financial Years*

| <b>As at</b> | <b>Arrears of Revenue before write-offs</b> | <b>Amount Written off</b> | <b>Balance of Arrears of Revenue</b> |
|--------------|---------------------------------------------|---------------------------|--------------------------------------|
|              | <b>Rs</b>                                   | <b>Rs</b>                 | <b>Rs</b>                            |
| 30 June 2017 | 11,443,789,444                              | 198,592,154               | 11,245,197,290                       |
| 30 June 2018 | 11,161,887,048                              | 152,520,682               | 11,009,366,366                       |
| 30 June 2019 | 13,357,238,625                              | 195,217,597               | 13,162,021,028                       |
| 30 June 2020 | 14,893,095,946                              | 386,624,103               | 14,506,471,843                       |
| 30 June 2021 | 17,411,098,284                              | 3,182,326,016             | 14,228,772,268                       |

*Source: Annual Reports of the Accountant-General*

The balance of arrears of revenue which stood at Rs 14.5 billion on 30 June 2020 has registered an increase of some Rs 2.9 billion during the financial year 2020-21 and was reduced by a write off of a total amount of Rs 3.2 billion to reach Rs 14.2 billion as at 30 June 2021.

*Mauritius Revenue Authority – Arrears of Rs 10.7 billion representing 75 per cent of total Arrears of Government*

Arrears of the MRA, classified as ‘Collectible Debts’, and reported in Statement N – ‘Statement of Arrears of Revenue’ as at 30 June 2021 totalled some Rs 10.7 billion. This represents some 75 per cent of the total arrears figure of Rs 14.2 billion.

The total book balance of arrears of revenue for the MRA as at 30 June 2021 stood at Rs 33 billion. The remaining sum of Rs 22.3 billion not accounted as arrears of revenue in Statement N represented mainly cases under dispute, cases pending under objection at the MRA, cases pending at the ARC, and also cases where assessments had been raised, but objections could still be lodged within the statutory time limit of 28 days, referred to as ‘Sums Otherwise not Due’.

Details are given in Table 10-37.

Table 10-37 MRA - Book Balance of Arrears as at 30 June 2021

|                                                                                                          | Customs<br>Rs      | Income Tax and<br>Other Taxes<br>Rs | Total<br>Rs           |
|----------------------------------------------------------------------------------------------------------|--------------------|-------------------------------------|-----------------------|
| Amount Under Dispute                                                                                     | 429,837,375        | -                                   | 429,837,375           |
| Pending under Objection                                                                                  | -                  | 74,726,232                          | 74,726,232            |
| Pending at Assessment<br>Review Committee                                                                | -                  | 19,526,116,821                      | 19,526,116,821        |
| Pending under Alternative<br>Tax Dispute Resolution and<br>Expeditious Dispute<br>Resolution Tax Schemes | -                  | 350,284,697                         | 350,284,697           |
| Sum Otherwise not Due                                                                                    | -                  | 1,921,092,884                       | 1,921,092,884         |
| Pending at Supreme Court<br>and Privy Council                                                            | -                  | 52,477,371                          | 52,477,371            |
| Arrears of Revenue                                                                                       | 35,239,667         | 10,648,209,133                      | 10,683,448,800        |
| <b>Total Book Balances</b>                                                                               | <b>465,077,042</b> | <b>32,572,907,138</b>               | <b>33,037,984,180</b> |

Source: Returns of Arrears of Revenue submitted by MRA

According to the records of the MRA, 87 per cent of non-collectible taxes (Rs 19.5 billion out of Rs 22.3 billion) were under examination at the ARC as of 30 June 2021.

*Arrears of Revenue of the Treasury – Decrease from Rs 4.2 billion to Rs 1.9 billion due mainly to write offs effected during the financial year 2020-21*

Arrears in the books of the Treasury as of 30 June 2021, comprising mainly Loans, Interests and Penalties, and Accidents Claims, have decreased from Rs 4.2 billion to Rs 1.9 billion, that is, by some 55 per cent compared to the previous year.

Details of arrears of revenue for the Treasury are given in Table 10-38.

Table 10-38 Treasury - Arrears of Revenue as at 30 June 2020 and 30 June 2021

| Items                          | 30 June 2021<br>Rs   | 30 June 2020<br>Rs   |
|--------------------------------|----------------------|----------------------|
| Loans, Interests and Penalties | 1,888,112,528        | 4,151,247,621        |
| Guarantee Fee                  | -                    | 51,733,125           |
| Accidents Claims               | 10,484,261           | 11,048,846           |
| <b>Total</b>                   | <b>1,898,596,789</b> | <b>4,214,029,592</b> |

Source: Returns of Arrears of Revenue for Treasury as at 30 June 2020 and 2021

#### Arrears of Revenue for Loans, Interests and Penalties – Rs 1.9 billion

The arrears figure for Loans, Interests and Penalties of Rs 1.9 billion comprised Rs 887.6 million as capital repayment due, and some Rs 1.0 billion as interests and penalties due by seven Statutory Bodies/Other Bodies.

Arrears of Loans, Interests and Penalties of Rs 2.9 billion as at 30 June 2021, in respect of eight Statutory Bodies/Other Bodies, were written off on 30 June 2021. Out of the Rs 2.9 billion, Rs 2.6 billion were in respect of revenue arrears as at 30 June 2020.

#### Arrears of Revenue for Accidents and Claims – Rs 10.5 million

Arrears of revenue of Rs 10.5 million as at 30 June 2021 were in respect of 165 accident cases, of which 51 cases, with claims totalling Rs 2.7 million, were due for more than 10 years since the accidents occurred. Hence, some 25 per cent of the arrears of revenue for accidents and claims were long overdue, and the possibility of recovery could be remote.

During the financial year 2020-21, following the approval of the Attorney General's Office in September 2020, arrears of revenue for a total of Rs 4.2 million were written off for 139 accident cases which occurred between 1991 and 2010.

#### Arrears of Revenue for Guarantee Fee – Rs 51.7 million waived

At paragraph 5.6.5 of the Audit Report for the financial year 2019-20, it was reported that the Central Electricity Board (CEB) owed guarantee fees totalling Rs 51.7 million in respect of two loans and a bond guaranteed by Government. Both the bond and the loans had been fully repaid by the CEB but the guarantee fees had remained due.

On 15 February 2021, the Ministry of Finance, Economic Planning and Development (MOFEPD) approved the waiving off of the outstanding guarantee fee.

#### ***Arrears of Revenue Written-Off – Rs 3.2 billion***

During the financial year 2020-21, a total of Rs 3.2 billion was written-off by Ministries/Government Departments, being long outstanding and irrecoverable debts, compared to Rs 386.6 million which were written off in the financial year 2019-20. Details are shown in Table 10-39.

Table 10-39 Arrears of Revenue Written-Off

| Ministries/Government Departments                                  | 2020-21<br>Rs        | 2019-20<br>Rs      |
|--------------------------------------------------------------------|----------------------|--------------------|
| Registrar- General's Department                                    | 1,193,083            | 4,796,765          |
| Corporate and Business Registration Department                     | -                    | 15,690,950         |
| Ministry of Blue Economy, Marine Resources, Fisheries and Shipping | 110,324              | -                  |
| Judiciary                                                          | 222,700              | 2,648,508          |
| Treasury                                                           | 2,987,573,941        | 929,276            |
| Mauritius Revenue Authority                                        | 193,225,968          | 131,801,135        |
| Ministry of Housing and Land Use Planning                          | -                    | 230,757,469        |
| <b>Total</b>                                                       | <b>3,182,326,016</b> | <b>386,624,103</b> |

Source: Treasury and MRA Records

### 10.2.18 Special Funds

Special Funds are established under Section 9 of the Finance and Audit Act. There are currently 36 Special Funds in operation which are either regulated by an Act or Regulations made under the Finance and Audit Act.

An audit of Special Funds revealed the following:

- As at 30 June 2021, cash balances of seven out of the 36 Special Funds were deposited with the Accountant General;
- Rs 25.6 billion, being 60 per cent of the balance of Cash and Cash Equivalents in the accounts of Government as at 30 June 2021 (Rs 42.5 billion) were held by the seven Special Funds;
- Rs 10.9 billion of the total Investments of Government as at 30 June 2021 were on account of Special Funds;
- Funds for a total amount of Rs 31.9 billion were transferred to four Special Funds and charged to Government's expenditure in 2020-21;
- Transfer to Special Funds initially estimated at Rs 15 billion was revised to Rs 31.9 billion; and
- Included in the Rs 31.9 billion was a total amount of Rs 16.7 billion which was appropriated through the Supplementary Estimates and transferred to the Special Funds on 30 June 2021.

### ***Cash/Bank Balances and Investments held by Seven Special Funds***

As at 30 June 2021, seven out of the 36 Special Funds, set up under the Finance and Audit Act, held Cash/Bank balances of Rs 25.6 billion, which represented some 60 per cent of the Cash and Cash Equivalents figure of Rs 42.5 billion in the accounts of Government.

Rs 10.9 billion of the total Investments of Government as at 30 June 2021 were also on account of Special Funds. Details are as shown in Table 10-40.

*Table 10-40 Special Fund Balances as at 30 June 2020 and 30 June 2021*

| Special Funds                                 | 30 June 2021          |                       | 30 June 2020       |                       |
|-----------------------------------------------|-----------------------|-----------------------|--------------------|-----------------------|
|                                               | Investments           | Bank Balance          | Investments        | Bank Balance          |
|                                               | Rs                    | Rs                    | Rs                 | Rs                    |
| Curatelle Fund                                | -                     | 37,381,991            |                    | 32,416,061            |
| Morris Legacy Fund                            | 6,000,000             | 2,724,769             | 6,000,000          | 1,758,214             |
| National Resilience Fund                      | 200,000,000           | 13,364,511,076        | 200,000,000        | 10,003,326,518        |
| Prime Minister's Relief Fund                  | 114,000,000           | 179,898,035           | 114,000,000        | 247,574,824           |
| National Environment and Climate Change Fund  | -                     | 3,276,781,701         | -                  | 2,437,450,149         |
| COVID-19 Projects Development Fund*           | 10,600,000,000        | 7,888,031,855         | -                  | -                     |
| National COVID-19 Vaccination Programme Fund* | -                     | 818,327,736           | -                  | -                     |
| <b>Total</b>                                  | <b>10,920,000,000</b> | <b>25,567,657,163</b> | <b>320,000,000</b> | <b>12,722,525,766</b> |

*Source: Statement of Special Funds Deposited with Accountant General as at 30 June 2021 and 30 June 2020*

*\*New Special Funds created in financial year 2020-21.*

Four out of the seven Special Funds, namely the National Resilience Fund (NRF), the National Environment and Climate Change Fund (NECCF), the COVID-19 Projects Development Fund (CPDF) and the National COVID-19 Vaccination Programme Fund (NCVPF) received funds from Government to finance their operations while the remaining three Special Funds did not receive funding from Government.

### ***Funds released to Special Funds and Expenditure charged to Consolidated Fund***

Funds for total amount of Rs 12.1 billion and Rs 31.9 billion were transferred to the four Special Funds during the financial years 2019-20 and 2020-21 respectively and charged to Government expenditure.

Table 10-41 gives details of funds disbursed to Special Funds and which were accounted under the item 'Grants' in Statement D1, Detailed Statement of Expenditure of the Consolidated Fund for the financial years 2019-20 and 2020-21.

Table 10-41 Grants to Special Funds for Financial Years 2019-20 and 2020-21

|                                                |                         | Special Funds            |                                              |                                     |                                               |
|------------------------------------------------|-------------------------|--------------------------|----------------------------------------------|-------------------------------------|-----------------------------------------------|
|                                                |                         | National Resilience Fund | National Environment and Climate Change Fund | COVID-19 Projects Development Fund* | National COVID-19 Vaccination Programme Fund* |
| Financial Year 2019-20                         |                         | Rs million               | Rs million                                   | Rs million                          | Rs million                                    |
| <b>Vote 26 Grants</b>                          | Estimates               | -                        | 100.0                                        | -                                   | -                                             |
|                                                | Supplementary Estimates | 10,000.0                 | 2,000.0                                      | -                                   | -                                             |
|                                                | Total Provision         | 10,000.0                 | 2,100.0                                      | -                                   | -                                             |
|                                                | Actual Expenditure      | 10,000.0                 | 2,100.0                                      | -                                   | -                                             |
| <b>Special Fund balance as at 30 June 2020</b> |                         | <b>10,203.3</b>          | <b>2,437.5</b>                               | -                                   | -                                             |
| <b>Financial Year 2020-21</b>                  |                         |                          |                                              |                                     |                                               |
| <b>Vote 26 Grants</b>                          | Estimates               | -                        | -                                            | 15,000.0                            | -                                             |
|                                                | Virements               | -                        | -                                            | -                                   | 163.0                                         |
|                                                | Supplementary Estimates | 9,200.0                  | 2,500.0                                      | 4,000.0                             | 1,000.0                                       |
|                                                | Total Provision         | 9,200.0                  | 2,500.0                                      | 19,000.0                            | 1,163.0                                       |
|                                                | Actual Expenditure      | 9,200.0                  | 2,500.0                                      | 19,000.0                            | 1,163.0                                       |
| <b>Special Fund Balance as at 30 June 2021</b> |                         | <b>13,564.5</b>          | <b>3,276.8</b>                               | <b>18,488.0</b>                     | <b>818.3</b>                                  |

Source: Statement D1, Detailed Statement of Expenditure of the Consolidated Fund for the financial years 2019-2020 and 2020-21 and Statement H, Statement of Special Funds Deposited with Accountant General as at 30 June 2020 and 30 June 2021, and Estimates of Supplementary Expenditure for Years 2019-20 and 2020-21

\*Special Funds created in financial year 2020-21

### **Funds Appropriated through Supplementary Provisions**

Included in the total transfer of Rs 31.9 billion during the financial year 2020-21 was a total amount of Rs 16.7 billion which was appropriated through the Supplementary Appropriation (2020-2021) Act 2021 and transferred to the Special Funds on 30 June 2021. Details are as shown in Table 10-41.

In addition, during the financial year 2019-20, Rs 10 billion and Rs 2 billion were provided to the NRF and the NECCF respectively through the Supplementary Appropriation (2019-2020) Act 2020 approved by the National Assembly on 30 June 2020.



### MOFEPD's Response

The Rs 16.7 billion was appropriated by the National Assembly as transfers to Special Funds for implementation of some specific programmes and schemes. These programmes were to be implemented over more than one financial year. In fact, indicative spending plans for the different financial years were published at Appendix C of the 2021-2022 Budget Estimates.

Moreover, despite the transfers were effected on 30 June 2021, as at date some Rs 13 billion has already been spent on those specific purposes.

### ***Effect of charging Transfers to Special Funds to Government Expenditure – Increase in Budget Deficit***

Transfer from the Consolidated Fund to Special Funds which was initially estimated at Rs 15 billion was revised to Rs 31.9 billion. Government projected a balanced Budget for the year 2020-21. However, charging an additional amount of Rs 16.7 billion to Government expenditure had an impact on the Budget Balance. As of 30 June 2021, Budget deficit was calculated at 7 per cent of GDP before the net acquisition of financial assets.

### MOFEPD's Response

The Government had presented a balanced budget for financial year 2020-21. However, the resurgence of the pandemic had negatively impacted on the economy and the revenues of Government. A second lockdown/confinement was required in March/April 2021.

In this context, it was necessary to transfer additional amounts to Special Funds for implementation of several schemes and programmes aimed at protecting livelihood and mitigating the impact of the pandemic on the economy. These schemes/programmes could not have been implemented without charging the additional Rs 16.7 billion to the Consolidated Fund. Funds were also required to meet other urgent unforeseen expenses that arose during the course of that financial year. The increase in budget deficit was, thus, due to a combination of various factors.

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## 10.3 Mauritius Revenue Authority

### 10.3.1 Revenue Collection

The Mauritius Revenue Authority (MRA) is the agent of Government, responsible for the collection of all major tax revenues and for the enforcement of tax laws in Mauritius.

The taxes administered by the MRA are based on a self-assessment system, whereby persons liable to pay the relevant tax or duty have to submit declarations/returns at the end of specified periods and pay the tax, if any, in accordance with the declarations/returns. The MRA, nevertheless, has the power to raise assessments as per various sections of the revenue laws, namely the Income Tax Act, the Value Added Tax Act and the Gambling Regulatory Authority Act.

A review of the revenue records of the MRA for the financial year ended 30 June 2021 showed the following:

- (a) Revenue collection of Rs 40.6 billion in 2020-21 represented a decrease of 13 per cent as compared to the previous year's collection of Rs 46.6 billion;
- (b) Taxes on Income and Value Added Taxes (VAT) constitute 84 per cent of total revenue collections of the MRA;
- (c) Increase in number of taxpayers but decrease in Filing Obligations;
- (d) Non-collectible debts of some Rs 21.9 billion represent 67 per cent of total debts of Rs 32.6 billion;
- (e) Total collectible debts of some Rs 10.7 billion as at 30 June 2021 have increased by some 21 per cent, compared to debts of Rs 8.8 billion as at the end of the previous financial year;
- (f) Debt recovery was slow for old debts. Debts dating more than one year accounted for some 74 per cent of total collectible debts;
- (g) Credit balances of Rs 4.3 billion as at 30 June 2020 significantly reduced to Rs 1.4 billion as of 30 June 2021;
- (h) Debt collection in the financial year 2020-21 totalled Rs 1.7 billion, that is about the same amount that was collected in 2019-20; and
- (i) Debts for a total amount of Rs 84.6 million were written off during financial year 2020-21, compared to debts of Rs 22 million during financial year 2019-20.

#### ***Revenue Collection in 2020-21 decreased by 13 per cent compared to Previous Year***

During the financial year 2020-21, revenue collected by the MRA, in respect of the various types of taxes (excluding Customs and Excise collections) totalled some Rs 40.6 billion as compared to some Rs 46.6 billion collected during 2019-20 as shown in Table 10-42. This represents a decrease of some 13 per cent, due mainly to lockdown and restrictions in certain business activities in the wake of the COVID-19 pandemic.

*Table 10-42 Revenue Collections - Past Two Financial Years*

|                                          | <b>Collections<br/>2020-21<br/>Rs</b> | <b>Collections<br/>2019-20<br/>Rs</b> |
|------------------------------------------|---------------------------------------|---------------------------------------|
| Income Tax - Individuals                 | 11,559,717,010                        | 11,099,049,024                        |
| Income Tax - Companies & Body Corporates | 11,775,803,102                        | 13,898,778,248                        |
| Tax Deduction at Source                  | 1,820,777,273                         | 1,718,048,865                         |
| Value Added Tax                          | 10,873,711,269                        | 15,332,997,994                        |
| Tax on Specific Services/Gambling        | 1,774,407,477                         | 1,719,663,660                         |
| Passenger Fee on Air Tickets             | 24,197,629                            | 1,211,230,940                         |
| Liquor Licences                          | 22,489,741                            | 22,441,000                            |
| Environment Protection Fee               | 42,149,205                            | 280,571,058                           |
| Advertising Structure Fee                | 46,068,719                            | 44,270,500                            |
| Special Levy on Banks                    | 949,504,515                           | 946,110,141                           |
| Solidarity Levy on Telecommunication     | 156,909,507                           | 184,987,465                           |
| COVID-19 Levy                            | 1,439,173,032                         | -                                     |
| Shooting and Fishing Lease               | -                                     | 289,478                               |
| Fees for Tax Residency Certificates      | 90,336,570                            | 83,950,348                            |
| Passenger Solidarity Fee                 | 1,847,569                             | 52,972,420                            |
| <b>Total</b>                             | <b>40,577,092,618</b>                 | <b>46,595,361,141</b>                 |

*Source: MRA Finance and Administration Section*

Taxes on Income and Value Added Taxes constitute 84 per cent of total revenue collections of the MRA during the financial year 2020-21.

***Database of Taxpayers and Filing Obligations - Increase in number of Taxpayers but decrease in Filing Obligations***

The MRA updates its Taxpayers Register on an on-going basis to enable effective management of taxpayers, and at the same time maximises efforts to widen its tax base.

As at 30 June 2021, there were some 582,000 taxpayers on the Taxpayers Register of the MRA, made up of 417,000 Pay As You Earn (PAYE) taxpayers (salary earners), some 77,000 self-employed, 78,500 Companies and 9,500 other forms of businesses.

MRA registered an increase of some 60 per cent in the number of taxpayers from 364,000 as at 30 June 2020 to 582,000, but the number of filing obligations for returns during financial year 2021-22 registered a decrease of some 1.5 per cent, falling from 287,973 as at 30 June 2020 to 283,735.

Out of the 287,973 taxpayers as at 30 June 2020 who had filing obligations towards MRA, 210,727 taxpayers, representing some 73 per cent, e-filed their returns for the income year 2020-21 as at 15 October 2021.

As far as the Value Added Tax Register is concerned, there were 21,801 VAT Registered Individuals and Companies, out of which 7,166 and 14,635 had monthly and quarterly filing obligations respectively.

### 10.3.2 Arrears of Revenue as at 30 June 2021

Financial regulations require the MRA to submit a Statement of Arrears of Revenue to the Accountant General on a half-yearly basis in respect of the half year ending 30 June and 31 December, not later than 30 September and 31 March respectively.

The Statement of Arrears for the half year ended 30 June 2021 was submitted to the Accountant General on 6 September 2021. Collectible debts as of that date amounted to Rs 10.7 billion whereas non-collectible debts totalled some Rs 21.8 billion.

#### *Non-collectible Debts represent 67 per cent of Total Debts*

Collectible debts consist mainly of taxes, penalties and interests due for payment at year end.

Non-collectible debts represent mostly tax claims pending under objections at the MRA and cases lodged at the Assessment Review Committee (ARC) after netting off the amount that the taxpayer has to pay at time of lodging the objection/appeal. Non-collectible debts also include those cases where assessments have been raised, but objections can still be lodged within the statutory time limit of 28 days and are referred to as 'Sum Otherwise not due'.

Non-collectible debts represent 67 per cent of total debts. Details are at Table 10-43.

*Table 10-43 Collectible and Non-Collectible Debts as at 30 June 2021*

|                                                  | <b>Collectible Debts</b> | <b>Non-Collectible Debts</b> |
|--------------------------------------------------|--------------------------|------------------------------|
|                                                  | <b>Rs</b>                | <b>Rs</b>                    |
| Arrears of Revenue                               | 10,648,209,134           |                              |
| Cases pending at Supreme Court and Privy Council | 52,477,371               |                              |
| Pending under Objection                          |                          | 74,726,232                   |
| Pending at ARC                                   |                          | 19,526,116,821               |
| Pending under ATDR and EDRTS                     |                          | 350,284,697                  |
| Sum Otherwise not due                            |                          | 1,921,092,884                |
| <b>Total Book Balances</b>                       | <b>10,700,686,505</b>    | <b>21,872,220,634</b>        |

*Source: Statement of Arrears of Revenue*

### ***Collectible Debts - Age Analysis***

An age analysis of collectible debts for the financial year 2020-21 is as shown in Table 10-44.

*Table 10-44 Age Analysis of Collectible Debts*

| <b>Period</b>                 | <b>Amount<br/>Rs</b>  | <b>Percentage of<br/>Total Debts (%)</b> |
|-------------------------------|-----------------------|------------------------------------------|
| Prior to 01.07.1993 (Grouped) | 25,779,754            | 0.2                                      |
| 01.07.1993 - 30.06.2000       | 74,287,945            | 0.7                                      |
| 01.07.2000 - 31.12.2010       | 917,271,308           | 8.6                                      |
| 01.01.2011 - 30.06.2020       | 6,903,546,006         | 64.5                                     |
| 01.07.2020 - 30.06.2021       | 2,779,801,492         | 26.0                                     |
| <b>Total</b>                  | <b>10,700,686,505</b> |                                          |

*Source: NAO Workings*

The following were noted:

- Total collectible debts as at 30 June 2021 have increased by some 21 per cent compared to the debts of Rs 8.8 billion as of the end of the previous financial year.
- Debt recovery was slow for old debts. Debts dating more than one year accounted for some 74 per cent of total collectible debts.

### **MRA's Response**

- Out of the debts of Rs 8.8 billion that were collectible as at 30 June 2020, it has collected more than Rs 900 million resulting into these debts being, in fact, reduced to Rs 7.9 billion.
- During the financial year 2020-21, additional debts of Rs 3.6 billion have been created through MRA assessment efforts and successful MRA appeals. Recovery actions, in respect of these additional debts, have been initiated and some Rs 1 billion already recovered. Debts recovery actions are still ongoing.

### ***Arrears of Revenue PAYE & TDS - New Cases of Debts noted during the Period under Review***

At paragraph 5.7.1 of the Audit Report for the year ended 30 June 2020, I drew attention that outstanding debts for PAYE totalled some Rs 771 million as of 30 June 2020.

MRA informed NAO that the debts had arisen as a result of payments not being allocated due to lack of relevant details and that it was working in collaboration with the Treasury to have the issue resolved. It was also stated that a Clearing Unit had been set up at the level of the MRA to address the issues of unallocated payments in all relevant taxes.

Some 3,600 new cases of PAYE debts amounting to some Rs 280 million were noted during the year under review, whilst a total amount of some Rs 320 million relating to some 770 cases have been cleared.

Arrears of Revenue in respect of PAYE as at 30 June 2021 were Rs 731 million, representing a decrease of five per cent with respect to the previous year's figure.

As far as TDS was concerned, Arrears of Revenue as of 30 June 2021 have increased from Rs 168 million to Rs 202 million, representing an increase of some 20 per cent.

#### MRA's Response

Arrears in respect of TDS include an amount of Rs 32 million relating to Ministries and Government Departments, which have been cleared after 30 June 2021.

#### ***Collectible Debts Credit Balances – Setting up of a Clearing Unit***

MRA has taken necessary actions to investigate and clear credit balances through the setting up, in March 2021, of a dedicated Clearing Unit. Credit balances of Rs 4.3 billion as of 30 June 2020 have been significantly reduced to Rs 1.4 billion as of 30 June 2021.

MRA should pursue its efforts to resolve the issue of credit balances.

### **10.3.3 Debt Recovery - Debt collections in 2020-21 still on the Downward Trend**

At paragraph 5.7.1 of the Audit Report for 2019-20, I stated that there had been a shortfall of some 53 per cent in debt collections, from Rs 3.7 billion in the year 2018-19 to Rs 1.7 billion in 2019-20.

Debt collections in the year 2020-21 totalled Rs 1.7 billion, that is about the same amount as that collected in 2019-20.

#### MRA's Response

- 2018-19 had been an exceptional year. Debt collections during 2016-17 and 2017-18 totalled only Rs 1.9 billion and Rs 2.6 billion respectively.
- The low level of collection could be the result of the impact of the COVID-19 pandemic on the cash/liquidity position of taxpayers.

### **10.3.4 Write Off of Irrecoverable Debts**

Once all avenues of recovery of tax have been explored without success and there is no prospect for recovery of the debt, actions are initiated for the write-off of the debt. The list of write-off cases is submitted to the Internal Audit Division of MRA for scrutiny and based on the report of the Division, a final list of write-offs is sent to the MRA Board for approval. The Operation Services Division then proceeds with the write off and updates its records.

Ninety-one cases of debts of Income Tax and VAT involving a total amount of Rs 84.6 million were written off during financial year 2020-21, compared to debts of Rs 22 million written off during financial year 2019-20.

## **Objections, Appeal and Dispute Resolutions Department**

### **General**

The MRA is empowered under the Income Tax Act, the VAT Act and the Gambling Regulatory Act to raise assessments where, amongst others:

- it is not satisfied with a return submitted by a person/licensee;
- there is failure or delay to submit a return; and
- it has reason to believe that a person who has not submitted a return is a taxpayer.

Where a taxpayer is not satisfied with the assessment, he has the right to object to same within 28 days of the date of the Notice of Assessment. Except for issues relating to emoluments, the taxpayer has to settle 10 per cent of the tax assessed or give security by way of a bank guarantee at the time of lodging the objection.

An objection should be determined within four months from the date it has been lodged.

Any taxpayer who is still not satisfied with the determination of an assessment carried out by the Objections, Appeal and Dispute Resolutions (OADR) Department, may lodge written representations to the Assessment Review Committee (ARC) within 28 days of the date of the notice of determination.

Further, any person who is dissatisfied with the decision of the ARC on a point of law may lodge an appeal with the Supreme Court within 21 days of the date of the decision of the Committee.

Under Section 10(5)(b) of the MRA Act, the Director General is required to prepare a statement in respect of every financial year showing the status of objections, appeals, fiscal investigations and legal proceedings, in terms of the number and amount of tax for the different taxes and by category of taxpayers. An examination of this statement has revealed the following:

- (a) 171 cases with assessed amount of Rs 97.6 million pending at the OADR Department as of 30 June 2021;
- (b) 1,827 cases with assessed amount of Rs 21.6 billion pending at the ARC as of 30 June 2021, of which 766 cases with assessed amount of Rs 13.5 billion, representing 63 per cent of total assessed amounts, were in respect of cases referred to the ARC prior to January 2019; and
- (c) Out of 42 cases with assessed amount of Rs 269.7 million pending at the Supreme Court as at 30 June 2021, 26 cases with assessed amounts of Rs 215.5 million, representing 80 per cent of total assessed amounts, related to cases lodged prior to 2018.

### ***Number of cases referred to the OADR Department (Excluding Customs and Excise)***

As at 1 July 2020, the number of objection cases for the different tax types stood at 135 with tax amount of Rs 90.6 million. During year 2020-21, 1,646 cases with tax amount of Rs 7,493 million were referred to the Department and 1,610 cases with tax amount of Rs 7,486 million were determined for an amount of Rs 7,428 million. As at 30 June 2021, the number of pending cases stood at 171 with tax amount of Rs 97.6 million.

### ***Analysis of Cases determined at the OADR Department***

A total of 1,519 assessments (excluding 91 loss cases) with tax amount of Rs 7,486 million was determined for an amount of Rs 7,428 million, as shown in Table 10-45.

*Table 10-45 Analysis of Objections Determined during 2020-21*

|                                             | <b>No. of<br/>Assessments</b> | <b>Amount of Tax<br/>Assessed<br/>Rs</b> | <b>Amount of Tax<br/>Determined<br/>Rs</b> |
|---------------------------------------------|-------------------------------|------------------------------------------|--------------------------------------------|
| Amount reviewed downward                    | 462                           | 791,749,003                              | 582,975,385                                |
| Amount reviewed to Nil                      | 73                            | 86,204,015                               | -                                          |
| Assessments maintained                      | 53                            | 71,665,215                               | 71,665,215                                 |
| Amount reviewed upward                      | 931                           | 6,536,816,335                            | 6,773,038,433                              |
| Amount assessed/determined<br>equal to zero | 91                            | -                                        | -                                          |
| <b>Total</b>                                | <b>1610</b>                   | <b>7,486,434,568</b>                     | <b>7,427,679,033</b>                       |

*Source: Listing provided by OADR Department*

462 cases with assessed amount of Rs 791.7 million were reviewed downwards to Rs 583.0 million while 73 cases with assessed amount of Rs 86.2 million were revised to nil.

### ***Appeals at the Assessment Review Committee - Pending Cases***

Section 20(3) (a) of the MRA Act states that representations made by an aggrieved person at the ARC shall be dealt with as expeditiously as possible and a panel shall endeavour to:

- (i) fix the case for hearing within six months from the date the representations were lodged. (The words “six months” were replaced by the words “within 2 months” with effect from 24 July 2017 and “within 3 months” with effect from 25 July 2019); and
- (ii) give its decision on the representations heard by it not later than eight weeks from the start of the hearing. (The words “8 weeks from the start of the hearing” was replaced by the words “4 weeks from the end of the hearing” with effect from 24 July 2017).

An age analysis of pending cases at the ARC as at 30 June 2020 and 30 June 2021 was carried out and details are indicated in Table 10-46.



Table 10-46 Age Analysis of Pending Cases at ARC

| Year         | As at 30 June 2020 |                       | As at 30 June 2021 |                       |
|--------------|--------------------|-----------------------|--------------------|-----------------------|
|              | Number of cases    | Amount Assessed Rs    | Number of cases    | Amount Assessed Rs    |
| 1999         | 6                  | 2,730,232             | 6                  | 2,730,232             |
| 2007         | 1                  | 11,593,796            | 1                  | 11,593,796            |
| 2008         | 12                 | 16,089,923            | 5                  | 14,356,190            |
| 2009         | 13                 | 29,753,612            | 13                 | 29,753,612            |
| 2010         | 3                  | 3,669,715             | 2                  | 1,864,520             |
| 2011         | 15                 | 28,376,429            | 11                 | 26,967,817            |
| 2012         | 14                 | 88,864,492            | 13                 | 76,590,631            |
| 2013         | 16                 | 145,633,667           | 14                 | 131,654,866           |
| 2014         | 52                 | 262,634,321           | 41                 | 153,123,509           |
| 2015         | 68                 | 2,239,407,460         | 61                 | 2,202,943,411         |
| 2016         | 141                | 2,168,418,326         | 120                | 2,088,172,632         |
| 2017         | 213                | 4,114,580,818         | 160                | 4,077,262,106         |
| 2018         | 475                | 4,881,499,233         | 319                | 4,728,146,293         |
| 2019         | 841                | 2,958,767,527         | 335                | 2,549,679,274         |
| 2020         | 275                | 551,166,336           | 409                | 2,237,144,152         |
| 2021         |                    |                       | 317                | 3,289,711,743         |
| <b>Total</b> | <b>2,145</b>       | <b>17,503,185,887</b> | <b>1,827</b>       | <b>21,621,694,784</b> |

Source: Listing provided by OADR Department

As at 30 June 2021, a total of 1,827 cases (excluding 110 loss cases) with assessed amount of Rs 21.6 billion were pending at the ARC compared to 2,145 cases (excluding 99 loss cases) with assessed amount of Rs 17.5 billion as at 30 June 2020.

Out of the pending cases as at 30 June 2021, 766 cases with assessed amount of some 13.5 billion, representing 63 per cent in terms of total assessed amount, related to cases lodged prior to year 2019. Six cases dated as far back as 1999.

Seven cases for a single taxpayer were lodged before the ARC between November 2015 and July 2019 with assessed amount of Rs 7.9 billion representing 37 per cent of the total assessed amount of Rs 21.6 billion.

- Five of these cases have been heard in November 2018. However written submissions by both parties were submitted on 15 January 2020 and, hence completed the hearing process. As of November 2021, almost two years later, the ruling of the ARC was still being awaited.

- The sixth and seventh case, lodged in December 2018 and July 2019 respectively, have been kept in abeyance pending the outcome of the above hearing.

MRA informed NAO that appeal cases are not under the purview of the MRA but that of the ARC and that MRA has been assisting in reducing the backlog of cases under appeal at ARC through:

- resolution of the dispute during pre-hearing negotiations with the taxpayers.
- the implementation of three incentive schemes, namely the Alternate Tax Dispute Resolution (ATDR), Expeditious Dispute Resolutions Tax Scheme (EDRTS) and Voluntary Disclosure Scheme: Small and Medium Enterprises.

### ***Supreme Court Cases***

At the start of the financial year 2020-21, 37 cases were pending at the Supreme Court with total assessed amount of Rs 258.1 million.

During 2020-21, eight cases with assessed amount of Rs 16.5 million were lodged, and three cases with assessed amount of Rs 4.9 million were determined.

As of 30 June 2021, 42 cases with assessed amount of Rs 269.7 million were yet to be determined. An age analysis of pending cases as at 30 June 2020 and 30 June 2021 is given in Table 10-47.

*Table 10-47 Age Analysis of Pending Cases at Supreme Court*

| Year         | 30 June 2020    |                      | 30 June 2021    |                      |
|--------------|-----------------|----------------------|-----------------|----------------------|
|              | Number of Cases | Amount Assessed (Rs) | Number of Cases | Amount Assessed (Rs) |
| 2001         | 1               | 809,205              | 1               | 809,205              |
| 2004         | 1               | 1,945,855            | 0               | 0                    |
| 2005         | 1               | 2,602,836            | 1               | 2,602,836            |
| 2013         | 13              | 136,381,256          | 13              | 136,381,256          |
| 2016         | 10              | 75,660,866           | 10              | 75,660,866           |
| 2017         | 1               | 17,049               | 1               | 17,049               |
| 2018         | 2               | 19,034,197           | 1               | 17,874,996           |
| 2019         | 7               | 17,399,057           | 10              | 28,472,049           |
| 2020         | 1               | 4,235,596            | 4               | 4,909,105            |
| 2021         |                 |                      | 1               | 3,022,064            |
| <b>Total</b> | <b>37</b>       | <b>258,085,917</b>   | <b>42</b>       | <b>269,749,426</b>   |

*Source: Listing provided by OADR Department*

Out of the 42 cases pending at the Supreme Court as at 30 June 2021, 26 cases with assessed amount of Rs 215.5 million, representing 80 per cent of total amount, related to cases lodged prior to year 2018. Of the 26 cases, two dated as far back as 2005.

### 10.3.5 COVID-19 Financial Support Schemes

In the wake of the COVID-19 pandemic, Government introduced the Government Wage Assistance Scheme (GWAS) and the Self Employed Assistance Scheme (SEAS) in March 2020 to support various sectors of the Mauritian economy.

Further, following the second national lockdown in March 2021, Government announced the payment of Rs 10,000 to self-employed individuals under a SEAS One-off Grant Scheme.

Some Rs 10.3 billion and Rs 13.4 billion were disbursed by the Mauritius Revenue Authority (MRA) during the financial years 2019-20 and 2020-21 respectively, under the different Financial Support Schemes, as shown in Table 10-48.

*Table 10-48 Payments Under the Financial Support Schemes*

| <b>Scheme</b> | <b>2020-21<br/>Rs million</b> | <b>2019-20<br/>Rs million</b> |
|---------------|-------------------------------|-------------------------------|
| GWAS          | 9,089                         | 7,912                         |
| SEAS          | 2,012                         | 2,428                         |
| SEAS One-off  | 2,300                         | -                             |
| <b>Total</b>  | <b>13,401</b>                 | <b>10,340</b>                 |

*Source: Finance and Administration Department, MRA*

A review of the records relating to the payments of allowances by the MRA under the various Financial Support Schemes showed the following:

- (a) Rs 6.1 million were paid as allowances under the SEAS to recipients of social benefits including Basic Retirement Pensioners and Basic Widows Pensioners who, according to Section 24, Sub-section 150 C(3) of the COVID-19 (Miscellaneous Provisions) Act 2020 were not eligible to such allowances;
- (b) Some 77,000 self-employed individuals were recorded on the Taxpayers Register of the MRA as at 30 June 2021, representing only 29 per cent of the total number of self-employed who have benefitted from the payment of allowances under the SEAS;
- (c) As at 30 September 2021, one year after the coming into force of the Contribution Sociale Généralisée (CSG), only 23,000 self-employed were registered for CSG, representing around 9 per cent of the 262,000 self-employed who were paid allowances since the start of the SEAS;

- (d) Self-employed individuals, forming part of what is most commonly referred to as the ‘*informal sector*’ were not officially recognised/registered at the MRA. It was only when the country faced the lockdowns in 2020 and 2021 that the need arose to formalise the sector.
- (e) Self-employed individuals who availed themselves of allowances under the SEAS will henceforth have to submit a simplified tax return for each year of assessment; and
- (f) During the financial year 2020-21, the amount disbursed by MRA under the GWAS to some 41,000 employers totalled some Rs 9.09 billion, of which some Rs 7 billion were on account of the Tourism Sector.

### ***Self Employed Assistance Scheme (SEAS) – Rs 2.01 billion***

The SEAS was implemented to provide financial assistance to self-employed individuals who have suffered a loss of revenue either as a consequence of the national lockdowns in the years 2020 and 2021 or those working in the tourism sector and other sectors which were not allowed to operate, including red zones as defined by the Authorities.

Payment of allowances under SEAS was made as from March 2020 and was extended on a month-to-month basis, up to date for self-employed individuals in certain specific categories of business.

During the financial year 2020-21, some Rs 2.01 billion were disbursed by the MRA to some 231,000 self-employed individuals under SEAS.

According to Section 24, Sub-section 150 C (3) of the COVID-19 (Miscellaneous Provisions) Act 2020, SEAS allowance shall not be payable to a self-employed individual if:

- (a) he is eligible to receive social benefits, including Basic Retirement Pension or Widows Pension, under the National Pensions Act;
- (b) he is pursuing higher studies on a full-time basis;
- (c) he is a dependent spouse;
- (d) his monthly income, when aggregated to that of his spouse, exceeds 50,000 rupees; and
- (e) he is a registered fisherman;

### ***Payment of allowances under SEAS to beneficiaries of Basic Retirement Pension (BRP) and Basic Widows Pension (BWP)***

SEAS payments made by the MRA to self-employed individuals for the 16-months period starting from March 2020 to June 2021 were examined against records obtained from the Ministry of Social Integration, Social Security and National Solidarity.

The examination has shown that a total amount of some Rs 4.8 million was paid to beneficiaries of BRP and BWP from March 2020 to June 2021, as detailed in Table 10-49.

Table 10-49 Payment of SEAS to Beneficiaries of BRP and BWP

| Beneficiaries of | March to June 2020   |                   | July 2020 to June 2021 |                   | Total            |
|------------------|----------------------|-------------------|------------------------|-------------------|------------------|
|                  | No. of Beneficiaries | Amount Paid<br>Rs | No. of Beneficiaries   | Amount Paid<br>Rs |                  |
| BWP              | 60                   | 700,000           | 130                    | 1,200,000         | 1,900,000        |
| BRP              | 300                  | 2,300,000         | 50                     | 625,000           | 2,925,000        |
| <b>Total</b>     |                      | <b>3,000,000</b>  |                        | <b>1,825,000</b>  | <b>4,825,000</b> |

Source: NAO workings

#### MRA's Response

- The SEAS was developed and implemented in exceptional circumstances when the country was under total lockdown. The system was developed and payments were made with MRA staff working exclusively from home. It had not been possible to update the MRA list of social benefits beneficiaries without delaying the payment of SEAS.
- MRA is in the process of claiming back SEAS paid to non-eligible beneficiaries.

#### **SEAS One-off Grant of Rs 10,000**

Following the second national lockdown in March 2021, Government announced the payment of a One-off grant of Rs 10,000 to self-employed individuals under a SEAS One-Off Grant Scheme. Self-employed individuals who were eligible for payments under the SEAS for the month of March 2021 were also eligible to the One-off grant of Rs 10,000.

The total amount disbursed for the One-off Grant Scheme by the MRA was some Rs 2.3 billion paid out to 230,000 self-employed in March 2021.

188 self-employed individuals voluntarily withdrew from the One-off Grant Scheme and refunded some Rs 1.9 million.

#### *SEAS One-off Grant - Payment to Non-Eligible Self Employed Individuals in receipt of Social Benefits*

Beneficiaries of Social benefits were also paid the SEAS One-off grant of Rs 10,000, as detailed hereunder:

- 122 recipients of the BWP have obtained the SEAS One-off grant for the month of March 2021, totalling some Rs 1.2 million.
- 6 beneficiaries of the BRP were paid the SEAS One-off grant of for the month of March 2021, totalling some Rs 60,000.

#### MRA's Response

The MRA is in the process of claiming back SEAS One-off grant to non-eligible beneficiaries.

### **10.3.6 Contribution Sociale Généralisée (CSG)**

The CSG was introduced under the Finance (Miscellaneous Provisions) Act 2020, through the Contribution Sociale Généralisée Regulations 2020 which became effective as from 1 September 2020. CSG is a new system of social contribution in replacement of the National Pension Fund (NPF) contribution system.

The Social Contribution and Social Benefits Act 2021 which provided a comprehensive regulatory framework for the implementation of this new system was enacted on 30 July 2021 and repealed the Contribution Sociale Généralisée Regulations 2020.

#### ***Self-Employed Individuals in Mauritius – Identification and Recognition***

Self-employed individuals are required to contribute the CSG depending on their net income. However, self-employed individuals, forming part of what is most commonly referred to as the informal sector, were not on the records of the Government or any other Authorities until the country faced a national lockdown in 2020.

It was only then that the need arose to formalise the sector, that is, identify and recognise the self-employed individuals in order to give assistance to them.

As per the Taxpayers' Register kept by the MRA in accordance with Section 10 (5a) of the MRA Act, the number of self-employed individuals was some 74,000 and 77,000 as at 30 June 2020 and 30 June 2021 respectively.

#### ***Beneficiaries of SEAS Largely outweigh the Number of Self Employed on the Taxpayer's Register and those registered for CSG***

For the financial years 2019-20 and 2020-21, some 198,000 and 231,000 self-employed individuals have benefitted from the payment of allowances under the SEAS, respectively. These were referred to as 'self-employed who have been in business for at least 3 months before being paid allowances under SEAS'.

A total of some 262,000 self-employed individuals have benefitted from the SEAS for the last two financial years. Payments of the SEAS in 2019-20 and 2020-21 totalled some Rs 2.4 billion and Rs 2.0 billion respectively.

#### ***Observations***

- As at 30 June 2021, 76,859 self-employed individuals were recorded on the Taxpayers' Register of the MRA, being only 29 per cent of the total number of self-employed who have benefitted from the payment of allowances under the SEAS.
- As at 30 September 2021, one year after the coming into force of the CSG, only 23,000 self-employed were registered for the CSG, representing around 9 per cent of the 262,000 self-employed who were paid allowances since the start of the SEAS.

### MRA's Response

The difference between the number of self-employed recorded in the Taxpayers' Register and the actual number of self-employed who benefitted from the SEAS arose due to the fact that self-employed individuals who have not reached a certain income threshold had no obligation to file a return with the MRA. Henceforth, they would be required to submit a simplified tax return for each year of assessment.

#### **10.3.7 Government Wage Assistance Scheme**

The GWAS was introduced in March 2020 as an economic measure to provide financial support to private sector employers to ensure that their employees (Mauritian citizens employed on a full time or part time basis and foreign employees working in Mauritius) are duly paid their salaries.

During the financial year 2020-21, the amount disbursed by MRA under the GWAS to some 41,000 employers totalled Rs 9.09 billion, of which some Rs 7 billion were on account of the Tourism Sector.

#### **10.3.8 Collection of Social Security Contributions**

The collection of Social Security contributions for the National Pension Fund (NPF), contributions for the National Savings Fund (NSF), Training Levy under the Human Resource Development Act and Recycling Fee under the Employment Rights Act was entrusted to the Mauritius Revenue Authority (MRA) as from January 2018, as per amendments brought in the Business Facilitation (Miscellaneous Provisions) Act.

The Finance (Miscellaneous Provisions) Act 2020 brought changes to the National Pensions Act and introduced the *Contribution Sociale Généralisée* (CSG) as from 1<sup>st</sup> September 2020.

A review of the records of the MRA relating to the collection of Social Contributions showed the following:

- (a) Collections during the financial year 2020-21 amounted to Rs 9.7 billion, of which Rs 5.2 billion were in respect of contributions received during the period September 2020 to June 2021 relating to the CSG;
- (b) Whereas MRA used to remit Social Contributions to the Ministry of Social Integration, Social Security and National Solidarity (MSS) to be included in the accounts of the NPF, all collections under the CSG are remitted to the Accountant General to be accounted in the accounts of Government;
- (c) Rs 591.6 million, representing 40 per cent of the total arrears of Social Contributions of Rs 1.5 billion, were in respect of debts in the range of five to 10 years, while Rs 229,6 million related to debts over 10 years; and
- (d) Arrears for CSG are accounted separately as 'collectible arrears' of the MRA.

### ***Collection of Social Contributions***

MRA has collected a total of some Rs 9.7 billion as Social Contributions in the financial year 2020-21, as compared to Rs 8.05 billion for the previous financial year, as shown in Table 10-50.

*Table 10-50 Collection of Social Contributions*

| <b>Contributions</b> | <b>2020-21<br/>Rs</b> | <b>2019-20<br/>Rs</b> |
|----------------------|-----------------------|-----------------------|
| NPF                  | 1,307,828,047         | 4,692,553,653         |
| NSF                  | 2,302,175,580         | 2,201,535,641         |
| Training Levy        | 840,465,426           | 1,156,346,177         |
| Recycling fee        | 597,983               | 4,395,074             |
| CSG                  | 5,246,915,962         | -                     |
| <b>Total</b>         | <b>9,697,982,998</b>  | <b>8,054,830,545</b>  |

*Source: MRA - Finance and Administrative Department (FAD)*

The increase is mainly due to the collection of contributions under the CSG, which amounted to Rs 5.2 billion for the period September 2020 to June 2021.

### ***Arrears of Social Contributions as of 30 June 2021***

Arrears of NPF, NSF, Training Levy and Recycling Fee in the Integrated Tax Administration Solutions (ITAS) of the MRA as of 30 June 2021 totalled some Rs 1.5 billion, as shown in Table 10-51.

*Table 10-51 Arrears of Social Contributions as at 30 June 2021*

| <b>Tax Type</b> | <b>Total<br/>Rs</b>  |
|-----------------|----------------------|
| NPF             | 869,784,582          |
| NSF             | 402,331,716          |
| Levy            | 201,945,201          |
| RCF             | 5,981,940            |
| <b>Total</b>    | <b>1,480,043,439</b> |

*Source: MRA-Debt Management Unit*



*Age Analysis of Arrears of Social Contributions - Rs 1,480,043,439*

An age analysis of the arrears of contributions was carried out and compared to the previous year's arrears. Table 10-52 below shows the results of the analysis.

*Table 10-52 Age Analysis of Debts*

| <b>Due since</b> | <b>As of 30 June 2021</b> | <b>As of 30 June 2020</b> |
|------------------|---------------------------|---------------------------|
|                  | <b>Rs</b>                 | <b>Rs</b>                 |
| 0-12 months      | 131,983,282               | 317,523,285               |
| 1-2 years        | 195,835,497               | 163,834,461               |
| 2-5 years        | 331,045,504               | 336,417,556               |
| 5-10 years       | 591,548,114               | 540,343,753               |
| > 10 years       | 229,631,042               | 175,265,860               |
| <b>Total</b>     | <b>1,480,043,439</b>      | <b>1,533,384,915</b>      |

*Source: MSS debts listings-MRA*

The following were noted:

- The current year's debt (0-12 months) has recorded a decrease of some 58 per cent due to the replacement of the NPF by the CSG. NPF was collectible only for the months of July and August 2020. It is to be noted that arrears of CSG are accounted separately as 'collectible arrears' of the MRA.
- Some Rs 591.6 million, representing 40 per cent of the total arrears, were debts in the range of five to 10 years, while Rs 229.6 million related to debts over 10 years.

### **10.3.9 Follow up of Matters Raised in the Audit Report 2019-20**

NAO has also carried out a follow up of matters raised in the Audit Report 2019-20 to report on actions taken by the MRA in response thereto.

Out of six issues requiring action by the MRA, one has been resolved and action has been taken/initiated in respect of the remaining five cases.

Further information is provided at pages 400 to 401 in Appendix VI.

## Customs Department

### 10.3.10 Arrears of Revenue – Deficient Recovery Procedures

The Return of Arrears of Revenue for the Customs Department as at 30 June 2021 showed a total arrears figure of Rs 465.08 million, of which Rs 429.84 million were classified as “*Disputed debts*”, that is debts where agreement on their settlements had not been reached with debtors. The remaining Rs 35.24 million were classified as collectible debts and accounted for in the Statement of Arrears of Revenue of the Treasury as at 30 June 2021.

The following were noted from an examination of the Return of Arrears of Revenue:

- (a) Low level of collectible debts over the past six years;
- (b) Cases of lengthy enquiry and processing time;
- (c) Inadequate follow up of arrears;
- (d) Significant amount of arrears from companies under receivership;
- (e) Delay in detecting wrong classification of goods as per HS Codes; and
- (f) Cases of wrong declaration of sugar content on excisable goods at Import.

#### ***Low Level of Collectible Debts over the Past Six Years***

The arrears of revenue for the past six financial years showed that collectible debts as a percentage of total arrears had remained below 10 per cent. The collectible debts were 7.5 per cent of total arrears in 2020-21.

The number of debt cases increased from 748 as at the end of the previous year to 2,112 cases in 2020-21, that is, an increase of 182 per cent.

The number of cases classified as “Under Process” at the Customs Department significantly increased from 254 in 2019-20 to 1,582 in 2020-21, whereas the number of cases at the Assessment Review Committee (ARC) increased from 196 in 2019-20 to 249 in 2020-21.

The MRA informed NAO that out of the 2,112 cases, 1,486 related to claims for late submission of Bill of Entry (BOE) issued as per Section 9A of the Customs Act which became effective as from February 2020.

#### ***Cases of Lengthy Enquiry and Processing Time***

An analysis of total arrears of revenue and a scrutiny of a sample of debtors’ files revealed cases which were outstanding for several years and were not yet resolved due to lengthy enquiry and processing time.

- *Cases at Court*

As of 30 June 2021, 15 cases with total arrears of Rs 13.32 million were pending at Court, of which 12 cases with total arrears of some Rs 12.96 million had been referred to Court since more than five years. Two cases, with arrears of some Rs 1.2 million, were at Court since year 2003, that is, some 18 years ago.

The MRA informed NAO that for one case, with arrears amounting to some Rs 7.9 million, hearing was scheduled in December 2021, two cases with arrears amounting to some Rs 1.5 million were returned to the ARC for retrial, for ten cases with arrears amounting to some Rs 2.7 million, status was requested from the Police Service and Court in December 2021 and for the remaining two cases with arrears amounting to some Rs 1 million, actions are being taken to recover the debts.

- *Cases at Assessment Review Committee*

The total number of cases referred to ARC increased from 196, with arrears totalling Rs 132.3 million in 2019-20, to 249 cases with arrears amounting to Rs 130.5 million in 2020-21. Arrears of some Rs 28 million arising from 14 cases were at the ARC since 2015.

The MRA informed NAO that as at December 2021, 245 cases with arrears amounting to Rs 125.4 million were still outstanding at the ARC. For two cases totalling some Rs 800,000, the ARC ruled in favour of the Customs Department, for one case the amount was revised from Rs 4.2 million to Rs 1.8 million and was settled in November 2021, and the other case was ruled in favour of the taxpayer.

- *Cases at the Level of Police Service*

Arrears in respect of 27 cases totalling Rs 48.7 million were outstanding at the Police Service, of which 18 cases totalling Rs 44.2 million related to cases of undervaluation of cars and returning citizens. These cases were referred to the Police Service since more than five years. Given that the cases were outstanding since long, there is a risk that duties and taxes due may not be collectible.

The Police Service informed the MRA in July 2020 that out of the 18 cases, five were still under enquiry and the remaining cases were forwarded to the Director of Public Prosecutions (DPP).

### MRA's Response

Request for new updates from the Police Service was made in December 2021.

- *Cases at Legal Services Department (LSD)*

In 37 cases, arrears totalling Rs 60.4 million were outstanding at the LSD. These included eight cases totalling some Rs 55 million which were outstanding since more than five years.

The MRA informed NAO that out of the 37 cases, the DPP advised no further action for six cases with arrears amounting to some Rs 54.6 million, seven cases are still under enquiry at the LSD, one case was at the Attorney General's Office and another one at Court. For the remaining cases, actions are being initiated to recover the debts.

▪ ***Inadequate Follow up of Arrears***

Following a review in year 2011 of the BOE relating to goods imported by a company in 2008, the Customs Department noted that the value of goods declared by the importer was not included in the value for duty purposes. A Customs Offence Report (COR) was thus raised, some three years after the importation of the goods.

The case was referred to the LSD in the same year. Due to inadequate follow up by the Customs Department, it was only in 2018 that the LSD lodged the case at Court. As of 30 June 2021, the amount due by the company totalled some Rs 1.9 million.

▪ ***Significant Amount of Arrears from Companies under Receivership***

Arrears from Companies under receivership increased from Rs 141 million in 2019-20 to Rs 147 million in 2020-21. It included debts of some Rs 119 million, being 81 per cent, relating to entities which went into receivership during the past five years. Debt amounting to a total of some Rs 118.3 million was due by a single Company which went into receivership in June 2017.

*MRA's Response*

Regular follow up is being made with the Receiver/Manager and an updated status of receivership was requested in December 2021.

▪ ***Delay in detecting Wrong Classification of Goods as per HS Codes***

- Upon the review by the Customs Department of the BOE, relating to the importation of detergents by a company in 2019, a case of wrong classification of HS Codes was detected. The Customs Department extended the review of the BOEs relating to the importation of same type of goods by the Company as far back as 2017. Further cases of wrong classification of HS Codes were detected and Customs Department raised two claims in August and September 2019, totalling some Rs 6.6 million against the Company. As of 30 June 2021, the total amount due by the Company relating to the wrong classification was Rs 6.7 million inclusive of duties and taxes, penalty and interest.
- The total amount of disputed debts referred to the Objection Appeal and Dispute Resolution Department (OADRD) increased from Rs 1.8 million for 97 cases in the financial year 2019-20 to Rs 3.6 million for 87 cases in 2020-21. It included one case of wrong classification of HS Codes with arrears amounting to some Rs 2.3 million, inclusive of duties and taxes, penalty and interest that were due by a Company.

This case was detected following the review by Customs Department of BOEs relating to the importation of wet wipes in 2020 by a Company. The Customs Department extended the review of the BOEs as far back as 2017 for the same goods imported by the Company and additional cases of wrong classification of HS Codes were noted.

Wrong classification of HS Codes was not detected by the Customs Department in spite of the fact that these two Companies had previously imported these goods.

### MRA's Response

Classification of goods is of technical nature and a thin difference may lead to a change in HS Code. Moreover, economic operators are selected on a risk based approach for post control audits and are put on selectivity.

### ***Cases of Wrong declaration of Sugar Content on Excisable Goods at Import***

Arrears of some Rs 6 million arising from 150 cases, relating to goods imported by a Company, were outstanding at the Customs Department. Payment was effected under protest in respect of 130 cases, for which only penalty was due. For the remaining cases, duties and taxes were still due.

Following an enquiry by the Investigation Unit in year 2015 relating to the importation of fruit juices and drinks by the Company as from year 2013, wrong declaration of sugar content was detected between the product analysis certificate and the BOE. Two claims were issued to the Company in May 2015 and as at 30 June 2021, amount due in respect of these two claims totalled Rs 2.28 million.

In December 2015, during physical examination of goods, the Customs Department detected that the sugar content was wrongly declared as compared to that indicated on the product. A sample was sent to the Mauritius Standards Bureau in 2015 for analysis which revealed significant difference in sugar content. An additional claim was issued to the Company.

Wrong declaration of sugar content was not timely detected by the Customs Department despite the same type of goods were imported by the Company since 2013.

### MRA's Response

At time of physical examination of goods, Examining Officers verified goods with the documents submitted along with BOE and did not find any anomaly. Sample is sent for analysis only for cases where there are reasonable grounds of suspicion of sugar content being under declared.

### NAO's Comments

- The Customs Department should exercise more control during physical verification of goods in order to ensure that wrong classifications of goods or declarations of sugar content are timely detected.
- Customs Department should also exercise proper follow up of cases outstanding at the LSD, ARC, Court and Police Service in order to maximise collection of arrears.

### **10.3.11 Excise Unit - Inadequate Monitoring**

The Excise Unit is responsible, amongst others, for the collection and analysis of excise duty on locally manufactured excisable goods, pet bottles (sugar sweetened non-alcoholic beverages and water), aluminum cans (beer and sugar sweetened non-alcohol beverages) and sugar content of sugar sweetened non-alcoholic beverages. Income derived during the financial year 2020-21 amounted to some Rs 18.7 billion.

The following were noted from an examination of the records of the Excise Unit:

- (a) Non enforcement of Excise Act relating to Alteration;
- (b) Inadequate monitoring visits to operators/dealers; and
- (c) Non submission of monthly returns of Excise Stamps.

### ***Non Enforcement of Excise Act relating to Alteration***

According to Section 40(i) of the Excise Act, “Any person who being a licensee, without lawful authority, alters excisable goods by the addition of any substance or by the extraction of any of their constituents, shall commit an offence and shall, on conviction, be liable to a fine not exceeding 100,000 rupees and to imprisonment for a term of not less than 18 months and not more than 3 years”. Moreover, according to established practice at the Customs Department, the Excise Unit is required to carry out regular tests for alcohol using the standard alcoholometer at excise factories upon declaration of strength of alcohol produced. However, there was no evidence that such tests were carried out by the Customs Department during financial year 2020-21.

The MRA informed NAO that tests analysis are carried out by manufacturers and reports are attached to BOEs.

### ***Inadequate Monitoring Visits to Operators/Dealers***

According to Section 22 of the Excise Act, the Director-General shall at such time as may be prescribed or may, at any other time, cause a stocktaking to be made of any excisable goods in a factory. As per Regulation 29 of the Excise Act, the Director-General shall cause a stocktaking of the excisable goods in a factory, to be made (a) every quarter; or (b) where alcohol is put to be matured, over such other period as the Director-General may determine.

As per established procedures, Customs Officers responsible for specific excise stations allocated to them have to effect quarterly visits. They have to reconcile volume of alcohol obtained with flow meter readings, carry out physical stock-take on a sample basis and agree with records worked out and determine deficit percentage. According to the Customs Department, there were 26 factories and 5,470 dealers of excisable alcoholic products as at 30 June 2021.

- Quarterly visits at factories were not carried out regularly, as required under the Act. Out of a total of 104 required visits, only 62 were carried out in the financial year 2020-21.
- Regular visits are important in order to detect any irregularities. However, visits to dealers were not stipulated in the Act.

### ***Non Submission of Monthly Returns of Excise Stamps***

According to established practice at the Customs Department, the Excise Section should ensure that a monthly return is submitted by all importers/manufacturers stating the quantity of stamps purchased, quantity used, quantity destroyed/damaged/spoiled, quantity returned and stock in hand in order to carry out reconciliations of excise stamps.

Out of a total of 11 dealers of cigarettes, four did not submit their returns for financial year 2020-21. As regards 45 operators of alcoholic products under the Second Schedule Part II Licence, 11 of them did not submit their returns for the same period. Therefore, the reconciliation between excise stamps and duty collection could not be carried out for these dealers/operators.

#### **MRA's Response**

The dealers have started sending their returns as from August 2021.

#### **NAO's Comments**

The Excise Unit should ensure that site visits and returns submitted by operators and dealers of excisable goods are properly monitored in accordance with the Excise Act in order to maximise revenue. Moreover, regular tests for alcohol using the standard alcoholometer should be carried out as a safeguard against alterations.

### **10.3.12 Auction Sales – Lapses in the Auction Process**

The Auction Sales Unit is responsible for the receipts and disposal of overlying, abandoned and unclaimed goods at the various freight stations and landing stations. Revenue collected from the Auction Sales Unit in respect of the sale of overlying goods during the financial year 2020-21 amounted to some Rs 21.6 million.

The following were noted from an examination of the records of the Auction Sales Unit:

- (a) Shortcomings in bidding exercise;
- (b) Goods sold below Reserved Price; and
- (c) Inappropriate lotting of goods being auctioned.

#### ***Shortcomings in Bidding Exercise***

All bidding exercises are carried out by duly registered bidders through the E-Auction Platform. The Platform does not allow registered bidders to bid below the reserve price during the first and second bidding exercise. During the third bidding exercise bids received below the reserved price for the same items may be considered by the Tender Committee.

- Previously, goods earmarked for auction sales were advertised through the media in local newspapers and through banners, and were thus brought to the notice of the public at large. Since the introduction of E-Auction Platform in 2016, the notifications of auctions are advertised only on the website of the MRA. As at 30 June 2021, there were only some 6,000 bidders registered on the E-Auction Platform. Thus, the goods being auctioned may not attract a large number of bidders.

- All transactions relating to E-Auction were recorded in the computerised Customs Management System (CMS). However, the system could not generate a full inventory report of past transactions with details of goods to be auctioned, sold/destroyed and the balance remaining as at 30 June 2021, the examination of which would help to ensure completeness of records and transactions related to the E-Auction.

#### MRA's Response

- With the increase in the cost of advertisement, it was a policy decision to limit advertisement on MRA's website which is easily accessible to the public.
- A report will be generated at each 30 June of the year and will be kept.

#### NAO's Comment

The Customs Department could use other channels to advertise goods being auctioned to attract a larger number of bidders.

#### ***Goods sold below Reserved Price***

Following Regulations 35A (8) of Customs Regulations, the final reserve price, as per established procedures is arrived as follows:

- *Goods 1st time on sale: 50% of CIF\* Value + Duty & taxes + 10% administrative cost.*
- *Goods 2nd time on sale: 25% of CIF Value + Duty & taxes + 10% administrative cost.*
- *Goods 3rd time on sale: 2% of CIF Value + Duty & taxes + 10% administrative cost.*

*\* Cost, Insurance and Freight (CIF)*

According to established procedures at the Customs Department, goods were not put for sale for more than three times. For sale of alcoholic drinks, most of them were sold during the third bidding exercise at the quoted prices that were below the reserved price.

For the financial year 2020-21, some 1,700 lots of bottles of alcoholic drinks were put for sale, of which 1,675 lots were sold below the reserved prices during the third bidding exercise. Only some Rs 16 million were collected from these sales as compared to Rs 64 million had these lots been sold at their reserved prices.

In one instance, a lot of bottles of alcoholic drinks was put on sale for the fourth time and the price quoted was more than that of a similar lot sold during the third bidding exercise.

#### MRA's Response

Goods were sold for the fourth time, otherwise the destruction costs would have been much more than the value of the bid.



### ***Inappropriate Lotting of Goods being Auctioned***

During the financial year 2020-21, bottles of alcoholic drinks were put on sale in lots of 120 for 1 litre-bottle and 60 for 1.5 litres-bottle. The same lot size was maintained during the first, second and third bidding exercises. The Customs Department did not consider putting on sale these items in smaller lots to attract more bidders despite knowing from previous experience that large lot size was not attractive to bidders during the first and second bidding exercises.

The Customs Department should regularly carry out an assessment to determine the quantity of bottles to be sold in a lot in order to attract a larger number of bidders.

NAO is of the view that the system for sale of goods through E-Auction should be reviewed in order to maximise revenue.

### **10.3.13 Follow up of matters raised in the Audit Report 2019-20**

NAO has carried out a follow up of matters raised in the Audit Report 2019-20 to report on actions taken by the MRA (Customs Department) in response thereto.

Out of six issues highlighted in the Report and which required action to be taken by the MRA:

- One issue has been resolved.
- As of 31 January 2022, action has been taken at MRA's level in respect of two issues.
- Action has been initiated in respect of three issues.

Further information is provided at page 402 in Appendix VI.

## 10.4 Corporate and Business Registration Department

### 10.4.1 Revenue Management – Discrepancies in the recording of Revenue and Slow Recovery of Arrears

At paragraph 5.9.1 of the Audit Report for the financial year 2019-20, the following were reported:

- (a) Revenue collected as per the Corporate Business Registration Information System (CBRIS) report differed from that of the Treasury Accounting System (TAS) reports, and refunds of overpaid fees were not updated in the CBRIS;
- (b) Due to mis-match between the number of collections and number of receipts issued, the reports generated from CBRIS could also not be relied upon; and
- (c) Slow recovery of arrears. The Department had recourse to the issue of reminders and to compounding exercises for recovery, the ultimate option being write off of the amount not recovered.

Audit of revenue for the financial year 2020-21 revealed that the Corporate and Business Registration Department (CBRD) has not initiated any corrective action and the above mentioned issues still prevailed. The following shortcomings were still noted:

- (a) CBRIS report did not agree with TAS reports; and
- (b) Recovery of arrears has not improved.

#### *Discrepancies in Revenue Figures*

As per ‘Miscellaneous Reports’ in CBRIS, revenue collected during the financial year 2020-21 amounted to some Rs 739.8 million, made up of some Rs 689.5 million and US \$ 1.3 million.

#### ▪ *Discrepancy in Amounts*

Revenue collected of Rs 235.3 million for Company Licences, Fines and Lodging Fees & Others as per CBRIS reports for the financial year 2020-21 did not agree with TAS reports of Rs 235.8 million.

#### ▪ *Debtors Accounts not Updated*

During the financial year 2020-21, refunds of an amount of some Rs 1.1 million, representing overpaid fees by debtors were effected through TAS. However, these were not updated in the respective debtors accounts in CBRIS.

#### ▪ *Large Number of Skipped Receipts*

On access by Companies to the CBRIS to effect payments, comprehensive receipts were not always generated due to slowness in connectivity, hence, resulting in skipped receipts. The number of receipts issued as per the ‘Daily Cash and e-Payment’ Report and the ‘Total revenue collected for period Head of Revenue’ Report differed by 21,196. According to the ‘list of skipped receipts’ Report, the number of skipped receipts was 100,144 for the financial year 2020-21 compared to 2,242 for the financial year 2019-20.

The shortcomings mentioned above were mainly attributed to online payments not uploaded in a timely manner in CBRIS, connectivity issues and inconsistencies in the processing of reports within the system which would require the intervention of the relevant Software Companies.

#### Department's Response

- The actual CBRIS has to be revamped and negotiations have already been held for the development of a new CBRIS where all the above mentioned shortcomings would be attended to.
- The Invalid Payment Mode referred to collection of Trade Fees through the Department's online system.
- Compounding of offences has reduced arrears of revenue significantly and has proved to be an efficient and effective method of collecting revenue.
- All avenues have been explored and the recovery rate is well beyond its control.

#### ***Slow Recovery of Arrears***

As at 30 June 2021, arrears of revenue amounted to some Rs 110 million.

##### ▪ *Recovery of Arrears*

As at 30 June 2020, arrears of revenue totalled some Rs 99 million, of which only some Rs 14 million, representing 14 per cent, was recovered during the financial year 2020-21. The annual rate of recovery for the past five financial years was slow, ranging from three to 14 per cent of total arrears.

##### ▪ *Long Outstanding Debts*

- Arrears prior to 1 July 2017, totalling some Rs 41 million, represented some 38 per cent of total outstanding debts of Rs 110 million as at 30 June 2021.
- The CBRIS does not cater for specific relevant information, such as, periods to which payments relate.

##### ▪ *Unavailability of List of Debtors*

The list of debtors for one category of company totalling some Rs 2.2 million was not available.

##### ▪ *Discrepancy in Debtors' Amount*

The total amount in respect of 11 categories of Debtors as per the 'Debtors Ageing Analysis' CBRIS Report did not agree with their corresponding 'List of Debtors' CBRIS Report. The difference ranged from some Rs 3,000 to Rs 861,000.

#### Department's Response

The Software Company will be requested to devise a new report to include all those items to support amount collected for arrears.

## 10.5 Registrar-General's Department

A review of the records and control systems at the Registrar-General's Department (RGD) revealed the following:

- (a) Discrepancies in revenue figures;
- (b) Short remittances of collections in 2017 not yet recovered;
- (c) Loss of revenue due to delays in reassessment/revaluation;
- (d) Misstatement in the figures of Arrears of Revenue resulting from overstatement of Arrears of Revenue and non-migration of data to the Mauritius e-Registry System (MeRS);
- (e) The long outstanding debts are unlikely to be recovered; and
- (f) Ineffective mechanism for recovery of arrears.

### *Discrepancies in Revenue Figures*

#### ▪ *Cash Report*

As per the Treasury Accounting System (TAS) the RGD collected some Rs 5.7 billion from duties and taxes during the financial year 2020-21. The Revenue Collection Report of the RGD showed an amount of Rs 5.3 billion excluding foreign currencies, whilst the cash report extracted from the MeRS by the officers of the Central Information System Division, showed a total collection of some Rs 12 billion.

#### Department's Response

- Overlapping exists in the detailed cash book report due to time lapse between the revenue collection and accounting by the Treasury.
- Any discrepancy noted is addressed promptly.
- The MeRS did not cater for the conversion because the legislations provide for collection of revenue in foreign currencies only for transactions under specific schemes.

#### ▪ *Revenue Collected by Other Institutions*

At Paragraph 5.10.1 of the Audit Report for the financial year 2019-20, mention was made of a difference of some Rs 2.5 million between MeRS and TAS figures. The difference increased to Rs 3.2 million in the financial year 2020-21 and no reconciliation was carried out to clear the difference.

#### Department's Response

- Following the routine process at the close of the daily business, no discrepancy was noted as at date.
- Despite several requests, Ministries/Departments are not sending returns of cash collected by them on behalf of the RGD.

### ***Short Remittances of Collections not yet recovered***

At Paragraph 5.10.1 of the Audit Report for the financial year 2019-20, it was reported that collections totalling some Rs 400,000 were short remitted during the period 21 April to 18 August 2017 by a cashier. As of September 2021, the amount short remitted has still not been recovered. Outcome of enquiries from the Police Service and the Attorney General's Office regarding the above case was not known.

#### **Department's Response**

The Commissioner of Police apprised the Department on 15 December 2021 that the case had been sent to the Office of the Director of Public Prosecutions for advice since 22 April 2021.

### ***Loss of Revenue due to Delays in Reassessment/Revaluation***

At paragraph 5.10.2 of the Audit Report for the financial year 2019-20, mention was made of delays in reassessment resulting in loss of revenue. The situation has remained the same.

#### **▪ *Reassessment of Immovable Properties by Valuation Department***

A list of 123 cases relating to the period August 2015 and December 2020, referred for reassessment by the RGD to the Valuation Department on different dates was extracted from the MeRS . It was noted that the reassessments of these properties were not carried out within the prescribed period of five months from date of registration as required under Section 28(6)(a) of the Land Duties & Taxes Act. The delay resulted in loss of revenue to RGD.

#### **Department's Response**

Cases dated since 2015 still appeared in the MeRS listing since the reassessment of these properties had not been done by the Valuation Department within the delay of five months as from the date of registration.

#### **▪ *Campement Tax***

Campement Tax (CT) is levied on campement site together with any building or structure or part thereof, flat or apartment, thereon used at any time for the purposes of residence. The audit exercise has revealed the following:

- No Revenue Register was maintained as required under Financial Instructions of the Ministry of Finance and Economic Development, Circular No 1 of 2013.
- A data base of campement owners was not integrated in the MeRS.
- CT is collected on or before 31 July in every financial year and is computed on the basis of the market value of the campement. In the absence of records, it could not be ascertained whether revaluation exercise was carried out. In five cases, taxes paid yearly were based on market values determined since more than four years.

### Department's Response

- The payment registers can constitute the database.
- Despite declaration forms were sent to VD to determine the open market value of campement, no reply was received in some cases.

### ***Misstatement in the figures of Arrears of Revenue***

The arrears figure of Rs 414 million submitted to the Treasury excluded cases under objections and untraceable debtors.

#### ▪ *Overstatement of Arrears of Revenue*

The above figure was also overstated by some Rs 6 million due to arithmetical errors.

The Department informed NAO that since the previous closing balance is used as opening balance, the arithmetical error of the previous year will be brought forward each year.

#### ▪ *Non-Migration of Data to the Mauritius e-Registry System*

Data on Arrears of Revenue of some Rs 327 million, representing 79 per cent of debts, are kept on manual records and were still not migrated in the MeRS as of 30 June 2021. The records kept in Excel format with no inbuilt control are prone to alteration without the appropriate authority.

### Department's Response

- None of the manual files have been migrated in the MeRS as they are too bulky.
- The MeRS was not designed to record such arrears.

During the financial year 2020-21, 195 debtors having a collectible amount of Rs 15 million, included in the debtors list, were accounted as current year debtors. However, these related to some cases registered prior to year 2015 for which determination had already been obtained since more than five years and others which were neither referred to the Objection nor the Assessment Review Committee.

Recognition of arrears of revenue dating back to financial year 2015 could not be explained.

### ***Long Outstanding Debts Remain Unlikely to be recovered***

The age analysis of debts as at 30 June 2021 was reviewed. Details are given in the Table 10-53.

*Table 10-53 Age Analysis of Arrears of Revenue as at 30 June 2021*

| <b>Period</b>       | <b>Rs million</b> | <b>% of Total Arrears</b> |
|---------------------|-------------------|---------------------------|
| Prior to 30.06.2017 | 337               | 81                        |
| 2017-2018           | 12                | 3                         |
| 2018-2019           | 16                | 4                         |
| 2019-2020           | 9                 | 2                         |
| 2020-2021           | 40                | 10                        |
| <b>Total</b>        | <b>414</b>        | <b>100</b>                |

*Source: Statement of Arrears of Revenue and debtors listing provided by RGD*

- Out of the total amount of Rs 414 million outstanding as at 30 June 2021, Rs 337 million representing nearly 81 per cent of the total arrears, related to period prior to 30 June 2017, that is, since more than four years.
- The prior year figure included an amount of Rs 712,000 in respect of Capital Gains Tax outstanding since the financial year 1992-93. This tax has already been abolished in 2012.
- Campement Tax totalling Rs 12 million was due for more than ten years and Rs 27 million represented debtors whose taxes were originally under-claimed and reassessments not carried out, and taxes incorrectly declared. Some of these debts may not be recovered as they related to cases as far back as 1980-81.
- At paragraph 5.10.2 of the Audit Report for the financial year 2019-20, it was reported that there were 17 companies and 10 individuals which owed a total amount of Rs 143 million, that is, 38 per cent of the total arrears as at 30 June 2020.

For the financial year 2020-21, the total amount due by 42 debtors including the 27 mentioned above, each owing more than Rs 1 million increased to some Rs 159 million, represented some 38 per cent of total arrears as at 30 June 2021. Among those arrears, Rs 2.6 million were already time barred as per Section 44 of the Land Duties and Taxes Act and there were six companies owing some Rs 72 million, which were defunct or in process of winding up.

#### Department's Response

- Despite all timely actions, the debts remained unpaid and the ultimate recourse is to proceed with seizure which requires a policy decision in view of the significant number of cases and sensitivity of the issue.
- RGD has requested the Internal Control Unit to review the process and make recommendation on arrears of revenue.

### ***Ineffective Mechanism for Recovery of Arrears***

At paragraph 5.10.2 of the Audit Report for the financial year 2019-20, It was reported that the measures and enforcement mechanisms put in place at the Department proved to be inadequate and ineffective, leading to increase in arrears year after year.

Debtors management continue to be a critical risk for the RGD due to low recovery rate of 7.6 per cent of some Rs 377 million which were due as at 30 June 2020.

“Contrainte” is a legal action taken against a debtor for non-payment of any amount due and is seen as a last resort for the recovery of debts. It was noted that no “contrainte” was raised since September 2018. The MeRS showed 76 cases where “contrainte” had already been initiated since year 2015 but no order for seizure of the property has yet been issued

#### **Department’s Response**

The ineffectiveness is embedded in the whole system of reassessment.

#### ***Valuation Mechanism not reviewed***

Despite previous Audit Reports, no action has been taken to review the process of the Valuation Mechanism though assurance has been given by management to have a Valuation Roll as a tool that would enable the availability of the open market value of immovable properties prior to registration.

The lengthy procedures of re-assessment, inscription, determination of cases under objection and debtors’ management will be significantly eliminated once the Valuation Roll is fully implemented. Besides avoiding the risk of loss of revenue and collecting the right amount of tax or duty at time of registration, this would facilitate in dealing with reassessment cases.

#### **Department’s Response**

The implementation of the Valuation Roll would be a better solution.



## 11 - MINISTRY OF FOREIGN AFFAIRS, REGIONAL INTEGRATION AND INTERNATIONAL TRADE

### 11.1 Mauritius Mission in Kuala Lumpur – No Authority for Relocation of the Chancery

In July 2021, the Mission informed the Ministry of Foreign Affairs of Malaysia that the Chancery would be relocated, and that a new building had already been identified to that effect. In August 2021, the Ministry however requested the Mission to stay action on the plan to relocate. Further, in October 2021, the Mission was requested to renew the previous lease agreement with an addendum on early termination.

Despite the above-mentioned instructions –

- On 1 November 2021, the Chancery had already been vacated from the official location.
- A lease agreement was signed for a period of three years in respect of the new building at RM 12,000 per month, and a security deposit of RM 36,000 was paid to the landlord.

The attention of the Mission was drawn by the Ministry that there was no Ministerial approval to move the Chancery to another building, which will cost more to the Government of Mauritius compared to the previous location. The Ministry had pointed out that the monthly expenditure for the building will comprise rent (RM 12,000), security (approx. RM 6,000) and other associated costs.

It was gathered that the new location was far from the city centre, and the previous landlord had agreed to reduce rent to RM 18,800 for the period November 2021 to 31 October 2024.

On 2 November 2021, the previous landlord also informed that the Mission had not complied with many clauses of the lease agreement, and that it may have to pay liquidated damages. As of December 2021, it was not known where matters stand.

NAO is of the view that the Ministry should ensure proper coordination with Missions and that no financial commitments are taken without prior approval.

#### Ministry's Response

- Since the expiry of the lease contract of the existing Chancery, the Ministry had advised the Mission to start looking for another building and negotiate to have a decrease in rental costs.

#### NAO's Comment

It was reported to the Ministry that the Chancery had already been relocated to another building prior to the expiry of the previous lease contract on 31 October 2021.

- On 17 January 2022, the previous landlord informed Mission to effect payment of RM 78,424 (Rs 818,700) being the agreed liquidated damages, and RM 33,450 (Rs 349,200) to restore and reinstate the premises. The landlord was informed that the amounts claimed were wrong/being disputed.

- An investigation on this matter is ongoing and appropriate action will be taken based on the outcome.

## **11.2 Acquisition of Service Vehicle – Procurement Procedures not followed**

The Consulate General of Mauritius in Dubai was opened in November 2020. In December 2020, the Ministry gave its approval for the purchase of a Representational Vehicle (RV), and allocated some Rs 2.1 million to meet the cost of the vehicle. A total amount of some SAR 233,200 was transferred to the bank account of Mission in Riyadh, which effected the necessary payments on behalf of the Consulate as the latter had not yet opened any bank account.

In June 2021, the Ministry was informed that the Consulate had purchased two official cars, that is, one to be used as RV and the other as Service Vehicle (SV). Payments of a total amount of AED 185,084 (Rs 1,930,000) for the two cars were effected on 5 and 9 January 2021. As of December 2021, the cost of each vehicle was not known. Approval of the Ministry was not sought for the purchase of the SV.

Procurement procedures to be followed by Missions are clearly spelt out in the Manual of Procedures of the Ministry, which requires the following, amongst others -

- (a) Call for at least three quotations;
- (b) After the closing date, Mission should set up a Committee chaired by the Head of Chancery, and comprising, as far as possible, at least two members, to examine the offers and submit the recommendations of the Committee, together with all the bids, to the Ministry, for consideration by the Departmental Bid Committee; and
- (c) Upon receipt of approval from the Ministry, Mission may proceed with the purchase and submit all relevant documents and receipts received in respect of the purchase to the Ministry.

