



REPUBLIC OF MAURITIUS

NATIONAL AUDIT OFFICE

REPORT OF THE DIRECTOR OF AUDIT ON THE ACCOUNTS OF THE RODRIGUES REGIONAL ASSEMBLY FOR THE FINANCIAL YEAR 2018-19

FEBRUARY 2020

NATIONAL AUDIT OFFICE

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ON THE ACCOUNTS OF

THE RODRIGUES REGIONAL ASSEMBLY

FOR THE FINANCIAL YEAR 2018-19

NATIONAL AUDIT OFFICE

*Contributing to Strengthening Good Governance
in the Public Sector*



NATIONAL AUDIT OFFICE

My Ref: NAO/ADM/ARA/AUD

24 February 2020

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 2018-19, submitted to me in accordance with Section 19 of the Act, together with the Certificates of Audit and the Reports upon my examination and audit of the Accounts of:

- (a) the Government; and
- (b) the Rodrigues Regional Assembly.

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

Yours sincerely,

C. ROMOAH
Director of Audit

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OVERVIEW

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 my report on the results of the audit of the Accounts of the Rodrigues Regional Assembly (RRA) for the financial year 2018-19.

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 of the National Assembly as well as that set up under the RRA Standing Orders deliberate on the Report and may call upon government officials to account for lapses, where they deem necessary.

I am submitting this Report within the statutory time frame together with:

- a) Copies of the Annual Statements of the RRA for the financial year 2018-19, submitted to me in accordance with Section 19 of the Finance and Audit Act; and
- b) A Certificate of Audit on the Annual Financial Statements.

The above Report, Statements and Certificate will be posted on the website of the National Audit Office (NAO) after they are laid before the National Assembly.

Scope of Report

This Report contains a summary of the most significant audit observations which resulted from the audit carried out by the NAO on the accounts of the RRA. These are typically observations which, in my opinion, indicate shortcomings that 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 Island Chief Executive (ICE) and respective Accounting Officers of the Commissions of the RRA.

This Report also contains a copy of my audit certificate on the accounts of the RRA together with copies of the Statement of Assets and Liabilities as at 30 June 2019 and Statements of Revenue and Expenditure for the financial year then ended.

Audit Authority

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 the Republic 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.

The Director of Audit is the Auditor of the RRA by virtue of Section 48 of the RRA Act.

Scope of Audit

The scope of my audit includes determining whether:

- (a) the annual statements of RRA present fairly the financial transactions of the RRA during 2018-19 and the financial position as of 30 June 2019; and
- (b) the RRA is managing and utilising its 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 Finance and Audit Act further provides that I shall send to the Minister (responsible for the subject of Finance) copies of the statements submitted by the Commissioner responsible for the subject of Finance 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 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 same time provide those charged with governance of the RRA 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

In accordance with Section 35(1) of the RRA Act, the Executive Council is responsible for the carrying out of the functions of the Regional Assembly and the Chairperson, acting on the advice of the Chief Commissioner, may, for that purpose, assign to a Commissioner the responsibility for one or more Departments of the Regional Assembly. The Island Chief Executive is the administrative head and is responsible for the efficient administration of the functions of the Executive Council.

The RRA comprises seven Commissions, each one under the responsibility of a Commissioner with defined responsibilities. Each Commission is under the administrative responsibility of one or more Departmental Heads who are responsible for ensuring, among others, that:

- (a) funds entrusted to them are applied only to the purpose intended by the National Assembly and Rodrigues Regional Assembly which is to implement Government policy within the resources budgeted;
- (b) adequate measures have been taken to safeguard the collection of public money and ensure judicious utilisation of resources; and
- (c) all laws, directions or instructions relating to public money have been and are duly observed.

It is the RRA's responsibility to maintain proper financial records.

The Judiciary, the Police Services and the National Land Transport Authority do not fall under the administrative control of the RRA. Revenues collected for the Mauritius Revenue Authority are directly remitted to the Government of Mauritius.

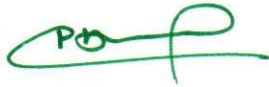
Audit Observations

NAO's audit observations for financial year 2018-19 are mainly in the areas of financial, revenue, assets and transport management, administration of overtime, investments, project management and contract administration. I am providing a Summary of my Audit Observations and a list of Key Audit Findings after this Overview.

Acknowledgement

I wish to express my sincere thanks to the staff of the NAO involved in the audit of the RRA for their contribution and commitment without which the submission of this Report would

not have been possible. I would also like to take this opportunity to thank the Island Chief Executive, the Departmental Heads and all their staff.



C. ROMOOAH
Director of Audit
National Audit Office

24 February 2020

SUMMARY OF AUDIT OBSERVATIONS

The law requires that the Director of Audit shall within eight months of the close of every financial year audit the accounts of the Rodrigues Regional Assembly (RRA) and report thereon. The audit focused on the examination of the financial statements, accountability and oversight mechanism, project monitoring as well as asset and transport management.

NAO's observations for financial year 2018-19 are mainly in the areas of financial, revenue, assets and transport management, administration of overtime, investments, project management and contract administration. These could be summarised into the following key areas:

- (a) Shortcomings on financial and performance reporting
- (b) Inadequate Internal Control
- (c) Lapses in financial management
- (d) Poor project planning and monitoring

Shortcomings on Financial and Performance Reporting

The annual financial statements were prepared on a cash basis. Current assets and current liabilities were thus not recognised.

The RRA has guaranteed loans for new social housing scheme but this contingent liability was not disclosed in any statement. Investments were overstated and Share Certificates were not received although investments have been made.

A report on performance was not submitted to the Minister responsible for finance as required under the Finance and Audit Act.

Inadequate Internal Control

Several weaknesses were noted in the internal control system and recommendations of the oversight authorities such as the Independent Commission Against Corruption and Procurement Policy Office were not implemented.

The plan of the Internal Control Unit did not cater for audit of capital projects, value for money and core functions of the Commissions. There was also high percentage of uncompleted tasks. No remedial action was taken by RRA on several matters raised.

There was an absence of management control over overtime of some Rs 36.8 million disbursed during the year.

A lack of control on registration and monitoring of attendance of fishermen was noted. No verification was effected to ascertain compliance with essential criteria for payment of Bad Weather Allowance which amounted to Rs 123 million for the past three years.

Lapses in Financial Management

Excess expenditure of Rs 64 million was not sanctioned by the Regional Assembly.

Shortcomings were noted in collection procedures and non-compliance with financial instructions. Management of arrears of revenue was inefficient and debt recovery mechanism was also ineffective.

Lack of oversight over compliance with Regulations by companies in which RRA was the sole or major shareholder was noted.

Recovery mechanism in respect of advances was ineffective and loan conditions were not being enforced by the RRA.

Poor Project Planning and Monitoring

Expenditure incurred by RRA on capital projects from January 2015 to June 2019 totalled some Rs 3.6 billion. Various deficiencies in the management of capital projects were identified.

Projects were awarded concurrently to the same Contractor, resulting in inordinate delays in project completion due to failure to mobilise adequate Key Personnel and other resources. Although the Contractor failed to comply with various Notices to Correct and hence a fundamental breach of contract, the RRA did not resort to termination procedures.

Instances of non-compliance with Conditions of Contract were noted. These included slow progress of works, major extension of contract period, and extension of time not substantiated, Delay Damages not applied and project halted due to land issues.

Compensation paid to a Contractor included an element of “loss on profit” on termination of contract by the latter due to land issues not resolved.

The Watch Tower costing some Rs 3.4 million has not been used since its completion in April 2016 and RRA was considering its pulling down, as it represents a safety hazard.

The initial decision of RRA to opt for extension of the existing runway into the sea resulted in wastage of funds of some Rs 17 million and GBP 233,000 on consultancy services. Some Rs 8 million were also wasted in respect of cost of Geotechnical survey for the aborted sea option.

A Master Plan and a Long Term Strategy for the water sector have not yet been developed. Despite the significant investment of some Rs 564 million made over the past six years in various schemes to boost up water supply, RRA could not meet the daily target of some 12,000 cubic metres of water as the actual daily production of water is estimated at only some 5,500 cubic metres. As of June 2019, RRA has spent Rs 340 million for the desalination projects. However, less than 50 per cent of its production capacity has been attained.

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2– ANNUAL STATEMENTS

2.1 Annual Statements for the financial year 2018-19

The Commissioner responsible for the subject of finance is required, under the Finance and Audit Act, to sign and submit to the Director of Audit, within three months of the close of every fiscal year, annual statements showing fully the financial position of the Rodrigues Regional Assembly (RRA) on the last day of such fiscal year.

The annual statements of the RRA for the financial year ended 30 June 2019 were submitted to the National Audit Office (NAO) on 30 September 2019, within the statutory date limit.

2.2 Statement of Assets and Liabilities - Accounting Basis not in line with Government Accounts

The accounts of the Central Government are presented in the Annual Statements prepared and submitted by the Accountant-General in accordance with Section 19 of the Finance and Audit Act. Government has decided to gradually adopt accruals based International Public Sector Accounting Standards (IPSAS) in the preparation of the annual statements with effect from financial year 2016-17. Full compliance with IPSAS will be mandatory as from financial year 2022-23.

The RRA needs to gradually adopt the accrual based IPSAS to be in line with Central Government. A time frame has to be set to that effect.

The Statement of Assets and Liabilities of the RRA for the year ended 30 June 2019 was prepared on a cash basis. As a result:

- (a) Arrears of revenue valued at Rs 39.2 million were shown in the Statement of Arrears of Revenue but not recognised in the Statement of Assets and Liabilities;
- (b) Current liabilities, such as pension, passage benefits and the monetary value of accumulated sick leave as of 30 June 2019 were not recognised; and
- (c) A loan from the Government amounting to Rs 14.8 million was accounted for at cost, whilst the same loan was recorded in the Accountant-General's accounts at cost plus interest and penalty, totalling some Rs 9 million, that is, at Rs 23.8 million.

According to the RRA, the cost of pension and passage benefits are met from the Accountant General's vote and funds are transferred whenever required.

Assets and liabilities showing the financial position of the RRA at the close of the past three financial years are as shown in Table 1.

Table 1 Assets and Liabilities of RRA for the Past Three Financial Years

	30 June 2019	30 June 2018	30 June 2017
	Rs	Rs	Rs
Assets			
Cash and bank balances	150,376,906	170,265,814	212,627,844
Advances	85,055,094	82,183,237	66,520,996
Total	235,432,000	252,449,051	279,148,840
Liabilities			
Rodrigues Consolidated Fund	37,624,197	55,313,766	74,223,942
Deposits	110,824,131	117,090,792	139,289,208
Loan- Government of Mauritius	86,983,672	80,044,493	65,635,690
Total	235,432,000	252,449,051	279,148,840

2.3 Rodrigues Consolidated Fund (RCF) - Transfer from RCF to cater for Shortfall

The Rodrigues Consolidated Fund (RCF) was established under Section 75D of the Constitution of the Republic of Mauritius. All recurrent revenue collected by RRA, money appropriated by the National Assembly and any other money properly accruing to RCF under any other enactment, are to be credited to the RCF as per Section 42 of the Rodrigues Regional Assembly Act.