No evidence could be produced to show that the above procedures were duly followed for the purchase of the SV.

### Ministry's Response

The attention of Missions is drawn on regular basis on the proper procedures to be followed in line with the Manual of Procedures and existing procurement regulations.

## **11.3 Advance Accounts - Outstanding Security Deposits not cleared and Advance Account not opened**

Advance Accounts are opened in the Advance Ledger of the Ministry to record Security Deposits (SDs), which represent advance payments to landlords for rental of premises, to be refunded after the leased premises are vacated in good conditions. The balance under the Advance Accounts totalled some Rs 26.7 million as at 30 June 2021. An examination of the Advance Ledgers and other records relating to the SDs revealed the following:

- (a) Mauritius Consulate in Mumbai – Court Case for non-refund of the SD of INR 12,510,000 still pending;
- (b) There was no evidence of any follow up in respect of recoverability and validity of other long outstanding SDs; and
- (c) An Advance Account was not opened for an amount of Rs 771,000 paid as SD for the rental of office space at the 4<sup>th</sup> floor of a building by the International Trade Department (ITD).

***Court Case for non-refund of SD of INR 12,510,000 still pending***

In March 2003, the Government of Mauritius (GOM) filed a case for non-refund of the SD of INR 12,510,000 by the owner of the building which houses the Mauritius Consulate in Mumbai. Though the judgement rendered on 24 September 2003 was in favour of the GOM, the owner did not effect any payment.

The owner filed a case for recovery of possession of the premises and for recovery of dues from the GOM. On 23 October 2019, the Indian Court held that the GOM should pay compensation to the owner at INR 3,600 per day plus interest on the days GOM occupied the premises, and that the owner should refund the SD with interest from date of expiry of agreement till date of judgement.

According to the Ministry, the financial implications based on the judgement of 23 October 2019 would amount to some INR 70,600,000 and INR 48,100,000 to be paid by the GOM and the owner respectively. The GOM had lodged an appeal against the judgement, and the Court case was still pending as of October 2021.

***No Evidence of any Follow Up***

There was no evidence of any follow up in respect of the recoverability and validity of the long outstanding SDs as illustrated hereunder:

- In some cases, the amounts of the SDs were outstanding since long as the Advance Accounts dated as far back as June 1999, and were in the name of Officers who were posted at those Missions. It should be pointed out that, as of November 2021, these Officers were either no longer in service or are posted elsewhere.
- No details were available in the ledgers as regards the validity period of the SDs and the location of the premises.
- The accuracy and completeness of the amounts could not be ascertained as there were no confirmations received from the Missions that those SDs were still outstanding.

***Advance Account not opened for Payment of Rs 771,000 effected as SD***

No Advance Account was opened in respect of a deposit of Rs 771,000 representing three months' rental paid, on 27 June 2019, to the Lessor for the 4<sup>th</sup> floor of a building in Port Louis rented for the office accommodation of the ITD.

### Ministry's Response

- Following hearing of the Mumbai Court Case on 16 December 2021, the lawyers had indicated that the Court had adjourned the matter to 31 January 2022. Approval was conveyed for the lawyers to initiate necessary arrangement for the application for the Chamber Order to extend the validity period of the Warrant of Sale.
- The Manual of Procedures is being revised so as to ensure that the outgoing Officer in Mission has cleared his outstanding commitments in respect of security deposits prior to his departure from Mission.
- Necessary action had been taken to open an advance account in the name of the Lessor for the rented floor of the building.

#### **11.4 Rent of Office Accommodation and Lease of Premises – Nugatory Expenditure of some Rs 4.4 million**

For the financial year 2020-21, the total rent paid for office accommodation locally and lease of premises overseas amounted to some Rs 216 million. An examination of the records relating to office accommodation and lease of premises at 12 Missions showed that:

- (a) Rent of some Rs 770,000 was paid for unoccupied space; and
- (b) A total amount of some Rs 3.6 million being rent paid for unoccupied premises due to delay in taking decision to terminate lease agreement on completion of the tour of service of diplomatic staff, and in one case, delay in assumption of duty of an Ambassador.

##### ***Rent of some Rs 770,000 paid for Unoccupied Space***

At paragraph 10.4.3 of the Audit Report for 2019-20, it was reported, among others, that most of the office space at one floor of a building rented by the Ministry was unoccupied. As of November 2020, rent for 10 months amounting to Rs 706,000 was paid for the unutilised space.

During a site visit on 26 August 2021, it was found that the office space was still unoccupied. Rent totalling some Rs 770,000 (for period December 2020 to November 2021) was thus effected for office space that was unoccupied.

##### ***Rent of some Rs 3.6 million paid for Unoccupied Premises***

Rent totalling some Rs 3.6 million was paid for unoccupied premises at five Missions due to lack of coordination and communication between the Missions and the Ministry, delay in taking prompt action/decision to terminate leases on completion of the tour of service of diplomatic staff, and in one case, delay in assumption of duty of an Ambassador. Details are provided in Table 11-1.

*Table 11-1 Rent Paid for Unoccupied Premises*

| Mission      | Period              | Rent Paid for Period          |                     |
|--------------|---------------------|-------------------------------|---------------------|
|              |                     | Amount in<br>Foreign Currency | Equivalent in<br>Rs |
| Antananarivo | 16.06.21 – 31.08.21 | Ariary 27,401,008             | 301,493             |
| Addis Ababa  | 09.08.21 – 11.11.21 | US \$ 7,200                   | 280,524             |
| New York     | 13.08.20 – 30.09.20 | US \$ 6,600                   | 259,446             |
| Berlin       | 02.08.20 – 04.04.21 | € 39,029                      | 1,883,555           |
| Riyadh       | 25.01.21 – 30.06.21 | SAR 79,167                    | 845,584             |
| <b>Total</b> |                     |                               | <b>3,570,602</b>    |

*Source: Ministry's Records*

The payments totalling some Rs 4.4 million were therefore nugatory as no benefits were derived from such expenditures.

NAO is of the view that the Ministry should ensure that before the end of a tour of service, decision to call back/replace any officer posted overseas should be made known promptly so that necessary actions, namely timely notification for early termination of lease agreement, handing over purpose and the smooth running of the Mission, are taken.

#### Ministry's Response

- A circular would be issued to all Heads of Missions with copy to the Human Resource and Finance Section on the nugatory expenses incurred by Government in respect of unoccupied accommodation. Their attention would also be drawn that failure to take immediate action for the termination of lease in respect of unoccupied accommodation may entail disciplinary action against them.
- Actions could not be implemented due to closure of borders for both incoming and outgoing Officers following the COVID pandemic.
- The diplomatic passport of the Ambassador could not be released due to some pending issues. The assumption of duty of the newly appointed Ambassador at Berlin Mission, was thus beyond the control of the Ministry.
- For Riyadh Mission, the Ambassador, in line with his functions, was required to stay for some time in Riyadh particularly with the incoming event Dubai 2020 and at that time the Consulate in Dubai was not yet opened. Mission informed Ministry that the latter had to keep his personal belongings and furniture in his present accommodation pending its transfer back in April 2021.

### **11.5 Follow up of Matters Raised in the Audit Report 2019-20**

NAO has carried out a follow up of matters raised in the Audit Report for 2019-20 to report on actions taken by the Ministry in response thereto.

Out of three issues highlighted in the Report and which required action by the Ministry:

- Necessary action has already been initiated at the Ministry's level on two issues.
- No action has been taken in respect of one issue.

Further information is provided at page 403 in Appendix VI.

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## 12 – MINISTRY OF HOUSING AND LAND USE PLANNING

### 12.1 State Lands Leased for Industrial Projects Remain Undeveloped For Years

Master plans were developed by the Ministry for the regions of Balaclava, Les Salines and Palmar. State lands found in these regions were granted to promoters. However, several years after, in most cases, the promoters have not yet started their respective project.

The records relating to lease of State lands at Balaclava, Les Salines and Palmar were examined to ascertain whether State lands have been developed in a timely manner. The following issues were noted:

- (a) No significant development at Balaclava and Les Salines despite Government support; and
- (b) No development at Palmar due to delays in decision making.

#### *No Significant Development at Balaclava and Les Salines despite Government Support*

##### *Balaclava*

Nine plots of land of an area of 188,668 m<sup>2</sup> within the identified site were reserved in 2006 and 2007. As of November 2021, only one plot of land of 18,990 m<sup>2</sup> was developed.

- Two plots of land covering 49,300 m<sup>2</sup> and 29,546 m<sup>2</sup> were leased to two private Companies for the periods 2012 to 2072 and 2010 to 2070, respectively. Subsequent to the request of the major shareholder of the two Companies, a consolidated new lease agreement was signed in June 2016 in which it was stipulated that the construction of hotels/bungalows had to be completed by June 2019.
- Another promoter with an industrial lease over a plot of land of 14,773 m<sup>2</sup> entered a case before the Supreme Court as the Ministry decided to cancel the lease on the ground that a condition of the lease agreement was not respected. In 2016, both parties came to an amicable settlement and the Ministry decided to reinstate the lease. The new lease agreement signed in January 2017 stipulated that the construction of hotels/bungalows should be completed by January 2020.
- Leases in respect of two plots of land of 9,268 m<sup>2</sup> and 9,244 m<sup>2</sup> were cancelled in year 2016. A letter of reservation, for both plots of land, was issued to a promoter in November 2021.
- Three promoters could not develop their allocated plot of land due to the absence of vehicular access.

##### *Les Salines*

Nine plots of land were reserved during the period 2005 to 2014. According to the Letter of Intent (LOI), the promoters would have to contribute on a cost sharing basis for the setting up of offsite infrastructure.

As no infrastructure works were carried out by the promoters, the Government, in May 2017, agreed upon a cost sharing mechanism whereby each beneficiary would

contribute a percentage of the total cost of infrastructure and associated works based on the extent of land allocated to each of them. The infrastructural and associated works costing some Rs 448 million were completed in September 2018.

As of November 2021, out of the nine plots of State land to the extent of 655,858 m<sup>2</sup>, construction works were ongoing at only two plots covering a total extent of 51,332 m<sup>2</sup>.

### *Government Support*

In February 2019, the State Lands Act was amended in order to grant a moratorium on rental to lessees who have been allocated State lands far from infrastructure networks. Rental became payable when State lands leased by the Ministry had vehicular access allowing construction works to start. Lessees who had already paid rental were allowed to offset past rentals paid against future rental liability

### ***Balaclava***

Arrears totalling some Rs 43.2 million were written off in the financial year 2019-20, and some Rs 4.4 million were brought forward to be offset against future rental in respect of three lessees that could not develop their sites in the absence of vehicular access.

The construction of the vehicular access was completed in July 2017 and the three promoters had to complete the construction of hotels/bungalows within 36 months. As of November 2021, construction works had not yet started.

As at 30 June 2021, rentals owed by the three promoters amounted to some Rs 9.7 million for the years 2017 to 2021.

### *Ministry's Response*

- For one promoter, in September 2020, there has been a change in purpose in the lease agreement from bungalow/boutique hotel to bungalow complex. Deed of amendment is not yet finalised as the lessee has not yet submitted the required documents.
- For another promoter, the lessee has requested a further delay of six months as from 1 October 2021 to start construction works and a delay of 36 months to complete the work, that is, 30 September 2024.

### ***Les Salines***

Some Rs 185 million were written off in the financial year 2019-2020, and some Rs 56.4 million were brought forward to be offset against future rental.

As of November 2021, only two plots of land were being developed.



## ***No Development at Palmar Due to Delays in Decision Making***

### ▪ *Delay In Finalising Lease Agreement*

As of November 2021, no development was carried out due to delay in finalising the lease agreement as shown in Table 12-1.

*Table 12-1 Delay in Finalising Lease Agreement*

| <b>Promoter</b> | <b>Reserved Since</b> | <b>LOI Issued</b> | <b>Remarks</b>                                                                         |
|-----------------|-----------------------|-------------------|----------------------------------------------------------------------------------------|
| A               | May 2009              | November 2014     | Seven years had already elapsed                                                        |
| B               | December 2016         | February 2019     | It was only in January 2021 that the Promoter was informed of the Ministry's approval. |
| C               | April 2012            | January 2014      | The lease agreement was signed only in August 2019, that is, after almost five years.  |

*Source: Ministry Lease files*

### *Ministry's Response*

- *Promoter A.* The delay is due to enquiries by the Police Service and the Independent Commission Against Corruption. The file is now being processed.
- *Promoter B.* The amount of contribution payable for the cost sharing mechanism for infrastructural works has not yet been finalised. Needful is being done to finalise contribution last payable at the soonest.
- *Promoter C.* Planning clearance was issued on 2 December 2019.

### ▪ *Delay in Developing Master Plan*

A revised master plan was approved in September 2018. Following an Expression of Interest, the Economic Development Board (EDB) informed the Ministry in July 2019, that nine applications had been recommended for the grant of a Letter of Comfort. As of November 2021, development of the site had not yet started.

The sites within the master plan are presently not serviced by road infrastructure and utility services.

### *Ministry's Response*

The Letter of Comfort is issued by the EDB. In view of the fact that the whole area is not serviced by road infrastructure and utility services, the sites within the master plan cannot, for the time being, be developed.

## 12.2 Construction of Social Housing Units and Rehabilitation -Targets Not Achieved

The Housing Division of the Ministry is responsible for the formulation of strategies and policies for the social housing sector and also for the implementation of social housing programmes through the National Housing Development Company Ltd (NHDC Ltd). The NHDC Ltd also undertakes rehabilitation works on NHDC Housing Estates.

The following were noted from an examination of the records of the Ministry:

- (a) Targets set were not achieved; and
- (b) Inadequate monitoring by the Ministry over activities carried out by NHDC Ltd.

### *Targets Not Achieved*

Out of the budget of Rs 1,052 million provided for the financial year 2020-21, the Ministry disbursed some Rs 606.5 million as shown in Table 12-2.

*Table 12-2 Budget v/s Actual Expenditure for Financial Year 2020-21*

|                                        | <b>Budget<br/>Rs<br/>million</b> | <b>Actual<br/>Rs<br/>million</b> | <b>Unspent<br/>Rs<br/>million</b> | <b>% Unspent</b> |
|----------------------------------------|----------------------------------|----------------------------------|-----------------------------------|------------------|
| Construction of Social Housing Units   | 951                              | 576.1                            | 374.9                             | 39               |
| Rehabilitation of NHDC Housing Estates | 101                              | 30.4                             | 70.6                              | 70               |
| <b>Total</b>                           | <b>1052</b>                      | <b>606.5</b>                     | <b>445.5</b>                      |                  |

*Source: Treasury Accounting System*

As of 30 June 2021, only 772 social housing units were built, representing only 70 per cent of the target of 1,101 units for the financial year 2020-21.

Of the six NHDC Housing Estates targeted for rehabilitation works, only one Housing Estate had its rehabilitation works completed.

### Ministry's Response

- As of November 2021, the construction of 953 housing units over ten sites have been completed. Delays were mainly attributable to the restrictions due to the COVID-19 pandemic, inclement weather and contractual dispute.
- Budgeted Funds could not be used for implementation of Housing projects due to:
  - (a) Delays in construction attributed to the restrictions due to COVID-19 pandemic;
  - (b) Change in scope of works to comply with requirements of different authorities; and
  - (c) Lengthy procedures for acquisition of land.

## ***Inadequate Monitoring Over Activities of NHDC Ltd***

### ***Irregular Site Visits***

Only nine site visits were conducted during the period July 2018 to June 2021 in respect of Social Housing projects, as shown in Table 12-3.

*Table 12-3 Site Visits for Social Housing Projects*

| <b>Financial years</b> | <b>No of Site Visits conducted</b> |
|------------------------|------------------------------------|
| 2018-19                | 4                                  |
| 2019-20                | 2                                  |
| 2020-21                | 3                                  |

*Source: Ministry files*

No evidence was seen in respect of site visits being conducted by the Ministry on rehabilitation works on the NHDC Housing Estates.

### **Ministry's Response**

Regular site visits could not be carried out due to the restrictions attributed to the COVID-19 pandemic and limited human resource capacity.

### ***Unallocated Housing Units***

As of October 2021, there were 157 unallocated housing units, out of which 27 were unallocated for more than three years.

### **Ministry's Response**

The housing units remained unallocated mainly due to:

- Selected beneficiaries declined the offer;
- Some selected beneficiaries requested for a delay; and
- Additional clarifications were sought from some beneficiaries prior to allocation.

### ***Review of Database of Applicants Still in Progress***

In the absence of an updated and reliable database, it is difficult to assess the actual demand for the NHDC housing units.

### **Ministry's Response**

The NHDC has already appointed an auditing firm for the complete overhauling of the present database. The database has been updated as at end of November 2021 and will henceforth be regularly maintained and updated.

### *Non-submission of Annual Report and Audited Financial Statements*

The last Annual Report and the audited financial statements of the NHDC Ltd received at the Ministry relates to the year ended 31 December 2018. Annual Reports and audited financial statements for periods ended 31 December 2019 and 31 December 2020 were not yet submitted to the Ministry.

### **12.3 Follow Up of Matters raised in the Audit Report 2019-20**

NAO has carried out a follow up of matters raised in the Audit Report for 2019-20 to report on actions taken by the Ministry in response thereto.

Action has been initiated in respect of the seven issues highlighted in the Report. Further information is provided at pages 404 to 407 in Appendix VI.

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## **13 - MINISTRY OF SOCIAL INTEGRATION, SOCIAL SECURITY AND NATIONAL SOLIDARITY**

### **13.1 Social Integration Division**

#### **13.1.1 Social Housing Projects for Vulnerable Groups – Inability to meet Demand for NHDC Housing Units**

Following the Budget Speech 2017-18, the measure to provide 10 per cent of NHDC housing units, to be constructed across the island, to eligible Social Register of Mauritius (SRM) households, who are landless was implemented by the Social Integration Division (SID) of the Ministry.

As per an updated list from the National Empowerment Foundation (NEF), there was demand for NHDC houses from some 1,500 households as of August 2021. However, only 98 housing units were delivered to eligible SRM beneficiaries as of October 2021. At such pace, it is not known whether the SID would be able to meet the demand for NHDC houses in the short term.

#### *Ministry's Response*

- There may be demand for NHDC units from landless SRM households but the NEF has to assess the capacity of the beneficiaries to reimburse the 20 per cent cost of the housing units through monthly instalments, prior to the processing of their applications for housing support under the 10 per cent NHDC Housing Scheme.
- 156 housing units located on six sites across the island would be provided to SRM beneficiaries by June 2022.

#### **13.1.2 Empowerment Support Scheme – Lapses in the Implementation of the Scheme**

During the financial year 2020-21, payment of Monthly Subsistence Allowance (MSA) to some 5,400 eligible SRM households amounted to some Rs 231 million.

Following the Budget Speech 2020-21, amendments were made to the Social Integration and Empowerment Act to provide for the increase of the maximum threshold from Rs 9,520 to Rs 10,500 as from 1 July 2021. Households concerned were thus requested to register on the SRM to benefit from the empowerment schemes. As of 30 November 2021, some 500 new households were found eligible.

An audit review of the Empowerment Support Scheme (ESS) revealed that the Monitoring and Evaluation (M&E) Unit set up by the SID was not operational mainly due to M&E indicators (necessary for recertification exercise) not established. Other audit findings are given hereunder:

- (a) Two important aspects, namely the evaluation of households with regard to their obligations (mentioned in the social contract), and the integration of the SRM with other Government registers/systems in operation at other relevant institutions, were overlooked in the process for recertification of beneficiaries;
- (b) Proxy Means Test (PMT) used was based on the Household Budget Survey (HBS) 2012, hence using outdated statistics;

- (c) Poor Process Design and other shortcomings in the new SRM Database were noted; and
- (d) As at November 2021, the M&E Unit was not yet engaged in processing and analysing information submitted by NEF.

### ***Recertification of Beneficiaries - Two Important Aspects overlooked***

Eligible beneficiaries were required to sign the Marshall Plan Social Contract (MPSC) to benefit from the MSA and other poverty alleviation measures. The MPSC initially signed in December 2016 for a period of 12 months, was renewed for a period of one year and thereafter automatically extended till June 2020 and finally up to December 2020 due to the COVID-19 pandemic, which had delayed the recertification exercise. Some 10,000 households were eligible on the SRM prior to recertification. After recertification, only some 4,400 households were found eligible.

The recertification exercise was carried out by the Ministry during the period July to October 2020. As per a status report, as of end of March 2021, only 4,469 households were found eligible, 4,623 not eligible and 1,098 untraceable. According to the SID, some 50 per cent of the beneficiaries graduated and moved out of the absolute poverty trap.

However, NAO is of view that two important aspects were overlooked in the recertification exercise:

- Evaluation of households with respect to their obligations according to the MPSC signed was not carried out by the Social Security and National Solidarity Division (SSD) of the Ministry. The latter is responsible for the registration of applicants and for running the PMT to determine eligibility of the household. According to the SSD, recertification exercise was done merely on the basis of facts declared by the applicants since information concerning compliance by SRM households to the MPSC was not available at its level.
- There was no integration of the SRM with other Government registers and systems in operation/no arrangement for requesting information from relevant institutions, such as the National Land Transport Authority (NLTA), the Land Administration and Valuation Information Management System and the Mauritius Revenue Authority, to enable capture or cross-verification/update of information. For example, ownership of vehicle is a variable in the PMT formula used in determining eligibility of a household. It was noted that all of the recertified eligible beneficiaries declared not being owners of any vehicles. This information was, however, not cross checked with the NLTA vehicle system. As such there is a risk of providing this benefit to non-deserving families.

### ***Proxy Means Test based on Outdated Statistics of 2012***

Due to the fact that a large majority of the SRM households work in the informal sector, it was difficult to determine the eligibility of an applicant *based only on declared income*. Moreover, where incomes were not easily verifiable/quantifiable, PMT proved to be useful in assessing a household's income/consumption for determination of eligibility.

Since the implementation of the Marshall Plan in December 2016, PMT2 based on the HBS 2012 figures was used. However, for the recertification exercise done in 2020, PMT2 was still used despite that it dated more than eight years back. It is worth noting that a new PMT3 based on latest HBS 2017, had already been worked out by the Consultant appointed for the recertification exercise. Consequently, there is a risk that some of the 5,437 (re-certified and new) eligible households as at 30 June 2021 might not be eligible for the MSA if the PMT3 is applied.

### ***Poor Process Design and Other Shortcomings in the new SRM Database***

In July 2020, notices for the recertification exercise were issued to some 10,000 eligible SRM households in Mauritius and Rodrigues, in line with the MPSC signed. As of 30 June 2021, there were 5,437 eligible households (both recertified and new) registered on the SRM with a new identification number (SRRM No). From examination of a sample of 100 eligible households on the new SRM database, the following shortcomings were noted:

- *Wrong computation of the quantum of Monthly Subsistence Allowance.* 14 cases of wrong computation of MSA were noted. MSA were underpaid in those cases.
- *Members of Eligible households attaining age of 60 after Registration Date.* 33 cases were noted where members of eligible households attained the age of 60 as at 30 June 2021 and were most probably drawing the Basic Retirement Pension, but were nevertheless still being paid the MSA.
- *Income Thresholds not applied as Prescribed.* Eleven of 100 new MPSC examined revealed that the income thresholds applied were not as those prescribed. In six cases, the households would not have been eligible for the MSA while in five other cases, the MSA was either over or under paid, as illustrated in Table 13-1.

*Table 13-1 Income Thresholds not applied as Prescribed*

| Social Register Number * | Household Composition (A-Adults) (C-Child) | Prescribed Threshold  |                     | PMT Value Used Rs | Paid Rs | MSA Should Have Been Paid Rs |
|--------------------------|--------------------------------------------|-----------------------|---------------------|-------------------|---------|------------------------------|
|                          |                                            | Applied as per SRM Rs | Should Have Been Rs |                   |         |                              |
| 1                        | 1A,3C                                      | 5,400                 | 6,800               | 3,283             | 2,157   | 3,517                        |
| 2                        | 2A,1C                                      | 8,160                 | 6,800               | 6,965             | 1,195   | Nil                          |
| 3                        | 1A,1C                                      | 6,800                 | 4,080               | 4,715             | 2,085   | 635                          |
| 4                        | 1A,2C                                      | 6,800                 | 5,440               | 6,654             | 500     | Nil                          |
| 5                        | 2A                                         | 8,160                 | 5,440               | 7,648             | 512     | Nil                          |
| 6                        | 1A,1C                                      | 6,800                 | 4,080               | 4,215             | 2,585   | Nil                          |
| 7                        | 1A,1C                                      | 8,160                 | 4,080               | 7,316             | 844     | Nil                          |
| 8                        | 2A,4C                                      | 8,160                 | 9,520               | 6,865             | 1,295   | 2,655                        |
| 9                        | 2A,2C                                      | 9,520                 | 8,160               | 3,495             | 6,025   | 4,665                        |
| 10                       | 1A,3C                                      | 9,520                 | 6,800               | 6,066             | 3,454   | 734                          |
| 11                       | 1A,1C                                      | 6,800                 | 4,088               | 4,822             | 1,978   | Nil                          |

*Source: Marshall Plan Social Contracts and Social Register of Mauritius*

*\* The SRN has been replaced by a serial number*

### ***Monitoring and Evaluation Unit - Not yet fully Operational***

According to the SID, the M&E Unit, as recommended by the Consultant in its final report of September 2020, has already been set up. This Unit will coordinate the reporting activities from NEF, process same for monitoring purposes and for communication with the SSD. It will also assess the SRM beneficiaries with regard to compliance with all the obligations of the MPSC to determine their eligibility to continue drawing the MSA in the future. However, it was noted that the M&E Unit was not yet fully operational as of November 2021 as the recruitment of a M&E Officer had not yet been made.

NAO is of the view that:

- The SID needs to focus on the objectives of the Empowerment Scheme so as to ensure that social benefits are granted only to poor/deserving families. Graduation from the SRM for many households after proper recertification is proof of the success of the Scheme. However, the SRM database needs to take on board all factors determinant for the reassessment of a household.
- SRM database should be enhanced to provide updated and accurate information on SRM households.
- M&E Unit needs to be fully operational as early as possible.



### Ministry's Response

- Poverty is multi-dimensional and the empowerment of SRM households is a lengthy process. Since August 2019, the SRM Unit of the SSD is being informed on a monthly basis of all non-compliance cases so that its SRM database can be updated at its level for further action.
- With regard to the integration of the SRM system with other Government registers and systems in operation, consideration is presently being given for the SRM database to be enhanced to provide accurate and reliable information and also for its link to the proposed Single Integrated Registry as recommended by the Agence Francaise de Development.
- The integration of the SRM with other Government registers and systems in operation is being looked into with the support being presently provided by the Agence Française de Development/Expertise France.
- With regard to the PMT, a proposal for the use of PMT3 was made in the context of the budgetary consultations but was not retained at the level of the MOFEPD for implementation in financial year 2021-22.
- The Integrated Management Information System at the level of the NEF is expected to be operational in March 2022 and would capture the conditions complied by the SRM households and would ensure effective and quick compliance of the conditions to the MPSC.
- With regard to the wrong computation of the quantum of monthly subsistence allowance (MSA) for the 14 households, the matter which was due to a bug has now been addressed and the MSA corrected accordingly in the system.
- The Monitoring and Evaluation Unit is now being overseen by the Coordinator (restyled Head of Technical Unit) who is assisted by staffs whose job descriptions are complementary to the knowledge and skills required for the Monitoring and Evaluation Officer.

#### **13.1.3 Provision of Tablets to SRM Children - Equipment purchased in Excess of Requirement**

The SID gave its approval in November 2020 to the NEF for the procurement of 1,500 tablets for children on the SRM attending grade 10 to 13 classes. Consequently, NEF awarded a contract in January 2021 for the purchase of 1,500 tablets for the total price of some Rs 17 million.

A review of the procurement revealed the following:

- (a) Proper estimate of the number of tablets required for distribution was not made; and
- (b) Some 650 tablets costing some Rs 7.5 million might have been procured in excess to requirements, and the warranty of which would expire in April 2022.

### ***Proper Estimate for the Number of Tablets required for Distribution not made***

Whilst the approval was conveyed in November 2020 for the procurement of 1,500 tablets, in April 2021 the SID submitted a list of only some 1,100 eligible children on the SRM for the distribution of tablets. Moreover, as per a status report of 21 September 2021 from the NEF, only 644 tablets had been distributed at that date. Thus, 856 tablets, that is, some 57 per cent were not yet issued more than five months after receipt. It appears that the tablets were purchased in excess of requirement as proper estimate of the number of tablets required was not made.

### ***Some 650 Tablets costing Rs 7.5 million procured in Excess***

Following the revision of the new prescribed income thresholds from Rs 9,520 to Rs 10,500 applicable as from 1 July 2021 (as mentioned above), some 425 new households were found eligible under the new SRM database as of September 2021. Of these households, some 200 (according to audit workings) new SRM children may be eligible for a tablet, thus some 650 tablets costing some Rs 7.5 million (at unit price of Rs 11,519 each) might thus have been procured in excess of requirement.

Furthermore, the warranty of these equipment, which was of one-year duration, would expire in April 2022.

NAO is of the view that:

- Proper estimate of the quantity of tablets required, hence to be purchased, should have been made based on class grade (that is, 10 to 13) and not on age of eligible children on the SRM.
- The SID now needs to ensure that tablets already purchased are distributed to eligible SRM households and not kept idle.

### **Ministry's Response**

- The SRM database does not provide information on the Grade classes which students are currently attending. Thus, the age bracket of the children attending Grade 10 to 13 classes found in the SRM database was taken into account. Thereafter, the NEF had confirmed the number of children presently attending schools.
- The registration of SRM households is an ongoing exercise. Following the review of the poverty threshold announced in the Budget Speech 2021-2022, another batch of 500 new households has been found eligible under the SRM in November 2021.
- The Ministry of Education, Tertiary Education, Science and Technology has made an urgent request on 8 January 2022 for the remaining tablets to be shortly distributed to Grade 9/9+ SRM students for online classes.

### **13.1.4 Follow up of Matters Raised in the Audit Report 2019-20**

NAO has carried out a follow up of matters raised in the Audit Report for 2019-20 to report on actions taken by the SID in response thereto.

Necessary action has already been taken at the SID's level on the issue reported as shown at page 408 in Appendix VI.

## 13.2 Social Security and National Solidarity Division

### 13.2.1 Anti-Influenza Vaccines – Nugatory Expenditure of some Rs 16.5 million

In March 2021, the Social Security and National Solidarity Division (SSD) of the Ministry had procured, through the Ministry of Health and Wellness, 150,000 doses of the anti-influenza vaccines, and paid some Rs 43 million to the latter.

An audit of the procurement of the vaccines showed the following:

- (a) Overestimation of doses required and poor storage condition of the vaccines; and
- (b) Nugatory expenditure of some Rs 16.5 million due to overstocking of 56,900 doses of the vaccines, the expiry of which was in December 2021.

#### *Overestimation of Doses required and Poor Storage Condition of the Vaccines*

For the past four years, that is, from 2017 to 2020, the number of doses of anti-influenza vaccines procured annually was 75,000. The percentage usage (except for the year 2020 for which no data was available) ranged from 48 to 76 per cent yearly. With such trend of usage, it could not be understood as to why 150,000 doses were procured for the year 2021. As of November 2021, some 91,100 doses, that is 61 per cent only had been utilised.

It was also found that some 43,000 doses out of the 58,900 unutilised doses were stored in a poor condition at the cold store room with no temperature recorder, and some boxes of vaccines were damaged due to water leakage from the coil evaporator found in the room.

#### *Nugatory Expenditure of some Rs 16.5 million due to Overstocking*

As at November 2021, a discrepancy of 2,000 doses was noted as only 56,900 doses of anti-influenza vaccines costing some Rs 16.5 million was in stock at the SSD. It should also be pointed out that these vaccines had expired in December 2021. The amount of Rs 16.5 million may therefore be considered as nugatory expenditure.

#### Ministry's Response

- For the year 2021, the number of elderly persons who attended the anti-influenza vaccination campaign has decreased because both COVID-19 and anti-influenza vaccinations were effected during the same period, and priority was given to COVID-19 vaccination.
- For the year 2022, requests have been made to purchase 65,000 doses of anti-influenza vaccines.
- Action is being taken to repair the coil evaporator, following removal of expired vaccines from the room.

### **13.2.2 Social Assistance Benefits – Outstanding Cheques of some Rs 5.9 million not cleared**

A review of the records regarding payments of social aids revealed that no details were available regarding cheques totalling some Rs 5.9 million outstanding since September 2017.

According to the cash book (SBM account) of the SSD, a balance of some Rs 42.1 million was held as at 30 June 2021. As per the bank reconciliation statement a total amount of some Rs 5.9 million, pertaining to cheques issued for payment of social benefits to the inmates, was outstanding since September 2017, that is, since more than four years. The details of this amount were not available.

#### **Ministry's Response**

A list of outstanding cheques totalling some Rs 5.9 million has been retrieved and necessary book entry is being done to offset the said amount.

### **13.2.3 Rental of Buildings – Lapses in Monitoring and Non-compliance with Fire Safety Requirements**

For the financial year 2020-21, the SSD disbursed some Rs 31.5 million, inclusive of service charges, on rental of buildings for its main office in Port Louis and regional Social Security Offices around the island.

An examination of expenditure on the rent of buildings during the 2020-21 revealed the following:

- (a) Rent paid for institutions no longer operating under the aegis of the SSD; and
- (b) Non-compliance with the Mauritius Fire and Rescue Service Act.

#### ***Rent paid for Institutions no Longer under the Aegis of the SSD***

A total amount of Rs 720,000 was paid as rent of office space occupied by two institutions, namely the MACOSS and the Probation Office, which were no longer operating under the aegis of the SSD as per the Budget 2020-21. The SSD has neither claimed back the amount from the two institutions nor has sought clearance of the Ministry of Finance, Economic Planning and Development to meet the expenditure under its Vote.

#### ***Non-compliance with Mauritius Fire and Rescue Service (MFRS) Act***

Section 19 of the MFRS Act requires, among others, that “*No premises should be occupied or used unless the owner has been issued with a Fire certificate*” and “*the premises should comply with Fire Safety Standards*”. Non-compliance with Section 19 of the MFRS Act was observed as illustrated hereunder:

- Following inspection at two Social Security Offices, the MFRS pointed out that the fire safety requirements were not being complied with.

- In some cases, the time lag between the applications for Fire Certificates and the issuance of same by the MFRS exceeded six months. Meanwhile those rented premises were occupied without a Fire Certificate.
- In July 2021, the Ministry of Local Government, Disaster and Risk Management pointed out that the MFRS has observed that, with regards to certain buildings owned by the SSD, 40 minor and 5 major improvements had still not been completed in compliance with the Fire Safety Standards.

NAO is of the view that the SSD should ensure that all the buildings owned/rented are in compliance with the fire safety requirements/standards of the MFRS Act.

#### Ministry's Response

- MACOSS and the Probation Office are being requested to reimburse the amount of rent which have been paid on their behalf.
- For rented buildings, the owners are urged to apply for renewal of fire certificate, six months prior to expiry.
- With regard to Social Security Offices, the SSD has taken advantage of the agreement availed by the Ministry of Public Service, Administrative and Institutional Reforms for:
  - (i) the procurement of safety signs and emergency lighting; and
  - (ii) the provision of drawings by the District/Municipal Councils.

#### **13.2.4 Inadequate Control over Payment of Mileage Allowance**

For the financial year 2020-21, total expenditure incurred by the SSD on travelling and transport amounted to some Rs 28.5 million, of which Rs 6 million related to the payment of mileage allowances.

An audit of records pertaining to the eleven Medical Officers of the SSD revealed the following:

- (a) Copies of the Vehicle Registration Books were not filed in the Personal Files (PF) of the Officers; and
- (b) For one Medical Officer, ownership of the vehicle on which mileage allowance was being claimed, was not in his name.

#### ***Copy of the Registration Book not filed in the PF***

For eight Medical Officers, the ownership of the vehicle on which mileage was claimed could not be ascertained as copies of the vehicle's registration books were not filed in their respective PF.

### ***Ownership of the vehicle not in the name of one Medical Officer***

As per SSD's records, some Rs 178,000 were paid as mileage allowance for period July 2015 to January 2021 to one Medical Officer and was based on the mileage authority dated 20 June 1998. However, as per the National Land Transport Authority's record, the vehicle was sold and registered in the name of another person since December 2014.

NAO is of the view that Management should ensure that proper authority for the payment of mileage allowances, together with a copy of the vehicle's registration book, are available prior to any payment of allowance.

### **Ministry's Response**

Management will henceforth ensure that proper authority for the payment of mileage allowances, together with a copy of the vehicle's registration book are made available prior to any payment of mileage allowance.

### **13.2.5 Payment of Pensions - Inadequate Measures for Detection and Recovery of Pensions overpaid**

In the Audit Report for 2019-20 and other previous Audit Reports, it was highlighted that the controls put in place to detect, prevent and recover overpayments of pensions were inadequate.

A review of the payment of pensions for 2020-21 revealed the following:

- (a) The balance of unrecovered overpayment of pensions decreased from Rs 118.7 million at 30 June 2020 to Rs 104.7 million at 30 June 21, partly due to a write off of Rs 17.1 million;
- (b) Recovery rate of overpayments was low and measures to reduce overpayments were not effective; and
- (c) No action was taken for recovery of long outstanding overpayments which may become time barred.

### ***Overpayment of Pensions decreased to Rs 104.7 million partly due to write off of Rs 17.1 million***

As at 30 June 2021, the balance due on pensions overpaid totalled some Rs 104.7 million compared to Rs 118.7 million as of 30 June 2020. However, it was noted that:

- The decrease in the balance of overpayments was partly due to the write-off of Rs 17.1 million. The Overpayment Unit was also processing the write off of another 96 cases with outstanding overpayments totalling some Rs 9 million.
- Total overpayments in respect of new cases in 2020-21 amounted to some Rs 41.7 million, which included Rs 23.3 million for 143 '*departure cases*' and Rs 10.7 million for 241 '*passed away beneficiaries*'.

### ***Recovery of Overpayments was low and Measures to reduce Overpayments not Effective***

For 2020-21, the overall recovery rate was 23.7 per cent compared to 21 per cent for the financial year 2019-20.

The measures taken by the SSD to reduce overpayments were ineffective as:

- For 2020-21, overpayments in respect of new cases totalled some Rs 41.7 million compared to Rs 38.4 million for 2019-20.
- Prompt action was not taken to stop payments in some cases of pensioners who passed away. For example, in two cases, stop payment was done more than three months after the pensioners had passed away. In another case, the pensioner passed away on 22 March 2021, and payment of pension was effected till December 2021. It should be pointed out that the Treasury stopped payments within one month following the date of death of the pensioners (ex civil servants).

### ***No Action taken for Recovery of Long Outstanding Overpayments***

There was no evidence of any follow up actions taken by the SSD to recover long outstanding overpaid amount totalling some Rs 44.9 million. This figure included the Rs 6.3 million overpaid to 11 pensioners reported in the Audit Report for 2019-20. Delay in taking action may result in the amounts due becoming time barred.

NAO is of the view that the SSD should enhance its computerised system for early detection of overpayments. Consideration should be given to the integration of the Benefits System with the systems of other Ministries and Government Departments, for example the Civil Status Division, the Passport and Immigration Office, the Ministry of Health and Wellness and the Mauritius Prison Service.

### **Ministry's Response**

- Full investigation in each and every case is being carried out in order to determine whether it is recoverable or not before initiating write-off procedures, implying clearance from Internal Control Unit.
- Overpayments in cases of death are difficult to recover as there is hardly any fund in the account of the beneficiaries. No legal action can be initiated against departure cases unless they are back in the country.
- Enquiries have been initiated by issue of claims to banks, and in case of insufficient amount available in the account, the heirs are contacted to refund. Cases are complex to resolve as either beneficiaries are untraceable abroad or the heirs of deaths cases are unwilling to refund.
- The low recovery rate can also be explained by the fact that beneficiaries have overdrawn big amount but are refunding in small amounts.
- It is envisaged to develop a mechanism to legally oblige beneficiaries to refund the amount overpaid.
- Procedures to introduce life/widowhood certificate are being initiated.
- The bank pension payment date has been changed from the first to the fourth working day as from February 2022 to reduce overpayment cases relating to death.

### 13.2.6 Governance Issues – Non-compliance with Legislation

Provisions have been made in various legislations to impose a statutory responsibility on Accounting Officers and Boards of Statutory Bodies with the objective of strengthening accountability and transparency in the public sector.

The following non-compliance issues were noted:

- (a) Non-submission of Financial Statements for audit as required under the Statutory Bodies (Accounts and Audit) Act; and
- (b) Annual Reports not laid before the National Assembly as required under the Statutory Bodies (Accounts and Audit) Act.

It was also noted that in respect of Special Funds:

- (a) Financial Statements were not submitted for audit; and
- (b) Audited Financial Statements were not laid before the National Assembly.

#### ***Non-submission of Financial Statements for Audit***

The Statutory Bodies (Accounts and Audit) Act requires the Chief Executive Officer of a Statutory Body to submit the Annual Report to the auditor not later than four months after the end of every financial year.

As of 12 January 2022, Statutory Bodies falling under the aegis of the Ministry, have not submitted their Financial Statements for audit for periods as shown in Table 13-2.

*Table 13-2 Financial Statements not submitted to NAO for Audit*

| <b>Statutory Body</b>                                       | <b>Financial Year/Period</b> | <b>No of Financial Statements</b> | <b>Remarks (Accounts under audit)</b>                                           |
|-------------------------------------------------------------|------------------------------|-----------------------------------|---------------------------------------------------------------------------------|
| National Council for the Rehabilitation of Disabled Persons | 2020-21                      | 1                                 | Financial Statements for 2017-18 to 2019-20 were submitted to NAO on 11.12.2020 |
| Training and Employment of Disabled Persons Board           | 2018-19 to 2020-21           | 3                                 | Financial Statements for 2017-18 were submitted on 23.09.2021                   |

*Source: NAO records*



### ***Annual Reports not laid before the National Assembly***

The Statutory Bodies (Accounts and Audit) Act requires a copy of the annual report and audited accounts of every Statutory Body to be laid before the National Assembly at the earliest opportunity.

As of 20 December 2021, the Training and Employment of Disabled Persons Board had not yet laid its annual reports including Audited Financial Statements for year 2013 up to period 1 January 2016 to 30 June 2017, before the National Assembly although they had been certified by NAO during the period 11 April 2016 to 23 May 2019.

### ***Special Funds - Financial Statements not submitted for Audit and Audited Financial Statements not laid before the National Assembly***

As of 12 January 2022, Special Funds falling under the aegis of the Ministry, have not submitted their Financial Statements for audit for periods as shown in Table 13-3.

*Table 13-3 Financial Statements not submitted to NAO for Audit*

| <b>Special Fund</b>                    | <b>Financial Year/<br/>Period</b> | <b>No of<br/>Financial<br/>Statements</b> | <b>Remarks</b>                                                                                |
|----------------------------------------|-----------------------------------|-------------------------------------------|-----------------------------------------------------------------------------------------------|
| National Pension Fund                  | 2018-19 to<br>2020-21             | 3                                         | Financial Statements 2017-18 were submitted to NAO on 24.07.2020 and is currently under audit |
| Non-Government Organisation Trust Fund | 2018-19 to<br>2020-21             | 3                                         |                                                                                               |

*Source: NAO records*

The Non-Government Organisation Trust Fund had also not laid its audited Financial Statements, for the financial years 2016-17 and 2017-18, before the National Assembly although these had been certified by NAO on 01 June 2018 and 21 December 2020 respectively.

NAO is of the view that the Ministry should exercise control over Statutory Bodies and other entities operating under its aegis to ensure that they fulfil their statutory responsibilities regarding the preparation of financial statements, their submission for audit and tabling before the National Assembly.

### Ministry's Response

- The financial statements of the National Council for the Rehabilitation of Disabled Persons for 2020-21 are being prepared.
- The financial statements of the Training and Employment of Disabled Persons Board for the financial years 2018-19, 2019-2020 and 2020-2021 are being prepared.
- The Annual Reports of the Training and Employment of Disabled Persons are under preparation and would be tabled before the National Assembly.
- A special committee has been set up at the level of this Ministry for the winding up of the Non-Government Organisation Trust Fund.

#### **13.2.7 Follow up of Matters Raised in Audit Report 2019-20**

NAO has carried out a follow up of matters raised in the Audit Report for 2019-20 to report on actions taken by the SSD in response thereto.

Necessary action has already been initiated at the SSD's level on the four issues highlighted in the Report and which required action by the SSD.

Further information is provided at pages 409 to 410 in Appendix VI.

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## **14 - MINISTRY OF INDUSTRIAL DEVELOPMENT, SMEs AND COOPERATIVES**

### **14.1 SMEs Division**

#### **14.1.1 Electronic Document Management System – Lapses in Project Management**

The contract for the supply, installation, configuration and commissioning of the Electronic Document Management System (eDMS) was awarded to a private company on 14 January 2019 for a contract value of some Rs 5.3 million. The contract was signed on 7 February 2019 and the project was expected to be completed by 7 October 2019.

An advance payment of some Rs 1 million was made to the Supplier in March 2019.

A review of the project revealed the following:

- (a) Contract was terminated as the Supplier failed to perform under the Contract;
- (b) Advance Payment not recovered due to non-renewal of Advance Payment Guarantee;
- (c) No compensation claimed due to non-extension of Performance Security;
- (d) Liquidated damages not claimed; and
- (e) No evidence to enable legal claim by Ministry.

#### ***Termination of Contract***

Three commissioning exercises were carried out and several pending issues were found.

On 11 February 2020, the Ministry requested the Supplier to resolve all pending issues within seven days, failing which the contract would be terminated. The issues were:

- Complete and successful User Acceptance Test in the web-enabled system not achieved.
- The requirement ‘to provide the capability for managing the retention and disposition of records according to defined regularity requirements’ was pending.
- Non-provision of an updated hardcopy of the user manual for the web-based application.
- Non-provision of evidence on delivery of training.

The contract was terminated on 3 April 2020.

#### ***Non-renewal of Advance Payment Guarantee***

The Advance Payment Guarantee expired on 7 December 2019 and was not renewed. The Ministry did not recover the advance payment of some Rs 1.1 million upon termination of the Contract.

### ***Non-extension of Performance Security***

The Performance Security of some Rs 500,000 expired on 7 December 2019 and was not extended. As the contract was terminated, the Ministry did not obtain any compensation from the Supplier.

### ***Liquidated Damages not claimed***

The Supplier was granted one month to complete the project, that is, on 7 November 2019. Since the Supplier failed to attend to pending issues by the revised completion date, the Ministry decided not to grant any further extension and to apply liquidated damages.

However, liquidated damages of some Rs 500,000 could not be claimed as per clause 27.1 of the Special Conditions of Contract, as there was no further claims for payment by the Supplier.

### ***No Evidence to enable Legal Claim***

Damages for breach of contract was estimated at Rs 10 million by the Ministry.

On 29 October 2020, the Attorney General's Office (AGO) was requested to initiate legal proceedings against the Supplier for damages for breach of contract.

On 18 October 2021, the AGO requested the Ministry to submit details in respect of the estimated damages of Rs 10 million, to which the Ministry confirmed, on 15 November 2021 that no details were available.

### **Ministry's Response**

The Office of Public Sector Governance has agreed to carry out the study of the eDMS project during the next financial year. It will not be a hurdle to enter a case against the supplier as there is a limit of ten years to lodge a case.

### **14.1.2 Grant to SME Mauritius Ltd – Non-compliance with Procedures for Disbursements**

Total grant disbursed to SME Mauritius Ltd for the financial year 2020-21 amounted to Rs 69.5 million and was meant to finance recurrent expenditure of Rs 60 million and capital expenditure of Rs 9.5 million.

Non-compliance with conditions specified in Financial Instructions for disbursement of grants was noted. Also, internal audit was not carried out on the activities and financial operations of the Company although it was provided for in the Internal Audit Plan of the Ministry.

### ***Non-compliance with Conditions specified in Financial Instructions***

Some of the conditions specified in Financial Instructions on Administration of Government Grants were not mentioned in the Annual Grant Memorandum signed between the Ministry and the SME Mauritius Ltd in August 2020. These included, amongst others,

the services to be delivered and service standards, financial assets at start of fiscal year, cash flow statement for last 12 months, bank statements showing bank balances in respect of all bank accounts held and a progress report on delivery of outputs/services.

Only one Grant Memorandum was drawn for both Recurrent and Capital Grants.

As a result, SME Mauritius Ltd did not submit the following documents to the Ministry:

- (a) Planned monthly expenditure with details on any planned activity, project or schemes to be submitted at the beginning of the fiscal year 2020-21;
- (b) Requests and submissions of actual and proposed expenditure;
- (c) Cash flow forecast for period to end of fiscal year; and
- (d) Documentary evidence to support the Rs 5 million for Recurrent Expenditure 'Implementation of SME Support Schemes - Certification under 'Made in Moris' Label'.

It was also noted that:

- Application for release of grant for period July to September 2020 was made on 18 December 2020.
- Application of grant for Capital Expenditure was approved 99 days following submission.

#### Ministry's Response

- Action has been taken to separate Grant Memoranda and use the format specified in Financial Instructions as from the financial year 2021-22.
- The general guidelines and directives that govern the disbursements were for the year rather than quarter.
- SME Mauritius had sufficient funds in its bank accounts. Cash outflows are reflected through Items and Expenditure contained in the document.
- Quarterly Cash flow statement and forecast would, henceforth, be provided.
- The delay of 99 days was due to the second national confinement.
- The provision of Rs 5 million was a budgetary measure and was made to be paid as and when the project was being implemented.

#### ***Internal Audit - Non-compliance with Annual Internal Audit Plan***

The internal audit of the SME Mauritius Ltd was not carried out as per the Annual Internal Audit Plan 2020-21 of the Ministry. Since the scope of internal and external audit differs and given that during the financial year 2020-21, grant disbursed to SME Mauritius Ltd amounted to Rs 69.5 million, the company should have been subject to internal audit.

### Ministry's Response

The internal audit of the SME Mauritius Ltd was not carried out as it is a limited company and its Accounting Officer had pointed out that the Company was already audited by the NAO.

#### **14.1.3 SME Registration Unit – Unavailability of an Updated Record of Active SMEs**

A registered SME is provided several incentives and facilities, including amongst others, exemption of Land Conversion Tax, grant facilities and concessionary rate of interests on loan.

In the Budget Speech 2020-2021, Government announced that the Procurement Policy Office will require Public Bodies to procure specific goods and services from SMEs only.

The SME Registration Unit maintained three databases comprising some 43,000 SMEs.

These were:

- (i) The 'SMEDA 2005 - Mid Jan 2018 (Coded)' containing a list of some 29,000 entrepreneurs. Registration Certificate Number was not introduced during these periods.
- (ii) The 'List of Registered SMEs 2018-19' for the period 2 February 2018 to 24 September 2019 with Registration Certificate Numbers 001 to 3 528.
- (iii) A 'Master List up to September 2021' covering the period 27 September 2019 to 5 October 2021, provided by SME Mauritius Ltd.

Although Registration Certificate Number was available in the SME Online Registration Portal same was not included in the 'Master List'.

It was also noted the three databases were not merged.

Since the databases were not updated, it was difficult for NAO to confirm whether:

- The incentives and facilities were granted only to eligible beneficiaries.
- All defunct SMEs as per the Companies and Businesses Registration Integrated System (CBRIS) of the Corporate Business Registration Department were removed from the SMEs records as required under Section 9 of the SME Act 2017. As of 30 June 2021, out of 353 SMEs, 54 were defunct as per CBRIS.

Hence, the completeness and accuracy of the number of active registered SMEs by sector could not be ascertained.

### Ministry's Response

With the implementation of a Centralised IT system, provision has been made to reconcile data from Corporate Business Registration Department, SME Mauritius Ltd and the Mauritius Revenue Authority in order to have a comprehensive database.

#### **14.1.4 Governance Issues – Non-compliance with Legislation**

Provisions have been made in various legislations to impose a statutory responsibility on Accounting Officers and Boards of Statutory Bodies with the objective of strengthening accountability and transparency in the public sector.

##### ***Non-submission of Financial Statements for Audit***

The Statutory Bodies (Accounts and Audit) Act requires the Chief Executive Officer of a Statutory Body to submit the Annual Report to the auditor not later than four months after the end of every financial year.

As of 12 January 2022, Financial Statements for the Small and Medium Enterprises Development Authority (SMEDA), falling under the aegis of the Ministry, had not yet been submitted for audit for the periods 1 January 2016 to 30 June 2017 and 1 July 2017 to 17 January 2018. SMEDA ceased operation on 18 January 2018.

NAO is of the view the Ministry should exercise control over Statutory Bodies and other entities operating under its aegis to ensure that they fulfil their statutory responsibilities regarding the preparation of financial statements and their submission for audit.

##### **Ministry's Response**

The accounts for both periods were fully prepared but may not have been submitted for audit as the SMEDA Act was repealed by Parliament in November 2017.

##### **NAO comments**

Financial Statements should be prepared up to the date the Act was repealed.

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## 14.2 Cooperatives Division

### 14.2.1 E-Registration Project

At paragraph 14.1 of the Audit Report for the financial year 2017-18, it was reported that the Cooperatives Division (CD) had invested some Rs 6 million in the Cooperatives Division e-Registration Software Project (CDeRP) but the system was not being used optimally. The project was reviewed during the current audit. It was noted that the project which started in the financial year 2016-17 and should have been operational since December 2017, was still not yet completed after some four years.

A review of the project revealed the following:

- (a) Contract terminated before completion of Project;
- (b) Performance Security and Advance Payment Guarantee not recovered;
- (c) Liquidated Damages could not be claimed; and
- (d) Award of contract for maintenance services to another Service Provider.

#### ***Termination of Contract before Completion of Project***

The contract for the CDeRP software which was signed with a Service Provider for Rs 1.6 million on 15 March 2017 was terminated on 14 July 2020 as per clause 35.1(a) (i) and clause 35 of the General Condition of Contract.

#### ***Performance Security and Advance Payment Guarantee not recovered***

Upon the termination of the contract, the Performance Security and the Advance Payment Guarantee which were meant to protect the CD against possible losses could not be recovered as they had already expired on 3 October 2017 and 10 September 2018 respectively and were not renewed.

#### ***Liquidated Damages not claimed***

Liquidated damages could also not be claimed as per clause 27.1 of the General Condition of Contract as there were no further claims for payment.

No further action was taken against the Service Provider.

#### ***Maintenance Contract awarded to another Service Provider***

In September 2020, the CD decided to launch tenders for the maintenance services of the CDeRP software to render the system fully operational.

The bidding exercise was carried out twice but both tenders were cancelled due to non-response from the bidders. A third bidding exercise was carried out on 17 February 2021 and the contract was awarded on 11 May 2021 for the sum of Rs 203,000 and Rs 246,500 for bug resolution and maintenance, and year one maintenance service of CDeRP, respectively. The contract was signed on 17 May 2021.



A review of the project for the maintenance services of the CD revealed the following:

- (a) Training not yet provided although payment effected; and
- (b) Non optimal use of software application.

***Training not yet provided although Payment effected***

Despite an amount of Rs 203,000 was already paid on 27 September 2021, no training was provided to the users as of December 2021.

***Non Optimal Use of Software Application***

Since the completion of the correction, resolution of bugs and issues of the CDeRP on 13 August 2021, the system though available for use, was not being optimally used. The following were noted:

*On line Registration.* From August to November 2021, out of 49 new Cooperative Societies, only seven had used the CDeRP for online registration.

*On line Payment of Application fees and Annual fees.* For the period August to November 2021, only 53 out of 592 Cooperative Societies effected online payment, whilst the remaining paid their fees at the cash office of the CD.

*On line Submission of Financial Statements for Audit.* None of the 241 Financial Statements received from Cooperative Societies for the financial year ended 30 June 2021 was submitted electronically.

**Ministry's Response**

- The Service Provider will fix all pending issues by 15 January 2022 and the system will be fully operational by end of January 2022.
- Training of end users will be carried out at the CD on 28 and 29 January 2022 for the efficient use of all modules of the CDeRP.
- The CD will shortly launch an awareness campaign and provide all necessary assistance to encourage all Cooperative Societies/Federations to use the new online registration system.

### **14.2.2 Governance Issues – Non-compliance with Legislation**

Provisions have been made in various legislations to impose a statutory responsibility on Accounting Officers and Boards of Statutory Bodies with the objective of strengthening accountability and transparency in the public sector.

#### ***Annual Reports not laid before the National Assembly***

The Statutory Bodies (Accounts and Audit) Act requires a copy of the annual report and audited accounts of every Statutory Body to be laid before the National Assembly at the earliest opportunity.

As of 20 December 2021, the National Cooperative College, falling under the aegis of the Ministry, had not yet laid its audited Financial Statements for the financial year 2018-19 before the National Assembly, although it had been certified by NAO on 12 November 2020.

NAO is of the view that the Ministry should exercise control over Statutory Bodies and other entities operating under their purview to ensure that they fulfil their statutory responsibilities regarding the tabling of Financial Statements before the National Assembly.

#### **Ministry's Response**

The audited Financial Statements of the National Cooperative College for the financial year 2018-19 will be tabled at the forthcoming session of the National Assembly.

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## 15 – MINISTRY OF ENVIRONMENT, SOLID WASTE MANAGEMENT AND CLIMATE CHANGE

### 15.1 Environment and Climate Change Division

#### 15.1.1 Solar Water Heater Scheme - Dormant Funds of Rs 62.9 million at the DBM Ltd

From September 2015 to June 2017, the Ministry disbursed funds totalling Rs 265.1 million to the Development Bank of Mauritius Ltd (DBM) to finance grants to households under the Solar Water Heater Scheme, as shown in Table 15-1.

*Table 15-1 Disbursement to DBM Ltd and Unutilised Funds as at 15 October 2021*

| <b>Year</b>  | <b>Amount<br/>Disbursed<br/>Rs million</b> | <b>Unutilised Fund<br/>Rs million</b> |
|--------------|--------------------------------------------|---------------------------------------|
| 2015-16      | 175.1                                      | -                                     |
| 2016-17      | 90.0                                       | 62.9                                  |
| <b>Total</b> | <b>265.1</b>                               | <b>62.9</b>                           |

*Source: Ministry Records*

- As of 15 October 2021, funds totalling Rs 62.9 million had remained unutilised by DBM Ltd for more than four years. This represents some 24 per cent of the total funds disbursed during that period.

#### Ministry's Response

Following approval of the Ministry of Finance, Economic Planning and Development on 27 January 2022, the DBM Ltd has been requested to refund the unspent funds together with any accrued interest at the earliest.

#### 15.1.2 Coastal Protection and Beach Rehabilitation Works – Lapses in Project Management

Following a survey carried out jointly by the Ministry and the Japan International Cooperation Agency (JICA), 14 sites were identified in 2014 where erosion occurred as a result of climate change and sea level rise that required “Coastal Protection and Beach Rehabilitation Works”.

In 2017, the Ministry appointed a Consultancy firm for the inception and design of the 14 projects and to supervise the construction projects for a contract sum of Rs 49.3 million. After the preliminary design phase by the Consultancy firm, the number of construction projects for implementation was brought down to ten.

Construction costs for the ten projects were estimated at Rs 516.2 million. As of December 2021, some Rs 142.8 million had already been disbursed to the construction contractors. Details are given in Table 15-2.

*Table 15-2 Construction Costs of Projects for Coastal Protection and Beach Rehabilitation Works*

|    | <b>Projects</b>                   | <b>Date of Contract</b> | <b>Contract Amount</b> | <b>Payments as of Dec 2021</b> | <b>Due for Completion</b> | <b>Date completed</b> | <b>Percentage completed as of Dec. 2021</b> |
|----|-----------------------------------|-------------------------|------------------------|--------------------------------|---------------------------|-----------------------|---------------------------------------------|
|    |                                   |                         | <b>Rs million</b>      | <b>Rs million</b>              |                           |                       |                                             |
| 1  | Baie du Tombeau                   | 20.04.18                | 37.8                   | 26.1                           | 19.4.19                   | 18.07.19              | 100                                         |
| 2  | Grand Baie-Sunset Boulevard       | 12.04.18                | 8.5                    | 7.8                            | 11.10.18                  | 31.03.19              | 100                                         |
| 3  | Residence La Chaux                | 30.06.18                | 1.7                    | 1.1                            | N/A                       | 15.12.18              | 100                                         |
| 4  | Case Noyale                       | 27.03.18                | 17.7                   | 14.0                           | N/A                       | 06.11.18              | 100                                         |
| 5  | St Martin                         | 04.12.19                | 23.4                   | 19.0                           | 25.12.20                  | 25.02.21              | 100                                         |
|    | <b>Total - Completed Projects</b> |                         | <b>89.1</b>            | <b>68.0</b>                    |                           |                       |                                             |
| 6  | Providence                        | 27.10.20                | 86.6                   | 10.7                           | Jan-22                    |                       | 60                                          |
| 7  | Petit Sable to Bambous Virieux    | 29.04.21                | 105.7                  | 13.5                           | June-22                   |                       | 15                                          |
| 8  | Bambous Virieux to Anse Jonchee   | 21.06.21                | 119.8                  | 11.2                           | June-22                   |                       | 14                                          |
| 9  | Bois des Amourettes               | 07.09.21                | 41.4                   | 4.8                            | May-22                    |                       | 5                                           |
| 10 | Pte aux Feuilles to Grand Sable   | 11.02.20                | 73.6                   | 34.6                           | Dec-22                    |                       | 85                                          |
|    | <b>Total Ongoing Projects</b>     |                         | <b>427.1</b>           | <b>74.8</b>                    |                           |                       |                                             |
|    | <b>Gross Total</b>                |                         | <b>516.2</b>           | <b>142.8</b>                   |                           |                       |                                             |

*Source: Ministry Records*

### ***Terms of Payment for Consultancy Services***

The terms of payment for Consultancy services were as follows:

|                        |     |                                                                                                                                                                                                       |
|------------------------|-----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Pre-construction Phase | 40% | <ul style="list-style-type: none"><li>• Inception on Approval - 10%</li><li>• Preliminary Design Report – 10%</li><li>• Detailed Design report - 10%</li><li>• Final Tender Documents - 10%</li></ul> |
| Supervision Phase      | 50% | Based on (Individual Project Value x 50% Total Fee/Total Project Value)                                                                                                                               |
| Retention Money        | 10% | <ul style="list-style-type: none"><li>• 5% on submission of Practical Completion Certificate</li><li>• 5% on submission of all Completion Reports</li></ul>                                           |

As of December 2021, the Consultancy firm had already been paid fees totalling Rs 59.3 million as shown in Table 15-3.

*Table 15-3 Consultancy Fees- Coastal Protection, Landscaping and Infrastructural Works*

| Details           | Contract Amount | Period                        | Total Payments |
|-------------------|-----------------|-------------------------------|----------------|
|                   | Rs million      |                               | Rs million     |
| Initial contract  | 49.3            | January 2017 to February 2020 | 23.5           |
|                   |                 | February 2020 to April 2020   | 20.1           |
| Extended contract | 16.4            | April 2020 to 1 December 2021 | 15.7           |
| <b>Total</b>      | <b>65.7</b>     |                               | <b>59.3</b>    |

*Source: Ministry Records*

The total amount of Rs 202.1 million disbursed as of 31 December 2021 was financed as follows:

- Transfers from the National Environment Fund (NEF) - Rs 186.1 million
- Ministry's Budget – Rs 16 million

A review of the projects and payments to the Consultant revealed the following:

- (a) Significant delays to complete projects;
- (b) Excess payments to the Consultant for changes in the designs of seven projects and for supervision of Construction Works not carried out;
- (c) Extension of Contract for Consultancy services from three to five years and further extension seems inevitable; and
- (d) One project was put on hold for more than two years.

### ***Significant Delays to Complete Projects***

According to the initial consultancy contract, the Consultancy firm had to conceptualise the designs and supervise the full implementation of coastal works at the 14 sites initially identified within three years, that is, by 9 February 2020.

However, as of 9 February 2020:

- Two projects at Providence had been merged into one (Project Providence in Table 15-2).
- Two projects at Deux-Frères had been merged and converted into a new Waterfront project under a fresh and separate consultancy contract.
- The construction project at Grand Bay – Le Capitaine was kept on hold.
- Only four construction contracts were awarded and works were completed (Projects 1 to 4 in Table 15-2).
- Some Rs 68.1 million were paid for Construction Works.

For the remaining six projects, the contract of the Consultancy firm was extended by two years, effective from February 2020 for an additional sum of Rs 16.4 million. The six construction contracts (Projects 5 to 10 in Table 15-2) were thus awarded between February 2020 and September 2021. Of these, the project at St Martin was completed in February 2021.

### ***Excess Payments to Consultant***

In April 2020, the Consultancy firm was paid an amount of Rs 20.1 million. The payment was based on an initial claim that included design fees of Rs 21.6 million and fees for construction supervision of Rs 16.3 million, excluding VAT, as shown in Table 15-4.

*Table 15-4 Coastal Protection and Beach Rehabilitation Works - Payment to Consultant in April 2020*

|                                        | Rs million  |
|----------------------------------------|-------------|
| Inception/Design/Bidding Documentation | 16.7        |
| Construction Supervision               | 16.3        |
| Additional consultancy services        | 4.9         |
| <b>Sub-total</b>                       | <b>37.9</b> |
| Less payments already effected         | 20.4        |
| Amount as per payment application      | 17.5        |
| Add VAT                                | 2.6         |
| <b>Amount paid in April 2020</b>       | <b>20.1</b> |

*Source: Ministry Records*

### *Excess Payments for Changes in Designs*

Up to the end of the initial contract on 9 February 2020, the Consultant was paid additional fees totalling Rs 4.9 million for changes in design in respect of seven projects, including an amount of Rs 2.8 million for the Master Plan of the Deux Frères project. This was despite the fact that the scope of works as per the Consultancy contract included finalisation of designs by the Consultant.

### *Ministry's Response*

- Additional fees of Rs 4.9 million were paid in view of several changes in design that were requested after the Consultant had submitted design reports.
- For six coastal projects, changes in design were required after the initial design exercise between May 2018 and May 2019.

### *NAO's Comments*

As per the Consultancy contract, fees for additional services is payable when the Ministry requests the Consultant to carry out site visits as and when required, to review design, submit specific reports and drawings *during construction*. However, additional fees were paid for changes in design on the seven projects effected prior to construction stage.

Changes in designs were within the scope of the Consultancy services.

### *Excess Payments for Supervision of Construction Works not carried out*

For construction projects, payment of supervision fees is based on the extent of supervision made for each project, and is thus not time-based.

Up to 9 February 2020, when the initial three year consultancy contract came to an end, the Consultancy Firm was paid fees totalling Rs 23.5 million for design of 13 projects and supervision of the four projects that had been completed.

- The claim for Rs 16.3 million for Construction Supervision was wrongly computed on a time basis. Out of ten projects, contracts for six other construction projects were yet to be awarded and supervision works to be done.
- The above payment was contrary to Financial Regulations and to the contractual terms of payments.
- The advice of the Attorney General's Office was not sought for the payment of Rs 20 million which was effected on account of supervision of Construction Works.
- It is estimated that at least an amount of some Rs 17.9 million has been overpaid to the Consultancy Firm.

### Ministry's Response

- For payment of supervision fees, it is time-based as per the Consultancy Services contract.
- The initial contract completion date for the Consultancy Services was 9 February 2020. At the end of the Consultancy Services contract, the fees were then paid based on the actual deliverables for the design part and the actual deployment of supervision personnel as per provisions of the Consultancy Services Contract, with the necessary deductions as applicable.
- During the initial contract period of 36 months, only five contracts were awarded. Serious delays were encountered due to changes in design. The Consultant had deployed full time staff for supervision of works for the sites that was required to be implemented in parallel. However, the Ministry was not in a position to award works for all sites due to unforeseen delays encountered.
- The assistance of the Ministry of National Infrastructure and Community Development has been sought for the setting up of an Independent Committee to undertake a due diligence of the payments already made to the Consultant.
- There is no fees that has been paid in excess. In fact the Consultant was underpaid in all interim payments. As such, there was no ground to seek legal advice from the Attorney General's Office as the normal process for payment certification was followed.

### NAO's Comments

Payment terms according to the contract clearly indicate that payments for supervision of Construction Works are output based and not time based.

### ***Extension of Contract for Consultancy Services from three to five years and further Extension seems inevitable***

In February 2020, the Ministry approved the extension of the supervisory consultancy contract for the remaining six projects, including the Grand Bay - Le Capitaine project, for a further period of 24 months for a contract amount of Rs 16.4 million.

As mentioned above, out of the six construction contracts awarded between December 2019 and September 2021, only the project at St Martin was completed in February 2021.

As of December 2021,

- Although Construction Works for five sites had been completed between 5 and 85 per cent, the Ministry had already paid the Consultancy Firm a total amount of Rs 13.4 million out of the contract sum of Rs 16.4 million, that is, 82 per cent which was computed on a time basis.
- According to a Status Report of the Ministry in December 2021, Construction Works for the five projects are expected to be completed between December 2021 and June 2022. These projects would not be completed by the end of the extended Consultancy contract in February 2022 and are likely to entail further extension of the Consultancy contract and additional payments.



### Ministry's Response

- Out of the 13 sites for which contract for the Consultancy Services was awarded on 26 October 2016 to the Consultancy Firm, works at only 4 sites were completed as at December 2019.
- As the existing contract was expected to expire on 9 February 2020 and the remaining projects were at design and tender stage, the contract for the Consultancy Services was further extended up to 9 February 2022 for the sake of continuity for the amount of Rs 14.3 million (excluding VAT), representing an increase of 25 per cent.
- Moreover, in view of the expiry of the contract on 9 February 2022 and works at five sites had still not been completed, the views of the Attorney General's Office, Procurement Policy Office and Ministry of National Infrastructure and Community Development have been sought on 20 January 2022, following request to further extend the contract for Consultancy Services until the completion of all the works at the remaining sites.
- Infrastructural works are still ongoing at the five coastal sites and are expected to be completed by the end of July 2022.

### ***One Project put on hold for more than two years***

The Ministry has already disbursed some Rs 1 million on design costs for the site at Grand Baie - Le Capitaine that has been put on hold for more than two years.

### Ministry's Response

- The fund disbursed for the Grand Baie - Le Capitaine project, that has been put on hold, was for the preparation of the Preliminary Design Report, Detailed Design Report, EIA Report and bidding documents.
- All required documents have been submitted by the Consultant.
- The project has been kept in abeyance, pending sufficient budgetary provision to be made for the project implementation within the financial year 2022-23.

### **15.1.3 Follow Up on Matters Raised in the Audit Report 2019-20**

NAO has carried out a follow up of matters raised in the Audit Report for 2019-20 to report on actions taken by the Ministry in response thereto.

Action has been initiated in respect of the four issues highlighted in the Report and which required action by the Environment and Climate Change Division of the Ministry.

Further information is provided at page 414 in Appendix VI.

#### **15.1.4 Follow up of Matters Raised in Performance Audit Report**

*Title of Report: “Moving Towards Renewable Energy- Solar Water Heater Grant Scheme”*

Date Published: February 2017.

A follow up of matters raised in the above-mentioned Report, hereafter referred to as Report 2017, was carried out. The Ministry was requested to inform NAO of the actions that have been taken to address the findings and recommendations made in the Report. The information obtained along with evidence collected through review of files and documents were assessed and discussed with the Ministry. The planning, design and implementation of two additional phases of the Scheme by the Ministry during period 2018-2021 were also assessed. Issues relating to alignment of the Scheme with the National Long Term Energy Strategy were discussed with the Ministry of Energy and Public Utilities.

The status on the actions taken on the key findings and recommendations since publication of the Report was discussed with management of the Ministry of Environment, Solid Waste Management and Climate Change and are reported below.

##### ***Planning of the Phases of the Solar Water Heater Grant Scheme (paragraph 3.1 of Report 2017)***

###### ***Findings in Report 2017***

The Scheme did not achieve the target related to the use of solar energy for water heating purpose in household and businesses, as set in the Long-Term Energy Strategy Action Plan. This was mainly due to:

- absence of complimentary policies and incentives that should have been developed concurrently; and
- changes in ownership during implementation of the different phases which had not kept the main objectives in focus.

###### ***Recommendations in Report 2017***

There is a need to have an arrangement that provides for a structure which owns the Scheme consistently, with clearly defined objectives, and an appropriate mechanism to implement each forthcoming Phase effectively.

###### ***Status on 4 February 2022***

No action was initiated. There was no single entity which owned the Scheme. There was no concerted approach among different entities involved in providing free Solar Water Heaters (SWHs) or cash grant to acquire same. The Ministry of Energy and Public Utilities informed NAO that though it is responsible for the promotion of renewable energy, it has not been involved in the design or implementation of the Scheme.

###### **Ministry’s Response**

The Ministry of Energy and Public Utilities would be consulted to look into an arrangement that would provide for a structure to own the Scheme.

### ***Design of the Phases of the Scheme (paragraph 3.2 of Report 2017)***

#### ***Findings in Report 2017***

Issues raised during Phases 1 and 2 were not addressed appropriately in Phases 3 and 4. Though a Standard was developed for SWHs, it was not adopted. Instead, the quality criteria used did not form part of the Standard and were inadequate to ensure reliability, safety and performance of SWHs. Moreover, SWHs were not tested to ascertain whether they complied with the minimum criteria during registration of suppliers.

#### ***Recommendations in Report 2017***

Pending the implementation of a SWH Standard, the adequacy of the current quality criteria for SWH, particularly in relation to health aspects and cyclonic conditions, needs to be re-assessed. The minimum criteria currently being used should be vetted by the Mauritius Standards Bureau (MSB) and testing of same should be carried out as local testing facilities are available.

#### ***Status on 4 February 2022***

The recommendations were partially implemented during the period January 2018 to December 2021 in respect of two Phases with total contract value amounting to some Rs 47 million. In each Phase, only part of the criteria was subject to testing by the MSB prior to the award of the contract for supply, installation and commissioning of SWHs instead of testing all components of the minimum criteria.

#### **Ministry's Response**

The Ministry would ensure the feasibility of the minimum criteria set for SWHs after consultation with the Ministry of Energy and Public Utilities and the MSB. Subsequently, it will ascertain that all the components of the minimum criteria are subject to testing prior to award of any contract for supply, installation and commissioning of SWHs in forthcoming phases.”

### ***Implementation of the Phases of the Scheme (paragraph 3.3 of Report 2017)***

#### ***Findings in Report 2017***

The due diligence exercises carried out on suppliers during each Phase were expected to assess their ability to supply, install and commission quality SWHs, and to provide satisfactory aftersales services. However these exercises did not assess adequately the ability of the suppliers in respect of the aforementioned requirements, but were more focused on their financial and legal standing. Also there was inadequate monitoring on the warranty of SWHs, follow up on customer complaints, and submission of Performance Securities.

#### ***Recommendations in Report 2017***

There is a need to have personnel with the appropriate expertise in project management to address effectively issues identified during implementation of previous Phases. They should also ensure that beneficiaries obtain quality SWHs which have been properly installed and commissioned, as well as satisfactory aftersales service.

*Status on 4 February 2022*

The recommendations were partially implemented. There were weaknesses in the implementation of one Phase which ended in June 2019, involving 1143 SWHs for a total amount of Rs 22 million. Warranty requisitioned on the SWHs was for only one year, instead of five years as required in past Phases to provide adequate cover against malfunctioning devices. The contract was awarded to one supplier despite no test certificates were provided in respect of all the components as required in the bidding document. The Ministry contended that no dedicated Project Implementation Team was attributed to the two phases due to financial constraints and inadequate know-how. Instead, the Project Monitoring Unit of the Ministry's Living Environment Unit was involved in the project management and contract management of these phases.

***Post Implementation Review and Evaluation (paragraph 3.4 of Report 2017)***

***Findings in Report 2017***

No appropriate mechanism was in place and no feedback was available in respect of condition and performance of installed SWHs.

***Recommendations in Report 2017***

The Ministry needs to establish an appropriate post implementation review mechanism to obtain feedback for planning of forthcoming Phases. Information in respect of condition and performance of installed SWHs, the quality and level of after sales services of suppliers should also be made available. The Ministry needs to evaluate the Scheme. The outcome of the evaluation will ascertain, among others, to what extent the objectives of the Scheme have been achieved, and what changes are needed to improve it.

*Status on 4 February 2022*

The recommendations were not implemented. During the first four Phases of the Scheme, the main tasks of DBM Ltd comprised the registration and processing of application for grants from householders, registration of SWH suppliers, disbursement of grants, monitoring of complaints and management of Performance Securities. In 2017, the Ministry requested DBM Ltd to provide a post-implementation report on the first four phases of the Scheme (relating to the grant amounting to some Rs 670 million) as it considered that the report would greatly assist in policy decision. However, DBM Ltd replied that according to the clauses of the Memorandum of Understanding signed with the Ministry, it is not required to prepare such report.

**Ministry's Response**

Consultations will be held with the Ministry of Energy and Public Utilities to devise a post implementation review mechanism and to evaluate the Scheme accordingly. Additionally, the possibility of collaborating with the Consumer Protection Unit would be looked into to assess the quality of aftersales services and maintenance being provided by suppliers.

## 15.2 Solid Waste Management Division

### 15.2.1 Follow up of Matters Raised in the Audit Report 2019-20

NAO has carried out a follow up of matters raised in the Audit Report for 2019-20 to report on actions taken by the Ministry in response thereto.

Out of 15 issues highlighted in the Report and which required action by the Solid Waste Management Division of the Ministry:

- Six issues have been resolved.
- Action has been initiated in respect of eight issues.
- No action had yet been taken in respect of one issue, as summarised below.

#### *Operation of Mare Chicose Landfill - Lack of Control over Payments*

Monthly payments were effected to the Contractor for “carting away of leachate” and “waste operation”. Some Rs 111 million was paid during financial year 2020-21 on the basis of weights. There was no evidence of cross checking by the Technical Section against any weighing reports in the computerised Libra system.

#### Ministry's Response

Crosschecking with records from the Libra software is done at random by the Technical Team. However, no such record was kept in file.

Further information is provided at Pages 411 to 413 in Appendix VI.



## 16 – MINISTRY OF FINANCIAL SERVICES AND GOOD GOVERNANCE

### 16.1 Non-Compliance with Rules and Inadequate Oversight of Public Bodies

One of the objectives of the Ministry of Financial Services and Good Governance is to establish good governance practices and ensure that it permeates in all spheres of the Mauritian society in order to combat fraud, corruption and malpractices. Many Statutory Bodies (SB) and State-Owned Enterprises (SOE) were operating under the aegis of the Ministry and had significant financial implications for Government.

A sum of Rs 13.6 billion was injected in National Property Fund Limited (NPFL) and National Insurance Company (Life) (NICL) from the Consolidated Fund in September 2020 (Rs 11.9 billion) and October 2021 (Rs 1.7 billion) as follows:

- In September 2020, Government injected a capital of Rs 7.9 billion in the NPFL to enable the Company to meet its immediate debt obligations towards its creditors.
- A Capital of Rs 5.7 billion was injected in the NICL to put it on sound financial footing by addressing its substantial asset gap and capital deficit which resulted mainly from the impairment of the assets transferred to the Company.

As of March 2021 (last update available), the NPFL still owed Rs 4.2 billion to the Bank of Mauritius for a loan guaranteed by the Government, with the maturity date scheduled on 30 June 2022.

A review of the records of the Ministry revealed that it did not exercise adequate financial oversight over most of the Public Bodies operating under its aegis. The main findings are:

- (a) Non-Compliance with Legislations and Circulars;
- (b) Inadequate Financial Oversight of the Ministry on its SB; and
- (c) Inadequate Oversight of the Ministry on the SOE operating under its aegis.

#### ***Non-Compliance with Legislations and Circulars***

Government has initiated, in the recent years, several initiatives to modernise the public financial management systems and to enhance the governance and the accountability framework. This includes the mandatory submission of Annual Report by Ministries and Government Departments, and the monitoring of Key Performance Indicators.

- ***Non-Submission of a Report on Performance of the Ministry***

Section 4B of the Finance and Audit Act states as follows:

*Every department shall, not later than 31 October in every year, submit to the Minister, a report on its performance in respect of the previous fiscal year and on its strategic direction in respect of the following 3 fiscal years.*

Circular No. 10 of 2016 issued by the Ministry of Finance, Economic Planning and Development (MOFEPD), provided guidelines for the preparation of the Annual Report on Performance. It also established that the first submission would be as from the financial year 2016-17.

A scrutiny of the records of the Ministry revealed that it prepared a draft version of the Annual Report for financial years 2019-20 and 2020-21. As of 31 October 2021 it had not yet submitted a finalised version of the report to MOFEPD.

#### Ministry's Response

The Annual Reports have been submitted to the MOFEPD on 27 January 2022.

#### ▪ ***Non-Compliance regarding Key Performance Indicators (KPI)***

In the financial year 2020-21, Government adopted three KPI relating to procurement, training and good governance to accelerate the process of transformation in the public service to promote integrity. In the Circular Letter No 42 of 2020 Paragraph 5b issued by the Ministry of Public Service, Administrative and Institutional Reforms (MPSAIR) it was pointed out that *‘with a view to strengthening strong Governance and Institutional Arrangements in the Public Sector, in consultation with Independent Commission against Corruption (ICAC), a KPI was being set for two Corruption Risk Assessment (CRA) to be conducted per year by Ministries/Departments’*.

It was noted that only one CRA exercise on use of public vehicles was conducted for the financial year 2020-21 by the Ministry.

#### Ministry's Response

The Ministry would implement 75 per cent of the CRA on “use of public vehicles” as well as one on “overtime” by end of the financial year 2021-22.

#### ***Inadequate Financial Oversight of the Ministry on Statutory Bodies and Other Entities***

#### ▪ ***State-Owned Entities***

The three State-Owned Entities, namely National Property Fund Limited, National Insurance Company (Life), and National Insurance Company (General) (NICG), had submitted their Financial Statements for the four financial years 2015-16 to 2018-19 to the Corporate and Business Registration Department in December 2020.

#### ▪ ***Late submission of Financial Statements for Audit***

- As of 25 January 2022, the Financial Intelligence Unit (FIU) had not yet submitted its Financial Statements to NAO for audit for financial years 2019-20 and 2020-21. The last Financial Statements audited relates to financial year 2017-18.
- The National Committee on Corporate Governance (NCCG) submitted its Financial Statements for the financial years 2015-16 and 2016-17 on 3 December 2018, while those for 2017-18 and 2018-19 were submitted on 12 November 2020.

The Ministry has informed that the financial statements of FIU for the financial year 2019-20 are being finalised and will be submitted to NAO by end of February 2022, and those for the financial year 2020-21 will be submitted by end of March 2022.



NAO is of the view that the Ministry of Financial Services and Good Governance should exercise control over the statutory bodies and other entities operating under its aegis to ensure that they fulfill their statutory responsibilities regarding the preparation of financial statements, their submission for audit, and tabling before the National Assembly.

▪ ***Non-compliance of the Financial Services Commission with the Provisions of the Statutory Bodies (Accounts & Audit) Act (SBA)***

*Performance Agreement* - The Financial Services Commission (FSC) did not comply with the provisions of Section 4A (2) of the SBA which requires the FSC to mutually agree and have in place a Performance Agreement with the Ministry and which shall include key performance indicators on the targeted output of the Statutory Body. No such Performance Agreement was seen.

*Annual Estimates* - According to Section 4(B) (1) of the SBA, the FSC had to submit to the Minister by the 28 February in every year, estimates of income and expenditure, both recurrent and capital, prepared on a 3-financial year rolling basis, the estimates for the first year of every such period of three financial years requiring approval by the Minister. Estimates in the prescribed format were not seen filed at the Ministry.

*Annual Report and Audited Financial Statements* - For both the financial years 2018-19 and 2019-20, the FSC did not submit its Annual Report and Financial Statements within statutory deadlines.

*Ministry's Response*

- Henceforth, a formal Performance Agreement will be signed.
- The Annual Reports, including financial statements, for financial years 2018-19 and 2019-20 have now been laid in the National Assembly.

▪ ***Non-compliance with the Provisions of the Financial Services Act (FSA)***

*Financial Services Fund (FSF)* - The Managing Committee of the FSF (established under the FSA) did not submit a copy of the yearly report of its activities together with its audited accounts, to the Minister and the FSC within statutory deadlines, as required under section 70 of FSA,. For the last three financial years, these were submitted after the statutory deadlines.

*Ministry's Response*

- The FSC has been requested to ensure that henceforth the yearly report of the activities of the FSF and its audited accounts are submitted according to the statutory deadline.

***Special Funds – Late Submission of Financial Statements not submitted for Audit and Audited Financial Statements not laid before the National Assembly***

The Recovered Assets Fund operating under the aegis of the Ministry submitted its Financial Statements for audit for the financial years 2018-19 and 2019-20 on 17 February 2022.

As of 20 December 2021, it had also not laid its audited Financial Statements for the financial year 2017-18 before the National Assembly, although it was certified by NAO on 11 September 2019.

The Ministry informed NAO that the Financial Statements for the financial year 2017-18 has been forwarded to the Clerk of the National Assembly on 27 January 2022.

### ***Inadequate Oversight of the Ministry on the SOE under its aegis***

The NPFL, the NICL, and the NICG were incorporated as SOE with Government as the sole shareholder. The Ministry represents Government as owner in Annual General and Special meetings. These Companies were entrusted with assets/properties transferred from a Company currently placed under special administration.

In 2016, some Rs 1.5 billion worth of assets/properties were transferred to the books of the NPFL, Rs 6.6 billion to the NICL, and Rs 351 million to the NICG. However, NICL reported that these assets carry material limitations necessitating material impairment as well as encumbrances. Government intervened financially to compensate for the impairment and the removal of the encumbrances amounting to some Rs 1.6 billion.

Records examined at the Ministry showed that it exercised weak oversight on the assets that were transferred and required to be disposed to minimise the fiscal burden on Government:

- *Assets Transfer* - Since 2015, the assets transfer exercise under the responsibility of a Special Administrator (SA) appointed by the FSC was still not completed. According to the Ministry, most of the assets were transferred. However, no assurance was provided by the Ministry that all the assets held locally and overseas that ought to be transferred were in fact transferred to the NPFL and its related Companies.
- *Assets held Overseas* - The Ministry could not provide an updated status on the details of assets held overseas and that had to be transferred by the SA as mandated by law. According to the Ministry, it was envisaged to appoint a private Consultant to trace all assets held overseas despite that same had to be attended to by the SA.
- *Assets Disposal* - In January 2020, the NPFL appointed a Transaction Adviser (TA) to dispose of the assets transferred to the SOEs. It was noted that the NICL was also engaged in the disposal of its assets. Assets disposal information was kept in a fragmented manner at the Ministry, as it did not have a database regarding the details of all the assets held and sold to date including the purchasers and purchase consideration and the commission paid to the TA. Oversight exercised by the Ministry on the disposal of state-owned assets was thus limited.

### **Ministry's Response**

- All the assets identified by the SA have been duly transferred to the NICL (Life), NICG (General) and NPFL.
- All the assets held overseas and identified by the SA have been either realised and proceeds thereof transferred to the NICL/NPFL or transferred to the NICL.

## 17 - MINISTRY OF TOURISM

### 17.1 Government Borne Quarantine Services in respect of First Wave of COVID-19—Quarantine Expenses Not Recovered

As reported at paragraph 3.6 of my Audit Report for 2019-20, the Mauritius Tourism Promotion Authority (MTPA) was assigned the responsibility for the payments in respect of COVID-19 quarantine services in relation to returning Mauritian passengers during the first COVID-19 period of 18 March to 30 September 2020 and for medical staff of the Ministry of Health and Wellness (MOHW) from March 2020 to March 2021. Thereafter, the responsibility regarding the quarantine of passengers entering the country and medical staff attending to those in quarantine was taken over by the MOHW.

The Ministry of Finance, Economic Planning and Development approved the utilisation of unspent funds of the MTPA under its budget item 'Promotion and Destination Support' to meet the expenses in relation to the quarantine services for the year 2019-20. The authority was extended to funds of some Rs 250 million earmarked under MTPA's budget of 2020-2021.

#### *Funding for Quarantine Services*

Additional funds of Rs 43.7 million and Rs 120.2 million were made available to the MTPA for 2019-20 and 2020-21, respectively.

The MOHW contributed some Rs 26.3 million towards the cost of quarantine services for medical staff. MTPA also received Rs 89.6 million from the COVID-19 Solidarity Fund.

#### *COVID-19 Expenditure and Refunds Received*

For the period March 2020 to October 2021, the payments effected in respect of quarantine services totalled some Rs 658.6 million as detailed in Table 17-1.

**Table 17-1 Quarantine Expenditure for Period March 2020 to June 2021**

|                                                          | Rs million    |
|----------------------------------------------------------|---------------|
| Catering and Accommodation                               |               |
| <i>Mauritian nationals, foreigners and medical staff</i> | 514.74        |
| <i>Medical staff - After border opening</i>              | 31.63         |
| Other Quarantine Related Charges                         | 29.29         |
| Insurance – SICOM                                        | 2.82          |
| Laboratory Tests - ATOL                                  | 78.07         |
| Repatriation costs                                       | 2.07          |
|                                                          | <b>658.62</b> |

*Source: MTPA records*

Refunds received from cruise operators for repatriated Mauritian cruise workers, and for PCR tests in the same period amounted to some Rs 208.7 million.

Quarantine expenditure and reimbursements were reviewed for period up to 31 October 2021. The following issues were noted regarding the reimbursement of quarantine and other charges:

- (a) Non-reimbursement of quarantine charges of some Rs 10.6 million by a travel agent;
- (b) PCR tests and other costs of Rs 5.2 million unrefunded by hoteliers;
- (c) Unsettled claims of Rs 635,000 for the quarantine of sailors of MV Wakashio; and
- (d) Potentially irrecoverable quarantine expenses of some Rs 255,000 from Mauritians and foreigners.

#### ***Non-reimbursement of Quarantine Charges by a Travel Agent – Rs 10.6 million***

An international recruiting agency appointed a local Travel Agent to act as its representative vis-a-vis the Mauritian authorities in connection with the quarantine of Mauritian crew of cruise liners represented by the recruiting agency.

A quarantine agreement was signed between the local Travel Agent and the MOHW/MTPA for each repatriation exercise. The agreement provided, among others, that cruise companies would pay a package of US \$ 1,300 for each crew member for a 15-day cycle in quarantine, representing costs for accommodation, catering and sanitary kit.

For a batch of 308 cruise workers repatriated by the Travel Agent on 10 September 2020 and who completed their quarantine, the MTPA issued three invoices to the Travel Agent for 190, 100 and 18 cruise workers respectively.

The invoices for 100 and 18 cruise workers totalling US \$ 153,400, were settled. However, the invoice for 190 cruise workers of US \$ 247,000 (approximately Rs 10.6 million) was still outstanding as of October 2021, despite several reminders sent by MTPA.

A Notice of ‘*Mise en Demeure*’ was served to the Travel Agent on 11 October 2021.

#### ***PCR Tests and Other Costs Unrefunded***

Tourists and foreign students arriving in Mauritius as from 3 October 2020 were charged Rs 13,500 for PCR tests and other costs. The charge comprised Rs 10,000 for four PCR tests, Rs 2,500 for laboratory tests and Rs 1,000 for insurance. Claims for these charges were issued on hoteliers for tourists, while the invoices for foreign students were issued to the students themselves.

A sum of some Rs 103.4 million was invoiced to hoteliers for PCR tests and other costs. As of November 2021, some Rs 5.2 million were still outstanding.

#### ***Unsettled Claims for Quarantine of sailors of MV Wakashio – Rs 635,000***

The MTPA was also entrusted with the responsibility to oversee charges arising from the quarantine of sailors of MV Wakashio, which wrecked in the shores of Mauritius at Pointe D’Esny.

In September 2020, the MTPA issued a claim of US \$ 31,800 to the port agent of MV Wakashio regarding 23 sailors who had been quarantined at the SSR Recreational Centre at Belle Mare. The invoice was later amended to US \$ 15,030 (approximately Rs 635,000) to exclude three Mauritian members of the crew and for the reduced number of quarantine days of the foreign sailors.

As of end of October 2021 the claim had remained unsettled.

***Potentially Irrecoverable Quarantine Expenses – Rs 255,000***

- ***Foreign Individuals – Rs 102,000***

Three foreigners with Mauritian work permit, arrived in Mauritius on 14 August 2020 on a special flight repatriating some 300 stranded Mauritians abroad. They undertook to pay for their quarantine in Mauritius.

Claim of US \$ 1300 was sent to each of the three foreigners on 13 August 2020. As of October 2021, only one of them had settled his claim. Regarding the other two unpaid claims totalling US \$ 2,600, it was reported that either their contact number was unreachable or the mail address was not available.

- ***Mauritian Nationals – Rs 153,000***

Two returning Mauritian individuals breached quarantine procedures at quarantine centres. The spouse and two children of one of the Mauritians had also to be quarantined. The quarantine charge of US \$ 1,300 per person could not be claimed on the offenders as the Quarantine Act did not provide for the payment of quarantine charges by Mauritians in Mauritius.

**Ministry's Response**

- As the concerned local Travel Agent did not respond to the Mise en Demeure served by MTPA, the Authority's Legal Adviser has initiated legal actions to recover the amount due.
- As of January 2022, an amount of Rs 807,362 was yet to be collected for the PCR tests and other costs. MTPA expects to collect an additional amount of Rs 324,000 by the end of February 2022.
- The MTPA issued an invoice of USD 15,030 to the port agent of MV Wakashio in November 2021. In the light of a correspondence from the port agent dated 14 January 2022, latter has agreed to settle the claim shortly.
- Out of the three foreigners, two have settled their claims. As regards the third foreigner, the Passport and Immigration Office has informed that she was still in the country. MTPA was doing needful to serve her with a notice.
- Regarding the Mauritian Nationals who breached the quarantine procedures, the matter has been referred to the Ministry of Health and Wellness for appropriate action.



## **18 – ATTORNEY - GENERAL’S OFFICE, MINISTRY OF AGRO - INDUSTRY AND FOOD SECURITY**

### **18.1 Melrose Livestock Zone Project – Lapses in Project Management**

The concept of Special Livestock Zone was formulated in the Strategic Plan 2016-2020 of the Ministry to address environmental concerns as well as to mitigate operational costs by bringing farmers together and helping them in achieving economies of scale. A site of an extent of some 40 Arpents of land was identified at Melrose for the Livestock Zone project and the Cattle Reproduction Farm project (formerly the Heifer Farm project).

The contract for the setting up of the Livestock Zone at Melrose, consisting of construction of three farm buildings, garage, cooling tank room, stores, two compost sheds and a watchman post, was awarded to a Contractor for a total amount of some Rs 18.3 million on 21 August 2017. The works were scheduled for completion on 15 March 2018.

A review of the Livestock Zone project at Melrose revealed the following:

- (a) Delay in setting up of the Livestock Zone;
- (b) The Livestock Zone project has been set aside by the Ministry in October 2020 and merging with Cattle Reproduction Farm opted for;
- (c) As of November 2021, the merging process was still not completed.

#### ***Delay in setting up of the Livestock Zone***

In May 2018, the Contractor submitted a claim of some Rs 5.6 million for variation works which arose due to site topography conditions, excessive decay bed rock and the need to raise the floor level of the farm buildings. The claim was not entertained by the Ministry as the rate applied by the Contractor was higher than that applicable for District Contractors. Due to non-payment of the claim, the Contractor abandoned the site in the same month.

One year later, that is, in May 2019, the Contractor submitted a revised claim of some Rs 5.4 million for the same variation works. Although the claim was settled by the Ministry on 28 June 2019, the Contractor still did not turn up to complete the remaining works.

After several requests made to the Contractor since July 2020, a set of keys of the Livestock Zone buildings was finally handed over to the Ministry on 18 January 2021, 34 months after the contractual completion date. The keys were thereafter handed over to the Animal Production Division on 5 May 2021. Information on the date of completion of the remaining works was, however, not available in relevant file.

Since no handing over exercise after completion of the works was done, a snag list highlighting all defects that needed remedial action, was therefore not available.

#### **Ministry’s Response**

The final payment has not been effected as liquidated damage at the rate of Rs 32,000 per day up to a maximum of 10 per cent of the total contract value is applicable for any delay in completion of works.

### ***Livestock Zone Project set aside by the Ministry***

Before the Livestock Zone project became operational, decision was taken by the Ministry, in October 2020, to set aside the project and instead, to merge the infrastructure of the Livestock Zone with that of the Cattle Reproduction Farm, located in the neighbourhood.

The Livestock Zone at Melrose was the first among the additional Livestock Zones which the Ministry was contemplating to set up. Failure in its implementation has resulted in the cancellation of the project.

### ***Merging Process of the Infrastructure of the Livestock Zone not completed***

In view of the merging exercise, it was decided to transfer some animals from the Cattle Reproduction Farm to the Livestock Zone in order to reduce further investment in the Farm project.

- Sufficient funds were not provided in the budget of the Ministry for 2020-21 to carry out the additional works at the Livestock Zone which consisted mainly of water connection, electrical networks, waste water disposal system and fencing, thus further delaying the merging process. The Livestock Zone, including the buildings, left unoccupied since the handing over of keys of the buildings in January 2021.
- A site visit effected by Audit Officers on 6 October 2021 revealed that the buildings were still not put to use. The additional works which were essential for the operation of the Livestock Zone were not done.

### **Ministry's Response**

The animals could not be transferred to the Livestock Zone buildings in the absence of water and electrical network and also due to safety, health and security issues. Funds were not provided in budget, although request had been made, for the additional works required.

### **NAO's Comments**

- As of 30 November 2021, Rs 16.6 million, representing 70 per cent had already been disbursed by the Ministry out of the total contract value of some Rs 23.7 million.
- The Livestock Zone project which was handed over to the Ministry since January 2021, was still not operational as of November 2021 and the infrastructure was also not yet merged with the Cattle Reproduction Farm as decided by the Ministry.
- Before embarking on any project, proper feasibility study and surveys should be carried out and inputs should be sought from all stakeholders in order to avoid unnecessary expenditure and delays.

## **18.2 The Albion Duck Farm - Reduction in Operational Activities**

The Ministry has been promoting the production and consumption of ducks since 2002 with the help of the Chinese Agricultural Technical Team. A Duck Farm and a hatchery were set up with the objective of supplying day old ducklings to the farming community at affordable price.



Over the past three years there had been a constant reduction in the production and sales of ducklings. This has resulted in wastage of economic resources due to inefficient use of the existing infrastructure. The operational costs of the farm in terms of salaries and utilities amounted to some Rs 800,000 for the financial year 2020-21.

The following lapses were noted in the management of the Duck Farm:

- (a) Reduction in the number of parent stock of ducks;
- (b) A new Duck Incubator acquired in May 2021 for Rs 667,000 was, as of October 2021, still not installed and commissioned; and
- (c) Non-compliance with Bio-security norms, leading to an increase in contaminated eggs.

### ***Reduction in the Number of Parent Stock of Ducks***

Over the past three years the number of parent stock has decreased significantly from 2,382 at September 2018 to 319 at September 2021, representing a reduction of 86 per cent. This has impacted negatively on the production of eggs and ducklings. The Duck Farm was thus operating below its capacity and efficient use was not being made of the existing infrastructure, comprising eight pens, a brooding room, a cold room, store room and offices.

The number of eggs placed in hatcher for production of ducklings has decreased from 24,014 in 2018-19 to 8,340 in 2020-21, resulting in a reduction of 91 per cent and 95 per cent in the number of ducklings produced and sold, respectively, as shown in Table 18-1.

*Table 18-1 Number of Ducklings Produced and Sold*

| <b>Financial Year</b> | <b>No. of Eggs Placed in Hatcher<br/>(Unit)</b> | <b>No. of Ducklings Produced<br/>(Unit)</b> | <b>No. of Ducklings sold<br/>(Unit)</b> |
|-----------------------|-------------------------------------------------|---------------------------------------------|-----------------------------------------|
| 2018-19               | 24,014                                          | 8,654                                       | 6,200                                   |
| 2019-20               | 20,125                                          | 5,454                                       | 4,826                                   |
| 2020-21               | 8,340                                           | 763                                         | 289                                     |

*Source: Incubator Register (Duck)*

The main reason attributed for the decrease in production was that the incubator, acquired in 2007, was subject to frequent breakdowns and was replaced by a small hatcher which was reported to be defective.

### **Ministry's Response**

There has been a reduction in operational activities and the main reasons for the reduction in parent stock were sanitary confinement in 2019-20 and 2020-21, decrease in demand during lockdown and breakdown of the incubator.

### ***A new Duck Incubator acquired for Rs 667,000 still not installed and commissioned***

In July 2019, decision was taken by the Ministry to acquire a Duck Incubator due to recurrent breakdown of the existing one. On 15 December 2020, following tendering exercise, contract for the acquisition of an incubator was awarded for the sum of Rs 667,000. As per the bidding documents, the supply, installation, testing and commissioning of the incubator was to be carried by 6 April 2021. The equipment was actually delivered on 7 May 2021.

As of October 2021, five months since delivery, the installation, testing and commissioning of the incubator were still not done. However, no liquidated damages could be applied for the delay since such provision was not included in the terms and conditions of the contract. Meanwhile, the small defective hatcher was being used, resulting in wastage of productive eggs. For instance, during financial years 2019-20 and 2020-21, out of 20,125 and 8,340 eggs sent for hatching, 14,671 and 7,577 eggs were, respectively, discarded.

#### **Ministry's Response**

The delay in commissioning was due to missing spare parts. There was another hatcher of a smaller capacity, obtained as donation from Chinese Government in 2020 which was being used, instead.

### ***Non-compliance with Bio-security Norms, leading to an increase in contaminated Eggs***

During a site visit effected by Audit Officers on 30 September 2021, a large number of pigeons, attracted by feeds placed in troughs, were observed in the different pens. These pigeons could act as vector for spreading diseases to the ducks and the contamination of the eggs. As per the monthly reports for the past three years ended 30 June 2021, 17,187 eggs were discarded as they were contaminated and were unfit for production and consumption.

#### **Ministry's Response**

Decision has been taken to place bird nettings over the area concerned, subject to availability of funds.

#### **NAO's Comments**

The operational activities of the Albion Duck Farm has decreased significantly over the years and no remedial action has been taken by the Ministry to reverse the decreasing trend. This has impacted negatively on the farming community.

The technical know-how obtained from the Chinese Agricultural Technical Team should be used and maintained for the future. Efficient use of the existing infrastructure and the new incubator should be made in order to meet the objective of the Ministry which is to provide ducklings to the farming community at affordable prices.

### **18.3 Closing Down of Richelieu Quarantine leading to Unavailability of a Government Quarantine for Imported Animals**

The aim of the Richelieu Quarantine was to prevent the spread of animal diseases through the detection of communicable diseases and to assess the overall health status of imported animals before entering the local population.

A review of the status of the Richelieu Quarantine revealed the following lapses:

- (a) Unavailability of a Government Quarantine for imported animals;
- (b) The Richelieu Quarantine was left in an abandoned state.

#### ***Unavailability of a Government Quarantine for Imported Animals***

The Richelieu Quarantine previously used for the keeping of imported cattles, goats and sheep under observation, was built on an extent of some 33 acres of land and consisted mainly of six pens, an office block and a store room. The quarantine came into operation in October 2003 and had a capacity to accommodate 1,200 animals.

The operation of the Richelieu Quarantine was discontinued in year 2019 and the site was handed over to a Construction Company for the ‘Metro Express’ project. However, Government’s decision for the transfer and the Agreement or Memorandum of Understanding, including the terms and conditions, were not seen in relevant file. Moreover, the whereabouts of the office furniture and equipment of the quarantine were not known in the absence of a Master Inventory.

#### **Ministry’s Response**

State owned quarantine are important to isolate non-compliant consignments and also a further mitigation measure to counter verify compliance with import conditions. A request is being made to the Ministry of Finance, Economic Planning and Development for funding of projects above Rs 25 million to set up proper quarantine facilities. The absence of a Government Quarantine is not critical at present.

#### ***Richelieu Quarantine left in an abandoned state***

A site visit effected by Audit Officers on 14 October 2021 revealed that a major part, that is some 75 per cent of the extent of land, not occupied by the Construction Company, were left in an abandoned state. The yard and existing infrastructure, including pens, office block and store were invaded by wild plants and creepers. Cleaning and maintenance had not been done, resulting in significant wear and tear of the buildings.

After the closing down of the Richelieu Quarantine in year 2019, no alternative measures had been proposed by the Ministry to address the risk of communicable diseases spreading in the country from imported animals. The Ministry has also not yet decided about the future use of the site of an extent of 33 acres of land.

NAO is of the view that a Government Quarantine should be set up at the earliest. The conditions, procedures and activities to be followed in a quarantine facility should be in line with the OIE Guidelines of the World Organisation for Animal Health.

### Ministry's Response

With the proximity of the trams, Richelieu can no longer be considered as a Quarantine. Hence, pending the use of the land for other purposes, it is left as it is. A new quarantine will be set up either near the seaport or airport subject to availability of funds.

#### **18.4 Construction of a National Wholesale Market – Delay in Construction Works and Operation of the Market**

The setting up of a National Wholesale Market (NWM) was contemplated by the Ministry since the year 2008. The main objectives of the project were, among others, to improve the financial livelihood of the planters, provide quality products at an affordable price to consumers and to create a modern marketing infrastructure for the handling of fruits and vegetables in compliance with relevant legislations as well as agricultural and food norms/standards.

At paragraph 15.2 of the Audit Report for the financial year 2018-19, it was reported that the contractual completion date was extended, eight essential items were not included in Phase I of the project due to financial constraint, and the Generator and Sewer Treatment Plant considered important for the operational activities of the market, were omitted in the scope of works.

As of 31 October 2021, a total amount of some Rs 435 million had been disbursed on the project, including consultancy fees of Rs 16.8 million.

A review of the project as of November 2021 revealed the following lapses:

- (a) Extension of Time (EOT) was not assessed for period May/June 2021 to date of completion of building works of 28 October 2021, resulting in non-application of liquidated damages;
- (b) Additional/variation works were incurred due to initial project value being reviewed downwards;
- (c) Regulations for the operation of the NWM were not yet finalised.

#### ***EOT not assessed Resulting in Non-application of Liquidated Damages***

The contract was awarded to a Contractor for the sum of some Rs 389 million on 4 October 2018. The contractual completion date of 27 December 2019 was extended to 1 January 2020 due to bad weather and persistent rainfalls. Further adverse climatic conditions had caused the re-scheduling of the completion date to April 2020. The completion date was again re-scheduled for May/June 2021 as the Consultant had not certified the Contractor's claims since his fees were outstanding and there was sanitary confinement from March to May 2020. However, completion of the project was further delayed due to lockdown in March 2021.

The main building with ancillary blocks, except the Sewer Treatment Plant, permanent water supply connection and Generator Set, was partially handed over to the Ministry on 28 October 2021. As of November 2021, the three additional works were still in progress.

According to the General Conditions of Contract, the contractual completion date may be revised only by the Consultant by issuing an EOT order. There was no evidence that EOT from the re-scheduled completion date of May/June 2021 to date of completion of works of main building of 28 October 2021 has been assessed and that an EOT order has been issued. Liquidated damages for delay in completion of works has also not been charged to the Contractor.

#### Ministry's Response

Liquidated damages cannot be applied as the building works have already been satisfactorily completed as per Contract.

#### NAO's Comments

The completion date was re-scheduled twice, in the first instance for April 2020 and then for May/June 2021 and it was only on 28 October 2021 that the main building with ancillary blocks was handed over to the Ministry. No evidence could be produced to the effect that an EOT for period May/June 2021 to date of completion of building works and partial handing over of 28 October 2021 was granted. In the absence of the EOT, liquidated damages were applicable.

#### ***Additional/Variation Works incurred due to initial project value reviewed downwards***

The project cost was initially estimated at Rs 707 million by the Consultant. In January 2018 the bidding documents were submitted to the Central Procurement Board (CPB) for vetting prior to launching of tenders. Since the estimated cost exceeded Rs 400 million, the Ministry was advised by CPB to obtain clearance from the Procurement Policy Office to call for bids for the project without having recourse to pre-qualification exercise as required under Section 6(1) of the Public Procurement Regulations. However, it was decided to bring down the cost below Rs 400 million and the Consultant was requested to review the scope of works to that end.

Drilling of borehole, installation of Sewer Treatment Plant and civil works to house the Sewer Treatment Plant, and variation works, costing some Rs 52 million, which were essential for the operation of the NWM, had to be effected. As of November 2021, the supply, installation, testing and commissioning of the Standby Generator, estimated at some Rs 3.5 million was at bid evaluation stage and the other two additional works were still in progress.

NAO is of the view that such variations and additional works would not have been warranted, had a realistic estimate of the scope of works been done by the Ministry at the initial stage.

#### Ministry's Response

The additional works were vital for the operation of the NWM. Tender for the supply, installation, testing and commissioning of the Standby Generator has been re-launched as the bidders were not technically responsive. The Consultant has been requested to revise the specifications. As regards the civil works to house the Sewer Treatment Plant, the

Consultant has been requested to prepare the tender documents. The work for the drilling of borehole is ongoing.

### ***Regulations for the operation of the NWM not finalised***

As of November 2021, the four draft Regulations necessary for the operation of the NWM were not yet finalised.

### **Ministry's Response**

The State Counsel was working on the draft regulations.

### **NAO's Comments**

Almost 13 years have elapsed since the project was contemplated, yet the stakeholders such as planters, auctioneers, wholesalers and dealers were still being deprived of a modern marketing infrastructure, compliant with relevant legislations and food norms/standards, as the NWM which had cost some Rs 435 million as of October 2021, is not yet operational.

## **18.5 Government Asset Register not Properly maintained**

The Government Asset Register (GAR) aims at providing Government with a central database of assets acquired and controlled by Ministries and Government Departments. It forms the basis for the recognition of the cost and value of Non-Financial assets in the accounts of Government. For the GAR to be an effective tool, it is imperative that it is kept up to date at all times. In July 2017, GAR was introduced for the Central Government to keep track of assets from their acquisition to their disposal.

A review of the implementation of the GAR at the Ministry has revealed the following:

- (a) Non-compliance with deadline for submission of GAR Template and delay in clearing backlog;
- (b) Incomplete records of Non-Financial Assets; and
- (c) Dormant, unserviceable and unrecorded assets were found following surveys.

### ***Non-compliance with Deadline for Submission of GAR Template and Delay in Clearing Backlog***

According to the Treasury Instructions, the Ministry of Agro Industry and Food Security had to submit record of assets as at 30 June 2017 along with those acquired in financial year 2017-18, and a compilation of old record of assets with regards to land vested, buildings and vehicles.

All updated data on excel sheet were to be migrated to the GAR software prior to 31 December 2021. Deadline for the submission of the excel sheet was set to 20 December 2021 as GAR users had to undertake the migration process as from 3 January 2022.

As of October 2021, the GAR excel template for the recording of assets was updated only up to June 2019.

### Ministry's Response

In view of the fact that the system has not been fully operational and due to the acute shortage of staff and the COVID-19 pandemic, this Ministry had accumulated a backlog in the recording of non-financial assets. New GAR users were identified at the level of each division/department and they were requested to update the records of their respective sections. In an email dated 29 December 2021, the Treasury has informed that the deadline to submit the excel template has been extended to 28 February 2022.

### ***Incomplete Records of Non-Financial Assets***

The Plant Registers at the Richelieu Engineering Division and Transport Section of the Ministry were not properly kept as vehicles such as tractors and trailers, posted at various sites of the Agricultural Services Departments, were not recorded therein. Information such as costs, commissioning dates and specifications of some vehicles were also missing. A Master Register was not kept at the Head Office of the Ministry, contrary to financial regulations.

Control over Government assets was poor at the Livestock and Veterinary Division (LVD) as inventory sheets were not updated since four years and not affixed in offices. The LVD had not submitted any Return of Non-Financial Assets to the Treasury for inclusion in the GAR, contrary to Financial Instructions No. 3 of 2019.

### Ministry's Response

The Transport Section at Reduit has a Master Register of all vehicles which is presently being updated and the LVD has already been requested to carry out a comprehensive survey of all existing assets and ensure that there are sufficient and appropriate control mechanism in place.

### ***Surveys of Assets – Dormant, Unserviceable and Unrecorded Assets were found***

- A physical survey of equipment carried out by Audit Officers at the Agricultural Chemistry Division of the Food Technology Laboratory on 15 October 2021 had revealed that 12 items of equipment, in good condition, were not in use and were not recorded in an Asset Register while eight other items of equipment were seen dormant.
- Another survey carried out by Audit Officers on 12 November 2021 at the Bacteriology Section and Serology Section of the Animal Health Laboratory of the LVD had revealed that 18 items of equipment which were broken since more than three years were still kept in the laboratory. These broken items had not been returned to Stores and taken on charge in an Unserviceable Stores Ledger, as required under financial procedures.

### Ministry's Response

With regards to the dormant equipment, the Director, Agricultural Services has already invited other divisions to express their interest as to whether these equipment are required in their laboratories. A re-allocation of dormant equipment will be undertaken following the expression of interest.

### NAO's Comments

It is imperative for the GAR to be complete and accurate, so that physical checks can be carried out to verify the existence, completeness and conditions of assets of the Ministry at any point in time.

### **18.6 Continuation of Service beyond Compulsory Retirement Age of 65 years – relevant prior approval not sought and some Rs 438,000 overpaid**

According to the National Identity Card and birth certificate of an Officer, his date of birth was 14 July 1955. In the Ministry's records his date of birth was wrongly recorded as 14 July 1956, thus allowing the Officer to attend duty up to 4 December 2020, that is, some 4½ months beyond the compulsory retirement age of 65 years. This is contrary to regulations in force.

In a correspondence dated 11 December 2020, the Officer was called upon to retire from the Public Service forthwith. However, the latter was paid salary and travelling allowances up to 31 December 2020. In the absence of relevant approvals, an amount totalling Rs 208,235 was thus overpaid to him for the period 14 July 2020 to 31 December 2020. The Officer was drawing a monthly Public Service pension as from 11 December 2020.

The date of retirement, cause of retirement and authority were wrongly stated in the "Computation of Pension" submitted by the Ministry to the Treasury. This has led to a wrong computation of refund of vacation leave.

As per the recommendations of the Pay Research Bureau, officers proceeding on retirement are given the option to cash the accumulated vacation leave provided they retire on the day they would normally have proceeded on leave prior to retirement. Since the Officer had retired some 4½ months beyond the compulsory retirement age of 65 years, the option to cash the accumulated vacation leave did not arise. However, an amount of Rs 230,370, representing 210 days' vacation leave was nevertheless paid to him.

The Ministry should initiate action to recover the total amount overpaid of Rs 438,605.

### Ministry's Response

The NID card number is supposed to indicate the date of birth of the person along with other details. In this case, the ID Number of the officer leads to the understanding that his date of birth is 14 July 1956. Clearance was sought from the Civil Status Office which confirmed that the date of birth is 14 July 1955 although his ID No. shows 140756 as first six digits. By that time the officer had already worked. Necessary approval was sought and obtained from the Ministry of Public Service, Administrative and Institutional Reforms with regards to the payments effected.



## 18.7 Governance Issues – Non-compliance with Legislation

Provisions have been made in various legislations to impose a statutory responsibility on Accounting Officers and Boards of Statutory Bodies with the objective of strengthening accountability and transparency in the public sector.

The following non-compliance issues were noted:

- (a) Non-submission of Financial Statements for audit as required under the Statutory Bodies (Accounts and Audit) Act; and
- (b) Annual Reports not laid before the National Assembly as required under the Statutory Bodies (Accounts and Audit) Act.

It was also noted that in respect of one Special Fund:

- (a) Financial Statements were not submitted for audit; and
- (b) Audited Financial Statements were not laid before the National Assembly.

### *Non-submission of Financial Statements for Audit*

The Statutory Bodies (Accounts and Audit) Act requires the Chief Executive Officer of a statutory body to submit the Annual Report to the auditor not later than 4 months after the end of every financial year.

As of 12 January 2022, the following Statutory Bodies falling under the purview of the Ministry, have not submitted their Financial Statements for audit for periods as shown in Table 18-2.

*Table 18-2 Financial Statements not Submitted to NAO for Audit*

| Statutory Body                              | Financial Year/ Period                   | No of Financial Statements | Remarks                                                                                                        |
|---------------------------------------------|------------------------------------------|----------------------------|----------------------------------------------------------------------------------------------------------------|
| Mauritius Meat Authority                    | 2020-21                                  | 1                          |                                                                                                                |
| Mauritius Society for Animal Welfare        | 30.10.2013-31.12.2014 to 2020-21         | 7                          |                                                                                                                |
| Sir Seewoosagur Ramgoolam Botanical         | 2018-19 to 2020-21                       | 3                          |                                                                                                                |
| Small Farmers Welfare Fund                  | 2018-19 to 2020-21                       | 3                          |                                                                                                                |
| Sugar Cane Planters Trust                   | 2007-08, 2008-09 & 01.07.2009-24.07.2010 | 3                          | Ceased operation on 25.7.2010                                                                                  |
| Vallee D'Osterlog Endemic Garden Foundation | 2020-21                                  | 1                          | Financial Statements 2015 to 2019-20 were submitted to NAO between 2019 and 2021 and are currently under audit |

*Source: NAO records*

### ***Annual Reports not laid before the National Assembly***

The Statutory Bodies (Accounts and Audit) Act requires a copy of the annual report and audited accounts of every statutory body to be laid before the Assembly at the earliest opportunity.

As of 20 December 2021, Annual Reports of five Statutory Bodies had not yet been laid before the National Assembly as shown in Table 18-3.

*Table 18-3 Annual Reports including Audited Financial statements not laid before the National Assembly*

| <b>Statutory Body</b>                               | <b>Financial Year/<br/>Period</b>      | <b>Date Certified</b>       | <b>No of Financial<br/>Statements</b> |
|-----------------------------------------------------|----------------------------------------|-----------------------------|---------------------------------------|
| Agricultural Marketing Board                        | 2019-20                                | 13.09.2021                  | 1                                     |
| Mauritius Cane Industry<br>Authority                | 2019-20                                | 12.08.2021                  | 1                                     |
| Mauritius Meat Authority                            | 2019-20                                | 11.08.2021                  | 1                                     |
| Sir Seewoosagur Ramgoolam<br>Botanical Garden Trust | 05.06.1999-30.06.2000<br>to 31.12.2014 | 28.02.2014 to<br>01.10.2019 | 15                                    |
| Small Farmers Welfare Fund                          | 01.01.2016-30.06.2017                  | 27.07.2021                  | 1                                     |

*Source: National Assembly records*

### ***Special Fund - Financial Statements not submitted for audit and audited financial statements not laid before the National Assembly***

As of 13 January 2022, the National Parks and Conservation Fund falling under the purview of the Ministry of Agro-Industry and Food Security, had not yet submitted its Financial Statements for financial year 2020-21 for audit.

It had also not laid its audited Financial Statements, for the period 2012 to 2018-19, before the National Assembly although they had been certified by NAO between 24 September 2013 to 8 September 2021.

NAO is of the view that the Ministry should exercise control over Statutory Bodies and other entities operating under its aegis to ensure that they fulfil their statutory responsibilities regarding the preparation of financial statements, their submission for audit and tabling before the National Assembly.

### **Ministry's Response**

The Agricultural Marketing Board will be requested to submit the Annual Report for financial year 2019-20 to be laid before the National Assembly

## **18.8 Follow Up of Matters Raised in the Audit Report 2019-20**

NAO has carried out a follow up of matters raised in the Audit Report for 2019-20 to report on actions taken by the Ministry in response thereto.

Out of 22 issues highlighted in the Report and which required action by the Ministry:

- Five issues have been resolved.
- Necessary action has already been taken at Ministry's level on seven issues.
- Action has been initiated in respect of nine issues.
- No action had yet been initiated in respect of one issue.

Further information is provided at pages 414 to 419 in Appendix VI.

## **18.9 Follow up of Matters Raised in the Performance Audit Report**

*Title of Report: "Boosting Food Crop Production"*

Date Issued: February 2017

A follow up of matters raised in the above mentioned Report, hereafter referred to as Report 2017, was carried out. The Ministry was requested to inform NAO of the actions that have been taken to address the findings and recommendations contained in the report. The information obtained along with evidence collected through review of files and documents were assessed and discussed with the Ministry.

The status on the actions taken on the key findings and recommendations since publication of the Report was discussed with the management of the Ministry of Agro-Industry and Food Security and are reported below.

### ***18.9.1 Developing Schemes and Subsidies (paragraph 3.2 of Report 2017)***

*Finding in Report 2017*

There was no data to support whether the Ministry investigated extensively the interest and commitment of planters prior to coming up with the schemes.

*Recommendation in Report 2017*

The Ministry should investigate extensively on the interest of planters prior to developing schemes.

*Status on 27 January 2022*

The recommendation was partially implemented. The Ministry informed NAO that liaison meetings are being conducted with representatives of planters with a view of improving existing schemes and introducing new ones.

### ***18.9.2 Budgeted and Actual Expenditure of Schemes and Subsidies (paragraph 3.3 of Report 2017)***

#### ***Finding in Report 2017***

Only 47 per cent of the total provisions had been utilised over the period January 2013 to June 2016.

#### ***Recommendation in Report 2017***

The Ministry should develop a proper implementation plan with prioritised tasks, realistic budgets, timeframe and indicators.

#### ***Status on 27 January 2022***

The recommendation had not yet been implemented. The Ministry informed NAO that there is a time lag between issue of agreements and payment of claims to beneficiaries. Also they have recourse to overseas purchases due to unavailability of equipment and structures in the market, thus causing delay in implementation.

### ***18.9.3 Response of Planters to the Schemes (paragraph 3.4.2 of Report 2017)***

#### ***Finding in Report 2017***

The percentage of planters who took advantage of the different schemes was relatively low.

#### ***Recommendation in Report 2017***

The Ministry should develop indicators and targets taking into consideration the specificity of the agricultural sector and should ensure that there is close monitoring, review and evaluation of the proposed measures.

#### ***Status on 27 January 2022***

A monitoring mechanism has been set up to assess the achievements and targets set in respect of schemes.

### ***18.9.4 Mauritius Sugar Planters Association (MSPA) Land Scheme (paragraph 3.7.1 of Report 2017)***

#### ***Finding in Report 2017***

All MSPA lands were not obtained.

#### ***Recommendation in Report 2017***

The Ministry should ensure that demand of planters for land are satisfied and MSPA lands are obtained promptly.

*Status on 27 January 2022*

The Ministry informed NAO that a Central Digitalised Land Bank operates as a platform to match demand and supply of lands which will be used for food production.

***18.9.5 Land Preparation (paragraph 3.7.2 of Report 2017)***

*Finding in Report 2017*

High cost of production is one of the major constraints to increase food crop production.

*Recommendation in Report 2017*

The Ministry should take appropriate measures to control the total cost of production.

*Status on 27 January 2022*

The Ministry stated that it has launched the Agricultural Mechanisation Scheme in December 2021 to facilitate the access of planters to mechanisation facilities. Also, a Fertiliser Subsidy Scheme has been devised whereby a subsidy of 50 per cent would be provided on the cost of fertiliser for one crop cycle per annum to planters registered with the small Farmers Welfare Fund.

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## 19 - MINISTRY OF COMMERCE AND CONSUMER PROTECTION

### 19.1 Governance Issues – Non-compliance with Legislation

Provisions have been made in various legislations to impose a statutory responsibility on Accounting Officers and Boards of Statutory Bodies with the objective of strengthening accountability and transparency in the public sector.

The following non-compliance issues were noted:

- (a) Non-submission of report on performance as required under the Finance and Audit Act; and
- (b) Annual Reports not laid before the National Assembly as required under the Statutory Bodies (Accounts and Audit) Act.

#### *Non-submission of Report on Performance*

As of 11 January 2022, the reports on performance of the Ministry of Commerce and Consumer Protection for the financial years 2019-20 and 2020-21 had not yet been submitted to the Ministry of Finance, Economic Planning and Development, despite the statutory deadline being 31 October every year.

#### *Annual Reports not laid before the National Assembly*

The Statutory Bodies (Accounts and Audit) Act requires a copy of the annual report and audited accounts of every statutory body to be laid before the National Assembly at the earliest opportunity.

As of 20 December 2021, the State Trading Corporation, falling under the aegis of the Ministry, had not yet laid its audited Financial Statements for the financial year 2019-20 before the National Assembly, although it had been certified by NAO on 19 October 2021.

NAO is of the view that the Ministry should exercise control over Statutory Bodies operating under its purview to ensure that they fulfil their statutory responsibilities regarding the tabling of audited financial statements before the National Assembly.

#### Ministry's Response

- The reports on Performance will be submitted during February 2022.
- The Annual Report of State Trading Corporation for 2019-20 will be finalised by mid-February 2022 and will then be sent for tabling.





## 20 - MINISTRY OF YOUTH EMPOWERMENT, SPORTS AND RECREATION

### 20.1 Disbursements by the Ministry to other Entities - Inadequacy of Control Mechanism

#### *Need for Control Framework over Grants to Entities governed by Different Regulations*

Grants totalling Rs 256.8 million were disbursed by the Ministry of Youth Empowerment, Sports and Recreation (MYESR) to various categories of entities (Recipients) namely, Mauritius Multisports Infrastructure Ltd (MMIL), Mauritius Sports Council (MSC), Trust Fund for Excellence in Sports (TFES) and International Academy for Soccer School (IASS).

The grants were financed from the Ministry's Vote (Rs 91.7 million) and from other sources, namely, Special Fund (Rs 57.6 million) and Vote of the Ministry of Finance, Economic Planning and Development (MOFEPD) (Rs 107.5 million) as shown in Table 20-1.

*Table 20-1 Funds Disbursed by Ministry to Recipients*

| Recipients   | Sources of Funds              |                            |                             | Total        |
|--------------|-------------------------------|----------------------------|-----------------------------|--------------|
|              | Ministry's Vote<br>Rs million | Special Fund<br>Rs million | MOFEPD's Vote<br>Rs million |              |
| MMIL         | 55.0                          | 4.4                        | 107.5                       | 166.9        |
| MSC          | 31.5                          | 26.6                       | -                           | 58.1         |
| TFES         | 5.2                           | 2.2                        | -                           | 7.4          |
| IASS         | -                             | 24.4                       | -                           | 24.4         |
| <b>Total</b> | <b>91.7</b>                   | <b>57.6</b>                | <b>107.5</b>                | <b>256.8</b> |

*Source: Ministry's Records*

Given the different sources of financing for the grants and diversity of the Recipients, there was need for a proper control mechanism. The more so as the Recipients are governed by different Regulations concerning reporting and accountability. The need to ensure proper oversight over grants and accountability was reported at paragraph 18.1 of Audit Report for 2019-20.

However, proper control over disbursements of funds to such entities and monitoring of their use was still not catered for by the existing mechanism. Accordingly, the extent of disbursements required to be made to Recipients and the use of such funds could not be properly monitored by the Ministry.

In the absence of a proper framework for accountability, various shortcomings continued to prevail with the existing oversight system as detailed below.

## ***Existing Regulations***

Disbursements are usually governed by Financial Instructions whereby an Agreement, in the form of a Grant Memorandum, between the Ministry and Recipient, would be the main document specifying certain requirements to be met by Recipient to ensure control over disbursements, their efficient and effective use and accountability. Recipients were to submit to the Ministry appropriate documentation on application for funds, financial statements or other statements/reports. This would provide some oversight over disbursements.

## ***Limitations of Existing Regulations concerning Accountability over Disbursements***

According to Financial Instructions/Grant Memorandum, financial statements were to be submitted to the Ministry by Recipients. However,

- (a) except for Statutory Bodies where financial statements are to be submitted to the Minister to be laid before the National Assembly, there was no such requirement for further action to be taken at Ministry's level regarding financial statements submitted to it by other categories of Recipients; and
- (b) there was also no evidence of further action being taken at the Ministry's level regarding scrutiny of these financial statements.

Presently, financial statements are submitted to the Parent Ministry or abridged statements filed with other Bodies as shown Table 20-2.

*Table 20-2 Submission/Filing of Financial Statements/  
Abridged Statements to Stipulated Bodies*

| <b>Submission/Filing of FS to</b> |                                      |                                              |
|-----------------------------------|--------------------------------------|----------------------------------------------|
| <b>Recipient/Entity</b>           | <b>Stipulated Bodies</b>             | <b>Other Body for further Accountability</b> |
| Statutory Body                    | Minister of relevant Parent Ministry | National Assembly                            |
| Company                           | Registrar of Companies               | -                                            |
| Association                       | Registrar of Association             | -                                            |
| Special Fund                      | Relevant Minister                    | National Assembly                            |

*Source: Laws and Regulations*

Given the above and the diversity of Recipients, there was need for:

- (a) the Grant Memorandum to be tailored to fulfill the oversight and accountability requirements regarding disbursements to each category of Recipient;
- (b) appropriate documentation to be submitted on a timely basis to the Ministry on request for grant; and
- (c) strict scrutiny of the validity of such documentation.

In various cases, these were not done and would need to be addressed.

Absence of Grant Memorandum for Grants of a capital nature, non-timely submission of financial statements/statements of accounts by Recipients and insufficient documentation from Recipients on application for grants were thus noted regarding disbursements to Recipients, as further detailed below.

## **20.2 Grants to MMIL - Inadequacy of Control Mechanism**

The control mechanism at Ministry's level over grants to MMIL in 2020-21 was still not adequate.

This did not allow for the proper monitoring of the use of the grants totalling some Rs 191.3 million via the Ministry to MMIL (of which, Rs 24.4 million was disbursed to IASS) and for their accountability as required by Financial Instructions.

### ***Shortcomings recurring in 2020-21***

In the Audit Report for 2019-20 it was stated at paragraph 18.1 that the following were not conducive for the adequate monitoring over disbursements to MMIL by the Ministry, and were not in line with Financial Instructions, namely:

- (a) Grant Memorandum not covering the full amount of grants;
- (b) applications for grants not duly supported; and
- (c) the non-submission of financial statements to the Ministry at financial year end.

Similar shortcomings were noted regarding grants to MMIL for 2020-21.

### ***Grants from different Sources for different Purposes – Requirement for different Control Mechanisms***

Grants to MMIL originated from different sources for various purposes as follows:

- (a) Rs 55 million from Ministry's own Vote - to meet recurrent expenditure;
- (b) Rs 107.5 million from the Vote 27-1 (Centrally Managed Initiative of Government) of the MOFEPD - to cover remaining Capital Expenditure, and
- (c) Rs 28.8 million from a Special Fund - Rs 4.4 million meant for 'Training for High Level Athletes' and Rs 24.4 million to cover 'Operational Expenses for Football Academy'.

The two transfers ((b) and (c) above) were initially credited to Deposit Accounts created in the Ministry's name prior to their being granted to MMIL.

Given above different sources and purposes of grants, there was need for appropriate control mechanisms to be set up for monitoring and accountability, coupled with relevant expertise, namely regarding grant of capital nature.

These requirements were, however, not met by the actual mechanism.

### ***Lack of necessary Documentation in Support of Grants***

The following would not lead to proper control by the Ministry over grants to MMIL to ensure that intended grants objectives were met.

- Absence of Grant Memorandum between the Ministry and MMIL in respect of grant of a Capital nature, being remaining provision for capital expenditure amounting to some Rs 107.5 million under the Vote of MOFEPD.

An amount of Rs 107.5 million was transferred on 28 June 2021 from the Vote under control of MOFEPD to a Deposit Account created in name of the MYESR.

This transfer followed a request dated 8 June 2021 from MMIL to MYESR for release of remaining capital expenditure for 2020-21 of Rs 107.5 million in respect of six projects. The request was transmitted by the MYESR to the MOFEPD the day after, on 9 June 2021.

The deposited amount of Rs 107.5 million was subsequently granted by MYESR to MMIL in two instalments after the end of financial year 2020-21- Rs 60.3 million and Rs 47.2 million in August 2021 and September 2021 respectively.

According to a correspondence from MOFEPD dated 15 June 2021, it was mentioned that since the payment was being released based on forecast, the amount of Rs 107.5 million will be credited in a Deposit Account in respect of MMIL, in name of MYESR and latter would accordingly be requested to follow all procedures prior to disbursements of funds to MMIL.

- The initial budgetary allocation of Rs 22.5 million to MMIL for recurrent expenses was exceeded by 130 per cent. The additional funds to MMIL as an extra-budgetary unit was met through Virement from other items of the Ministry's own Vote. Board's approval of the revised estimates of MMIL was not available at the Ministry at time of disbursements of additional funds.
- Absence of details regarding funding of Rs 4.4 million for Training for High Level Athletes.
- Non-submission of financial statements by MMIL to the Ministry for 2019-20 and 2020-21.
- Non-availability of Statement of Accounts regarding funds meant for International Academy for Soccer School.

The absence of a Grant Memorandum and other documentation would not provide for clear responsibility for control over disbursement of Capital Grant and accountability thereof.

### **Ministry's Response**

- At no time, was the Ministry advised to treat the matter as a grant nor the MMIL submitted a duly signed Grant Memorandum when applying for the release of funds.

- Disbursements were effected based on invoices, certificates for payments, letters of award indicating approval of contracts, proforma invoices, some of which were duly signed by the appointed Lead Project Manager. Same was verified prior to effecting the releasing of funds.
- The initial budget for MMIL for year 2020-21 transmitted to the MOFEPD by this Ministry was Rs 58.5 M but the MOFEPD approved an amount of Rs 22.5 M only.
- The release of Rs 4.4 M refers to expenses in respect of a Football Academy whereby an amount of Rs 7.5 M was approved under a Special Fund.
- The financial Statements of MMIL for financial year 2019-2020 was submitted to this Ministry on 28 December 2021 after their approval by MMIL's Board on 16 December 2021.
- The International Football Academy Soccer School (Mauritius) was not an entity separate from the MMIL. Therefore, the need for separate Statement of Account did not arise.
- A framework in the form of an agreement between the Ministry and the Recipients of Funds (Special Funds) have been prepared and was effective as from the beginning of the financial year 2021-22.

### **20.3 Grants to Mauritius Sports Council – Control Shortcomings**

Control over disbursements to Mauritius Sports Council (MSC) totalling some Rs 58.1 million in 2020-21 was not adequate.

Rs 31.5 million meant for operational expenses of MSC were met from the Ministry's Vote while the remaining Rs 26.6 million which originated from a Special Fund were to finance the "Sports for All Project- Be Active Mauritius" implemented by the Council.

At paragraph 18.1 of the Audit Report for 2019-20, control shortcomings regarding disbursements to MSC and their ultimate accountability were reported.

These shortcomings were still noted in 2020-21.

#### ***Funding from Ministry's Vote***

##### **▪ *Incompleteness of Grant Memorandum***

Grant Memorandum between Ministry and MSC required the latter to specify two Outputs and two Performance Indicators.

However, a second Output and Performance Indicator was not specified.

- *Incompleteness of Progress Report*

All applications for funds throughout the financial year were to be supported by relevant documents including both financial and non-financial data, and required submission of progress reports by MSC.

The Progress Reports for period December 2020 to June 2021 in respect of Output and Indicator 1 were incomplete.

***Funding from Special Fund – Absence of Agreements***

For disbursements to MSC from grants obtained by the Ministry from a Special Fund, no conditions and requirements were worked out to ensure control over release of such grants to the Ministry and to the MSC for purposes of the “Sports for All Projects”.

*Ministry’s Response*

It considered that one “output and Performance Indicator” was sufficient.

**20.4 State Recognition Allowance Scheme for the Retired Athletes - Lack of Proper Monitoring**

Under the ‘State Recognition Allowance Scheme for the Retired Athletes’, a Scheme launched in October 2017, in recognition for the effort of athletes who have represented Mauritius and have retired, intended objectives might not be fully achieved.

Some Rs 5.2 million was granted to Trust Fund for Excellence in Sports (TFES) in 2020-21 for the above Scheme to meet monthly allowances, ranging from Rs 3,500 to Rs 7,000 per athlete. According to monthly returns submitted by TFES to the Ministry, the number of retired athletes has increased from 115 since 2017 to 122.

The non-availability of life certificate from retired athletes or other documents from TFES would not ensure that intended objectives of grant were fully met.

- According to records, total allowances in 2020-21 were for the benefit of 122 retired athletes. Some Rs 1 million was disbursed in respect of 15 of them who were reported to be abroad.

There was no established procedure at the Ministry’s level that would require submission of life certificates or other documents from TFES regarding beneficiaries, whether residing locally or overseas, so as to provide confirmation of need for continued payment of such allowances.

- The list of retired athletes submitted by TFES to the Ministry in May 2021 was not signed and did not bear the Board’s approval.
- Financial Statements of the TFES for 2020-21 were not available at the Ministry. This would not be in line with Financial Instructions governing grants and control thereof.

NAO is of the view that there is need for a proper monitoring system over grant under above Scheme to ensure that intended objectives are achieved.

### Ministry's Response

- With a view to ascertaining that retired athletes are still eligible for the Allowance under the scheme of the TFES, procedures have been developed accordingly.
- With respect to the list of retired athletes submitted to the Ministry in May 2021 which was not signed and did not bear the Board's approval, immediate action has been initiated to ensure that the list of retired athletes submitted to this Ministry is signed.
- Action was ongoing to trace the relevant board approval.
- The financial statements of the TEFS for the financial report 2020-21 have been submitted to the Ministry on 18 November 2021. Action initiated to ensure timely submission of financial statements.

### **20.5 Inadequate Control over Disbursements to COJI**

At paragraph 18.1(c) of the 2019-20 Audit Report, inadequate control over disbursements of some Rs 320 million to Comité des Jeux de L'Océan Indien (COJI), absence of a Memorandum of Understanding (MOU) and non-availability of financial statements for 2018 were reported. Accordingly, these would not allow for the necessary control over disbursements and for their accountability.

The Ministry had informed NAO that a disbursements mechanism would be set up.

#### *Winding up of COJI*

The COJI which was registered as an Association in 2016 was stated to have been wound up on 28 September 2021.

As shown below, evidence was not available of review by the Ministry of the control mechanism to ensure that funds disbursed to the COJI were used for intended purposes and to ensure proper accountability thereof.

#### *Assets of COJI*

According to Financial Summaries of the COJI available at the Ministry, assets totalling some Rs 65 million were reported to have been acquired by the Association for the financial years ending 31 December 2018 and 31 December 2019 as shown in Table 20-3.

Table 20-3 Assets acquired by COJI

| Assets acquired as at year ended |                  |                   |                   |
|----------------------------------|------------------|-------------------|-------------------|
|                                  | 31.12.2018       | 31.12.2019        | Total             |
|                                  | Rs               | Rs                | Rs                |
| Purchase of assets and equipment | 6,053,358        | 775,859           | 6,829,217         |
| Technical and Sporting           | -                | 58,232,408        | 58,232,408        |
| <b>Total expenditure</b>         | <b>6,053,358</b> | <b>59,008,267</b> | <b>65,061,625</b> |

Source: Ministry Records

A list of items to be accounted as assets in the Statements of Assets and Liabilities of the COJI was not available.

To that extent, appropriate reporting was not available to confirm the amount of assets to be taken on charge by the Ministry or by any other party, out of the above expenditure of Rs 65 million.

### ***Reporting and Accountability Process***

Other than the requirement for filing of documents by the COJI at the Registrar of Association, there was no requirement for submission of same with the Ministry for control and accountability purposes.

According to the Financial Instructions on Grants, there was need for a report to be submitted by grant recipient to the Ministry. Other than Notes of Meetings of Annual General Assembly of the COJI, no such report was available at the Ministry to be scrutinised by latter as required by the Financial Instructions.

### ***Absence of Reports and Handing over Certificates***

According to an Internal Control exercise by the Ministry:

- (a) Some 14,000 items were purchased by the COJI between August 2016 and October 2019; and
- (b) Various technical/non-technical and medical equipment were transferred by the COJI to the Ministry and Federations.

The following were not seen at the Ministry's level:

- A Handing Over Document duly certified by appropriate parties.
- A Final Report on winding up of the Association.
- The recording in the Government Assets Register of assets transferred to the Ministry.



The absence of proper disclosure in the COJI's financial statements and non-setting up of a proper control mechanism, would not allow ascertainment of the following:

- (a) control over assets acquired by COJI; and
- (b) their ultimate transfer to the Ministry or to any other party after winding up of COJI.

#### Ministry's Response

- Technical and sporting equipment were recorded separately from other assets as these items which have been transferred to various competitions sites through SF5 for the competitions were not returned to COJI but taken on ledger charge by the MYESR officer in the respective stadia or gymnasias.

These items form part of the items which were not recorded in the Government Asset Register.

The amount of Rs 65 million spent by COJI is reflected under the item technical and sporting and Medical Commissions and not as tangible asset in the balance sheet.

### **20.6 Inadequate Mechanism to control Disbursements from Special Fund to other Parties**

Disbursements totalling Rs 85.2 million by the Ministry to other parties in 2020-21 and obtained from a Special Fund, were to finance fourteen projects as spelt out at "Appendix C – Special and Other Extra Budgetary Funds of Budget Estimates 2020-2021".

An effective control mechanism was not in place to ensure that funds are released when necessary thereby avoiding unnecessary tying up of funds. Funds were requested by the Ministry from the Special Fund on basis of documents submitted by Recipients. These documents were not sufficient for control purposes.

- There is no proper mechanism/MOU between Ministry and the Recipients;
- Funds obtained from a Special Fund for certain projects were still not disbursed by Ministry to Recipients at end of 2020-21; and
- Reporting on use of funds by Recipients for accountability purposes was not adequate.

#### ***Undisbursed Balances at Start and Close of Financial Year 2020-21***

Funds received by the Ministry from the Special Fund were disbursed to Recipients through a Deposit Account. At the start of financial year 2020-21, the opening balance under the Deposit Account stood at Rs 20.5 million. This represented funds received in respect of eight projects and not remitted to Recipients by the Ministry at close of financial year 2019-20, of which Rs 13 million concerned three projects. Further sums were received and disbursed in respect of the three projects during 2020-21. A sum of Rs 10 million was held in the Deposit Account in their respect at close of financial year 2020-21.

Funds obtained from the Special Fund were to be remitted promptly by Ministry to Recipients. Accordingly, undisbursed balances in Ministry's Deposit Account were not to arise.

### ***Unnecessary tying up of funds and need to achieve intended objectives***

In the case of one project, the opening balance of Rs 6 million in the Deposit Account was ultimately sufficient to cover disbursements of some Rs 5.5 million for 2020-21. However, a further sum of some Rs 4.9 million was received from the Special Fund by the Ministry in 2020-21, thereby leaving a balance of some Rs 5.4 million in the Deposit Account in respect of that project at close of financial year 2020-21.

Best practice would recommend that funds are requested and provided when required so that funds do not remain unused and unnecessarily tied up by any party.

### **Ministry's Response**

- All documents submitted by Recipients were sent to MOFEPD for onward verification by the Special Fund's Committee.
- As from July 2021, the Ministry took necessary actions concerning new procedures for monitoring of request for funds by beneficiaries and for control over release of funds.

## **20.7 Provision of Security Services**

A contract for Security Services for a sum of Rs 30.4 million (exclusive of VAT) was signed with a Company on 4 June 2019 for an initial period of 12 months starting on 17 June 2019, and thereafter for another 24 months, renewable at the end of each 12 months period upon satisfaction rating of services by the Ministry.

The renewal agreement for the second 12-month period was signed in July 2020 for some Rs 11.7 million (VAT inclusive).

At paragraph 18.3 of the Audit Report for 2019-20, non-compliance with contract terms regarding survey report, age of security guards and clean morality certificates, were reported to have adverse bearing on quality and efficiency of security services.

The following were noted and raised concerns about the quality of security services for the second 12-month contract period:

- (a) Non-performance hours by the Company totalled 8,740. That led to charging of penalty of some Rs 404,000 by the Ministry;
- (b) Theft on sites, leading to recoupment of Rs 111,135 by the Ministry;
- (c) Full compliance not being observed regarding an action plan issued by the Ministry in June 2019 for the monitoring of performance and the rating of security personnel/quality of services. Composition, frequency and chairmanship of meetings,

and submission of performance monitoring sheets were not as spelt out in the action plan; and

- (d) According to a condition of contract, there was need for clean morality certificates regarding security guards and for them to be approved by the Ministry. However, an approved list of security guards with clean morality certificates in respect of 54 per cent of the number of security guards was not produced.

#### Ministry's Response

- Upon change of security guards, the service provider is required to submit a certificate of character. Since the processing of the documents takes time, the service provider submit receipt of application as proof till document is obtained. The Ministry can only act upon the parameters of the contract agreement.
- Penalties were applied as per provisions of the signed contract agreement with the service provider.
- It was not practicable for the Ministry to all times monitor the identity of the security guard on site. But, if there was any change in the Security Guard on site the Ministry was informed accordingly.

### **20.8 Non-optimum use of Office Space**

Rental cost of Rs 17.8 million incurred by the Ministry for its Head Office remained on the high side for 2020-21 due to non-optimum use of the space rented.

Paragraph 18.4 of the Audit Report for 2019-20 made mention of:

- (a) occupancy rate of floor space per employee being in excess of legal prescription of 3.67 square meters of floor space; and
- (b) under-utilisation of rental space that would entail unnecessary costs to Government.

The Ministry had informed NAO that it was working its detailed needs requirements and specifications for rental of new office space.

#### ***Renewal of rental pending budget provision for relocation costs***

However, upon expiry of the lease agreement on 21 February 2021 and pending Ministry's relocation, the lease was renewed for a further period of one year in financial year 2020-21 on the same terms and conditions.

As of December 2021, relocation had yet to be made. The delay was due to high relocation costs estimated at Rs 11 million and need for budget for same.

Other alternatives were presently being considered by the Ministry.

### Ministry's Response

- The Team Mauritius, presently located at the Head Office, would have its office at a National Sports Complex and following their relocation, the Ministry intends to redefine the layout of its Head Office.

Accordingly, high rental costs due to space surplus to requirements would continue to be incurred by the Ministry.

- There is currently no specific guidelines for the maximum office space allowable in public service.

## **20.9 Governance Issues – Non-compliance with Legislation**

Provisions have been made in various legislations to impose a statutory responsibility on Accounting Officers and Boards of Statutory Bodies with the objective of strengthening accountability and transparency in the public sector.

The following non-compliance issues were noted:

- (a) Non-submission of report on performance as required under the Finance and Audit Act;
- (b) Non-submission of Financial Statements for audit as required under the Statutory Bodies (Accounts and Audit) Act; and

### ***Non-submission of Report on Performance***

As of 11 January 2022, the report on performance of the Ministry of Youth Empowerment Sports and Recreation for the financial year 2020-21 had not yet been submitted to the Ministry of Finance, Economic Planning and Development, despite the statutory deadline being 31 October 2021.

### ***Non-submission of Financial Statements for Audit***

The Statutory Bodies (Accounts and Audit) Act requires the Chief Executive Officer of a Statutory Body to submit the Annual Report to the auditor not later than four months after the end of every financial year.

As of 12 January 2022, the Mauritius Sports Council falling under the purview of the Ministry, had not yet submitted its Financial Statements for the financial years 2019-20 and 2020-21 for audit. The Financial Statements for 2018-19 was submitted to NAO on 04 May 2021 and is currently under audit.

NAO is of the view that the Ministry should exercise control over the Statutory Bodies operating under its aegis to ensure that they fulfil their statutory responsibilities regarding the preparation of financial statements and their submission for audit.

### Ministry's Response

The preparation of the Annual Report on Performance of 2020-21 as well as the Financial Statements of the Mauritius Sports Council is in progress.

#### **20.10 Follow Up of Matters Raised in the Audit Report 2019-20**

NAO has carried out a follow up of matters raised in the Audit Report for 2019-20 to report on actions taken by the Ministry in response thereto.

Out of ten issues highlighted in the Report and which required action by the Ministry/ Department:

- Four issues have been resolved.
- Necessary action has already been taken at Ministry's level on three issues.
- Action has been initiated in respect of three issues.

Further information is provided at pages 419 to 420 in Appendix VI.

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## 21 - MINISTRY OF NATIONAL INFRASTRUCTURE AND COMMUNITY DEVELOPMENT

### NATIONAL DEVELOPMENT UNIT - NDU

#### 21.1 Lapses in Design of Projects and Cost Estimation

An audit exercise was undertaken to assess whether, at pre-tendering stage of projects implementation, there were processes and controls in place to ensure that planning, budgeting and determination of needs were properly carried out.

The following shortcomings were noted:

- (a) Lapses in preparation of cost estimates of projects; and
- (b) Inadequate project planning in the verification of site conditions and design of projects.

#### *Lapses in preparation of Cost Estimates of Projects*

The usefulness of cost estimates depends on its reliability and accuracy. Inaccurate estimates have an impact on the award of contracts. For instance, because of delays in finalising framework agreements for 2020-21, NDU carried out 47 separate procurement exercises and as of August 2021, 24 were cancelled mostly because of large differences between cost estimates and lowest substantially evaluated bids as shown in Table 21-1.

*Table 21-1 Cases where Bids Prices were higher than Cost Estimates*

| Project                                                                                     | Cost Estimate<br>Rs million | Lowest<br>substantially<br>evaluated Bid<br>Rs million | %<br>Bid Price<br>higher than<br>Cost Estimate |
|---------------------------------------------------------------------------------------------|-----------------------------|--------------------------------------------------------|------------------------------------------------|
| Construction of Mini-Soccer pitch at Morc. Jhuboo, Trou aux Biches                          | 5.00                        | 12.38                                                  | 147.67                                         |
| Upgrading of cremation ground at Pamplémousses                                              | 2.00                        | 3.70                                                   | 85.37                                          |
| Drain Works and resurfacing works at St Georges Street Ward IV Port Louis                   | 4.88                        | 8.37                                                   | 71.42                                          |
| Drain Works in the region of Coromandel, Beau Bassin and Petite Riviere                     | 16.50                       | 28.10                                                  | 71.00                                          |
| Upgrading of existing drains and resurfacing of Sadally Road and Framboisier lane at Vacoas | 11.16                       | 15.18                                                  | 36.00                                          |
| Drain Works in the region of le Bouchon, Petit Bel Air, Grand Bel Air and Mahebourg         | 22.87                       | 30.08                                                  | 31.18                                          |

*Source: NDU Project files*

As shown in Table 21-1, in respect of four projects, the lowest evaluated bids exceeded cost estimates by more than 70 per cent. In June 2021, the Departmental Bid Committee of the NDU observed that many bidding exercises were unsuccessful and requested the Project Managers to prepare realistic cost estimates.

Failure in the preparation of realistic estimates was mainly due to the non-consideration of proper assumptions and market rates. Bids for cancelled projects have to be launched again, and with time, contract prices have a tendency to increase.

NAO is of the view that estimates should be properly prepared considering, amongst others, relevant assumptions and market rates. Training requirements should also be identified in that respect.

#### NDU's Response

- The technical staff of the Engineering Section of the NDU who are involved in the preparation of bidding documents and cost estimates have been requested to ensure that cost estimates are prepared based on prevailing market conditions.
- As regards training to staff involved in project management, arrangements are being made with the Civil Service College for mounting and dispensing of relevant training courses to these officers.

#### ***Inadequate Project Planning in the verification of Site Conditions and Design of Projects***

In several cases, it was noted that there were no proper verifications of site conditions prior to award of contracts leading to changes in design after award. The following issues were noted:

- Changes in site conditions due to presence of underground services such as waterpipes, cables and other provisions as shown below:
  - (i) For Flood Mitigation Works at Cité Paul Langlois at Plaine Magnien, contract was awarded on 9 June 2020 for the sum of Rs 68.8 million with scheduled completion on 17 July 2021. Trial pits were carried out in August 2020 and relocation of Telecom services, water feeder pipes and poles was required.

An amount of Rs 2.1 million had been approved for payment for extension of time with cost for delays encountered by the Contractor due to relocation of underground services and late obtention of way leaves. The revised completion date was 31 December 2021.
  - (ii) Contract for Drain Works at Morcellement Goolamally, Le Hochet, Terre Rouge was awarded in September 2018 for the sum of Rs 16.2 million. Works were completed on 10 September 2021 instead of scheduled date of 1 March 2019 due to relocation of water pipes and waste water services.
  - (iii) Contract for Drain Works at La Paix Street, between China Road and Diore Street at Port Louis, was awarded in September 2018 for the sum of Rs 17.1 million. Works were completed on 5 November 2020 instead of 15 April 2019, again, due to relocation of pipes.



The root cause for these issues is lack of planning and proper coordination with the appropriate Authorities.

In most projects, trial pits were undertaken by Contractors after award of contracts. NAO is of the view that the NDU should consider undertaking trial pits independently prior to issuing work orders to Contractors, in order to identify the presence of underground services and hence extent of work to be carried out. Coordination with appropriate Authorities should also be improved.

- Cases were noted whereby design of projects underwent changes for reasons other than relocation of services after award of contracts as shown below:
  - (i) Contract for the construction of Football Ground at Mon Gout was awarded on 17 June 2020 for Rs 11.2 million with scheduled completion date of 31 December 2020. In July 2020, following a topographical site survey and trial pit carried out by the Contractor, a difference in level of the football ground was noted. A new design and revised drawings were issued and project was completed on 2 July 2021.
  - (ii) For the construction of a Cremation Shelter at Grand Bois Cemetery, works order was issued in August 2019 with completion scheduled for 23 December 2019. The project was completed on 15 December 2020 due to major changes in design and additional works.

The root cause for these issues is again inadequate project planning. NAO is of the view that all the requirements and needs should be properly identified at design stage.

#### NDU's Response

- Observations made with regard to trial pits have been noted and the possibility of having a pool of contractors to carry out trial pits as and when required is being considered. As regards projects where the services of consultants are required, the issue of trial pits would be included in their Terms of Reference.
- NDU has a team of officers who work closely with other Authorities for implementation of projects. In many cases, it is only during the implementation phase that the exact location of underground services is found.

### **21.2 Inadequate planning in finalising Framework Agreements and implementing Emergency Projects**

A sample of projects was examined to assess whether there were processes and controls in place to ensure that appropriate procurement methods were used, tender exercises were carried out in a timely manner, and bids were properly evaluated and approved.

The following issues were noted:

- (a) Delays in finalising new Framework Agreements; and
- (b) Emergency Drain Projects in high risk flood prone areas not yet completed and, in some cases, contracts were not yet awarded.

### ***Delays in Finalising new Framework Agreements (FA)***

The NDU had recourse to three FA for award of contracts for the construction of roads, drains and amenities. Delays of nearly one year were noted in the finalisation of new agreements for drains and amenities, as explained below:

- A new FA for amenities had not been finalised as of November 2021, one year after the expiry of the existing one in November 2020. In December 2020, request to extend the FA by six months was not approved by the Central Procurement Board (CPB) as the agreement expired on 18 November 2020.
- The CPB had noted e-Procurement issues such as bidding documents not properly customised and delay in uploading corrected documents.
- For Drain Works, no new agreement had yet been finalised as of November 2021, 10 months after the expiry of the existing agreement which was extended up to 14 January 2021.

The NDU had encountered technical problems with the e-Procurement system, and the e-bidding exercise had to be cancelled twice due to bidding documents not properly customised, wrong selection of invitation for bids attributes and in one exercise, the offer of a bidder was not seen in the system.

The delays in finalisation of new FA were due to inadequate planning on the timing to start new FA procurement procedures and technical problems on e-procurement.

NAO is of the view that new FA procurement exercises should be properly planned well before the expiry of the existing ones. The NDU should consider providing further training on e-Procurement to its staff.

### **NDU's Response**

- The E- Procurement System is a new tool with which staff are being acquainted and as such they could have encountered technical issues.
- The Framework Agreements for Drains and Amenities are at evaluation stage at the level of the Central Procurement Board and it is foreseen that the approval of the Board will be conveyed soon.

### ***Impact of Delays in finalising new FA***

#### ***(i) Separate Procurement Exercises and Cancellation of Several Tenders***

The NDU had recourse to separate procurement exercises to undertake priority projects. As of August 2021, 47 procurement exercises were carried out, of which 24 were cancelled, 14 were under evaluation and only nine had been awarded. The quoted prices of the cancelled projects were substantially higher than their estimates, which totalled Rs 351 million. Re-award of cancelled projects may result with higher contract prices along with administrative burden for launching and evaluation of bids.

#### ***(ii) Decrease in number of Projects Undertaken***

The number of contracts awarded for the past three years is given in Table 21-2.

*Table 21-2 Contracts Awarded during past Three years*

|              | <b>2018-19</b> | <b>2019-20</b> | <b>2020-21</b> |
|--------------|----------------|----------------|----------------|
| Drain Works  | 155            | 22             | 63             |
| Road Works   | 284            | 103            | 173            |
| Amenities    | 57             | 8              | 36             |
| <b>Total</b> | <b>496</b>     | <b>133</b>     | <b>272</b>     |

*Source: NDU Project files*

The number of projects undertaken in 2020-21 has decreased compared to 2018-19. During 2019-20, award of contracts was more affected by a longer lockdown period.

***Emergency Drain Projects in High Risk Flood Prone Areas not yet completed and, in some cases, Contracts not yet awarded***

The NDU had recourse to emergency procurement for the construction of drain works in regions affected by floods, after their determination as high risk flood prone areas by the Land Drainage Authority (LDA), as per Directive 41 issued by the Procurement Policy Office.

Under Directive 41, a public body can put on hold normal procurement procedures and applicable threshold so as to fast-track implementation of identified drain projects. The time gap between launching of bids and closing date for submission of bids and evaluation of tenders received is shorter for emergency procurement compared to normal procurement.

According to a report of the NDU dated 15 October 2021, the status of 60 drain projects in high risk flood prone areas as determined by the LDA, mostly during 2019 and 2020, is as shown in Table 21-3.

*Table 21-3 Status of Drain Works Projects*

| <b>Status</b>              | <b>Number of Projects</b> |
|----------------------------|---------------------------|
| Completed                  | 7                         |
| Construction stage         | 16                        |
| Design Stage               | 28                        |
| Bidding stage              | 5                         |
| Consultant to be appointed | 4                         |
| <b>Total</b>               | <b>60</b>                 |

*Source: NDU Project files*

(i) *Emergency Drain Works still at Construction Stage*

Some examples are given below:

- Contract for Drain Works at Fond Du Sac was awarded as an emergency project on 30 April 2019 for Rs 103.9 million, with scheduled completion on 23 November 2020. As of May 2021, works were 93 per cent complete. Reasons for delay included inadequate mobilisation of labour resources by the Contractor, additional works and works not according to specifications.
- Contract for emergency Drain Works at Cottage was awarded for Rs 139.8 million on 19 December 2018, with scheduled completion on 20 March 2019. Works stopped since July 2020 as the Contractor went into receivership. As of February 2020, a total amount of Rs 53.7 million had been paid to the Contractor. A revised scope of works was prepared for the completion of outstanding works at an estimated cost of Rs 103 million.

As of October 2021, contract for the remaining works had not yet been awarded.

- Contract for Flood Mitigation Measures at Mare Tabac was awarded on 29 July 2020 with scheduled completion on 14 April 2021. The completion date was re-scheduled to 23 December 2021 due to relocation of water pipes, additional works and land acquisition issues among others.

(ii) *Emergency Drain Works still at Design Stage*

As shown in Table 21-3, there were 28 emergency drain projects which were still at design stage, though the regions concerned were identified as high risk flood prone areas by LDA long time back.

Some examples are:

- On 28 June 2019, the LDA declared the region of Kestrel Lane Terre Rouge as flood prone. Because of issues such as land acquisition, clearance for way leaves and re-phasing of works into four parts instead of two, the drain works were still at design stage as of September 2021.
- The region of Allée Mangles at Poste de Flacq was declared flood prone in July 2019. A consultant identified two alternatives for drain works and submitted the final feasibility report in November 2019. It was only in October 2021, after two years, that decision was taken on the alternative to be implemented and meanwhile the project is still at design stage.

The causes for emergency projects not yet awarded/completed are inadequate planning on issues such as land acquisition, identification of services and alignment of drains.

The objective of undertaking emergency drain works is to alleviate flooding problems in identified areas. Taking into account the high number of drain works which were still at design stage, emergency projects may not be completed on time.

NAO is of the view that the NDU should establish proper policies and procedures for the implementation of emergency projects.

### NDU's Response

- Most of the projects were delayed due to lengthy land acquisition procedures, relocation of utility services and changes in design. In some cases, projects needed to be re-phased into different parts due to the complexity of work.
- Fortnightly meetings are held with all officers concerned to monitor the implementation of projects, including Emergency Projects, and to address bottlenecks, if any.
- As regards acquisition of land, a team has been set up at the level of the Ministry of Housing and Land Use Planning to fast track land acquisition for NDU projects.

## **21.3 Delays in Completion of Projects and Poor Performance of a Contractor**

A sample of projects was examined to assess whether there were processes and controls in place to ensure that contracts were managed in accordance with contract terms and conditions, contractors' performance were properly monitored and payments were supported and approved. The following issues were noted:

- (a) Recurring delays in completion of projects; and
- (b) Adverse impact on projects implementation due to poor performance of a Contractor.

### ***Recurring Delays in Completion of Projects***

Delays were noted in the implementation of projects in respect of contracts awarded during the last three financial years as shown in Table 21-4.

*Table 21-4 NDU Projects Delayed*

|                                          | <b>2018-19</b> | <b>2019-20</b> | <b>2020-21</b> |
|------------------------------------------|----------------|----------------|----------------|
| Total number of works orders issued      | 434            | 133            | 152            |
| Total number of works orders with delays | 155            | 39             | 47             |
| <i>Delays of less than 6 months</i>      | 96             | 33             | 30             |
| <i>Delays of more than 6 months</i>      | 59             | 6              | 17             |

*Source: NDU Project Database*

Out of 152 works orders issued during the financial year 2020-21, 47 were completed with delay, of which, 17 with a delay of more than six months.

During the financial years 2018-19 to 2020-21, on average, 30 per cent of projects undertaken were completed with delays.

Some examples of projects with delays are shown in Table 21-5.

Table 21-5 Examples of Delayed Projects

| Project                                                 | Project Value<br>Rs million | Date Contract Awarded | Scheduled Completion Date | Remarks                                                                            |
|---------------------------------------------------------|-----------------------------|-----------------------|---------------------------|------------------------------------------------------------------------------------|
| Drain Works at More Goolamally, Terre Rouge             | 16.2                        | 03.09.18              | 01.03.19                  | Completed on 10.09.21 with delay of 30 months mainly due to relocation of services |
| Construction of Drains, La Paix Street, Port Louis      | 17.1                        | 21.09.18              | 15.04.19                  | Completed on 5.11.20 with delay of 19 months due to relocation of services         |
| Upgrading of existing Drain & new Drain at Camp la Boue | 16.1                        | 24.04.19              | 25.09.19                  | Completed on 5.07.20 with delay of 10 months due to relocation of water pipes      |
| Upgrading of existing Narrow Culvert at Mount           | 9.9                         | 09.10.20              | 31.03.21                  | Not completed as of 31.10.21.                                                      |
| Construction of Health Track at Providence              | 2.4                         | 25.09.20              | 05.02.21                  | Not completed as of 31.10.21.                                                      |

Source: NDU Project Files

The delays were due to inadequate planning at design stage of projects, including inadequate verification of site conditions and inability of contractors to implement projects within time and according to specifications.

The impact of delays was that the provision of services and amenities to citizens had to be deferred.

#### NDU's Response

Delays in the timely implementation of projects are caused by various factors including presence of underground services which require relocation, changes in design where required, or poor performance of certain contractors.

#### ***Adverse Impact on Projects Implementation due to Poor Performance of a Contractor***

Seventy-seven works orders for a total amount of Rs 360 million were issued to one Contractor under three-year Framework Agreement 2018-20. The status of these works orders as of October 2021 is shown in Table 21-6.

Table 21-6 Status of Works Orders issued by NDU

| Number of Works Orders | Remarks                                  |
|------------------------|------------------------------------------|
| 32                     | Completed with delays                    |
| 23                     | Re-awarded to other contractors          |
| 15                     | Works not started and projects cancelled |
| 7                      | Termination of contract                  |

Source: NDU Project Files

- In respect of six of the 32 completed projects, delays in completion ranged from 75 days to 564 days.
- A notice of breach of contract was issued in respect of only one of the seven contracts terminated. For the remaining six projects with a total value of Rs 71 million, letters of termination were issued to the Contractor in January and February 2021. Contracts for four of these projects had not yet been re-awarded as of October 2021. For the two other projects, with a total value of Rs 46.2 million, the Contractor was allowed to continue works despite letters of termination of contract were issued.