RRA received a grant of Rs 3,605 million from the Central Government in 2018-19. Revenue totalling Rs 46 million was collected by the RRA bringing the total inflow to Rs 3,651 million. Expenditure incurred amounted to Rs 3,669 million whilst the estimates approved by the Regional Assembly in March 2018 amounted to Rs 3,605 million.

An amount of Rs 18 million was transferred from RCF to cater for the shortfall, that is the difference between total inflow and actual expenditure incurred. The transfer from RCF was not subject to any debate at the Regional Assembly.

Shortfall met from the RCF for the past two years is shown in Table 2.

Table 2 Shortfall met from Rodrigues Consolidated Fund for the past two Financial Years

	2018-19	2017-18
	Rs	Rs
Government Grant	3,575,000,000	3,425,000,000
Additional Contribution	30,000,000	
RRA revenue	46,381,947	32,065,954
	3,651,381,947	3,457,065,954
Less Expenditure	(3,669,071,516)	(3,475,976,130)
Excess/(Shortfall)	(17,689,569)	(18,910,176)
Transfer from Rodrigues Consolidated Fund	17,769,246	21,000,000

The NAO was informed that:

- The RCF was meant to cater for expenditure of RRA. There is no provision on how to deal with excess expenditure in the RRA Act. However, any excess expenditure by the RRA is approved by subsequent Estimates of Supplementary Expenditure in Mauritius; and
- The advice of the Ministry of Finance, Economic Planning and Development (MoFEPD) and Attorney-General's Office (AGO) will be sought on the way forward.

2.4 Statement of Deposits - Absence of Records

Deposits held by RRA as of 30 June 2019 amounted to Rs 111 million. I had previously reported that subsidiary records and individual balances were not maintained. RRA had agreed that relevant records would be introduced. However, these records were still not maintained and a detailed listing of deposit accounts was not made available for audit.

Hence, accuracy and completeness of deposits could not be ascertained.

2.5 Loans Guaranteed by RRA – Amount not disclosed in Financial Statements

The RRA has signed agreements with three banks, whereby it guaranteed to pay on demand all sums due, owing and payable by the beneficiaries of the New Social Housing Scheme.

The RRA has guaranteed an amount of Rs 150,000 and Rs 200,000 for each of 303 and 110 beneficiaries under Scheme I and II respectively. As of June 2019, the total amount guaranteed was some Rs 50 million.

The contingent liabilities of Rs 50 million were not shown in any Statement.

2.6 Statement of Investments – Total Investment Overstated and Share Certificates not Produced

Audit of the Statement of Investments revealed the following shortcomings:

- (a) Overstatement of investments; and
- (b) Share Certificates not received.

2.6.1 Overstatement of Investments

Three companies in which RRA held shares were removed from the Register of the Corporate and Business Registration Department due to their winding up in September 2018. Investments to the tune of Rs 26.4 million might have been impaired and thus, unlikely to be recouped.

However, these investments were still accounted in the Statement of Investments, resulting in overstatement of investments.

NAO was informed that action will be taken to exclude companies already wound up from the Statement of Investments.

2.6.2 Share Certificates not received

RRA had not yet received share certificates for investments of a total amount of Rs 14 million in three companies, namely Rodrigues Business Park Development Co Ltd, Rodrigues Tourism Development Co Ltd and Rodrigues Venture Capital Leasing Co Ltd.

In April 2018 the RRA acquired 300,000 shares of the State Trading Corporation for Rs 1.09 million. However, only 266,666 shares were received as per share certificate dated 16 October 2018. As of October 2019, RRA had not received any certificate for the 33,334 remaining shares.

2.7 Statement of Arrears of Revenue – Arrears Understated

Two instances were noted where arrears were overstated due to inclusion of:

- (a) Industrial lease of some Rs 1.2 million owed by companies, which had ceased operation since several years; and
- (b) Unpaid industrial leases of some Rs 2.1 million by two non-existent organisations.

Furthermore, arrears were understated as:

- (a) Lessees who had not yet signed their lease agreements were not accounted as arrears for some Rs 2 million, due to absence of confirmation on occupancy by the Cadastre Section; and
- (b) Arrears in respect of Trade Licence and Tourism Enterprise Licence holders totalling some Rs 20 million and Rs 1 million respectively were not accounted for.

3 – ACCOUNTABILITY AND OVERSIGHT MECHANISM

3.1 Submission of Annual Report – Rodrigues Regional Assembly Act not complied with

Section 33 of the RRA Act provides that the Chief Commissioner shall, not later than three months after the end of every financial year, forward to the Minister responsible for Rodrigues, for presentation to the President, a report reviewing the activities of the Regional Assembly during that financial year. This Section also provides that the Minister responsible for Rodrigues shall, within one month, cause a copy of the Annual Report to be laid on the Table of the National Assembly.

The Annual Report for the year 2015 was tabled in September 2019.

As of October 2019:

- (a) The Annual Report for the year ended 30 June 2018 was not yet finalised; and
- (b) Annual Reports for the 18-month period ended 30 June 2016 and financial year 2016-17 were not yet tabled.

RRA stated that Annual Reports for financial years 2015-16, 2016-17 and 2017-18 will be tabled at the Regional Assembly by the end of February 2020.

3.2 Report on Performance – Finance and Audit Act not complied with

The Finance and Audit Act requires every department, to submit to the Minister responsible for the subject of finance, a report on its performance in respect of the previous fiscal year and on its strategic direction in respect of the following three fiscal years.

As of October 2019, the report on performance in respect of the RRA for the financial year 2017-18 was not submitted to the Minister. The provision of the Finance and Audit Act was thus not being complied with.

NAO was informed that the assistance of MoFEPD will be requested for the preparation of the Performance Report.

3.3 Oversight Mechanism - Weaknesses in Internal Control System and Recommendations Not Implemented

A review of the oversight mechanism operating at the Commissions of the RRA revealed weaknesses in internal control system as well as instances where recommendations of oversight authorities regarding lapses in procurement, contract management and project monitoring were not implemented.

3.3.1 Weaknesses in Internal Control System

As of October 2019, a Standard Operating Procedures Manual was not yet introduced and no risk assessment was made, despite the assurance given by the RRA in January 2019.

According to the Internal Audit Policy Operating Manual (IAPOM) of the MoFED, both the Accounting Officer and the Director, Internal Control (DIC) are required to sign the Internal Audit (IA) Charter, which provides a framework for the conduct of Internal Audit. However, as of October 2019, an IA Charter had not been signed between the DIC and the Accounting Officers.

Several loopholes were noted in the internal control system pertaining to the different Commissions of the RRA. The Departmental Heads are the Accounting Officers of their respective Commission and are thus responsible for the governance structure, risk management system and whole system of controls of the departments under their purview.

Internal Control Unit Understaffed

NAO is of the view that the staffing of the Internal Control Unit (ICU) was inadequate to cope with the increased volume and complexity of transactions. As of October 2019, the ICU was functioning with only one Officer of the Internal Control Cadre (ICC) of MoFED and two Management Support Officers from the RRA.

The ICU was closed from November 2017 to March 2018.

RRA stated that several requests have been made to MoFED to post Officers of the ICC on Tour of Service to Rodrigues.

The Office of Public Sector Governance which is responsible among others, for the monitoring and reporting on the effectiveness of the implementation of the recommendations of the ICU has pointed that the ICU of the RRA was not well-manned. As Rodrigues is a very young Civil Service, there is need for a lot of mentoring in all aspects of administration, procurement and contract management.

Deficient Audit Planning and High Percentage of Uncompleted Tasks

The audit areas planned for the financial years 2016-17 and 2017-18 were not completed. Similarly, in the financial year 2018-19, only 24 out of 70 auditable areas identified in the Audit Plan were covered. This represented only 34 per cent of the planned audit. The key variables in methodology as prescribed in the Internal Audit Standards Operating Procedures Manual (IASOPM) were not used to determine the risk profile of auditable areas. Governance and value for money issues were also not considered.

The core functions of the various departments falling under the purview of the different Commissions were not included in the Audit Plan. Only disbursements made under vote item 'Social Safety Net' of the Commission responsible for Social Security were audited. Risky areas like capital projects were not audited.

No Progress Reports were submitted to the ICE and it was thus not possible to ascertain the extent of work performed against the Audit Plan.

No Annual IA Report, indicating major audit findings and recommendations, and Commissions' responses was submitted to the Financial Secretary in compliance with IAPOM.

Internal Audit Reports - Non-follow up of Recommendations

A review of a sample of records and files revealed that there was no proper follow up of findings and implementation of recommendations of ICU by management, as spelt out in the IASOPM. No remedial action was taken in respect of several matters raised. These included control weaknesses, fraudulent practice, accident involving driver while under influence of alcohol and resulting in total loss of vehicle and falsification of signature of Departmental Head.

3.3.2 Lack of Oversight by Audit Committee

An Audit Committee (AC) is an integral element of public accountability and governance. It assists the Accounting Officer in maintaining sound control systems, promoting good governance, oversee compliance with financial, administrative and procurement regulations, assess prevailing and future risks and identify procedures that would avoid or mitigate the impact of those risks.

In May 2019, the RRA was requested by the Ministry of Defence and Rodrigues to set up an AC. The members of the AC were thereafter selected. However, as of October 2019, the AC had not yet held any meeting.

3.3.3 Project Monitoring, Contract Management and Procurement – Recommendations of Oversight Authorities Not Implemented

Review by Procurement Policy Office – Poor Project Monitoring

Over the past years, project monitoring has adversely been reported by the NAO.

In July 2018, the Procurement Policy Office (PPO) carried out an assessment of the status of ongoing projects and examination of the procurement process with a view to addressing chronic problem regarding projects lagging behind schedule.

Several weaknesses were highlighted in the Report of the PPO. These included absence of formal procurement structure, central coordination through the setting up of a Project Implementation Unit and a focal point at Central Administration's level to resolve common issues. The PPO further highlighted that there were blind allegiance and complete reliance on Consultants, major changes during execution of project and inadequate qualified personnel as well as non-compliance with Conditions of Contract. PPO also pointed out intrinsic land issues on projects already awarded and an absence of prior investigation concerning availability of materials and labour.

According to PPO, the situation was 'catastrophic' and there was need for 'immediate action to salvage whatever remains of the huge capital investments made'.

In light of the numerous flaws noted in project implementation, the PPO recommended the review of the procurement structure, preparation of an Annual Procurement Plan with implementation schedule and continuous follow up of project. It was also recommended that major non-performing suppliers should be referred to the PPO for appropriate action.

However, there was no follow up at the level of the Commissions, and the recommendations were not implemented.

Corruption Prevention Review – Deficient Contract Management

The Independent Commission Against Corruption (ICAC) carried out Corruption Prevention Reviews (CPRs) on several aspects in the various Commissions.