Upon the recommendation of its Performance Review Committee, the NDU approved that the Contractor be excluded from procurement exercises for a period of six months with effect from 17 February 2021 as a result of poor performance. The Contractor was again eligible to participate in bidding exercises as from 17 August 2021, after assessment of his performance on eight projects. Four of these projects were completed prior to the Contractor's exclusion from procurement exercises. In two other projects, assessment of the Contractor's performance by the Consultant was found satisfactory whereas that of Project Managers was considered poor.

The poor performance of the Contractor was mainly due to the inability to deploy adequate resources on site to complete projects on time and non-compliance with NDU's instructions.

The impacts of the delay were the risk of re-award of contracts at higher prices and deferral of provision of amenities to citizens.

NAO is of the view that:

- Before awarding a new works order, the ability of the Contractor to perform should be assessed in the light of past performance and the number of works orders already issued to the Contractor.
- The poor performance of the Contractor was noted in most of the projects. Exclusion to participate in procurement exercises for six months might not be a deterring factor. Under Directive 35 issued by Procurement Policy Office (PPO), a supplier that has been excluded by a public body in its procurement exercise may be subject to debarment from all public contracts by the PPO on grounds specified under Section 53 of the Public Procurement Act. This includes repeated failure in the performance of one or more contracts by the Contractor.

- The NDU should closely monitor ongoing projects undertaken by the Contractor to ensure compliance with terms and conditions.

#### NDU's Response

- The performance of contractors is monitored and appropriate actions are taken against poor performers which include either application of liquidated damages and/or debarment from participating in subsequent procurement exercises for a given period of time.
- As regards the specific Contractor referred to, there is a close monitoring of the projects awarded to the latter and it is being ensured that it has adequate resources on site to complete the project within time.

### **21.4 Accounting for Expenditure on Capital Projects - Inadequate Disclosure**

Funds to finance capital projects at the NDU for the financial year 2020-21, were derived from the following sources:

- NDU budget - for construction of roads and amenities.
- National Environment Fund – for construction of drains.
- COVID-19 Projects Development Fund – for construction of roads, amenities and drains.

The actual expenditure on capital projects accounted for under Vote 18-2 (National Development Unit) on construction and upgrading of roads and amenities, amounted to Rs 388.9 million. However, the actual amount spent on projects financed from the three different sources during the financial year 2020-21 amounted to some Rs 1.3 billion as shown in Table 21-7.

*Table 21-7 Actual Expenditure on Capital Projects*

|                                           | <b>Roads</b>      | <b>Amenities</b>  | <b>Drains</b>               | <b>Total</b>                      |
|-------------------------------------------|-------------------|-------------------|-----------------------------|-----------------------------------|
|                                           | <b>Rs million</b> | <b>Rs million</b> | <b>Works<br/>Rs million</b> | <b>Expenditure<br/>Rs million</b> |
| <b>NDU Budget</b>                         |                   |                   |                             |                                   |
| Voted Provisions                          | 350.0             | 125               | nil                         |                                   |
| Actual Expenditure                        | 296.3             | 92.6              | nil                         | <b>388.9</b>                      |
| <b>National Environment Fund</b>          |                   |                   |                             |                                   |
| Voted Provisions                          | nil               | nil               | 1,100.0                     |                                   |
| Actual Expenditure                        | nil               | nil               | 918.0                       | <b>918.0</b>                      |
| <b>COVID-19 Projects Development Fund</b> |                   |                   |                             |                                   |
| Amount allocated                          | 249.5             | 139.4             | 635.6                       |                                   |
| Amount paid                               | 1.1               | nil               | nil                         | <b>1.1</b>                        |
| <b>Total</b>                              |                   |                   |                             | <b>1,308.0</b>                    |

*Sources: Treasury Abstract and NDU Project files*



The Statement of Expenditure of the Accountant General for the financial year 2020-21 did not reflect actual expenditure of the NDU on capital projects as it excluded expenditure financed from National Environment Fund and COVID-19 Projects Development Fund which represented 70 per cent of the total expenditure.

#### NDU's Response

Records of all payments effected are kept at the NDU and are available on the TAS for verification.

### **21.5 Governance Issues – Non-compliance with Legislation**

Provisions have been made in various legislations to impose a statutory responsibility on Accounting Officers and Boards of Statutory Bodies with the objective of strengthening accountability and transparency in the public sector.

#### ***Annual Report not laid before the National Assembly as required under the Statutory Bodies (Accounts and Audit) Act.***

The Statutory Bodies (Accounts and Audit) Act requires a copy of the annual report and audited accounts of every Statutory Body to be laid before the National Assembly at the earliest opportunity.

As of 20 December 2021, the Land Drainage Authority falling under the purview of the Ministry, had not yet laid its Annual Report including audited Financial Statements for the financial year 2018-19, before the National Assembly, although they were certified by NAO on 9 June 2021.

NAO is of the view that the Ministry should exercise control over Statutory Bodies operating under its aegis to ensure that they fulfil their statutory responsibilities regarding the tabling of Financial Statements before the National Assembly.

#### NDU's Response

The Land Drainage Authority will lay the Annual Report upon resumption of Parliament.

### **21.6 Follow Up of Matters Raised in the Audit Report 2019-20**

NAO has carried out a follow up of matters raised in the Audit Report for 2019-20 to report on actions taken by the NDU in response thereto.

Out of six issues highlighted in the Report and which required action by the NDU:

- Three issues have been resolved.
- Necessary action has already been taken at NDU's level on two issues.
- Action has been initiated in respect of one issue.

Further information is provided at pages 421 to 422 in Appendix VI.



## 22 - MINISTRY OF INFORMATION TECHNOLOGY, COMMUNICATION AND INNOVATION

### 22.1 Governance Issues – Non-compliance with Legislation

Provisions have been made in various legislations to impose a statutory responsibility on Accounting Officers and Boards of Statutory Bodies with the objective of strengthening accountability and transparency in the public sector.

The following non-compliance issues were noted:

- (a) Non-submission of report on performance as required under the Finance and Audit Act;
- (b) Non-submission of Financial Statements for audit as required under the Statutory Bodies (Accounts and Audit) Act; and
- (c) Annual Reports not laid before the National Assembly as required under the Statutory Bodies (Accounts and Audit) Act.

#### *Non-submission of Report on Performance*

As of 11 January 2022, the reports on performance of the Ministry of Information Technology, Communication and Innovation for the financial years 2019-20 and 2020-21 had not yet been submitted to the Ministry of Finance, Economic Planning and Development, despite the statutory deadline being 31 October every year.

#### *Non-submission of Financial Statements for Audit*

The Statutory Bodies (Accounts and Audit) Act requires the Chief Executive Officer of a Statutory Body to submit the Annual Report to the auditor not later than four months after the end of every financial year.

As of 12 January 2022, the Mauritius Research and Innovation Council falling under the aegis of the Ministry, had not yet submitted its Financial Statements for the period 1 September 2019 to 30 June 2020 and for the financial year 2020-21 for audit.

#### *Annual Reports not laid before the National Assembly*

The Statutory Bodies (Accounts and Audit) Act requires a copy of the Annual Report and audited accounts of every Statutory Body to be laid before the National Assembly at the earliest opportunity.

As of 20 December 2021, the National Computer Board falling under the purview of the Ministry, had not yet laid its audited Financial Statements for the financial year 2017-18, before the National Assembly, although it had been certified by NAO on 4 June 2021.

NAO is of the view that the Ministry should exercise control over Statutory Bodies operating under its aegis to ensure that they fulfil their statutory responsibilities regarding the preparation of Financial Statements, their submission for audit and tabling before the National Assembly.

### Ministry's Response

Arrangements are being made to table the Annual Report of the National Computer Board at the National Assembly.

## **22.2 New Certification Authority Project - Marketing of the System not carried out**

The project was completed with a delay of 12 months in August 2021. The MauSign was officially launched on 23 September 2021.

### ***Marketing of the Certification Authority (CA)***

The marketing component was included in the project scope for a cost of some Rs 2.4 million. A marketing plan was submitted by the Supplier in January 2021.

In September 2021, the Ministry decided to amend the Contract and remove the marketing component from the project. The Ministry approved to settle an amount of Rs 649,800 for the marketing tasks completed by the Supplier, namely the marketing plan and design.

In the absence of an approved marketing strategy/plan, the CA products and services had not taken up as expected and the objectives of the project were not being met. Fifty digital certificates and one organisation's certificate were issued from 10 August 2021, date the CA went live, upto October 2021. The CA was not yet promoted in governmental organisations.

### Ministry's Response

- The proposed marketing plan submitted by the supplier was not deemed appropriate. The marketing component was thus removed from the CA project. The Ministry had initiated a market engagement exercise with a view to selecting specialised agencies with appropriate profile/expertise that would market effectively all e-Government projects/services by triggering the public as a whole to make effective use thereof.
- The Ministry has issued a circular letter to all Ministries and Departments, including parastatal bodies, to sensitise them on the CA project and of its benefits.

## **22.3 Follow Up on Matters Raised in Audit Report 2019-20**

NAO has carried out a follow up of matters raised in the Audit Report for 2019-20 to report on actions taken by the Ministry in response thereto.

Out of five issues highlighted in the Report and which required action by the Ministry:

- One issue has been resolved.
- Necessary action has already been taken at Ministry's level on one issue.
- Action has been initiated in respect of three issues.

Further information is provided at page 423 in Appendix VI.

## **23 – MINISTRY OF LABOUR, HUMAN RESOURCE DEVELOPMENT AND TRAINING**

### **23.1 Rental of Office – Operation of Offices Without Valid Lease Agreements or Fire Certificates**

During the financial year 2020-21, rent totalling Rs 36 million and Rs 14 million were paid by the Labour Division and the Human Resource Development and Training Division of the Ministry of Labour, Human Resource Development and Training, respectively.

A review of the records of the Ministry revealed the following:

- (a) Cases where lease agreements have not been renewed since long;
- (b) One case where an office is being occupied without a valid lease agreement; and
- (c) Cases where Labour Offices are operating without valid fire certificates.

#### ***Non-Renewal of Lease Agreements***

Out of the 16 offices which are leased by the Labour Division, 11 lease agreements had already expired as of October 2021. The time lapse between the dates of expiry to October 2021 ranged between 9 to 41 months.

The Human Resource Development and Training Division also leased 16 offices, out of which nine lease agreements had already expired and the time gap between the dates of expiry to October 2021 ranged between 6 to 101 months.

#### ***Ministry's Response***

- The lease agreements for six Labour Offices have been signed, while lease agreements in respect of nine others are under process.
- Two lease agreements were finalised in January 2022 and preparation of bidding documents for two offices were underway, while five lease agreements were to be finalised upon receipt of necessary clearances which is beyond the control of the Ministry.
- Lease agreements were not renewed since long due to the fact that tendering exercises for relocation had not been successful and in the meantime rentals for these buildings were being paid on a month to month basis to provide an uninterrupted service delivery to end users.

#### ***No Lease Agreement***

The National Remuneration Board, the Commission for Conciliation and Mediation and the Registry of Associations had been relocated to another building since August 2018 before clearances were obtained from the Police Service and the Ministry of National Infrastructure and Community Development.

Since the lessor did not agree with the monthly service charge rates of Rs 3.50 and Rs 4.00 per square feet, as recommended by the Valuation Department on 23 January 2019 and 21 January 2021 respectively, the lease agreement was not finalised as at 31 October 2021.

On 2 June 2021, the lessor submitted a claim for the sum of Rs 3 million to the Ministry ‘under protest’ for the period of occupation of the premises, that is, from August 2018 to June 2021, at the rate of Rs 4.00 per square foot and payment was effected on 28 June 2021.

#### Ministry’s Response

- The lease agreement between the Ministry and the lessor would be signed as soon as the issue of “syndic fees” would be sorted out with the lessor.
- The Ministry will stand guided by the rate proposed by the Valuation Department.

#### ***Absence of Fire Certificate***

Section 19 (1) of the Mauritius Fire and Rescue Service Act 2013, requires that the owner of such premises as may be prescribed shall apply to the Chief Fire Officer for a Fire Certificate in relation to the premises, which certifies that all safety requirements have been met in relation to those premises and no premises shall be occupied or used unless the owner has been issued with a fire certificate.

Out of the 16 offices leased by the Labour Division, no Fire Certificate was available for eight offices.

#### Ministry’s Response

As of January 2022, Fire Certificates had already been issued for 11 Labour Offices and for the remaining six offices, Fire Certificates were under process.

#### NAO’s Comments

- The absence of a lease agreement entailed the risks that no provision existed for specific remedies to the Ministry in case of an order by the landlord to vacate the building at any time without prior notice and compensation for any damages caused to the Ministry’s assets.
- The absence of Fire Certificate for buildings used for the provision of services to the public represent an important risk of Government not meeting safety standards.

## 24 - MINISTRY OF HEALTH AND WELLNESS

### 24.1 Quarantine Facilities – Inadequate Monitoring and Control

The Ministry of Health and Wellness (MOHW) disbursed some Rs 455 million for quarantine charges during the period March to October 2021. Claims amounting to some Rs 259 million were still outstanding as of 31 October 2021.

The following shortcomings were noted from an examination of available records relating to quarantine facilities:

- (a) Lack of internal checks on payments;
- (b) Delay in signature of contracts between MOHW and quarantine facilities/treatment centres;
- (c) Non-compliance with the Public Procurement Act;
- (d) Lack of proper records on operations regarding allocation of quarantine facilities; and
- (e) Non-compliance with protocol for quarantine facilities for Medical and Nursing Officers.

#### ***Lack of Internal Checks on Payments***

- Out of some Rs 205 million paid for quarantine charges as of June 2021, invoices for payments totalling Rs 198 million were neither certified correct by the Medical Health Officers in the quarantine facilities nor cross verified with the database of the Communicable Diseases Control Unit (CDCU) prior to payment.
- Based on claims submitted by the quarantine facilities, a list of 36 persons who were quarantined was submitted by NAO to the CDCU for verification with its database of quarantined persons. As of November 2021, no reply was received. In the absence of confirmation of the above, NAO could not ascertain the correctness of the claims regarding the identity of the persons and their period of stay at the quarantine facilities.

#### ***Ministry's Response***

- The database of patients has been updated by the CDCU.
- There were no discrepancies in figures. In fact, the discrepancies were in the number of days the persons were quarantined in hotels according to the records. The Finance Section was informed not to effect payment for those discrepancies noted. Action would be initiated by the Finance Section to recoup the overpayment made, if any.

#### ***NAO's Comments***

At time of payment as of June 2021, the database of the CDCU was not up-to-date.

### ***Delay in Signature of Contracts between MOHW Quarantine Facilities/Treatment Centres***

For 24 quarantine facilities/treatment centres, contracts between the MOHW and the quarantine facilities were signed after the start of operation of the facilities. As of October 2021, contracts in respect of 14 quarantine facilities/treatment centres had not yet been signed. Thus, payments totalling some Rs 43.7 million were effected prior to the signature of the contracts.

#### **Ministry's Response**

As at February 2022, all contracts have been signed by the Director General Health Services.

### ***Non-compliance with Public Procurement Act***

Up to October 2021, a total amount of some Rs 7.5 million was paid to three caterers for provision of daily meals in the three free quarantine facilities. It was noted that the caterers charged different rates for the provision of food. The procurement procedures were not followed by the MOHW in the selection of service providers for catering in the free quarantine facilities. Thus, it could not be ascertained whether the rate or amount charged was fair and reasonable.

#### **Ministry's Response**

The Ministry of Tourism selected service providers according to the Public Procurement Act and its Directives. The contract has not been changed since last year and the same arrangements were maintained by the Ministry of Health and Wellness.

#### **NAO's Comments**

In the Audit Report for 2019-20, it was reported that there was no evidence whether procurement procedures were followed in the selection of service providers for catering and accommodation for quarantine service by the Ministry of Tourism. The latter had informed NAO that the possibility to provide in-house catering was non-existent. The Mauritius Tourism Promotion Authority (MTPA), pursuant to Directive 44 of the Procurement Policy Office (PPO) of 19 March 2020, contacted those willing to provide these services.

### ***Lack of Proper Records for the allocation of Quarantine Facilities***

The Public Health and Food Safety Unit of the MOHW was responsible for allocating the quarantine facilities to persons following contact tracing operations. However, no proper records were kept in respect of requests made by the MOHW to the MTPA for such quarantine facilities. It was reported to NAO that this procedure was carried out informally by telephone calls.



### Ministry's Response

The MTPA had to be contacted immediately by phone upon receipt of the contact list from the contact tracing team as the contacts had to be quarantined at the soonest.

### ***Non-compliance with Protocol for Quarantine Facilities for Medical and Nursing Officers***

The MOHW had recommended that all the Regional Public Health Superintendents should ensure that health workers do not have to work again after 14 or 21 days. However it was noted that 16 Doctors from the Ministry of Social Integration, Social Security and National Solidarity, whose services were retained by the MOHW, worked for over 100 days in quarantine facilities, and allowances totalling some Rs 10.6 million were paid to them. Ten of these Doctors stayed continuously for more than 30 days and one of them worked for 226 days. Also, there was no evidence that the Doctors of the MOHW were requested to work in the quarantine facilities.

For a sample of invoices from the hotels examined, the names of 14 Nursing Officers/ Health Care Assistants who worked in these quarantine facilities could not be traced in the staff list of the Ministry.

It was noted that one Nursing Officer stayed in a quarantine facility continuously for 92 days from 3 October 2020 to 3 January 2021. The MOHW paid Rs 920,000 for quarantine charges for his stay. On the basis of the claims submitted, NAO noted that the rate charged was Rs 10,000 per day which, according to the Director of the MTPA, was a negotiated discounted rate. No documentary evidence could be produced in respect of the negotiations held and the discounted offer made.

### Ministry's Response

Doctors and paramedical staff who were already in post were requested to continue providing their services at the quarantine facilities to manage public health concerns.

## **24.2 Local purchase of Listed Drugs by Hospitals - Lack of Oversight by the Ministry**

Listed drugs are those which are centrally procured by the Ministry. Hospitals had to resort to local purchase of listed drugs for urgent need, in addition to effecting local purchase for non-listed drugs. For the period under review, a total amount of some Rs 19.1 million was disbursed for the local purchase of both listed and non-listed drugs by the hospitals.

The following shortcomings were noted from an examination of a sample of local purchases of drugs at the hospitals:

- Prices paid for the purchase of listed drugs by hospitals was up to 17 times higher than those paid by the Ministry following its annual tender exercise.
- Cases were noted where the quantity required was adjusted so that the purchase value did not exceed the prescribed threshold for direct procurement, that is, Rs 100,000.

- In the case of three drugs, namely Acetyl Salicylic 75-100mg, Prochlorperazine Maleate 5 mg and Warfarin 1 mg, local purchases were resorted to, despite stock balances of 4.5 million units, 746,840 units and 203,432 units respectively as per the Electronic Inventory Management System (EIMS).
- Offers from a bidder in the annual tender exercises were rejected on ground of non-compliance with Instructions to Bidders while the same listed drugs were purchased from the same supplier by the hospitals.
- For two drugs, namely Amitriptyline HCL 25 Mg and Phenytoin Sodium 100 mg, offer from a bidder in the annual tender was rejected due to high price deviation. However, the same listed drugs were purchased from the same supplier by the hospitals at a unit price which was more than six times the estimated one.

The lack of oversight by the Ministry on the local purchase of listed drugs effected by the hospitals coupled with inaccurate data from the EIMS resulted in an excess payment of some Rs 4.9 million for 25 listed drugs locally purchased.

#### Ministry's Response

- The Ministry is doing its utmost to decrease the amount spent through local purchases. The amount spent on local purchases of drugs has decreased over the years from Rs 54.2 million in 2010 to Rs 19.2 million in the current year.
- The Ministry is liaising with the Procurement Policy Office to implement a Framework Agreement.
- It is envisaged to establish a mean price to be used as a reference price as cost estimate whereby an average of the prices would provide a baseline reflecting the market price.
- To ensure that the EIMS provides accurate returns of drugs including average monthly consumption and stock position, the Ministry is liaising with the Ministry of Finance, Economic Planning and Development for the enhancements in the system as well as to roll out the system in all the Regional Health Institutions.

### **24.3 Waiting List for Angiography Examinations - Delay in obtaining Appointment due to Long Waiting Lists**

An angiography examination is imperative when blood vessels are blocked, damaged or abnormal and there is a risk of chest pain, heart attack, stroke, or other problems occurring. An angiography is done in order to determine the source of the problem and the extent of damage to the blood vessel segments that are being examined, which can improve a person's angina and lower the risk of heart attack. The importance of doing a timely angiography cannot be underestimated as any delay can be fatal.

Cardiovascular Disease (CVD) is the leading cause of death worldwide, with some 18 million deaths each year. In Mauritius, the Health Statistics Report 2020 revealed that there were 3,517 deaths due to diseases of the Circulatory System in 2020, out of which, 2,056 (58.5 per cent) were due to heart diseases, being the second principal underlying causes of mortality after diabetes mellitus. For the past 10 years, there was an increasing trend in mortality rates due to heart diseases.

As of November 2021, there were three angiography machines located at the Trust Fund for Specialised Medical Care (TFSMC), Dr AG Jeetoo Hospital (JH) and Victoria Hospital (VH) which cater for the whole population. These machines which cost between Rs 30.7 million and Rs 32.6 million each were acquired in the financial year 2013-2014. Patients from Bruno Cheong Hospital (BCH) and Sir Seewoosagur Ramgoolam National Hospital (SSRNH) requiring angiography/angioplasty were transferred to TFSMC, whereas those from Jawaharlal Nehru Hospital (JNH) were transferred to VH or JH.

With the exception of BCH and SSRNH, the other four health institutions maintained records of patients who have already done or are waiting for an angiography examination. The records of patients of JNH who have undergone an angiography/angioplasty and removed from the waiting lists were available in soft copy as from 25 June 2021.

The following were noted from an examination of the above-mentioned record of JNH:

- The limited number of angiography machines in public hospitals led to a long waiting list for an angiography examination/angioplasty.
- Delay in obtaining an appointment for an angiography procedure resulted in more than 30 per cent of patients being removed from the waiting list.
- Many patients who were on the waiting list for a long period had to undergo surgery.
- Service delivery was disrupted due to inoperative angiography machines.

***The limited number of angiography machines in public hospitals led to a long waiting list for an angiography examination/angioplasty***

As at September/October 2021, there were some 900 patients who had been on the waiting list for an angiography examination/angioplasty since January 2020, which accounts for 20 per cent of cases performed annually. NAO noted that there were seven patients who had to wait up to twenty months to undergo their angiography/angioplasty procedure.

About 48 per cent of the 900 patients (432 patients) who were on the waiting list were from JNH. The number of patients on the waiting list was threefold the number of cases performed (144 cases) from July 2020 to June 2021.

On 9 July 2021, the management of MOHW was informed by JNH that unstable patients who required angiography procedures were postponed/delayed due to shortage of beds in the cardiac unit at both VH and JH or the machine at TFSMC was not operational as from that date.

**Ministry's Response**

- All emergency cases requiring angiography were being done in real time and patients on the waiting lists were not considered really at risk.
- Waiting list will continue to be high as long as diseases of the Circulatory System will continue to rise.

- Out of the seven patients, at least four of them had other medical conditions which necessitated improvement of their health status to initiate such examination.
- The waiting list for angiography has gone down to 890 cases as at 31 January 2022 where the waiting time was 7.8 weeks. The increase in the waiting list was mostly affected by the two years COVID-19 pandemic followed by unavailability of hospital beds for admission at times and lack of materials and consumables.
- Since 2019, the Ministry has already initiated action for the procurement of three additional angiography machines for VH, JH and TFSCMC which will considerably reduce the waiting list for angiography. The possibility of acquiring an angiography machine for JNH during this financial year is being explored through bilateral means.

***Delay in getting an appointment for angiography procedures resulted in more than 30 per cent of patients being removed from the waiting list***

The Government Health Services Statistics 2019 revealed that out of 5,068 patients who were on the waiting list, 1,525 patients were removed, 2,942 patients had their angiography done and 601 patients were still on the waiting list as at 31 December 2019.

A list of 230 cases which were removed during the financial year ended 30 June 2021 was submitted to NAO. A scrutiny of the cases revealed that 70 per cent of the persons concerned had either undergone the angiography examination in private health institutions, or the patients had refused to undergo the angiography or they had already passed away.

*Ministry's Response*

- The waiting list status from 2013 to 2018 were higher than the 601 cases of 2019. It is only in 2012 that 588 cases were on the waiting list with a waiting time of 30.2 weeks compared to 22.9 weeks in 2019.
- Many patients opted for interventions in private institutions as they were insured.

***Many patients who were on waiting list for a long period had to undergo surgery***

Many patients who undergo angiography after a long delay (up to 17 months) had to undergo surgery thereafter. In general, longer delays for undergoing angiography may increase the risk of health complications leading to adverse outcomes.

*Ministry's Response*

The correlation between delay in angiography leading to higher risks or surgery can only be ascertained through case-to-case study or proper scientific research.

***Service delivery was disrupted due to inoperative angiography machines***

Previously, there were two angiography machines at both VH and TFSCMC. However, since the financial year 2017-18, both centres were each operating with only one machine as the other one was out of use. Breakdowns of the sole angiography machine during the period July to September 2020 for VH, and September to October 2020 for TFSCMC disrupted the angiography/angioplasty examination where cases had to be postponed.

On 12 February 2018, it was reported that the angiography machine at JH which was installed since five years, was having regular breakdowns. The need to procure a second angiography machine was raised in order not to disrupt the services whenever one of the machine was broken. Accordingly, a second angiography machine for JH, at the estimated cost of Rs 35 million, was included in the list of medical equipment required for the financial year 2018-2019 as being most urgent. Tender procedures to acquire the angiography machine was launched in February 2019 and was thereafter cancelled in October 2019. No new tender exercise has yet been carried out by the MOHW.

NAO is of the view that the root cause for the long waiting list of patients for an angiography examination is a lack of sufficient number of angiography machines.

#### Ministry's Response

- Patients who needed angiography from VH were accommodated to JH.
- An additional machine is being donated through foreign aid.
- To reduce the waiting time, the issue is not in the number of angiography machines but rather bed capacity, staffing and consumables.

#### **24.4 Chronic Wards at the Brown Sequard Mental Health Care Centre (BSMHCC)-The Unfavourable Condition of Living and Well-being of In-patients**

As at 20 September 2021, there were 365 patients at the BSMHCC who were considered as long-stay patients, out of a total of 527 patients at the hospital. Of the 365 long-stay patients:

- There were 125 who were above 60 years old and were more prone to diseases and viral infections.
- More than 100 have stayed at the centre for a period of 10 to 55 years.
- There were some 100 to 150 patients of the Chronic Wards who were considered stabilised and could have been transferred to care homes.

An assessment of the safety and sanitary living conditions of the long stay patients as well as intrinsic prevailing factors contributing to their welfare was carried out. The assessment was based on interviews, surveys and scrutiny of correspondences. The following were the key findings:

- The lack of space and inappropriate infrastructure were the sources of many inconveniences for these patients.
- The absence of timely decision-making resulted in unpropitious conditions of the patients.
- Many patients were not receiving their eligible benefits.

- The lack of supervision over the quality of the fruits delivered by the Contractor and poor storage facilities and delivery of meals, resulted in food being inappropriate for consumption.
- A lack of occupational therapy resulted in most of the patients remaining idle in their respective wards.
- Both stable and unstable patients were staying in the same wards pending the setting up of mid-way or Residential Care Homes.

***The lack of space and inappropriate infrastructure were the sources of many inconveniences for the patients***

The chronic patients were residing in 14 wards which were operational at the old wing of the hospital. The following were indicative that the hospital environment at the chronic wards was not conducive:

- Patients were staying in wards without the recommended distance of at least one metre apart between the beds. There was also poor ventilation due to lack of fans in some wards. All patients in a particular ward were tested COVID-19 positive when tests were systematically carried out.
- The wards did not have sufficient toilet and bathroom facilities and they were not properly maintained. Two patients were injured due to slippery tiles. The roof was also leaking in some wards.
- The servicing of the fire extinguishers was last carried out in September 2019; there was thus a risk of these not being functional in the event of a fire outbreak.

**Ministry's Response**

The chronic wards are more than 150 years old and renovation works are undertaken regularly depending on budget available. It is challenging for psychiatric patients to adhere to sanitary measures. Anti-skid tiles are provided, waterproofing works have been carried out and a two-year contract for fire extinguishers' servicing has been awarded in November 2021.

***Absence of timely decision-making resulting in unpropitious conditions of the patients***

Complaints by Ward Managers/Officer in Charge have not always been addressed, whereby patients remained unsafe, their health conditions were at risk and the hygiene aspects were totally ignored. No remedial action was taken for complaints dated since August 2019 which were as follows:

- The presence of rats, pigeons and dogs posed serious threats to the patients who had to bear with pigeons and their droppings while eating. Rats walked over the patients at night whilst the dogs roaming outside disturbed the patients at night and moved over the patients' clothes which were kept on the lawn outside for drying.
- Non-availability and inadequate supply of water from the solar water heater caused inconveniences, mostly in winter for the old aged patients. In August 2021, a patient was burnt while taking his bath due to delay in installing a thermostatic mixer.
- Several beds were covered with rust, mattresses were torn and bedsheets/blankets/pillowcases were not always cleaned.

### Ministry's Response

- Requests have been made with the Rodents Control Unit to operate at night as poison traps cannot be placed during day time for safety of patients.
- The Ministry of National Infrastructure and Community Development has submitted the scope of works for the appointment of a Consultant for a Centralised Water Heating System.
- The Medical Superintendent has issued a Circular to Nursing Administrators to ensure that patients' beds and other laundry items are clean.

### ***Many patients were not receiving their eligible benefits***

Patients in Chronic Wards rarely received family visits and depended solely on the basic necessities provided by MOHW and the Ministry of Social Integration, Social Security and National Solidarity.

It was noted that one third of the long-stay patients (including a patient who stayed at the Centre for more than 43 years) were not paid the inmate allowance.

The Mental Health Care Accounts Committee (MHCAC) which was set up in 1999 under the Mental Health Care Act to manage the individual account of inpatients had funds totalling some Rs 44 million as at 31 July 2021.

These patients did not receive pocket money, snacks and other basic necessities from the MHCAC.

No information was provided to NAO as to the manner in which the inmates were spending their allowances as they were not allowed to leave the hospital premises nor was the canteen operational.

It was also noted that several basic items requested by the Ward Managers were either not supplied or supplied after a long delay.

### Ministry's Response

- Needful is being done by the MHCAC as these patients do not have proper documents.
- The Procurement and Supply Department of the BSMHCC has been requested to do needful regarding items requested by Ward Managers.

### ***Lack of Supervision over quality of fruits and poor storage and delivery of meals***

The following were observed during surveys carried out in September 2021 and October 2021:

- Bad quality of fruits was supplied by the Contractor and delivered to patients. NAO was informed that the supervision of items delivered could not be properly done due to a lack of staff in the catering unit.
- The kitchen was located far from the chronic wards and there was no covered link between them. There is thus a risk of rain water mixing with food during its conveyance on rainy days. Food prepared nearly two hours before serving to the patients were placed in trolleys which were not equipped with electrical fitting to keep the food warm. It was also noted that unsuitable utensils were used to carry hot and cooked food.

#### Ministry's Response

- The attention of the Catering Officers has been drawn for proper quality control and supervision of fruits delivery. The Hospital Administrator will effect regular checks.
- A truck is available to carry food trolleys.
- The Ministry of National Infrastructure and Community Development is awaiting for the new framework agreement prior to finalising the cost estimates and award for the construction of a covered passage.

#### ***Lack of recreational therapy for patients***

The hospital has an Occupational Therapy (OT) Unit and a Welfare Department for mental rehabilitation and welfare of the patients with the objective to re-integrate them in the society. However, only 18 to 28 per cent of the long-stay patients visited the above two sections.

The OT Unit is located in the new building which is far from the Chronic Wards whilst there was a shortage of staff in the Welfare Department.

In view of lack of recreational therapy and facilities, it was observed that most of the patients remained in their bed.

#### Ministry's Response

Not all Psychiatric patients are fit to participate in such activities.

#### ***Stable and unstable patients staying in the same wards***

21 to 31 per cent of the patients in the Chronic Wards were well stabilised, but were living together with unstable patients. Two projects, namely, the midway and the residential care homes, were initiated since 1995 for patients who do not need medical care but only support and supervision (carers). It was highlighted in the Audit Report for 2018-19 that these two long-awaited projects had not materialised. As of December 2021, the situation had not changed.



### Ministry's Response

This project has not yet been materialised.

### NAO's Comments

The Ministry's Customer Charter 2020 states: "**Health is the absence of both physical and mental diseases and wellness is the state of living a healthy lifestyle**". NAO is of the view that the Ministry should optimise the use of resources and take corrective actions to improve the quality of life of the patients.

## **24.5 Patient Satisfaction and Patient Safety Issues - Inadequate Enhancement Measures**

NAO has carried out a review to assess the adequacy of the mechanisms of the MOHW to uphold patient rights in terms of patient satisfaction and safety, and to enhance trust in the MOHW's services. The focus of the review was on specific mechanisms related to patients experiences as customers such as patients' satisfaction surveys, complaints mechanisms, and patient empowerment through Non-Governmental Organisations (NGOs) as well as patient safety considerations to avoid Medical Malpractices (MM).

Audit work included the examination of records of the MOHW, semi-structured interviews with Officers of the Ministry, and site visits at 41 Community Health Centres (CHCs). The scope of the audit excluded the quality and standards of clinical/healthcare services dispensed by the MOHW to patients.

NAO is of the view that although patient satisfaction and safety were key health rights, both were not always given their prominence by the MOHW in terms of maximising patient satisfaction as well as minimising MM. The following were observed:

- (a) Patients' satisfaction surveys were not carried out to measure the quality of health care. The MOHW through the Health Statistics and the National Health Accounts was collecting massive data on inputs, but the outcomes achieved for patients and their experience with the health services was not scientifically measured;
- (b) Systems for complaints making, acknowledgement, tracking, and outcome were not well designed and not known to all;
- (c) Alleged Medical Malpractices continued to occur. Total contingent liabilities for Government has risen from Rs 1 billion as of July 2019 to some Rs 1.4 billion as of December 2021;
- (d) Cross-contamination of patients in hospitals during the pandemic could raise Hospital-Acquired Infection (HAI) rates that were already high before the pandemic. The Organisation for Economic Co-operation and Development (OECD) estimated that COVID-19 HAI in hospitals could be between 12.5 to 44 per cent; and
- (e) MOHW did not establish a proper affiliation and accountability framework for NGOs to enable an effective partnership and enhance outreach/empowerment of patients generally.

## Patients' Experience and Satisfaction Surveys

According to a report of the WHO Regional Office for Europe issued in 2021, understanding patient experience and satisfaction with health services was deemed important for monitoring and improving the quality of care. However, at the MOHW, the extent of patient satisfaction and dissatisfaction was not known. Customer care initiatives were seen implemented in an ad-hoc manner that prevented better complaints monitoring and analysis:

- *Patients' Satisfaction Surveys* - The MOHW did not conduct Studies/Surveys of patients to obtain feedback about patients experiences in the hospitals and to measure the level of satisfaction and trust in the Ministry. It is hard to enhance and develop what is not subject to measurement.
- *Toll-free Hotlines* - In 2008, the MOHW introduced a hotline service (with shortcode linked to hotline numbers) in all hospitals to attend to inquiries and complaints. Audit test calls made in November 2021 showed that only one hospital was using the hotline to record complaints during the day only and no shortcode (though easier to memorise) was in use. MOHW did not extend facilities of toll-free numbers to the public for all hospitals complaints as it had only three toll-free numbers (one for SAMU and two for COVID-19 inquiries).

### Ministry's Response

- Hotline for COVID-19 and COVID vaccination has been set up since March 2020 and also to register complaints and take appropriate action.
- The Ministry has additional hotlines for Harm Reduction Unit and AIDS Unit. Over and above the hotline service, members of the public use the hospitals landlines which are accessible on a 24/7 basis. The Ministry will soon be coming up with a toll-free service for AIDS customers.
- *Audit Site Visits at 41 CHCs in November 2021* - CHCs represent an effective channel for the MOHW to obtain patients' feedback. However, no established procedures were seen in place at the CHCs for the public to make complaints and suggestions as no Complaints Book/ Suggestion Box was kept.
- *Database of Complaints* - The MOHW did not have a centralised database of complaints to assess the extent and nature of complaints thereby preventing analysis. Although Customer Care Desks were introduced in hospitals in 2016, the MOHW did not monitor the activities of the Customer Care Desks at all the Accident and Emergency Departments of hospitals. The Complaints Record Book and the contents of the Suggestion Boxes were not seen analysed. Records of the MOHW showed that complaints were received from various sources/platforms such as hotlines, letters, emails, through the Citizen Support Unit (CSU) and even Courts. The MOHW did not have a mechanism similar to the CSU regarding the acknowledgment and tracking of complaints made by the public.

### Ministry's Response

- The Ministry has a complaint management system whereby complaints received at its level are channelled to the respective hospitals for views of the Regional Health Directors/treating doctors and then processed at the Ministry.
- All complaints are dealt by a dedicated health care personnel (Complaints Desk Officer at the MoHW) who examines and refers the complaint to the Regional Health Director for explanations/clarifications and thereafter appropriate decisions/actions are taken.
- Suggestion boxes have been placed in all Regional Hospitals and complaint boxes are already in place in the common room at the entrance of the Accident and Emergency Department.
- A Complaint Book is kept in the Medical Superintendent's Office and there is already a complaint handling mechanism at the level of the regional hospitals.
- Most complaints are verbal in nature and are dealt at the level of service points of health institutions without being escalated to the supervisory level. Only very few patients file a proper complaint and expect strong action. The establishment of a database of complaints will require a 24-hour service.
- A database of complaints which would escalate from health service points to the Ministry would be a very effective tool to keep the Ministry abreast of routine problems, take corrective action and gauge patient satisfaction. This Ministry will give consideration thereto.

### NAO's Comments

Some 4,800 complaints were reported on the CSU Portal and 98 per cent of them were successfully resolved by the Ministry. However, MOHW should also carry out a proper analysis of the complaints to identify their root causes so that corrective measures may be taken.

### **Patient Safety - Hospital Acquired Infection /Surgical Site Infection Prevalence**

In 2020, the OECD issued a report entitled '*The economics of patient safety from analysis to action*', which states that Governments, health systems, and providers have a duty to protect patients and the public from harm and that patient-centred care, better health literacy, and enhanced personal risk awareness is an important part of any harm-minimisation strategy.

However, harms to patients in terms of hospital-acquired infections, surgical site infections and medical malpractices still prevailed in public health institutions.

### ***Hospital-Acquired Infection on the rise***

HAIs refer to infections that occur in patients as a result of treatment at a hospital with the infection not being present at the time of attending the hospital. The COVID-19 pandemic

prompted the MOHW to reorganise set up at the hospital level and to reallocate resources to manage infection risk (protective equipment), diagnoses (tests), and treatment (ventilators/ICU/skilled professionals), as well as vaccination and medication.

Prior to the COVID-19 pandemic, HAI rates were already high in public hospitals as per the National Guideline on Infection Prevention and Control prepared by the MOHW/WHO (Guideline). In a first study carried out in 1993, the HAI rate was 4.9 per cent. According to another study in 2018, the prevalence rate rose to 18 per cent. However, no information regarding statistics/estimates could be seen compiled during the COVID-19 pandemic although 560 beds out of 2,550, representing 22 per cent, were made available for COVID-19 patients in five regional hospitals.

#### Ministry's Response

A request was made to the National IPC Committee (NIC) by the National IPC Focal Point and the WHO Technical Officer on 24 June 2021 and 24 September 2021 to investigate COVID-19 cases among healthcare workers and subsequently, to examine possible hospital-acquired COVID-19. The NIC agreed on 16 December 2021 that this assessment should be undertaken.

#### ***Alleged Surgical Errors and Harm from Medication***

Since 2002, the WHO was addressing patient safety through safety initiatives such as the setting up of Global Patient Safety Challenges that had identified patient safety burdens posing major risk. The challenges formally identified were related to hand hygiene, safe surgeries and medication without harm. However, harms were still being witnessed in the MOHW as evidenced by Surgical Site Infection (SSI) prevalence and the number of complaints with summons served to the MOHW regarding alleged harms related thereto. According to the Guideline SSI prevalence rate which was 8.2 per cent in 1993 has doubled to 17 per cent in 2018. From July 2019 to December 2021, complaints with summons were still being served to the MOHW for alleged cases of surgical errors (three cases) and administration of wrong medicine (two cases).

#### Ministry's Response

The Ministry has developed a number of Clinical Guidelines for various fields/specialities since 2 June 2021. These guidelines are available on the website of the Mauritius Institute of Health.

#### **Patient Safety - Recurrence of Medical Malpractices**

Medical Malpractices represent breaches of the safety rights of patients. They occur when a health institution, doctor, or other health care professional, through a negligent act or omission, causes harm to patients. While most of the clinical interventions handled by the MOHW were not subject to adverse opinions and criticisms, many safety breaches continue to be reported.

For the period July 2019 to December 2021, 30 complaints with summons were entered against the MOHW. An examination of 27 cases showed that seven complaints were of non-clinical nature while 20 of them (74 per cent) pertained to allegations of MM.

### ***Management of Medical Malpractices by the MOHW***

The MOHW had set up a Standing Committee on Medical Negligence (MNSC) in June 2020 to carry out preliminary investigations into alleged cases of medical negligence at public level. However, no significant improvement was noted for the minimisation of the deviations in healthcare leading to patients' harm. For the period July 2020 to December 2021, 35 death inquiries were carried out by the Ministry, and 30 complaints with summons were entered in Courts against the MOHW. The shortcomings initially identified persisted:

- *No Strategic Management of the Safety Problem* - The Ministry has not taken adequate measures to address MM, litigations, and patient safety from a strategic and prevention perspective.

### **Ministry's Response**

- As at February 2022, the MNSC has completed 74 cases of alleged medical negligence and has submitted its findings to the Ministry, along with the outcomes and recommendations if any. Out of these 74 enquiries that have been dealt by the MNSC, the panel have reached the conclusion that 14 cases are apparent medical negligence. These cases have been referred to the Medical Council and Nursing Council respectively.
- The Ministry is also taking into consideration to implement some of the recommendations highlighted in the various reports submitted by MNSC for the improvement of specific services as well as the well-being of patients
- *No Database* - Information regarding adverse events and litigations was still not compiled. No statistics dashboards and register of litigations were available at the MOHW thus preventing the proper formulation of policies and preventive strategies.
- *Increase in Contingent Liabilities for Government* - Total contingent liabilities for Government, arising from pending litigations were still not compiled, known, and monitored. Financial implications were found to be significant as worked out by NAO. For the period January 2004 to July 2019, the total estimated contingent liabilities were Rs 1 billion. However, for the period July 2019 to December 2021 only, contingent liabilities arising from the 27 new cases examined out of 30, were estimated at Rs 470 million (32 per cent of the total liabilities for 15 years).
- *Higher Compensation paid by Government to Aggrieved Parties* - Total compensation paid by Government from January 2009 to June 2021 amounted to some Rs 41 million and was disbursed to 30 aggrieved parties. Compensation paid to eight parties during financial years 2019-20 and 2020-21 only amounted to some Rs 13.2 million (32 per cent of total compensation paid to victims of MM).

### Ministry's Response

- All Operation Theatres are maintaining strict aseptic precautions, otherwise most operations would get complication due to infection, similarly for ICUs.
- The MNSC has been meeting regularly (twice a week) and even in the confinement period in 2021 to investigate all the cases that have been referred to it.

### ***High Costs incurred in respect of Cases settled through Mediation***

For the period July 2019 to June 2021, eight litigation cases were seen settled by the MOHW. Two were through Court judgements and six were resolved amicably between the MOHW and the aggrieved parties after legal advice. Total litigations for the eight cases amounted to some Rs 60 million. Compensation paid by Government amounted to some Rs 13.2 million (payout rate of 21 per cent). No information was kept by the MOHW for cases withdrawn or struck off in that period.

### ***Difficulties in the Follow-Up of Disciplinary Actions***

Disciplinary actions were deemed applicable against Medical Officers who were found guilty by the Court, or found responsible following legal advice. Records of disciplinary actions taken by the Ministry were kept in a fragmented manner in respective files. No database of Medical Officers with their disciplinary records was compiled to ascertain whether disciplinary actions were taken and if the cases were referred to the Medical Council.

- A specialist doctor was found negligent by Court in 2019 for an act committed in 2013, and retired from the service in 2016. NAO could not ascertain if the MOHW followed up the case for any deemed action.
- In another case, internal inquiry has concluded that two Doctors were negligent in their duty. Due to the absence of a proper database of disciplinary records for the Doctors, NAO could not ascertain if the Doctors were subject to appropriate disciplinary actions. File records showed that one Doctor was promoted as Specialist Doctor.

Disciplinary actions would only become effective if they trigger a change in behaviour and mindset among MOHW personnel and prompt a systemic change in the functioning of public health institutions. Cases were seen where legal action/advice addressed only the financial compensation aspect. It did not necessarily compel the MOHW to conduct an audit of its internal processes, and take concrete action to correct them so as to improve the safety of future patients.

### **Collaboration of the MOHW with Non-Governmental Organisations in Healthcare**

The WHO advocates NGOs collaboration with health authorities in health matters as vital for patients' outreach and empowerment, and protection of patients' rights. In Mauritius, NGOs are affiliated to several umbrella bodies including the National Social Inclusion Foundation (NSIF). Many NGOs were engaged in health areas such as blood donation, cancer, diabetes, HIV/AIDS, thalassemia, lupus, and mental illnesses, etc. A review of the partnerships between the MOHW and these NGOs showed that the collaboration was not properly organised and did not always promote patient empowerment.

### ***Unstructured Collaboration***

The MOHW did not have a list of active NGOs/Associations working/affiliated as partners in the overall betterment of the health sector. The MOHW did not have an affiliation mechanism to assess formally the capacity of NGOs to undertake, execute and sustain the services entrusted to them. Thus, it did not formally register them to acknowledge their contribution to community outreach and patient empowerment. This prevented the MOHW to determine the continued relevance of the NGOs' health goals to the health strategies of the Ministry.

#### ***Ministry's Response***

- The Ministry is working with a number of NGOs which can make their voices heard in order to obtain appropriate health services.
  - As at date, the Ministry is constantly improving the quality care of the people-centred and rights-based services under its purview.
- ***Accountability for NGOs working with MOHW to promote Healthcare***

Government funding for the NGOs was mainly channelled through the NSIF. The latter approved funds of some Rs 104 million in 2020 to 43 NGOs dealing with health matters as their priority area. The accountability framework for NGOs working with the MOHW was not well defined to ensure adequate financial governance.

No file was maintained at the MOHW for 21 out of 43 NGOs engaged in health projects funded by the NSIF. Active files pertained to only 11 NGOs. Neither the MOHW nor the NGOs were coordinating issues related to people's healthcare, empowerment, literacy, and performance agreements.

#### ***Ministry's Response***

- A number of Non-Governmental Organisations (NGOs) work in close collaboration with MOHW.
- A coordination between this Ministry and the National Social Inclusion Foundation for funding of health projects is being envisaged.

NAO is of the view that patient satisfaction is an important and commonly used indicator for measuring the quality of health care. Patient satisfaction affects clinical outcomes, patient retention, and medical malpractice claims. It affects the timely, efficient, and patient-centered delivery of quality health care. The Ministry should carry out regular surveys and improve its complaints system so as to identify the root causes of major problems in the health institutions, thus reducing claims for medical malpractices.

### Ministry's Response

- In light of the observation made by the NAO, the Ministry would further improve the customer complaint system at the hospital level to address each and every complaint received. The Ministry will implement appropriate recommendations.
- As part of the activities of the Efficiency Management Committee at this Ministry to improve patient care and treatment as well as the standard of service, a clinical audit framework would be set up to assess the standard of service and quality of care offered to patients in public hospitals and make recommendations for improvement.

### **24.6 Follow up on Matters Raised in Audit Report 2019-20**

NAO has carried out a follow up of matters raised in the Audit Report for 2019-20 to report on actions taken by the Ministry/Department in response thereto.

Out of 21 issues highlighted in the Report and which required action by the Ministry/Department:

- One issue has been resolved.
- Necessary action has already been taken at Ministry's level on one issue.
- Action has been initiated in respect of 16 issues.
- No action had yet been initiated in respect of 3 issues, as summarised below.

Further information is provided at pages 424 to 426 in Appendix VI.

### ***Matters on which action has not yet been initiated***

As of December 2021,

- The Ministry has not yet set up a bank of kidneys.
- A Register of particulars of Pharmacy Technicians was not kept as per Section 11(a) of the Pharmacy Act.
- Integrity issues in regulatory processes were handled by the MOHW/Board in an inadequate manner.

### Ministry's Response

- Laws for cadaveric donors have not yet been promulgated.
- The Ministry informed the NAO that Pharmacy Technicians in the private sector will be registered and a register will be set up for them.
- A Circular for private work for the Pharmacy Technician has not yet been issued by the Ministry.



## **25 – MINISTRY OF BLUE ECONOMY, MARINE RESOURCES, FISHERIES AND SHIPPING**

### **25.1 Lack of Control over Government-owned Barachois**

Government-owned barachois are leased to promoters by the Ministry of Housing and Land Use Planning (MHLUP). As provided in the Fisheries and Marine Resources Act, the Ministry issues letters of authorisation with set conditions to promoters to allow them to carry out fish farming and aquaculture projects in the barachois for a specific period of time.

The status of the 19 Government-owned barachois, as of November 2021, were assessed and the following were noted:

- (a) Under exploitation of Government-owned barachois; and
- (b) Inadequate legal framework for management of barachois.

#### ***Under exploitation of Government-owned Barachois***

Out of the seven barachois vested in the Ministry, only two were active with aquaculture and/or fish farming activities. The other five barachois were inactive for the following reasons:

- An appeal in respect of one barachois was lodged before the Environment Appeal Tribunal since 2010.
- Leases in respect of two barachois expired in 2020.
- One barachois was retrieved by MHLUP in June 2021.
- One barachois is to be deproclaimed.

The other 12 barachois, not yet vested in the Ministry, were not used for fish farming and/or aquaculture activities. The status of these barachois were as follows:

- Five had been leased for a long term for projects not related to fish farming and/or aquaculture activities;
- Four had been retrieved by MHLUP;
- The Ministry is still processing applications for two barachois; and
- There was no access to one barachois which was surrounded by a private property.

#### ***Inadequate Legal Framework for Management of Barachois***

Important aspects such as ownership, management, leasing and fees for barachois are not provided for in the Fisheries and Marine Resources Act. Due to the absence of a proper legal framework, the Ministry could not exercise effective control and oversight over the 19 barachois.

Project applications had been kept in abeyance by the Ministry.

### Ministry's Response

- It would be more appropriate for this Ministry to proceed with the enactment of the relevant legislations in respect of the management of barachois once they are vested in this Ministry. Accordingly, Government approval would have to be sought and obtained.
- In the meantime, a draft policy for the allocation of Barachois has been worked out and forwarded to the Attorney General's Office for vetting.

## **25.2 Governance Issues – Non-compliance with Legislation**

Provisions have been made in various legislations to impose a statutory responsibility on Accounting Officers and Boards of Statutory Bodies with the objective of strengthening accountability and transparency in the public sector.

The following non-compliance issues were noted:

- (a) Non-submission of report on performance as required under the Finance and Audit Act; and
- (b) Non-submission of Financial Statements for audit as required under the Statutory Bodies (Accounts and Audit) Act.

### ***Non-submission of Report on Performance***

As of 11 January 2022, the report on performance of the Ministry for the financial year 2020-21 had not yet been submitted to the Ministry of Finance, Economic Planning and Development, despite the statutory deadline being 31 October 2021.

### ***Non-submission of Financial Statements for Audit***

The Statutory Bodies (Accounts and Audit) Act requires the Chief Executive Officer of a Statutory Body to submit the Annual Report to the auditor not later than four months after the end of every financial year.

As of 12 January 2022, the following Statutory Bodies operating under the aegis of the Ministry, have not submitted their Financial Statements for audit for periods as shown in Table 25-1.

*Table 25-1 Financial Statements not submitted to NAO for Audit*

| <b>Statutory Body</b>            | <b>Financial Year/<br/>Period</b> | <b>No of Financial<br/>Statements</b> | <b>Remarks</b>                                                                                                                             |
|----------------------------------|-----------------------------------|---------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|
| Fishermen Investment Trust       | 2014 to 2020-21                   | 7                                     |                                                                                                                                            |
| Mauritius Oceanography Institute | 2018-19 to 2020-21                | 3                                     | Financial Statements for 2016-17 and 2017-18 were submitted to NAO on 31.07.2020 and 24.09.2021 respectively and are currently under Audit |
| Seafarers' Welfare Fund          | 2020-21                           | 1                                     |                                                                                                                                            |

*Source: NAO records*

NAO is of the view that the Ministry should exercise control over Statutory Bodies operating under its aegis to ensure that they fulfil their statutory responsibilities regarding the preparation of financial statements and their submission for audit.

#### Ministry's Response

- Regarding financial statements of the Mauritius Oceanography Institute and Seafarer's Welfare Fund, the Accountant General has been approached for their preparation.
- There were no financial statements of the Fishermen Investment Trust for financial years from 2014 to 2020-21 as actions were being taken for the relevant Act to be repealed.

#### NAO's Comments

Financial Statements of the Fishermen Investment Trust should be prepared for the period up to the date the Act is repealed.

### **25.3 Follow Up of Matters raised in the Audit Report 2019-20**

NAO has carried out a follow up of matters raised in the Audit Report for 2019-20 to report on actions taken by the Ministry in response thereto.

Out of six issues highlighted in the Report and which required action by the Ministry:

- Necessary action has already been taken at the Ministry's level on one issue; and
- Action has been initiated in respect of five issues.

Further information is provided at pages 427 to 428 in Appendix VI.



## 26 – MINISTRY OF GENDER EQUALITY AND FAMILY WELFARE

### 26.1 Government-Owned Shelters - Lapses in Contract Management

The Ministry has awarded contracts for the management of the three Government-owned shelters to two Non-Governmental Organisations (NGOs) namely, the Children Foundation (CF) and the Association for Population and Development (APD), for a period of one year. The NGOs are responsible for the day-to-day management of the shelters while ensuring that services provided are in line with Guidelines for Alternative Care of Children.

An examination of the contracts awarded to the NGOs revealed the following:

- (a) Contracts not renewed due to inadequate follow up; and
- (b) Non-compliance with conditions of contracts.

#### ***Contracts not renewed due to Inadequate Follow up***

The contracts for La Cigogne and L'Oasis Shelters started as from 12 August 2020 and that of La Marguerite as from 27 October 2020. The contracts amounts for the management of the three shelters totalled Rs 29 million.

As of November 2021, the shelters were still being managed by the same NGOs and management fees of some Rs 5 million were effected after the expiry of their contracts. However, there was no evidence of the renewal of the contracts and the performance securities which had already lapsed.

#### ***Non-compliance with Conditions of Contracts***

In accordance with the general conditions of the contract, “*the Service Provider shall permit the Employer to inspect its accounts and records relating to the performance of the services*”. However, no statements of accounts were submitted to the Ministry for Shelters “La Marguerite” and “La Cigogne” and there was no evidence that their accounts were inspected.

NAO is of the view that the Ministry should set up a monitoring mechanism to ensure proper follow up of contracts.

#### **Ministry's Response**

- The delay for the renewal of contracts was due to in house consultations that were carried out and amendments to the contract document. A monitoring mechanism has been set up at the level of the Ministry to ensure proper follow up.
- The contract for Shelter L'Oasis has been signed on 30 December 2021 and necessary action is being taken for the signature of the contracts for Shelter La Marguerite, La Cigogne and L'Oiseau du Paradis.

## 26.2 Foster Care System – Non-compliance with Regulations

The Foster Care System was legally initiated as a Programme under the Child Protection Act and the Child Protection (Foster Care) Regulations and aimed at providing children victims of abuse and/or neglect to live in a substitute family on a temporary basis. Subsequently, guidelines and procedures were developed by the Ministry for the safeguard and monitoring of the child.

As of end November 2021, 85 children were placed under the foster care of 72 foster parents. The budgeted provision for the financial year 2020-21 for foster care was Rs 7 million and the actual expenditure amounted to some Rs 5 million.

After the placement of a child, officers of the Foster Care Section of the Ministry are expected to effect regular home and school visits and carry out proper follow up with the foster care parents and children.

Under Regulation 24(1), *“The Permanent Secretary shall effect regular reviews at intervals of not more than one month to ensure that the foster home and its household continue to suit the child’s best interests”*. However, it was observed that the visits to the foster homes were not regular. During the period June 2020 to November 2021, 46 foster parents were visited only once.

NAO is of the view that the Ministry should ensure that the progress and well being of children placed under foster care are properly followed and all procedures and guidelines are complied with.

### Ministry’s Response

- Due to COVID-19 pandemic and the restrictions imposed, visits were restrained. However, follow up were made by phone/whatsapp with the foster parents to follow up on the progress of the child and his general well-being.
- A Foster Care Advisory Committee has been set up at the level of the Ministry to ensure proper follow up and that all procedures and guidelines are complied with.

## 26.3 Child Day Care Centres (CDCCs) – Non-compliance with Regulations

According to Regulation 3 of the Institutions for Welfare and Protection of Children Regulations 2000, no institution shall operate unless it has been registered. A certificate of registration issued to the CDCCs under the Regulations is valid for two years and is renewable for a further period of two years.

As per the Ministry’s records, there were 368 CDCCs in operation as at 30 June 2021, out of which only 150 were registered. 141 CDCCs were in the process of renewing their registration but could not be registered due to delays in obtaining essential documents such as Fire Certificates.

In the financial year 2018-19, Government decided to provide a one-off grant of Rs 500,000 to CDCCs which are not registered to enable them to upgrade their standard to meet the

registration requirements in terms of infrastructure and to be registered under the Regulations. During the financial year 2020-21, an amount of Rs 6 million was provided in the budget as one-off grant to the CDCCs through the National Children Council and an amount of some Rs 3 million was disbursed to 15 beneficiaries.

However, as of June 2021, 77 CDCCs were not registered due to non-conformance with required standards in respect of infrastructure.

NAO is of the view that the Ministry should identify the constraints encountered by the CDCCs for their registration and take appropriate action.

#### Ministry's Response

- Shortcomings regarding the process of Registration have been identified and are being addressed.
- The Ministry has referred the CDCCs which were operating without a Health Clearance, a Building and Land Use Permit and a valid Fire Certificate to the Ministry of Health and Wellness, the Ministry of Local Government and Disaster Risk Management and the Mauritius Fire and Rescue Services respectively, for appropriate action at their end. A report is being awaited from the above mentioned institutions
- Government will be informed on the number of CDCCs which are operating without Fire Certificate and for a decision as to whether or not the CDCCs should continue to operate.

#### **26.4 Monitoring of Shelters and Child Development Care Centers - Delay in Setting up the Information Management System**

The Licencing and Enforcement Unit (LEU) of the Ministry has the mandate to carry out monitoring/inspection visits to shelters/ Residential Care Institutions (RCIs), and to process the registration and licensing of shelters as Places of Safety, amongst other duties. Information such as admissions, discharge, complaints, periodic placement and real-time occupancy are currently kept manually and is time-consuming.

In November 2020, the LEU proposed the setting up of an Information Management System (IMS), a web-based system for the management and monitoring of the four Government-owned shelters and the 19 RCIs run by Non- Governmental Organisations, on a real time basis. The system would automate manually-intensive work practices, improve the efficiency in management and administration of shelters and effectiveness of their operations.

In April 2021, the Ministry approved the implementation of the project. Subsequently, the assistance of the Central Information System Division (CISD) of the Ministry of Information Technology, Communication and Innovation for the design and setting up of the software was sought. The expected duration for the implementation of the project was three months and the proposed cost estimate was Rs 3 million.

In November 2021, in view of the urgency for an effective management of the shelters and RCIs, the Information Technology Unit of the Ministry recommended that the services of

Service to Mauritius (STM) interns or assistance under the "Expert Skill Scheme", could be sought from the Ministry of Finance, Economic Planning and Development, for the timely design, implementation, and operationalisation of the proposed Information System.

As of November 2021, some seven months after the approval for the implementation of the project, the system has not yet been set up. No provision was made in the budget estimates of 2020-21 and 2021-22 of the Ministry for the project.

NAO is of the view that given the actual situation and the challenges that Mauritius is facing due to the COVID-19 pandemic, the proposed IMS project would help the Ministry, the shelter administrators, and any other stakeholders concerned to have up to date information on a real-time basis for prompt decision making, proper follow up and monitoring. The Ministry should initiate appropriate action for the development of the IMS.

#### Ministry's Response

- A Committee will be set up with the Central Informatics Bureau, the Ministry of Public Service, Administrative and Institutional Reforms, the Ministry of Information Technology, Communication and Innovation and the Central Information Systems Division to discuss on the details with regard to the requirements of the system.
- Funds will have to be sought from the Ministry of Finance, Economic Planning and Development in the next financial year for the development of the system.

### **26.5 Governance Issues – Non-compliance with Legislation**

Provisions have been made in various legislations to impose a statutory responsibility on Accounting Officers and Boards of Statutory Bodies with the objective of strengthening accountability and transparency in the public sector.

#### ***Non-submission of Financial Statements for Audit***

The Statutory Bodies (Accounts and Audit) Act requires the Chief Executive Officer of a Statutory Body to submit the Annual Report to the auditor not later than four months after the end of every financial year.

As of 12 January 2022, Statutory Bodies falling under the purview of the Ministry, have not submitted their Financial Statements for audit for periods as shown in Table 26-1.



Table 26-1 Financial Statements not submitted to NAO for Audit

| Statutory Body                      | Financial Year/Period | No of Financial Statements | Remarks                                                                                          |
|-------------------------------------|-----------------------|----------------------------|--------------------------------------------------------------------------------------------------|
| National Women Entrepreneur Council | 2020-21               | 1                          |                                                                                                  |
| National Women's Council            | 2019-20 & 2020-21     | 2                          | Financial Statements of 2018-19 were submitted to NAO on 19.08.2021 and is currently under audit |

Source: NAO records

NAO is of the view that the Ministry should exercise control over Statutory Bodies operating under its aegis to ensure that they fulfil their statutory responsibilities regarding the preparation of financial statements and their submission for audit.

#### Ministry's Response

Needful will be done for the Financial Statements of the National Women Entrepreneur Council and National Women's Council in a month time and 2 to 3 months respectively.

### **26.6 Follow Up of Matters Raised in the Audit Report 2019-20**

NAO has carried out a follow up of matters raised in the Audit Report for 2019-20 to report on actions taken by the Ministry in response thereto.

Out of 17 issues highlighted in the Report and which required action by the Ministry:

- Seven issues have been resolved.
- Necessary action has already been taken at Ministry's level on four issues.
- Action has been initiated in respect of five issues.
- No action initiated in respect of one issue.

Further information is provided at Pages 429 to 432 in Appendix VI.



## 27 - MINISTRY OF ARTS AND CULTURAL HERITAGE

### 27.1 Provision of Marquees and other Amenities awarded on an Emergency Basis

The Ministry had recourse to a Service Provider for the “Provision, mounting and dismantling of marquees, flooring, podium, riser, staircases and supply of plastic chairs, tables and mirrors on a rental basis” in connection with the celebration of the 186<sup>th</sup> anniversary of the abolition of slavery at a cost of Rs 2,487,100. The following lapses in the procurement process were noted:

- (a) Inadequate planning of the event;
- (b) A short deadline was given to bidders to respond to both the first and second bidding exercises. The Ministry had only one week to award tender for the services; and
- (c) The Ministry had recourse to emergency procurement and the contract was awarded at an amount of nearly thrice the original estimated cost after negotiation with a Service Provider who was not invited to bid during the first bidding exercise and who did not respond to the second exercise.

#### *Inadequate Planning of Event*

The procurement process was delayed due to a decision to change the venue from Swami Vivekananda International Convention Centre to Le Morne Village on 15 January 2021, that is only two weeks prior to the event. The technical specifications for the tender was submitted for approval on 22 January 2021.

#### *Recourse to Emergency Procurement after two Unsuccessful Restricted Bidding Exercises*

The first tender was launched on 25 January 2021 through restricted bidding method, with closing date of 27 January 2021. The cost of the services was estimated at Rs 930,000. Seventeen Service Providers were invited to bid and six bids were received ranging from Rs 6.7 million to Rs 11.5 million. The lowest bidder who was invited for a negotiation meeting due to time constraint finally withdrew from the tender exercise.

#### *Second Bidding Exercise*

On 28 January 2021, the Ministry decided to relaunch the bidding exercise with reduced scope of works and closing date of 29 January 2021. The cost estimate was also revised to Rs 2,981,000. The increase in cost estimate was attributed to the short time lag for the completion of the service as it would entail additional labour force and overtime costs to the prospective bidder. Twenty Service Providers were invited to bid and seven bids were received. The bids received ranged from Rs 5.7 million to Rs 8.9 million. On 29 January 2021, the Departmental Bid Committee (DBC) recommended the cancellation of the bidding exercise in line with Section 39(1) b of the Public Procurement Act 2006.

#### *Emergency Procurement*

In view of the time constraint and the high quotes received during the two bidding exercises, the Ministry had recourse to emergency procurement. The Ministry accordingly invited a Service Provider who was invited to bid during the second bidding exercise, but who did

not submit any bid, to an urgent negotiation meeting to discuss, inter alia, on the scope of services, price and his capability to complete the works within the short delay.

The DBC had prior to the launching of the tenders and also after evaluation, highlighted that the short lapse of time to respond to invitation to bids was inappropriate.

Following a negotiation meeting on 30 January 2021, the scope of services was reviewed at an agreed price of Rs 2,460,000. The DBC approved the award of the contract on 30 January 2021, that is, only two days before the event and the letter of award was issued on the same day. In April 2021, the Service Provider was paid an amount of Rs 2,487,100.

#### Ministry's Response

- The emergency procurement was done on the advice of the Procurement Policy Office (PPO) as there were only two days left for the event.
- A list of bidders was provided by the Ministry of National Infrastructure and Community Development for the emergency procurement.
- The PPO and the Competition Commission were thereafter requested to carry out an enquiry to find out whether there has not been any collusion or bid rigging among bidders.

## **27.2 Governance Issues – Non-compliance with Legislation**

Provisions have been made in various legislations to impose a statutory responsibility on Accounting Officers and Boards of Statutory Bodies with the objective of strengthening accountability and transparency in the public sector.

The following non-compliance issues were noted:

- (a) Non-submission of report on performance as required under the Finance and Audit Act;
- (b) Non-submission of Financial Statements for audit as required under the Statutory Bodies (Accounts and Audit) Act; and
- (c) Annual Reports not laid before the National Assembly as required under the Statutory Bodies (Accounts and Audit) Act.

It was also noted that in respect of two Special Funds, Financial Statements were not submitted for audit.

### ***Non-submission of Report on Performance***

As of 11 January 2022, the reports on performance of the Ministry of Arts and Cultural Heritage for the financial years 2019-20 and 2020-21 had not yet been submitted to the Ministry of Finance, Economic Planning and Development, despite the statutory deadline being 31 October every year.

### ***Non-submission of Financial Statements for Audit***

The Statutory Bodies (Accounts and Audit) Act requires the Chief Executive Officer of a Statutory Body to submit the Annual Report to the auditor not later than four months after the end of every financial year.

As of 12 January 2022, 17 Statutory Bodies operating under the aegis of the Ministry, have not submitted their Financial Statements for audit for periods as shown in Table 27-1.

*Table 27-1 Financial Statements not submitted to NAO for Audit*

| <b>Statutory Body</b>                                | <b>Financial Year/ Period</b>                  | <b>No of Financial Statements</b> | <b>Remarks<br/>(Accounts under audit)</b>                                                     |
|------------------------------------------------------|------------------------------------------------|-----------------------------------|-----------------------------------------------------------------------------------------------|
| Arabic-speaking Union                                | 2020-21                                        | 1                                 |                                                                                               |
| Creole-speaking Union                                | 2019-20 & 2020-21                              | 2                                 |                                                                                               |
| Malcom de Chazal Trust Fund                          | 2020-21                                        | 1                                 | Financial Statements for 2018-19 and 2019-20 were submitted on 11.11.2021                     |
| Marathi-speaking Union                               | 2020-21                                        | 1                                 |                                                                                               |
| Mauritian Cultural Centre Trust                      | 2004-05 to 2020-21                             | 16                                |                                                                                               |
| Mauritius Film Development Corporation               | 2018-19 to 2020-21                             | 3                                 | Financial Statements for 2017-18 were submitted on 20.01.2021                                 |
| Mauritius Museums Council                            | 01.01.2016-30.06.2017<br>01.07.2017 to 2020-21 | 5                                 | Financial Statements for 2015 were submitted on 15.01.2021                                    |
| Mauritius Society of Authors                         | 01.01.2016-30.06.2017<br>01.07.2017 to 2020-21 | 5                                 |                                                                                               |
| Mauritius Tamil Cultural Centre Trust                | 2020-21                                        | 1                                 | Financial Statements for 2014 to 2019-20 were submitted in June 2021 and December 2021        |
| National Art Gallery                                 | 2018-19 to 2020-21                             | 3                                 |                                                                                               |
| National Heritage Fund                               | 2020-21                                        | 1                                 | Financial Statements for 2016-17 to 2019-20 were submitted in February 2021 and February 2022 |
| Nelson Mandela Centre for African Culture Trust Fund | 2019-20 & 2020-21                              | 2                                 | Financial Statements for 2017-18 and 2018-19 were submitted on 17.05.2021                     |
| Sanskrit-speaking Union                              | 2020-21                                        | 1                                 | Financial Statements for 2019-20 were submitted on 13.12.2021                                 |
| Professor Basdeo Bissoondoyal Trust Fund             | 04.04.2005-30.06.2006<br>01.07.2006 to 2020-21 | 15                                |                                                                                               |
| Tamil-speaking Union                                 | 2020-21                                        | 1                                 |                                                                                               |
| Telugu-speaking Union                                | 2020-21                                        | 1                                 |                                                                                               |
| Urdu-speaking Union                                  | 2019-20 & 2020-21                              | 2                                 |                                                                                               |

*Source: NAO records*

### ***Annual Reports not laid before the National Assembly***

The Statutory Bodies (Accounts and Audit) Act requires a copy of the Annual Report and audited accounts of every Statutory Body to be laid before the National Assembly at the earliest opportunity.

As of 20 December 2021, Annual Reports of Statutory Bodies including audited Financial Statements had not yet been laid before the National Assembly as shown in Table 27-2.

*Table 27-2 Annual Reports including Audited Financial Statements not laid before the National Assembly*

| <b>Statutory Body</b>                                      | <b>Financial Year/<br/>Period</b>                       | <b>Date Certified</b>       | <b>No of<br/>Financial<br/>Statements</b> |
|------------------------------------------------------------|---------------------------------------------------------|-----------------------------|-------------------------------------------|
| Aapravasi Ghat Trust Fund                                  | 2019-20                                                 | 22.06.2021                  | 1                                         |
| Bhojpuri-speaking Union                                    | 2019-20                                                 | 04.03.2021                  | 1                                         |
| Chinese-speaking Union                                     | 2019-20                                                 | 23.06.2021                  | 1                                         |
| Conservatoire de Musique<br>François Mitterrand Trust Fund | 2019-20                                                 | 09.07.2021                  | 1                                         |
| Creole-speaking Union                                      | 2017-18 & 2018-19                                       | 13.03.2020 &<br>04.10.2021  | 2                                         |
| Islamic Cultural Centre Trust<br>Fund                      | 01.01.2016-30.06.2017<br>to 2019-20                     | 31.05.2018 to<br>13.08.2021 | 4                                         |
| Malcom de Chazal Trust Fund                                | 2003-04 to 2017-18                                      | 04.07.2013 to<br>31.05.2021 | 14                                        |
| Mauritius Council of Registered<br>Librarians              | 01.01.2016-30.06.2017<br>to 2019-20<br>(except 2018-19) | 06.09.2018 to<br>07.06.2021 | 3                                         |
| Mauritius Marathi Cultural<br>Centre Trust                 | 2019-20                                                 | 10.05.2021                  | 1                                         |
| Mauritius Tamil Cultural Centre<br>Trust                   | 2011 to 2013                                            | 18.08.2021                  | 3                                         |
| Mauritius Telugu Cultural<br>Centre Trust                  | 2019-20                                                 | 17.06.2021                  | 1                                         |
| National Art Gallery                                       | 2014 to 2017-18                                         | 31.05.2018 to<br>14.05.2020 | 4                                         |
| National Heritage Fund                                     | 2007-08 to 2015                                         | 19.11.2012 to<br>29.10.2021 | 8                                         |
| Telugu-speaking Union                                      | 2017-18 to 2019-20                                      | 04.08.2021                  | 3                                         |
| Urdu-speaking Union                                        | 2017-18 & 2018-19                                       | 13.08.2021                  | 2                                         |

*Source : National Assembly records*

### ***Special Funds - Financial Statements not submitted for Audit***

As of 12 January 2022, two Special Funds operating under the aegis of the Ministry, have not submitted their Financial Statements for audit for periods as shown in Table 27-3.

*Table 27-3 Financial Statements not submitted to NAO for Audit*

| <b>Special Fund</b>                 | <b>Financial Year/<br/>Period</b> | <b>No of<br/>Financial<br/>Statements</b> |
|-------------------------------------|-----------------------------------|-------------------------------------------|
| National Arts Fund                  | 2020-21                           | 1                                         |
| President Fund for Creative Writing | 2018-19 to 2020-21                | 3                                         |

*Source: NAO records*

NAO is of the view that the Ministry should exercise control over Statutory Bodies and other entities operating under its aegis to ensure that they fulfil their statutory responsibilities regarding the preparation of financial statements, their submission for audit and tabling before the National Assembly.

#### **Ministry's Response**

- The consolidated Annual Performance Report for years 2018-19 and 2019-20 is being finalised and will be submitted shortly.
- All Parastatal Bodies have been requested to comply with the provisions of the Statutory Bodies (Accounts and Audit) Act and submit their Financial Statements for audit within the statutory date limit.

### **27.3 Follow up of Matters Raised in the Audit Report 2019-20**

At paragraph 14.4 of the Audit Report for 2019-20, it was reported that the Mauritius Society of Authors was granted an interest-free advance of Rs 2 million in February 2016 to cater for its software upgrade, purchase of licenses and additional computers. The advanced amount was to be set off against an annual reimbursement of Rs 500,000 as from July 2017.

The grant was not used for the intended purpose as expenditure was met from the Capital Grant received from the Ministry. No repayment of the advance was made as at July 2021.

#### **Ministry's Response**

After consultation with the Ministry of Finance, Economic Planning and Development, MASA has been authorised to reimburse the advance as from financial year 2021-22 in four equal instalments.





## **28 – MINISTRY OF PUBLIC SERVICE, ADMINISTRATIVE AND INSTITUTIONAL REFORMS**

### **28.1 Construction of Civil Service College**

In May 2017, a Memorandum of Understanding (MOU) was signed between the Government of India (GOI) and Government of Mauritius (GOM) for the setting up of a Civil Service College (CSC) for Mauritius. The GOI would fund the project through a Grant of up to US \$ 4.74 million (approximately Rs 160 million). The whole project would consist of an Academic Block and an Auditorium of some 4,700 square metres to be constructed on a plot of land of 9A13P.

The contract for consultancy works was awarded to a foreign firm in January 2020. Payments have reached Rs 7.7 million as of 30 June 2021. The following shortcomings were noted:

- (a) Significant Escalation of Cost Estimate; and
- (b) Non Compliance with the Public Procurement Act (PPA).

#### ***Significant escalation of Cost Estimate***

- As per the Detailed Project Report, the construction of the CSC was estimated to cost Rs 294 million in 2018.
- On 16 June 2020, the Consultant submitted its drawings and indicated an estimated cost of Rs 203.4 million for the Academic Block and Site Works and Rs 281 million if an Auditorium would also be added.
- On 2 April 2021, the Ministry of Finance, Economic Planning and Development (MOFEPD) approved the whole project, including auditorium, for a budgeted amount of Rs 250 million, exclusive of VAT. Government approval was thereafter obtained on 26 April 2021 for the increase in Project Value for the construction of an Academic Block and an Auditorium from Rs 160 million to Rs 250 million, exclusive of VAT.
- The bidding exercise was effected by the Ministry through e-Procurement system on 28 May 2021 and it was relaunched on 29 July 2021 due to technical issues.
- No updated cost estimate of the Consultant was available when the tender was floated between May 2021 and 29 July 2021. The latest cost estimate dated 16 June 2020.
- The last revised cost estimate was sought on 24 August 2021, well after the closing date of the tender exercise (12 August 2021) and after opening of bids on 13 August 2021.
- The lowest tender of Rs 396 million received on 13 August 2021 far exceeded the cost estimate of Rs 281 million by 40 per cent, which can be considered as substantially significant.
- At the request of the Ministry on 24 August 2021, the Consultant submitted a revised cost estimate of Rs 337 million the next day, on the basis that the previous cost estimate would increase by 20 per cent due to increase in cost of materials, logistics and manpower.
- No details on the revised cost estimate of Rs 337 million were provided for each cost component to support the increase in cost estimate of Rs 56 million.

- Thus, pending award of the construction contract for the implementation of the project, the estimated cost was revised by the Consultant from Rs 294 million in 2018 to Rs 396 million in October 2021, an increase of 35 per cent over the last four years.

#### Ministry's Response

- As the price quoted by all the bidders were beyond the initial cost estimate, the State Law Office advised the Ministry on 27 August 2021 that the evaluation of the bids could be carried out subject to the project value being increased by MOFEPD. The latter agreed to increase the project value from Rs 265 million to Rs 396 million and Government approval was obtained on 22 October 2021.
- The cost estimate had significantly gone up due to the following:
  - The initial land earmarked for the construction of the College was changed and would require around Rs 100 million for levelling of that sloppy land;
  - Hiking in construction prices;
  - Increase in freight;
  - Unfavourable fluctuations in exchange rate; and
  - Increase in inflation rate since 2017.

#### *Award of Contract*

On 22 October 2021, Government approved the increase in the estimated project value to Rs 396 million and the award of the contract to a local private firm for Rs 395.8 million for the construction of the Academic Block and Auditorium and site works.

The following was noted:

- On 9 April 2021, Government approved that the Ministry be exempted from the Public Procurement Act (PPA) in accordance with Section 2A of the Public Procurement (Regulations 2008).
- On 21 May 2021, the Ministry informed the Central Procurement Board that the bidding exercise would be effected by the Ministry itself.

#### Ministry's Response

The tender was awarded to the lowest evaluated substantially responsive bidder in November 2021 and the contract was signed on 28 December 2021.

#### ***Non Compliance with the Public Procurement Act and Regulations***

Public Procurement Regulations 2008 (First Schedule) requires that a public body shall be exempt from the PPA where a procurement is funded by at least 50 per cent of the estimated project value from grant, or concessional financing as the Minister may approve, from a foreign State, where the condition imposed by the State in respect of the grant or concessional financing specifies that the supplier of goods, works, consultancy services or other services shall be from the State or from any other State which that State approves.

The following were observed:

- The GOI's contribution amounts to US \$ 4.74 million equivalent to some Rs 190 million, at time of tender/date of PPO reply of 22 July 2021, based on foreign exchange rate of Rs 40.10. to US \$. Project costs would total some Rs 412.4 million, comprising consultancy costs and construction costs of Rs 16.4 million and Rs 396 million, respectively.
- The ratio of GOI contribution tends to be 46 per cent at time of tender in July 2021, which is below the prescribed rate of 50 per cent. As such, the Ministry does not appear to be exempted from the provisions of the PPA.
- Contrary to Section 3(1A) of the PPA, the Ministry did not submit any due diligence report and supporting documents and recommendations to the High-Powered Committee. No evidence was produced to NAO to the effect that any due diligence report was performed by the Ministry.

#### Ministry's Response

- In accordance with Section 2(A) of the Public Procurement Regulations 2008 and Part VI of the First Schedule thereof, the project is exempted from the provisions of the PPA as the grant money of US \$ 4.74 million represented 64 per cent of the project estimated cost of Rs 297 million (construction cost Rs 281 million and consultancy cost Rs 16.4 million).
- Although the project value has increased to Rs 396 million, the ratio of GOI contribution is still above 50 per cent based on the prevailing USD rate of exchange of Rs 44.3, which is the legal requirement for exemption from the provisions of the PPA.
- It is felt that a due diligence exercise as defined in Section 3(1A) was not warranted for this project for the following reasons:
  - The Ministry had recourse to an open advertised national bidding exercise for the selection of the building contractor with a view to obtaining value for money for the execution of the project;
  - A proper Bid Evaluation Committee was constituted with professionals to evaluate the bids;
  - A due diligence exercise is undertaken when there is an offer from only one service provider/contractor or recourse to direct procurement to ensure that the procurement constitutes value for money;
  - The Ministry carried out a competitive bidding exercise to obtain the best price for the project and the tender was awarded to the lowest evaluated substantially responsive bidder; and
  - Although it was not a requirement for the Ministry to seek the approval of Government on this project, the Ministry sought and obtained the approval of the Cabinet prior to awarding the contract.

### NAO's Comments

- The project cost of Rs 396 million should include the consultancy costs of Rs 16.4 million, that is project costs totalled Rs 412.4 million.
- The highest foreign exchange rate being Rs 41 to US \$ during the material time of tendering in May 2021, the fair value of the grant of US \$ 4.74 million amounted to Rs 194.3 million. Based on the total project costs of Rs 412.4 million, the ratio tends to be 47.1 per cent which is less than the required legal rate of 50 per cent.
- Even between January and August 2021, foreign exchange rate has fluctuated between Rs 39.90 and Rs 43.00 to US \$ and the ratio of GOI contribution was between 47 and 49.4 per cent.
- The PPA requires the Ministry to carry out due diligence exercise.

## **28.2 Lease Agreement for Office Space - Wrong Determination of Rent Payable**

At paragraph 23.1 of the Audit Report for 2019-20, it was reported that an amount of Rs 22.1 million was overpaid for the 69 months period from April 2015 to December 2020. The overpayment was due to wrong determination of rent payable. The gross area of 5,574 m<sup>2</sup> was used instead of the net usable area of 4,751 m<sup>2</sup> as assessed by the Valuation Department. This has caused an excess payment of Rs 17.3 million for a period of some 54 months.

On 4 February 2021, the Ministry informed NAO that:

- Through oversight, the previous management of the Ministry effected payment of rent on gross area instead of net usable area, as recommended by the Valuation Department.
- The lessor replied that the question of refund or offsetting of rent did not arise as the lease agreement was signed between both parties on the basis of a gross floor area of 5,574 m<sup>2</sup> at the rate of Rs 35 per ft<sup>2</sup>. The Ministry has sought legal advice.

On 8 February 2021, the Ministry sought legal advice on the way forward. The Attorney General's Office advised on 1 June 2021 that any claim for overpayment through legal action will not succeed as the agreement signed between the two parties was based on gross area instead of net useable area.

On 4 March 2021, the Ministry also requested the Valuation Department to confirm whether payment of rent should be based on net useable area in spite of the fact that the Ministry is making use of the lift, lobbies, corridors, staircases and balconies.

### Ministry's Response

It was only on 6 December 2021, after the lease agreement has been renewed, that the Valuation Department informed the Ministry that the monthly rent for the office space should be based on the net useable area instead of gross floor area. The matter has been taken up with the lessor and a reply is being awaited.

### **28.3 Follow Up of Matters Raised in the Audit Report 2019-20**

NAO has carried out a follow up of matters raised in the Audit Report for 2019-20 to report on actions taken by the Ministry in response thereto.

Out of six issues highlighted in the Report and which required action by the Ministry:

- One issue has been resolved.
- Necessary action has already been taken at the Ministry's level on two issues.
- Action has been initiated in respect of two issues.
- No action had yet been initiated in respect of one issue.

Further information is provided at pages 433 to 434 in Appendix VI.

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# PART IV

## **AUDIT OF OTHER PUBLIC ENTITIES**





## 29 – STATUTORY BODIES, LOCAL AUTHORITIES, SPECIAL FUNDS AND OTHER BODIES

### 29.1 Financial Reporting – Financial Statements not submitted for Audit or not laid before the National Assembly

NAO carries out the audit of the accounts of the following public entities besides Ministries and Government Departments, and the Rodrigues Regional Assembly(RRA).

- **114** Statutory Bodies (SBs)
- **12** Local Authorities (LAs)
- **18** Special Funds (SFs)
- **6** State Owned Companies (SOCs)
- **28** Other Bodies (OBs) including **7** Donor-Funded Projects(DFPs)

As of 21 February 2022 -

- (a) 44 Statutory Bodies have not yet submitted a total of 132 financial statements to my Office for audit purposes;
- (b) 95 financial statements in respect of 37 Statutory Bodies were certified by NAO but have not yet been laid before the National Assembly;
- (c) a total of 11 financial statements in respect of five Special Funds have not yet been submitted for audit purposes;
- (d) 13 financial statements in respect of five Special Funds were certified by NAO but not yet laid before the National Assembly; and
- (e) 14 other bodies have not yet submitted a total of 32 financial statements to NAO for audit purposes.

This is viewed with concern as, despite legal provisions, financial statements were either not submitted for audit or not laid before the National Assembly. In some cases, financial statements for more than 15 financial years have not been submitted to the NAO for audit purposes.

A comparison of the number of financial statements not submitted to NAO as reported in the Audit Report for 2019-20 and 2020-21 is shown in Table 29-1.

A similar exercise regarding audited financial statements not laid before the National Assembly is shown in Table 29-2.

Table 29-1 Financial Statement not yet Submitted to NAO for Audit

| Body | FS not Submitted Audit Report 2019-20 |          | FS submitted during period March 2021 to February 2022 |          | FS still not submitted as of February 2022 |          | FS i.r.o financial year 2020-21 not submitted as of February 2022 |          | FS not yet submitted Audit Report 2020-21 |          |
|------|---------------------------------------|----------|--------------------------------------------------------|----------|--------------------------------------------|----------|-------------------------------------------------------------------|----------|-------------------------------------------|----------|
|      | No of Bodies                          | No of FS | No of Bodies                                           | No of FS | No of Bodies                               | No of FS | No of Bodies                                                      | No of FS | No of Bodies                              | No of FS |
| SBs  | 45                                    | 145      | 31                                                     | 54       | 29                                         | *90      | 42                                                                | 42       | 44                                        | 132      |
| SFs  | 13                                    | 30       | 6                                                      | 8        | 3                                          | **6      | 5                                                                 | 5        | 5                                         | 11       |
| OBs  | 15                                    | 51       | 5                                                      | 7        | 9                                          | ***18    | 20                                                                | 14       | 14                                        | 32       |

Source: NAO Records

Excludes

\* One financial statement i.r.o one Statutory Body wound up

\*\* 16 financial statements i.r.o three Special Funds wound up

\*\*\*26 financial statements i.r.o four OB no longer audited by NAO

Table 29-2 Audited Financial Statement not yet laid before the National Assembly

| Body | Reported in Audit Report 2019-20 |          | Laid during period March 2021 to February 2022 |          | Still not Laid as of February 2022 |          | Reported in Audit Report 2020-21 |          |
|------|----------------------------------|----------|------------------------------------------------|----------|------------------------------------|----------|----------------------------------|----------|
|      | No of Bodies                     | No of FS | No of Bodies                                   | No of FS | No of Bodies                       | No of FS | No of Bodies                     | No of FS |
| SBs  | 74                               | 174      | 51                                             | 83       | *11                                | 51       | 37                               | 95       |
| SFs  | 5                                | 21       | 3                                              | 11       | **1                                | 1        | 5                                | 13       |

Source: NAO Records

Excludes audited Financial Statements submitted by relevant Ministries to the Clerk of the National Assembly to be laid and/or financial statements certified prior to financial year 2011

\* 40 financial statements i.r.o 12 Statutory Bodies

\*\*nine financial statements i.r.o three special funds

### 29.1.1 Statutory Bodies

Statutory bodies are established by law to carry out specific functions which Government considers may be more effectively performed outside a traditional departmental structure. They are subject to varying degrees of Ministerial control which are specified in the legislations establishing them. Ministers are accountable to the National Assembly for the operation of the statutory bodies falling under their respective responsibilities. Since public money is allocated to the operations of statutory bodies, there is need to ensure that the funds are spent in an efficient, effective and economic manner.

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 which 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.

The Act also sets out the following timelines to be complied with:

- (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 **four months** 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) 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.
- (e) 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.

At Appendix II, a list of the Statutory Bodies whose accounts are audited by the Director of Audit is given.

As of 21 February 2022:

- 44 Statutory Bodies had not yet submitted a total of 132 financial statements to my Office for audit purposes. Appendix IIA refers.
- 95 financial statements in respect of 37 Statutory Bodies had been certified but have not yet been laid before the National Assembly. Appendix IIB refers.

Of the 145 financial statements reported not submitted to NAO in the Audit Report 2019-20, 54 (37 per cent) have subsequently been submitted, as shown in Table 29-3.

*Table 29-3 Financial Statements Reported not submitted to NAO for Audit in the Audit Report 2019-20 submitted subsequently*

| <b>Period of Financial Statements</b> | <b>No of Financial Statements Reported in Audit Report 2019-20</b> | <b>Submitted Subsequently</b> |
|---------------------------------------|--------------------------------------------------------------------|-------------------------------|
| 2019-20                               | 43                                                                 | 17                            |
| 2018-19                               | 30                                                                 | 13                            |
| 2017-18                               | 22                                                                 | 12                            |
| 2016-17                               | 13                                                                 | 5                             |
| Prior 2016-17                         | 37                                                                 | 7                             |
| <b>Total</b>                          | <b>145</b>                                                         | <b>54</b>                     |

*Source: NAO records*

Of the 174 audited financial statements reported not laid before the National Assembly in the Audit Report for 2019-20, 83 (48 per cent) have subsequently been laid, as shown in Table 29-4.

*Table 29-4 Audited Financial Statements Reported not laid before the National Assembly in the Audit Report 2019-20 laid subsequently*

| Period of Financial Statements | No of Financial Statements including Audit Report Laid | Financial Statements Certified |            |            |               |
|--------------------------------|--------------------------------------------------------|--------------------------------|------------|------------|---------------|
|                                |                                                        | After 2018-19                  | In 2018-19 | In 2017-18 | Prior 2017-18 |
| 2018-19                        | 28                                                     | 28                             | -          | -          | -             |
| 2017-18                        | 12                                                     | 9                              | 3          | -          | -             |
| 2016-17                        | 6                                                      | 4                              | 1          | 1          | -             |
| Prior 2016-17                  | 37                                                     | 12                             | 9          | 1          | 15            |
| <b>Total</b>                   | <b>83</b>                                              | <b>53</b>                      | <b>13</b>  | <b>2</b>   | <b>15</b>     |

Source: National Assembly records

### **29.1.2 Local Authorities**

The Local Government Act provides that the approved annual financial statements of every Local Authority shall be audited by the Director of Audit. The main provisions made in the Act regarding the time frame for the submission of the accounts of Local Authorities for audit, and the gazetting of the certified financial statements and the report of the Director of Audit are as follows:

- 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 Chief Executive of every Local Authority shall, within **four months** of the end of every financial year, submit the approved financial statements to the Director of Audit.
- 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. These shall be considered at the next ordinary meeting of the Local Authority or as soon as practicable thereafter.
- 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 21 February 2022, all local authorities have submitted their financial statements for respective period and also all audited financial statements were published in the Government Gazette.

At Appendix III is a list of the Local Authorities audited by the Director of Audit.

### **29.1.3 Special Funds**

All Special Funds are either regulated by an Act or a Regulation made under the Finance and Audit Act. 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;
- a balance sheet made up to the end of that financial year showing the assets and liabilities of the Fund.

The Director of Audit is responsible for the audit of 18 Special Funds, listed in Appendix IV.

As of 21 February 2022:

- a total of 11 financial statements in respect of five Special Funds have not yet been submitted for audit purposes. Details are at Appendix IVA.
- 13 financial statements in respect of five Special Funds were already certified but not yet laid before the National Assembly though required by Regulations as shown in Appendix IVB.

### **29.1.4 State Owned Companies, Other Bodies and Project Accounts**

The Director of Audit is responsible for the audit of six State Owned Companies and 28 Other Bodies including seven donor-funded projects. The list of these Companies/Bodies/Project Accounts is given at Appendix V.

As of 21 February 2022, 14 of these organisations have not yet submitted a total of 32 financial statements to NAO for audit purposes. Appendix VA refers.

## **29.2 Pension Funds – 72 Public Sector Bodies record Deficits totalling Rs 33.3 billion**

At paragraph 24.2 of my Audit Report for the financial year 2019-20, I pointed out that the financial statements of 63 public sector bodies submitted to the NAO showed that pension funds under their Defined Benefit Pension Plans were running deficits totalling Rs 26 billion as at 30 June 2019.

A follow-up exercise was carried out based on financial statements submitted as at 30 June 2020 to my Office. The financial statements of 72 public sector bodies as at 30 June 2020 showed an aggregate deficit of Rs 33.3 billion as follows:

- 60 Statutory Bodies – Rs 26.9 billion
- 12 Local Authorities – Rs 6.4 billion

Eight of the Statutory Bodies and five of the Local Authorities had aggregate deficits of Rs 22.1 billion and Rs 4.7 billion respectively as shown in Table 29-5.

*Table 29-5 Pension Fund Deficits as at 30 June 2020*

| <b>Statutory Bodies</b>                    | <b>Rs</b>             |
|--------------------------------------------|-----------------------|
| Central Water Authority                    | 2,018,372,793         |
| Mauritius Revenue Authority                | 2,389,585,416         |
| Mauritius Broadcasting Corporation         | 912,748,343           |
| Mauritius Cane Industry Authority          | 1,232,379,564         |
| Mauritius Institute of Education           | 941,038,574           |
| Private Secondary Education Authority      | 6,445,323,410         |
| Central Electricity Board                  | 7,361,737,000         |
| Mahatma Gandhi Institute                   | 854,917,499           |
| <b>Sub Total</b>                           | <b>22,156,102,599</b> |
| 52 Other Statutory Bodies                  | 4,756,913,032         |
| <b>Total for Statutory Bodies</b>          | <b>26,913,015,631</b> |
| <b>Local Authorities</b>                   |                       |
| The City Council of Port Louis             | 1,591,850,542         |
| Municipal Council of Beau Bassin/Rose Hill | 829,666,445           |
| Municipal Council of Vacoas/Phoenix        | 825,260,451           |
| Municipal Council of Quatre Bornes         | 625,565,166           |
| Municipal Council of Curepipe              | 874,435,135           |
| <b>Sub Total</b>                           | <b>4,746,777,739</b>  |
| 7 Other Local Authorities                  | 1,642,015,669         |
| <b>Total for Local Authorities</b>         | <b>6,388,793,408</b>  |
| <b>Gross Total</b>                         | <b>33,301,809,039</b> |

### Ministry's Response

A Technical Committee, comprising members of Ministry of Finance, Economic Planning and Development and State Insurance Company of Mauritius Ltd, has been set up at the level of the Ministry, to analyse and to monitor the financial position of the pension funds of Statutory Bodies. The objective of the Committee is to make appropriate recommendations to address the deficit in the pension funds for the long-term sustainability of these defined benefits pension funds.





**APPENDICES**

**&**

**ANNEX**



## Appendix I

### NATIONAL AUDIT OFFICE OVERVIEW OF MANDATE AND AUDIT PROCESS

#### 1.1 Introduction

The National Audit Office (NAO) is an independent public body established by the Constitution of the Republic of Mauritius. The Director of Audit is the head of the NAO and his appointment, independence, security of tenure, as well as his authority are spelt out in the Constitution while his duties and powers are laid down in the Finance and Audit Act.

In the international forum, NAO is referred to as the Supreme Audit Institution (SAI) of Mauritius. SAIs around the world are affiliated to the International Organisation of Supreme Audit Institutions (INTOSAI), an autonomous, independent and non-political organisation, which operates as an umbrella organisation for the external government audit community.

NAO forms an integral part of the governance system of Mauritius, promoting accountability, transparency and contributing to the improvement in the management of public funds. Public sector entities are accountable to the National Assembly for the use of public resources and powers conferred on them. It is the responsibility of NAO to give independent assurance to the National Assembly and other oversight bodies that the public sector entities are operating and accounting for their performance in accordance with the purpose intended by the National Assembly. NAO, thus, plays a vital role in the accountability cycle.

#### 1.2 NAO in the Accountability Process

The demand for public accountability on the part of the persons or entities managing public resources has become increasingly prominent over the years, such that, there is greater need for the accountability process in place to operate effectively. In Mauritius, the key stakeholders exercising financial control over public resources are:

- National Assembly
- Government Executives (Accounting Officers)
- Accountant-General
- National Audit Office (Director of Audit)
- Public Accounts Committee

The part played by these stakeholders in the accountability process is briefly described below:

##### ***National Assembly***

The only authority for the expenditure of public funds and for the raising of revenues by public bodies is that which is given by Parliament through the National Assembly. The National Assembly approves the Government Annual Estimates and this approval is given statutory force by the passing of an Appropriation Act each year, whereby the amount

allocated for each Government service is set out under a series of “Votes”. Subsequently, the Appropriation Act is assented by the President of the Republic of Mauritius and gazetted.

### ***Accounting Officers***

The Accounting Officers of Ministries and Government Departments are mainly the Senior Chief Executives, Permanent Secretaries and Administrative Heads. They are responsible for the efficient and effective management of funds entrusted to them, the collection of revenues falling under their responsibility and the delivery of services, as well as for the maintenance of an effective accounting and internal control systems. As such, they are accountable to the National Assembly for the management of public resources and for the performance of their departments.

### ***Accountant-General***

The Accountant-General is the administrative head of the Treasury. He maintains the accounts of Government and ensures that accounting systems respond to Government’s needs for the proper processing, recording and accounting of financial transactions and for financial reporting. The Accountant-General prepares Annual Statements showing the financial transactions and financial position of the Republic of Mauritius and these are submitted to the Director of Audit. The statements give consolidated financial information on Ministries and Government Departments.

### ***National Audit Office***

NAO plays an important role in the accountability process, providing a key link between the Legislature and the Executive. NAO gives an independent assurance to the National Assembly that Government entities are operating and accounting for their performance in accordance with the National Assembly’s purpose. Statutory responsibilities and powers have thus been conferred to the Director of Audit to enable him to fulfil his obligations. NAO examines the Annual Statements of the Republic of Mauritius, as well as the underlying records. The audit function and the submission of annual Audit Reports to the National Assembly by NAO is the first step in the process of oversight. After the Audit Reports are tabled, other important mechanisms are in place to ensure proper accountability.

### ***Public Accounts Committee***

The Public Accounts Committee (PAC) represents Parliament and is one of the main stakeholders of the Report of the Director of Audit. It is a sessional Select Committee, appointed under the Standing Orders of the National Assembly, and consists of a Chairperson appointed by the Speaker and not more than nine members nominated by the Committee of Selection.

As per the Standing Orders, the function of the Committee is to examine the audited accounts showing the appropriation of the sums granted by the Assembly to meet the public expenditure and such other accounts laid before the Assembly as the Assembly may refer to the Committee together with the Director of Audit’s report thereon. The Committee has the power, in the exercise of its duties, to send for persons and records, to take evidence, and to report from time to time.

Also, the Rodrigues Regional Assembly (RRA) Standing Orders provide for the setting up of a PAC comprising a Chairperson and not more than four other members to examine the audited accounts showing the appropriation of the sums granted by the Regional Assembly to meet the public expenditure and other accounts laid before the Assembly together with the Report of the Director of Audit thereon.

### **1.3 Mandate of the NAO**

#### **1.3.1 Audit Portfolio**

The Director of Audit has the responsibility to audit the accounts of:

- All Ministries and Government Departments
- All Commissions of the Rodrigues Regional Assembly
- All Local Authorities
- Most Statutory Bodies
- Special Funds
- Other Bodies and Donor-funded Projects
- A few State-owned Companies

#### **1.3.2 Types of Audit**

The NAO carries out two main types of audits, namely **Regularity Audit** and **Performance Audit**, to fulfill its audit mandate and to provide assurance to the National Assembly on the proper accounting and use of public resources.

Regularity Audit involves:

- Examination and evaluation of financial records and expression of opinions on financial statements
- Audit of accounting systems and transactions including an evaluation of compliance with applicable statutes and regulations
- Audit of internal control and internal audit functions
- Reporting of any other matters arising from or relating to the audit that the Supreme Audit Institution considers should be disclosed

**Performance Audit** 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. It seeks to provide new information, analysis or insights, and where appropriate, recommendations for improvement.

### **1.3.3 Legal Framework**

The legal framework within which NAO exercises its public-sector audit function is spelt out, primarily, in the following legislations:

- The Constitution
- Finance and Audit Act
- Statutory Bodies (Accounts and Audit) Act
- Local Government Act
- Public Procurement Act
- Financial Reporting Act

Agreements with several institutions/donor-funded agencies also empower the Director of Audit to audit their accounts.

#### ***Constitution***

**Section 110(2)** provides that the public accounts of Mauritius and of all courts of law and all authorities and officers of the Government shall be audited and reported on by the Director of Audit. In the case of any body corporate directly established by law, the accounts of that body corporate shall be audited and reported on by the Director of Audit provided it is so prescribed.

**Section 110(3)** provides that the Director of Audit shall submit his reports to the Minister responsible for the subject of Finance, who shall cause them to be laid before the National Assembly.

### **1.4 Audit of Ministries and Government Departments - Finance and Audit Act**

The duties of the Director of Audit are spelt out at Section 16 (1) of the Act.

This subsection states that the Director of Audit shall satisfy himself –

- (a) that all reasonable precautions have been and are taken to safeguard the collection of public money;
- (b) that all laws, directions or instructions relating to public money have been and are duly observed;
- (c) that 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;
- (d) that 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; and
- (e) that satisfactory management measures have been and are taken to ensure that resources are procured economically and utilised efficiently and effectively.

**Section 16(1A)** further requires the Director of Audit to carry out **Performance Audit** and to report on the extent to which a Ministry, Department or Division is applying its resources and carrying out its operations economically, efficiently and effectively.

**Section 16(2)** provides that the Director of Audit shall not be required to undertake any examination of accounts partaking of the nature of a **pre-audit** and involving acceptance by him of responsibility which would preclude him from full criticism of any accounting transactions after those transactions have been duly recorded.

**Section 19** provides that the **Accountant-General** shall within six months of the close of every fiscal year, 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**, the Commissioner responsible for the subject of Finance must submit the respective statements within three months of the close of every fiscal year.

**Section 20** provides that the Director of Audit shall send to the Minister (responsible for the subject of Finance) **copies of the statements** submitted in accordance with Section 19 together with a **certificate of audit** and a **report upon his examination and audit** of all accounts relating to public money, stamps, securities, stores and other property –

- (a) of Government;
- (b) of the Regional Assembly relating to the Island of Rodrigues,

and the Minister shall as soon as possible thereafter lay those documents before the National Assembly.

## **1.5 Audit of Special Funds - Regulations under Finance and Audit Act**

The preparation of Financial Statements in respect of Special Funds and the audit thereof are regulated by the regulations (issued under the Finance and Audit Act) or such legislations under which such Special Funds are established.

## **1.6 Audit of Statutory Bodies - Statutory Bodies (Accounts and Audit) Act**

**Section 5** provides that every Board shall, every financial year, with the approval of the Minister to whom the responsibility for the statutory body concerned is assigned, appoint an **auditor to audit the financial statements** of the statutory body. This does not apply where the enactment establishing the statutory body provides that the Director of Audit shall audit its financial statements.

**Section 7** provides that after approval by the Board (of a Statutory body), the chief executive officer shall, not later than four months after the end of every financial year, submit the **annual report** to the auditor.

The Director of Audit shall, within six months of the date of receipt of the annual report, submit the **annual report** and his **audit report** to the Board.

**Section 8** prescribes matters on which the Director of Audit should report.

As per Section 8, the Director of Audit shall report to the Board whether -

- (a) he has obtained all the information and explanations which to the best of his knowledge and belief were necessary for the purpose of the audit;
- (b) in his opinion, to the best of his information and according to the explanations given to him, the financial statements give a true and fair view of the financial performance of the statutory body for the financial year and of its financial position at the end of the financial year;
- (c) this Act and any directions of the Minister, in so far as they relate to the accounts, have been complied with;
- (d) in his opinion, and, as far as could be ascertained from his examination of the financial statements submitted to him, any expenditure incurred is of an extravagant or wasteful nature, judged by normal commercial practice and prudence; and
- (e) in his opinion, the statutory body has been applying its resources and carrying out its operations fairly and economically.

**Section 9** provides that, 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 to whom responsibility for the Statutory Body is assigned, such reports and financial statements. The latter shall, at the earliest available opportunity, lay a copy of the annual report and audited accounts of every statutory body before the National Assembly.

## **1.7 The Public Procurement Act**

Section 42 of the Public Procurement Act provides that the auditor of every public body (in our case the Director of Audit) shall state in his annual report whether the provisions of Part V of the Act on the Bidding Process have been complied with.

## **1.8 Audit of Local Authorities - Local Government Act**

As per **Section 136**, the Chief Executive of every Local Authority, shall, within four months of the end of every financial year submit the approved financial statements to the Director of Audit.

As per **Section 138**, 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 on every Local Authority audited by him.



**Section 138** also prescribes matters on which the Director of Audit should report:

- (1) *The Director of Audit shall make a **report to the Council** on the financial statements which have been audited.*
- (2) *The report shall state –*
  - (a) *the work done by him;*
  - (b) *the scope and limitations of the audit;*
  - (c) *whether he has obtained all information and explanations that he has required;*
  - (d) *any item of account which, in his opinion, is contrary to law;*
  - (e) *any loss or deficiency which, in his opinion, is wholly or partly due to the negligence or misconduct of any person;*
  - (f) *any sum which, in his opinion, ought to have been so brought to account but which, due to willful default or negligence, has not been brought into account;*
  - (g) *any failure to recover any rate, fee or other charge in the manner specified in section 101;*
  - (h) *whether, in his opinion, the financial statements give a true and fair view of the matters to which they relate, and where they do not, the aspects in which they fail to do so, and whether the financial statements have been prepared in accordance with the Accounting Standards approved by the Minister to whom responsibility for the subject of finance is assigned.*
- (3) *A report under subsection (1) shall state whether the instructions of the Minister, if any, in regard to the financial statements have been complied with.*

**Sections 138 and 139:** The Local Authority shall consider the report of the Director of Audit at its next ordinary meeting or as soon as practicable thereafter and shall cause the certified financial statements and the report of the Director of Audit to be published in the Government Gazette within 14 days of their receipt by the Local Authority.

## **1.9 Audit Methodology**

NAO conducts its audits in accordance with International Standards of Supreme Audit Institutions (ISSAIs) except for the audit of State-Owned companies (assigned to the Director of Audit) which are carried out in accordance with International Standards of Auditing. The audit approach of the NAO may be summarised as follows:

- (a) NAO adopts a risk based approach by which audit resources are directed towards those areas of the financial statements that are more likely to contain material misstatements as a consequence of the risks faced by the client. We identify and assess the risks of material misstatement, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. (*ISSAI 1315 Identifying and assessing the Risks of Material Misstatements through Understanding the Entity and Its Environment; ISSAI 1330 The Auditor's Responses to Assessed Risks*)

- (b) We do not test all transactions but use sampling methods to select transactions and balances for testing. It is not cost effective to seek absolute certainty and therefore we look for reasonable assurance. Additionally, examining all data may still not provide absolute certainty because some data may not have been recorded. Audit sampling enables us to obtain and evaluate audit evidence about some characteristics of the items selected in order to form or assist in forming a conclusion concerning the population from which the sample is drawn. *(ISSAI 1530 Audit Sampling)*
- (c) The primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management. Our objective as auditors is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error. Owing to the inherent limitations of an audit (e.g. Client may provide incomplete information or falsify documents and use of sampling by audit), there is an unavoidable risk that some material misstatements of the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the standards. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Consequently, fraud might remain concealed to us even if a thorough audit is conducted. *(ISSAI 1240 The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements)*
- (d) Similarly, the primary responsibility for preventing and detecting corruption rests with the administrative or law enforcement authorities, such as the Police and the Independent Commission Against Corruption.

## 1.10 Current Reporting Practices

### 1.10.1 Audit Report on Ministries/ Government Departments

A Report is issued upon examination and audit of the accounts of **Government** (i.e. Ministries and Government Departments) and the **Rodrigues Regional Assembly** – the Report is submitted to the Minister responsible for the subject of finance in accordance with Section 20 of the Finance and Audit Act.

The NAO also issues reports on performance audits carried out in accordance with Section 16 of the Finance and Audit Act – these reports are submitted to the Minister responsible for the subject of finance.

#### *Summary of Audit Report Process*

- Audit findings discussed with officers responsible for the matters audited
- Draft management letter issued to the Accounting Officer
- Matters raised discussed at an Exit Conference
- Final management letter issued – auditee given opportunity to comment on matters raised

- Findings deemed to be of significance communicated to the Ministry through “Reference sheet”
- Ministry has the opportunity to comment on the truth and fairness of the audit findings
- A summary of comments of management is included in the report, where appropriate
- The Audit Report is submitted to the Minister responsible for the subject of Finance

#### ***1.10.2 Audit Report on Statutory Bodies, Special Funds and Local Authorities.***

An audit report is issued in respect of each **Statutory Body** (SB), **Special Fund** (SF) and **Local Authority** (LA) upon examination and audit of its annual report/financial statements. The audit report is submitted to the Board of the SB or the management committee of the SF, as the case may be, in accordance with Section 7 of the Statutory Bodies (Accounts and Audit) Act or relevant SF Regulations respectively. In the case of a LA, the audit report is submitted to the Council and the Minister responsible for the subject of local government in accordance with Section 138 of the Local Government Act.

The audit reports focus mainly on the financial statements of Statutory Bodies, Special Funds and Local Authorities. The Director of Audit expresses an opinion on whether the financial statements show a true and fair view of the financial position of the entity as at the end of the financial year and of its financial performance and its cash flows for the year then ended in accordance with the relevant accounting framework. The Director of Audit also expresses an opinion on whether the activities, financial transactions and information reflected in the financial statements are, in all material respects, in compliance with the laws and authorities which govern them.

When there are material misstatements in the financial statements, limitation on audit scope or non-compliance with laws, these are disclosed in our audit report and our opinion is then termed as “modified”. We may also state certain matters, such as fraud, abuse or losses, significant internal control deficiencies and ineffective and uneconomical use of public assets in the audit report.

Prior to the issue of the audit report, all audit findings are reported in a management letter (ML) which is addressed to management. The ML includes shortcomings relating to the financial statements as well as findings on the economy, efficiency and effectiveness of operations.

#### ***Summary of Audit Report Process –Statutory Bodies and Local Authorities***

- Audit findings discussed with officers responsible for the matters audited
- Draft management letter issued to the Chief Executive Officer
- Matters raised discussed at an Exit Conference
- Final management letter issued – auditee given opportunity to comment on matters raised and, if necessary, to amend financial statements

- Following response to Management Letters and submission of amended financial statements (if applicable), the Audit Report is issued to the Board
- The Report gives an opinion on whether the financial statements show a true and fair view
- May include matters of importance that need to be brought to the attention of users

For Local Authorities, a copy of the Audit Report should be submitted to the Minister responsible for the subject of Local Government.

In accordance with Section 139 of the Local Government Act, the Chief Executive shall cause the financial statements, as certified, and the Report of the Director of Audit, in respect of those financial statements, to be published in the Gazette within 14 days of their receipt by the Local Authority.

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## Appendix II

### Statutory Bodies audited by the Director of Audit

- 
- |    |                                                        |
|----|--------------------------------------------------------|
| 1  | Aapravasi Ghat Trust Fund                              |
| 2  | Agricultural Marketing Board                           |
| 3  | Arabic-Speaking Union                                  |
| 4  | Beach Authority                                        |
| 5  | Bhojpuri-speaking Union                                |
| 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 | Economic Development Board                             |
| 18 | Employees Welfare Fund                                 |
| 19 | Fashion and Design Institute                           |
| 20 | Financial Reporting Council                            |
| 21 | Fishermen Investment Trust                             |
| 22 | Fishermen Welfare Fund                                 |
| 23 | Food and Agricultural Research and Extension Institute |
| 24 | Gambling Regulatory Authority                          |
| 25 | Higher Education Commission                            |
| 26 | Hindi-speaking Union                                   |
| 27 | Human Resource Development Council                     |
| 28 | Information and Communication Technologies Authority   |
| 29 | Islamic Cultural Centre Trust Fund                     |
| 30 | Land Drainage Authority                                |
| 31 | Law Reform Commission                                  |
| 32 | Le Morne Heritage Trust Fund                           |
| 33 | Mahatma Gandhi Institute                               |
| 34 | Malcom De Chazal Trust Fund                            |
| 35 | Manufacturing Sector Workers Welfare Fund              |
- 

*Continued*

### Statutory Bodies audited by the Director of Audit *(Continued)*

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|    |                                                                                             |
|----|---------------------------------------------------------------------------------------------|
| 36 | Marathi-speaking Union                                                                      |
| 37 | Mauritian Cultural Centre Trust                                                             |
| 38 | Mauritius Broadcasting Corporation                                                          |
| 39 | Mauritius Cane Industry Authority                                                           |
| 40 | Mauritius Council of Registered Librarians                                                  |
| 41 | Mauritius Examinations Syndicate                                                            |
| 42 | Mauritius Ex-Services Trust Fund                                                            |
| 43 | Mauritius Film Development Corporation                                                      |
| 44 | Mauritius Institute of Education                                                            |
| 45 | Mauritius Institute of Health                                                               |
| 46 | Mauritius Institute of Training and Development                                             |
| 47 | Mauritius Marathi Cultural Centre Trust                                                     |
| 48 | Mauritius Meat Authority                                                                    |
| 49 | Mauritius Museums Council                                                                   |
| 50 | Mauritius Oceanography Institute                                                            |
| 51 | Mauritius Qualifications Authority                                                          |
| 52 | Mauritius Renewable Energy Agency                                                           |
| 53 | Mauritius Research and Innovation Council<br><i>(previously Mauritius Research Council)</i> |
| 54 | Mauritius Revenue Authority                                                                 |
| 55 | Mauritius Society for Animal Welfare                                                        |
| 56 | Mauritius Society of Authors                                                                |
| 57 | Mauritius Sports Council                                                                    |
| 58 | Mauritius Standards Bureau                                                                  |
| 59 | Mauritius Tamil Cultural Centre Trust                                                       |
| 60 | Mauritius Telugu Cultural Centre Trust                                                      |
| 61 | Mauritius Tourism Promotion Authority                                                       |
| 62 | Media Trust                                                                                 |
| 63 | National Adoption Council                                                                   |
| 64 | National Art Gallery                                                                        |
| 65 | National Children's Council                                                                 |
| 66 | National Computer Board                                                                     |
| 67 | National Co-operative College                                                               |
| 68 | National Council for the Rehabilitation of Disabled Persons                                 |
| 69 | National Heritage Fund                                                                      |
| 70 | National Library                                                                            |

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*Continued*

### **Statutory Bodies audited by the Director of Audit (Continued)**

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|     |                                                      |
|-----|------------------------------------------------------|
| 71  | National Productivity and Competitiveness Council    |
| 72  | National Solidarity Fund                             |
| 73  | National Transport Corporation                       |
| 74  | National Wage Consultative Council                   |
| 75  | National Women Entrepreneur Council                  |
| 76  | National Women's Council                             |
| 77  | National Youth Council                               |
| 78  | Nelson Mandela Centre for African Culture Trust Fund |
| 79  | Open University of Mauritius                         |
| 80  | Outer Islands Development Corporation                |
| 81  | Private Secondary Education Authority                |
| 82  | Professor Basdeo Bissoondoyal Trust Fund             |
| 83  | Public Officers' Welfare Council                     |
| 84  | Quality Assurance Authority                          |
| 85  | Rabindranath Tagore Institute                        |
| 86  | Rajiv Gandhi Science Centre Trust Fund               |
| 87  | Ramayana Centre                                      |
| 88  | Road Development Authority                           |
| 89  | Sanskrit-Speaking Union                              |
| 90  | Seafarers' Welfare Fund                              |
| 91  | Senior Citizens Council                              |
| 92  | Sir Seewoosagur Ramgoolam Botanic Garden Trust       |
| 93  | Sir Seewoosagur Ramgoolam Foundation                 |
| 94  | Small and Medium Enterprises Development Authority   |
| 95  | Small Farmers Welfare Fund                           |
| 96  | St Antoine Planters Cooperative Trust                |
| 97  | State Trading Corporation                            |
| 98  | Sugar Industry Labour Welfare Fund                   |
| 99  | Sugar Insurance Fund Board                           |
| 100 | Tamil-speaking Union                                 |
| 101 | Telugu-speaking Union                                |
| 102 | Tourism Authority                                    |
| 103 | Tourism Employees Welfare Fund                       |
| 104 | Town and Country Planning Board                      |
| 105 | Trade Union Trust Fund                               |

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*Continued*

## Statutory Bodies audited by the Director of Audit *(Continued)*

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|     |                                                   |
|-----|---------------------------------------------------|
| 106 | Training and Employment of Disabled Persons Board |
| 107 | Trust Fund for Specialised Medical Care           |
| 108 | Université des Mascareignes                       |
| 109 | University of Mauritius                           |
| 110 | University of Technology Mauritius                |
| 111 | Urdu-speaking Union                               |
| 112 | Utility Regulatory Authority                      |
| 113 | Vallée D'Osterlog Endemic Garden Foundation       |
| 114 | Wastewater Management Authority                   |

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\* Sugar Cane Planters Trust - *Ceased operation as from 25/07/2010*  
*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.*

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## Appendix IIA

### Statutory Bodies - Financial Statements not yet Submitted to NAO for Audit

| Sn | Statutory Body                                              | No of Financial Statements | Financial Year/Period                  |
|----|-------------------------------------------------------------|----------------------------|----------------------------------------|
| 1  | Arabic-speaking Union                                       | 1                          | 2020-21                                |
| 2  | Chagossian Welfare Fund                                     | 1                          | 2020-21                                |
| 3  | Creole-speaking Union                                       | 2                          | 2019-20 & 2020-21                      |
| 4  | Early Childhood Care and Education Authority                | 3                          | 2018-19 to 2020-21                     |
| 5  | Fishermen Investment Trust                                  | 7                          | 2014 to 2020-21                        |
| 6  | Gambling Regulatory Authority                               | 2                          | 2019-20 & 2020-21                      |
| 7  | Malcom de Chazal Trust Fund                                 | 1                          | 2020-21                                |
| 8  | Marathi-speaking Union                                      | 1                          | 2020-21                                |
| 9  | Mauritian Cultural Centre Trust                             | 16                         | 2004-05 to 2020-21                     |
| 10 | Mauritius Film Development Corporation                      | 3                          | 2018-19 to 2020-21                     |
| 11 | Mauritius Meat Authority                                    | 1                          | 2020-21                                |
| 12 | Mauritius Museums Council                                   | 5                          | 01.01.2016-30.06.2017<br>to<br>2020-21 |
| 13 | Mauritius Oceanography Institute                            | 3                          | 2018-19 to 2020-21                     |
| 14 | Mauritius Research and Innovation Council                   | 2                          | 01.09.2019-30.06.2020<br>& 2020-21     |
| 15 | Mauritius Society for Animal Welfare                        | 7                          | 30.10.2013-31.12.2014<br>to<br>2020-21 |
| 16 | Mauritius Society of Authors                                | 5                          | 01.01.2016-30.06.2017<br>to<br>2020-21 |
| 17 | Mauritius Sports Council                                    | 2                          | 2019-20 & 2020-21                      |
| 18 | Mauritius Tamil Cultural Centre Trust                       | 1                          | 2020-21                                |
| 19 | Media Trust                                                 | 2                          | 2019-20 & 2020-21                      |
| 20 | National Art Gallery                                        | 3                          | 2018-19 to 2020-21                     |
| 21 | National Council for the Rehabilitation of Disabled Persons | 1                          | 2020-21                                |
| 22 | National Heritage Fund                                      | 1                          | 2020-21                                |
| 23 | National Transport Corporation                              | 6                          | 2015 to 2020-21                        |

*Continued*

**Statutory Bodies - Financial Statements not yet Submitted to NAO for Audit (Continued)**

| <b>Sn</b>    | <b>Statutory Body</b>                                | <b>No of<br/>Financial<br/>Statements</b> | <b>Financial Year/Period</b>                   |
|--------------|------------------------------------------------------|-------------------------------------------|------------------------------------------------|
| 24           | National Women Entrepreneur Council                  | 1                                         | 2020-21                                        |
| 25           | National Women's Council                             | 2                                         | 2019-20 & 2020-21                              |
| 26           | Nelson Mandela Centre for African Culture Trust Fund | 2                                         | 2019-20 & 2020-21                              |
| 27           | Outer Islands Development Corporation                | 1                                         | 2020-21                                        |
| 28           | Professor Basdeo Bissoondoyal Trust Fund             | 15                                        | 04.04.2005-30.06.2006<br>to<br>2020-21         |
| 29           | Rajiv Gandhi Science Centre Trust Fund               | 3                                         | 2018-19 to 2020-21                             |
| 30           | Sanskrit-speaking Union                              | 1                                         | 2020-21                                        |
| 31           | Seafarers' Welfare Fund                              | 1                                         | 2020-21                                        |
| 32           | Sir Seewoosagur Ramgoolam Botanic Garden Trust       | 3                                         | 2018-19 to 2020-21                             |
| 33           | Sir Seewoosagur Ramgoolam Foundation                 | 4                                         | 2017-18 to 2020-21                             |
| 34           | Small and Medium Enterprises Development Authority   | 2                                         | 01.01.2016-30.06.2017<br>01.07.2017-18.01.2018 |
| 35           | Small Farmers Welfare Fund                           | 3                                         | 2018-19 to 2020-21                             |
| 36           | Sugar Cane Planters Trust                            | 3                                         | 2007-08<br>to<br>01.07.2009-24.07.2010         |
| 37           | Tamil-speaking Union                                 | 1                                         | 2020-21                                        |
| 38           | Telugu-speaking Union                                | 1                                         | 2020-21                                        |
| 39           | Trade Union Trust Fund                               | 1                                         | 2020-21                                        |
| 40           | Training and Employment of Disabled Persons Board    | 3                                         | 2018-19 to 2020-21                             |
| 41           | Université des Mascareignes                          | 2                                         | 2019-20 & 2020-21                              |
| 42           | University of Technology Mauritius                   | 4                                         | 2017-18 to 2020-21                             |
| 43           | Urdu-speaking Union                                  | 2                                         | 2019-20 & 2020-21                              |
| 44           | Vallée D'Osterlog Endemic Garden Foundation          | 1                                         | 2020-21                                        |
| <b>Total</b> |                                                      | <b>132</b>                                |                                                |

Source: NAO records

## Appendix IIB

### Statutory Bodies Audited Financial Statements not yet laid before the National Assembly

| Sn | Statutory Body                                         | No of<br>Financial<br>Statements | Financial Year/<br>Period                   | Date Certified<br>*                    |
|----|--------------------------------------------------------|----------------------------------|---------------------------------------------|----------------------------------------|
| 1  | Aapravasi Ghat Trust Fund                              | 1                                | 2019-20                                     | 22.06.2021                             |
| 2  | Agricultural Marketing Board                           | 1                                | 2019-20                                     | 13.09.2021                             |
| 3  | Beach Authority                                        | 2                                | 2018-19<br>2019-20                          | 31.08.2020<br>30.06.2021               |
| 4  | Bhojpuri-Speaking Union                                | 1                                | 2019-20                                     | 04.03.2021                             |
| 5  | Bus Industry Employees Welfare Fund                    | 1                                | 2019-20                                     | 10.05.2021                             |
| 6  | Central Electricity Board                              | 1                                | 2019-20                                     | 22.09.2021                             |
| 7  | Central Water Authority                                | 1                                | 2018-19                                     | 10.06.2021                             |
| 8  | Chinese-Speaking Union                                 | 1                                | 2019-20                                     | 23.06.2021                             |
| 9  | Conservatoire de Musique François Mitterand Trust Fund | 1                                | 2019-20                                     | 09.07.2021                             |
| 10 | Creole-speaking Union                                  | 2                                | 2017-18<br>2018-19                          | 13.03.2020<br>04.10.2021               |
| 11 | Information and Communication Technologies Authority   | 1                                | 2019-20                                     | 28.06.2021                             |
| 12 | Islamic Cultural Centre Trust Fund                     | 4                                | 01.01.2016-30.06.2017<br>to<br>2019-20      | 31.05.2018<br>to<br>13.08.2021         |
| 13 | Land Drainage Authority                                | 1                                | 2018-19                                     | 09.06.2021                             |
| 14 | Malcom de Chazal Trust Fund                            | 14                               | 2003-04 to 2017-18                          | 04.07.2013<br>to<br>31.05.2021         |
| 15 | Mauritius Broadcasting Corporation                     | 1                                | 2017-18                                     | 22.06.2021                             |
| 16 | Mauritius Cane Industry Authority                      | 1                                | 2019-20                                     | 12.08.2021                             |
| 17 | Mauritius Council of Registered Librarians             | 3                                | 01.01.2016-30.06.2017<br>2017-18<br>2019-20 | 06.09.2018<br>27.02.2019<br>07.06.2021 |

*Continued*

**Statutory Bodies**  
**Audited Financial Statements not yet laid before the National Assembly (Continued)**

| Sn | Statutory Body                                 | No of Financial Statements | Financial Year/ Period              | Date Certified *               |
|----|------------------------------------------------|----------------------------|-------------------------------------|--------------------------------|
| 18 | Mauritius Examinations Syndicate               | 1                          | 2019-20                             | 22.07.2021                     |
| 19 | Mauritius Marathi Cultural Centre Trust        | 1                          | 2019-20                             | 10.05.2021                     |
| 20 | Mauritius Meat Authority                       | 1                          | 2019-20                             | 11.08.2021                     |
| 21 | Mauritius Tamil Cultural Centre Trust          | 3                          | 2011 to 2013                        | 18.08.2021                     |
| 22 | Mauritius Telugu Cultural Centre Trust         | 1                          | 2019-20                             | 17.06.2021                     |
| 23 | Media Trust                                    | 1                          | 2017-18                             | 23.09.2021                     |
| 24 | National Art Gallery                           | 4                          | 2014 to 2017-18                     | 31.05.2018<br>to<br>14.05.2020 |
| 25 | National Computer Board                        | 1                          | 2017-18                             | 04.06.2021                     |
| 26 | National Co-operative College                  | 1                          | 2018-19                             | 12.11.2020                     |
| 27 | National Heritage Fund                         | 8                          | 2007-08 to 2015                     | 19.11.2012<br>to<br>29.10.2021 |
| 28 | National Transport Corporation                 | 1                          | 2013                                | 18.11.2015                     |
| 29 | Private Secondary Education Authority          | 1                          | 2019-20                             | 13.08.2021                     |
| 30 | Sir Seewoosagur Ramgoolam Botanic Garden Trust | 15                         | 05.06.1999-30.06.2000<br>to<br>2014 | 28.02.2014<br>to<br>01.10.2019 |
| 31 | Sir Seewoosagur Ramgoolam Foundation           | 7                          | 2006-07 to 2013                     | 20.10.2015                     |
| 32 | Small Farmers Welfare Fund                     | 1                          | 01.01.2016-30.06.2017               | 27.07.2021                     |
| 33 | State Trading Corporation                      | 1                          | 2019-20                             | 19.10.2021                     |
| 34 | Telugu-speaking Union                          | 3                          | 2017-18 to 2019-20                  | 04.08.2021                     |

*Continued*

**Statutory Bodies**  
**Audited Financial Statements not yet laid before the National Assembly (Continued)**

| Sn           | Statutory Body                                    | No of Financial Statements | Financial Year/ Period              | Date Certified *               |
|--------------|---------------------------------------------------|----------------------------|-------------------------------------|--------------------------------|
| 35           | Training and Employment of Disabled Persons Board | 4                          | 2013<br>to<br>01.01.2016-30.06.2017 | 11.04.2016<br>to<br>23.05.2019 |
| 36           | University of Technology Mauritius                | 1                          | 01.01.2016-30.06.2017               | 25.08.2021                     |
| 37           | Urdu-speaking Union                               | 2                          | 2017-18 & 2018-19                   | 13.08.2021                     |
| <b>TOTAL</b> |                                                   | <b>95</b>                  |                                     |                                |

*Source: National Assembly records*

*\* Where a period is indicated, it implies that the Financial Statements were certified on different dates within that period.*

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## Appendix III

### Local Authorities audited by the Director of Audit

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- 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 16 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





## Appendix IV

### Special Funds audited by the Director of Audit

- 
- |    |                                                                                        |
|----|----------------------------------------------------------------------------------------|
| 1  | Cooperative Development Fund                                                           |
| 2  | COVID-19 Project Development Fund                                                      |
| 3  | COVID-19 Solidarity Fund                                                               |
| 4  | Curatelle Fund                                                                         |
| 5  | Lotto Fund                                                                             |
| 6  | Morris Legacy Fund                                                                     |
| 7  | National Arts Fund                                                                     |
| 8  | National COVID-19 Vaccination Programme Fund                                           |
| 9  | National Environment and Climate Change Fund<br>(Previously National Environment Fund) |
| 10 | National Parks and Conservation Fund                                                   |
| 11 | National Pensions Fund                                                                 |
| 12 | National Resilience Fund                                                               |
| 13 | Non Government Organisation Trust Fund                                                 |
| 14 | President Fund for Creative Writing                                                    |
| 15 | Prime Minister's Relief Fund                                                           |
| 16 | Recovered Assets Fund                                                                  |
| 17 | Rodrigues Subsidy Account                                                              |
| 18 | Treasury Foreign Currency Management Fund                                              |
- 

\* National Solidarity Fund and Sugar Industry Labour Welfare Fund -Not included in the above list since they are listed as Statutory Bodies.



**Appendix IVA****Special Funds - Financial Statements not yet Submitted to NAO for Audit**

| <b>Sn</b> | <b>Special Fund</b>                    | <b>No of<br/>Financial<br/>Statements</b> | <b>Financial Year/Period</b> |
|-----------|----------------------------------------|-------------------------------------------|------------------------------|
| 1         | National Arts Fund                     | 1                                         | 2020-21                      |
| 2         | National Parks and Conservation Fund   | 1                                         | 2020-21                      |
| 3         | National Pensions Fund                 | 3                                         | 2018-19 to 2020-21           |
| 4         | Non Government Organisation Trust Fund | 3                                         | 2018-19 to 2020-21           |
| 5         | President Fund For Creative Writing    | 3                                         | 2018-19 to 2020-21           |
|           | <b>Total</b>                           | <b>11</b>                                 |                              |

*Source: NAO records*



## Appendix IVB

### Special Funds Audited Financial Statements not yet Laid before the National Assembly

| Sn | Special Fund                              | No of<br>Financial<br>Statements | Financial year/<br>Period | Date Certified<br>*            |
|----|-------------------------------------------|----------------------------------|---------------------------|--------------------------------|
| 1  | Curatelle Fund                            | 1                                | 2019-20                   | 05.05.2021                     |
| 2  | National Environment Fund                 | 1                                | 2019-20                   | 30.09.2021                     |
| 3  | National Parks and Conservation Fund      | 8                                | 2012 to 2018-19           | 24.09.2013<br>to<br>08.09.2021 |
| 4  | Non Government Organisation Trust Fund    | 2                                | 2016-17<br>2017-18        | 01.06.2018<br>21.12.2020       |
| 5  | Treasury Foreign Currency Management Fund | 1                                | 2019-20                   | 04.10.2021                     |
|    | <b>TOTAL</b>                              | <b>13</b>                        |                           |                                |

Source: National Assembly records

\* Where a period is indicated, it implies that the Financial Statements were certified on different dates within that period.



## Appendix V

### State Owned Companies, Other Bodies and Project Accounts audited by the Director of Audit

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#### State Owned Companies

- 1 CEB (Green Energy) Co. Ltd
- 2 CEB (Fibernet) Co.Ltd
- 3 CEB (FACILITIES) Co.Ltd
- 4 Financial Services Institute Company Ltd
- 5 National Empowerment Foundation
- 6 SME Mauritius Ltd

#### Other Bodies

- 1 Association of District Councils
- 2 Association of Urban Authorities
- 3 Discharged Persons' Aid Committee
- 4 Financial Intelligence Unit
- 5 Independent Commission Against Corruption
- 6 Independent Police Complaints Commission
- 7 Indian Ocean Rim Association for Regional Cooperation
- 8 Institute for Judicial and Legal Studies
- 9 Integrity Reporting Services Agency
- 10 Lottery Committee
- 11 National Archives Research and Publication Fund
- 12 National Committee on Corporate Governance
- 13 National Human Rights Commission
- 14 National Savings Fund
- 15 National Social Inclusion Foundation
- 16 Parole Board
- 17 Postal Authority
- 18 Residential Care Home Fund
- 19 Roman Catholic Diocese of Port Louis Religious Subsidy Act
- 20 Responsible Gambling and Capacity Building Fund
- 21 Statutory Bodies Family Protection Fund

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*Continued*

**State Owned Companies, Other Bodies and  
Project Accounts audited by the Director of Audit**

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**International Donor Agencies – Project Accounts**

- 1 Biennial Update Report
  - 2 Food Sec Semence Project
  - 3 Global Fuel Economy Initiative
  - 4 Nama Project for Low Carbon Island Development
  - 5 SADC Trade Related Facility
  - 6 Transformation of Belle Mare into Climate – Smart Agriculture Village Project
  - 7 UNFPA Improved Quality of Life of Population
- 

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## Appendix VA

### State Owned Companies and Other Bodies Financial Statements not yet Submitted to NAO for Audit

| Sn           | Other Body                                         | No of<br>Financial<br>Statements | Financial Year/Period                  |
|--------------|----------------------------------------------------|----------------------------------|----------------------------------------|
| 1            | Association of Urban Authorities                   | 1                                | 2020-21                                |
| 2            | CEB (FACILITIES) Co. Ltd                           | 1                                | 2020-21                                |
| 3            | CEB (Green Energy) Co. Ltd                         | 1                                | 2020-21                                |
| 4            | Financial Intelligence Unit                        | 2                                | 2019-20 & 2020-21                      |
| 5            | Financial Services Institute Company Ltd           | 1                                | 2020-21                                |
| 6            | Independent Police Complaints<br>Commission        | 1                                | 2020-21                                |
| 7            | Institute for Judicial and Legal Studies           | 3                                | 2018-19 to 2020-21                     |
| 8            | National Archives Research and<br>Publication Fund | 11                               | 01.07.2009-31.12.2010<br>to<br>2020-21 |
| 9            | National Empowerment Foundation                    | 2                                | 2019-20 & 2020-21                      |
| 10           | National Human Rights Commission                   | 1                                | 2020-21                                |
| 11           | National Savings Fund                              | 3                                | 2018-19 to 2020-21                     |
| 12           | Responsible Gambling and Capacity<br>Building Fund | 3                                | 2018-19 to 2020-21                     |
| 13           | SME Mauritius                                      | 1                                | 2020-21                                |
| 14           | Statutory Bodies Family Protection Fund            | 1                                | 2020-21                                |
| <b>TOTAL</b> |                                                    | <b>32</b>                        |                                        |

Source: NAO Records



**FOLLOW UP OF MATTERS RAISED  
IN  
AUDIT REPORT 2019-20**



## Appendix VI

### Follow Up of Matters Raised in Audit Report 2019-20

(Status has been determined on the basis of findings of NAO and/or replies of the Ministry/Department)

| <b>The Judiciary</b> |                                                                                                                                               |                                                                                                                                                                                                    |                  |
|----------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| <b>Ref</b>           | <b>Issues/Findings in Audit Report 2019-20</b>                                                                                                | <b>Description of Actions Taken or Initiated</b>                                                                                                                                                   | <b>*Status</b>   |
| <b>4.1</b>           | <b>Absence of Proper Accounting Records for Sale by Levy</b>                                                                                  |                                                                                                                                                                                                    |                  |
|                      | No Register was kept at the Finance Section. No detailed listing for deposits and ageing analysis were available.                             | Action is being taken to complete the overdue Revenue Collection and Case Management System (RCCMS) project.                                                                                       | Action Initiated |
| <b>4.2</b>           | <b>Shortcomings in Deposits for Suitors Monies</b>                                                                                            |                                                                                                                                                                                                    |                  |
|                      | No detailed listings and ageing analysis were available.                                                                                      | Action is being taken to complete the overdue Revenue Collection and Case Management System (RCCMS) project.                                                                                       | Action Initiated |
|                      | There were 27 settled cases for which deposits were not yet repaid.                                                                           | Deposits not yet repaid.                                                                                                                                                                           | No Action Taken  |
|                      | Unidentified balances for Deposits for Suitors Monies of Rs 2.2 million at 30 June 2020. Balance increased to Rs 3.2 million at 30 June 2021. | The unidentified balances are gradually being disseminated to the relevant Court upon receipt of the relevant information from the various Courts and the ledgers updated.                         | Action Initiated |
|                      | No decision was taken to transfer the dormant balances of Deposits for Suitors Monies, totalling Rs 53 million, to the Consolidated Fund.     | <ul style="list-style-type: none"> <li>Matter was referred to MOFEPD which in turn has sought the advice of the Attorney General's Office.</li> <li>Decision still not taken by MOFEPD.</li> </ul> | Action Initiated |

\* **Resolved:** The matter has been resolved

**Action Taken at Ministry's/Department's Level:** Resolution of issue is dependent on further actions by other Ministries/Departments

**Action Initiated:** Management has not yet taken all actions at its end

**No Action Taken:** No appropriate action has yet been taken by management

| <b>The Judiciary (Continued)</b> |                                                                                                                                                                                                             |                                                                                                              |                  |
|----------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|------------------|
| <b>Ref</b>                       | <b>Issues/Findings in Audit Report 2019-20</b>                                                                                                                                                              | <b>Description of Actions Taken or Initiated</b>                                                             | <b>*Status</b>   |
| <b>4.3</b>                       | <b>Revenue Collection and Case Management System (RCCMS) not yet implemented after more than three years</b>                                                                                                |                                                                                                              |                  |
|                                  | Delay to implement the RCCMS since June 2018. The Judiciary had also to disburse some Rs 2 million to SIL for the maintenance of its existing Case Management System for the period July 2018 to June 2021. | Action is being taken to complete the overdue Revenue Collection and Case Management System (RCCMS) project. | Action Initiated |
| <b>4.6</b>                       | <b>Arrears of Revenue - Inadequate Records</b>                                                                                                                                                              |                                                                                                              |                  |
|                                  | No Revenue Register was kept.<br><br>The debtors' figures were still being worked out from Court files.                                                                                                     | Action is being taken to complete the overdue Revenue Collection and Case Management System (RCCMS) project. | Action Initiated |
| <b>4.8</b>                       | <b>New E-Judiciary System – Deliverables not yet carried out</b>                                                                                                                                            |                                                                                                              |                  |
|                                  | Phase 2 of the new E-Judiciary project was still under implementation in February 2022, that is overdue by more than three years from scheduled date of completion.                                         | Integration of E-Judiciary with RCCMS are yet to be provided by the supplier.                                | Action Initiated |

\* **Resolved:** *The matter has been resolved*

**Action Taken at Ministry's/Department's Level:** *Resolution of issue is dependent on further actions by other Ministries/Departments*

**Action Initiated:** *Management has not yet taken all actions at its end*

**No Action Taken:** *No appropriate action has yet been taken by management*

| <b>Prime Minister's Office, Ministry of Defence, Home Affairs and External Communications and Ministry for Rodrigues, Outer Islands and Territorial Integrity - Civil Aviation</b> |                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                  |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| <b>Ref</b>                                                                                                                                                                         | <b>Issues/Findings in Audit Report 2019-20</b>                                                                                                                     | <b>Description of Actions Taken or Initiated</b>                                                                                                                                                                                                                                                                                                                                                                                                                            | <b>*Status</b>   |
| <b>5.3.1</b>                                                                                                                                                                       | <b>Debt Recovery-Slow Recovery of Arrears</b>                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                  |
|                                                                                                                                                                                    | No major improvement noted in recovery of arrears.                                                                                                                 | Some Rs 726,000 was recovered during financial year 2020-21 out of Rs 26.9 million outstanding as at 30 June 2020.                                                                                                                                                                                                                                                                                                                                                          | Action Initiated |
|                                                                                                                                                                                    | Arrears of revenue for debts over five years old were not referred to the Solicitor General for legal recovery.                                                    | Following Attorney General's advice, the DCA would, except for companies in receivership, proceed with write off of some Rs 4.4 million.                                                                                                                                                                                                                                                                                                                                    | Action Initiated |
|                                                                                                                                                                                    | Some Rs 3.8 million of the total arrears was due by one foreign airline company which was placed under "Reconstruction" for the period July 2008 to December 2011. | The airline company was removed from "Reconstruction" on 30 June 2021 and it has confirmed that payment would be effected once the appropriate legislation would be promulgated.                                                                                                                                                                                                                                                                                            | Action Initiated |
|                                                                                                                                                                                    | Amount of Rs 17.4 million owed by the local airline company which had been placed under Voluntary Administration.                                                  | <p>The amount owed by the company increased to some Rs 52.2 million as at 30 June 2021.</p> <p>Out of Rs 17.4 million due as at 30 June 2020, an amount of some Rs 8.9 million was recovered in October 2021.</p> <p>The remaining balance is irrecoverable as decided at the Watershed meeting held by the airline company. DCA would initiate action for write off.</p> <p>Some Rs 34.8 million relating to the financial year 2020-21 was recovered in October 2021.</p> | Action Initiated |

\* **Resolved:** *The matter has been resolved*  
**Action Taken at Ministry's/Department's Level:** *Resolution of issue is dependent on further actions by other Ministries/Departments*  
**Action Initiated:** *Management has not yet taken all actions at its end*  
**No Action Taken:** *No appropriate action has yet been taken by management*

| <b>Prime Minister's Office, Ministry of Defence, Home Affairs and External Communications and Ministry for Rodrigues, Outer Islands and Territorial Integrity - Government Printing</b> |                                                                                                                                                                   |                                                                                                                                                                                                                |                                    |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|
| <b>Ref</b>                                                                                                                                                                              | <b>Issues/Findings in Audit Report 2019-20</b>                                                                                                                    | <b>Description of Actions Taken or Initiated</b>                                                                                                                                                               | <b>*Status</b>                     |
| <b>5.4.1</b>                                                                                                                                                                            | <b>Lapses in Asset Management -Acquisition of Air Conditioning System</b>                                                                                         |                                                                                                                                                                                                                |                                    |
|                                                                                                                                                                                         | Rs 575,000 overpaid to contractor                                                                                                                                 | The overpayment was recouped against Liquidated Damages applied. However, the contractor has served a <i>mise en demeure</i> .<br><br>Case is still pending before Court.                                      | Action Taken at Department's Level |
|                                                                                                                                                                                         | <b>Lapses in Asset Management -Digital Hot Foil Stamping Machine not Operating as Required since Purchase</b>                                                     |                                                                                                                                                                                                                |                                    |
|                                                                                                                                                                                         | The digital hot foil machine procured in 2016, did not operate as planned since its purchase. The amount of Rs 488,000 may be considered as nugatory expenditure. | The Government Printing intends to dispose of the equipment after moving to the new building. The Procurement Section is in the process of compiling all unused and unserviceable items for a Board of Survey. | Action Initiated                   |
|                                                                                                                                                                                         | <b>Lapses in Asset Management -Equipment in the Digital Press Unit Operating Without Uninterruptible Power Supply (UPS)</b>                                       |                                                                                                                                                                                                                |                                    |
|                                                                                                                                                                                         | Valuable digital equipment was at risk since the UPS stopped functioning in 2016.                                                                                 | A new UPS was purchased and commissioned on 4 May 2021.                                                                                                                                                        | Resolved                           |
|                                                                                                                                                                                         | <b>Lapses in Asset Management -Heavy Duty Industrial Colour Digital Press- Excessive Expenditure Incurred</b>                                                     |                                                                                                                                                                                                                |                                    |
|                                                                                                                                                                                         | Despite high cost of repairs, optimum use of the digital press could not be made.                                                                                 | Government Printing informed that for optimum use of the machine and decreasing repair cost, the machine is calibrated after each delivery of new stock of paper, and spare parts are monitored.               | Resolved                           |

\* **Resolved:** *The matter has been resolved*

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**Action Initiated:** *Management has not yet taken all actions at its end*

**No Action Taken:** *No appropriate action has yet been taken by management*



| <b>Prime Minister's Office, Ministry of Defence, Home Affairs and External Communications and Ministry for Rodrigues, Outer Islands and Territorial Integrity - Police Service</b> |                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                            |                                    |
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| <b>Ref</b>                                                                                                                                                                         | <b>Issues/Findings in Audit Report 2019-20</b>                                                                                                                                                                                                                                  | <b>Description of Actions Taken or Initiated</b>                                                                                                                                                                                                                                                                           | <b>*Status</b>                     |
| <b>7.1.1</b>                                                                                                                                                                       | <b>Safe City Project -Lapses in Contract Management</b>                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                            |                                    |
|                                                                                                                                                                                    | The lease agreements were not made available for audit.                                                                                                                                                                                                                         | The lease agreements were made available.                                                                                                                                                                                                                                                                                  | Resolved                           |
| <b>7.1.2</b>                                                                                                                                                                       | <b>Lapses in the maintenance of aircrafts and inadequate resources for proper provision of service</b>                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                            |                                    |
|                                                                                                                                                                                    | Only two of the four aircrafts were operational.<br><br>Approval of request made since November 2019 to purchase a new aircraft had still not been obtained at time of audit.                                                                                                   | The delivery of a new aircraft is scheduled for March 2022. In September 2021, a replacement passenger variant aircraft was leased to the Police Service.                                                                                                                                                                  | Action Initiated                   |
| <b>7.1.3</b>                                                                                                                                                                       | <b>Asset Management-Value recorded in Government Asset Register (GAR) did not tally with expenditure</b>                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                            |                                    |
|                                                                                                                                                                                    | Assets exceeding some Rs 660 million were not recorded in GAR.                                                                                                                                                                                                                  | GAR tallied with actual expenditure for financial year 2019-20.<br><br>Note: Assets acquired for Rs 12.8 million in 2020-21 were wrongly recorded under Maintenance. Recording in GAR should be properly checked and validated to prevent misstatement of the value of Non-Financial Assets in the accounts of Government. | Resolved                           |
|                                                                                                                                                                                    | <b>Asset Management-Objectives of Coastal Surveillance Radar System not attained</b>                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                            |                                    |
|                                                                                                                                                                                    | Three out of the eight radars were not operational.<br><br>Only two of the four scheduled maintenance visits provided for in maintenance contract were effected by representative of the Service Provider. The last preventive maintenance visit was effected in February 2020. | As of November 2021, one radar was still not operational.<br><br>Maintenance contract was extended to March 2022. However, no maintenance visit was effected since expiry of previous contract (March 2020) due to COVID-19 Pandemic. Efforts are being made to conduct a visit by March 2022.                             | Action Taken at Department's Level |

\* **Resolved:** *The matter has been resolved*

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**Action Initiated:** *Management has not yet taken all actions at its end*

**No Action Taken:** *No appropriate action has yet been taken by management*

| <b>Prime Minister's Office, Ministry of Defence, Home Affairs and External Communications and Ministry for Rodrigues, Outer Islands and Territorial Integrity - Police Service (Continued)</b> |                                                                                                                                                                                  |                                                                                                                                                                                                             |                                    |
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| <b>Ref</b>                                                                                                                                                                                     | <b>Issues/Findings in Audit Report 2019-20</b>                                                                                                                                   | <b>Description of Actions Taken or Initiated</b>                                                                                                                                                            | <b>*Status</b>                     |
| <b>7.1.3</b>                                                                                                                                                                                   | <b>Asset Management-Remotely Operated Vehicle (ROV) defective since receipt in June 2014</b>                                                                                     |                                                                                                                                                                                                             |                                    |
|                                                                                                                                                                                                | Some Rs 12.8 million were paid and liquidated damages was retained for late delivery of ROV. An Arbitrator was appointed to settle dispute regarding liquidated damages applied. | As of December 2021, the arbitration was not yet finalised. Hearing was scheduled for 11 February 2022.                                                                                                     | Action Taken at Department's Level |
|                                                                                                                                                                                                | <b>Asset Management- Guardian Ship</b>                                                                                                                                           |                                                                                                                                                                                                             |                                    |
|                                                                                                                                                                                                | The ship was stranded on several occasions due to breakdown and was not operational since March 2020.                                                                            | The ship was under repairs in January 2021. However, minor ingress of sea water was still observed. The ship is operational.                                                                                | Resolved                           |
| <b>7.1.4</b>                                                                                                                                                                                   | <b>Procurement Management- Supply of Ready-made Camouflage Shirts and Trousers delayed due to Inaccurate Cost Estimates and Specifications</b>                                   |                                                                                                                                                                                                             |                                    |
|                                                                                                                                                                                                | Tenders were launched thrice from 4 September 2018 to 7 February 2020. Goods not yet supplied.                                                                                   | The shirts and trousers were delivered on 26 February and 29 March 2021.                                                                                                                                    | Resolved                           |
|                                                                                                                                                                                                | <b>Procurement Management- Procurement of Ready-made Trousers of Present Design</b>                                                                                              |                                                                                                                                                                                                             |                                    |
|                                                                                                                                                                                                | Shortcomings were noted by the PPO in March 2020. An alleged case of manipulated test report and conflict of interest was referred to ICAC.                                      | ICAC has requested for all tender documents. As of December 2021, the outcome of the inquiry was not known at the level of the Police Service.                                                              | Action Taken at Department's Level |
|                                                                                                                                                                                                | <b>Procurement Management- Training Shoes Partly Procured</b>                                                                                                                    |                                                                                                                                                                                                             |                                    |
|                                                                                                                                                                                                | Procurement not finalised after three bidding exercises held from January 2017 to June 2019.                                                                                     | On 16 December 2020, the contract for supply of 14,700 pairs of shoes were awarded for Rs 19.8 million and delivery was effected in November 2021. Liquidated damages were not applied due to the pandemic. | Resolved                           |

\* **Resolved:** The matter has been resolved

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| <b>Prime Minister's Office, Ministry of Defence, Home Affairs and External Communications and Ministry for Rodrigues, Outer Islands and Territorial Integrity - Police Service (Continued)</b> |                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                    |
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| <b>Ref</b>                                                                                                                                                                                     | <b>Issues/Findings in Audit Report 2019-20</b>                                                                                                                                                                                                                                                                  | <b>Description of Actions Taken or Initiated</b>                                                                                                                                                                                                                                                                                                                                                                                             | <b>*Status</b>                     |
| <b>7.1.5</b>                                                                                                                                                                                   | <b>Non-repayment of Advances Motor Car/Motor Cycle</b>                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                    |
|                                                                                                                                                                                                | Irregular repayments were not properly monitored resulting in non-recovery of outstanding balances.                                                                                                                                                                                                             | Non-repayment included Rs 3.8 million in respect of 17 Officers who have already retired from service. Joint action has been initiated with the Treasury for recovery from monthly pensions. Information is being compiled to initiate legal recovery.                                                                                                                                                                                       | Action Taken at Department's Level |
| <b>7.1.6</b>                                                                                                                                                                                   | <b>Procurement Management- Inadequate planning in procurement of uniforms resulting in dormant stock and funds unnecessarily tied up</b>                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                    |
|                                                                                                                                                                                                | Newly designed shirts received since May 2019. Receipt of newly designed trousers was being awaited before issue could be effected to Police Officers.                                                                                                                                                          | Newly designed trousers received in May 2021.<br><br>New uniforms used as from September 2021.                                                                                                                                                                                                                                                                                                                                               | Resolved                           |
| <b>Prime Minister's Office, Ministry of Defence, Home Affairs and External Communications and Ministry for Rodrigues, Outer Islands and Territorial Integrity- Prison Service</b>              |                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                    |
| <b>7.2.1</b>                                                                                                                                                                                   | <b>Ineffective Close Circuit Television Camera System at Eastern High Security Prison</b>                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                    |
|                                                                                                                                                                                                | The cameras and the DVRs were not functioning since August 2018. Most of the images from the operational cameras were not recorded and stored over an acceptable period. Maintenance works were not carried out to the satisfaction of the Prison Service and the termination of the contract was contemplated. | Payments were not effected for the period in which maintenance was not carried out. The maintenance contract has lapsed in January 2021.<br><br>Contract for a new camera system was awarded in July 2021. The site was handed over to the contractor only on 22 November 2021 due to COVID-19 outbreak in Prison and need for Police Clearances for the contractor's technicians. Work is in progress and would be completed by April 2022. | Action Initiated                   |

\* **Resolved:** The matter has been resolved

**Action Taken at Ministry's/Department's Level:** Resolution of issue is dependent on further actions by other Ministries/Departments

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**No Action Taken:** No appropriate action has yet been taken by management

| <i>Prime Minister's Office, Ministry of Defence, Home Affairs and External Communications and Ministry for Rodrigues, Outer Islands and Territorial Integrity- Prison Service (Continued)</i> |                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                       |                  |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| Ref                                                                                                                                                                                           | Issues/Findings in Audit Report 2019-20                                                                                                                                                                                                                                                                                                        | Description of Actions Taken or Initiated                                                                                                                                                                                                                                             | *Status          |
| 7.2.2                                                                                                                                                                                         | <b>Rented CCTV Cameras System not fully Operational – Payments for Civil Auxiliary Works not Supported by Certificate for Satisfactory Performance of Works</b>                                                                                                                                                                                |                                                                                                                                                                                                                                                                                       |                  |
|                                                                                                                                                                                               | The Service Provider of the CCTV system used the existing infrastructure to house the cables. Hence, civil works which were included in the contract amount were not carried out. Some Rs 3.2 million were paid for civil and auxiliary works.                                                                                                 | Payments were effected for works satisfactorily performed as certified by the Superintendent of Prisons (Works).                                                                                                                                                                      | Resolved         |
| 7.2.3                                                                                                                                                                                         | <b>Asset Management - Government Asset Register not Updated</b>                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                       |                  |
|                                                                                                                                                                                               | Assets acquired for some Rs 25 million for financial years 2017-20 were not recorded in the Government Asset Register.                                                                                                                                                                                                                         | No improvement was noted. Assets of Rs 29.5 million acquired from July 2017 to June 2021 have still not been recognised in the accounts of the Government. The Prison Service informed NAO that it has initiated action to update the Register before the end of this financial year. | Action Initiated |
| 7.2.4                                                                                                                                                                                         | <b>Additional Cost borne by the Prison Service due to inability of Detainees to appear before the Bail Remand Court</b>                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                       |                  |
|                                                                                                                                                                                               | During the period July 2019 to October 2020, some 2,000 detainees could not appear before the Bail and Remand Court (BRC) through Video Conferencing due to communication problems. The period of detention of these detainees had to be extended for non-appearance before BRC, thus impacting on the prison's population and detention cost. | The equipment was repaired and detainees could appear before BRC through Video Conferencing.                                                                                                                                                                                          | Resolved         |

\* **Resolved:** *The matter has been resolved*

**Action Taken at Ministry's/Department's Level:** *Resolution of issue is dependent on further actions by other Ministries/Departments*

**Action Initiated:** *Management has not yet taken all actions at its end*

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| <b>Prime Minister's Office, Ministry of Defence, Home Affairs and External Communications and Ministry for Rodrigues, Outer Islands and Territorial Integrity- Prison Service (Continued)</b> |                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                             |                                    |
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| <b>Ref</b>                                                                                                                                                                                    | <b>Issues/Findings in Audit Report 2019-20</b>                                                                                                                                                                             | <b>Description of Actions Taken or Initiated</b>                                                                                                                                                                                                                            | <b>*Status</b>                     |
| <b>7.2.5</b>                                                                                                                                                                                  | <b>Advances to Dismissed / Retired Officers not yet Recouped</b>                                                                                                                                                           |                                                                                                                                                                                                                                                                             |                                    |
|                                                                                                                                                                                               | Advance Account balance of Rs 4.4 million for motorcycle as at 30 June 2020 included some Rs 300,000 representing amount due by six officers who were dismissed or retired during the period 2017 to 2019.                 | Three Officers have settled their dues and partial repayments have been effected for the three other officers. The balance due amounted to some Rs 143,000. Action is being taken to recoup the outstanding balances.                                                       | Action Initiated                   |
| <b>7.2.6</b>                                                                                                                                                                                  | <b>Mismanagement in Accounting and Disposal of Cigarettes</b>                                                                                                                                                              |                                                                                                                                                                                                                                                                             |                                    |
|                                                                                                                                                                                               | Poor control over stock of cigarettes. A stock of 252,398 cigarettes valued at some Rs 1.8 million was unaccounted and untraceable at four prisons. In July 2020, the case was referred to the Police Service for enquiry. | No progress was noted since matter referred to the Police Service in July 2020.<br><br>The Prison Service informed NAO that it could not initiate action at its end pending outcome of Police enquiry. The last reminder sent to the Police Service was on 14 January 2022. | Action Taken at Department's Level |
| <b>7.2.7</b>                                                                                                                                                                                  | <b>Prohibited Articles found within Premises of Prisons</b>                                                                                                                                                                |                                                                                                                                                                                                                                                                             |                                    |
|                                                                                                                                                                                               | Additional security measures have been implemented. The Prison Service was planning to acquire a body scanner to assist in the detection of prohibited articles within the prison premises.                                | A body scanner was installed on 22 December 2021. The Prison Service is awaiting a License to Operate from the Radiation Safety and Nuclear Authority to operate the equipment.                                                                                             | Action Taken at Department's Level |
| <b>7.2.9</b>                                                                                                                                                                                  | <b>No improvement in the Operation of Imprest Accounts</b>                                                                                                                                                                 |                                                                                                                                                                                                                                                                             |                                    |
|                                                                                                                                                                                               | Nine imprests exceeding Rs 5,000 were not operated through bank accounts.                                                                                                                                                  | The Imprest amount was used rapidly and replenished twice or thrice monthly. The earnings and private cash have to be paid immediately to detainees upon release. The advice of the Ministry of Finance, Economic Planning and Development has been sought.                 | Action Taken at Department's Level |

\* **Resolved:** *The matter has been resolved*

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**Action Initiated:** *Management has not yet taken all actions at its end*

**No Action Taken:** *No appropriate action has yet been taken by management*

| <i>Deputy Prime Minister's Office, Ministry of Energy and Public Utilities</i> |                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                   |                  |
|--------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| Ref                                                                            | Issues/Findings in Audit Report 2019-20                                                                                                                                                                                                                                                                | Description of Actions Taken or Initiated                                                                                                                                                                                                                                                                                                         | *Status          |
| 6.1.1                                                                          | <b>Adoption of Liquefied Natural Gas - Non-achievement of desired objectives</b>                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                   |                  |
|                                                                                | Lack of centralised planning and holistic approach with the risk in services being duplicated thereby entailing unnecessary costs. NAO was of the view that an appropriate steering committee should be set up with the main stakeholders to decide on the overall strategy regarding adoption of LNG. | <p>The project was no longer under the purview of the Ministry.</p> <p>A steering Committee has been set up at other level.</p>                                                                                                                                                                                                                   | Action Initiated |
| 6.2.2                                                                          | <b>Loans to WMA - Non-reimbursement due to inadequate planning</b>                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                   |                  |
|                                                                                | Non-reimbursement of loans to Government due to non-generation by the WMA of adequate revenue through waste water management.                                                                                                                                                                          | According to Ministry an exercise has already started at the level of WMA to move it towards long term financial sustainability and a comprehensive report on its financial situation has been worked out. The report, once approved by the WMA Board, would be forwarded to the Ministry. Various other proposals were also under consideration. | Action Initiated |

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**Action Initiated:** *Management has not yet taken all actions at its end*

**No Action Taken:** *No appropriate action has yet been taken by management*

| <i>Deputy Prime Minister's Office, Ministry of Energy and Public Utilities (Continued)</i> |                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                               |                  |
|--------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| Ref                                                                                        | Issues/Findings in Audit Report 2019-20                                                                                                                                                                                       | Description of Actions Taken or Initiated                                                                                                                                                                                                                                                                                                                     | *Status          |
| 6.2.3                                                                                      | <b>Review of legal and financing framework</b>                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                               |                  |
|                                                                                            | Proposed amendments to the WMA Act to review the framework under which WMA was currently operating, and to propose a new agreement compatible with the new financing arrangement of capital projects, were not yet finalised. | According to Ministry the WMA (Amendment) Bill was expected to be ready by May 2021. However, Government has announced the introduction of a Water Bill in Budget 2021/22. The Water Bill would bring together the fragmented legislations in the field of water and wastewater for a consolidated legal framework. The WMA Act would be amended accordingly. | Action Initiated |
| 6.3.1                                                                                      | <b>Loans to CWA - Non-reimbursement of loans</b>                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                               |                  |
|                                                                                            | Non-repayment of outstanding loans/interest by CWA.                                                                                                                                                                           | According to Ministry, an Ad-hoc Committee was set up at the level of CWA to review the latter's business model whereby various proposals were under consideration including possibility of conversion of outstanding loans balances into other Government Instruments.                                                                                       | Action Initiated |
| 6.3.2                                                                                      | <b>Inadequate documentation for monitoring</b>                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                               |                  |
|                                                                                            | Proper documentation was not kept at the level of the Ministry in respect of loans disbursed, dates of disbursement, total amounts of loans disbursed, and repayment of loans and interests were not readily available.       | Documents were made available subsequently by Ministry.                                                                                                                                                                                                                                                                                                       | Resolved         |

\* **Resolved:** *The matter has been resolved*

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| <i>Vice-Prime Minister's Office, Ministry of Education, Tertiary Education, Science and Technology</i> |                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                   |                                  |
|--------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|
| Ref                                                                                                    | Issues/Findings in Audit Report 2019-20                                                                                                                                                                    | Description of Actions Taken or Initiated                                                                                                                                                                                                                                         | *Status                          |
| 11.1                                                                                                   | <b>Early Digital Learning Programme – Compliance and Implementation Issues</b>                                                                                                                             |                                                                                                                                                                                                                                                                                   |                                  |
|                                                                                                        | EDLP equipment were not fully utilised and training were not yet provided to Educators.                                                                                                                    | Necessary training has been provided to the trainers, educators and other school staff during the year 2020 and 2021.                                                                                                                                                             | Resolved                         |
|                                                                                                        | Delay in finalising the Classroom Management Software. As of December 2020, the Agreement for the Non-Disclosure, Data Protection and Security, Service Level and other related matters was not finalised. | The Non-Disclosure Agreement has been vetted by the Attorney General's Office and communicated to EDCIL. The signature is expected to be made shortly.                                                                                                                            | Action Initiated                 |
|                                                                                                        | Testing and commissioning not yet done for completed works and electrification works not yet carried out in some schools for Grade IV classrooms.                                                          | Testing and commissioning has been completed.                                                                                                                                                                                                                                     | Resolved                         |
|                                                                                                        | Security issues – Theft perpetrated at schools causing an increase in number of stolen Tablet PCs.                                                                                                         | The Ministry is working with the Commissioner of Police to strengthen the security in schools. Regular monitoring is carried out to ensure security measures are in place. Sensitisation sessions for Heads of Primary School have been carried out by the Crime Prevention Unit. | Action Taken at Ministry's Level |

\* **Resolved:** *The matter has been resolved*

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**Action Initiated:** *Management has not yet taken all actions at its end*