A review of some CPR Reports in respect of project monitoring which were made available to NAO has revealed that there was an absence of documentation of policies and procedures and a Project Monitoring Unit to ensure precautionary measures and monitoring at both pre-bidding and post-bidding stages. There was also no Project Monitoring Plan and methodologies for effective project monitoring after handing over of sites to Contractors.

There were also no clear procedures for handling non-compliance and unsatisfactory performance of Contractors and an absence of a computerised system for project monitoring and evaluation of outcomes and performance. In addition, 'Statements of Business Ethics' between Contractors and Consultants were not signed to ensure highest standards of ethical behaviour and practices and a mechanism for management of conflict of interests.

Various corrective measures were recommended by ICAC in each CPR in the light of the fostering of an anti-corruption culture by implementing the Public Sector Anti-corruption Framework at the level of each Commission. Very few recommendations were implemented in certain cases. The percentage recommendations not implemented by the Commissions responsible for Fisheries, Agriculture and Public Infrastructure ranged from 37 to 87.

Any delay in the implementation of recommendations made by ICAC in the CPR Reports may perpetuate malpractices or a perception thereof.

4 – CHIEF COMMISSIONER’S OFFICE

4.1 Budget Management – Excess Expenditure and Unauthorised Disbursement

4.1.1 Excess Expenditure

The RRA received a grant of Rs 3,605 million from the Central Government. This amount included a capital grant of Rs 825 million.

The draft Estimates of Revenue and Expenditure were approved by the Regional Assembly in March 2018. The duly approved draft estimates were thereafter submitted to the Minister responsible for Rodrigues for consideration in accordance with Section 44(3) of RRA Act.

Expenditure approved by both the Regional Assembly and Ministry responsible for Rodrigues amounted to Rs 3,605 million, whilst expenditure incurred during the financial year 2018-19 amounted to Rs 3,669 million. There was thus an excess expenditure of Rs 64 million. This excess expenditure has not been sanctioned by the Regional Assembly.

The NAO was informed that no provision has been made in the RRA Act on how to deal with any surplus expenditure. However, the excess expenditure has been approved by the Executive Council which according to Section 35(1) of the RRA Act is “responsible for the carrying out of all the functions of the Regional Assembly” and to further promote transparency, legal advice and the views of MoFEPD will be sought by RRA on the way forward.

4.1.2 Contingencies – Unauthorised Disbursement

Contribution of Rs 3.5 billion from Government for the financial year 2018-19 to the RRA included a sum of Rs 75 million as Contingencies to cater for any unforeseen expenditure. Any expenditure incurred from Contingencies required prior clearance of both the Ministry responsible for Rodrigues and MoFEPD.

Approval was conveyed by both Ministries for only an amount of some Rs 12.1 million reallocated from Contingencies. No prior clearance was obtained for the remaining spent amount of some Rs 62.9 million.

The RRA stated that:

- A request was made to the Ministry of Defence and Rodrigues to increase budget expenditure from Rs 3,575 million to Rs 3,648 million. It was also mentioned that a sum of some Rs 62.85 million was available under the Contingencies and Reserves under Recurrent Budget.
- Approval was obtained by MoFED to the effect that the request for additional fund was warranted and the Ministry of Defence and Rodrigues was requested to reallocate funds from this Vote Item.
- Since excess expenditure was approved by the MoFED and the Ministry of Defence and Rodrigues, this tantamount to the implicit approval for the use of the balance available under Contingencies and Reserves.

4.2 Revenue Management – Lapses in Collection Procedures and Non-compliance with Financial Instructions

Revenue collected by the RRA amounted to Rs 46 million in 2018-19. Audit of Revenue collected revealed that there was inadequate control over Receipt Books, and access rights for Cash Collection System were not monitored. Annual surprise cash surveys were not carried out as required under Financial Instructions.

4.2.1 Annual Cash Survey not performed

Contrary to Financial Instructions issued by MoFED, no cash surveys were carried out at the Cash Offices.

4.2.2 Receipt Books - Non-fixed Receipt Forms not Taken on Charge and not Secured

The Receipt Books issued to different Cash Collectors were not taken on charge in the Register of Controlled Forms as required by Financial Instructions.

Certificates of Fitness and Motor Vehicle Licenses (MVL) were neither taken on charge nor secured. Unused Certificates of Fitness and MVL were not kept in safe custody and hence could easily be tampered with. Further, used booklets of MVL were not returned to the Head Quarters of the National Transport Authority (NTA) for reconciliation and verification purposes.

Certificates of Fitness issued could not be cross-checked with their respective Examination Reports, as the Accounting System could not generate a list of Examination Reports issued.

NAO was informed that:

- The Accounting Officers will be requested to ensure that receipts books are taken on charge in the Register of Controlled Forms.
- A separate stock book is now being maintained at the NTA's Office for an effective control of the documents.
- The NLTA live system was defective since May 2019, but the system has been repaired and is to date functional.
- Used booklets are retained for issue of duplicates in case of loss of MVL.
- The NTA's Head Office in Mauritius has been consulted on any further procedures to be adopted and a reply is being awaited.
- A safe has already been acquired to store unused Certificate of Fitness and MVL to avoid any tampering.

4.2.3 Computerised Cash Collection System - Absence of Control over Access Rights

The Cash Collection System was being used simultaneously at three different cash tills. An approved list of Officers having access rights was not available. Thus it could not be ascertained whether only Authorised Officers were accessing the System and whether access rights of Officers who had left were promptly cancelled.

Absence of control over access rights would expose the System to unauthorised access and integrity of data might be compromised.

A proper system should be put in place to ensure that all unused access rights are removed in a timely manner.

RRA stated that an Access Control Level System is available on the Treasury Accounting System and Officers having access rights to Cash Collection System can be monitored. However, access to the system is closely monitored by the Manager, Financial Operations.

4.2.4 Collection of Licence Fees - Lack of Enforcement Mechanism

Only 45 per cent of the registered economic operators had settled their licence fees upon expiry in financial year 2018-19 as compared to 58 per cent in financial year 2017-18. No mechanism was set up for the follow up and enforcement of payment of trade licences.

NAO was informed that proposal will be made in the next budget for the creation of post of Enforcement Officer (Trade).

4.3 Statement of Arrears - Inefficient Management of Arrears and Ineffective Debt Recovery Mechanism

The revenue of the RRA for the financial year ended 30 June 2019 amounted to Rs 46 million while arrears of revenue as of that date totalled Rs 39 million.

Audit of the Statement of Arrears and the debt recovery process revealed that a Manual of Instructions setting out the procedures for the timely follow-up, recovery and enforcement of outstanding amounts was not prepared as required by Financial Instructions. The Accounting Officer has thus not ensured the existence of proper management information system to generate information on arrears of revenue on a quarterly basis.

RRA informed that a Revenue Collection Committee will be set up at the level of the Finance Section to follow up and enforce recovery of outstanding amounts.

- (a) Analysis of amount of arrears recovered by two Departments of the Commission responsible for Public Infrastructure and Water Resources showed that less than one per cent of the arrears were recovered in any financial year. The penalties and surcharges levied on claims did not serve as deterrent to defaulters. The slow recovery rate was attributed to ineffective enforcement measures. An efficient mechanism should be set up for timely collection of revenue and prompt recovery of arrears.

- (b) The arrears of revenue for State Land which represented some 84 per cent of the total arrears were subject to verification by the ICU. However, the recommendations made were not considered by RRA.

RRA informed that the Departmental Heads, responsible for Commissions for Water Resources and State Lands will be requested to submit an implementation plan for prompt recovery.

- (c) An Annual Report highlighting major findings relating to arrears of revenue was not prepared by the Director, Internal Control for submission to the Financial Secretary. The Financial Secretary was not informed of the major findings which would have entailed corrective measures. Follow up action to ensure collection of leases was therefore ineffective.

NAO was informed that the ICU will be requested to submit its recommendations on verification of arrears of revenue and consequently the major findings will be submitted to the Director, Internal Control for preparation of the Annual Report.

- (d) In 2012, RRA recommended the writing-off of all arrears of water rates, as it would not be cost effective to sue some 8,000 debtors. As of September 2019, procedures for write-off were not even initiated and the list of debtors was not yet referred to the Director, Internal Control.

NAO was informed that the Commission responsible for Water Resources will be requested to work out the list of debtors to be submitted to the Director, Internal Control for approval.

4.4 Investments - Lapses in Investment Practices and Non-compliance with Regulations

Investments in companies are regulated by the Rodrigues Regional Assembly (Investment Management) Regulations 2008. The RRA held investments of Rs 76 million in ten companies as shown in Table 3

Table 3 Investments as at 30 June 2019

Company	Date of Incorporation	No. of shares held	Total investment as at June 2019 Rs	Remarks
Discovery Rodrigues Co. Ltd	15.11.06	2,000	2,000,000	
Rodrigues Water Co. Ltd	29.10.07	17,000	17,000,000	Wound up
Rodrigues Trading and Marketing Co. Ltd	08.06.07	1,453,501	12,960,350	Additional investment in 2018-19
Rodrigues General Fishing Co. Ltd	08.06.07	6,400	6,400,000	Wound up
Rod Clean Co. Ltd	19.09.07	4,200	20,188,590	
Rodrigues Housing & Property Development Co. Ltd	12.01.10	300,000	3,000,000	Wound up
Rodrigues Educational Development Co. Ltd	30.12.88	5,100	51,000	
Rodrigues Business Park Development Co Ltd	12.02.19	6,499,900	6,500,000	Not yet in operation
Rodrigues Tourism Development Co Ltd	18.07.02	51	5,100,000	
Rodrigues Venture Capital Leasing Co Ltd	13.10.94	25,000	2,500,000	Company revamped
Total			75,699,940	

Audit of investments made in RRA owned companies revealed the following:

- (a) Feasibility study was not always carried out prior to investments in companies as three out of ten companies were wound up within five years of incorporation whilst no return has been generated from the other companies.
- (b) The operating cost of some companies was being financed by the RRA due to insufficient or no revenue generated.
- (c) The RRA invested in three new companies despite unsustainability of existing companies in which investments were made.
- (d) Annual Reports were not published by the Board of Directors, which is contrary to Regulations.
- (e) There was lack of oversight on companies, as reports were not submitted to the Executive Council and estimates of expenditure were not tabled before the Regional

Assembly. Financial Statements were not filed at the Corporate and Business Registration Department.

- (f) Expenses were outside the purview of the National Assembly since audited Financial Statements were not tabled.
- (g) RRA Companies General Fund has not yet been established as required by the Rodrigues Regional Assembly (Investment Management) Regulations 2008.
- (h) The grant of subsidised tuition fees as incentive for the setting up of a new company was not disclosed in Bidding Document.
- (i) Shares were not valued upon acquisition and there was a potential liability in respect of loans granted.
- (j) Viability of a risky investment was not assessed.