**No Action Taken:** *No appropriate action has yet been taken by management*



| <b><i>Vice-Prime Minister's Office, Ministry of Education, Tertiary Education, Science and Technology (Continued)</i></b> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                  |
|---------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| <b>Ref</b>                                                                                                                | <b>Issues/Findings in Audit Report 2019-20</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | <b>Description of Actions Taken or Initiated</b>                                                                                                                                                                                                                                                                                                                                                                                                                             | <b>*Status</b>   |
| <b>11.2</b>                                                                                                               | <b>School Requisites - Free Textbook Scheme for Grade 7, 8 and 9 – Inadequate Control Mechanism</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                  |
|                                                                                                                           | Lapses in financial procedures<br><br>As of end of December 2020, a remaining balance of some Rs 2 million was still held with Mauritius Institute of Education (MIE).                                                                                                                                                                                                                                                                                                                                                                                                    | The MIE refunded Rs 2,086,442 on 6 September 2021.                                                                                                                                                                                                                                                                                                                                                                                                                           | Resolved         |
|                                                                                                                           | Inadequate monitoring and control over the receipts of textbooks<br><br>Out of 679,160 textbooks received, details of deliveries of 172,517 were not available and no records were provided for the 272,272 textbooks directly delivered to the Private Secondary Education Authority.                                                                                                                                                                                                                                                                                    | Schools were requested to submit a recapitulation sheets with the number of textbooks received and delivered for those textbooks which could not be traced back through the distribution lists.                                                                                                                                                                                                                                                                              | Action Initiated |
| <b>11.3</b>                                                                                                               | <b>Procurement of watch and security services for schools and institutions-Delay in awarding the contract</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                  |
|                                                                                                                           | Renewal of contract on a month to month basis for more than 48 months.<br><br>On 4 February 2020, the contract was awarded to another bidder after the bids were re-evaluated for the sum of Rs 313.2 million. On 10 February 2020, the award of the contract was again challenged by the first successful bidder. The bidding exercise was subsequently cancelled in accordance with Section 39(1) of the Public Procurement Act.<br><br>On 17 March 2020, the successful bidder issued a notice for leave to apply for an Order of Certiorari before the Supreme Court. | In virtue of the judgement dated 10 September 2020, the Supreme Court has viewed that the application made by the Service Provider against the Ministry disclosed an arguable case and granted leave to the Service Provider to apply for an Order of Certiorari before the said Court with regard to the prayer –“to have the decision of the Ministry to cancel the bidding exercise be quashed, be reversed or be set aside”. The case is still before the Supreme Court. | Action Initiated |

\* **Resolved:** *The matter has been resolved*

**Action Taken at Ministry's/Department's Level:** *Resolution of issue is dependent on further actions by other Ministries/Departments*

**Action Initiated:** *Management has not yet taken all actions at its end*

**No Action Taken:** *No appropriate action has yet been taken by management*

| <b><i>Vice-Prime Minister's Office, Ministry of Education, Tertiary Education, Science and Technology (Continued)</i></b> |                                                                                                                    |                                                                                                                                                                                                                     |                                  |
|---------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|
| <b>Ref</b>                                                                                                                | <b>Issues/Findings in Audit Report 2019-20</b>                                                                     | <b>Description of Actions Taken or Initiated</b>                                                                                                                                                                    | <b>*Status</b>                   |
| <b>11.4</b>                                                                                                               | <b>Capital Projects – Lapses in procurement procedures and contract management/Delays in execution of projects</b> |                                                                                                                                                                                                                     |                                  |
|                                                                                                                           | Delays in execution of projects due to poor performance of contractors.                                            | The MNICD has been requested to submit a performance report on the defaulting contractor.                                                                                                                           | Action Initiated                 |
|                                                                                                                           | Lapses in procurement procedures and delays in taking over of project.                                             | The setting up of the Education clusters with 48 Officers from the MNICD will enhance the implementation of monitoring of capital projects.                                                                         | Action Taken at Ministry's Level |
|                                                                                                                           | Delays in execution of projects due to incomplete scope of works.                                                  | The views of all stakeholders and the end-users are taken on board prior to approval of the preliminary drawings.                                                                                                   |                                  |
|                                                                                                                           | Significant delays in award of contract and inadequate monitoring of project.                                      | The performance of Contractors are monitored by the MNICD and a report should be provided to the Ministry for poor performing Contractors.                                                                          | Action Initiated                 |
| <b>11.6</b>                                                                                                               | <b>Project records for capital projects and the IMU were still not complete.</b>                                   |                                                                                                                                                                                                                     |                                  |
|                                                                                                                           | The E-Public Sector Investment Programme was not fully utilized.                                                   | Both MOFEPD and the MNICD have developed their independent software for the monitoring of projects. The Ministry will make use of these software for the monitoring of capital projects after appropriate training. | Action Initiated                 |
| <b><i>Vice-Prime Minister's Office, Ministry of Local Government and Disaster Risk Management</i></b>                     |                                                                                                                    |                                                                                                                                                                                                                     |                                  |
| <b>8.1.1</b>                                                                                                              | <b>Acquisition of 17 Tipper Lorries at the cost of Rs 42.3 million – Delivery Delayed</b>                          |                                                                                                                                                                                                                     |                                  |
|                                                                                                                           | Delivery of the Tipper Lorries was delayed due to non-conformance with tender specifications.                      | A Notice of Default for Termination of Contract was served on the Supplier on 12 April 2021.                                                                                                                        | Action Initiated                 |
|                                                                                                                           | The Ministry had not taken any decision regarding the potential breach of contract.                                | In the light of legal advice obtained, a Technical Committee would be set up to advise on the safety standards and efficiency requirements of the vehicle.                                                          |                                  |

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**No Action Taken:** *No appropriate action has yet been taken by management*

| <b>Vice-Prime Minister's Office, Ministry of Local Government and Disaster Risk Management – Mauritius Fire and Rescue Service</b> |                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                              |                  |
|------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| <b>Ref</b>                                                                                                                         | <b>Issues/Findings in Audit Report 2019-20</b>                                                                                                                                                                                                                                                                              | <b>Description of Actions Taken or Initiated</b>                                                                                                                                                             | <b>*Status</b>   |
| <b>8.2.1</b>                                                                                                                       | <b>Fire Certificate – Absence of Proper Management Information System for Fire Risk Management</b>                                                                                                                                                                                                                          |                                                                                                                                                                                                              |                  |
|                                                                                                                                    | Absence of Management Information System for Prescribed Premises:<br><br>MFRS did not have a comprehensive computerised database of all prescribed premises in the island. A spreadsheet in Excel format was kept as a register to record applications received for Fire Certificate.                                       | Recording of prescribed premises are being done in the National e-Licensing System (NELS) as from 13 September 2021 for all Fire Certificate applications and issued in connection with prescribed premises. | Action Initiated |
|                                                                                                                                    | Inaccurate Record for Fire Certificate Applications:<br><br>Several inconsistencies were noted in the Register of Application.                                                                                                                                                                                              | The inconsistencies in the former manual recording system will not occur with NELN.                                                                                                                          | Action Initiated |
|                                                                                                                                    | Delays in the Processing of Fire Certificate Applications:<br><br>Fire Certificates were issued after the statutory time period prescribed under the applicable legislations.<br><br>Improvement Notices were issued with significant delays.<br><br>Undue time taken to complete the inspection findings for applications. | There are four Station Officers and two firefighters actually posted at the enforcement unit. After filling of the posts additional Station Officers will be attached to the unit.                           | Action Initiated |
|                                                                                                                                    | Fire Certificates not Renewed:<br><br>Fire Certificates expired since 12 October 2019, were not renewed.                                                                                                                                                                                                                    | Owners were requested to submit fresh application for new Fire Certificate.                                                                                                                                  | Action Initiated |
|                                                                                                                                    | Inadequate Follow Up on Conditions attached to issue of Fire Certificates.<br><br>Action was not taken against licensees who had not submitted a Fire Safety Plan as required under Section 18 of the MFRS Act..                                                                                                            | Necessary action is undertaken to ensure that a Fire Safety Plan is available where required.                                                                                                                | Action Initiated |

\* **Resolved:** *The matter has been resolved*

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| <b>Ministry of Land Transport and Light Rail</b> |                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                  |
|--------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|
| <b>Ref</b>                                       | <b>Issues/Findings in Audit Report 2019-20</b>                                                                                                                                                                                                                             | <b>Description of Actions Taken or Initiated</b>                                                                                                                                                                                                                                                                                                                                                                                        | <b>*Status</b>                   |
| <b>10.2.1</b>                                    | <b>Inadequate measures for reducing road accidents involving Auto/Motor Cycles</b>                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                  |
|                                                  | Inadequate enforcement of Regulations regarding speed violations.<br><br>Inability of speed cameras to capture speed violations. Out of 10,008 images pertaining to speed violations by Auto/Motor cycles, 7,751 were rejected.                                            | At time of audit remedial actions had not yet been taken.<br><br>Ministry subsequently informed that it has requested the Police Service and the National Land Transport Authority to carry out regular joint crackdown operations for strict enforcement of regulations regarding registration plates.                                                                                                                                 | Action Taken at Ministry's level |
|                                                  | Objectives of setting up Motor Cycle Driving Schools were not yet attained.<br><br>No regulations were passed to make it mandatory for a learner driver to follow a course in a Motor Cycle Driving School and to pass a driving theory test.                              | At time of audit, objectives were still not yet attained. Regulations were not yet been passed.<br><br>Ministry subsequently informed that presently it is not mandatory for a learner driver to learn driving techniques in a Driving School for motor cycle. The market is allowed to operate freely. Appropriate measures are being taken to provide the legal framework with a view to reducing the number of fatal road accidents. | Action Initiated                 |
|                                                  | Non-compliance with Regulations regarding roadworthiness tests for Auto cycles.<br><br>Auto cycles were not examined for fitness.                                                                                                                                          | At time of audit, auto cycles were still not examined for fitness.<br><br>Ministry subsequently informed that necessary arrangements are being made for the examination of auto cycles at the Vehicle Examination Stations in the context of the revision of the contract agreement between the latter and NLTA.                                                                                                                        | Action Initiated                 |
| <b>10.2.2</b>                                    | <b>Maintenance of Traffic Signal Equipment – Absence of Competitive Prices</b>                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                  |
|                                                  | Following tender exercises in the financial years 2013-14 to 2020-21 with exception of financial year 2015-16, response was received from only one single bidder. In the absence of competitive bids, fairness and reasonableness of contract price cannot be ascertained. | At time of audit, for financial year 2021-22, three bids were received. Two were rejected and the same previous contractor was awarded the contract.<br><br>Ministry subsequently informed that for 2021-22 bids were launched through Open Advertised Bidding Method. The contract was awarded to the most responsive bidder after all procurement procedures have been followed.                                                      | Action Taken at Ministry's Level |

\* **Resolved:** The matter has been resolved

**Action Taken at Ministry's/Department's Level:** Resolution of issue is dependent on further actions by other Ministries/Departments

**Action Initiated:** Management has not yet taken all actions at its end

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| Ministry of Land Transport and Light Rail- National Land Transport Authority |                                                                                                                  |                                                                                                                                                                                                                                                                          |                                    |
|------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|
| Ref                                                                          | Issues/Findings in Audit Report 2019-20                                                                          | Description of Actions Taken or Initiated                                                                                                                                                                                                                                | *Status                            |
| 10.3.1                                                                       | <b>Lapses in the operation of the Free Travel Scheme</b>                                                         |                                                                                                                                                                                                                                                                          |                                    |
|                                                                              | Delays in reviewing payment methodology proposed by Consultant. Cashless Bus Ticketing System not yet developed. | At time of audit, payment methodology was not yet reviewed.<br><br>Ministry subsequently stated that there is a proposal for enlistment of a Consultant/Transaction Advisor to guide the NLTA on the best approach for the project.                                      | Action Initiated                   |
|                                                                              | Terms and Conditions of agreement with Cooperative Societies and Bus companies not reviewed since 2011.          | At time of audit, terms and conditions were not yet reviewed.<br><br>Ministry subsequently stated that the draft agreement has been relayed to the Attorney General's Office for vetting and Ministry of Finance, Economic Planning and Development for views.           | Action Initiated                   |
|                                                                              | Inadequate control over payment to bus operators of Rodrigues.                                                   | Records were not yet updated at time of audit.<br><br>80 per cent of the records for buses have been processed. The 20 per cent remaining concerns buses which are, on leasing where the intervention of the Registration and Licensing system in Mauritius is required. | Action Taken at Department's Level |
|                                                                              | Non-compliance with Road Traffic Regulations regarding submission of appropriate returns by bus operators.       | Returns were still not submitted at time of audit.<br><br>Ministry subsequently informed that Returns are being submitted to Corporate Business and Registration Department. Proposal has been made for amendment of Section 81A of the Road Traffic Act.                | Action Initiated                   |

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| Ministry of Land Transport and Light Rail- National Land Transport Authority (Continued) |                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                    |
|------------------------------------------------------------------------------------------|--------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|
| Ref                                                                                      | Issues/Findings in Audit Report 2019-20                            | Description of Actions Taken or Initiated                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | *Status                            |
| 10.3.2                                                                                   | <b>Revenue Management- Lapses in the Revenue Collection System</b> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                    |
|                                                                                          | Non-compliance with Financial Instructions regarding cash surveys. | <p>At time of audit, two cash surveys were carried out.</p> <p>Ministry subsequently informed that the number of surprise surveys has been reviewed to at least two per month.</p> <p>A team, headed by the Manager, Financial operations has already been set up to effect surprise surveys at all cash offices of the NLTA.</p>                                                                                                                                                                                                          | Action Taken at Department's Level |
|                                                                                          | Lapses in the internal control system over electronic receipts.    | <p>At time of audit, there were gaps in sequence of receipts and zero payments transactions which could not be explained.</p> <p>The software supplier has already developed the report regarding 'no-payment transactions'. Validation and testing have already been effected by the Finance Section. The report is being generated as from 10 May 2021 and two users have been identified from the Finance section.</p> <p>The Internal Control Unit will be requested to carry out an in-depth survey and submit quarterly reports.</p> | Action Initiated                   |
|                                                                                          | Absence of rotation of Cashiers                                    | Ministry informed that a selection exercise was conducted in December 2021 for filling of vacancies.                                                                                                                                                                                                                                                                                                                                                                                                                                       | Action Initiated                   |
|                                                                                          | Delay in deposit of funds by a company acting as collecting agent  | Deposit is made within reasonable time.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Resolved                           |

\* **Resolved:** The matter has been resolved

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| <b>Ministry of Land Transport and Light Rail- National Land Transport Authority (Continued)</b> |                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                              |                  |
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| <b>Ref</b>                                                                                      | <b>Issues/Findings in Audit Report 2019-20</b>                                                                                                                                                                                                                                           | <b>Description of Actions Taken or Initiated</b>                                                                                                                                                                                                                                                                                                                                             | <b>*Status</b>   |
| <b>10.3.3</b>                                                                                   | <b>Passenger Information System (PIS)-Project Objective not yet attained</b>                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                              |                  |
|                                                                                                 | The project value was Rs 25.1 million. The system did not provide citizens with information about buses arrival time and waiting time at 34 bus shelters where digital boards were installed.                                                                                            | At time of audit, according to a report, the paper cast screens at 34 bus shelters were deactivated.<br><br>Ministry subsequently informed that several meetings have been held at the Ministry with a view to having a PIS island wise and which would be beneficial for the NLTA, bus operators and commuters. An analysis of the systems and financial implications are being undertaken. | Action Initiated |
| <b>10.3.4</b>                                                                                   | <b>Motor Vehicle Licences-Slow operation of on-line Payment System</b>                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                              |                  |
|                                                                                                 | A sum of Rs 5.7 million was spent. Only 967 payments were made on-line compared to 1,000 payments per day as per specifications.<br><br>The collecting agent's system was not connected to the Registration and Licensing System of the NLTA and collections were not reflected therein. | During 2020-21, 1300 on line payments only were made.<br><br>Ministry subsequently informed that meetings have been held with the stakeholders and it has been agreed to share the cost of connecting the collecting agent's system and NLTA systems such that the updated information is readily available at the NLTA.                                                                     | Action Initiated |

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| <b>Ministry of Finance, Economic Planning and Development</b> |                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                             |                  |
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| <b>Ref</b>                                                    | <b>Issues/Findings in Audit Report 2019-20</b>                                                                                                                                                                                                                                                                 | <b>Description of Actions Taken or Initiated</b>                                                                                                                                                                                                                                                                                                                            | <b>*Status</b>   |
| <b>5.5.2</b>                                                  | <b>Electronic Inventory Management System (E-IMS) Project - Delay in implementation due to lack of proper planning</b>                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                             |                  |
|                                                               | As of October 2020, the E-IMS was deployed to only 63 sites, representing a completion rate of only some 35 per cent of the total number of sites to be covered, although more than two years have elapsed since the initiation of the project.                                                                | As of end of October 2021, the system had been rolled out a total of 88 sites in 37 Ministries/Departments, representing some 55 per cent of the implementation program.<br><br>A new plan has been worked out, whereby the project is now expected to be rolled out in all Ministries/Departments, including the Rodrigues Regional Assembly, by the end of December 2022. | Action Initiated |
|                                                               | <i>Implementation at the Ministry of Health and Wellness (MOHW)</i><br><br>There was a lack of proper planning and coordination between MOFEPD and the MOHW. The complexity and specificity of transactions at the various sites of the MOHW had not been taken into account at the very start of the project. | The help desk of the E-IMS project was solicited. Shortcomings were reverted back to the supplier and these were addressed through a series of enhancements.<br><br>The Ministry is monitoring the project so as to avoid further delays.                                                                                                                                   |                  |

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| <b>Ministry of Finance, Economic Planning and Development (Continued)</b> |                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                        |         |         |         |            |      |      |     |
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| <b>Ref</b>                                                                | <b>Issues/Findings in Audit Report 2019-20</b>                                                                                                                                                                                                                                                                                       | <b>Description of Actions Taken or Initiated</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <b>*Status</b>         |         |         |         |            |      |      |     |
| <b>5.5.3</b>                                                              | <b>Annual Report on Performance - Low Level of Compliance on the part of Ministries and Government Departments</b>                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                        |         |         |         |            |      |      |     |
|                                                                           | <u>Annual Report 2018-19</u><br>By 31 October 2019, deadline for submission, only five Reports were received.<br>By 31 October 2020, one year later, a total of 20 Reports were received.<br><u>Annual Report 2019-20</u><br>As at 31 October 2020, eight Reports were received.<br>Two more Reports were received in November 2020. | MOFEPD issued a Circular in October 2021 requesting Accounting Officers of Ministries/Departments to submit their Annual Reports for 2020-21, together with Financial Highlights by the statutory deadline of 31 <sup>st</sup> October 2021.<br>A centralized Dashboard has been set up on the website of MOFEPD that will display a summary of information already included in the Annual Reports.<br>Reminders are sent to all SMSTs of MOFEPD for them to follow up with the line Ministries/Departments under their responsibility to ensure timely submission of the Annual Reports.<br>As of 15 <sup>th</sup> February 2022, compliance rate was as follows:<br><table> <tr> <td>Reports-Financial Year</td><td>2018-19</td><td>2019-20</td><td>2020-21</td></tr> <tr> <td>Percentage</td><td>67 %</td><td>55 %</td><td>70%</td></tr> </table> | Reports-Financial Year | 2018-19 | 2019-20 | 2020-21 | Percentage | 67 % | 55 % | 70% |
| Reports-Financial Year                                                    | 2018-19                                                                                                                                                                                                                                                                                                                              | 2019-20                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 2020-21                |         |         |         |            |      |      |     |
| Percentage                                                                | 67 %                                                                                                                                                                                                                                                                                                                                 | 55 %                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 70%                    |         |         |         |            |      |      |     |
| <b>5.5.4</b>                                                              | <b>MauBank Holdings Ltd (MHL) - Equity Participation in MauBank Holdings Ltd Reaching Rs 5.2 billion as at 30 June 2020</b>                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                        |         |         |         |            |      |      |     |
|                                                                           | <b>Return on Investment</b><br><br>No Return on Investment of Rs 5.2 billion.                                                                                                                                                                                                                                                        | As of 30 June 2021, still no return had been received from the investment.<br>MOFEPD has informed that the Bank of Mauritius has issued guidelines on transitional arrangements for regulatory Capital Treatment of IFRS 9: Provisions for Expected Credit Losses; and that MauBank has adopted the transitional arrangement. As such, it will not be able to distribute dividend.                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | -                      |         |         |         |            |      |      |     |
|                                                                           | <b>Non-Performing Loans</b><br>Recovery of Non-Performing Loans of Rs 5.1 billion may represent a major challenge for MHL as these loans have originally been granted without proper credit base and without adequate conditions and collaterals.                                                                                    | No amounts recovered during the financial year 2020-21.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | -                      |         |         |         |            |      |      |     |

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**Action Taken at Ministry's/Department's Level:** *Resolution of issue is dependent on further actions by other Ministries/Departments*

**Action Initiated:** *Management has not yet taken all actions at its end*

**No Action Taken:** *No appropriate action has yet been taken by management*

| Ministry of Finance, Economic Planning and Development- Mauritius Revenue Authority |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                    |
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| Ref                                                                                 | Issues/Findings in Audit Report 2019-20                                                                                                                                                                                                                                                                                                                                                                                                                                            | Description of Actions Taken or Initiated                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | *Status                            |
| 3.5.1                                                                               | <b>COVID-19 Financial Support Schemes-GWAS</b>                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                    |
|                                                                                     | GWAS: Information in respect of defaulting employers were not received in a timely manner                                                                                                                                                                                                                                                                                                                                                                                          | <p>The Ministry of Labour, Industrial Relations and Employment (MOL) notifies MRA, on a regular basis, when a complaint is lodged against an employer and the latter is placed on a 'blacklist' by MRA. MOL then conducts investigation into the case and may, thereafter, find out that the complaint was not valid and MRA is informed accordingly. Timely action is undertaken by the MRA.</p> <p>MRA informed NAO that removal of an employer from the 'blacklist' is decided by MOL as MRA does not have the expertise in labour laws to determine whether an employee was laid off for a justifiable reason.</p> | Resolved                           |
| 3.5.2                                                                               | <b>COVID-19 Levy</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                    |
|                                                                                     | Employers benefiting from GWAS are liable to a levy known as the COVID-19 Levy, enforceable under Section 24 of the COVID-19 (Miscellaneous Provisions) Act, which states that <i>"every employer who has benefited from an allowance under the Wage Assistance Scheme shall be liable to pay to the Director-General, in respect of the year of assessment commencing on 1 July 2020, 1 July 2021 or 1 July 2022, as the case may be, the levy specified in sub-section (3)."</i> | <p>As at 30 June 2021, a total amount of Rs 1,479,782,870 was recovered as COVID -19 Levy from 6,183 employers who benefitted from GWAS payments amounting to Rs 3,262,675,873 during period March to December 2020.</p> <p>MRA informed NAO that the payment of COVID-19 Levy is spread over two assessment years and the due date for the submission of a number of these returns are beyond 30 June 2021.</p>                                                                                                                                                                                                       | Action Taken at Department's Level |

\* **Resolved:** The matter has been resolved

**Action Taken at Ministry's/Department's Level:** Resolution of issue is dependent on further actions by other Ministries/Departments

**Action Initiated:** Management has not yet taken all actions at its end

**No Action Taken:** No appropriate action has yet been taken by management

| <b>Ministry of Finance, Economic Planning and Development- Mauritius Revenue Authority (Continued)</b> |                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                            |                  |
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| <b>Ref</b>                                                                                             | <b>Issues/Findings in Audit Report 2019-20</b>                                                                                                                                                                                                                     | <b>Description of Actions Taken or Initiated</b>                                                                                                                                                                                           | <b>*Status</b>   |
| <b>5.7.1</b>                                                                                           | <b>Collectible Debts - Credit Balances</b>                                                                                                                                                                                                                         |                                                                                                                                                                                                                                            |                  |
|                                                                                                        | Credit balances totalled some Rs 4.3 billion and represented some 49 per cent of the total Collectible Debts of Rs 8.8 billion. These credit balances have arisen due to unallocated payments and actions taken by the MRA to clear them have not been successful. | MRA has taken necessary actions to investigate and clear credit balances through the setting up, in March 2021, of a dedicated Clearing Unit. Credit balances have been significantly reduced to Rs 1.4 billion as of 30 June 2021.        | Action Initiated |
|                                                                                                        | <b>Debt Recovery- Enforcement Actions</b>                                                                                                                                                                                                                          |                                                                                                                                                                                                                                            |                  |
|                                                                                                        | Debt recovered during the year could not be readily traced to the different enforcement actions undertaken, and hence, their effectiveness could not be assessed.                                                                                                  | MRA informed NAO that its computer system has now been amended and configured for new functionalities in order to record enforcement actions. The new functionalities are currently in the user testing phase by the Debt Management Unit. | Action Initiated |
| <b>5.7.3</b>                                                                                           | <b>Arrears of Social Contribution include those for companies in process of winding up or defunct</b>                                                                                                                                                              |                                                                                                                                                                                                                                            |                  |
|                                                                                                        | Arrears included companies/employers which were defunct or in the process of winding up, where the probability of recovery of debts is remote.                                                                                                                     | In September 2021, additional information was provided to the MSS for the latter to determine which debts are doubtful.                                                                                                                    | Action Initiated |
|                                                                                                        | <b>Social Contributions-Debts amounting to Rs 377 million not migrated</b>                                                                                                                                                                                         |                                                                                                                                                                                                                                            |                  |
|                                                                                                        | Out of Rs 1.5 billion of debts referred to MRA for recovery action, some Rs 1.1 billion were loaded in the MRA computer system.                                                                                                                                    | MRA has sent correspondences to MSS for clarifications for the outstanding debts not yet migrated, the latest in date being September 2021.                                                                                                | Action Initiated |
|                                                                                                        | The balance of some Rs 377 million had not been migrated.                                                                                                                                                                                                          | As of November 2021, no reply was received in respect of action taken at the Ministry's level to address the above-mentioned issues and the outcome.                                                                                       |                  |

\* **Resolved:** The matter has been resolved

**Action Taken at Ministry's/Department's Level:** Resolution of issue is dependent on further actions by other Ministries/Departments

**Action Initiated:** Management has not yet taken all actions at its end

**No Action Taken:** No appropriate action has yet been taken by management

| Ministry of Finance, Economic Planning and Development- Customs Department |                                                                                                                                                                                      |                                                                                                                                            |                                    |
|----------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|
| Ref                                                                        | Issues/Findings in Audit Report 2019-20                                                                                                                                              | Description of Actions Taken or Initiated                                                                                                  | *Status                            |
| 5.8.1 (v)                                                                  | Deficient Recovery Procedures - Cases of Lengthy Enquiry and Processing Time                                                                                                         |                                                                                                                                            |                                    |
|                                                                            | Amount due by an entity totalled Rs 52.54 million- Fiscal Investigation Department took 30 months to submit its report and a further 30 months to submit clarifications.             | DPP advised no further action in September 2021. The debts will be adjusted in the Statement of Arrears of Revenue as at 31 December 2021. | Action Taken at Department's Level |
|                                                                            | Amount due by a company totalled Rs 1.9 million in respect of three Customs Offence Reports raised in year 2009. The case was referred to DPP for advice.                            | DPP advised no further action in June 2021. The debts will be adjusted in the next Statement of Arrears of Revenue as at 31 December 2021. |                                    |
| 5.8.1 (c) (iii)                                                            | Significant Amount of Arrears Written Off/Adjusted/to be Written off                                                                                                                 |                                                                                                                                            |                                    |
|                                                                            | Wrong classification of yatch- Short payment of duties and taxes amounting to some Rs 25 million. Companies dissolved and did not possess any assets.                                | Action for write off initiated.<br><br>MRA informed that due diligence is being done prior to the write off.                               | Action Initiated                   |
| 5.8.2 (b)                                                                  | Customs Offence Reports (COR)-Long Outstanding Cases-Insufficient evidence to raise COR                                                                                              |                                                                                                                                            |                                    |
|                                                                            | Amount due by a company totalled some Rs 99 million. Independent Tax Panel concluded that there was no prima facie evidence of fraud. Procedure for write off was initiated.         | The amount due was written off in financial year 2020-21 and all records have been updated accordingly.                                    | Resolved                           |
| 5.8.3 (b)                                                                  | Port Surveillance and Inspection – Inadequate CCTV Coverage and Under utilisation of Drones                                                                                          |                                                                                                                                            |                                    |
|                                                                            | No Agreement between Cargo Handling Corporation Ltd (CHCL) and MRA. No control on cameras owned by CHCL. Customs has only viewing access of the images of cameras belonging to CHCL. |                                                                                                                                            |                                    |
|                                                                            | MRA Customs has only viewing access of the images of cameras belonging to CHCL                                                                                                       | MRA informed that it has access to 22 PTZ cameras and agreement will be signed at a later stage.                                           | Action Initiated                   |
| 5.8.3 (c)                                                                  | Inadequate Control and Monitoring of CCTV Live Images in Customs CCTV Control Room.                                                                                                  |                                                                                                                                            |                                    |
|                                                                            | Cameras viewed by only one officer at a time. Difficult to have a complete overview.                                                                                                 | MRA informed that the CCTV Control Room is expected to be operational by March 2022 and will be manned by nine officers per shift.         | Action Initiated                   |

\* **Resolved:** *The matter has been resolved*

**Action Taken at Ministry's/Department's Level:** *Resolution of issue is dependent on further actions by other Ministries/Departments*

**Action Initiated:** *Management has not yet taken all actions at its end*

**No Action Taken:** *No appropriate action has yet been taken by management*

| <b>Ministry of Foreign Affairs, Regional Integration and International Trade</b> |                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                             |                  |
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| <b>Ref</b>                                                                       | <b>Issues/Findings in Audit Report 2019-20</b>                                                                                                                                                                                                                                                      | <b>Description of Actions Taken or Initiated</b>                                                                                                                                                                            | <b>*Status</b>   |
| <b>10.4.1</b>                                                                    | <b>Salaries and Allowances - Inadequate Control over Overtime and Lapses in Payment of Allowances</b>                                                                                                                                                                                               |                                                                                                                                                                                                                             |                  |
|                                                                                  | No approval for payment of subsistence allowance at the rate of Rs 7,340 per day.                                                                                                                                                                                                                   | The matter was referred to the Ministry of Public Service, Administrative and Institutional Reforms on 19 January 2021 and reply was still being awaited.                                                                   | Action Initiated |
| <b>10.4.5</b>                                                                    | <b>Construction of Residences and other Projects in New Delhi and ex-Indian Ocean Commission (IOC) Secretariat Building</b>                                                                                                                                                                         |                                                                                                                                                                                                                             |                  |
|                                                                                  | Rs 13 million provided for Construction of Residences in New Delhi were not spent.                                                                                                                                                                                                                  | No expenditure also on the Rs 5 million provided in 2020-21 and funds reallocated to other items.<br><br>The Ministry informed that a pre-bid meeting will be scheduled depending on travel conditions and COVID situation. | Action Initiated |
|                                                                                  | No decision had been taken for the renovation of the ex IOC Secretariat Building located at Quatre Bornes. For financial year 2019-20, rent paid to house the IOC Secretariat amounted to Rs 19.8 million. In November 2020, the Ministry reverted back to its decision of renovating the building. | For financial year 2020-21, Rs 20.7 million were paid as rent, and no final decision was taken to either renovate/demolish the building.                                                                                    | No Action Taken  |

\* **Resolved:** *The matter has been resolved*

**Action Taken at Ministry's/Department's Level:** *Resolution of issue is dependent on further actions by other Ministries/Departments*

**Action Initiated:** *Management has not yet taken all actions at its end*

**No Action Taken:** *No appropriate action has yet been taken by management*

| <b>Ministry of Housing and Land Use Planning</b> |                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                    |                  |
|--------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| <b>Ref</b>                                       | <b>Issues/Findings in Audit Report 2019-20</b>                                                                                                                                                                                                                                                                                                                                   | <b>Description of Actions Taken or Initiated</b>                                                                                                                                                                                                                                                                                                                   | <b>*Status</b>   |
| <b>22.1</b>                                      | <b>Administration of State Lands - Inadequate Controls</b>                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                    |                  |
|                                                  | A comprehensive register of all State Lands was not being maintained by the Ministry.                                                                                                                                                                                                                                                                                            | A comprehensive register of all State Lands was still not yet available.<br><br>The Ministry informed that the delay is due mainly to constant changes in specifications as required by service users and to confinement period of COVID –19 Pandemic.                                                                                                             | Action Initiated |
| <b>22.2</b>                                      | <b>Land Acquisition - No Improvement in the Processing Time</b>                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                    |                  |
|                                                  | The Ministry informed NAO that the module for “Acquisition” on the State Land Register was partially in operation. Preliminary data/information were being recorded and the system was expected to be fully operational by early 2021.                                                                                                                                           | Data migration of all acquisition files was effected but the updated status was not yet available.<br><br>The module for “Acquisition” was still not fully operational. The Acquisition Unit is using the system to record and update data as and when files are being processed.<br><br>The Acquisition Monitoring Committee is meeting regularly for monitoring. | Action Initiated |
| <b>22.3</b>                                      | <b>Arrears of Revenue – Lapses Still Noted in Accounting of Lease Rental and Debt Management</b>                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                    |                  |
|                                                  | Misstatement of the arrears figure.<br><br>The Ministry informed NAO that the exercise to tag LOI cases with a notification in the system was not possible in the first instance since no such provision had been made in the actual system. The new digital service provider was requested to cater for same in the new system so that all LOIs are tagged with a notification. | The Ministry informed that the issues raised will be resolved with the coming into operation of the finance module of the State Land Register.                                                                                                                                                                                                                     | Action Initiated |

\* **Resolved:** *The matter has been resolved*  
**Action Taken at Ministry’s/Department’s Level:** *Resolution of issue is dependent on further actions by other Ministries/Departments*  
**Action Initiated:** *Management has not yet taken all actions at its end*  
**No Action Taken:** *No appropriate action has yet been taken by management*

| <b>Ministry of Housing and Land Use Planning (Continued)</b> |                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                |                  |
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| <b>Ref</b>                                                   | <b>Issues/Findings in Audit Report 2019-20</b>                                                                                                                                                                                                                                             | <b>Description of Actions Taken or Initiated</b>                                                                                                                                                                                                                                                                                                                                               | <b>*Status</b>   |
| <b>22.3</b>                                                  | <b>Arrears of Revenue – Lapses Still Noted in Accounting of Lease Rental and Debt Management (Continued)</b>                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                |                  |
|                                                              | Inefficient measures for recovery of debts.<br><br>Measures and enforcement mechanism put in place at the Ministry still proved to be inadequate and ineffective.                                                                                                                          | No enforcement unit was set up, no framework for debt recovery was implemented and no changes were brought to the revenue system.<br><br>The Ministry informed that requests for additional human resources to deal with debt recovery have not been considered favourably during past budgetary exercises. The request will be reiterated during the forthcoming pre-budgetary consultations. | Action Initiated |
| <b>22.4</b>                                                  | <b>Land Administration, Valuation and Information Management System (LAVIMS) - Revamping Not Yet Implemented and Valuation Roll Not Yet Completed</b>                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                |                  |
|                                                              | <b>Cadastral Component-</b> Revamping was not yet implemented and controls for processing of PIN was not improved.<br><br>For the LAVIMS 2.0 project, documents were still being finalised for launching of the tender.<br><br>Financial clearance for a Project Manager was being sought. | As of November 2021 the bid document was submitted to the Central Procurement Board for vetting.<br><br>Controls over processing of PIN still unchanged, awaiting the upcoming LAVIMS 2.0. Sample checks are carried out on the Digital Cadastral Database.<br><br>Tender for the appointment of a project manager will be launched in parallel with the LAVIMS 2.0 tendering exercise.        | Action Initiated |

\* **Resolved:** *The matter has been resolved*  
**Action Taken at Ministry's/Department's Level:** *Resolution of issue is dependent on further actions by other Ministries/Departments*  
**Action Initiated:** *Management has not yet taken all actions at its end*  
**No Action Taken:** *No appropriate action has yet been taken by management*

| <b>Ministry of Housing and Land Use Planning (Continued)</b> |                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                  |
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| <b>Ref</b>                                                   | <b>Issues/Findings in Audit Report 2019-20</b>                                                                                                                                                                                                                                                                                                                     | <b>Description of Actions Taken or Initiated</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <b>*Status</b>   |
| <b>22.4</b>                                                  | <b>Land Administration, Valuation and Information Management System (LAVIMS) - Revamping Not Yet Implemented and Valuation Roll Not Yet Completed (Continued)</b>                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                  |
|                                                              | <p><b>Valuation Component</b> - Valuation Roll (VR) was not yet completed.</p> <p>The Valuation Module Enhancement was not yet completed.</p> <p>There was delay in the production of the VR for the Municipal Council of Quatre Bornes (MCQB) and The Property Valuation Bill was not yet finalized.</p>                                                          | <p>The Valuation Module Enhancement project was completed and signed off on 26 August 2021 but some functionalities remained to be tested on the Live environment.</p> <p>Data collection in respect of the MCQB have not yet completed. As regards observations related to fiscal survey of MCQB, the exercise is ongoing.</p> <p>The Property Valuation Bill was not yet finalised as of November 2021.</p> <p>The Ministry informed that major part of the delay was attributable to the restrictions due to COVID 19 Pandemic, limited human resource capacity and limited resource capacity.</p> | Action Initiated |
| <b>22.5</b>                                                  | <b>Valuation Lists - Updating Delays Resulting in Loss of Revenue to Government and Municipal Councils</b>                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                  |
|                                                              | <p>In May 2019, approval was obtained for the performance of duties to clear the 17,358 outstanding rating cases for the five City/Municipal Councils. The outstanding cases were to be completed over a period of six months.</p> <p>9,186 cases were still outstanding as of November 2020. Some Rs 7 million were disbursed to clear the outstanding cases.</p> | <p>Out of the 17,358 cases, after more than two years, 3,784 cases were still outstanding.</p> <p>The Ministry informed that major part of delay was attributable to the restrictions due to COVID-19 Pandemic, limited human resource capacity and limited resource capacity.</p>                                                                                                                                                                                                                                                                                                                    | Action Initiated |

\* **Resolved:** *The matter has been resolved*  
**Action Taken at Ministry's/Department's Level:** *Resolution of issue is dependent on further actions by other Ministries/Departments*  
**Action initiated:** *Management has not yet taken all actions at its end*  
**No Action Taken:** *No appropriate action has yet been taken by management*



| <b>Ministry of Housing and Land Use Planning (Continued)</b> |                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                    |                  |
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| <b>Ref</b>                                                   | <b>Issues/Findings in Audit Report 2019-20</b>                                                                                                                                                                                                                                                                                                                                           | <b>Description of Actions Taken or Initiated</b>                                                                                                                                                                                                                                                                                   | <b>*Status</b>   |
| <b>22.6</b>                                                  | <b>State Land Register Software Solution – Not Yet Operational</b>                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                    |                  |
|                                                              | <p>The State Land Register Solution (SLRS) was not operational due to delays in the implementation process. The expected completion date of the project was October 2019.</p> <p>The Ministry informed that once all amendment proposals would be addressed and data migration completed, the system would go live during financial year 2020-21 after a final User Acceptance Test.</p> | <p>The SLRS was not yet fully operational.</p> <p>The Ministry informed that the delay was due mainly to constant changes in specifications which were not foreseen at the time of drafting and to the confinement period owing to COVID 19 Pandemic, the project is expected to be completed this year at no additional cost.</p> | Action Initiated |
| <b>22.7</b>                                                  | <b>State Land Leased to a Statutory Body - Lease Agreement Not Yet Renewed</b>                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                    |                  |
|                                                              | <p>The case would be processed for the renewal of the lease for a period of ten years to be effective as from 1 July 2015 at a rental of Rs 1,631,000 per annum.</p>                                                                                                                                                                                                                     | <p>The lease agreement has not yet been renewed.</p> <p>The Ministry informed that once all issues related to the lease are cleared, a new industrial lease on the value assessed by the Valuation Department and on new terms and conditions will be finalised.</p>                                                               | Action Initiated |

\* **Resolved:** *The matter has been resolved*

**Action Taken at Ministry's/Department's Level:** *Resolution of issue is dependent on further actions by other Ministries/Departments*

**Action initiated:** *Management has not yet taken all actions at its end*

**No Action Taken:** *No appropriate action has yet been taken by management*

| <b>Ministry of Social Integration, Social Security and National Solidarity – Social Integration Division</b> |                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                  |
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| <b>Ref</b>                                                                                                   | <b>Issues/Findings in Audit Report 2019-20</b>                                                                                                                                                                  | <b>Description of Actions Taken or Initiated</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | <b>Status</b>    |
| <b>19.1.3</b>                                                                                                | <b>Social Housing for Vulnerable Groups – No Improvement regarding Control over Disbursement of Capital Grants. Proper monitoring not done and funds disbursed to NEF were not optimally utilised/committed</b> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                  |
|                                                                                                              | Out of the total amount of Rs 375 million already disbursed to NEF for financial years 2016-17 to 2019-20, only some Rs 113 million were spent as at 30 June 2020.                                              | <p>As at 5 August 2021, only some Rs 172 million were spent by NEF, representing an additional sum of Rs 59 million on the Rs 375 million disbursed.</p> <p>The SID informed that:</p> <ul style="list-style-type: none"> <li>• Of the balance of Rs 202.9 million committed funds, NEF will use funds totalling some Rs 76.9 million by the end of financial year 2021-22.</li> <li>• It is now properly monitoring the capital projects and making disbursement of funds to NEF only upon submission of proper documents. For financial year 2020-21, out of Rs 50 million budgeted funds, only some Rs 18 million were paid to NEF.</li> </ul> | Action Initiated |

\* **Resolved:** *The matter has been resolved*

**Action Taken at Ministry's/Department's Level:** *Resolution of issue is dependent on further actions by other Ministries/Departments*

**Action initiated:** *Management has not yet taken all actions at its end*

**No Action Taken:** *No appropriate action has yet been taken by management*

| <b>Ministry of Social Integration, Social Security and National Solidarity – Social Security and National Solidarity Division</b> |                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                  |
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| <b>Ref</b>                                                                                                                        | <b>Issues/Findings in Audit Report 2019-20</b>                                                                                                                                                                                                                                                                       | <b>Description of Actions Taken or Initiated</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | <b>*Status</b>   |
| <b>15.1.1</b>                                                                                                                     | <b>Construction of new Recreation Centre at Riambel Project – Considerable delay in Project Implementation</b>                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                  |
|                                                                                                                                   | The date of completion initially scheduled for 26 August 2017 was extended several times.                                                                                                                                                                                                                            | <p>Construction works completed and handed over in May 2021. However, the Recreation Centre was not operational as of December 2021.</p> <p>The SSD informed that works outside the RC such as construction of access pathway, bus shelters amongst others need to be completed prior to its operation.</p>                                                                                                                                                                                                                                                                                                  | Action Initiated |
| <b>15.1.2</b>                                                                                                                     | <b>Overpayment of Social Aid - Inadequate Control over Recovery of Overpayment of Social Aid</b>                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                  |
|                                                                                                                                   | <p>Control measures over recovery of arrears were not adequate as:</p> <ul style="list-style-type: none"> <li>Overpayment of social aid stood at Rs 5 million as at 30 June 2020.</li> <li>The overpayment module in the Social Aid system was not used for recording of manual refunds at Local Offices.</li> </ul> | <p>During financial year 2020-21:</p> <ul style="list-style-type: none"> <li>Some Rs 1.1 million were refunded in respect of those overpayments prior to July 2020.</li> <li>New cases of overpayments totalled Rs 3 million.</li> </ul> <p>As at 30 June 2021, the balance in respect of overpayment of social aid amounted to some Rs 6.9 million, that is an increase of Rs 1.9 million compared to Rs 5 million as of 30 June 2020.</p> <p>Still no input of manual refunds in the System.</p> <p>The SSD informed that SIL has been requested to provide a new program for recording on the system.</p> | Action Initiated |

\* **Resolved:** *The matter has been resolved*

**Action Taken at Ministry's/Department's Level:** *Resolution of issue is dependent on further actions by other Ministries/Departments*

**Action Initiated:** *Management has not yet taken all actions at its end*

**No Action Taken:** *No appropriate action has yet been taken by management*

| <b>Ministry of Social Integration, Social Security and National Solidarity – Social Security and National Solidarity Division (Continued)</b> |                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                 |
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| <b>Ref</b>                                                                                                                                    | <b>Issues/Findings in Audit Report 2019-20</b>                                                                                                                                                                                                                                                                                               | <b>Description of Actions Taken or Initiated</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <b>*Status</b>                  |
| <b>15.1.3</b>                                                                                                                                 | <b>Social Assistance Benefits - Lapses in Fund Management</b>                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                 |
|                                                                                                                                               | Absence of Memorandum of Understanding (MOU) between the SSD and the Mauritius Post Limited (MPL)                                                                                                                                                                                                                                            | <p>As of November 2020, no agreement has yet been signed on the modalities for the payment of pensions to beneficiaries as well as other terms and conditions with the MPL.</p> <p>The SSD informed that as of January 2022, all new applicants are being sensitised to have their pension credited in bank.</p>                                                                                                                                                                                                                    | No Decision Taken Regarding MOU |
| <b>15.1.4</b>                                                                                                                                 | <b>Advance Accounts- Outstanding Amounts not Cleared</b>                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                 |
|                                                                                                                                               | <p>As of September 2020, advance accounts totalling Rs 2.3 million were outstanding in respect of:</p> <ul style="list-style-type: none"> <li>▪ Car loans to three Advisers – Rs 827,000</li> <li>▪ Losses Social Aid - Rs 660,000</li> <li>▪ Repatriation expenses - Rs 302,000</li> <li>▪ Non-warrant overpayments - Rs 504,000</li> </ul> | <p>As at 30 June 2021, the amounts still outstanding stood at some Rs 2 million.</p> <p>The SSD informed that:</p> <ul style="list-style-type: none"> <li>• One adviser refunded Rs 314,700.</li> <li>• Accused sentenced by Court on 20 October 2021 for losses of social aids.</li> <li>• Cases are being followed up for Repatriation Expenses.</li> <li>• For Non-warrant overpayments, replies are still being awaited from the Commissioner of Police and Director of Public Prosecutions for any new development.</li> </ul> | Action Initiated                |

\* **Resolved:** The matter has been resolved

**Action Taken at Ministry's/Department's Level:** Resolution of issue is dependent on further actions by other Ministries/Departments

**Action Initiated:** Management has not yet taken all actions at its end

**No Action Taken:** No appropriate action has yet been taken by management

| Ministry of Environment, Solid Waste Management and Climate Change -Solid Waste Management Division |                                                                                                                                                                                       |                                                                                                                                                                                 |                  |
|-----------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| Ref                                                                                                 | Issues/Findings in Audit Report 2019-20                                                                                                                                               | Description of Actions Taken or Initiated                                                                                                                                       | *Status          |
| 15.2.1                                                                                              | Solid Waste and Beach Management Division-Operational Issues                                                                                                                          |                                                                                                                                                                                 |                  |
|                                                                                                     | Significant Costs to Government for Solid Waste Disposal and Inefficient Solid Waste disposal process                                                                                 |                                                                                                                                                                                 |                  |
|                                                                                                     | Government spends around Rs 1.7 billion annually for management of solid waste.                                                                                                       | A Strategy and Action Plan was approved by Government on 31 July 2020.                                                                                                          | Action Initiated |
|                                                                                                     | The Ministry does not have an effective plan to transform the process of collections and disposal of solid waste.                                                                     | The feasibility study of a composting plant and a sorting unit was submitted to the Ministry in July 2021.                                                                      |                  |
|                                                                                                     | Critical deficiencies in the IT System for Weighbridges at Transfer Stations and Landfill                                                                                             |                                                                                                                                                                                 |                  |
|                                                                                                     | The Libra system was not functioning at Poudre D’Or Transfer Station since December 2018.                                                                                             | The Libra system is functioning since August 2020.                                                                                                                              | Resolved         |
|                                                                                                     | At Roche Bois Transfer station, the weights of waste carriers appearing on the Weighbridge Indicator were not automatically updated in the Libra system but had to be input manually. | The problem was resolved since 28 October 2020.                                                                                                                                 | Resolved         |
|                                                                                                     | No officer at the Ministry is responsible to monitor the operation of the Libra system.                                                                                               | An officer of the Technical Section monitors maintenance issues.                                                                                                                | Resolved         |
|                                                                                                     | IT Security Audits were carried out in October 2013 and June 2017 and shortcomings were reported.                                                                                     | Action is being taken. Six of the 14 recommendations have been implemented and the remaining eight have been considered in technical specifications of the new tender document. | Action Initiated |

\* **Resolved:** The matter has been resolved

**Action Taken at Ministry's/Department's Level:** Resolution of issue is dependent on further actions by other Ministries/Departments

**Action Initiated:** Management has not yet taken all actions at its end

**No Action Taken:** No appropriate action has yet been taken by management

| <b>Ministry of Environment, Solid Waste Management and Climate Change -Solid Waste Management Division (Continued)</b> |                                                                                                              |                                                                                                                                                                                                                                                                               |                  |
|------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| <b>Ref</b>                                                                                                             | <b>Issues/Findings in Audit Report 2019-20</b>                                                               | <b>Description of Actions Taken or Initiated</b>                                                                                                                                                                                                                              | <b>*Status</b>   |
| <b>15.2.1</b>                                                                                                          | <b>Solid Waste and Beach Management Division-Operational Issues (Continued)</b>                              |                                                                                                                                                                                                                                                                               |                  |
|                                                                                                                        | <b>Critical deficiencies in the IT System for Weighbridges at Transfer Stations and Landfill (Continued)</b> |                                                                                                                                                                                                                                                                               |                  |
|                                                                                                                        | No list of active and inactive users from the system was available.                                          | A list is now available.                                                                                                                                                                                                                                                      | Resolved         |
|                                                                                                                        | No IT incidence register was kept to record any complaints, system errors, failures and interventions.       | An IT incidence Register is kept.                                                                                                                                                                                                                                             | Resolved         |
|                                                                                                                        | <b>Amount overclaimed of Rs 10.9 million by Contractor at Mare Chicose Landfill</b>                          |                                                                                                                                                                                                                                                                               |                  |
|                                                                                                                        | No details of recovery were available.                                                                       | <ul style="list-style-type: none"> <li>Details of recovery were available for the amount overclaimed.</li> <li>Two additional overpayments totalling Rs 29.6 million were identified by the Ministry in October 2021. Of which only Rs14.3 million were recovered.</li> </ul> | Action Initiated |
|                                                                                                                        | The irregularities were not reported to the MOFEPD.                                                          | The matter was reported to MOFEPD on 30 September 2021.                                                                                                                                                                                                                       | Action Initiated |
|                                                                                                                        | No control mechanism has been put in place.                                                                  | <ul style="list-style-type: none"> <li>Additional supervisory staff deployed on site.</li> <li>CCTV camera has not yet been installed.</li> </ul>                                                                                                                             | Action Initiated |
|                                                                                                                        | In April 2019 the case was referred to Police but no outcome known.                                          | Outcome still not known.                                                                                                                                                                                                                                                      | Action Initiated |
|                                                                                                                        | <b>Non availability of Contract Documents for Payments of Rs 574.2 million</b>                               |                                                                                                                                                                                                                                                                               |                  |
|                                                                                                                        | Contract documents were not produced to NAO officers.                                                        | Bid documents forming part of two contracts were still not available involving payments totalling Rs 42.4 million effected in financial year 2020-21.                                                                                                                         | Action Initiated |

\* **Resolved:** The matter has been resolved

**Action Taken at Ministry's/Department's Level:** Resolution of issue is dependent on further actions by other Ministries/Departments

**Action Initiated:** Management has not yet taken all actions at its end

**No Action Taken:** No appropriate action has yet been taken by management

| <b>Ministry of Environment, Solid Waste Management and Climate Change -Solid Waste Management Division (Continued)</b> |                                                                                                                                                                                                                                   |                                                  |                  |
|------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------|------------------|
| <b>Ref</b>                                                                                                             | <b>Issues/Findings in Audit Report 2019-20</b>                                                                                                                                                                                    | <b>Description of Actions Taken or Initiated</b> | <b>*Status</b>   |
| <b>15.2.1</b>                                                                                                          | <b>Solid Waste and Beach Management Division-Operational Issues (Continued)</b>                                                                                                                                                   |                                                  |                  |
|                                                                                                                        | <b><i>Cleaning of Public Beaches- No formal agreement with Beach Authority</i></b>                                                                                                                                                |                                                  |                  |
|                                                                                                                        | There was no Memorandum of Understanding (MOU) between the Ministry and the Beach Authority.                                                                                                                                      | MOU has not yet been finalised.                  | Action Initiated |
|                                                                                                                        | <b><i>Operation of Transfer Stations - Lack of control over payments</i></b>                                                                                                                                                      |                                                  |                  |
|                                                                                                                        | The weights claimed for transportation were not cross-checked by the Technical Section using the weighbridge software.                                                                                                            | Control is now exercised by Technical section.   | Resolved         |
|                                                                                                                        | <b><i>Operation of Mare Chicose Landfill- Lack of control over payments</i></b>                                                                                                                                                   |                                                  |                  |
|                                                                                                                        | The Contractor was paid monthly based on weights for “carting away of leachate” and “waste operation”. However, their quantities were not crosschecked by the Technical Section against any weighing reports in the Libra system. | Action has not yet been initiated.               | No Action Taken  |

\* **Resolved:** *The matter has been resolved*  
**Action Taken at Ministry’s/Department’s Level:** *Resolution of issue is dependent on further actions by other Ministries/Departments*  
**Action Initiated:** *Management has not yet taken all actions at its end*  
**No Action Taken:** *No appropriate action has yet been taken by management*

| <b>Ministry of Environment, Solid Waste Management and Climate Change -Environment and Climate Change Division</b> |                                                                                                                                                                                                         |                                                                                                                                                                          |                                  |
|--------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|
| <b>Ref</b>                                                                                                         | <b>Issues/Findings in Audit Report 2019-20</b>                                                                                                                                                          | <b>Description of Actions Taken or Initiated</b>                                                                                                                         | <b>*Status</b>                   |
| <b>15.2.2</b>                                                                                                      | <b>Living Environment Unit - Resources not Utilised Optimally</b>                                                                                                                                       |                                                                                                                                                                          |                                  |
|                                                                                                                    | <ul style="list-style-type: none"> <li>▪ Absence of proper control mechanism</li> <li>▪ High overheads</li> <li>▪ Manpower for maintenance and embellishment of Motorway not used optimally.</li> </ul> | Action is being initiated for the setting up of control mechanism such as job costing, work plans preparation.                                                           | Action Initiated                 |
| <b>15.2.3</b>                                                                                                      | <b>The National Environment Laboratory – Significant assets exposed to risk due to tardy repairs of roof leakage</b>                                                                                    |                                                                                                                                                                          |                                  |
|                                                                                                                    | Long outstanding repairs of roof leakage                                                                                                                                                                | The contract for waterproofing works was awarded in June 2021 but no works have yet been done.                                                                           | Action Initiated                 |
| <b>Ministry of Agro-Industry and Food Security</b>                                                                 |                                                                                                                                                                                                         |                                                                                                                                                                          |                                  |
| <b>16.1.1</b>                                                                                                      | <b>Heifer Farm</b>                                                                                                                                                                                      |                                                                                                                                                                          |                                  |
|                                                                                                                    | <b>Essential amenities omitted in the construction contract</b>                                                                                                                                         |                                                                                                                                                                          |                                  |
|                                                                                                                    | Essential amenities such as drains, septic tank and absorption pit were omitted in the contract.                                                                                                        | The amenities constructed as variation works at a cost of Rs 4.3 million, were not appropriate for the farm.<br><br>Project is being implemented phase wise.             | Action Initiated                 |
|                                                                                                                    | <b>Feasibility study not carried out</b>                                                                                                                                                                |                                                                                                                                                                          |                                  |
|                                                                                                                    | It was only after the construction that it came to light that the project would not be feasible.                                                                                                        | Ministry decided to convert the Heifer Farm into a Cattle Reproduction Farm after analysis of change in breeders' expectations and reluctance to move to a new location. | Action Taken at Ministry's Level |

\* **Resolved:** *The matter has been resolved*

**Action Taken at Ministry's/Department's Level:** *Resolution of issue is dependent on further actions by other Ministries/Departments*

**Action initiated:** *Management has not yet taken all actions at its end*

**No Action Taken:** *No appropriate action has yet been taken by management*



| <b>Ministry of Agro-Industry and Food Security (Continued)</b> |                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                            |                  |
|----------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| <b>Ref</b>                                                     | <b>Issues/Findings in Audit Report 2019-20</b>                                                                                                                                                                        | <b>Description of Actions Taken or Initiated</b>                                                                                                                                                                                                                                                           | <b>*Status</b>   |
| <b>16.1.2</b>                                                  | <b>Cattle Reproduction Farm</b>                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                            |                  |
|                                                                | <b><i>Additional amenities not provided for</i></b>                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                            |                  |
|                                                                | Waste disposal system, cooling tank, maternity pen and mating pen, required to meet the objectives of the Cattle Reproduction Farm, had not been provided for.                                                        | Materials for revamping a building have been acquired for the construction of a maternity pen.                                                                                                                                                                                                             | Action Initiated |
|                                                                | The Farm was not adequate to house 43 animals and the conditions in which they were kept were not appropriate.                                                                                                        | As of October 2021, the situation had worsened with 63 animals at the farm. Included were eight weaned calves which were occupying the limited space.<br><br>The Ministry informed that once the ex-livestock zone building is operational the animals will be transferred to that location.               | Action Initiated |
|                                                                | Milking of cows could not be done in the absence of a cooling tank.                                                                                                                                                   | The Ministry informed that funds to the tune of Rs 500,000 is available in this year's budget for the purchase of Milking cooling tank. Necessary procurement procedures are being initiated accordingly.                                                                                                  | Action Initiated |
|                                                                | Since the operation of the Farm in December 2019, six calves were born and four calves got "Septic arthritis". The Heifer farm was not meant to be a Cattle Reproduction Farm in the absence of additional amenities. | As of October 2021, all drains were blocked, causing stagnation of animal waste.<br><br>The Ministry informed that due to lack of stockman it was difficult to maintain optimum animal husbandry conditions. The Human Resources Division has already launched procedures for the recruitment of stockman. | Action Initiated |
|                                                                | The Engineering Division was still working on the specifications of the drainage system.                                                                                                                              | Contract for the construction of vehicle dip, drains and track road has been awarded on 21 December 2021.                                                                                                                                                                                                  | Action Initiated |

\* **Resolved:** The matter has been resolved  
**Action Taken at Ministry's/Department's Level:** Resolution of issue is dependent on further actions by other Ministries/Departments  
**Action Initiated:** Management has not yet taken all actions at its end  
**No Action Taken:** No appropriate action has yet been taken by management

| <b>Ministry of Agro-Industry and Food Security (Continued)</b> |                                                                                                                                                                                                      |                                                                                                                                                                                                                       |                                  |
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| <b>Ref</b>                                                     | <b>Issues/Findings in Audit Report 2019-20</b>                                                                                                                                                       | <b>Description of Actions Taken or Initiated</b>                                                                                                                                                                      | <b>*Status</b>                   |
| <b>16.1.2</b>                                                  | <b>Cattle Reproduction Farm (Continued)</b>                                                                                                                                                          |                                                                                                                                                                                                                       |                                  |
|                                                                | <b>Merging of the infrastructures of Cattle Reproduction Farm and Livestock Zone</b>                                                                                                                 |                                                                                                                                                                                                                       |                                  |
|                                                                | The Ministry decided to merge the infrastructure of the Cattle Reproduction Farm with that of the Livestock Zone which was still under construction.                                                 | As of November 2021, the merging process was not completed and the buildings were still not put to use.                                                                                                               | Action Initiated                 |
| <b>16.2</b>                                                    | <b>Turkey Quarantine Unit</b>                                                                                                                                                                        |                                                                                                                                                                                                                       |                                  |
| <b>16.2.1</b>                                                  | <b>Construction of the Unit was not properly planned</b>                                                                                                                                             |                                                                                                                                                                                                                       |                                  |
|                                                                | No application had been made by the Ministry to RDA regarding the construction of the Turkey Quarantine Unit.                                                                                        | The RDA exceptionally granted a setback of 15 metres from the motorway.                                                                                                                                               | Resolved                         |
| <b>16.2.2</b>                                                  | <b>Water supply not accessible to the Quarantine Unit</b>                                                                                                                                            |                                                                                                                                                                                                                       |                                  |
|                                                                | CWA informed that water supply would not be accessible to the site.                                                                                                                                  | Two water tanks of 9 m <sup>3</sup> each have been installed on site.                                                                                                                                                 | Resolved                         |
| <b>16.2.3</b>                                                  | <b>Turkey Quarantine Unit remaining idle</b>                                                                                                                                                         |                                                                                                                                                                                                                       |                                  |
|                                                                | The Ministry contemplated to convert the Turkey Quarantine into a Pet Quarantine. However, the Livestock and Veterinary Division (LVD) informed that the building was not suitable for that purpose. | In June 2021, the building was handed over to the MSAW for the relocation of dogs from the Port Louis MSAW Unit.<br><br>The MSAW is presently adapting the building so that it can be used as a dog holding facility. | Action Taken at Ministry's Level |
| <b>16.2.4</b>                                                  | <b>Inappropriate location of the Quarantine noted by Veterinary Officer</b>                                                                                                                          |                                                                                                                                                                                                                       |                                  |
|                                                                | The Quarantine was constructed near the motorway and could affect the health of turkey due to pollution.                                                                                             | Decision was taken to stop the turkey project.                                                                                                                                                                        | Action Taken at Ministry's Level |

\* **Resolved:** The matter has been resolved

**Action Taken at Ministry's/Department's Level:** Resolution of issue is dependent on further actions by other Ministries/Departments

**Action Initiated:** Management has not yet taken all actions at its end

**No Action Taken:** No appropriate action has yet been taken by management

| <b>Ministry of Agro-Industry and Food Security (Continued)</b> |                                                                                                                                                                     |                                                                                                                                                                                                                                  |                                  |
|----------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|
| <b>Ref</b>                                                     | <b>Issues/Findings in Audit Report 2019-20</b>                                                                                                                      | <b>Description of Actions Taken or Initiated</b>                                                                                                                                                                                 | <b>*Status</b>                   |
| <b>16.3</b>                                                    | <b>Sheep Reproduction Farm</b>                                                                                                                                      |                                                                                                                                                                                                                                  |                                  |
| <b>16.3.1</b>                                                  | <b>Quarantine Unit for imported sheep was not available</b>                                                                                                         |                                                                                                                                                                                                                                  |                                  |
|                                                                | A second batch of 50 animals was acquired from same supplier and was transferred directly to the Sheep Reproduction Farm without going through a quarantine period. | The Ministry informed that all imported sheep underwent quarantine. The importer kept the animals on his premises approved by the LVD. The transfer of the imported sheep to the farm was made only after the quarantine period. | Action Taken at Ministry's Level |
| <b>16.3.2</b>                                                  | <b>Fodder plantation for the Sheep Reproduction Farm was not yet completed</b>                                                                                      |                                                                                                                                                                                                                                  |                                  |
|                                                                | 11.25 arpents of land were bulldozed at a cost of Rs 780,000. However, fodder had not been planted on the whole area.                                               | Due to lack of general workers, additional land could not be cultivated.                                                                                                                                                         | No Action Taken                  |
| <b>16.3.3</b>                                                  | <b>Maternity pen at the Farm still under construction</b>                                                                                                           |                                                                                                                                                                                                                                  |                                  |
|                                                                | In November 2020, 12 ewes were pregnant, and yet the maternity pen was still under construction.                                                                    | The maternity pen has already been constructed and put to use.                                                                                                                                                                   | Resolved                         |
| <b>16.3.4</b>                                                  | <b>Wean males not yet disposed of</b>                                                                                                                               |                                                                                                                                                                                                                                  |                                  |
|                                                                | As of November 2020, nine wean males were kept at the Farm without being of use in the sheep reproduction programme.                                                | Sales were effected in September and November 2021.                                                                                                                                                                              | Resolved                         |
| <b>16.4</b>                                                    | <b>Security Services at Agricultural Stations/Compounds</b>                                                                                                         |                                                                                                                                                                                                                                  |                                  |
| <b>16.4.1</b>                                                  | <b>Lot No. 3 awarded to Contractor B despite its poor performance</b>                                                                                               |                                                                                                                                                                                                                                  |                                  |
|                                                                | Despite adverse reports on the performance of Contractor B, the contract for Lot No. 3 for financial year 2019-20 was awarded to same Contractor.                   | New contract was awarded to another contractor (Contractor A in financial year 2019-20) for a period of one year as from 12 October 2021.                                                                                        | Action Taken at Ministry's Level |

\* **Resolved:** The matter has been resolved

**Action Taken at Ministry's/Department's Level:** Resolution of issue is dependent on further actions by other Ministries/Departments

**Action initiated:** Management has not yet taken all actions at its end

**No Action Taken:** No appropriate action has yet been taken by management

| <b>Ministry of Agro-Industry and Food Security (Continued)</b> |                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                |                                  |
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| <b>Ref</b>                                                     | <b>Issues/Findings in Audit Report 2019-20</b>                                                                                                                                                                                       | <b>Description of Actions Taken or Initiated</b>                                                                                                                                                                                               | <b>*Status</b>                   |
| <b>16.4</b>                                                    | <b>Security Services at Agricultural Stations/Compounds (Continued)</b>                                                                                                                                                              |                                                                                                                                                                                                                                                |                                  |
| <b>16.4.2</b>                                                  | <b>Termination of contract awarded to Contractor B entailed payment of significant amount in overtime</b>                                                                                                                            |                                                                                                                                                                                                                                                |                                  |
|                                                                | Contractor B did not take over the 10 sites awarded. The contract was terminated and the Ministry had recourse to watchmanship services being provided in-house against payment of overtime.                                         | Since 15 October 2021, Contractor A took over the 10 sites.                                                                                                                                                                                    | Resolved                         |
| <b>16.4.3</b>                                                  | <b>Contractor A did not comply with conditions of contract</b>                                                                                                                                                                       |                                                                                                                                                                                                                                                |                                  |
|                                                                | Several security guards were above age and did not always wear uniforms on sites.<br><br>A performance appraisal conducted by the Ministry revealed several instances where Contractor A did not comply with conditions of contract. | Several instances of non-compliance with conditions of contract were still noted in the provision of security services by Contractor A.<br><br>The Ministry informed that penalties are applied to non-compliance with conditions of contract. | Action Initiated                 |
| <b>16.4.4</b>                                                  | <b>Inadequate monitoring at level of Ministry</b>                                                                                                                                                                                    |                                                                                                                                                                                                                                                |                                  |
|                                                                | Only one meeting was held in September 2019 at the Ministry with Contractor A.                                                                                                                                                       | Regular meetings were carried out at the Ministry for proper monitoring of watchmanship services.                                                                                                                                              | Action Taken at Ministry's Level |
| <b>16.5</b>                                                    | <b>Mauritius Society of Animal Welfare – Non-submission of Annual Report since 2014</b>                                                                                                                                              |                                                                                                                                                                                                                                                |                                  |
|                                                                | Annual Reports were not submitted since its coming into operation on 30 October 2013, contrary to the Statutory Bodies (Accounts and Audit) Act.                                                                                     | The OPSG will undertake a governance review at the MSAW to identify the main causes for delay in the preparation of accounts.                                                                                                                  | Action Initiated                 |

\* **Resolved:** *The matter has been resolved*

**Action Taken at Ministry's/Department's Level:** *Resolution of issue is dependent on further actions by other Ministries/Departments*

**Action Initiated:** *Management has not yet taken all actions at its end*

**No Action Taken:** *No appropriate action has yet been taken by management*

| <b>Ministry of Agro-Industry and Food Security (Continued)</b> |                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                  |
|----------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|
| <b>Ref</b>                                                     | <b>Issues/Findings in Audit Report 2019-20</b>                                                                                                                                                                                                                                                                                                                                                | <b>Description of Actions Taken or Initiated</b>                                                                                                                                                                                                                                                                                                                                                                                                                      | <b>*Status</b>                   |
| <b>16.6.1</b>                                                  | <b>New Slaughter House –Delay in submission of BOT Structuring Report</b>                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                  |
|                                                                | As of October 2020, the BOT Structuring Report had not been finalised and submitted for validation to the BOT Projects Unit of the MOFEPD.                                                                                                                                                                                                                                                    | Decision was taken not to proceed with the BOT Project. The MMA was requested to submit a report on the health and safety norms and infrastructural works to be carried out at the existing abattoir.<br><br>The Ministry informed that MMA has submitted its report following a survey carried out. An estimated cost of Rs 37 million will be required to that effect. Approval of the Ministry has been conveyed to the MMA to go ahead with the renovation works. | Action Taken at Ministry's Level |
| <b>Ministry of Youth Empowerment, Sports and Recreation</b>    |                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                  |
| <b>18.1</b>                                                    | <b>Inadequate control over Grants to Extra Budgetary Units, Comite des Jeux des Iles, Statutory Body</b>                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                  |
| <b>18.1 (a)</b>                                                | <b>MMIL</b>                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                  |
|                                                                | In September 2019, MMIL submitted a first grant application and other documents namely: (i) a revised estimate of Rs 105.2 million; (ii) a progress report and (iii) a cash flow forecast for financial year 2019-20. These documents were, however, not signed by MMIL.<br><br>MMIL's request for additional fund of Rs 69 million was not supported by a duly signed statement of expenses. | On 15 January 2021, the MMIL was required to ensure that all documents submitted for disbursement of funds must henceforth be signed by a senior officer and that any revised estimates and cash flow statements should be approved by the board before submission to the Ministry.                                                                                                                                                                                   | Action Initiated                 |
|                                                                | Financial statements and Annual Report for financial year 2018-19 were not submitted.                                                                                                                                                                                                                                                                                                         | Financial statements for 2018-19 were submitted as of November 2021.                                                                                                                                                                                                                                                                                                                                                                                                  | Resolved                         |
| <b>18.1 (b)</b>                                                | <b>COJI</b>                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                  |
|                                                                | COJI accounts for 31.12.2018 was not seen submitted to MYESR.                                                                                                                                                                                                                                                                                                                                 | Accounts were submitted to MYESR as of November 2021.                                                                                                                                                                                                                                                                                                                                                                                                                 | Resolved                         |

\*

**Resolved:** The matter has been resolved

**Action Taken at Ministry's/Department's Level:** Resolution of issue is dependent on further actions by other Ministries/Departments

**Action Initiated:** Management has not yet taken all actions at its end

**No Action Taken:** No appropriate action has yet been taken by management

| <b>Ministry of Youth Empowerment, Sports and Recreation (continued)</b> |                                                                                                                                                 |                                                                                                                                                  |                                  |
|-------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|
| <b>Ref</b>                                                              | <b>Issues/Findings in Audit Report 2019-20</b>                                                                                                  | <b>Description of Actions Taken or Initiated</b>                                                                                                 | <b>*Status</b>                   |
| <b>18.1<br/>(c)</b>                                                     | <b>Mauritius Sports Council</b>                                                                                                                 |                                                                                                                                                  |                                  |
|                                                                         | Evidence of checks at the level of the Ministry was not seen to ensure monitoring of compliance with terms and conditions of Funding Agreement. | To ensure compliance with the terms and conditions of the Funding Agreement, the Ministry carried out further checks.                            | Resolved                         |
|                                                                         | <b>Sport For All Project – Additional grant under a Special Fund</b>                                                                            |                                                                                                                                                  |                                  |
|                                                                         | The Progress Report was not certified by a Senior Officer of the MSC.                                                                           | Duly signed Progress Report by a Senior Officer of the MSC were accepted. The attention of the MSC has already been drawn accordingly.           | Resolved                         |
| <b>18.2</b>                                                             | <b>Inadequate control over Cash Book</b>                                                                                                        |                                                                                                                                                  |                                  |
|                                                                         | There was no authorisation for operation of the bank account.                                                                                   | Ministry sent an official correspondence to Bank with details of all signatories.                                                                | Action Taken at Ministry's Level |
|                                                                         | Cash book maintained on excel was not appropriate for control over disbursements and bank reconciliations.                                      | Internal Control was required to do frequent checks.                                                                                             | Action Initiated                 |
| <b>18.3</b>                                                             | <b>Security of services</b>                                                                                                                     |                                                                                                                                                  |                                  |
|                                                                         | There was inadequate monitoring of services and compliance by service provider.                                                                 | Ministry has requested the service provider to remedy situation regarding the age of security guards and submission of Certificate of Character. | Action Taken at Ministry's Level |
| <b>18.4</b>                                                             | <b>Rent of Office Space- Excess Office space entailing additional costs</b>                                                                     |                                                                                                                                                  |                                  |
|                                                                         | Unnecessary costs might be incurred due to non-optimum use of rental space.                                                                     | Ministry makes frequent use of lecture room.                                                                                                     | Action Initiated                 |

\* **Resolved:** *The matter has been resolved*

**Action Taken at Ministry's/Department's Level:** *Resolution of issue is dependent on further actions by other Ministries/Departments*

**Action Initiated:** *Management has not yet taken all actions at its end*

**No Action Taken:** *No appropriate action has yet been taken by management*

| <b>Ministry of National Infrastructure and Community Development - National Development Unit</b> |                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                               |                                    |
|--------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|
| <b>Ref</b>                                                                                       | <b>Issues/Findings in Audit Report 2019-20</b>                                                                                                                                                                                                          | <b>Description of Actions Taken or Initiated</b>                                                                                                                                                                                                                              | <b>*Status</b>                     |
| <b>5.2.1</b>                                                                                     | <b>Capital Projects-Non-Verification of Authenticity of Performance and Advance Payment Securities and Need to re-award Delayed Projects</b>                                                                                                            |                                                                                                                                                                                                                                                                               |                                    |
|                                                                                                  | Submission of fake Performance and Advance Payment Securities by a Contractor.                                                                                                                                                                          | Authenticity verified with banks at time of audit.                                                                                                                                                                                                                            | Resolved                           |
|                                                                                                  | A contractor went into administration resulting with cancellation of 22 works orders including seven ongoing projects.                                                                                                                                  | At time of audit, out of seven projects, six have been completed.<br><br>NDU subsequently informed that the contract of the outstanding project was awarded on 11 January 2022.                                                                                               | Resolved                           |
| <b>5.2.2</b>                                                                                     | <b>Capital Projects- Inadequate monitoring of performance</b>                                                                                                                                                                                           |                                                                                                                                                                                                                                                                               |                                    |
|                                                                                                  | A contractor performed poorly in most of 77 work orders awarded.<br><br>24 projects were cancelled and out of remaining 53 projects, in only 11 cases performances were found fair and satisfactory. In other cases, they were rated poor or very poor. | At time of audit contractor was again eligible to participate in tender exercises after being excluded from procurement exercises for a period of six months.<br><br>The Ministry subsequently informed that there is close monitoring of projects awarded to the contractor. | Action Taken at Department's Level |

\* **Resolved:** *The matter has been resolved*

**Action Taken at Ministry's/Department's Level:** *Resolution of issue is dependent on further actions by other Ministries/Departments*

**Action Initiated:** *Management has not yet taken all actions at its end*

**No Action Taken:** *No appropriate action has yet been taken by management*

| Ministry of National Infrastructure and Community Development - National Development Unit (Continued) |                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                  |                                    |
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| Ref                                                                                                   | Issues/Findings in Audit Report 2019-20                                                                                                                                                                                                                                             | Description of Actions Taken or Initiated                                                                                                                                                                                        | *Status                            |
| 5.2.3                                                                                                 | Project Delay- Recurring Feature of NDU Projects                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                  |                                    |
|                                                                                                       | Delay noted in 39 works orders out of 133 issued in financial year 2019-20. Delays occurred due to changes in site conditions and inadequate resources deployed on site by Contractors.                                                                                             | Delays again noted in financial year 2020-21. NDU subsequently informed that all projects are being closely monitored in order to ensure there is no delay .                                                                     | Action Initiated                   |
| 5.2.5                                                                                                 | Contract for Urgent Drain Works Awarded under Emergency Procurement not yet Completed                                                                                                                                                                                               |                                                                                                                                                                                                                                  |                                    |
|                                                                                                       | Contract for urgent drains works at Cottage was awarded in January 2019 for Rs 139.9 million. The Contractor went into administration and only 83 per cent of works were completed for which a sum of Rs 53.7 million was paid together with an advance payment of Rs 12.4 million. | At time of audit, Contract was not yet awarded.<br><br>NDU subsequently informed that that contract for outstanding works was awarded in January 2022.                                                                           | Resolved                           |
|                                                                                                       | Contract for remaining works not yet awarded.                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                  |                                    |
|                                                                                                       | Land Drainage Master Plan not yet prepared                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                  |                                    |
|                                                                                                       | Delay in preparation of the Master Plan.<br><br>Part 1 and 2 expected to be delivered in April and September 2021 respectively.                                                                                                                                                     | At time of audit, Part 1 was already submitted on 18 February 2021 and part 2 was being finalized and was expected by end of January 2022.<br><br>NDU subsequently informed that part 2 will be received by end of January 2022. | Action Taken at Department's Level |

\* **Resolved:** The matter has been resolved

**Action Taken at Ministry's/Department's Level:** Resolution of issue is dependent on further actions by other Ministries/Departments

**Action Initiated:** Management has not yet taken all actions at its end

**No Action Taken:** No appropriate action has yet been taken by management



| <b>Ministry of Information Technology, Communication and Innovation</b> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                  |
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| <b>Ref</b>                                                              | <b>Issues/Findings in Audit Report 2019-20</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <b>Description of Actions Taken or Initiated</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>*Status</b>                   |
| <b>9.1.2</b>                                                            | <b>New Certification Authority – Go Live of the System Delayed</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                  |
|                                                                         | The Project for the setting up of a Certification Authority was still being developed as of October 2020.                                                                                                                                                                                                                                                                                                                                                                                                                                                           | The Project was completed in August 2021, that is, 12 months after the scheduled operational acceptance date of end of September 2020.                                                                                                                                                                                                                                                                                                                                                                                                                                    | Resolved                         |
| <b>9.2</b>                                                              | <b>Data Protection Office -Absence of Management Information System and Uncollectible Arrears</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                  |
|                                                                         | <p><i>Arrears in Revenue</i><br/>Arrears of Revenue for Registration Fees amounting to Rs 53 million at 30 June 2020 were deemed irrecoverable. There were no legal provisions in the Data Protection Act with respect to recovery of arrears for Registration Fees.</p> <p><i>Revenue Management Information System</i><br/>The DPO did not have a proper information system for the management of revenue from Registered Controllers. The list of Registered Controller was still kept in Excel format. Registration was processed manually and with delays.</p> | <p>The Internal Control Unit of the Ministry is awaiting the views of the Director of Internal Control on the investigation carried out as to whether those debts could be written off. Upon finalisation of the report, the Ministry would initiate action to write off the arrears.</p> <p>Following a tender exercise for the computerisation of the Data Protection Office, the contract was awarded to a local Company for the sum of Rs 3.55 million (exclusive of VAT) in December 2021. The application would be installed and commissioned within 10 months.</p> | Action Initiated                 |
| <b>9.3</b>                                                              | <b>School Net II Project for Secondary Schools – Nugatory Expenditure of Rs 81.7 million</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                  |
|                                                                         | The equipment procured under the Project had remained unutilised and could not be redeployed.                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | In February 2021, CISD trained officers of the Ministry of Education, Tertiary Education, Science and Technology on the redeployment of servers as well as other usable equipment installed for the Project in secondary schools.                                                                                                                                                                                                                                                                                                                                         | Action Initiated                 |
|                                                                         | Action to terminate the contract and to recoup liquidated damages of some Rs 12.2 million from the Receiver Manager had not materialised.                                                                                                                                                                                                                                                                                                                                                                                                                           | Based on advice of the Attorney General's Office in April 2021, the Ministry proposed to terminate the contract with the Supplier under Clause 35.1(a) of the contract agreement. A notice for termination was served to the Receiver Manager on 22 October 2021.                                                                                                                                                                                                                                                                                                         | Action Taken at Ministry's Level |

\* **Resolved:** *The matter has been resolved*

**Action Taken at Ministry's/Department's Level:** *Resolution of issue is dependent on further actions by other Ministries/Departments*

**Action Initiated:** *Management has not yet taken all actions at its end*

**No Action Taken:** *No appropriate action has yet been taken by management*

| <b>Ministry of Health and Wellness</b> |                                                                                                                                                                                                                  |                                                                                                                                                                                                                                              |                  |
|----------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| <b>Ref</b>                             | <b>Issues/Findings in Audit Report 2019-20</b>                                                                                                                                                                   | <b>Description of Actions Taken or Initiated</b>                                                                                                                                                                                             | <b>*Status</b>   |
| <b>3.1</b>                             | <b>Limitation in the Scope of Audit Exercise</b>                                                                                                                                                                 |                                                                                                                                                                                                                                              |                  |
|                                        | The Independent Commission Against Corruption (ICAC) secured 60 procurement files from the Ministry for its enquiry. These files were not provided to NAO and thus, the scope of the audit was heavily impaired. | The 60 procurement files have been produced and examined by NAO.                                                                                                                                                                             | Resolved         |
| <b>3.3.6</b>                           | <b>Procurement of ICU Ventilators - Rs 77.9 million</b>                                                                                                                                                          |                                                                                                                                                                                                                                              |                  |
|                                        | 50 ventilators were acquired from a foreign company which had never supplied any medical equipment to the Ministry. The ventilators were of poor quality, were not FDA approved, and were not functional.        | The faulty ventilators have been shipped to Spain on 26 October 2021. The Ministry is pursuing the matter with the foreign company either for the refund of the sum paid or to provide 50 ventilators conforming to Ministry's requirements. | Action Initiated |
| <b>13.1</b>                            | <b>Medical Equipment-Impact on Health Services</b>                                                                                                                                                               |                                                                                                                                                                                                                                              |                  |
|                                        | Unavailability of Medical Equipment (ME) due to breakdown or non-acquisition of important ME giving rise to long waiting lists for diagnosis.                                                                    | Presently, only CT-Scan machine at Dr A G Jeetoo Hospital is out of order.                                                                                                                                                                   | Action Initiated |
|                                        | Lack of oversight from the Ministry over usage and maintenance of ME which hampered the smooth running of the health services.                                                                                   | The Ministry has embarked on the consolidation of the list of equipment with a view to keeping track of maintenance contracts more easily.                                                                                                   | Action Initiated |
|                                        | Absence of important records.                                                                                                                                                                                    | The Ministry is updating the Government Asset Register for ME.                                                                                                                                                                               | Action Initiated |
|                                        | ME remaining idle during their warranty period.                                                                                                                                                                  | ME at the ENT Hospital is being used as and when required since the hospital is being used for COVID-19 patients.                                                                                                                            | Action Initiated |
|                                        | Faulty ME and unserviceable items representing serious health hazards and occupying unnecessary space were not disposed of in the absence of a disposal protocol.                                                | Regional Hospitals have compiled a list of ME for value above Rs 25,000 which are awaiting disposal.                                                                                                                                         | Action Initiated |

\* **Resolved:** *The matter has been resolved*  
**Action Taken at Ministry's/Department's Level:** *Resolution of issue is dependent on further actions by other Ministries/Departments*  
**Action Initiated:** *Management has not yet taken all actions at its end*  
**No Action Taken:** *No appropriate action has yet been taken by management*

| <b>Ministry of Health and Wellness (Continued)</b> |                                                                                                                    |                                                                                                                                                                                       |                  |
|----------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| <b>Ref</b>                                         | <b>Issues/Findings in Audit Report 2019-20</b>                                                                     | <b>Description of Actions Taken or Initiated</b>                                                                                                                                      | <b>*Status</b>   |
| <b>13.2.1<br/>–<br/>13.2.9</b>                     | <b>Renal Health Services: Gaps in Overall Management</b>                                                           |                                                                                                                                                                                       |                  |
|                                                    | Addressing Renal health services in an integrated, planned, and controlled manner.                                 | A Technical Committee was set to develop/ coordinate the whole renal care and services and to implement a priorities list of the renal Health Programme.                              | Action Initiated |
|                                                    | Using Renal information system to improve early detection and to set up a renal registry.                          | The Ministry has started a National Renal Register to have a complete database for all patients at early stages before they reach an advanced stage.                                  | Action Initiated |
|                                                    | Establishing preventive strategies and piloting renal health education program.                                    | Renal patients are being referred to Nephrologists at an earlier stage for management according to established clinical guidelines.                                                   | Action Initiated |
|                                                    | Enhancing the cost-effectiveness of dialysis and fostering a Public Private Partnership to mop all dialysis needs. | The Ministry has an agreement with 7 Private Dialysis Units to refer its patients. More projects to expand the service are in the pipeline to absorb all patients in public hospitals | Action Initiated |
|                                                    | Improving capacity for renal transplant surgeries locally and setting up a bank of kidneys.                        | One Surgeon is undergoing training for Renal Transplant (RT) in France. MOHW is working with Guys Hospital in UK for a team to come over to kick start RT in Mauritius.               | Action Initiated |
|                                                    |                                                                                                                    | Laws for cadaveric donors have not yet been promulgated.                                                                                                                              | No Action Taken  |

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| <b>Ministry of Health and Wellness (Continued)</b> |                                                                                                                                                                  |                                                                                                                                                                                                                                                                    |                                  |
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| <b>Ref</b>                                         | <b>Issues/Findings in Audit Report 2019-20</b>                                                                                                                   | <b>Description of Actions Taken or Initiated</b>                                                                                                                                                                                                                   | <b>*Status</b>                   |
| <b>13.3.1</b><br>–<br><b>13.3.6</b>                | <b>Regulatory controls over Medical Products (MP) are inadequate to ensure that they are supplied in a safe, effective and ethical manner to the Public</b>      |                                                                                                                                                                                                                                                                    |                                  |
|                                                    | The MOHW/Board displayed poor information management skills regarding medical products, people and establishments which it was mandated to regulate and license. | The web portal where all transactions regarding import permits and clearances are done online has been created and all testing finalised. All Dangerous Drugs (DD) establishment, retailers and wholesalers are being inventoried including those in the Freeport. | Action Initiated                 |
|                                                    | Existing legal provisions to regulate all aspects of MP were complex, fragmented, and in some cases outdated, resulting in regulatory gaps.                      | The Ministry informed the NAO that in December 2021, a Consultant has been appointed by the WHO to draft the Medical and Healthcare Product Bill. A first draft is expected by March 2022.                                                                         | Action Initiated                 |
|                                                    | Several legal provisions were inadequately implemented, leading to compliance failures and restricted enforcement on behalf of the MOHW/Board.                   | The MOHW has informed NAO that the schedules have been revised to be in line with UN tables of DD/Precursors. Regulations would be introduced to regulate them.                                                                                                    | Action Initiated                 |
|                                                    | Several regulatory controls were ineffective as they were not systematically implemented and monitored.                                                          | The Ministry informed the NAO that Pharmacy Technicians in the private sector will be registered and a register will be set up for them.                                                                                                                           | No Action Taken                  |
|                                                    |                                                                                                                                                                  | MOHW is working with the ADSU Interpol, Police, MRA and Inspectors of the Ministry of Commerce and Consumer Protection amongst others for enforcement of laws.                                                                                                     | Action Initiated                 |
|                                                    | The Board did not license any DD handlers as required under Section 8 of the Dangerous Drugs Act.                                                                | A database of all premises/ a pharmacist dealing with DD is being compiled. Mandatory inspection is ongoing as 10 Pharmacists will be recruited.                                                                                                                   | Action Initiated                 |
|                                                    | Integrity issues in regulatory processes were handled by the MOHW/Board in a soft and inadequate manner.                                                         | The Ministry has informed the NAO that a code of practice for Pharmacists has already been gazetted in December 2021.                                                                                                                                              | Action Taken at Ministry's Level |
|                                                    |                                                                                                                                                                  | A circular for private work for the Pharmacy Technician has not yet been issued by the Ministry.                                                                                                                                                                   | No Action Taken                  |

- \* **Resolved:** *The matter has been resolved*  
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**Action Initiated:** *Management has not yet taken all actions at its end*  
**No Action Taken:** *No appropriate action has yet been taken by management*

| <b>Ministry of Blue Economy, Marine Resources, Fisheries and Shipping</b> |                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                      |                                  |
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| <b>Ref</b>                                                                | <b>Issues/Findings in Audit Report 2019-20</b>                                                                                                                                                                                                                                    | <b>Description of Actions Taken or Initiated</b>                                                                                                                                                                                                                                                                                                     | <b>*Status</b>                   |
| <b>20.1</b>                                                               | <b>Asset Management and Disrupted Service Delivery</b>                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                      |                                  |
|                                                                           | Government Asset Register in respect of the assets of the Ministry was incomplete.<br><br>Proper training could not be provided at the Mauritius Maritime Training Academy (MMTA) and the Fisheries Training and Extension Centre (FiTEC) due to damaged/non-operational vessels. | The updating of the Government Asset Register is ongoing.<br><br>A Maintenance Agreement is being worked out to maintain vessels belonging to MMTA and FiTEC.                                                                                                                                                                                        | Action Initiated                 |
| <b>20.2</b>                                                               | <b>Lapses in the Administration and Use of Multi-Purpose Support Vessel</b>                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                      |                                  |
|                                                                           | There was limited use of the vessel since its acquisition.<br><br>There was no duly signed commissioning certificate.                                                                                                                                                             | Officers concerned have been requested to taken necessary action.<br><br>Commissioning exercise was completed in September 2021.                                                                                                                                                                                                                     | Action Taken at Ministry's Level |
| <b>20.3</b>                                                               | <b>Mainstreaming Biodiversity into the Management of Coastal Zones in Mauritius - Project Still Not Implemented</b>                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                      |                                  |
|                                                                           | There was delay in finalisation of Wetlands Bill. The Ministry informed that the Consultant was due to draft the regulations and undertake some consultations works with stakeholders.                                                                                            | The draft Wetlands Bill was ready except that the schedule regarding maps of wetlands has not yet been finalised as some stakeholders were not agreeable with the maps produced. The Annual Work Plan for 2022 was finalised by the Project Steering Committee in December 2021 and approved by the UNDP and the parent Ministry on 25 January 2022. | Action Initiated                 |

\* **Resolved:** *The matter has been resolved*

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**Action Initiated:** *Management has not yet taken all actions at its end*

**No Action Taken:** *No appropriate action has yet been taken by management*

| <b>Ministry of Blue Economy, Marine Resources, Fisheries and Shipping (Continued)</b> |                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                     |                  |
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| <b>Ref</b>                                                                            | <b>Issues/Findings in Audit Report 2019-20</b>                                                                                                                                                                                                                                                                                                                                   | <b>Description of Actions Taken or Initiated</b>                                                                                                                                                                                                    | <b>*Status</b>   |
| <b>20.4</b>                                                                           | <b>Off Lagoon Fishing Scheme - Objectives Not Yet Achieved</b>                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                     |                  |
|                                                                                       | <p>The Scheme was not successful. The Rs 12 million earmarked under this Scheme for each of the three financial year 2018-19, 2019-20 and 2020-21 had lapsed.</p> <p>The Ministry decided to address several shortcomings that were noted in the Scheme prior to launching fresh exercise. The Scheme was being reviewed in consultation with the Attorney General's Office.</p> | The Ministry informed that the project was on a pilot basis and has met with several issues. The Ministry is now proposing to implement the Scheme with another financial institution.                                                              | Action Initiated |
| <b>20.5</b>                                                                           | <b>Electronic Reporting System Still Not Operational</b>                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                     |                  |
|                                                                                       | Delay was noted in the implementation of the project.                                                                                                                                                                                                                                                                                                                            | The ERS servers were still not installed. Delay in the implementation of the project was partly due to the COVID-19 pandemic.                                                                                                                       | Action Initiated |
| <b>20.6</b>                                                                           | <b>The Way Forward for Fishermen Investment Trust and National Ocean Council (NOC) Not Yet Finalised</b>                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                     |                  |
|                                                                                       | In respect of NOC, the Ministry informed that the Food and Agriculture Organisation would submit a proposal on the structure to be set up at the level of the Ministry to drive the blue economy.                                                                                                                                                                                | Under Ecofish Programme, the Indian Ocean Commission has appointed a Consultant for the formulation of the new Terms of Reference for the NOC. The Consultant has submitted the Inception Report on 25 January 2022 for validation by the Ministry. | Action Initiated |
|                                                                                       | The Ministry had to decide on the future operation of the Fishermen Investment Trust, after consultation with the stakeholders concerned.                                                                                                                                                                                                                                        | The Fishermen Investment Trust Act has been repealed. However, the proclamation date has not been determined yet as there are a few issues to be addressed prior to repealing the Act.                                                              | Action Initiated |

- \* **Resolved:** *The matter has been resolved*  
**Action Taken at Ministry's/Department's Level:** *Resolution of issue is dependent on further actions by other Ministries/Departments*  
**Action Initiated:** *Management has not yet taken all actions at its end*  
**No Action Taken:** *No appropriate action has yet been taken by management*

| <b>Ministry of Gender Equality and Family Welfare</b> |                                                                                                                                                                                                                                         |                                                                                                                                                                                             |                                  |
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| <b>Ref</b>                                            | <b>Issues/Findings in Audit Report 2019-20</b>                                                                                                                                                                                          | <b>Description of Actions Taken or Initiated</b>                                                                                                                                            | <b>*Status</b>                   |
| <b>8.3.1</b>                                          | <b>Construction of a Model Shelter at La Colombe – Project not completed due to delay in addressing Sanitary Issues</b>                                                                                                                 |                                                                                                                                                                                             |                                  |
|                                                       | Delay in addressing the poor sanitary conditions prevailing at the shelter.                                                                                                                                                             | A feasibility study for the leaching field and new septic tank will be carried out. The building should be made operational and the construction of the leaching field should be relocated. | Action Taken at Ministry's Level |
|                                                       | Delay in completing construction of the boundary wall.                                                                                                                                                                                  | Already Completed.                                                                                                                                                                          | Resolved                         |
|                                                       | Upgrading works of the existing shelter carried out before addressing the sanitary issues.                                                                                                                                              | The Ministry of National Infrastructure and Community Development is in the process of building the toilet blocks. Funds will be sought from the MOFEPD in the next financial year.         | Action Initiated                 |
|                                                       | Phase II of the project for the construction of a Model Shelter not yet initiated.                                                                                                                                                      | The MNICD informed that the site is not suitable for the project. The project has been put in abeyance and no further fund has been provided.                                               | Action Taken at Ministry's Level |
| <b>8.3.2</b>                                          | <b>Integrated Support Centre Services Project – Objective not achieved due to delays in resolving IT issues</b>                                                                                                                         |                                                                                                                                                                                             |                                  |
|                                                       | Delays in addressing bugs led to tablets remaining idle for more than one year resulting in expiry of their warranty period on 25 September 2020.                                                                                       | ISC Agreement has been signed on 3 September 2021. The Tablets are being used by officers of the technical cadre for other tasks.                                                           | Resolved                         |
|                                                       | <i>Impact on availability of hotline:</i> The hotlines 139 and 113 were relayed to only one mobile phone, instead of four after office hours. The hotlines were not easily accessible to public, as only one officer attended to calls. | Four lines are operational and can now be received on each hotlines simultaneously on a 24/7 basis.                                                                                         | Resolved                         |

- \* **Resolved:** *The matter has been resolved*  
**Action Taken at Ministry's/Department's Level:** *Resolution of issue is dependent on further actions by other Ministries/Departments*  
**Action Initiated:** *Management has not yet taken all actions at its end*  
**No Action Taken:** *No appropriate action has yet been taken by management*

| <b>Ministry of Gender Equality and Family Welfare (Continued)</b> |                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                  |
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| <b>Ref</b>                                                        | <b>Issues/Findings in Audit Report 2019-20</b>                                                                                                                                                                                                                                                                                                                                          | <b>Description of Actions Taken or Initiated</b>                                                                                                                                                                                                                                                                                                                                                                                                                                    | <b>*Status</b>   |
| <b>8.3.3</b>                                                      | <b>Residential Care Institutions - Non-compliance with Regulations</b>                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                  |
|                                                                   | <p>Most Residential Care Institutions (RCIs) were not yet designated as Place of Safety.</p> <p>In accordance with the Place of Safety for the Welfare and Protection of Children Regulations 2019, no RCI should be in operation unless it obtains a licence designating it as a Place of Safety. As of November 2020, out of 15 NGOs, only one had been declared Place of Safety.</p> | <p>The Regulations are being reviewed in the wake of the proclamation of the Children's Act 2020. The regulations have been gazetted on 24 January 2022.</p> <p><b>Note</b><br/>As of November 2021, 10 shelters have made the applications for Place of Safety, but have still not yet been designated as Place of Safety in accordance with the Welfare and Protection of Children Regulations 2019. One of the NGO operating four houses has still not made the application.</p> | Action Initiated |
|                                                                   | Shelters were accommodating more children than allowed.                                                                                                                                                                                                                                                                                                                                 | This issue has been addressed since August 2021.                                                                                                                                                                                                                                                                                                                                                                                                                                    | Resolved         |
| <b>8.3.4</b>                                                      | <b>Overstay of child victims of abuse at hospitals - Non-compliance with Policies and Guidelines</b>                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                  |
|                                                                   | A review of the data as of October 2020 submitted on the stay of children victims of abuse at the J. Nehru, Victoria, Jeetoo and Brown Sequard Hospitals revealed that 37 children had overstayed for a period of eight to 113 days.                                                                                                                                                    | <p>This issue has been addressed since June 2021.</p> <p>Children are being placed in shelters as soon as discharged from hospital.</p>                                                                                                                                                                                                                                                                                                                                             | Resolved         |

- \* **Resolved:** *The matter has been resolved*  
**Action Taken at Ministry's/Department's Level:** *Resolution of issue is dependent on further actions by other Ministries/Departments*  
**Action Initiated:** *Management has not yet taken all actions at its end*  
**No Action Taken:** *No appropriate action has yet been taken by management*



| <b>Ministry of Gender Equality and Family Welfare (Continued)</b> |                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                  |
|-------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|
| <b>Ref</b>                                                        | <b>Issues/Findings in Audit Report 2019-20</b>                                                                                                                                                                                                                                                                                                                | <b>Description of Actions Taken or Initiated</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <b>*Status</b>                   |
| <b>8.3.5</b>                                                      | <b>Child Protection Register (CPR)</b>                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                  |
|                                                                   | System was underutilized.<br><br>The number of cases of child abuse/neglect reported from January to September 2020 were 4341 while only 277 EPOs were recorded in the CPR. Records for EPOs prior 2020 were not recorded in the CPR.                                                                                                                         | All cases of Emergency Protection Orders (EPOs) are recorded in the Child Protection Register (CPR). A pool of Officers has been assigned this task.<br><br><b>Note</b><br>A total of 5,878 child abuse cases were reported to the Child Development Unit from July 2020 to June 2021 and were recorded manually in the Occurrence Book. No centralized database was maintained for the other reported cases not classified as EPOs for completeness and follow up purposes.                                       | Action Taken at Ministry's Level |
| <b>8.3.6</b>                                                      | <b>Shelters/Residential Care Institutions – Lapses in Administration</b>                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                  |
|                                                                   | Administrative records were still not properly kept.                                                                                                                                                                                                                                                                                                          | Enforcement Officers of the Ministry are regularly visiting the shelters to ensure that Administrative records are kept properly.                                                                                                                                                                                                                                                                                                                                                                                  | Action Initiated                 |
|                                                                   | Some residents at a Government Owned shelter did not receive parental visits.                                                                                                                                                                                                                                                                                 | The Ministry had informed NAO that the issue has been resolved.                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Resolved                         |
|                                                                   | Residents at shelters not attending school/Tardy declaration at two Government Shelters.<br><br>20 residents of four Shelters could not be admitted in schools due to unavailability of important documents. In four cases, minors admitted at two Government Shelters during 2019 and 2020 were not declared at the Civil Status Office as at November 2020. | The Ministry is working in collaboration with all the stakeholders concerned, viz the Attorney General's Office, the Civil Status Office, the Police Department and Master and Registrar.<br><br><b>Note</b><br>As of October 2021, 15 minors admitted at six shelters from 2011 to 2020 were still undeclared for different reasons: lack of information, parents uncooperative, parents had passed away, Ministry awaiting a reply from Attorney General's Office and the Commissioner of Police amongst others. | Action Initiated                 |

\* **Resolved:** The matter has been resolved

**Action Taken at Ministry's/Department's Level:** Resolution of issue is dependent on further actions by other Ministries/Departments

**Action Initiated:** Management has not yet taken all actions at its end

**No Action Taken:** No appropriate action has yet been taken by management

| <b>Ministry of Gender Equality and Family Welfare (Continued)</b> |                                                                                                                                                                                                           |                                                                                                                                                                          |                                  |
|-------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|
| <b>Ref</b>                                                        | <b>Issues/Findings in Audit Report 2019-20</b>                                                                                                                                                            | <b>Description of Actions Taken or Initiated</b>                                                                                                                         | <b>*Status</b>                   |
| <b>8.3.6</b>                                                      | <b>Shelters/Residential Care Institutions – Lapses in Administration (Continued)</b>                                                                                                                      |                                                                                                                                                                          |                                  |
|                                                                   | Non-accountability of funds disbursed to NGOs. The NGOs and Trust Fund, and the Government Shelters did not submit a detailed breakdown of income and expenditure to the Ministry.                        | Only funds disbursed by the National Social Inclusion Foundation are being monitored by the latter.                                                                      | No Action Taken                  |
|                                                                   | Lack of ongoing specialized training to Caregivers.<br><br>Details of the Capacity Building Programmes implemented for caregivers during the financial year ended 30 June 2020 were not available.        | Internal training to staff/personnel of shelters are being organised by Enforcement Officers with the assistance of family welfare protection officers and psychologist. | Action Taken at Ministry's Level |
| <b>8.3.7</b>                                                      | <b>Governance Issues - Non-compliance with Legislations</b>                                                                                                                                               |                                                                                                                                                                          |                                  |
|                                                                   | Non-submission of financial statements for the period 8 March 2018 to 30 June 19 for audit by the National Women's Council falling under the aegis of the Ministry of Gender Equality and Family Welfare. | Already Submitted.                                                                                                                                                       | Resolved                         |
|                                                                   | Annual reports of the National Children's Council including its audited financial statements and Audit Report were not laid before the National Assembly.                                                 | Will be submitted once approval of Board is obtained.                                                                                                                    | Action Initiated                 |

\* **Resolved:** *The matter has been resolved*

**Action Taken at Ministry's/Department's Level:** *Resolution of issue is dependent on further actions by other Ministries/Departments*

**Action Initiated:** *Management has not yet taken all actions at its end*

**No Action Taken:** *No appropriate action has yet been taken by management*

| <b>Ministry of Arts and Cultural Heritage</b>                               |                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                              |                  |
|-----------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| <b>Ref</b>                                                                  | <b>Issues/Findings in Audit Report 2019-20</b>                                                                                                                                                                                                                                                         | <b>Description of Actions Taken or Initiated</b>                                                                                                                                                                                                                                                                                                                                                                             | <b>*Status</b>   |
| <b>14.4</b>                                                                 | <b>Non-compliance with repayment terms of Advance</b>                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                              |                  |
|                                                                             | The Mauritius Society of Authors (MASA) was granted an interest-free advance of Rs 2 million in February 2016 to cater for its software upgrade, purchase of licenses and additional computers. The advanced amount was to be set off against an annual reimbursement of Rs 500,000 as from July 2017. | <p>The grant was not used for the intended purpose as expenditure was met from the Capital Grant received from the Ministry. No repayment of the advance was made as at July 2021.</p> <p>The Ministry informed NAO that after consultation with the Ministry of Finance, Economic Development and Planning, MASA has been authorised to reimburse the advance as from financial year 2021-22 in four equal instalments.</p> | Action Initiated |
| <b>Ministry of Public Service, Administrative and Institutional Reforms</b> |                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                              |                  |
| <b>23.1</b>                                                                 | <b>Lease of Office Space - Excess Office Space and Wrong Determination of Rent Payable</b>                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                              |                  |
|                                                                             | Possible Overpayment of Rent Rs 22.1 million as Lease payment were based on the gross floor area instead of the net floor usable area.                                                                                                                                                                 | Confirmation obtained from Valuation Department stating that lease payment be based on net floor useable area. The matter has been taken up with the lessor.                                                                                                                                                                                                                                                                 | Action Initiated |
|                                                                             | <p>For the occupancy space of 4,773 m<sup>2</sup>, the space occupied per staff of the Ministry is on average, five times the space required for each employee under OSHA.</p> <p>The annual rental cost per staff is Rs 112,000, which appears to be on the high side.</p>                            | Provision has been made for recruitment of additional staff, operation of two training units and a gymnasium.                                                                                                                                                                                                                                                                                                                | Action Initiated |

- \* **Resolved:** *The matter has been resolved*  
**Action Taken at Ministry's/Department's Level:** *Resolution of issue is dependent on further actions by other Ministries/Departments*  
**Action Initiated:** *Management has not yet taken all actions at its end*  
**No Action Taken:** *No appropriate action has yet been taken by management*

| <b>Ministry of Public Service, Administrative and Institutional Reforms (Continued)</b> |                                                                                                                                               |                                                                                                                           |                                  |
|-----------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------|----------------------------------|
| <b>Ref</b>                                                                              | <b>Issues/Findings in Audit Report 2019-20</b>                                                                                                | <b>Description of Actions Taken or Initiated</b>                                                                          | <b>*Status</b>                   |
| <b>23.1</b>                                                                             | <b>Lease of Office Space - Excess Office Space and Wrong Determination of Rent Payable (Continued)</b>                                        |                                                                                                                           |                                  |
|                                                                                         | The Ministry has not considered alternatives such as acquisition or construction of its own building instead of rental.                       | It is not known whether the matter has been considered as no response has been obtained from the Ministry in that regard. | No Action Taken                  |
|                                                                                         | Rental on a month to month basis - The lease agreement between the private company and the Ministry has expired but has not yet been renewed. | The lease Agreement was renewed.                                                                                          | Action Taken at Ministry's Level |
| <b>23.2</b>                                                                             | <b>HRMIS Project - Nugatory Expenditure of Rs 422.4 million</b>                                                                               |                                                                                                                           |                                  |
|                                                                                         | Negotiation is still ongoing between the Ministry and the private company for the termination of the HRMIS contract by mutual consent.        | Government approval obtained for winding up the project and the winding up agreement was signed.                          | Action Taken at Ministry's Level |
| <b>23.3</b>                                                                             | <b>Budget Management - Ministry's Budget Overstated by 46 Per Cent</b>                                                                        |                                                                                                                           |                                  |
|                                                                                         | Each Ministry and Department to make provision for the salaries and benefits payable to the officers of the HR Cadre posted thereto.          | Provision has been made in the budget 2022-23 for each Ministry and Department.                                           | Resolved                         |

\* **Resolved:** *The matter has been resolved*  
**Action Taken at Ministry's/Department's Level:** *Resolution of issue is dependent on further actions by other Ministries/Departments*  
**Action Initiated:** *Management has not yet taken all actions at its end*  
**No Action Taken:** *No appropriate action has yet been taken by management*

**AUDIT CERTIFICATE**  
**AND**  
**ANNUAL STATEMENTS**





# NATIONAL AUDIT OFFICE

## CERTIFICATE OF THE DIRECTOR OF AUDIT ON THE ANNUAL STATEMENTS OF GOVERNMENT

### Report on the Audit of the Annual Statements

#### Opinion

I have audited the Annual Statements of the Government of the Republic of Mauritius, submitted in accordance with Section 19(1) of the Finance and Audit Act, which comprise the statement of financial position as at 30 June 2021, and the statement of financial performance, the statement of changes in net assets or equity, the statement of cash flow, the statement of comparison of budget estimates and actual amounts for the year then ended, and other Statements as required under Section 19(3) of the Act, and notes to the accounts, including a summary of significant accounting policies.

In my opinion, the accompanying Annual Statements give a true and fair view of the financial position of the Government of the Republic of Mauritius as at 30 June 2021, and of its financial performance and its cash flows for the year then ended in accordance with Section 19(3A) (a) of the Finance and Audit Act, and the accounting basis as disclosed in Note 2.1.B (i) to the accounts.

#### Basis for Opinion

I conducted my audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Annual Statements* Section of my report. I am independent of the Ministries and Government Departments in accordance with the INTOSAI Code of Ethics, together with the ethical requirements that are relevant to my audit of the Annual Statements in Mauritius, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the Annual Statements of the current period. These matters were addressed in the context of my audit of the Annual Statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters. I have determined that there are no key audit matters to communicate in my report.



## **Responsibilities of the Accountant General and Those Charged with Governance for the Annual Statements**

The Accountant-General is required, under Section 19 of the Finance and Audit Act, to prepare and submit Annual Statements within six months of the close of every fiscal year, and is responsible for such internal control necessary to enable the preparation of Annual Statements that are free from material misstatement, whether due to fraud or error.

Those charged with governance in Ministries and Government Departments are responsible for maintaining proper accounting records and providing to the Accountant-General, for the purpose of the Annual Statements, information that are accurate.

## **Auditor's Responsibility for the Audit of the Annual Statements**

I am required under Section 20 of the Finance and Audit Act to issue a certificate of audit on the Annual Statements of the Government of the Republic of Mauritius, submitted in accordance with Section 19 of the Finance and Audit Act, within eight months of the close of every fiscal year.

My objectives are to obtain reasonable assurance about whether the Annual Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Annual Statements.

As part of an audit in accordance with ISSAIs, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the Annual Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Ministries' and Departments' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure and content of the Annual Statements, including the disclosures, and whether the Annual Statements represent the underlying transactions and events in a manner that achieves fair presentation.



I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the Annual Statements of the current period and are therefore the Key Audit Matters. I describe these matters in my auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **Report on Other Legal and Regulatory Requirements**

### ***Management's Responsibility for Compliance***

Management is responsible for controlling expenditure on any service in respect of which public funds have been appropriated and for collecting revenue and paying that revenue into public funds, as well as putting in place a sound system of internal control designed to provide reasonable assurance regarding, amongst others, the effectiveness and efficiency of operations, the safeguarding of assets and data, the prevention of fraud and irregularities, and the compliance with applicable laws, regulations and instructions, policies and established procedures.

### ***Finance and Audit Act***

I am required under Section 16 of the Finance and Audit Act to satisfy myself that:

- (a) all reasonable precautions have been and are taken to safeguard the collection of public money;
- (b) all laws, directions or instructions relating to public money have been and are duly observed;
- (c) 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;
- (d) 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; and
- (e) satisfactory management measures have been and are taken to ensure that resources are procured economically and utilised efficiently and effectively.

I am also required, under Section 20 of the Finance and Audit Act, to submit a Report upon my examination and audit of the accounts of Government.

In my opinion, except for the matters mentioned in my Report for the financial year 2020-21, nothing has come to my attention that causes me to believe that the financial management principles laid down at Section 16 of the Finance and Audit Act have, in all material respects, not been adhered to.

### ***Public Procurement Act***

I am required to state whether the provisions of Part V of the Public Procurement Act regarding the bidding process have been complied with.

In my opinion, except for the matters mentioned in my Report for the financial year 2020-21, the provisions of Part V of the Act have been complied with as far as it could be ascertained from my examination of the relevant records.



**C. ROMOOAH**  
Director of Audit

National Audit Office  
Level 14, Air Mauritius Centre  
**Port Louis**

28 February 2022

## STATEMENT A

## Statement of Financial Position as at 30 June 2021

|                                            |              | 30 June 2021           | 30 June 2020           |
|--------------------------------------------|--------------|------------------------|------------------------|
|                                            |              |                        | Restated               |
| <b>ASSETS</b>                              | <b>Notes</b> | <b>Rs</b>              | <b>Rs</b>              |
| <b>CURRENT ASSETS</b>                      |              |                        |                        |
| Cash and Cash Equivalents                  | 4            | 42,510,361,764         | 29,496,903,293         |
| Receivables from Non-Exchange Transactions | 5            | 15,686,595,608         | 8,526,959,101          |
| Receivables from Exchange Transactions     | 6            | 2,120,530,569          | 3,390,602,048          |
| Loans and Advances                         | 7            | 3,397,142,640          | 4,478,890,064          |
| Investments                                | 8            | 11,086,500,000         | 842,900,000            |
| Inventories                                |              | 2,488,422,543          | 2,385,064,289          |
| Prepayments                                |              | 39,503,416             | 37,249,834             |
|                                            |              | <b>77,329,056,540</b>  | <b>49,158,568,629</b>  |
| <b>NON-CURRENT ASSETS</b>                  |              |                        |                        |
| Loans and Advances                         | 7            | 10,427,998,417         | 11,231,298,560         |
| Investments                                | 8            | 108,723,560,631        | 103,508,891,950        |
| Other Financial Assets                     | 9            | 6,437,193,423          | 5,857,380,285          |
| Property, Plant and Equipment              | 10           | 514,493,786,843        | 511,450,951,324        |
| Intangible Assets                          | 11           | 884,342,357            | 815,644,175            |
|                                            |              | <b>640,966,881,671</b> | <b>632,864,166,294</b> |
| <b>Total Assets</b>                        |              | <b>718,295,938,211</b> | <b>682,022,734,923</b> |
| <b>LIABILITIES</b>                         |              |                        |                        |
| <b>CURRENT LIABILITIES</b>                 |              |                        |                        |
| Payables                                   | 12           | 1,559,870,211          | 1,552,385,176          |
| Deposits                                   | 13           | 6,886,844,611          | 1,742,997,392          |
| Government Debt                            | 14           | 86,064,586,334         | 84,491,859,449         |
| Employee Benefit Obligations               | 15 & 16      | 2,769,446,947          | 1,594,516,015          |
|                                            |              | <b>97,280,748,103</b>  | <b>89,381,758,032</b>  |
| <b>NON-CURRENT LIABILITIES</b>             |              |                        |                        |
| Payables                                   | 12           | 255,242,896            | 30,972,530             |
| Deposits                                   | 13           | 1,366,775,033          | 706,104,933            |
| Government Debt                            | 14           | 300,704,752,745        | 260,700,470,501        |
| Financial Guarantee Liability              | 17           | 2,490,576,878          | 1,903,777,323          |
| Employee Benefit Obligations               | 15 & 16      | 135,258,787,031        | 133,976,190,757        |
|                                            |              | <b>440,076,134,583</b> | <b>397,317,516,044</b> |
| <b>Total Liabilities</b>                   |              | <b>537,356,882,686</b> | <b>486,699,274,076</b> |
| <b>Net Assets</b>                          |              | <b>180,939,055,525</b> | <b>195,323,460,847</b> |
| <b>NET ASSETS/EQUITY</b>                   |              |                        |                        |
| Consolidated Fund                          | 18           | 73,865,370,255         | 49,161,736,901         |
| Accumulated Surplus                        | 18           | 70,586,028,107         | 133,119,198,180        |
| Special Funds                              | 18           | 36,487,657,163         | 13,042,525,766         |
|                                            |              | <b>180,939,055,525</b> | <b>195,323,460,847</b> |

S.D. RAMDEEN  
Accountant-General

29 December 2021

## STATEMENT AA

**Statement of Financial Performance for the financial year 2020 - 2021**  
**(Classification of Expenses by Function)**

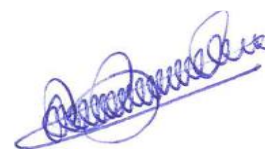
|                                                             |         | Year Ended<br>30 June 2021 | Year Ended<br>30 June 2020<br>Restated |
|-------------------------------------------------------------|---------|----------------------------|----------------------------------------|
|                                                             | Notes   | Rs                         | Rs                                     |
| <b>Revenue</b>                                              |         |                            |                                        |
| <b>Revenue from Non-Exchange Transactions</b>               |         |                            |                                        |
| Taxation                                                    | 19      | 86,592,522,100             | 89,191,875,369                         |
| Fines, Penalties and Forfeits                               |         | 312,286,483                | 302,058,940                            |
| Grants and Aid                                              | 20      | 2,217,365,408              | 22,287,884,616                         |
| Other Transfers                                             | 21      | 58,336,680,740             | 1,971,864,033                          |
| Contribution Sociale Généralisée                            |         | 5,957,754,386              | -                                      |
|                                                             |         | <b>153,416,609,117</b>     | <b>113,753,682,958</b>                 |
| <b>Revenue from Exchange Transactions</b>                   |         |                            |                                        |
| Licences                                                    | 22      | 2,499,627,556              | 2,595,302,145                          |
| Finance Income                                              |         | 518,539,618                | 257,485,105                            |
| Dividends and Withdrawals from Income of Quasi Corporations | 23      | 1,103,000,334              | 2,708,898,424                          |
| Rent and Royalties                                          |         | 562,403,703                | 982,009,603                            |
| Sales of Goods and Services                                 |         | 1,455,186,400              | 1,665,964,600                          |
| Other Revenue                                               | 24      | 404,851,533                | 466,647,538                            |
|                                                             |         | <b>6,543,609,144</b>       | <b>8,676,307,415</b>                   |
| <b>Total Revenue</b>                                        |         | <b>159,960,218,261</b>     | <b>122,429,990,373</b>                 |
| <b>Expenses</b>                                             |         |                            |                                        |
| General Public Services                                     |         | 69,427,167,389             | 33,764,397,035                         |
| Public Order and Safety                                     |         | 10,688,376,121             | 10,405,575,337                         |
| Economic Affairs                                            |         | 7,572,908,198              | 18,025,667,280                         |
| Environmental Protection                                    |         | 1,076,038,331              | 3,185,556,015                          |
| Housing and Community Amenities                             |         | 1,380,337,118              | 1,657,476,857                          |
| Health                                                      |         | 12,341,032,393             | 11,655,908,886                         |
| Recreation, Culture and Religion                            |         | 864,756,770                | 893,499,269                            |
| Education                                                   |         | 14,673,149,355             | 15,559,861,363                         |
| Social Protection                                           |         | 50,267,810,406             | 42,831,052,456                         |
| Depreciation and Amortisation                               | 10 & 11 | 4,866,117,507              | 4,852,465,073                          |
| Finance Costs                                               |         | 12,705,985,717             | 13,886,395,200                         |
| <b>Total Expenses</b>                                       |         | <b>185,863,679,305</b>     | <b>156,717,854,771</b>                 |

## STATEMENT AA

**Statement of Financial Performance for the financial year 2020 - 2021**  
**(Classification of Expenses by Function)**

|                                         | Year Ended<br>30 June 2021     | Year Ended<br>30 June 2020<br>Restated |
|-----------------------------------------|--------------------------------|----------------------------------------|
| Notes                                   | Rs                             | Rs                                     |
| <b>Other Gains/(Losses)</b>             |                                |                                        |
| Fair Value Loss on Investments          | (17,723,697,903)               | (7,071,225,482)                        |
| Losses on Foreign Exchange Transactions | <u>(5,708,397,119)</u>         | <u>(3,195,326,569)</u>                 |
| <b>Deficit for the year</b>             | <u><b>(49,335,556,066)</b></u> | <u><b>(44,554,416,449)</b></u>         |

29 December 2021



**S.D. RAMDEEN**  
**Accountant-General**



## STATEMENT AB

**Statement of Financial Performance for the financial year 2020 - 2021**  
**(Classification of Expenses by Nature)**

|                                                             |         | Year Ended<br>30 June 2021 | Year Ended<br>30 June 2020<br>Restated |
|-------------------------------------------------------------|---------|----------------------------|----------------------------------------|
|                                                             | Notes   | Rs                         | Rs                                     |
| <b>Revenue</b>                                              |         |                            |                                        |
| <b>Revenue from Non-Exchange Transactions</b>               |         |                            |                                        |
| Taxation                                                    | 19      | 86,592,522,100             | 89,191,875,369                         |
| Fines, Penalties and Forfeits                               |         | 312,286,483                | 302,058,940                            |
| Grants and Aid                                              | 20      | 2,217,365,408              | 22,287,884,616                         |
| Other Transfers                                             | 21      | 58,336,680,740             | 1,971,864,033                          |
| Contribution Sociale Généralisée                            |         | 5,957,754,386              | -                                      |
|                                                             |         | <b>153,416,609,117</b>     | <b>113,753,682,958</b>                 |
| <b>Revenue from Exchange Transactions</b>                   |         |                            |                                        |
| Licences                                                    | 22      | 2,499,627,556              | 2,595,302,145                          |
| Finance Income                                              |         | 518,539,618                | 257,485,105                            |
| Dividends and Withdrawals from Income of Quasi Corporations | 23      | 1,103,000,334              | 2,708,898,424                          |
| Rent and Royalties                                          |         | 562,403,703                | 982,009,603                            |
| Sales of Goods and Services                                 |         | 1,455,186,400              | 1,665,964,600                          |
| Other Revenue                                               | 24      | 404,851,533                | 466,647,538                            |
|                                                             |         | <b>6,543,609,144</b>       | <b>8,676,307,415</b>                   |
| <b>Total Revenue</b>                                        |         | <b>159,960,218,261</b>     | <b>122,429,990,373</b>                 |
| <b>Expenses</b>                                             |         |                            |                                        |
| Employee Costs                                              | 25      | 41,890,019,302             | 39,770,043,674                         |
| Subsidies                                                   |         | 7,904,429,479              | 10,097,019,489                         |
| Grants                                                      | 26      | 55,599,332,687             | 36,432,194,635                         |
| Social Benefits                                             | 27      | 36,995,410,629             | 34,210,995,052                         |
| Operating Expenses                                          | 28      | 11,082,114,917             | 10,882,730,922                         |
| Depreciation and Amortisation                               | 10 & 11 | 4,866,117,507              | 4,852,465,073                          |
| Financial Guarantee Expense                                 |         | 493,531,584                | 499,712,765                            |
| Other Expenses                                              | 29      | 14,326,737,483             | 6,086,297,961                          |
| Finance Costs                                               | 30      | 12,705,985,717             | 13,886,395,200                         |
| <b>Total Expenses</b>                                       |         | <b>185,863,679,305</b>     | <b>156,717,854,771</b>                 |

## STATEMENT AB

**Statement of Financial Performance for the financial year 2020 - 2021**  
**(Classification of Expenses by Nature)**

|                                         | Year Ended<br>30 June 2021     | Year Ended<br>30 June 2020<br>Restated |
|-----------------------------------------|--------------------------------|----------------------------------------|
| Notes                                   | Rs                             | Rs                                     |
| <b>Other Gains/(Losses)</b>             |                                |                                        |
| Fair Value Gain/ (Loss) on Investments  | (17,723,697,903)               | (7,071,225,482)                        |
| Losses on Foreign Exchange Transactions | <u>(5,708,397,119)</u>         | <u>(3,195,326,569)</u>                 |
| <b>Deficit for the year</b>             | <b><u>(49,335,556,066)</u></b> | <b><u>(44,554,416,449)</u></b>         |

29 December 2021

**S.D. RAMDEEN**  
**Accountant-General**

## STATEMENT AC

## Statement of Changes in Net Assets or Equity for the financial year 2020 - 2021

|                                                                                                                    | Notes   | Consolidated Fund<br>(Cash basis)<br>Restated<br>Rs | Accumulated<br>Surplus<br>Restated<br>Rs | Special<br>Funds<br>Rs | Total<br>Rs      |
|--------------------------------------------------------------------------------------------------------------------|---------|-----------------------------------------------------|------------------------------------------|------------------------|------------------|
| <b>Balance at 1 July 2019</b>                                                                                      |         | 29,626,400,023                                      | 187,304,023,827                          | 2,225,440,149          | 219,155,863,999  |
| <b>Prior year adjustments</b>                                                                                      |         |                                                     |                                          |                        |                  |
| - First-time recognition of Financial Guarantee Liability                                                          | 17 & 33 | -                                                   | (1,276,975,176)                          | -                      | (1,276,975,176)  |
| - First-time recognition of Employee Benefit Obligations (Bonus)                                                   | 33      | -                                                   | (812,408,293)                            | -                      | (812,408,293)    |
| <b>Restated Balance at 1 July 2019</b>                                                                             |         | 29,626,400,023                                      | 185,214,640,358                          | 2,225,440,149          | 217,066,480,530  |
| <b>Changes in Accounting Policies</b>                                                                              |         |                                                     |                                          |                        |                  |
| - First-time recognition of Receivables from Non-Exchange Transactions (Restated)                                  | 5       | -                                                   | 8,526,959,101                            | -                      | 8,526,959,101    |
| - First-time recognition of Receivables from Exchange Transactions                                                 | 6 & 33  | -                                                   | 3,390,602,048                            | -                      | 3,390,602,048    |
| <b>Changes in net assets or equity for 2019-2020</b>                                                               |         |                                                     |                                          |                        |                  |
| Net movement attributable to Consolidated Fund (Restated)                                                          |         | 19,535,336,878                                      | (19,535,336,878)                         | -                      | -                |
| Adjustment relating to valuation of Roads and Bridges                                                              | 10 & 33 | -                                                   | 76,750,000                               | -                      | 76,750,000       |
| Net movement in Special Funds                                                                                      |         | -                                                   | -                                        | 10,817,085,617         | 10,817,085,617   |
| Deficit for the year (Restated)                                                                                    |         | -                                                   | (44,554,416,449)                         | -                      | (44,554,416,449) |
| <b>Restated Balance at 30 June 2020</b>                                                                            |         | 49,161,736,901                                      | 133,119,198,180                          | 13,042,525,766         | 195,323,460,847  |
| <b>Change in Accounting Policies</b>                                                                               |         |                                                     |                                          |                        |                  |
| - First-time recognition of Receivables from Non-Exchange Transactions (Income Tax - Companies & bodies Corporate) | 5       | -                                                   | 3,506,019,347                            | -                      | 3,506,019,347    |
| <b>Changes in net assets or equity for 2020-2021</b>                                                               |         |                                                     |                                          |                        |                  |
| Equity Participation in Bank of Mauritius                                                                          |         | 8,000,000,000                                       | -                                        | -                      | 8,000,000,000    |
| Net movement attributable to Consolidated Fund                                                                     |         | 16,703,633,354                                      | (16,703,633,354)                         | -                      | -                |
| Net movement in Special Funds                                                                                      |         | -                                                   | -                                        | 23,445,131,397         | 23,445,131,397   |
| Deficit for the year                                                                                               |         | -                                                   | (49,335,556,066)                         | -                      | (49,335,556,066) |
| <b>Balance at 30 June 2021</b>                                                                                     |         | 73,865,370,255                                      | 70,586,028,107                           | 36,487,657,163         | 180,939,055,525  |



S. D. RAMDEEN  
Accountant-General

29 December 2021



## STATEMENT AD

## Statement of Cash Flow for the financial year ended 2020 - 2021

|                                                                           | Year Ended<br>30 June 2021<br>Rs | Year Ended<br>30 June 2020<br>Restated<br>Rs |
|---------------------------------------------------------------------------|----------------------------------|----------------------------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                               |                                  |                                              |
| <b>Receipts</b>                                                           |                                  |                                              |
| Taxation                                                                  | 83,535,198,419                   | 89,191,875,369                               |
| Fines, Penalties and Forfeits                                             | 326,542,769                      | 302,058,940                                  |
| Grants and Aid                                                            | 1,997,957,226                    | 21,683,290,332                               |
| Licences                                                                  | 2,492,950,351                    | 2,595,302,145                                |
| Finance Income                                                            | 197,631,580                      | 231,556,861                                  |
| Rent and Royalties                                                        | 491,035,980                      | 993,741,606                                  |
| Sales of Goods and Services                                               | 1,522,335,254                    | 1,654,232,597                                |
| Transfers                                                                 | 55,150,000,000                   | 377,192,064                                  |
| Contribution Sociale Généralisée                                          | 5,246,915,962                    | -                                            |
| Receipts of Special Funds                                                 | 7,938,020,893                    | 10,817,101,391                               |
| Other Receipts                                                            | 30,888,684,914                   | 16,340,377,651                               |
| <b>Payments</b>                                                           |                                  |                                              |
| Employee Costs                                                            | (40,295,660,844)                 | (38,670,808,193)                             |
| Subsidies                                                                 | (7,904,429,479)                  | (10,097,019,490)                             |
| Grants                                                                    | (23,739,983,707)                 | (24,500,700,113)                             |
| Social Benefits                                                           | (37,006,232,858)                 | (34,218,050,632)                             |
| Operating Expenses                                                        | (10,841,711,504)                 | (11,895,754,318)                             |
| Finance Costs                                                             | (12,732,105,531)                 | (13,347,970,778)                             |
| Payments by Special Funds                                                 | (16,355,889,496)                 | (12,100,015,774)                             |
| Other Payments                                                            | (33,691,555,085)                 | (20,667,464,930)                             |
| <b>Net Cash Flows from Operating Activities</b>                           | <b>7,219,704,844</b>             | <b>(21,311,055,272)</b>                      |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                               |                                  |                                              |
| Purchase of Property, Plant and Equipment and Intangible Assets           | (7,672,868,710)                  | (6,957,898,669)                              |
| Proceeds from Sale of Property, Plant and Equipment and Intangible Assets | 353,730                          | 147,415                                      |
| Purchase of Investments                                                   | (24,664,648,205)                 | (17,598,911,938)                             |
| Proceeds from Sale of Investments                                         | 4,400,000                        | 11,276,037,953                               |
| Dividends and Withdrawals from Income of Quasi Corporations               | 1,103,000,333                    | 2,704,342,604                                |
| Issue of Loans and Advances                                               | (883,695,119)                    | (777,444,568)                                |
| Proceeds from repayment of Loans and Advances                             | 100,500,320                      | 2,113,427,571                                |
| <b>Net Cash Flows from Investing Activities</b>                           | <b>(32,012,957,651)</b>          | <b>(9,240,299,632)</b>                       |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                               |                                  |                                              |
| Proceeds from Government Debt                                             | 135,233,485,979                  | 131,520,362,109                              |
| Redemption/Repayment of Government Debt                                   | (97,928,501,077)                 | (77,238,112,356)                             |
| <b>Net Cash Flows from Financing Activities</b>                           | <b>37,304,984,902</b>            | <b>54,282,249,753</b>                        |
| <b>Net Increase in Cash and Cash Equivalents</b>                          | <b>12,511,732,095</b>            | <b>23,730,894,849</b>                        |
| <b>Cash and Cash Equivalents at beginning of year</b>                     | <b>29,496,903,293</b>            | <b>5,628,533,747</b>                         |
| Gains on Foreign Exchange Transactions                                    | 501,726,376                      | 137,474,697                                  |
| <b>Cash and Cash Equivalents at end of year</b>                           | <b>42,510,361,764</b>            | <b>29,496,903,293</b>                        |



S.D. RAMDEEN  
Accountant-General

29 December 2021

## STATEMENT AE

**Statement of Comparison of Budget Estimates and Actual Amounts for  
the financial year 2020 - 2021  
(Classification of Expenses by Function)**

|                                                                | <b>Original<br/>Estimates<br/>(a)<br/>Rs</b> | <b>Total<br/>Provisions*<br/>(b)<br/>Rs</b> | <b>Actual<br/>Amount<br/>(c)<br/>Rs</b> | <b>Difference (N2)<br/>Rs</b> |
|----------------------------------------------------------------|----------------------------------------------|---------------------------------------------|-----------------------------------------|-------------------------------|
| <b>REVENUE</b>                                                 |                                              |                                             |                                         |                               |
| Tax Receipts                                                   | 90,635,000,000                               | 90,635,000,000                              | 86,028,148,770                          | 4,606,851,230                 |
| Social Contributions                                           | 4,300,000,000                                | 4,300,000,000                               | 6,548,150,112                           | (2,248,150,112)               |
| Other Revenue                                                  | 37,945,000,000                               | 37,945,000,000                              | 36,917,741,838                          | 1,027,258,162                 |
| <i>o/w Exceptional Contribution from Bank of Mauritius</i>     | <i>33,000,000,000</i>                        | <i>33,000,000,000</i>                       | <i>33,000,000,000</i>                   | -                             |
| External Grants                                                | 3,020,000,000                                | 3,020,000,000                               | 2,217,365,408                           | 802,634,592                   |
| Exceptional Contribution from Bank of Mauritius                | 27,000,000,000                               | 27,000,000,000                              | 22,000,000,000                          | 5,000,000,000                 |
| Reimbursement of Loan by Parastatal Bodies                     | 646,000,000                                  | 646,000,000                                 | 75,345,645                              | 570,654,355                   |
| Equity Sale                                                    | 4,000,000,000                                | 4,000,000,000                               | -                                       | 4,000,000,000                 |
| Issue of Government Securities                                 | 64,693,000,000                               | 64,693,000,000                              | 107,435,200,144                         | (42,742,200,144)              |
| Financing from SIC Development Co. Ltd                         | 585,000,000                                  | 585,000,000                                 | 68,780,914                              | 516,219,086                   |
| Issue of Government Securities Held by Non-Residents           | 20,000,000                                   | 20,000,000                                  | 1,514,647,354                           | (1,494,647,354)               |
| Loans from Foreign Governments and International Organisations | 14,993,000,000                               | 14,993,000,000                              | 26,298,456,242                          | (11,305,456,242)              |
| <b>Total Revenue</b>                                           | <b>247,837,000,000</b>                       | <b>247,837,000,000</b>                      | <b>289,103,836,427</b>                  | <b>(41,266,836,427)</b>       |
| <b>Financing from cash and cash equivalents</b>                | <b>5,000,000,000</b>                         | <b>45,602,000,000</b>                       | <b>8,436,945,568</b>                    | <b>(3,436,945,568)</b>        |
| <b>Total Financing</b>                                         | <b>252,837,000,000</b>                       | <b>293,439,000,000</b>                      | <b>297,540,781,995</b>                  | <b>(44,703,781,995)</b>       |
| <b>EXPENDITURE</b>                                             |                                              |                                             |                                         |                               |
| General Public Services                                        | 146,721,100,000                              | 184,776,768,071                             | 192,485,000,489                         | (45,763,900,489)              |
| Public Order and Safety                                        | 11,721,800,000                               | 12,062,496,274                              | 10,959,291,305                          | 762,508,695                   |
| Economic Affairs                                               | 11,909,160,000                               | 12,069,142,829                              | 10,878,636,914                          | 1,030,523,086                 |
| Environmental Protection                                       | 2,119,600,000                                | 1,654,293,100                               | 1,323,392,870                           | 796,207,130                   |
| Housing and Community Amenities                                | 3,331,700,000                                | 3,248,320,000                               | 2,710,089,773                           | 621,610,227                   |
| Health                                                         | 11,700,000,000                               | 13,044,400,000                              | 12,973,067,274                          | (1,273,067,274)               |
| Recreation, Culture and Religion                               | 1,016,000,000                                | 1,019,000,000                               | 915,937,817                             | 100,062,183                   |
| Education                                                      | 15,274,640,000                               | 15,424,190,000                              | 14,989,321,481                          | 285,318,519                   |
| Social Protection                                              | 48,343,000,000                               | 50,120,000,000                              | 50,306,044,072                          | (1,963,044,072)               |
| <b>Total Expenditure</b>                                       | <b>252,137,000,000</b>                       | <b>293,418,610,274</b>                      | <b>297,540,781,995</b>                  | <b>(45,403,781,995)</b>       |
| Contingencies (N3)                                             | 700,000,000                                  | 20,389,726                                  | -                                       | 700,000,000                   |
| <b>Total Expenditure including Contingencies</b>               | <b>252,837,000,000</b>                       | <b>293,439,000,000</b>                      | <b>297,540,781,995</b>                  | <b>(44,703,781,995)</b>       |

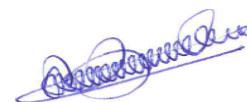
\* Refers to the total amount approved after Supplementary Appropriation & Virement.

**Notes:**

N1 'Total Provisions' is not applicable to Revenue.

N2 Column (a) - Column (c)

N3 The amount appropriated under 'Contingencies' has been reallocated to expenditure items under different votes of expenditure.


**S.D. RAMDEEN****Accountant-General****29 December 2021**

## STATEMENT AF

**Statement of Comparison of Budget Estimates and Actual Amounts for  
the financial year 2020 - 2021  
(Classification of Expenses by Nature)**

|                                                                           | Original<br>Estimates<br>(a)<br>Rs | Total<br>Provisions* (N1)<br>(b)<br>Rs | Actual<br>Amount<br>(c)<br>Rs | Variance (N2)<br>Rs     |
|---------------------------------------------------------------------------|------------------------------------|----------------------------------------|-------------------------------|-------------------------|
| <b>RECURRENT BUDGET</b>                                                   |                                    |                                        |                               |                         |
| <b>Recurrent Revenue</b>                                                  | <b>132,880,000,000</b>             | <b>132,880,000,000</b>                 | <b>129,494,040,720</b>        | <b>3,385,959,280</b>    |
| Tax Receipts                                                              | 90,635,000,000                     | 90,635,000,000                         | 86,028,148,770                | 4,606,851,230           |
| Social Contributions                                                      | 4,300,000,000                      | 4,300,000,000                          | 6,548,150,112                 | (2,248,150,112)         |
| Other Revenue                                                             | 37,945,000,000                     | 37,945,000,000                         | 36,917,741,838                | 1,027,258,162           |
| <i>o/w Exceptional Contribution from Bank of Mauritius</i>                | <i>33,000,000,000</i>              | <i>33,000,000,000</i>                  | <i>33,000,000,000</i>         | -                       |
| <b>Recurrent Expenditure</b>                                              | <b>132,880,000,000</b>             | <b>143,099,955,943</b>                 | <b>138,797,214,316</b>        | <b>(5,917,214,316)</b>  |
| Compensation of Employees                                                 | 30,639,996,000                     | 33,383,685,305                         | 32,036,605,182                | (1,396,609,182)         |
| Purchase of Goods and Services                                            | 10,490,940,000                     | 12,161,180,874                         | 10,967,785,574                | (476,845,574)           |
| Interest (Accrual basis)                                                  | 12,700,000,000                     | 12,507,345,000                         | 12,414,746,070                | 285,253,930             |
| Subsidies                                                                 | 9,578,250,000                      | 8,449,603,800                          | 7,904,429,479                 | 1,673,820,521           |
| Grants to Parastatal Bodies/Local Authorities/RRA                         | 21,202,938,000                     | 21,911,195,038                         | 21,633,991,561                | (431,053,561)           |
| Social Benefits                                                           | 44,339,860,000                     | 45,122,880,000                         | 45,654,812,548                | (1,314,952,548)         |
| Other Expense                                                             | 3,428,016,000                      | 9,543,710,200                          | 8,184,843,902                 | (4,756,827,902)         |
| Contingencies (N3)                                                        | 500,000,000                        | 20,355,726                             | -                             | 500,000,000             |
| <b>Recurrent Balance</b>                                                  | <b>-</b>                           | <b>(10,219,955,943)</b>                | <b>(9,303,173,596)</b>        | <b>9,303,173,596</b>    |
| <b>CAPITAL BUDGET</b>                                                     |                                    |                                        |                               |                         |
| <b>Capital Revenue</b>                                                    | <b>30,020,000,000</b>              | <b>30,020,000,000</b>                  | <b>24,217,365,408</b>         | <b>5,802,634,592</b>    |
| External Grants                                                           | 3,020,000,000                      | 3,020,000,000                          | 2,217,365,408                 | 802,634,592             |
| Exceptional Contribution from Bank of Mauritius                           | 27,000,000,000                     | 27,000,000,000                         | 22,000,000,000                | 5,000,000,000           |
| <b>Capital Expenditure</b>                                                | <b>30,020,000,000</b>              | <b>48,164,339,057</b>                  | <b>45,333,963,383</b>         | <b>(15,313,963,383)</b> |
| Acquisition of Non-Financial Assets                                       | 9,541,550,000                      | 9,596,219,174                          | 7,530,318,893                 | 2,011,231,107           |
| Grants to Parastatal Bodies/Local Authorities/RRA                         | 2,822,450,000                      | 2,422,313,583                          | 2,026,967,949                 | 795,482,051             |
| Transfers to Special Funds                                                | 15,000,000,000                     | 31,863,000,000                         | 31,863,000,000                | (16,863,000,000)        |
| Other Transfers                                                           | 2,456,000,000                      | 4,282,772,300                          | 3,913,676,541                 | (1,457,676,541)         |
| Contingencies (N3)                                                        | 200,000,000                        | 34,000                                 | -                             | 200,000,000             |
| <b>Capital Balance</b>                                                    | <b>-</b>                           | <b>(18,144,339,057)</b>                | <b>(21,116,597,975)</b>       | <b>21,116,597,975</b>   |
| <b>Budget/Actual Balance (Before Net Acquisition of Financial Assets)</b> | <b>-</b>                           | <b>(28,364,295,000)</b>                | <b>(30,419,771,571)</b>       | <b>30,419,771,571</b>   |
| <b>Net Acquisition of Financial Assets</b>                                | <b>(998,000,000)</b>               | <b>11,047,050,000</b>                  | <b>15,142,850,043</b>         | <b>(16,140,850,043)</b> |
| <b>Domestic</b>                                                           | <b>(1,398,000,000)</b>             | <b>10,512,000,000</b>                  | <b>14,648,101,546</b>         | <b>(16,046,101,546)</b> |
| Loan to Parastatal Bodies                                                 | 1,011,000,000                      | 739,900,000                            | 564,547,069                   | 446,452,931             |
| Reimbursement of Loan by Parastatal Bodies                                | 646,000,000                        | 646,000,000                            | 75,345,645                    | 570,654,355             |
| Equity Purchase/Participation                                             | 2,237,000,000                      | 14,418,100,000                         | 14,158,900,122                | (11,921,900,122)        |
| Equity Sale                                                               | 4,000,000,000                      | 4,000,000,000                          | -                             | 4,000,000,000           |
| <b>Foreign</b>                                                            | <b>380,000,000</b>                 | <b>515,050,000</b>                     | <b>475,848,497</b>            | <b>(95,848,497)</b>     |
| Equity Purchase/Participation                                             | 380,000,000                        | 515,050,000                            | 475,848,497                   | (95,848,497)            |
| <b>Net SDR Transactions</b>                                               | <b>20,000,000</b>                  | <b>20,000,000</b>                      | <b>18,900,000</b>             | <b>1,100,000</b>        |
| IMF Subscription                                                          | 20,000,000                         | 20,000,000                             | 18,900,000                    | 1,100,000               |
| <b>Adjustment for difference in cash and accrual interest</b>             | <b>90,000,000</b>                  | <b>90,000,000</b>                      | <b>(262,907,531)</b>          | <b>352,907,531</b>      |

## STATEMENT AF

**Statement of Comparison of Budget Estimates and Actual Amounts for  
the financial year 2020 - 2021  
(Classification of Expenses by Nature)**

|                                                               | Original<br>Estimates<br>(a)<br>Rs | Total<br>Provisions* (N1)<br>(b)<br>Rs | Actual<br>Amount<br>(c)<br>Rs | Variance (N2)<br>Rs     |
|---------------------------------------------------------------|------------------------------------|----------------------------------------|-------------------------------|-------------------------|
| <b>NET GOVERNMENT BORROWING<br/>REQUIREMENTS</b>              | <b>1,088,000,000</b>               | <b>(39,321,345,000)</b>                | <b>(45,825,529,145)</b>       | <b>46,913,529,145</b>   |
| <b>Domestic Financing</b>                                     | <b>(11,371,000,000)</b>            | <b>29,261,000,000</b>                  | <b>22,961,808,532</b>         | <b>(34,332,808,532)</b> |
| <b>Government Securities</b>                                  | <b>(16,956,000,000)</b>            | <b>(16,926,000,000)</b>                | <b>14,456,082,050</b>         | <b>(31,412,082,050)</b> |
| Issue of Government Securities                                | 64,693,000,000                     | 64,693,000,000                         | 107,435,200,144               | (42,742,200,144)        |
| Redemption of Government Securities                           | 81,649,000,000                     | 81,619,000,000                         | 92,979,118,094                | (11,330,118,094)        |
| <b>Financing from SIC Development Co. Ltd</b>                 | <b>585,000,000</b>                 | <b>585,000,000</b>                     | <b>68,780,914</b>             | <b>516,219,086</b>      |
| Drawdown                                                      | 585,000,000                        | 585,000,000                            | 68,780,914                    | 516,219,086             |
| <b>Financing from cash and cash equivalents</b>               | <b>5,000,000,000</b>               | <b>45,602,000,000</b>                  | <b>8,436,945,568</b>          | <b>(3,436,945,568)</b>  |
| <b>Foreign Financing</b>                                      | <b>10,283,000,000</b>              | <b>10,060,345,000</b>                  | <b>22,863,720,613</b>         | <b>(12,580,720,613)</b> |
| <b>Government Securities Held by Non-Residents</b>            | <b>20,000,000</b>                  | <b>(10,000,000)</b>                    | <b>1,474,874,078</b>          | <b>(1,454,874,078)</b>  |
| -Issues                                                       | 20,000,000                         | 20,000,000                             | 1,514,647,354                 | (1,494,647,354)         |
| -Redemptions                                                  | -                                  | 30,000,000                             | 39,773,276                    | (39,773,276)            |
| <b>Foreign Loans</b>                                          | <b>10,263,000,000</b>              | <b>10,070,345,000</b>                  | <b>21,388,846,535</b>         | <b>(11,125,846,535)</b> |
| Loan from Foreign Governments and International Organisations | 14,993,000,000                     | 14,993,000,000                         | 26,298,456,242                | (11,305,456,242)        |
| Repayment of Foreign Loans                                    | 4,730,000,000                      | 4,922,655,000                          | 4,909,609,707                 | (179,609,707)           |
|                                                               | -                                  | -                                      | -                             | -                       |

\* Refers to the total amount approved after Supplementary Appropriation & Virement.

**Notes:**

N1 'Total Provisions' is not applicable to Revenue.

N2 Column (a) - Column (c)

N3 The amount appropriated under 'Contingencies' has been reallocated to expenditure items under different votes of expenditure.

N4 Refer to Note 32 for explanation on variances.

**S.D. RAMDEEN****Accountant-General****29 December 2021**

## NOTES TO THE ACCOUNTS

### 1. GENERAL INFORMATION

The Republic of Mauritius is an island found in the East Coast of Madagascar. It got its independence on 12 March 1968. The country has a Westminster type of Parliamentary Government. The core vision of Mauritius in 2030 is:

- to place the country among the High-Income Countries of the world;
- to become a country where the society and the economy are inclusive, with a better sharing of prosperity, a narrower gap between the poor and rich and no families and children living in absolute poverty; and
- where the population across all strata enjoy a higher quality of life and a higher standard of living in a clean and safe environment.

Under the Finance and Audit Act, it is the responsibility of the Accountant-General to prepare the accounts of the Government within six months of the close of every fiscal year.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Basis of Preparation

##### A Estimates

The Estimates (Budget) of the Government is appropriated by votes of expenditure on a cash basis, except for 'cost of borrowings' which is appropriated on an accrual basis and 'carry-over of capital expenditure' where amount earmarked in a fiscal year is carried over to a period not exceeding 3 months in the following fiscal year. The Estimates is classified by both economic and functional classifications based, as far as possible, on the Government Finance Statistics Manual.

The Estimates is for the Budgetary Central Government, which includes Ministries and Government Departments. Transfers to Special Funds are appropriated and included as expenditure in the approved Estimates in the year of expenditure. However, the revenue and expenditure of the Special Funds are not included in the approved Estimates.

The approved Estimates covers the fiscal period from 1 July 2020 to 30 June 2021.

##### B Financial Statements

- (i) Following the amendments made to the Finance and Audit Act in July 2017, the financial statements of the Government for the financial year 2022-2023 and onwards will have to be prepared in compliance with International Public Sector Accounting Standards (IPSAS).

For the financial year 2020-2021, the financial statements have been prepared in accordance with Section 19 (3A)(a) of the Finance & Audit Act 1973, as subsequently amended, i.e. as far as possible in compliance with IPSAS and present fairly the financial transactions and financial position of Government as at 30 June 2021.

## NOTES TO THE ACCOUNTS

Accordingly, the elements of the financial statements have been accounted for as follows:

| ELEMENTS                                                                                                                                               | ACCOUNTING BASIS |
|--------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| <b><u>Revenue</u></b>                                                                                                                                  |                  |
| Revenue from Non-Exchange Transactions (Except for Income Tax-Companies & Bodies Corporate which is on cash basis)                                     | Accrual          |
| Revenue from Exchange Transactions (Except for Dividends and Withdrawals from Income of Quasi Corporations which are on cash basis)                    | Accrual          |
| <b><u>Expenses</u></b>                                                                                                                                 |                  |
| Employee Costs                                                                                                                                         | Accrual          |
| Subsidies                                                                                                                                              | Cash             |
| Grants                                                                                                                                                 | Partial Accrual  |
| Social Benefits                                                                                                                                        | Accrual          |
| Operating Expenses                                                                                                                                     | Accrual          |
| Depreciation and Amortisation                                                                                                                          | Accrual          |
| Financial Guarantee Expense                                                                                                                            | Accrual          |
| Other Expenses (excluding Other Transfer Payments)                                                                                                     | Accrual          |
| - Other Transfer Payments (except for Transfers to Regional/International Organisations, Insurance & Compensation arising out of Government Liability) | Cash             |
| Finance Costs                                                                                                                                          | Accrual          |

| ASSETS AND LIABILITIES                                                            | MEASUREMENT BASIS                                       |
|-----------------------------------------------------------------------------------|---------------------------------------------------------|
| <b><u>Assets</u></b>                                                              |                                                         |
| Receivables from Non-Exchange Transactions                                        | At Cost                                                 |
| Receivables from Exchange Transactions                                            | At Cost Less Expected Credit Losses                     |
| Loans and Advances                                                                | At Cost                                                 |
| Investments                                                                       |                                                         |
| - Equity Investments and Redeemable Preference Shares                             | At Fair Value                                           |
| - Other Investments                                                               | At Cost                                                 |
| Other Financial Assets                                                            |                                                         |
| - IMF -SDR Deposits                                                               | At Cost                                                 |
| - IMF -Reserve Tranche Position                                                   | At Cost                                                 |
| Inventories                                                                       | Lower of Cost and Replacement Cost                      |
| Property, Plant and Equipment (excluding Land, Roads, Bridges and Donated Assets) | At Cost                                                 |
| - Land                                                                            |                                                         |
| • Acquired before 30 June 2018                                                    | At a value estimated by Government Valuation Department |
| • Acquired after 30 June 2018                                                     | At Cost                                                 |

## NOTES TO THE ACCOUNTS

| ASSETS AND LIABILITIES                                                                                                            | MEASUREMENT BASIS                                                                                    |
|-----------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|
| - Roads and Bridges                                                                                                               |                                                                                                      |
| • Acquired before 30 June 2020                                                                                                    | At a value estimated by the Road Development Authority                                               |
| • Acquired after 30 June 2020                                                                                                     | At cost                                                                                              |
| - Donated Assets                                                                                                                  | Initially at fair value                                                                              |
| Intangible Assets                                                                                                                 | At Cost                                                                                              |
| Prepayments                                                                                                                       | At Cost                                                                                              |
| <b>Liabilities</b>                                                                                                                |                                                                                                      |
| Payables                                                                                                                          | At Cost                                                                                              |
| Deposits                                                                                                                          | At Cost                                                                                              |
| Government Debt                                                                                                                   |                                                                                                      |
| • Domestic Debt and External Debt (Except for Silver Retirement/Savings Bonds which are recognised at cost plus accrued interest) | At Amortised Cost                                                                                    |
| • IMF -SDR Allocations                                                                                                            | At Cost                                                                                              |
| Financial Guarantee Liability                                                                                                     | At the higher of present obligation and the amount initially recognised less cumulative amortisation |
| Employee Benefit Obligations                                                                                                      |                                                                                                      |
| • Short-Term Employee Benefits                                                                                                    | At Cost                                                                                              |
| • Post-Employment Benefits                                                                                                        | At an amount estimated by an independent actuary                                                     |

- (ii) The accounting policies have been applied consistently throughout the year. Where necessary and where it is practicable, comparative figures have been restated to conform to changes in presentation, or in accounting policies in the current year.

### 2.2 Reporting Entity

The accounts are for the Budgetary Central Government of the Republic of Mauritius, which comprises Ministries, Government Departments, Special Funds bank balances and investments as per Statement H – Statement of Special Funds deposited with the Accountant-General.

### 2.3 Reporting Period

The accounts cover the financial year of the Government of Mauritius from 1 July 2020 to 30 June 2021.

### 2.4 Authorisation Date

The financial statements were authorised for issue on 29 December 2021 by Mr. S.D. Ramdeen, the Accountant-General.

## NOTES TO THE ACCOUNTS

### 2.5 Foreign Currencies

#### (i) Functional and Presentation Currency

The accounts are presented in Mauritian Rupees (Rs), rounded to the nearest rupee, which is also the functional currency.

#### (ii) Transactions and Balances

Transactions in foreign currencies are initially translated at the foreign exchange rate at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Financial Performance. Non-monetary assets and liabilities measured at historical cost in foreign currencies are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at reporting date.

### 2.6 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, cash remitted to Ministries/Departments, cash balances with banks, both local and overseas, deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value and cash held on behalf of Special Funds.

### 2.7 Financial Assets

#### (i) Receivables from Non-Exchange Transactions and Receivables from Exchange Transactions

Receivables from Non-Exchange Transactions comprise receivables from taxation, contribution sociale généralisée, and fines, penalties and forfeits.

Receivables from Exchange Transactions comprise receivables from finance income, licences, rent & royalties, sales of goods and services and other revenue.

These are recognised when it is probable that the future economic benefits associated with the asset will flow to the Government and can be measured reliably. Receivables are accounted for on an accrual basis.

#### ***Impairment of Receivables***

A loss allowance for expected credit losses (ECL) is recognised on receivables from exchange transactions. An impairment gain or loss is recognised in Statement of Financial Performance representing the amount of ECL (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised.

However, for non-exchange transactions, assessment has not been made to determine impairment with respect to receivables from non-exchange transactions.



## NOTES TO THE ACCOUNTS

### (ii) Loans and Advances

Loans and Advances are recognised at cost. Loans are the outstanding balances due by Statutory and Other Bodies and Advances are made under the authority of warrants issued under Section 6(1) of the Finance and Audit Act and are recoverable within specified periods.

### (iii) Investments

These represent mainly investments made out of monies standing to the credit of the Consolidated Fund and Special Funds in accordance with Section 3(4)(a) and 9(3)(a) of the Finance and Audit Act.

#### *Initial Recognition of Investments*

On initial recognition, investments are measured at fair value.

#### *Classification and Measurement Basis of Investments*

The table below shows the classification and measurement basis for the different categories of investments:

| Category                                                                            | Classification and Measurement Basis  |
|-------------------------------------------------------------------------------------|---------------------------------------|
| Equity Investments (Quoted Investments, Unquoted Investments, Equity Participation) | Fair Value Through Surplus or Deficit |
| Redeemable Preference Shares                                                        | Fair Value Through Surplus or Deficit |
| Other Investments (Fixed Deposits)                                                  | Cost                                  |

#### **(a) Equity Investments and Redeemable Preference Shares Recognised at Fair Value Through Surplus Or Deficit**

Investments classified as fair value through surplus or deficit are measured at fair value at the end of each financial year, with any gains or losses on remeasurements recognised in surplus or deficit. Any dividend earned on these investments is also recognised in surplus or deficit.

#### **(b) Other Investments Recognised at Cost**

Other investments (fixed deposits) held by Government at banks/financial institutions have been reported at cost. The fair value of these investments approximate its carrying amount.

### (iv) Other Financial Assets

#### **(a) IMF SDR Deposits**

IMF SDR Deposits represent international reserve assets allocated to Mauritius by the IMF (SDR Holdings) and held at the Bank of Mauritius.

IMF SDR Deposits are translated at year-end exchange rate with any gains/losses arising on re-measurements recognised in the Statement of Financial Performance in the period in which they arise.

## NOTES TO THE ACCOUNTS

### (b) IMF Reserve Tranche Position

The Reserve Tranche Position represents that portion of the quota of the Republic of Mauritius in IMF that has been paid in reserve assets, i.e. SDRs or foreign currency acceptable to the IMF.

Reserve Tranche transactions, i.e. subscriptions, purchases and sales, are initially translated at the exchange rate at the date of the transaction. At year-end, the SDR Reserve Tranche Position is translated using year-end exchange rates and any gains/losses recognised in the Statement of Performance as foreign exchange gains or losses.

### 2.8 Inventories

Inventories comprise mainly of distributable items and consumables. Inventories are measured at lower of cost and current replacement cost. Donated inventories from non-exchange transactions for nil or nominal consideration are initially measured at its fair value at the date of receipt.

The cost has been determined using First In First Out Basis (FIFO).

### 2.9 Prepayments

Prepayments are recognised as assets when payment for goods or services has been made in advance of obtaining a right to access those goods or services.

### 2.10 Property, Plant and Equipment

Property, Plant and Equipment include the following:

- (a) Infrastructure, Plant and Equipment;
- (b) Land and Buildings; and
- (c) Assets under Construction.

Furniture, Fixtures and Fittings are currently being expensed.

- (i) Infrastructure, Plant and Equipment

On initial recognition, Infrastructure, Plant and Equipment are stated at cost or deemed cost. Subsequently, they are stated at cost less accumulated depreciation. Infrastructure, Plant and Equipment represent the cost of the following:

- a) Infrastructure Assets:

- Roads - classified roads/motorways

#### *Valuation Methodology*

The value of the roads as at 30 June 2020 has been estimated by the Road Development Authority based on the cost of constructing a road to the following standard:

| SN | Road Type | Cost per km (MUR) |
|----|-----------|-------------------|
| 1  | Motorways | 120M              |
| 2  | A Roads   | 75M               |
| 3  | B Roads   | 65M               |

The value of roads constructed after 30 June 2020 has been measured at cost.

## NOTES TO THE ACCOUNTS

- Dams
- Bridges

### *Valuation Methodology*

The value of bridges as at 30 June 2020 has been estimated by Road Development Authority by using the benchmark of recently constructed bridges of similar nature and size.

The value of bridges constructed after 30 June 2020 has been measured at cost.

- Stadiums & Gymnasiums and
- Other Structures.

Infrastructure assets do not include assets acquired by the Government on behalf of other public sector bodies.

### b) Transport Equipment:

- Ships/Vessels;
- Aircrafts/Helicopters; and
- Other Vehicles.

### c) Other Machinery & Equipment:

- Medical Equipment;
- Office Equipment; and
- Machinery.

## (ii) Land and Buildings

Land represents the estimated value of State Lands (main land) and Outer Islands. The valuation methodology is as follows:

### State Lands acquired before 30 June 2018

These have been estimated by the Government Valuation Department. The direct comparison method has been used to some extent based on freehold sales evidence for various uses in the different regions of the island.

The methodology adopted for State Land leased by the government for various purposes is a reduced rate of 1/3 of freehold value. This rate was applied to these leased properties based on use such as residential, agricultural, industrial and commercial.

In cases where the State Land was leased for industrial use such as hotel, the rate per arpent obtained through analysis of sale of leasehold rights of State Land along the Pas Geometriques was adopted.

Forestry Lands, Parks and Gardens and Guardienages and Islets used as Nature Reserves were valued at a uniform rate of Rs 200,000/Arpent.

Public Beaches and Islets were valued based on rent paid per annum under the State Land Act and were capitalised in perpetuity at rate of 8%.

For Islets leased as hotels i.e industrial site, valuation has been carried out based on sales of leasehold rights along the Pas Geometriques.

For grazing land, 1/3 rate of market value of agricultural land as per region has been used for assessment.

## NOTES TO THE ACCOUNTS

For Ex Tea Land, Agricultural Stations, MSPA Lands and land settlement, valuation has been based on freehold agricultural sales evidence according to different regions.

For National Parks used as touristic sites, a rate of Rs 2.5M/Arpent has been used based on previous valuation in respect of financial year 2016/2017.

For campement sites, valuation has been carried out based on Pas Geometriques sales evidences (leasehold sites).

In respect of land acquired by Government for different purposes, the amount of compensation reported to the Ministry of Housing & Land Use Planning has been used.

### State Lands acquired after 30 June 2018

These have been recognised at cost.

### Outer Islands

These have been recognised at the value estimated by the Government Valuation Department.

Buildings represent residential and non-residential buildings, whether purchased, constructed or upgraded.

Buildings are initially recognised at cost and subsequently at cost less accumulated depreciation.

#### (iii) Assets under Construction

Assets in the course of construction are recognised at cost.

Depreciation of these assets commences when the assets are ready for their intended use.

#### (iv) Donated Assets

When an asset is acquired in a non-exchange transaction for nil or nominal consideration, the asset is initially measured at its fair value at the date of acquisition and subsequently depreciated over its remaining useful life.

#### (v) Depreciation

Depreciation on assets is charged on a straight-line basis over the useful life of the asset. Full year depreciation is charged in the year of acquisition and none in year of disposal. Depreciation is charged at rates calculated to allocate the cost or valuation of the asset over its remaining useful life, as follows:

|                             |               |
|-----------------------------|---------------|
| Buildings                   | 50 years      |
| Infrastructure Assets       | 10 – 50 years |
| Transport Equipment         | 8 – 25 years  |
| Other Machinery & Equipment | 4 – 20 years  |

Land is not depreciated.

## NOTES TO THE ACCOUNTS

### (vi) Borrowing Costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

### (vii) Derecognition

Property, plant and equipment and/or any significant part of an asset are derecognised upon disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in surplus or deficit when the asset is derecognised.

## 2.11 Intangible Assets

Intangible assets include licenses, computer software and IT projects acquired, developed or under development.

Intangible assets acquired separately are initially recognised at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any impairment losses. Internally generated intangible assets are not capitalised and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

Intangible assets are amortised using the straight-line method over a period of 8 years. Full year amortisation is charged in the year of acquisition. Intangible assets which are still under development phase are recognised at cost and no amortisation is charged until the asset is available for use.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset. Any surplus or deficit arising from the disposal is recognised in the statement of financial performance.

## 2.12 Financial Liabilities

### (i) Payables

Payables are of a short-term nature and are recognised at cost as the effect of discounting is not considered material. Payables comprise the following:

- (a) 'Cost of Borrowings' consist of Accrued Interest on Re-opening of Government Bonds and Treasury Notes;
- (b) 'Accounts Payable' which are expenses incurred by the Government during the financial year but not yet paid as at year end;
- (c) 'Retention Money on Contracts' which is a percentage of the amount certified as due to the contractor on an interim certificate, that is deducted from the amount due and retained by the Government; and
- (d) 'Carry-over of Capital Expenditure' which represents the balance of the provision earmarked for capital projects in the current financial year payable within 3 months of the close of the financial year as per Section 3A of the Finance and Audit Act. The amount recognised in the Statement of Financial Position represents that portion of the total provision carried-over in respect of which goods were received or works completed by end of the financial year.

## NOTES TO THE ACCOUNTS

### (ii) Deposits

Deposits are money deposited with the Government under Section 8 of the Finance and Audit Act and are recognised at their carrying amounts.

### (iii) Government Debt

#### a) Domestic and External Debts

##### *Initial Recognition and Measurement*

Upon initial recognition, Domestic and External Debts are measured at fair value.

For concessionary loans, the difference between the loan proceeds and the fair value on initial recognition is accounted as revenue from non-exchange transactions.

##### *Subsequent Measurement*

- Treasury Bills and Treasury Certificates

Treasury Bills and Treasury Certificates are measured at amortised cost which is equivalent to the amount payable at maturity to the holders of these instruments, due to the short term nature of these liabilities.

- Treasury Notes, Government of Mauritius Bonds, Inflation-Indexed Bonds, Other Long-Term Securities, Domestic Loans and External Debts

Subsequently, these instruments are measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in surplus or deficit. Amortised cost is calculated by taking into account any discount or premium on acquisition of these instruments excluding commitment fees, management charges and front-end fees.

- Silver Retirement/Savings Bonds

These instruments are recognised at cost plus accrued interest.

##### *De-Recognition of Financial Liabilities*

A financial liability (or a part of a financial liability) is removed from the statement of financial position when, the financial liability is extinguished – i.e., when the obligation specified in the contract is discharged, waived, cancelled or expired.

#### b) International Monetary Fund (IMF)- SDR Allocations

IMF SDR Allocations represent obligations which arise through the participation of the Republic of Mauritius in the SDR Department of the IMF and that 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.

IMF SDR Allocations are translated at year-end exchange rate with any gains/losses arising on re-measurements recognised in the Statement of Financial Performance in the period in which they arise.

## NOTES TO THE ACCOUNTS

### (iv) Financial Guarantee Liability

The Government provides financial guarantee as and when required in respect of loans contracted by Public Sector Bodies. Such guarantees are given to the lender to reimburse the amount of any loss incurred in the event of non-repayment of the respective loans by the Public Sector Bodies.

These financial guarantee contracts are initially recognised as a liability at fair value.

Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the liability and the amount initially recognised less cumulative amortisation.

## 2.13 Employee Benefit Obligations

### (i) Short-Term Employee Benefits

Short-term employee benefits are benefits which are expected to be settled wholly before twelve months after the reporting period in which the employee renders the related service.

Short-term employee benefits are expensed in the period the employee renders the service and a liability is recognised in respect of amount not paid at the end of the financial year. Owing to the short-term nature of those entitlements, the liabilities are not discounted for the time value of money and are presented as current liabilities

The short-term employee benefits consist of salaries, wages, salary compensation, overtime, travelling and transport, allowances, end of year bonus, social security contributions, passage benefits, and allowance in lieu of passage benefits.