4.4.1 Feasibility Study for viability of Investment not carried out

Prior assessment was not always made to evaluate the feasibility and viability of such investment as stipulated in the Investment Management Regulations.

- Three companies in which RRA had invested Rs 26.4 million were wound up, within five years of incorporation. RRA had also contributed more than Rs 41 million to their operating costs;
- No returns on investment were received and RRA was funding the operating costs of the companies; and
- There was no evidence of any feasibility study having been carried out prior to investment in the Rodrigues Business Park Development Co Ltd during the financial year 2018-19.

4.4.2 Operating Cost of Companies – Financed by RRA instead of Revenue generated

The RRA being either the sole or major shareholder, failed to implement policies, procedures and good practices for the efficient and effective management of companies in which it held investments. The lack of control over fund granted to these companies has been repeatedly commented by the NAO.

The operating costs of the companies were to be financed from revenue generated from their activities and the Board of Directors was required to ensure adherence to sound financial principles. However, the companies incurred losses and the operating costs of most companies were borne by the RRA without any adequate monitoring.

RRA stated that these companies are management companies and are not revenue generating.

4.4.3 Investments in New Companies despite Unsustainability of Existing Companies

Investments of some Rs 15.96 million in new companies were effected although the existing companies were not sustainable, due to poor financial performance.

4.4.4 Annual Reports not Published by Companies

Regulation 20 of the Rodrigues Regional Assembly (Investment Management) Regulations requires the Board of Directors of every company to publish a report, in relation to the company's functions, activities, affairs and financial position in respect of the previous financial year. Non-compliance with this Regulation was repeatedly reported by NAO.

As of September 2019, Annual Reports, incorporating the financial statements for 2017 and 2018 were not submitted by four companies. The Rodrigues Trading and Marketing Co. Ltd had not submitted Annual Reports since 2014.

The non-submission of financial statements is against the principles of good governance. The sustainability of the companies could not therefore be ascertained.

4.4.5 Lack of Oversight Over Compliance by Companies

Records not submitted

The quarterly reports of activities of companies were not submitted to the Executive Council. The approved Capital Expenditure Programme and estimates of expenditure of the companies were not tabled at the Regional Assembly before the start of the financial year. Furthermore, the financial statements were not filed at the Corporate and Business Registration Department.

Register of Investments not updated

The Register of Investments was not updated. Consequently, the cost of investments in shares were wrongly stated in the financial statements.

4.4.6 Expenses outside Purview of National Assembly

Private firms were appointed for the audit of the accounts of companies in which RRA had invested. However, the audited financial statements were not tabled at the Regional Assembly as required by Regulations.

Investment and all expenses borne by RRA in favour of these companies have thus remained outside the purview of the National Assembly and the Public Accounts Committee.

RRA informed that contrary to Mauritius, the financial statements of RRA owned companies are tabled at the Regional Assembly sittings since the companies are subject to the RRA Investment Regulations.

4.4.7 RRA Companies General Fund not established

The Rodrigues Regional Assembly Companies General Fund has not been established as required by the Rodrigues Regional Assembly (Investment Management) Regulations 2008.

Dividends or returns on investment were to be credited to the Fund. Grants and advances to companies were to be met from this Fund, as well as other capital expenditure pertaining to the companies.

4.4.8 Grant of Additional Subsidy not included in Bidding Document

The Rodrigues Tourism Development Company was incorporated with 51 per cent share held by RRA. Investment of Rs 5.1 million was made by RRA for the renovation of a building for the setting up of a Tourism Academy. The building was already acquired by RRA for some Rs 6.5 million.

An Expression of Interest (EOI) was launched in 2017 for consultancy services to manage the Rodrigues Tourism Academy and deliver training for a minimum of 10 years. Incentives provided as per EOI were rent free for first two years, 50 per cent rent from third to fifth year and 100 per cent as from sixth year.

A Memorandum of Understanding was thereafter signed with the Consultant, whereby it was agreed that the yearly tuition fees of Rs 140,000 would be subsidised by the RRA up to 50 or 75 per cent, depending on the employment status of the enrolled students.

The granting of the subsidy was not included in the EOI. This could have attracted more competitive bids.

NAO was informed that the subsidy has emanated following discussions with the selected Company which could not have been decided upfront at the time of launching of the EOI.

4.4.9 Investment in Rodrigues Venture Capital and Leasing Fund - Valuation of Shares not performed upon Purchase and Potential Liability for Loans Granted

Rodrigues Venture Capital and Leasing Fund (RVCLF) was incorporated on 13 October 1994, with the objective of providing loan facilities at concessionary rates of interest and leasing facilities to entrepreneurs from various sectors such as fishing, handicraft, agriculture and art.

In 2011, it was decided that RVCLF would act as guarantor for loan and leasing in order to encourage and enable more entrepreneurs to avail of the facilities of private commercial banks.

In 2018, MoFED approved the complete management of RVCLF by RRA and the refund of investment of Development Bank of Mauritius (DBM) Ltd and State Investment Corporation (SIC) at Rs 1.25 million each. The shares held by DBM Ltd and SIC were purchased at cost. No independent valuation was done to substantiate the cost price and shares were accounted at nominal value. The Ministry responsible for Rodrigues was not represented on the Board of Directors as requested by MoFED.

Financial statements were not filed at the Corporate and Business Registration Department since financial year 2009-10. Hence, the financial position of RVCLF was not known.

RVCLF has guaranteed loans for several companies. A detailed list of loans and leasing guaranteed and the status of these loans/leasing were not available. The total amount guaranteed as of 30 June 2019 was thus not known.

This might represent a significant potential liability as, RRA is the sole shareholder of RVCLF. This liability was not disclosed in the annual statements of RRA.

RRA informed that:

- An accountancy firm has been appointed for finalising financial statements from 2009 to date and a proposal for revamping is also being drafted; and
- Debtors list will be updated.

4.4.10 Investment in Rodrigues Business Park Development Company Ltd - Absence of Study for Viability of High Risk Investment

The Rodrigues Business Park Development Company Ltd was incorporated on 12 February 2019 for the setting up of a techno park, to promote entrepreneurship and employment in the field of Information and Communication Technology in Rodrigues.

No feasibility study was carried out to assess the viability of this project.

The RRA and DBM Ltd would contribute equally an amount of Rs 6.5 million as equity. The RRA and the Central Government would borrow Rs 75 million and Rs 175 million respectively according to the financing mechanism from the MoFED. There is high risk that the level of debt and the associated interest rate might impact on the returns generated and sustainability of the company.

It was initially proposed that RRA's contribution of Rs 75 million would be met from the proceeds of the proposed sale of Mont Venus Hotel. However, as of October 2019, the sale has not been effected although a Memorandum of Understanding was signed on 12 April 2019.

NAO was informed that it is expected that the proceeds of the sale of Mount Venus Hotel will be settled by 30 June 2020 at latest.

4.5 Administration of Overtime - Deficiencies in Management and Lack of Control

The payment of overtime is regulated by the conditions of service as spelt out in the Human Resource Management Manual. Management should ensure that overtime work is kept to a strict minimum and resorted to only when necessary, and is performed cost effectively with the prior approval of the Authorised Officer.

A review of administration of overtime by the RRA revealed the following:

- (a) Absence of management control over overtime.
- (b) Overtime paid exceeded the voted provision by 67 per cent with instances of overtime drawn more than 100 per cent of annual salary.
- (c) Instances where Officers had to put in long hours continuously, to the detriment of their health and output.

4.5.1 Absence of Management Control and Reliable Records

A sample check at three Departments within two Commissions revealed that there was absence of management control over overtime.

Overtime Needs not Assessed

There was no evidence of any assessment and analysis of the overtime needs of each department prior to the preparation of the annual estimates. Workloads of Officers of certain grades continuously working beyond official hours were not assessed. The assessment of workload is a key element for determination of human resource required. Hence, remedial actions could not be initiated. Further, alternative methods such as introduction of either a roster or shift system, and temporary placement of Officers were not considered by Management to curtail expenditure on overtime.

RRA informed that all Accounting Officers will be requested to assess the overtime needs of their Commissions and submit same to the ICE.

Absence of Written Policy and Procedures

The RRA had no written policy and procedures to ensure consistency of management of overtime at the level of the various Commissions. The Central Administration was not aware of the overtime requirements of each Commission.

RRA informed that it has issued circulars and the Accounting Officers were requested to exercise better control on overtime.

Absence of Reliable Records

Proper records were not always maintained for cross verification of extra hours. The Electronic Attendance System of the Civil Aviation Division was generating misleading data. Arrival and departure time of the monthly Performance Report has disclosed incorrect times for December 2018. The overtime claims were certified correct against a report which was not reliable.

Computation of extra hours performed by Officers of the Health and Food Safety Cadre was based on the manual Attendance Register. However, the Register was not under the responsibility of an Officer of the Administrative Cadre of the Commission for Health and there was no proper supervision. The reliability of the Attendance Register could not be ascertained.

RRA informed that:

- Action is being initiated to sort out discrepancies observed with the Electronic Attendance System of the Civil Aviation Division; and
- The relocation of the Food Safety and Health Division is being envisaged in order to ensure proper control of Attendance Register by a staff of the Administrative Cadre.

Overtime Certified by Junior Officers

Two Air Traffic Control Officers (ATCOs) and one Assistant ATCO were responsible for aircraft operation of the Civil Aviation Division. The attendance of one ATCO annexed with the claims for overtime, was always certified by the Assistant ATCO.

Certification by an Officer of a lower grade was not in compliance with Financial Instructions and principles of good governance.

The NAO was informed that remedial action has been initiated for the certification of overtime of the Officer in Charge, Civil Aviation by an Officer of a higher grade.

Absence of Monitoring and Supervision

There was no effective supervisory mechanism to monitor performance of overtime. There was no evidence of any surprise checks by Officers at the supervisory level to ensure that Officers were actually working on site.

Claims for overtime were not supported by reports on the work performed during these extra hours. Hence, there was no evidence of work performed during extra hours.

RRA stated that Accounting Officers will be requested to ensure effective monitoring of overtime performed.

4.5.2 Excessive Overtime

Overtime Paid Exceeded Voted Provision

A total amount of Rs 22 million was budgeted for payment of overtime during the financial year 2018-19. However, the actual disbursement for overtime was Rs 36.8 million. This exceeded the budgeted amount by 67 per cent. Disbursement exceeded the approved estimated amount by more than 300 per cent in respect of the Department responsible for 'Management of State Land'.

RRA informed that unexpected situations could arise during the financial year, which could not have been foreseen at the time of budget preparation.

Management should review and examine the validity and necessity for such excessive overtime. Monthly report of the status of total overtime expenditure on a departmental basis was not sought by Management for proper monitoring. All avenues should be explored to curtail expenditure on overtime, to be in line with Government policy.

High Overtime Earners

Some Officers were working excessive extra hours. Total overtime paid during the financial year ended 30 June 2019 exceeded the Officer's salary in certain cases. A sample check carried out over three grades of employees posted in two Commissions has shown that overtime paid exceeded salary by 100 to 128 per cent.

Health and Food Safety Section

Four Officers in the grade of the Health and Food Safety Inspectors have been paid overtime amounting to some Rs 1.6 million in the financial year 2018-19, whilst their annual salary amounted to some Rs 1.7 million. The overtime drawn by these Inspectors during the year ranged from 72 to 110 per cent of their annual salary.

The main reason stated for working outside office hours was sanitary inspection of the Meat Section of the Market. However, only a manual Attendance Register was being maintained. Management should ensure that there are justified reasons for the performance of overtime.

The NAO was informed that proposal will be made for the creation of additional posts of Food and Health Inspectors in the forthcoming budget estimates in view of minimising cost of overtime.

Commission for Health –Transport Section

Excessive overtime payment has been noted in the Transport Department of the Queen Elizabeth Hospital. Only 12 of the 18 funded posts of Ambulance Driver (shift) cadre, were filled as of October 2019. The roster system was not amended to cater for the vacant posts and was thus not cost effective. The drivers had to put in long hours of work which impacted on overtime disbursed.

Overtime drawn during the financial year 2018-19 by seven of the 12 shift Ambulance Drivers represented more than 100 per cent of their salaries. For the five remaining shift Ambulance Drivers, overtime allowances ranged from 63 to 94 per cent of their salaries.

Civil Aviation Division

Two ATCOs were working concurrently in the Division on a six-month basis. Overtime of one ATCO in each six-month period was sampled for audit and the amount paid was Rs 1.3 million. At this rate, overtime might be some Rs 2.5 million for the year.

Excessive, non-stop long hours of work were noted. On several occasions, these Officers were working continuously for more than 20 hours and even 50 hours. Officers may not perform effectively, if they work continuously for such long hours and this can also be detrimental to their health.

Attendance reports as per Electronic Attendance System, for the period November 2018 to January 2019 were sampled out for audit. Arrival and departure time were not seen for several dates as the ATCOs were either not leaving the office premises or not clocking their cards. Overtime claims were certified correct against these reports, although they were

inaccurate. Strict control should be exercised on movement of Officers, as the airport compound is a high security area. The Electronic Attendance System should be calibrated.

Record of monthly aircraft movement prepared by the Officer claiming overtime was attached on submission of claim. Aircraft movement generated from the system was not made available for audit. Hence, no further checks could be performed to ascertain accuracy of extra hours. All claims for overtime of more than 24 hours should be investigated.

RRA informed that:

- Actions have been taken by the Commission for Civil Aviation to palliate the lack of staff and to curtail the issue of high overtime cost; and
- Although the last flights are supposed to leave Rodrigues at 22.00 hours, officers are called upon to remain on duty at least for another hour after the departure of flight, as per International Civil Aviation Organisation.

NAO's Comments

Prior to considering recruitment of additional staff, RRA should ensure that overtime is managed effectively and efficiently and all avenues have been explored to curtail expenditure on overtime.

NAO is of the view that RRA should, with the help of the Ministry of Public Service, Administrative and Institutional Reforms, carry out a review of work practices at the operational units where significant overtime is performed and come up with a policy aimed at ensuring that:

- Overtime is restricted to cases where it is unavoidable for efficient and effective service delivery; and
- Staff do not have to work overtime for unreasonably long periods which could be detrimental to their own health, and have an adverse effect on their outputs.

4.6 Assets Management – Absence of Asset Records and Controls

The RRA manages a significant number of assets, including state lands, buildings, roads, plant and equipment. The cost of acquisition of non-financial assets for the past three financial years totalled some Rs 2.56 billion. A review of the asset management process revealed that essential records such as Asset Registers, Maintenance Registers, Office Equipment Registers and Master Inventory were not maintained.

4.6.1 Essential Records Not Maintained

Asset Register

The RRA did not maintain a Central Register of Assets. There was thus no proper control on assets and their physical condition, location and expected usage time. This would have facilitated decision making and planning for future procurement.

A Central Register of Assets detailing the cost, location and condition of each asset, the date of purchase and its replacement cost, maintenance and economic life of the assets, should be kept at the Chief Commissioner's Office. Separate registers should be maintained at the level of each Commission. Furthermore, each Department under the responsibility of the Commission should also maintain a sub Asset Register.

RRA informed that Office Management Executives will be recruited and entrusted the responsibility to keep the Register of Assets, as well as to maintain inventory control in the different Commissions.

Maintenance Register

A Maintenance Register should be kept at the level of each Department. It would show the history of interventions, amount paid and warranty periods. Cumulative maintenance would also be readily available to assist in the monitoring of maintenance of assets and for management information.

Government Asset Register

A Government Asset Register (GAR) was introduced in July/August 2017 for the Central Government to keep track of assets from their acquisition to disposal. The implementation plan was already detailed in the relevant Circular issued by the Treasury, which also described the procedures to be followed for the recording of assets. Development of the Central GAR highly depends on the accuracy and completeness of the information recorded in the Register of Assets kept at Departmental Level.

In the absence of appropriate assets records at the RRA, the recording of assets in the GAR would not be possible.

The NAO was informed that:

- The assistance of the MoFEPD will be requested for the establishment of an effective management of assets; and
- A Central Register of Assets will also be maintained to facilitate future Annual Procurement Plan.

NAO's Comments

RRA should maintain proper records of assets and put in place adequate controls to ensure, among others, that:

- (a) the location of assets are easily identified;
- (b) assets are properly maintained so as to ensure that they serve their intended purpose; and
- (c) disposal/replacement of assets is well managed.

4.7 Advances – Lapses in Recovery Procedures

Audit of advances granted by RRA revealed that:

- (a) Loan conditions were not being enforced by the RRA.
- (b) Recovery mechanism was ineffective.
- (c) Advance to a company was converted into additional shares valued at wrong price.

Advances outstanding as of close of the past three financial years are shown in Table 4.

Table 4 Advances Outstanding at end of Past Three Financial Years

Details	30 June 2019	30 June 2018	30 June 2017
	Rs	Rs	Rs
Advances to RRA Members	7,831,575	6,792,366	2,912,666
Motorcar loan to RRA Officers	53,809,722	49,762,518	37,191,350
Motorcycle loan to RRA Officers	8,719,798	9,066,007	9,765,834
Advances to Cooperative Societies for Fibre Glass Boats	14,694,000	14,694,000	14,694,000
Advance Account Personal	-	-	88,800
Advance to Rodrigues Trading & Marketing Co. Ltd	-	1,868,346	1,868,346
Total	85,055,095	82,183,237	66,520,996

4.7.1 Advances to Former Members of Regional Assembly – Loan Conditions not enforced

Advances still outstanding in respect of three former members of the Regional Assembly amounted to some Rs 1.39 million as of 30 June 2019. These advances should have been settled by them upon their ceasing to be Members of the Regional Assembly.

The car of a former Member, who was granted an advance of Rs 1.6 million in September 2011, was seized in November 2012 and net proceeds set off against the Advance Account. As the outstanding balance was not recouped, the former Member was ordered by the Court to pay a sum of Rs 950,000 in 12 equal instalments as from January 2017.

As of October 2019, no refund was effected. No further action has been taken to recover the debt.

Several reminders were sent to the two other former Members, who were either not refunding the loans or making irregular payments. Both were granted advances since 2015. The cars have not been seized as stipulated in the loan agreement.

NAO was informed that:

- Legal action has been initiated and an Attorney-at-law has been instructed accordingly with respect to the first case. Notice of seizure and sale of property of the member is in process; and
- Action will follow likewise for the other two members.

4.7.2 Advance to Cooperative Societies for Purchase of Boats – Boats not utilised and Advance not refunded

A total amount of Rs 14.84 million was advanced to five Cooperative Societies in 2011 for the purchase of fibre glass boats. An amount of Rs 153,000 only has been refunded since 2016. Capital not refunded amounted to Rs 14.69 million as of 30 June 2019. The loan maturity period expired in January 2018 and no appropriate action has been taken for the recovery of loan granted to the Cooperatives Societies.

All the five fibre glass boats were rarely used by the Cooperative Societies and the RRA had in the past even financed their operating costs. On 30 November 2018, the Executive Council approved the repossession of the fishing vessels due to non-performance and non-utilisation. However, as of October 2019, the five fibre glass boats were not yet repossessed.

NAO was informed that:

- A meeting will be held with the five Cooperative Societies for an amicable settlement at the earliest; and
- In case no consensual agreement is reached, members of the Cooperatives Societies will be requested to relinquish their rights and legal action will follow for the repossession of the fishing vessels.

4.7.3 Conversion of Advance into Shares – Shares wrongly priced at nominal value

An advance of some Rs 2.62 million made to Rodrigues Trading and Marketing Co. Ltd (RTMC) in November 2013 was to be repaid within three months. Only an amount of Rs 100,000 was refunded in August 2016.

On 30 December 2016, the Executive Council decided to retain 20 per cent on all payments made by RRA to the RTMC until the total reimbursement of the advanced sum. In February 2017, an amount of Rs 653,624 was thus deducted from the remittance of 'Management and Operational fees' disbursed to the company. As at 30 June 2018, the outstanding balance was some Rs 1.87 million.

The outstanding balance was converted into ordinary shares during financial year 2018-19. However, the share was wrongly valued at the nominal value of Rs 10 each instead of at net asset per share of Rs 3.64 as per Valuation Report. As such, only 186,835 shares instead of 513,281 shares were allotted to the RRA.

RRA informed that additional shares will be allotted based on the Valuation Report and the Share Certificate will be produced anew.

4.8 Project for Airport Development – Lapses in Procurement of Consultancy Services

The Airport Development Project ranks amongst one of the priority projects of the RRA. The airport bottleneck is considered as one of the main factors constraining the economic development of Rodrigues. Some Rs 39.45 million were spent for the project during the past two financial years.

A review of the Project for the Airport Development revealed the following :

- (a) Initial decision to opt for extension of the existing runway into the sea (sea Option) resulted in wastage of some Rs 17 million and GBP 233,000.
- (b) Bids for Consultancy Services were not evaluated by the appropriate body, procurement lead time was excessive and cost estimate was prepared after evaluation of bid.
- (c) Contractual conditions were not complied with.
- (d) Tenders were not launched for the construction of houses for the resettlement of nearby villagers.

4.8.1 Sea option - Lead to Wastage of Funds

A feasibility study was carried out in 2010 on the proposed development works for the airport. Five options were identified. RRA opted for the development of existing facilities, new infrastructure and an extension of the existing runway into the sea supported by stilts. In 2010, the estimated cost was Rs 1.8 billion.

The Consultant appointed for the detailed design, cost estimate and tender documents has right at the start of the contract advised the RRA that the sea option deck on pile was not financially viable. This fact was mentioned by the Consultant during Arbitration proceedings.

On 2 May 2017, the Contractor of the Geotechnical Survey reported that the cost for the concrete deck and embankment fill was estimated at some Rs 15 billion.