Accumulated paid leave (bank of sick leave and vacation leave) and end of year bonus are accrued in the period the employee renders the service and a liability is recognised in respect of amount not paid at the end of the financial year.

Passage benefits represent the estimated liability of the Government in respect of passage benefits accrued to public officers on permanent and pensionable establishment drawing a minimum monthly salary of Rs 25,525 or reckoning at least five years' service as per PRB 2016 and minimum monthly salary of Rs 27,400 or reckoning at least five years' service as per PRB 2021. Passage benefits are earned at the rate of 5% of the gross salaries annually. The carrying amount is re-measured each year and after taking into account amount paid and earned during the year.

### (ii) Post-Employment Benefits

#### (a) Defined Contribution Plan

Defined contribution plans are post-employment benefit plans under which the Government pays fixed contributions into another entity, the State Insurance Company of Mauritius Limited (SICOM Ltd), for full time employees who joined the Public Sector from 1 January 2013 onwards. The Government has no further payment obligations once the contributions have been paid. These contributions are expensed in the period the employee renders the service and a liability is recognised in respect of amount not paid at the end of the financial year.

**NOTES TO THE ACCOUNTS****(b) Defined Benefit Plans**

The Government operates two Defined Benefit Plans, one for employees who joined service prior to the year 2013 and one for Members of the Legislative Assembly.

Both plans are unfunded. The calculation of defined benefit obligations is performed on a 3 yearly basis by a qualified actuary. Currently, Government appoints SICOM Ltd as its actuary. The cost of providing benefits is calculated using the projected unit method. The benefits are then discounted in order to determine the present value of the defined benefit obligations and the current service cost.

Remeasurements, comprising actuarial gains and losses, are reflected immediately in net assets/equity.

**(c) National Savings Fund**

These contributions are expensed in the period the employee renders the service and a liability is recognised in respect of amount not paid at the end of the financial year.

**2.14 Revenue from Non-Exchange Transactions****(i) Taxation**

Taxation consists of Taxes on Income and Profits, Taxes on Property, Taxes on Goods and Services, Taxes on International Trade and Transactions and Other Taxes.



## NOTES TO THE ACCOUNTS

For the financial year 2020/21, the revenue recognition policy adopted for each major type of taxation revenue is as follows:

| Revenue Type                                                                  | Revenue Recognition Point                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|-------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Taxes on Income and Profits                                                   | <p>1. <u>Income Tax- Individuals (self-assessment)</u></p> <p>Revenue is recognised when the taxable activity takes place based on income tax returns submitted by the taxpayer by 15 October of the following financial year.</p> <p>Any revenue for the current financial year declared after 15 October or relating to prior periods are recognised as revenue in the year that the returns are submitted.</p> <p>Revenue recognised represents the net amount payable by the tax payer after any refund and deduction of any Pay As You Earn (PAYE) or Tax Deduction at Source (TDS).</p>                                        |
|                                                                               | <p>2. <u>Income Tax- Companies &amp; Bodies Corporate</u></p> <p>Revenue is recognised on a cash basis.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|                                                                               | <p>3. <u>Pay As You Earn (PAYE) and Tax Deduction at Source (TDS)</u></p> <p>Revenue is recognised in the financial year the taxable activity takes place based on returns submitted in the current financial year. PAYE /TDS for the month of June submitted up to the cut-off date of 31 July of the following financial year are recognised as revenue in the current financial year.</p> <p>PAYE /TDS relating to any month prior to June that are declared after the end of the current financial year and PAYE/TDS relating to any prior periods are recognised as revenue in the year in which the returns are submitted.</p> |
| Taxes on Property                                                             | Revenue is recognised on an accrual basis.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Taxes on Goods and Services and Taxes on International Trade and Transactions | <p>1. <u>Value Added Tax (VAT)</u></p> <p>Revenue is recognised in the year the taxable activity takes place based on returns relating to the current financial year submitted by the taxpayer during the financial year and returns pertaining to the month of June and Quarter April to June submitted by 31 July of the following financial year, net of any repayment.</p> <p>VAT returns for the month of July to May and Quarters July to March declared after financial year end and VAT relating to prior periods are recognised as revenue, net of any repayment in the year in which the returns are submitted.</p>        |
|                                                                               | <p>2. <u>Custom &amp; Excise Duties and Other taxes collected at Customs</u></p> <p>Revenue is recognised in the financial year the taxable activity takes place based on the customs declarations submitted at customs.</p>                                                                                                                                                                                                                                                                                                                                                                                                         |
|                                                                               | <p>3. <u>Betting and Gaming Taxes</u></p> <p>Revenue is recognised when taxes are declared in the tax payers returns during the financial year.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Other Taxes                                                                   | <p>1. <u>Environment Protection Fee (EPF)</u></p> <p>Revenue is recognised when taxes are declared in the tax payers returns during the financial year.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|                                                                               | <p>2. <u>Advertising Structure Fee, Shooting and Fishing Lease and Passenger Fee</u></p> <p>Revenue is recognised when taxes are declared in the tax payers returns during the financial year.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                   |

## NOTES TO THE ACCOUNTS

Penalties, interests and surcharges arising in relation to taxation are recognised as revenue in the year when these charges are applied.

Revenue on assessments is recognised in the financial year in which the Assessment, Objection or Appeal is finalised i.e. after the resolution of the dispute.

For the financial year 2019/20, all taxation revenue were recognised on a cash basis.

### (ii) Transfers

#### (a) Fines, Penalties and Forfeits

Fines, Penalties and Forfeits are recognised on an accrual basis. For the financial year 2019/20, these were recognised on a cash basis.

#### (b) Grants and Aid

Grants and Aid consist of Grants from Domestic and Foreign Governments, International Organisations and Other General Government Units.

These grants are recognised on an accrual basis.

#### (c) Other Transfers

Other transfers include:

- Transfer of surplus cash balances from statutory bodies and special funds and any contributions made by a party to Government. These are recognised on a cash basis.
- Concessionary Loans  
The difference between loan proceeds and the fair value of the loan on initial recognition is recognised as revenue.
- Goods in-kind  
Goods in-kind are measured at fair value as at the date of acquisition and recognised on obtaining control of the asset if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Government and can be measured reliably.
- Debt Forgiveness  
Debts written off by Development Partners/Donor Agencies are recognised as revenue when the debt no longer meets the definition of a liability.

### (iii) Contribution Sociale Généralisée (CSG)

CSG is recognised on an accrual basis.

## NOTES TO THE ACCOUNTS

### 2.15 Revenue from Exchange Transactions

Revenue from exchange transactions consist of Licenses, Finance Income, Dividends and Withdrawals from Income of Quasi Corporations, Rent and Royalties, Sales of Goods and Services and Other Revenue.

For the financial year 2020/21, these revenues except for Dividends and Withdrawals from Income of Quasi Corporations, have been recognised on an accrual basis. Dividends and Withdrawals from Income of Quasi Corporations have been recognised on a cash basis.

For the financial year 2019/20, all revenue were recognised on a cash basis.

### 2.16 Expenses

#### (i) Subsidies and Grants

Subsidies and Grants to Local Authorities, Extra Budgetary Units, Rodrigues Regional Assembly and other General Government units are recognised when payments are made.

Contributions to International/Regional Organisations, Insurance & Compensation arising out of Government Liability are recognised in the period to which they relate to.

#### (ii) Social Benefits

Social benefits are recognised in the period to which they relate to.

#### (iii) Operating Expenses

These are recognised in the period when goods are received or services are rendered.

Operating expenses include rental expense on operating leases which are recognised on a straight-line basis over the lease terms. The Government does not currently hold any assets under a finance lease. The Government leases various offices, warehouses, rental of network lines amongst others. Rental of offices, warehouses and network lines are made for fixed periods between 2 to 10 years which may be extended. All other rental contracts are for short term lease, normally less than one year.

#### (iv) Other Expenses

Other expenses, except for other transfer payments are recognised on an accrual basis.

All transfer payments, except those made to regional/international organisations, Insurance & Compensation arising out of Government liability, are recognised on a cash basis. Transfers made to regional/international organisations are recognised in the period when goods are received or services are rendered.

#### (v) Finance Costs

Finance costs on financial liabilities are measured at amortised cost and are recognised using the effective interest rate method.

## NOTES TO THE ACCOUNTS

## 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements includes the use of accounting estimates and management assumptions and judgement. It also requires management to exercise its judgement in the process of applying accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant include, but are not limited to: estimation of Receivables and loss allowance for expected credit losses on Receivables from Exchange Transactions, selection of useful lives and the depreciation/amortization method for Property Plant and Equipment/Intangible Assets, estimating the fair value of certain categories of Property Plant and Equipment and Investments, actuarial measurement of post-employment benefit obligations, assumptions used in calculating the fair value of Government Debt for which there is no observable market price and Financial Risk and estimation to compute the value for Financial Guarantee Liability. Actual results could differ from those estimates. Changes in estimates are reflected in the period in which they become known.

## 4. CASH AND CASH EQUIVALENTS

The total cash and cash equivalents are made up as follows:

|                                               | 30 June 2021          | 30 June 2020          |
|-----------------------------------------------|-----------------------|-----------------------|
|                                               | Rs                    | Rs                    |
| Cash and Bank balances                        | 40,292,906,562        | 27,290,921,022        |
| Remittances                                   | 2,217,455,202         | 2,205,982,271         |
| <b>Total</b>                                  | <b>42,510,361,764</b> | <b>29,496,903,293</b> |
| <b>Comprising :</b>                           |                       |                       |
| Local currency balances                       | 37,382,086,848        | 26,892,079,674        |
| Foreign currency balances - at local banks    | 5,058,706,042         | 2,571,239,957         |
| Foreign currency balances - at external banks | 69,568,874            | 33,583,662            |

As at 30 June 2021, there is no significant cash and cash equivalent balances that are not available for use.

Cash and cash equivalents include an amount of Rs 25,567,657,163 (2020: Rs 12,722,525,766) for Special Funds.

*Non-cash transactions*

Non-cash transaction amounted to Rs 3,095,729,943 (2020: Rs 1,456,404,509) as follows:

|                                                                                                   | 30 June 2021         | 30 June 2020         |
|---------------------------------------------------------------------------------------------------|----------------------|----------------------|
|                                                                                                   | Rs                   | Rs                   |
| Donated Property, Plant and Equipment                                                             | 339,850,603          | 3,476,565            |
| Loans Write-Off                                                                                   | 2,300,000,000        | -                    |
| Payment by the funding agencies directly to the contractor in respect of works for the Government | 287,049,663          | 1,425,149,418        |
| Others                                                                                            | 168,829,677          | 27,778,526           |
| <b>Total</b>                                                                                      | <b>3,095,729,943</b> | <b>1,456,404,509</b> |

## NOTES TO THE ACCOUNTS

## 5. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

|                                           | 30 June 2021          | 30 June 2020<br>(Restated) |
|-------------------------------------------|-----------------------|----------------------------|
|                                           | Rs                    | Rs                         |
| Income Tax - Individual                   | 3,208,251,685         | 2,910,537,762              |
| Value Added Tax                           | 5,633,701,537         | 4,272,440,296              |
| Income Tax – Companies & Bodies Corporate | 3,506,019,347         | -                          |
| Customs and Excise                        | 35,239,668            | 20,561,823                 |
| Betting and Gaming                        | 233,434,564           | 198,257,379                |
| PAYE                                      | 1,336,319,322         | 611,826,367                |
| TDS                                       | 401,041,496           | 12,164,816                 |
| Taxes on Property                         | 414,018,587           | 377,268,664                |
| Other Taxes                               | 140,486,194           | 42,180,723                 |
| Fines, Penalties and Forfeits             | 67,244,785            | 81,721,271                 |
| Contribution Sociale Généralisée (CSG )   | 710,838,423           | -                          |
| <b>Total</b>                              | <b>15,686,595,608</b> | <b>8,526,959,101</b>       |
| - Within one year                         | 15,686,595,608        | 8,526,959,101              |
| - After one year                          | -                     | -                          |
| <b>Total</b>                              | <b>15,686,595,608</b> | <b>8,526,959,101</b>       |

Receivables from Income Tax – Companies & Bodies Corporate have been recognised for the first time in the financial statements for the financial year 2020-2021. Due to impracticability issue, no restatements have been made with respect to the financial year 2019-2020. Therefore, the comparative information is not comparable to the information presented for the financial year 2020-2021 for Income Tax – Companies & Bodies Corporate.

The difference between the two figures presented in Statement A – Statement of Financial Position and Statement N - Statement of Arrears of Revenue is due to the different basis applied in computing the figures. Arrears of Revenue is computed on a claim basis while receivables are computed when transactions are incurred.

Refer to Note 33(i) for details on the prior year adjustments.

During the financial year 2020-2021, an amount of Rs 1,413,283 was written off (Refer to Note 29).

## NOTES TO THE ACCOUNTS

## 6. RECEIVABLES FROM EXCHANGE TRANSACTIONS

|                           | 30 June 2021                | 30 June 2020<br>(Restated)  |
|---------------------------|-----------------------------|-----------------------------|
|                           | Rs                          | Rs                          |
| Finance Income            | 1,028,324,825               | 2,304,649,078               |
| Licence                   | 212,689,918                 | 202,924,369                 |
| Other Revenue             | 16,271,193                  | 69,568,428                  |
| Rent & Royalties          | 742,537,694                 | 671,169,971                 |
| Sales of Goods & Services | 270,468,405                 | 278,349,936                 |
|                           | <u>2,270,292,035</u>        | <u>3,526,661,782</u>        |
| Less: Loss Allowance      | (149,761,466)               | (136,059,734)               |
| <b>Total</b>              | <b><u>2,120,530,569</u></b> | <b><u>3,390,602,048</u></b> |
| - Within one year         | 2,120,530,569               | 3,390,602,048               |
| - After one year          | -                           | -                           |
| <b>Total</b>              | <b><u>2,120,530,569</u></b> | <b><u>3,390,602,048</u></b> |

During the financial year 2020-2021, an amount of Rs 1,527,304,336 was written off. Out of this amount, an amount of Rs 1,526,409,775 was charged directly through surplus/deficit as no loss allowance in respect of these amounts were previously recognised (Refer to Note 29). The remaining amount of Rs 894,561 was written off against loss allowance (Refer to table below).

The changes in the loss allowance in respect of receivables from exchange transactions are as follows:

|                                          | Rs                        |
|------------------------------------------|---------------------------|
| <b>Loss Allowance as at 1 July 2020</b>  | 136,059,734               |
| Receivables Write-Off                    | (894,561)                 |
| Impairment Loss                          | 14,596,293                |
| <b>Loss Allowance as at 30 June 2021</b> | <b><u>149,761,466</u></b> |

Receivables from exchange transactions net of loss allowance has been recognised for the first time in the financial statements for the financial year 2020-2021.

Refer to Note 33(ii) for details on the prior year adjustments.

## NOTES TO THE ACCOUNTS

## 7. LOANS AND ADVANCES

|              | 30 June 2021         |                       |                       | 30 June 2020<br>(Restated) |                       |                       |
|--------------|----------------------|-----------------------|-----------------------|----------------------------|-----------------------|-----------------------|
|              | Current<br>Rs        | Non-Current<br>Rs     | Total<br>Rs           | Current<br>Rs              | Non-Current<br>Rs     | Total<br>Rs           |
| Loans        | 1,476,463,087        | 8,250,816,245         | 9,727,279,332         | 2,570,355,296              | 8,908,886,729         | 11,479,242,025        |
| Advances     | 1,920,679,553        | 2,177,182,172         | 4,097,861,725         | 1,908,534,768              | 2,322,411,831         | 4,230,946,599         |
| <b>Total</b> | <b>3,397,142,640</b> | <b>10,427,998,417</b> | <b>13,825,141,057</b> | <b>4,478,890,064</b>       | <b>11,231,298,560</b> | <b>15,710,188,624</b> |

Refer to Note 33(iii) for details on the prior year adjustments.

## (i) Loans

|                                                                                           | 30 June 2021         | 30 June 2020<br>(Restated) |
|-------------------------------------------------------------------------------------------|----------------------|----------------------------|
|                                                                                           | Rs                   | Rs                         |
| <b>Loans as per Statement M- Statement of all Outstanding Loans financed from Revenue</b> | <b>9,723,121,744</b> | <b>11,475,975,181</b>      |
| Interest Capitalised on Accrual Basis                                                     | 4,157,588            | 3,266,844                  |
| <b>Loans as per Statement A- Statement of Financial Position</b>                          | <b>9,727,279,332</b> | <b>11,479,242,025</b>      |

## (ii) Advances

|                                                                  | 30 June 2021         | 30 June 2020         |
|------------------------------------------------------------------|----------------------|----------------------|
|                                                                  | Rs                   | Rs                   |
| Government Officers (include Motor Cars & Motor Cycles Advances) | 1,996,697,288        | 2,085,464,323        |
| Parastatals/Local Government/Corporate Bodies                    | 1,995,601,514        | 2,041,055,607        |
| Ministries/Departments                                           | 105,562,923          | 104,426,669          |
| <b>Total</b>                                                     | <b>4,097,861,725</b> | <b>4,230,946,599</b> |

## NOTES TO THE ACCOUNTS

## 8. INVESTMENTS

Details of investments are shown below:

|                              | 30 June 2021           | 30 June 2020<br>(Restated) |
|------------------------------|------------------------|----------------------------|
|                              | Rs                     | Rs                         |
| Equity Investments           | 108,099,765,631        | 103,237,096,950            |
| Redeemable Preference Shares | 200,000,000            | 200,000,000                |
| Other Investments            | 11,510,295,000         | 914,695,000                |
| <b>Total</b>                 | <b>119,810,060,631</b> | <b>104,351,791,950</b>     |
|                              |                        |                            |
| - Within one year            | 11,086,500,000         | 842,900,000                |
| - After one year             | 108,723,560,631        | 103,508,891,950            |
| <b>Total</b>                 | <b>119,810,060,631</b> | <b>104,351,791,950</b>     |

Refer to Note 33(iv) for details on the prior year adjustments.

## (i) Equity Investments and Redeemable Preference Shares

*Fair Value of Equity Investments and Redeemable Preference Shares*

The Government uses the following hierarchy for determining and measuring the fair value of investments:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Other techniques for which all inputs are observable and have a significant effect on the recorded fair value, either directly or indirectly; and
- Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The level of fair value measurement used for each category of investment is shown in the table below:

| Category             | Level   | Basis                                                                                                                                                                                                                                                                                                |
|----------------------|---------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Quoted Investments   | Level 1 | Based on market prices of shares on the Stock Exchange of Mauritius as at the end of the financial year, except for Air Mauritius Limited, where the latest share price following the resumption of dealings has been used.                                                                          |
| Unquoted Investments | Level 3 | Based on the Net Asset figures from the latest audited financial statements of investees except for:<br>i) ISM Ltd and National Fishing Company Ltd, where their costs have been deemed to be their market value as no audited financial statements are available due to their recent incorporation; |



## NOTES TO THE ACCOUNTS

| Category                     | Level   | Basis                                                                                                               |
|------------------------------|---------|---------------------------------------------------------------------------------------------------------------------|
|                              |         | ii) National Property Fund Ltd which is based on the unaudited financial statements for the financial year 2020/21. |
| Equity Participation         | Level 3 | Based on the Net Asset figure from the latest audited financial statements of investees.                            |
| Redeemable Preference Shares | Level 3 | Based on the value disclosed in the latest audited financial statements of investees.                               |

The table below shows an analysis of equity investments and redeemable preference shares mandatorily measured at fair value through surplus or deficit by the level of hierarchy:

|                              | Level 1            | Level 3                | Total Carrying Amount  | Total Fair Value       |
|------------------------------|--------------------|------------------------|------------------------|------------------------|
| 30 June 2021                 | Rs                 | Rs                     | Rs                     | Rs                     |
| Quoted investments           | 704,011,166        | -                      | 704,011,166            | 704,011,166            |
| Unquoted investments         | -                  | 75,845,667,417         | 75,845,667,417         | 75,845,667,417         |
| Equity participation         | -                  | 31,550,087,048         | 31,550,087,048         | 31,550,087,048         |
| Redeemable Preference Shares |                    | 200,000,000            | 200,000,000            | 200,000,000            |
| <b>Total</b>                 | <b>704,011,166</b> | <b>107,595,754,465</b> | <b>108,299,765,631</b> | <b>108,299,765,631</b> |
| <b>30 June 2020</b>          |                    |                        |                        |                        |
| <b>(Restated)</b>            |                    |                        |                        |                        |
| Quoted investments           | 628,414,326        | -                      | 628,414,326            | 628,414,326            |
| Unquoted investments         | -                  | 56,214,993,633         | 56,214,993,633         | 56,214,993,633         |
| Equity participation         | -                  | 46,393,688,991         | 46,393,688,991         | 46,393,688,991         |
| Redeemable Preference Shares |                    | 200,000,000            | 200,000,000            | 200,000,000            |
| <b>Total</b>                 | <b>628,414,326</b> | <b>102,808,682,624</b> | <b>103,437,096,950</b> | <b>103,437,096,950</b> |

There have been no transfers between Level 1 and 3 during the current year.

There has been an equity investment of Rs 25 billion by the Mauritius Investment Corporation Ltd in Airport Holdings Ltd in December 2021, which as a result, will increase the Net Assets value of Government in the future.

## NOTES TO THE ACCOUNTS

A reconciliation of fair value measurements in level 3 is set out below:

|                                                                                | Rs                     |
|--------------------------------------------------------------------------------|------------------------|
| <b>Balance at 30 June 2019</b>                                                 | <b>102,282,693,066</b> |
| Additions during the year                                                      | 7,027,520,285          |
| Disposal of investments                                                        | (73,953)               |
| Dividend capitalised                                                           | 4,555,820              |
| Gains on foreign exchange transactions                                         | 282,082,817            |
| Fair value loss on investment                                                  | (6,789,270,257)        |
| <b>Balance at 30 June 2020</b>                                                 | <b>102,807,507,778</b> |
| Movement in fair value due to reclassification of redeemable preference shares | 1,174,846              |
| <b>Balance at 30 June 2020 (restated)</b>                                      | <b>102,808,682,624</b> |
| Additions during the year                                                      | 22,337,960,742         |
| Dividend capitalised                                                           | 1                      |
| Gains on foreign exchange transactions                                         | 248,405,841            |
| Fair value loss on investment                                                  | (17,799,294,743)       |
| <b>Balance at 30 June 2021</b>                                                 | <b>107,595,754,465</b> |

(ii) Other Investments

Other Investments includes an amount of Rs 10,920,000,000 which pertains to Special Funds.

Additional details in respect of investments are provided in the Statement F - Statement of Investments.

## 9. OTHER FINANCIAL ASSETS

|                               | 30 June 2021         | 30 June 2020         |
|-------------------------------|----------------------|----------------------|
|                               | Rs                   | Rs                   |
| IMF -SDR Deposits             | 4,313,379,338        | 3,937,250,300        |
| IMF -Reserve Tranche Position | 2,123,814,085        | 1,920,129,985        |
| <b>Total</b>                  | <b>6,437,193,423</b> | <b>5,857,380,285</b> |

IMF- SDR Deposits represent the rupee equivalent of the deposit of SDR 70,911,549 (2020: SDR 70,911,549) by the IMF to the Republic of Mauritius.

IMF – Reserve Tranche Position of the Republic of Mauritius with IMF stood at SDR 34,915,303 (2020: SDR 34,582,356), whilst the Quota amounted to SDR 142,200,000 (2020: SDR 142,200,000).

Previously, the above items were presented separately on the face of the Statement A- Statement of Financial Position.

The movement in the Reserve Tranche is as follows:

|                                        | 30 June 2021         | 30 June 2020         |
|----------------------------------------|----------------------|----------------------|
|                                        | Rs                   | Rs                   |
| <b>Balance as at 1 July</b>            | <b>1,920,129,985</b> | <b>1,069,362,969</b> |
| Gains on Foreign Exchange Transactions | 184,784,100          | 174,490,076          |
| Transactions during the year           | 18,900,000           | 676,276,940          |
| <b>Balance as at 30 June</b>           | <b>2,123,814,085</b> | <b>1,920,129,985</b> |

## NOTES TO THE ACCOUNTS

## 10. PROPERTY, PLANT AND EQUIPMENT

|                                   | Infrastructure, Plant and Equipment |                       |                             | Land and Buildings     |                       | Asset under Construction (AUC) | Total                  |
|-----------------------------------|-------------------------------------|-----------------------|-----------------------------|------------------------|-----------------------|--------------------------------|------------------------|
|                                   | Infrastructure Assets               | Transport Equipment   | Other Machinery & Equipment | Land                   | Buildings             |                                |                        |
|                                   | Rs                                  | Rs                    | Rs                          | Rs                     | Rs                    | Rs                             | Rs                     |
| <b>COST</b>                       |                                     |                       |                             |                        |                       |                                |                        |
| <b>At 30 June 2019</b>            | <b>113,423,745,245</b>              | <b>9,962,554,404</b>  | <b>9,094,677,583</b>        | <b>366,358,998,852</b> | <b>27,863,623,421</b> | <b>3,875,597,614</b>           | <b>530,579,197,119</b> |
| Additions                         | 1,638,022,110                       | 502,343,422           | 907,359,412                 | 852,815,275            | 734,437,062           | 2,403,299,247                  | 7,038,276,528          |
| Transfer from AUC                 | 814,547,317                         | -                     | 30,997,355                  | -                      | 1,126,389,915         | (1,971,934,587)                | -                      |
| Disposal                          | -                                   | -                     | (11,931,020)                | -                      | -                     | -                              | (11,931,020)           |
| Adjustment                        | 76,750,000                          | -                     | -                           | -                      | -                     | -                              | 76,750,000             |
| <b>At 30 June 2020 (Restated)</b> | <b>115,953,064,672</b>              | <b>10,464,897,826</b> | <b>10,021,103,330</b>       | <b>367,211,814,127</b> | <b>29,724,450,398</b> | <b>4,306,962,274</b>           | <b>537,682,292,627</b> |
| Additions                         | 1,381,446,333                       | 251,570,491           | 1,002,240,847               | 1,390,633,238          | 1,241,016,033         | 2,442,773,443                  | 7,709,680,385          |
| Transfer from AUC                 | 863,266,304                         | -                     | -                           | -                      | 1,224,400,738         | (2,087,667,042)                | -                      |
| Disposal                          | -                                   | (725,000)             | (5,508,790)                 | -                      | -                     | -                              | (6,233,790)            |
| <b>At 30 June 2021</b>            | <b>118,197,777,309</b>              | <b>10,715,743,317</b> | <b>11,017,835,387</b>       | <b>368,602,447,365</b> | <b>32,189,867,169</b> | <b>4,662,068,675</b>           | <b>545,385,739,222</b> |

## NOTES TO THE ACCOUNTS

|                                                    | Infrastructure, Plant and Equipment |                      |                             | Land and Buildings     |                       | Asset under Construction (AUC) | Total                  |
|----------------------------------------------------|-------------------------------------|----------------------|-----------------------------|------------------------|-----------------------|--------------------------------|------------------------|
|                                                    | Infrastructure Assets               | Transport Equipment  | Other Machinery & Equipment | Land                   | Buildings             |                                |                        |
|                                                    | Rs                                  | Rs                   | Rs                          | Rs                     | Rs                    | Rs                             | Rs                     |
| <b>DEPRECIATION</b>                                |                                     |                      |                             |                        |                       |                                |                        |
| <b>At 30 June 2019</b>                             | <b>5,195,273,035</b>                | <b>4,259,339,113</b> | <b>5,299,752,105</b>        | -                      | <b>6,858,896,074</b>  | -                              | <b>21,613,260,327</b>  |
| Charge for the year                                | 2,358,446,686                       | 628,161,499          | 990,639,380                 | -                      | 594,489,008           | -                              | 4,571,736,573          |
| Disposal                                           | -                                   | -                    | (11,575,873)                | -                      | -                     | -                              | (11,575,873)           |
| Adjustment                                         | 95,863,715                          | -                    | (37,904,778)                | -                      | (38,661)              | -                              | 57,920,276             |
| <b>At 30 June 2020 (Restated)</b>                  | <b>7,649,583,436</b>                | <b>4,887,500,612</b> | <b>6,240,910,834</b>        | -                      | <b>7,453,346,421</b>  | -                              | <b>26,231,341,303</b>  |
| Charge for the year                                | 2,450,161,438                       | 607,881,622          | 964,160,221                 | -                      | 643,718,962           | -                              | 4,665,922,243          |
| Disposal                                           | -                                   | (725,000)            | (4,586,167)                 | -                      | -                     | -                              | (5,311,167)            |
| <b>At 30 June 2021</b>                             | <b>10,099,744,874</b>               | <b>5,494,657,234</b> | <b>7,200,484,888</b>        | -                      | <b>8,097,065,383</b>  | -                              | <b>30,891,952,379</b>  |
| <b>Carrying Amounts At 30 June 2020 (Restated)</b> | <b>108,303,481,236</b>              | <b>5,577,397,214</b> | <b>3,780,192,496</b>        | <b>367,211,814,127</b> | <b>22,271,103,977</b> | <b>4,306,962,274</b>           | <b>511,450,951,324</b> |
| <b>At 30 June 2021</b>                             | <b>108,098,032,435</b>              | <b>5,221,086,083</b> | <b>3,817,350,499</b>        | <b>368,602,447,365</b> | <b>24,092,801,786</b> | <b>4,662,068,675</b>           | <b>514,493,786,843</b> |

Refer to Note 33 (vi) on prior year adjustments.

Donated assets amounting to Rs 339,850,603 (2020: Rs 3,476,565) have been recognised in the financial year 2020-2021. During the financial year ended 30 June 2021, the Government of Mauritius has received 17.25 Arpents of land valued at Rs 138,037,500 from Rose-Belle Sugar Estate Board following the waive-off of the loan balance due by the latter.

As at 30 June 2021, contractual commitments for the acquisition of Property, Plant, and Equipment amounted to Rs 2,449,462,519 (2020: Rs 123,753,806).

## NOTES TO THE ACCOUNTS

## 11. INTANGIBLE ASSETS

|                                   | Licenses &<br>Software | Asset Under<br>Development<br>(AUD) | Total                |
|-----------------------------------|------------------------|-------------------------------------|----------------------|
|                                   | Rs                     | Rs                                  | Rs                   |
| <b>COST</b>                       |                        |                                     |                      |
| <b>At 30 June 2019</b>            | <b>2,470,569,253</b>   | <b>391,113,452</b>                  | <b>2,861,682,705</b> |
| Additions                         | 202,410,492            | 163,104,475                         | 365,514,967          |
| Transfer from AUD                 | 61,500,605             | (61,500,605)                        | -                    |
| Impairment                        | -                      | (367,702,808)                       | (367,702,808)        |
| <b>At 30 June 2020</b>            | <b>2,734,480,350</b>   | <b>125,014,514</b>                  | <b>2,859,494,864</b> |
| Additions                         | 146,290,568            | 122,755,964                         | 269,046,532          |
| Impairment                        | -                      | (153,086)                           | (153,086)            |
| <b>At 30 June 2021</b>            | <b>2,880,770,918</b>   | <b>247,617,392</b>                  | <b>3,128,388,310</b> |
| <b>AMORTISATION</b>               |                        |                                     |                      |
| <b>At 30 June 2019</b>            | <b>1,821,042,465</b>   | -                                   | <b>1,821,042,465</b> |
| Charge for the year               | 210,076,072            | -                                   | 210,076,072          |
| Adjustment                        | 12,732,152             | -                                   | 12,732,152           |
| <b>At 30 June 2020 (Restated)</b> | <b>2,043,850,689</b>   | -                                   | <b>2,043,850,689</b> |
| Charge for the year               | 200,195,264            | -                                   | 200,195,264          |
| <b>At 30 June 2021</b>            | <b>2,244,045,953</b>   | -                                   | <b>2,244,045,953</b> |
| <b>Carrying Amounts</b>           |                        |                                     |                      |
| <b>At 30 June 2020 (Restated)</b> | <b>690,629,661</b>     | <b>125,014,514</b>                  | <b>815,644,175</b>   |
| <b>At 30 June 2021</b>            | <b>636,724,965</b>     | <b>247,617,392</b>                  | <b>884,342,357</b>   |

Refer to Note 33(vii) for details on the prior year adjustments.

As at 30 June 2021, contractual commitments for the acquisition of Intangible Assets amounted to Rs 1,887,923 (2020: Rs 27,804,797).

HRMIS, a project which was under the development phase, has been impaired fully as at 30 June 2020 as the Government decided to wind up the project. During the year ended 30 June 2021, an amount of Rs 153,086 was incurred with respect to the project and same has been impaired at year end.

## NOTES TO THE ACCOUNTS

## 12. PAYABLES

|                                   | 30 June 2021         | 30 June 2020         |
|-----------------------------------|----------------------|----------------------|
|                                   | Rs                   | Rs                   |
| Cost of Borrowings                | 11,307,000           | 5,677,000            |
| Accounts Payable                  | 1,139,185,353        | 625,711,380          |
| Retention Money on Contracts      | 453,258,327          | 446,487,156          |
| Carry-over of Capital Expenditure | 211,362,427          | 505,482,170          |
| <b>Total</b>                      | <b>1,815,113,107</b> | <b>1,583,357,706</b> |
| - Within one year                 | 1,559,870,211        | 1,552,385,176        |
| - After one year                  | 255,242,896          | 30,972,530           |
| <b>Total</b>                      | <b>1,815,113,107</b> | <b>1,583,357,706</b> |

Cost of Borrowings is made up of accrued interest on re-opening of Government Bonds and Treasury Notes. Details are as follows:

|                  | 30 June 2021      | 30 June 2020     |
|------------------|-------------------|------------------|
|                  | Rs                | Rs               |
| Government Bonds | 6,080,000         | -                |
| Treasury Notes   | 5,227,000         | 5,677,000        |
| <b>Total</b>     | <b>11,307,000</b> | <b>5,677,000</b> |

## 13. DEPOSITS

|                   | 30 June 2021         | 30 June 2020         |
|-------------------|----------------------|----------------------|
|                   | Rs                   | Rs                   |
| Grants            | 284,071,732          | 42,136,075           |
| Other Deposits    | 7,969,547,912        | 2,406,966,250        |
| <b>Total</b>      | <b>8,253,619,644</b> | <b>2,449,102,325</b> |
| - Within one year | 6,886,844,611        | 1,742,997,392        |
| - After one year  | 1,366,775,033        | 706,104,933          |
| <b>Total</b>      | <b>8,253,619,644</b> | <b>2,449,102,325</b> |

The amount of liabilities recognised in respect of grants that are subject to conditions are Rs 284,071,732 (2020: Rs 42,136,075). Other Deposits include an amount of Rs 5 billion payable to Bank of Mauritius within 1 year.

## NOTES TO THE ACCOUNTS

## 14. GOVERNMENT DEBT

|                             | 30 June 2021           | 30 June 2020           |
|-----------------------------|------------------------|------------------------|
|                             | Rs                     | Restated<br>Rs         |
| Domestic and External Debts | 380,880,889,867        | 339,817,356,731        |
| IMF -SDR Allocations        | 5,888,449,212          | 5,374,973,219          |
| <b>Total</b>                | <b>386,769,339,079</b> | <b>345,192,329,950</b> |
| - Within one year           | 86,064,586,334         | 84,491,859,449         |
| - After one year            | 300,704,752,745        | 260,700,470,501        |
| <b>Total</b>                | <b>386,769,339,079</b> | <b>345,192,329,950</b> |

## A. Domestic and External Debts

a) Domestic and External Debts consist of outstanding balances of:

- (i) Government of Mauritius (GOM) Treasury Bills, GOM Treasury Notes and Treasury Certificates issued by the Government for the financing of Government's borrowing requirement;
- (ii) GOM Securities issued by the Government for mopping up of excess liquidity;
- (iii) GOM Bonds and other long-term Securities issued by the Government;
- (iv) Silver Savings Bonds (SSB) and Silver Retirement Bonds (SRB); and
- (v) Loans from domestic and foreign sources.

## NOTES TO THE ACCOUNTS

b) Details of the total debt of the Government are provided in Statement J - Statement of Public Sector Debt.

|                                                      | Domestic Debt<br>(N1)<br>Rs | External Debt<br>Rs   | Total<br>Rs            |
|------------------------------------------------------|-----------------------------|-----------------------|------------------------|
| <b>Balance at 30 June 2019</b>                       | <b>250,232,803,509</b>      | <b>31,806,065,401</b> | <b>282,038,868,910</b> |
| Cash Flows:                                          |                             |                       |                        |
| - Issue/ Receipt                                     | 122,499,369,300             | 9,020,992,809         | 131,520,362,109        |
| - Redeemed/ Repayment                                | (66,363,034,305)            | (10,875,078,051)      | (77,238,112,356)       |
| Non-Cash Movement:                                   |                             |                       |                        |
| - Direct Payments                                    | 48,700,133                  | 771,855,000           | 820,555,133            |
| - Capitalised Interest on Conversion from SRB to SSB | 6,969,390                   | -                     | 6,969,390              |
| - Expenses Disbursed Directly out of the Loan        |                             |                       |                        |
| Proceeds                                             | -                           | 23,222,705            | 23,222,705             |
| - Losses on Foreign Exchange Transactions            | 3,625,318                   | 3,686,935,395         | 3,690,560,713          |
| - Other Changes (N2)                                 | 130,976,765                 | (1,176,046,638)       | (1,045,069,873)        |
| <b>Balance at 30 June 2020 (Restated)</b>            | <b>306,559,410,110</b>      | <b>33,257,946,621</b> | <b>339,817,356,731</b> |
| Cash Flows:                                          |                             |                       |                        |
| - Issue/ Receipt                                     | 108,949,847,498             | 26,283,638,481        | 135,233,485,979        |
| - Redeemed/ Repayment                                | (93,018,891,370)            | (4,909,609,707)       | (97,928,501,077)       |
| Non-Cash Movement:                                   |                             |                       |                        |
| - Direct Payments                                    | 67,641,481                  | -                     | 67,641,481             |
| - Capitalised Interest on Conversion from SRB to SSB | 23,953,476                  | -                     | 23,953,476             |
| - Capitalisation of Interest                         | 1,139,433                   | -                     | 1,139,433              |
| - Expenses Disbursed Directly out of the Loan        |                             |                       |                        |
| Proceeds                                             | -                           | 14,817,761            | 14,817,761             |
| - Losses on Foreign Exchange Transactions            | 9,194,644                   | 6,546,690,629         | 6,555,885,273          |
| - Debt Forgiveness (N3)                              | -                           | (152,872,482)         | (152,872,482)          |
| - Other Changes (N2)                                 | (338,289,274)               | (2,413,727,434)       | (2,752,016,708)        |
| <b>Balance at 30 June 2021</b>                       | <b>322,254,005,998</b>      | <b>58,626,883,869</b> | <b>380,880,889,867</b> |

|                   | 30 June 2021<br>Rs     | 30 June 2020<br>(Restated)<br>Rs |
|-------------------|------------------------|----------------------------------|
| - Within one year | 86,064,586,334         | 84,491,859,449                   |
| - After one year  | 294,816,303,533        | 255,325,497,282                  |
| <b>Total</b>      | <b>380,880,889,867</b> | <b>339,817,356,731</b>           |



## NOTES TO THE ACCOUNTS

N1: Domestic Debt includes Government Securities held by non-residents.

N2: Other changes relates to non-exchange revenue and interest expense.

N3: The loan "Economic & Technical Cooperation - New Wards & OT Victoria Hospital" from the Government of the People's Republic of China has been written off during the financial year ended 30 June 2021.

Refer to Note 33 (viii) for details on the prior year adjustments.

### B. IMF- SDR Allocations

The rupee equivalent of the total allocation of SDR 96,805,549 (2020: SDR 96,805,549) made to the Republic of Mauritius, i.e. Rs 5,888,449,212 as at 30 June 2021 (2020: Rs 5,374,973,219) is shown as liability and is also included in the Statement J - Statement of Public Sector Debt.

Previously, the above item was presented separately on the face of the Statement A- Statement of Financial Position.

### 15. EMPLOYEE BENEFIT OBLIGATIONS

|                                                                 | 30 June 2021                  | 30 June 2020<br>(Restated)    |
|-----------------------------------------------------------------|-------------------------------|-------------------------------|
|                                                                 | Rs                            | Rs                            |
| Liability in respect of Defined Benefit Plan (Refer to Note 16) | 116,791,541,957               | 116,791,541,957               |
| Accrued Sick Leave                                              | 7,502,597,860                 | 6,552,736,137                 |
| Accrued Vacation Leave                                          | 8,546,146,865                 | 8,365,603,582                 |
| Accrued Passage Benefits                                        | 3,689,162,874                 | 3,044,076,010                 |
| Accrued Bonus                                                   | 1,041,321,453                 | 816,749,086                   |
| Accrued Basic Salary ( Pay Research Bureau Report 2021)         | 457,462,969                   | -                             |
| <b>Total</b>                                                    | <b><u>138,028,233,978</u></b> | <b><u>135,570,706,772</u></b> |
| <br>                                                            |                               |                               |
| - Within one year                                               | 2,769,446,947                 | 1,594,516,015                 |
| - After one year                                                | 135,258,787,031               | 133,976,190,757               |
| <b>Total</b>                                                    | <b><u>138,028,233,978</u></b> | <b><u>135,570,706,772</u></b> |

Refer to Note 33(x) for details on the prior year adjustments.

## NOTES TO THE ACCOUNTS

## 16. DEFINED BENEFIT PLAN

**Amounts Recognised in Statement Of Financial Position at End of Year:**

|                                                                               | 30 June 2021           | 30 June 2020           |
|-------------------------------------------------------------------------------|------------------------|------------------------|
|                                                                               | Rs                     | Rs                     |
| Defined Benefit Obligations                                                   | 116,791,541,957        | 116,791,541,957        |
| Fair Value of Plan Assets                                                     | -                      | -                      |
| <b>Liability Recognised in Statement of Financial Position at End of Year</b> | <b>116,791,541,957</b> | <b>116,791,541,957</b> |

|                                                                         | Year Ended<br>30 June 2021 | Year Ended<br>30 June 2020 |
|-------------------------------------------------------------------------|----------------------------|----------------------------|
|                                                                         | Rs                         | Rs                         |
| <b><u>Amounts Recognised in Statement of Financial Performance:</u></b> |                            |                            |
| Charge to Surplus or Deficit                                            | 7,537,414,996              | 6,546,841,482              |

**Amounts Recognised in Statement of Net Assets/Equity:****Remeasurements**

|                   |   |   |
|-------------------|---|---|
| Net Assets/Equity | - | - |
|-------------------|---|---|

The plan is a defined benefit arrangement for the employees and it is unfunded.

Weighted average duration of the defined benefit obligations : 14 years

(Calculated as a % change in PV of liabilities for a 1% change in discount rate)

The plan is exposed to actuarial risks such as : longevity risk, salary increase risk and pension increase risk.

The cost of providing the benefits is determined using the Projected Unit Method. The principal assumptions used for the purpose of the actuarial valuation were as follows:

|                             | Year Ended<br>30 June 2021           | Year Ended<br>30 June 2020 |
|-----------------------------|--------------------------------------|----------------------------|
| Discount Rate               | 6.50%                                | 6.50%                      |
| Future Salary Increases     | 4.00%                                | 4.00%                      |
| Future Pension Increases    | 3.00%                                | 3.00%                      |
| Mortality before Retirement | A 6770 Ultimate Tables               |                            |
| Mortality in Retirement     | PA (90) Tables rated down by 2 years |                            |
| Retirement Age              | 65 years                             |                            |

The discount rate is determined by reference to market yields on bonds for the year ended 30 June 2019.

## NOTES TO THE ACCOUNTS

Significant actuarial assumptions for determination of the defined benefit obligations are discount rate and expected salary increase. The sensitivity analyses below have been determined based reasonably on possible changes of the assumptions occurring at the end of the reporting period.

- If the discount rate would be 100 basis points (one percent) higher (lower), the defined benefit obligations would decrease by Rs 13,144 M (increase by Rs 16,299 M) if all other assumptions were held unchanged.

- If the expected salary growth would increase (decrease) by 1%, the defined benefit obligations would increase by Rs 6,272 M (decrease by Rs 5,359M) if all assumptions were held unchanged.

- If life expectancy would increase (decrease) by one year, the defined benefit obligations would increase by Rs 3,498 M (decrease by Rs 3,485 M ) if all assumptions were held unchanged.

In reality one might expect interrelationships between the assumptions, especially between discount rate and expected salary increases, given that both depends to a certain extent on expected inflation rates. The analysis above abstracts from these interdependence between the assumptions.

### 17. FINANCIAL GUARANTEE LIABILITY

|                                         | 30 June 2021         | 30 June 2020<br>(Restated) |
|-----------------------------------------|----------------------|----------------------------|
|                                         | Rs                   | Rs                         |
| Balance as at 1 July                    | 1,903,777,323        | 1,276,975,176              |
| Increases (New Guarantees)              | 648,702,510          | 667,971,802                |
| Remeasurement                           | (155,170,926)        | (168,259,037)              |
| Losses on Foreign Exchange Transactions | 93,267,971           | 127,089,382                |
| <b>Balance as at 30 June</b>            | <b>2,490,576,878</b> | <b>1,903,777,323</b>       |
| <br>                                    |                      |                            |
| - Within one year                       | -                    | -                          |
| - After one year                        | 2,490,576,878        | 1,903,777,323              |
| <b>Total</b>                            | <b>2,490,576,878</b> | <b>1,903,777,323</b>       |

Details of the loan guaranteed by the Government as at 30 June 2021 are provided in Statement L - Statement of Contingent Liabilities including details of any Loans, Bank Overdrafts or Credit Facilities Guaranteed by Government.

Refer to Note 33(ix) for details on the prior year adjustments.

### 18. NET ASSETS/EQUITY

The Net assets/Equity is the net position of the Government after deducting all its liabilities from its assets at end of the year and comprises the following:

- a) Consolidated Fund (Cash basis);
- b) Accumulated Surplus; and
- c) Special Funds.

## NOTES TO THE ACCOUNTS

The value of Net Assets/Equity of the Government as at 30 June 2021 amounted to Rs 180,939,055,525 (2020(restated): Rs 195,323,460,847). The movement in the Net Assets/ Equity is provided in Statement AC – Statement of Changes in Net Assets or Equity.

### (a) Consolidated Fund

Consolidated Fund has been 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 has, during the year under review, been:

- (i) credited with all the revenues of the Government and all other money properly accruing to it; and
- (ii) charged only with expenses on the authority of warrant issued by the Minister of Finance.

### (b) Accumulated Surplus

This represents the accumulated surplus to date, of the Budgetary Central Government of Mauritius after making necessary adjustments for accrual accounting which is provided in Statement AC – Statement of Changes in Net Assets or Equity.

### (c) Special Funds

These are monies deposited with the Accountant-General by the various funds set up under the Finance and Audit Act. The total balance of Special Funds as at 30 June 2021 amounted to Rs 36,487,657,163 and comprise of investments and cash balances to the amount of Rs 10,920,000,000 and Rs 25,567,657,163 respectively. Details of Special Funds are provided in Statement H.

## 19. TAXATION

|                                               | Year Ended<br>30 June 2021 | Year Ended<br>30 June 2020 |
|-----------------------------------------------|----------------------------|----------------------------|
|                                               | Rs                         | Rs                         |
| Taxes on Income and Profits                   | 26,427,974,303             | 26,816,731,058             |
| Taxes on Property                             | 5,702,005,871              | 5,062,389,081              |
| Taxes on Goods and Services                   | 32,743,545,270             | 54,567,219,747             |
| Taxes on International Trade and Transactions | 19,996,674,436             | 1,216,330,414              |
| Other Taxes                                   | 1,722,322,220              | 1,529,205,069              |
| <b>Total</b>                                  | <b>86,592,522,100</b>      | <b>89,191,875,369</b>      |

For the financial year under review, revenue from taxation have been measured on an accrual basis except for Income Tax-Companies & Bodies Corporate. However, the comparative figures for the year 2019-2020 were recognised on a partial accrual basis and hence is not entirely comparable.

## NOTES TO THE ACCOUNTS

## 20. GRANTS AND AID

|                                            | Year Ended<br>30 June 2021 | Year Ended<br>30 June 2020 |
|--------------------------------------------|----------------------------|----------------------------|
|                                            | Rs                         | Rs                         |
| Grants from Foreign Governments            | 1,334,478,570              | 4,140,311,600              |
| Grants from International Organisations    | 312,866,497                | 147,573,016                |
| Grants from Other General Government Units | 570,020,341                | -                          |
| Grant from Bank of Mauritius               | -                          | 18,000,000,000             |
| <b>Total</b>                               | <b>2,217,365,408</b>       | <b>22,287,884,616</b>      |

## 21. OTHER TRANSFERS

|                                                                           | Year Ended<br>30 June 2021 | Year Ended<br>30 June 2020<br>(Restated) |
|---------------------------------------------------------------------------|----------------------------|------------------------------------------|
|                                                                           | Rs                         | Rs                                       |
| Transfer of Surplus Cash Balances from Statutory Bodies and Special Funds | 150,000,000                | 371,570,000                              |
| Contribution from Bank of Mauritius (N1)                                  | 55,000,000,000             | -                                        |
| Contribution in respect of Tourism Development Projects on State Lands    | -                          | 5,622,064                                |
| Concessionary Loans                                                       | 2,680,356,224              | 1,582,489,198                            |
| Goods in-kind                                                             | 353,164,909                | 12,182,771                               |
| Debt Forgiveness                                                          | 152,872,482                | -                                        |
| Others                                                                    | 287,125                    | -                                        |
| <b>Total</b>                                                              | <b>58,336,680,740</b>      | <b>1,971,864,033</b>                     |

N1: This represents a One-off Solidarity Contribution from Bank of Mauritius.

## 22. LICENCES

|                             | Year Ended<br>30 June 2021 | Year Ended<br>30 June 2020 |
|-----------------------------|----------------------------|----------------------------|
|                             | Rs                         | Rs                         |
| Road Motor Vehicle Licences | 1,704,328,693              | 1,587,055,505              |
| Company and Other Licences  | 795,298,863                | 1,008,246,640              |
| <b>Total</b>                | <b>2,499,627,556</b>       | <b>2,595,302,145</b>       |

## NOTES TO THE ACCOUNTS

## 23. DIVIDENDS AND WITHDRAWALS FROM INCOME OF QUASI CORPORATIONS

|                                               | Year Ended<br>30 June 2021 | Year Ended<br>30 June 2020 |
|-----------------------------------------------|----------------------------|----------------------------|
|                                               | Rs                         | Rs                         |
| Dividend from Quoted and Unquoted Investments | 110,896,955                | 556,895,381                |
| Withdrawals from Income of Quasi Corporations | 992,103,379                | 2,152,003,043              |
| <b>Total</b>                                  | <b>1,103,000,334</b>       | <b>2,708,898,424</b>       |

## 24. OTHER REVENUE

|                                        | Year Ended<br>30 June 2021 | Year Ended<br>30 June 2020 |
|----------------------------------------|----------------------------|----------------------------|
|                                        | Rs                         | Rs                         |
| Civil Service Family Protection Scheme | 312,270,667                | 316,503,108                |
| Miscellaneous Revenue                  | 92,580,866                 | 150,144,430                |
| <b>Total</b>                           | <b>404,851,533</b>         | <b>466,647,538</b>         |

## 25. EMPLOYEE COSTS

|                                                                                                | Year Ended<br>30-Jun-21 | Year Ended<br>30-Jun-20<br>(Restated) |
|------------------------------------------------------------------------------------------------|-------------------------|---------------------------------------|
|                                                                                                | Rs                      | Rs                                    |
| Wages, Salaries, Compensations and Allowances                                                  | 27,458,142,212          | 25,778,450,423                        |
| Contributions to Defined Contribution Plan, Family Protection Scheme and National Savings Fund | 1,702,567,792           | 855,601,703                           |
| Amount Recognised in respect of Defined Benefit Plans (Note 16)                                | 7,537,414,996           | 6,546,841,482                         |
| Other Employee Benefits                                                                        | 5,191,894,302           | 6,589,150,066                         |
| <b>Total</b>                                                                                   | <b>41,890,019,302</b>   | <b>39,770,043,674</b>                 |

Other employee benefits include cash in lieu of vacation leave, cash in lieu of sick leave, passage benefits, cash in lieu of passage benefits, gratuity, travelling and transport, staff welfare amongst others.

## NOTES TO THE ACCOUNTS

## 26. GRANTS

|                             | Year Ended<br>30 June 2021 | Year Ended<br>30 June 2020 |
|-----------------------------|----------------------------|----------------------------|
|                             | Rs                         | Rs                         |
| Donations and Contributions | 29,783,095,328             | 10,374,311,303             |
| Capital Grants              | 4,209,046,254              | 3,863,303,217              |
| Current Grants              | 21,607,191,105             | 22,194,580,115             |
| <b>Total</b>                | <b>55,599,332,687</b>      | <b>36,432,194,635</b>      |

## 27. SOCIAL BENEFITS

|                                                 | Year Ended<br>30 June 2021 | Year Ended<br>30 June 2020<br>(Restated) |
|-------------------------------------------------|----------------------------|------------------------------------------|
|                                                 | Rs                         | Rs                                       |
| Social Assistance                               | 757,571,535                | 754,317,796                              |
| Pension (Retirement, Widow, Invalid and Others) | 35,440,790,787             | 30,235,599,667                           |
| Other Social Benefits                           | 797,048,307                | 3,221,077,589                            |
| <b>Total</b>                                    | <b>36,995,410,629</b>      | <b>34,210,995,052</b>                    |

## 28. OPERATING EXPENSES

|                                                  | Year Ended<br>30 June 2021 | Year Ended<br>30 June 2020<br>(Restated) |
|--------------------------------------------------|----------------------------|------------------------------------------|
|                                                  | Rs                         | Rs                                       |
| Cost of Utilities                                | 846,730,915                | 758,539,446                              |
| Fuel and Oil                                     | 267,018,515                | 248,416,759                              |
| Rental Expense                                   | 1,145,769,653              | 1,064,956,072                            |
| Office Expenses                                  | 123,400,037                | 137,889,721                              |
| Maintenance                                      | 1,203,534,770              | 1,288,326,819                            |
| Cleaning Services                                | 937,009,235                | 782,958,743                              |
| Medical Supplies, Drugs and Scientific Equipment | 2,732,338,878              | 3,152,837,392                            |
| Travelling and Mission Expenses                  | 241,223,590                | 53,347,843                               |
| Other Operating Expenses                         | 3,585,089,324              | 3,395,458,127                            |
| <b>Total</b>                                     | <b>11,082,114,917</b>      | <b>10,882,730,922</b>                    |

## NOTES TO THE ACCOUNTS

## 29. OTHER EXPENSES

|                                                                                                               | Year Ended<br>30-Jun-21 | Year Ended<br>30-Jun-20<br>(Restated) |
|---------------------------------------------------------------------------------------------------------------|-------------------------|---------------------------------------|
|                                                                                                               | Rs                      | Rs                                    |
| Transfers                                                                                                     | 7,962,255,173           | 3,852,277,693                         |
| Insurance                                                                                                     | 9,269,038               | 11,009,981                            |
| Compensation arising out of Government Liability                                                              | 13,948,495              | 9,290,187                             |
| Refund/Payment of taxes icw projects and schemes financed by Development Partners or under Special Programmes | 192,358,199             | 106,025,547                           |
| Impairment Loss on Receivables from Exchange Transactions (N1)                                                | 14,596,293              | -                                     |
| Receivables from Exchange Transactions Write-Off (N1)                                                         | 1,526,409,775           | -                                     |
| Receivables from Non Exchange Transactions Write-Off                                                          | 1,413,283               | -                                     |
| Loans, Advances and Inventories Write-Off                                                                     | 2,497,112,925           | 7,182,865                             |
| Others                                                                                                        | 2,109,374,302           | 2,100,511,688                         |
| <b>Total</b>                                                                                                  | <b>14,326,737,483</b>   | <b>6,086,297,961</b>                  |

N1: Refer to Note 6

## 30. FINANCE COSTS

|                                   | Year Ended<br>30 June 2021 | Year Ended<br>30 June 2020<br>(Restated) |
|-----------------------------------|----------------------------|------------------------------------------|
|                                   | Rs                         | Rs                                       |
| Interest Expense on Domestic Debt | 11,862,714,818             | 12,749,963,446                           |
| Interest Expense on External Debt | 772,861,776                | 1,112,133,380                            |
| Management Charges                | 70,409,123                 | 24,298,374                               |
| <b>Total</b>                      | <b>12,705,985,717</b>      | <b>13,886,395,200</b>                    |

## 31. TRANSACTIONS WITH INTERNATIONAL FINANCIAL ORGANISATIONS

## (i) International Monetary Fund- Treasury Notes

Pursuant to Section 4(3) of the International Financial Organisations Act, non-interest bearing demand notes have been issued by the Government to the IMF, as part of the Quota subscription of the Republic of Mauritius. The value of the notes as at 30 June 2021 stood at Rs 6,220,530,000 (2020: Rs 5,906,600,000),



## NOTES TO THE ACCOUNTS

### (ii) Other International Financial Organisations

Pursuant to Section 4(3) of the International Financial Organisations Act, the Government has also issued non-negotiable securities to the International Development Association. The value of securities as at 30 June 2021 stood at Rs 9,196,738 (2020: Rs 9,196,738).

## 32. COMPARISON OF BUDGET AND ACTUAL AMOUNTS

The approved budget is in respect of revenue estimates and Government expenditure, both recurrent and capital, appropriated by votes for the financial year 2020 - 2021. The original estimates of expenditure amounting to Rs 144,300M (2020: Rs 123,700M) were passed by the National Assembly on 23 June 2020 and supplementary estimates amounting to Rs 17,000M and Rs 23,600M (2020: Rs 33,700M) were passed on 11 May 2021 and 30 June 2021 respectively (2020: 30 June 2020).

The Statements of Comparison of Budget Estimates and Actual Amounts - Statement AE and Statement AF are prepared on the same basis as the budget.

### (i) Explanation between Original and Total Provisions (Final Budget)

The amounts presented under 'Total Provisions' in Statements of Comparison of Budget Estimates and Actual Amounts - Statement AE and Statement AF differed from the original estimates as there was a supplementary estimates approved in relation to the resurgence of COVID-19 pandemic and also funds were transferred or re-allocated in accordance with the Virement Rules.

### (ii) Explanation of material differences between Original Estimates and Actual Amount

The table hereunder provides the explanation for material variances:

| Budget line item      | Variance amount<br>Rs | Variance<br>percentage | Explanation                                                                                                                                                                                                                                                                                                                                                                                                                     |
|-----------------------|-----------------------|------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Recurrent Revenue     | 3,385,959,280         | 3%                     | Recurrent revenue was lower mainly due to the lockdown and the impact of COVID-19 on the economy. This was partly offset by higher receipts from Social Contribution.                                                                                                                                                                                                                                                           |
| Recurrent Expenditure | (5,917,214,316)       | (4%)                   | The increase in recurrent expenditure was mainly due to the transfer of Rs 4.6 billion to the State Trading Corporation to enable the latter to settle its liability following the determination of the Privy Council in the STC v/s Betamax case.<br><br>Additional funds were also required for payment of pensions to a higher number of beneficiaries and to cater for Social Contribution with effect from September 2020. |
| Capital Revenue       | 5,802,634,592         | 19%                    | The lower capital revenue was due lower grant from Government of India and Government of                                                                                                                                                                                                                                                                                                                                        |

## NOTES TO THE ACCOUNTS

| Budget line item                    | Variance amount<br>Rs | Variance<br>percentage | Explanation                                                                                                                                                                                                                                                                                                                                                                     |
|-------------------------------------|-----------------------|------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                     |                       |                        | Peoples' Republic of China and the exceptional contribution from the Bank of Mauritius being lower than expected.                                                                                                                                                                                                                                                               |
| Capital Expenditure                 | (15,313,963,383)      | (51%)                  | Capital expenditure was higher essentially due to transfers to Special Funds for the implementation of various schemes and programmes following the resurgence of the COVID-19 pandemic. Provisions were required for the writing-off of long outstanding loans of some public bodies. These were, however, partly offset by delays in implementation of some capital projects. |
| Net Acquisition of Financial Assets | (16,140,850,043)      | (1617%)                | The increase was due to the equity injection in the National Property Fund Ltd and delays in the disposal of some non-strategic assets following the resurgence of COVID-19.                                                                                                                                                                                                    |

**33. PRIOR YEAR ADJUSTMENTS**

Prior year adjustments have been made to the carrying amount of items presented in the Statement of Financial Position and Statement of Changes in Net Assets/Equity. These changes have also resulted in the restatement of certain amounts presented in the Statement of Financial Performance (Statements AA and AB).

**(i) Receivables from Non- Exchange Transactions**

*Receivables from Taxes on Property and Fines, Penalties and Forfeits* have been recognised for the first time in the financial statements for the year ended 30 June 2021. These have been accounted retrospectively and the comparative figures restated by Rs 458,989,935.

*Receivables from Income Tax- Individual* has been overstated in the financial year 2019-20. Relevant adjustments have been made to restate the comparative figure by Rs 200 M.

**(ii) Receivables from Exchange Transactions**

*Receivables from Exchange Transactions net of loss allowance* has been recognised for the first time in the financial statements for the year ended 30 June 2021. In this respect, the prior year figures have been restated retrospectively by Rs 3,390,602,048.

**(iii) Loans and Advances**

*Loans to Statutory and Other Bodies* has been restated by Rs 3,266,844 relating to interest capitalised under accrual basis.

**(iv) Adjustments to Fair Value of Investments**

*Redeemable Preference Shares* held in Landscape (Mauritius) Ltd has been classified separately from Unquoted Shares for the first time in the financial statements for the year ended 30 June 2021. The re-classification has been applied

## NOTES TO THE ACCOUNTS

retrospectively and this has impacted on the fair value of unquoted shares. The comparative fair value of unquoted shares held in Landscape (Mauritius) Ltd increased by Rs 1,174,846.

(v) Inventories

*Inventories* was understated by Rs 265,312,872 in the financial year 2019-2020. Relevant adjustment has been made to restate the comparative figure. This figure includes inventories written-off amounting to Rs 7,182,865.

(vi) Property, Plant and Equipment

*Roads and Bridges* and depreciation charge were undervalued by Rs 76,750,000 and Rs 57,920,276 respectively in the financial year 2019- 2020. Relevant adjustments have been made to restate the comparative figures.

(vii) Intangible Assets

Amortisation charge was undervalued by Rs 12,732,152. Relevant adjustment has been made to restate the comparative figure.

(viii) Government Debt

*Government Debt* was understated by Rs 7,308,537 in the financial year 2019-2020. Relevant adjustments have been made to restate the comparative figure.

(ix) Financial Guarantee Liability

*Financial Guarantee Liability* has been recognised for the first time in the financial statements for the year ended 30 June 2021. In this respect, the prior year figures have been restated retrospectively by Rs 1,903,777,323.

(x) Employee Benefit Obligations

End of year bonus accrual has been recognised for the first time in the financial statements for the year ended 30 June 2021. In this respect, the prior year figures have been restated retrospectively by Rs 816,749,086.

(xi) Adjustments to Consolidated Fund and Accumulated Surplus

Consolidated Fund balance has been restated by Rs 12,127,830,765 following a misclassification between Accumulated Surplus and Consolidated Fund.

The new accounting policies provide a fair presentation and more relevant information in accordance with international best practice.

## NOTES TO THE ACCOUNTS

The effects of the above changes are illustrated below:

|                                                                                            | 30 June 2020    | (Decrease)/<br>Increase | 30 June 2020<br>(Restated) |
|--------------------------------------------------------------------------------------------|-----------------|-------------------------|----------------------------|
|                                                                                            | Rs              | Rs                      | Rs                         |
| <b>Statement of Financial Performance (Classification of Expenses by Nature) (extract)</b> |                 |                         |                            |
| <b>Revenue</b>                                                                             |                 |                         |                            |
| <b>Revenue from Non-Exchange Transactions</b>                                              |                 |                         |                            |
| Other Transfers                                                                            | 2,003,654,218   | (31,790,185)            | 1,971,864,033              |
| Finance Income                                                                             | 254,218,261     | 3,266,844               | 257,485,105                |
| <b>Expenses</b>                                                                            |                 |                         |                            |
| Employee Costs                                                                             | 39,765,702,881  | 4,340,793               | 39,770,043,674             |
| Social Benefits                                                                            | 34,211,022,537  | (27,485)                | 34,210,995,052             |
| Operating Expenses                                                                         | 11,155,158,330  | (272,427,407)           | 10,882,730,923             |
| Depreciation and Amortisation                                                              | 4,781,812,645   | 70,652,428              | 4,852,465,073              |
| Financial Guarantee Expense                                                                | -               | 499,712,766             | 499,712,766                |
| Other Expenses                                                                             | 6,079,155,940   | 7,142,021               | 6,086,297,961              |
| Finance Costs                                                                              | 13,886,395,201  | 24,481,647              | 13,910,876,848             |
| <b>Other Gains/(Losses)</b>                                                                |                 |                         |                            |
| Fair Value Gain/ (Loss) on Investments                                                     | (7,072,400,328) | 1,174,846               | (7,071,225,482)            |
| Losses on Foreign Exchange Transactions                                                    | (3,068,237,187) | (127,089,382)           | (3,195,326,569)            |

## NOTES TO THE ACCOUNTS

|                                                      | 30-Jun-20<br>(Adjusted)<br>Rs | Increase/<br>(Decrease)<br>Rs | 30-Jun-20<br>(Restated)<br>Rs | 30-Jun-19<br>Rs | Increase/<br>(Decrease)<br>Rs | 1-Jul-19<br>(Restated)<br>Rs |
|------------------------------------------------------|-------------------------------|-------------------------------|-------------------------------|-----------------|-------------------------------|------------------------------|
| <b>Statement of Financial<br/>Position (extract)</b> |                               |                               |                               |                 |                               |                              |
| <b>ASSETS</b>                                        |                               |                               |                               |                 |                               |                              |
| Receivables from Non-<br>Exchange Transactions       | 8,267,969,166                 | 258,989,935                   | 8,526,959,101                 | -               | -                             | -                            |
| Receivables from Exchange<br>Transactions            | -                             | 3,390,602,048                 | 3,390,602,048                 | -               | -                             | -                            |
| Loans and Advances                                   | 15,706,921,780                | 3,266,844                     | 15,710,188,624                | 16,641,832,446  | -                             | 16,641,832,446               |
| Investments                                          | 104,350,617,104               | 1,174,846                     | 104,351,791,950               | 104,113,332,463 | -                             | 104,113,332,463              |
| Inventories                                          | 2,119,751,417                 | 265,312,872                   | 2,385,064,289                 | 1,531,094,628   | -                             | 1,531,094,628                |
| Property, Plant and<br>Equipment                     | 511,432,121,600               | 18,829,724                    | 511,450,951,324               | 508,965,936,792 | -                             | 508,965,936,792              |
| Intangible Assets                                    | 828,376,327                   | (12,732,152)                  | 815,644,175                   | 1,040,640,240   | -                             | 1,040,640,240                |
| <b>LIABILITIES</b>                                   |                               |                               |                               |                 |                               |                              |
| Deposits                                             | 2,449,102,325                 | -                             | 2,449,102,325                 | 2,210,845,686   | -                             | 2,210,845,686                |
| Government Debt                                      | 345,185,021,413               | 7,308,537                     | 345,192,329,950               | 286,801,101,726 | -                             | 286,801,101,726              |
| Employee Benefit Obligations                         | 135,566,365,979               | 4,340,793                     | 135,570,706,772               | 132,387,016,215 | 812,408,293                   | 133,199,424,508              |
| Financial Guarantee Liability                        | 1,276,975,175                 | 626,802,148                   | 1,903,777,323                 | -               | 1,276,975,175                 | 1,276,975,175                |
| <b>NET ASSETS/EQUITY</b>                             |                               |                               |                               |                 |                               |                              |
| Consolidated Fund                                    | 61,289,567,666                | (12,127,830,765)              | 49,161,736,901                | 29,626,400,023  | -                             | 29,626,400,023               |
| Accumulated Surplus                                  | 117,704,374,775               | 15,414,823,405                | 133,119,198,180               | 187,304,023,827 | (2,089,383,469)               | 185,214,640,358              |

## NOTES TO THE ACCOUNTS

## 34. RECONCILIATION: DEFICIT WITH BUDGETARY RESULT

|                                                                                                                         | Year Ended<br>30 June 2021 | Year Ended<br>30 June 2020<br>(Restated) |
|-------------------------------------------------------------------------------------------------------------------------|----------------------------|------------------------------------------|
|                                                                                                                         | Rs                         | Rs                                       |
| <b>Budget Balance as presented in the Statement of Comparison of Budget Estimates and Actual Amounts (Statement AF)</b> | <b>(30,419,771,571)</b>    | <b>(53,894,879,849)</b>                  |
| Prepayments                                                                                                             | (792,633)                  | (1,427,051)                              |
| Accruals                                                                                                                | (437,026,617)              | 363,885,362                              |
| Inventories                                                                                                             | 103,358,254                | 853,969,661                              |
| Depreciation and Amortisation                                                                                           | (4,866,117,507)            | (4,852,465,073)                          |
| Net Movement in Investments                                                                                             | (17,723,697,903)           | (7,071,225,482)                          |
| Loss on Foreign Exchange Transactions                                                                                   | (5,708,397,119)            | (3,195,326,569)                          |
| Subscriptions to International Organisations                                                                            | (369,592,232)              | (125,316,173)                            |
| Financing from Bank of Mauritius                                                                                        | -                          | 18,000,000,000                           |
| Capitalisation of Dividend                                                                                              | 1                          | 4,555,820                                |
| Net Movement in Loan to Statutory and Other Bodies                                                                      | 22,874,012                 | 25,969,088                               |
| Net movement in Receivables from Exchange Transactions                                                                  | 2,487,162,639              | -                                        |
| Government Debt Write-Off                                                                                               | 152,872,482                | -                                        |
| Net Movement in Non-Financial Assets                                                                                    | 7,774,211,622              | 6,993,566,370                            |
| Carry-over of Capital Expenditure                                                                                       | 140,893,595                | 129,661,912                              |
| Net Movement in Employee Benefits                                                                                       | (2,457,527,206)            | (2,371,282,263)                          |
| Financial Guarantee Expense                                                                                             | (493,531,583)              | (499,712,765)                            |
| Interest and Other Adjustments in respect to Government Debt                                                            | 2,459,525,700              | 1,085,610,563                            |
| <b>Deficit as presented in the Statement of Financial Performance (Statements AA &amp; AB)</b>                          | <b>(49,335,556,066)</b>    | <b>(44,554,416,449)</b>                  |

## NOTES TO THE ACCOUNTS

## 35. RECONCILIATION: DEFICIT WITH NET CASH FLOWS FROM OPERATING ACTIVITIES

|                                                                                                | Year Ended<br>30 June 2021 | Year Ended<br>30 June 2020 |
|------------------------------------------------------------------------------------------------|----------------------------|----------------------------|
|                                                                                                | Rs                         | (Restated)<br>Rs           |
| <b>Deficit as presented in the Statement of Financial Performance (Statements AA &amp; AB)</b> | <b>(49,335,556,066)</b>    | <b>(44,554,416,449)</b>    |
| <b>(a) (Gains)/Losses Adjustments</b>                                                          |                            |                            |
| Loss on Foreign Exchange Transactions                                                          | 5,708,397,119              | 3,195,326,569              |
|                                                                                                | <b>5,708,397,119</b>       | <b>3,195,326,569</b>       |
| <b>(b) Non-Cash Adjustments</b>                                                                |                            |                            |
| Donations                                                                                      | (572,573,091)              | (616,777,056)              |
| Net Movement in Loan to Statutory and Other Bodies                                             | (22,874,012)               | (25,969,088)               |
| Net movement in Receivables from Exchange Transactions                                         | (2,487,162,639)            | -                          |
| Capitalisation of Dividend                                                                     | (1)                        | (4,555,820)                |
| Government Debt Write-Off                                                                      | (152,872,482)              | -                          |
| Loans and Advances Write-Off                                                                   | 2,482,340,439              | 1,500                      |
| Net Movement in Investments                                                                    | 17,723,697,903             | 7,071,225,482              |
| Direct Payment by Funding Agency                                                               | 3,469,718                  | 45,235,500                 |
| Interest Accrued                                                                               | (246,950,338)              | 41,545,790                 |
| Depreciation and Amortisation                                                                  | 4,866,117,507              | 4,852,465,073              |
| Net Movement on Non-Financial Assets                                                           | 434,853                    | 367,910,539                |
| Net Movement in Employee Benefits                                                              | 2,457,527,205              | 2,371,282,263              |
| Interest and Other Adjustments on Government Debt                                              | (2,459,525,700)            | (1,085,610,563)            |
| Financial Guarantee Expense                                                                    | 493,531,583                | 499,712,765                |
|                                                                                                | <b>22,085,160,945</b>      | <b>13,516,466,385</b>      |
| <b>(c) Working Capital Movement</b>                                                            |                            |                            |
| Increase in Deposits                                                                           | 5,804,554,600              | 238,256,639                |
| Decrease/(Increase) in Advances                                                                | 244,737,810                | (186,196,999)              |
| Increase in Special Funds                                                                      | 23,445,131,397             | 10,817,085,617             |
| Decrease in Prepayments                                                                        | 792,633                    | 1,427,051                  |
| Increase/(Decrease) in Payables                                                                | 459,530,687                | (789,398,026)              |
| (Increase) in Inventories                                                                      | (90,043,948)               | (845,263,455)              |
|                                                                                                | <b>29,864,703,179</b>      | <b>9,235,910,827</b>       |
| <b>(d) Classification Adjustments</b>                                                          |                            |                            |
| Dividends and Withdrawals from Income of Quasi Corporations                                    | (1,103,000,333)            | (2,704,342,604)            |
|                                                                                                | <b>(1,103,000,333)</b>     | <b>(2,704,342,604)</b>     |
| <b>Net Cash flows from Operating Activities</b>                                                | <b>7,219,704,844</b>       | <b>(21,311,055,272)</b>    |

## NOTES TO THE ACCOUNTS

## 36. RECONCILIATION: BUDGETARY RESULT WITH NET CASH FLOW

|                                                                                                                         | Operating<br>Activities<br>Rs | Investing<br>Activities<br>Rs | Financing<br>Activities<br>Rs | Total<br>Rs             |
|-------------------------------------------------------------------------------------------------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------|
| <b>Budget Balance as presented in the Statement of Comparison of Budget Estimates and Actual Amounts (Statement AF)</b> | <b>(22,889,452,678)</b>       | <b>(7,530,318,893)</b>        | <b>-</b>                      | <b>(30,419,771,571)</b> |
| <b>(a) Basis Differences</b>                                                                                            |                               |                               |                               |                         |
| Carry-over of Capital Expenditure                                                                                       | 163,397,665                   | (301,890,872)                 | -                             | (138,493,207)           |
| Interest Accrued                                                                                                        | (262,907,532)                 | -                             | -                             | (262,907,532)           |
| Interest Capitalised                                                                                                    | 15,957,193                    | -                             | -                             | 15,957,193              |
| Advances (increase)/decrease                                                                                            | 427,078,249                   | (293,993,375)                 | -                             | 133,084,874             |
| Deposits/Payables Increase                                                                                              | 5,804,554,600                 | -                             | -                             | 5,804,554,600           |
| Investments and Other Securities (increase)                                                                             | -                             | (24,660,248,204)              | -                             | (24,660,248,204)        |
| Loans to Statutory and Other Bodies (increase)                                                                          | -                             | (489,201,424)                 | -                             | (489,201,424)           |
| Net movement in Non-Financial Assets                                                                                    | (95,523,021)                  | 95,523,021                    | -                             | -                       |
| Dividends and Withdrawals from Income of Quasi Corporations                                                             | (1,103,000,333)               | 1,103,000,333                 | -                             | -                       |
| Donations                                                                                                               | (219,408,182)                 | -                             | -                             | (219,408,182)           |
| Subscriptions to International Organisations                                                                            | (262,092,232)                 | -                             | -                             | (262,092,232)           |
| Borrowings (Increase)                                                                                                   | -                             | -                             | 37,304,984,902                | 37,304,984,902          |
| Direct Payment by Funding Agency                                                                                        | 3,469,718                     | 64,171,763                    | -                             | 67,641,481              |
| Non-Cash Adjustment relating to Other Expense                                                                           | (107,500,000)                 | -                             | -                             | (107,500,000)           |
| Loans Write-Off                                                                                                         | 2,300,000,000                 | -                             | -                             | 2,300,000,000           |
| <b>(b) Entity Differences</b>                                                                                           |                               |                               |                               |                         |
| Special Funds (net)                                                                                                     | 23,445,131,397                | -                             | -                             | 23,445,131,397          |
| <b>Actual Amount as presented in the Statement of Cash Flow (Statement AD)</b>                                          | <b>7,219,704,844</b>          | <b>(32,012,957,651)</b>       | <b>37,304,984,902</b>         | <b>12,511,732,095</b>   |



## NOTES TO THE ACCOUNTS

### 37. FINANCIAL RISK MANAGEMENT

Government activities are exposed to various risks comprising mainly interest rate risk, foreign exchange risk, liquidity risk and refinancing risk. Given that there is a trade-off between cost and risk, Government's debt management strategy aims at minimising the cost of the debt portfolio within an acceptable level of risk. The main risks as well as the risk management policies are set out below:

#### (i) Interest Rate Risk

Government is exposed to interest rate risk as the rate of interest might increase resulting in additional costs. In relation to domestic debt, almost 97% of Government securities have been issued at a fixed rate of interest.

With regard to Government external debt, the share of variable interest rate loans represent 33.8% of the total external debt at end June 2021 (2020: 63.3%). To mitigate this risk, the strategy in place is to have a nearly balanced mix of fixed and variable interest rate loans over the medium term. Accordingly, preference is being given to contract new loans at a fixed interest rate.

#### *Interest Rate Sensitivity Analysis*

Government is exposed to interest rate risk as interest rates in relation to inflation-indexed bonds (assuming changes in interest and inflation rate are correlated) and variable interest rate external debts may change. The table below details the sensitivity analysis to a 10 basis points increase and decrease in the interest rate:

|                                 | Year Ended<br>30 June 2021 |            | Year Ended<br>30 June 2020<br>(Restated) |            |
|---------------------------------|----------------------------|------------|------------------------------------------|------------|
|                                 | Rs Million                 | Rs Million | Rs Million                               | Rs Million |
| <b>Government Debt:</b>         |                            |            |                                          |            |
| <u>Inflation-Indexed Bonds:</u> | +10 bp                     | -10 bp     | +10 bp                                   | -10 bp     |
| Impact on Surplus or Deficit    | +10                        | -10        | +10                                      | -10        |
| <br><u>External Debts:</u>      |                            |            |                                          |            |
|                                 | +10 bp                     | -10 bp     | +10 bp                                   | -10 bp     |
| Impact on Surplus or Deficit    | +29                        | -29        | +28                                      | -28        |

Based on the above table, it can be noted that an increase/decrease of 10 basis points in interest rates would result in an increase/decrease in the interest payments by about Rs 39M for the year 2020-2021 (2020: Rs38 M- restated).

#### (ii) Foreign Exchange Risk

Exposure to exchange rate risks arise as transactions denominated in foreign currencies are undertaken by Government. The strategy has been to minimise exposures to exchange rate risks by having greater recourse to domestic financing and to align the currency composition of public sector external debt to that of export earnings of the country.

## NOTES TO THE ACCOUNTS

Accordingly, the share of external debt in Government debt portfolio stood at 21.7% at 30 June 2021 (Based on nominal value) (2020:12.5%). The currency composition of foreign debt has also been diversified. In addition, the foreign currency risk is mitigated by maintaining bank accounts denominated in foreign currencies.

### *Foreign Currency Sensitivity Analysis*

The table below details the sensitivity analysis regarding the impact of a 5 % increase or decrease (2020: 5%- restated) in exchange rates:

|                                        |     | Year ended<br>30 June 2021 | Year ended<br>30 June 2020<br>(Restated) |
|----------------------------------------|-----|----------------------------|------------------------------------------|
|                                        |     | Rs million                 | Rs million                               |
| Impact on profit (Appreciation of MUR) | +5% | +3,600                     | +2,200                                   |
| Impact on loss (Depreciation of MUR)   | -5% | -3,600                     | -2,200                                   |

As per the above table, an appreciation/depreciation of MUR by 5% against all foreign currencies in which external debt has been contracted would increase/decrease profits by Rs 3.6 billion for FY 2020-21 (2020: Rs 2.2 billion- restated).

#### (iii) Liquidity Risk

Liquidity risk refers to the risk that the Government will encounter difficulty in meeting its financial obligations when they fall due. The liquidity risk for government is managed and mitigated by having an efficient and effective cash flow forecasting system that ensures adequacy of cash resources to meet all government obligations as and when they fall due.

#### (iv) Refinancing Risk

Refinancing or rollover risk is the risk that redemptions of securities will be concentrated over the shorter term or in a particular year which might affect the refinancing ability of the Government. To mitigate refinancing risk, actions have been taken to gradually move towards instruments with longer term.

The average time to maturity of domestic debt has been increased from 4.7 years at end of June 2020 to 5.0 years at end of June 2021.

Concerning external debt, the majority of the loans are contracted with a term of 15 to 20 years and include a moratorium of 5 years on capital repayment. Compared to Government securities which are redeemable as a bullet payment on maturity date, External Debts are repayable on a semi-annual or annual basis. Therefore, the refinancing risk for External Debts is quite low.

## NOTES TO THE ACCOUNTS

**38. OPERATING LEASE ARRANGEMENTS**

Lease expense has been recognised in the Statement of Financial Performance under item rental expense (Refer to Note 28- Operating expenses).

As at 30 June, the outstanding commitments under non-cancellable operating leases, which fall due are as follows:

|                      | 30 June 2021         | 30 June 2020         |
|----------------------|----------------------|----------------------|
|                      | Rs                   | Rs                   |
| Within 1 year        | 527,765,055          | 399,432,320          |
| Between 1 to 5 years | 707,312,940          | 685,705,709          |
| More than 5 years    | 122,399,401          | 95,428,122           |
| <b>Total</b>         | <b>1,357,477,396</b> | <b>1,180,566,151</b> |

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