Amounts of some Rs 17 million and GBP 233,000 have been wasted on consultancy services in respect of the proposed extension of the runway towards the sea, which was subsequently changed to land based runway.

In its reply, RRA stated that the sea option was the recommended option in the Feasibility Study of 2010. According to RRA, matters brought up by the Consultant at the arbitration stage should not be considered as factual evidence as they were not substantiated.

NAO's Comments

According to the Feasibility Study, the recommendation was to consider another option. It was also stated in that report that previous studies have identified that an extension of the runway into the lagoon would be unacceptable due to environmental impacts.

Geotechnical Survey –Nugatory expenditure for Aborted Sea Option

On 25 January 2017, a contract was awarded for a Geotechnical Survey for an amount of Rs 19.74 million. On 9 June 2017, the Contractor was requested to investigate at the designated area for new land based runway and to abort investigation at sea. Some Rs 8 million were wasted in respect of cost of Geotechnical Survey for the sea option.

The RRA informed that the aims of the geotechnical investigations were to determine the existing pavement strengths, ground, sea bed and sea water conditions and to design parameters for the proposed runway. According to the RRA, the investigations were not nugatory as they provided factual and scientific evidence in order to take firm, impartial and unprejudiced decision for future development.

Change in Scope of Consultancy Services

On 2 May 2017, after a partial geotechnical investigation, the Consultant recommended to opt for a new land based runway as the sea option for extension of runway would have negative environmental impact and was not financially viable. The change in scope of Consultancy Services for inland runway entailed additional amounts of GBP 81,540 and Rs 117,600 excluding VAT. Submissions of design report and tender documents were not included in the revised scope. However, no written agreement was made for the amended scope of services.

RRA informed that the Executive Council and the Consultant mutually agreed to make a variation to the contract as the nature of the works remained the same.

Arbitration in favour of Consultant

On 4 July 2017, the Consultant claimed amounts of GBP 217,810 and Rs 5,603,000 for expenses already incurred as of date of change in scope of the consultancy services. The claim was not entertained by RRA. On 2 May 2018, the Consultant declared a dispute and gave a Notice of Intention to Commence Arbitration.

On 10 September 2019, the final award was made by the Arbitrator in favour of the Consultant. The RRA was liable to pay the Consultant amounts of GBP 94,886 and Rs 2,152,800 excluding VAT, being actual expenses incurred prior to modification of the scope of works. The RRA had also to pay interest at legal rate from 13 July 2018 to date of final payment.

In October 2019, amounts of some GBP 110,000 and Rs 3 million were paid to the Consultant.

4.8.2 Weaknesses in Bidding Exercise for Consultancy Services

Bids – Not evaluated by Central Procurement Board

The financial proposals ranging from Rs 24 to 38 million, excluding VAT, were evaluated in May 2015 by the Bid Evaluation Committee (BEC). The amounts of the bids were beyond the then applicable threshold.

The bids should have been evaluated by the Central Procurement Board (CPB) as per Public Procurement Act.

NAO was informed that the advice of the CPB was sought after a revised cost estimate and prior to the award of contract, and CPB had stated that the request to approve the award of contract no longer falls under its purview.

NAO's Comments

The threshold for award of tender by the CPB was increased from Rs 15 million to Rs 25 million with effect from 1 July 2015. The financial proposal of four bidders were evaluated in May 2015 and for the fifth bidder on 27 August 2015, after the deliberation of Independent Review Panel.

The bids varied from Rs 24 million to Rs 38 million excluding VAT, which were beyond the then prescribed threshold. The advice of the CPB was sought after preparation of cost estimates in January 2016.

Procurement Lead Time – Excessive

On 12 April 2016, the contract for consultancy services for the design, cost estimation and tender document was awarded to the Consultant in association with a UK firm for amounts of GBP 352,486 and some Rs 10.36 million for a duration of nine months. The time period between the closing date of invitation of bids and award of contract was more than 14 months which exceeded the prescribed period of 15 days for evaluation of bids.

Cost Estimate – Prepared after evaluation of bids

The cost estimate of the consultancy services was submitted on 16 January 2016, which was after evaluation of bids. The cost was estimated at some Rs 26 million.

4.8.3 Non-compliance with Contractual Conditions

The Professional Indemnity Insurance of Rs 25 million which expired on 31 December 2016 was not renewed.

The final preliminary design report was submitted on 8 November 2018 instead of 29 December 2017.

4.8.4 Resettlement of Villagers – No Tender Procedures for Selection of Contractor and Delay in Construction

The resettlement of villagers of Ste Marie and surrounding areas was required for safety reasons. The residents have opted for the grant of a lease of state land where a house of at least 50 square metres could be erected. They were allowed to choose a Contractor among the eight selected ones, for the construction of their houses.

Tenders were not launched for the selection of the Contractors. In the absence of competitive bidding process, it was not known whether the building cost of Rs 1,400 per square foot was a competitive one and whether value for money was obtained.

As of October 2019, the construction of four of the 15 houses had not yet started due to contractual issues. The construction of the remaining 11 houses reached some 10 to 30 per cent completion stage. Payment to the Contractors amounted to some Rs 2.9 million.

RRA informed that:

- According to existing building contracts launched, the average cost has been Rs 2,500 per square foot and above; and
- The residential buildings are expected to be completed by March 2020 and the non-residential ones by May 2020.

4.9 Construction of Community School and extension of a Secondary School -Lapses in Contract Management and Project Monitoring

The projects for the construction of a Community School at Baie Malgache and the extension of a Secondary School at Terre Rouge were selected for audit. The two projects were awarded to the same Contractor and contracts to be implemented in accordance with Federation Internationale Des Ingenieurs-Conseils Conditions of Contract for the Construction for Buildings and Engineering Works. Works were supervised by the Consultant appointed under the Global Consultancy Services Contract for Selected Development Projects in Rodrigues.

The audit of the two projects revealed the following lapses:

- (a) Delays in project completion attributed to inadequate Key Personnel and lack of resources.
- (b) Failure to comply with Notice to Correct and resort to termination procedures.

(c) Absence of mechanism to ensure compliance with conditions of Margin of Preference.

4.9.1 Construction of Community School at Baie Malgache

The project for the construction of a Community School at Baie Malgache was awarded to the lowest substantially responsive evaluated bidder for the sum of Rs 84.76 million. The works started on 14 August 2017 and were scheduled for completion on 9 August 2018.

Delays in Project Completion

Delays were registered at the initial stage of the project. Some seven months after start of works, overall progress was only about 10 per cent. As of August 2019, one year after the contractual completion date, the progress of works had reached only 69 per cent.

The Community School was not operational for academic year 2019. The objective of the Commission to complete the project before academic year 2019 was thus not attained.

Failure to Comply with Notice to Correct and Termination of Contract

Various Notices to Correct were issued to the Contractor for failure to mobilise adequate resources and Key Personnel. In August 2019, the Consultant recommended the Commission to either continue the project, or terminate the contract, recover the costs to completion through a claim to the Contractor and/or by enforcing the Performance Security of Rs 8.47 million.

The Consultant stated that the Contractor might resist the termination of contract and the dispute would then be resolved by arbitration. However, the Commission did not resort to termination procedures although this constituted a fundamental breach of contract.

RRA informed that the Executive Council had decided not to proceed with the termination of the contract.

4.9.2 Extension of Terre Rouge Secondary School

The contract for the construction of a multi-purpose hall, mechanical and electrical works, drainage and other works was awarded for the sum of Rs 38.5 million. The contractual start date was 8 August 2017 and was for a duration of 300 calendar days. The scheduled completion date was 6 April 2018.

Margin of Preference Conditions - Absence of Mechanism to ensure Compliance

The successful bidder was awarded the contract on the basis of application of Margin of Preference (MOP). The local labour force was to consist at least 80 per cent of the total man-days deployed on the project.

The Commission did not set up the appropriate mechanism for ensuring strict compliance with the MOP during the implementation of the project as requested by the CPB on 25 April 2017. It could not therefore be ascertained whether the RRA had obtained competitive bids.

The NAO was informed that there was only local labour on the site.

Absence of Contractor's Superintendence and Personnel

The absence of Key Personnel, in accordance with the Conditions of Contract, for the proper and timely execution of the contract was repeatedly highlighted by the Consultant. The personnel were working concurrently on other site. Key Personnel were not on site for supervision of the works. The Site Agent was present only on two days. The Contract Manager has also not attended site meetings. The Mechanical and Electrical Coordinator for the project was involved in too many ongoing projects and the Contractor was even requested to provide another Coordinator.

Failure to Comply with Notice to Correct

On 20 February 2019, the Contractor was informed that it had materially failed to comply with Notice to Correct issued by the Consultant on 16 December 2018.

As of 24 April 2019, the progress of works was assessed at only about 46 per cent and there was a delay of 342 days.

Notice of Termination and Failure to Claim for Damages

A Notice of Termination of Contract, effective from 13 May 2019, was communicated to the Contractor. Consultation meetings between the Consultant and Contractor were subsequently held to reach an agreement regarding the costs of completion of the works including remedying defects. However, no agreement was reached.

On 30 September 2019, the Contractor submitted an application for final payment amounting to Rs 31.2 million. The claim included amounts of Rs 16.1 million and Rs 6.1 million which represented cost associated with extension of time and loss of profits on the value of the remaining works respectively. The matter was to be referred for arbitration by the Contractor in case of non-settlement.

The RRA stated that, the Contractor was informed on 9 October 2019 that its claim had been rejected.

As of 15 October 2019, that is five months after the effective date of termination, no claim was submitted to the Contractor, contrary to Conditions of Contract, whereby the Engineer was required to make a fair determination of the value of the works and give effect thereto.

As of 15 October 2019, the Bidding Documents in respect of a new contract for completion of works estimated at Rs 33.5 million were being vetted by the CPB.

NAO was informed that the contract for the completion of Terre Rouge College was launched on 6 December 2019 and closing date for submission of bids has been extended up to 2 March 2020.

Due to delay in implementation of project, students have been deprived of the use of a gymnasium since June 2018.

4.10 Construction of Secondary School at Songes – Delay due to Deficient Project Planning

The contract for the construction of a new secondary school at Songes was awarded for the sum of Rs 110.94 million on 31 May 2017. Various shortcomings relating to the project were highlighted at paragraph 4.2 of the Audit Report for the financial year ended 30 June 2018. These included:

- (a) Delay of 10 months in start of the construction works and absence of proper planning at the initial stage of project, as the site was partially occupied at time of handing over.
- (b) Variations of some Rs 3.8 million certified by the Consultant were not independently checked by the Commission before authorising payment, as required under Financial Instructions.
- (c) Claim for the demolition of an existing Community Centre was certified by the Consultant and payment effected by Commission without any physical inspection, as the building was not yet pulled down as of 10 October 2018.
- (d) Works were far behind schedule and the College was not operational, as planned by beginning of 2019.

4.10.1 Project Status - Late Provision of Facilities and Undue Delay in Project Completion

As of October 2019, value of works certified amounted to Rs 124.44 million. Furniture and equipment were not yet procured.

No provision was made for conduits, ducts etc for electricity, water, gas, and data networks in the rooms meant for Science and Home Economic Laboratories at the design stage, and these were therefore omitted from the scope of works.

In March 2019, the Commission opted to allocate the additional works under separate contracts instead of being initially considered as variations. As of October 2019, the finishing works in the rooms concerned had already been completed. The incremental costs of separately contracting out those works at the stage reached in the main project, instead of being integrated at Bidding Stage could not however, be quantified.

On 25 September 2019, contracts for the design, supply and installation of laboratory furniture, and mechanical, electrical and plumbing works were awarded for some Rs 8.4 million to another Contractor. However, as of 28 October 2019, the site was not yet handed over to the Contractor.

RRA informed that:

- The claim for the demolition of the existing Community Centre was wrongly certified by the Consultant and deduction was made in Interim Payment dated 15 November 2018;

- The allocation of separate contracts instead of considering variations was motivated by the fact that the works for the contract were being heavily delayed; and
- Sites for all separate contracts to make the school functional have already been handed over to three different contractors, and some works have already been completed. The separate contracts for the remaining works have allowed opening of the school in January 2020.

5 – DEPUTY CHIEF COMMISSIONER’S OFFICE

5.1 Water Sector Development Projects – Actions for Boosting Water Supply not Effective

Water supply for domestic, agricultural and construction purposes as well as for the tourism sector has always been a major problem in Rodrigues. The deficit of water supply between the production capacity in both wet and dry seasons, and the demand for water is a recurrent issue.

A review of the Water Sector Development projects undertaken by RRA has revealed the following:

- (a) Absence of master plan and long term strategy for matching demand with supply.
- (b) Targets not achieved despite various schemes/projects to boost up water production.
- (c) Delay in completion of water desalination projects and lapses in contract management
- (d) Shortcomings in the project for the construction of seawater intake structure.
- (e) High operation cost of the Desalination Plant and subsidised water charges.
- (f) Water Tariff Regulations not finalised.

5.1.1 Absence of Master Plan and Long Term Strategy for matching Demand with Supply

Several studies for the development of water resources in Rodrigues were carried out. However, a Master Plan and a Long Term Strategy have not been developed so far.

The need for a long term strategy was highlighted in the Public Sector Investment Programme of 2013-2015. The strategy should incorporate other alternatives such as desilting of dams, improvement of water distribution network, setting up of appropriate framework for the regulation and management of water sector, and introduction of water pricing.

RRA informed that a procurement exercise is ongoing for the enlistment of a Consultant to work out a water strategy and define an action plan for the water sector.

5.1.2 Schemes/Projects to Boost Up Production – Targets not Achieved

Over the past six years, the RRA has invested some Rs 564 million in various schemes/projects to boost up water supply. These included rain water harvesting, construction of dams and reservoirs, capture of water for irrigation and desalination of water for domestic consumption.

RRA stated that the actual production of water would increase with the forthcoming operation of the Baie Malgache Desalination Plant.

In October 2007, the Rodrigues Water Company was incorporated with investment of Rs 17 million by RRA for the operation and management of the water sector. The company was wound up in 2012.

Rain Water Harvesting

Since 2013, the RRA has invested some Rs 17 million for the promotion of rainwater harvesting through the free distribution of storage tanks and materials for the construction of concrete basins. The European Union was also financing various projects for rain water harvesting in public buildings for the improvement of the quality of water.

Construction and Rehabilitation of Dams and Reservoirs and Irrigation Projects

Expenditure of some Rs 407 million was incurred in respect of construction and rehabilitation of dams and reservoirs, while some Rs 65 million were spent in respect of water distribution for irrigation projects. Some Rs 45 million were spent for the construction of three new ponds since 2016. However, the existing and new ponds were not properly maintained and were thus not serving their purposes for a sustainable agriculture.

Desalination Projects

As of June 2019, RRA has spent Rs 340 million for the Desalination Projects. However, less than 50 per cent of potable water was produced daily instead of the maximum production capacity of 4,500 cubic metres.

Despite the significant investment in the water sector, RRA could not meet the target of some 12,000 cubic metres of water required per day in 2020. A deficit of water supply between the production capacity in both wet and dry seasons would still prevail, hence the pressing demand for water. The actual daily production of water is estimated at some 5,500 cubic metres.

5.1.3 Water Desalination Plant – Delay in Completion of Projects and Lapses in Contract Management

On 11 October 2013, the contract for the installation of four Reverse Osmosis Desalination Plant, with a daily capacity of 1,000 cubic metres each, at Pointe Cotton, Baie Malgache, Pointe Venus and Caverne Bouteille, was awarded to a Contractor for an amount of Rs 156 million. Works were due for completion in April 2014.

The contract was terminated on 5 February 2015 due to non-performance of the Contractor and failure to execute works as per Conditions of Contract. As of that date, some Rs 99.4 million had been paid to the Contractor. Some 35 per cent of the equipment and spare parts purchased for these plant at a cost of some Rs 9.5 million were delivered but left unassembled.

Pointe Cotton and Baie Malgache- One Plant still not Operational

Six separate contracts for a total sum of Rs 109.5 million were subsequently awarded in respect of buildings and civil works for the proper functioning of Pointe Cotton and Baie Malgache Desalination Plant. On 9 April 2018, contract for the supply of the Desalination

Plant at Pointe Cotton and Baie Malgache was awarded for the sum of Rs 122.2 million. As of October 2019, the Desalination Plant at Baie Malgache was not yet commissioned.

Rehabilitation of Desalination Plant - No Improvement in Production Capacity

The installations of the Desalination Plant at Pointe Venus and Caverne Bouteille were completed up to 90 per cent as of the date of the termination of contract on 5 February 2015. The daily production of the two plant was less than 700 cubic metres instead of the expected daily capacity of 2,000 cubic metres. Rehabilitation works costing some Rs 14.9 million were effected. However, there was still no significant improvement in their production capacity.

Construction of Songes Desalination Plant

(a) *Contract Value Exceeding Estimated Cost*

On 24 January 2018, the contract for construction of a new Desalination Plant at Songes was awarded at the negotiated amount of Rs 72.8 million. This amount exceeded the estimated cost by some 18 per cent which was above the prescribed threshold of 15 per cent.

(b) *Delay Damages Not Charged*

The works were not completed on the contractual completion date of 5 August 2018. Commissioning of the plant was done in December 2018. Delay Damages were, however, not charged.

(c) *Plant Removed - Not Certified as Unserviceable*

The old Desalination Plant was not duly certified as being unserviceable by a Board of Survey and was not yet disposed of.

5.1.4 Construction of Sea Water Intake Structure and Associate Pipelines

On 1 March 2018, the contract for the Sea Water Intake Structure at Baie Malgache was awarded for an amount of Rs 20.17 million.

Site Unsuitable for Sea Water Intake Structure

The design was not adaptable to site conditions and geotechnical investigations were not carried out. There were poor sub-structure conditions. The jetty was damaged during cyclone.

Procurement Lead Time – Exceeded

The Procurement Lead Time (PLT) exceeded the prescribed PLT by some 100 days. No consideration was made for driving the project on a fast track basis despite scarcity of water supply.

NAO was informed that PLT was exceeded as clarification had to be sought from bidders and consultation had to be held with PPO, amongst others.

Project Completion Delayed but Delay Damages Not Applied

As of October 2019, works were not completed although the extended completion date was 23 October 2018. However, the Commission did not claim Delay Damages. As of 30 June 2019, a total amount of Rs 13.76 million was paid to the Contractor.

RRA stated that:

- The quantum of Delay Damages could not have been calculated at the time of audit; and
- The Taking over Certificate has been issued on 20 January 2020 and Delay Damages will now be determined by the Consultant.

Disputes not Resolved - Extension of Time

The construction of the Brine Dilution Tank was halted and was relocated. An amount of Rs 255,000 was disbursed for this abortive work.

Requests for Extension of Time (EOT) concerning the relocation of the Tank and the modification of the jetty were not determined within the prescribed time limit. Hence, according to the Contractor, the original contractual deadline was no longer applicable and time has been set “at large”. On 22 October 2018, the Contractor declared a dispute. A meeting for amicable settlement was held on 13 December 2018. This was not in line with the Conditions of Contract. A Dispute Board should instead have been appointed.

NAO was informed that the Consultant had on 13 December 2019 indicated that EOT is being determined and will be finalised at a later stage.

Jetty Damaged during Cyclone

On 10 February 2019, the intake jetty, which was at 77 per cent completion, was substantially damaged during a cyclone. The Contractor claimed Rs 1.16 million as works performed prior to damage of the jetty. According to the Commission, the jetty might not have been properly designed and/or constructed. As of October 2019, this dispute had not yet been resolved and the jetty had not yet been reconstructed.

RRA stated that it had informed the Consultant of its intention not to pay for works pertaining to the damaged jetty and the said cost was not certified in the last interim payment certificate dated 13 December 2019 although it was claimed by the Contractor.

Omission of Works Due to Unsuitable Equipment of Contractor

The laying of pipes from the brine outlet beyond the chainage of 180 metres had to be omitted from the contract as the Contractor’s excavator was unsuitable for these works. The Contractor was instructed by the Consultant to omit these works without obtaining the views and prior approval of the Commission.

Absence of Key Personnel on Site

The Site Agent was absent on site since 22 December 2018 and no alternative Site Agent was provided. This had adversely affected the progress of work.

No Insurance Policy

The project was not insured against potential risks as the Insurance Company refused to renew the policy upon its expiry in April 2019.

Test Certificate not Produced

The concrete test records submitted by the Contractor were not duly certified. It could not therefore be ascertained whether the concrete subgrade used for the construction of the trestle block were according to specifications in the Bidding Documents.

Supply of Desalination Plant – Additional works awarded without Competitive Bids

On 9 April 2018, a contract for the supply of two Desalination Plant at Pointe Cotton and Baie Malgache was awarded for the sum of Rs 122.2 million. Civil works for some Rs 5.5 million, which were not included in the Bills of Quantities, were wrongly accounted as variation works and awarded without competitive bids.

Desalination Plant not yet Installed

As of October 2019, the Plant could not be installed pending the completion of the Sea Water Intake Structure awarded to another Contractor. This prompted the Contractor responsible for the installation of the Desalination Plant to state that the completion date was “undefined” in spite of the extended completion date of 29 April 2019.

5.1.5 High Operation Cost of the Desalination Plant and Subsidised Water Charges

Based on the annual maintenance and operation cost of the Desalination Plant which was estimated at Rs 55.6 million, the actual daily cost per cubic metre turned out to be around Rs 90. Hence, the annual water charges of Rs 22 per household is highly subsidised by the RRA.

5.1.6 Water Tariff Regulations Not Finalised

Most of the residents are connected with the water distribution network. An annual rate of Rs 22 is charged for supply of water. The same rate is also applicable to businesses. The rate should be reviewed. Furthermore, consumers were not settling their bills and arrears of water rates had been increasing constantly over the years. As of 30 June 2019, arrears amounted to Rs 2.97 million.

Government had, in consultation with the RRA decided to introduce a Water Metering System for billing purposes. MoFED had proposed, the setting up of a body under the aegis of the RRA for the management of the Water Sector and application of progressive tariff rate. Charges were to be effective by December 2013. As of October 2019, that is more

than six years after Government's decision, Regulations for Water Tariff were still not finalised by the RRA and no metered charges were applied for consumption of water.

RRA informed that it will come up with new water rates when water will be distributed to the population on a more regular basis.

5.2 Transport Management - Lack of Control and Inadequate Records

The RRA has a fleet of 250 vehicles, of which 22 were acquired during the years 2016 to 2018. A review of Transport Management of the RRA for the year ended 30 June 2019 revealed the following:

- (a) Inadequate records of vehicles owned by the RRA;
- (b) RRA had been renting private vehicles although RRA vehicles remained idle;
- (c) Lack of control over fuel and oil consumption; and
- (d) Inadequate follow up on RRA vehicles damaged in accidents.

5.2.1 Inadequate Records of Vehicles owned by RRA

Since the decentralisation of the Transport Section, there was no proper coordination and flow of information between those in charge of transport management within the Commissions and the Head of Transport Section. This has led to inadequate control over vehicles owned by the RRA.

During the financial year ended 30 June 2019, some Rs 7.11 million were spent on transport and maintenance of vehicles. A Master List of vehicles owned by the RRA was not available and the exact number of vehicles and their conditions could thus not be ascertained. In November 2018, this shortcoming was also reported by the Head of Transport Section. He also reported that the fleet comprised 250 vehicles, of which 130 were in good running condition while 16 were in poor running condition. 51 vehicles were awaiting repairs or disposal and 53 had been recommended for Board of Survey.

Further, no Master Plant Register was available at either the Workshop or the Central Administration of the Chief Commissioner's Office for verification.

RRA stated that the Head of Transport Section will be requested to prepare a Master Plant Register detailing all vehicles currently owned by the RRA with the concurrence of Accounting Officers of different Commissions.

5.2.2 Vehicles not Optimally Used and High Cost for Rental of Vehicles

As of October 2019, the RRA had 90 drivers in post, while 10 other employees were assigned duties as drivers. Hence, there was a mismatch between the number of vehicles available and the number of drivers. Some 30 vehicles reported to be in good running condition, have thus remained idle at any particular point in time.

On the other hand, RRA has spent some Rs 1.7 million on rental of vehicles during the financial year 2018-19, of which Rs 1.34 million were for the Commission for Health. The vehicles were mainly used for conveyance of doctors and dispatch, and conveyance of staff at the Queen Elizabeth Hospital.

A proper assessment of transport needs should be carried out and vehicles not being utilised by the Transport Section could be allocated to the other Commissions requiring vehicles. RRA informed that the Accounting Officers will be requested to submit their transport needs and review same on a quarterly basis, and the Head of Transport Section will be requested to assess the transport needs of the different Departments with a view to ensure optimal utilisation of vehicles.

5.2.3 Lack of Control over Fuel and Oil Consumption

A total amount of Rs 72.47 million was spent on fuel and oil consumption over the past three financial years. Expenditure has increased by some 15 per cent in the year 2018-19 as compared to 2016-17. The actual expenditure incurred for eight Departments in four Commissions exceeded the budgeted amounts by 53 to 124 per cent.

A lack of control over Transport and Fuel Management in several Departments has been noted. These included information such as detail of trips, odometer reading, name of staff using the vehicles, signature of controlling officer and fuel replenishment not duly recorded in Log Books. Monthly average fuel consumption was also not being computed.

NAO was informed that Accounting Officers will be requested to monitor and oversee the duties performed by the Transport Officer in their respective Commissions.

5.2.4 Inadequate Follow-up Action on Vehicles Damaged in Road Accidents

A lack of follow up was noted concerning vehicles damaged in road accidents. These included:

- (a) No Police Report was received after more than four years for a vehicle, which was involved in an accident in August 2015 and declared "total loss".
- (b) The Police Report in the case of a Water Tanker Lorry damaged in an accident in December 2017, was received at the RRA in May 2018. As of October 2019, the lorry was still lying in the workshop yard and was not yet repaired.
- (c) No action was taken against the driver who was involved in a car accident in July 2018 while under influence of alcohol. The vehicle which was bought in June 2018 for Rs 810,000, was declared total loss after the accident. The Police Report was also not seen.

6 – COMMISSION FOR HEALTH, COMMUNITY DEVELOPMENT, FIRE SERVICES, METEOROLOGICAL SERVICES, JUDICIAL SERVICES AND CIVIL STATUS

6.1 Construction of Fire Station and a Disaster Risk Reduction and Management Centre at Mon Plaisir - Lapses in Contract Management

On 17 March 2017, tender was launched through Open National Bidding Method for the construction of a Fire Station and Disaster Risk Reduction and Management Centre at Mon Plaisir. Negotiation was thereafter carried out as the bid price of the lowest evaluated substantially responsive bidder was 19.2 per cent above the cost estimates. The contract was awarded on 12 July 2017 at the negotiated price of some Rs 69.59 million. The construction was scheduled for completion on 18 June 2018. As of 30 September 2019, a total amount of Rs 28.66 million was paid to the Contractor.

The audit of the project revealed the following:

- (a) Absence of mechanism to ensure compliance with Margin of Preference Conditions by Contractor.
- (b) The plot of land was insufficient to accommodate the building and there was encroachment on another plot.
- (c) The Key Personnel of the Contractor were working concurrently on four projects. The absence of Key Personnel was constantly highlighted by the Consultant.
- (d) The progress of works was slow.
- (e) Inappropriate Design - The height of the parking shed of fire trucks was lower than the height of the trucks.
- (f) The Contract was not terminated despite fundamental breach of contract.
- (g) The repeated failure in performance of contracts by the Contractor was not reported to the Procurement Policy Office for debarment.
- (h) Delay Damages not applied.

6.1.1 Margin of Preference Conditions - Absence of Mechanism to ensure Compliance

The bidder had benefitted from Margin of Preference (MOP) of 10 per cent for the employment of at least 80 per cent local labour. The Commission did not however set up the appropriate mechanism for ensuring strict compliance with the MOP during the implementation of the project as requested by the CPB on 5 July 2017.

RRA stated that the mechanism to ensure compliance with the margin of preference conditions, among other conditions of the contract, is being ensured and monitored primarily by the Project Consultant according to conditions of the Consultancy Service.

NAO's Comment

There was no documentary evidence to support the claim that the Project Consultant was ensuring compliance with the margin of preference condition.

6.1.2 Land Issues - Insufficient Land Area

The design and drawings were not compatible with the land area. This should have been considered at planning and design stage of the project.

The extent of the plot of land earmarked for the construction of the Fire Station was insufficient to accommodate the building. Additional land was sought six months after launching of tender.

RRA stated that vesting of land to the Commission was in progress. This was not critical for project execution as the land belonged to the RRA.

Furthermore, the construction site has encroached on another lessee's plot and on 12 October 2017, the lessee requested the Contractor to stop all work. This land issue was resolved only in February 2018, that is, more than five months after contractual commencement date. The document attesting the vesting of land to the Commission was not seen.

The NAO was informed that during site establishment works, the Contractor had encroached on an adjacent plot of land of another lessee for the construction of its store/site office, which was meant to be temporary. When the lessee objected, the Consultant immediately instructed the Contractor to relocate his site establishment, that is the store/site office.

6.1.3 Contractor's Superintendence and Personnel involved in Four Projects

The Key Personnel proposed for the projects were already involved in four projects undertaken for the RRA. Site meetings had to be postponed due to the absence of the Key Personnel on site. The labour force was constantly below that required for timely completion of project. There was no improvement in mobilisation of adequate manpower.

The absence and frequent change in Key Personnel coupled with inadequate labour force, impacted negatively on the project.

RRA stated that the Contractor has not been able to mobilise adequate labour force due to scarcity of skilled labour on the market. This was not acceptable to both the Consultant and the Commission as it was not in line with the Conditions of Contract.

6.1.4 Progress of works –Slow Progress

As of 14 June 2018, the progress of works was only 28 per cent as compared to 98 per cent as per the revised programme of works. The slow rate of progress of works was attributed to absence of mobilisation on site and the Contractor was constantly requested to ensure timely completion of project.

According to the Contractor, there was a lack of skilled workers on the local market. In July 2018, the PPO had in a report stated that contracts were awarded without any investigation regarding availability of materials or labour.

According to the Commission, the delay in completion of project was prejudicial to the Rodrigues Emergency and Operation Command.

6.1.5 Notice to Correct – No Remedial Action

As of March 2018, three Notices to Correct were issued to the Contractor. However, no corrective actions were initiated upon their receipt. There was no improvement in the rate of progress of works, as it had only increased by some 45 per cent as of September 2019.

6.1.6 Design and Drawings of Parking Shed Not Compatible with Height of Trucks

The design for the parking shed was not suitable. The height of the shed for parking of fire trucks was 3.55 metres as per design, whereas the height of the fire trucks was 3.80 metres. The structure for casting of beam at the shed was already prepared at 3.55 metres. On 28 May 2019, the Contractor was instructed to extend the beam to 4.5 metres. The height of the trucks should have been considered at the design stage.

RRA stated that at the time of preparation of tender document in March 2017, the height of the existing fire trucks was less than 3.5 metres. In March 2018, the Fire Services have acquired a new fire truck, which was 3.8 metres high. Hence, the height of the shed had to be increased from 3.55 to 4.5 metres. This could not be foreseen at time of tender preparation.

6.1.7 Fundamental Breach of Contract – Contract not terminated

Section 48 (a) of the Public Procurement Act (PPA) provides that a public body may terminate a procurement contract for its convenience at any time, upon a determination that because of changed circumstances, the continuation of the contract is not in the public interest.

The termination of contract was considered on various occasions. However, the Commission did not resort to termination procedures.

RRA stated that termination of the contract would be more detrimental to the project.

6.1.8 Debarment of Contractor – Not referred to PPO

Contracts in respect of five projects, to the tune of Rs 272 million, were awarded to the Contractor almost simultaneously. Four contracts exceeded the intended completion date and one contract was terminated. The “repeated failure in the performance” of these contracts by the Contractor was not reported to the PPO for debarment.

RRA stated that:

- Debarment of the Contractor can be considered only after termination of contract; and
- The performance of the Contractor is being closely monitored by the Consultant who will be requested to submit a Performance Appraisal Report at the end of the project. The report will thereafter be transmitted to the PPO for consideration for debarment.

6.1.9 Delay Damages – Not applied

As of 30 September 2019, a total amount of Rs 28.66 million was paid to the Contractor. The overall progress of works was only 62 per cent with a delay of 441 days on scheduled completion date. However, no Delay Damages were applied. The maximum number of days that Delay Damages could be applied was 90 days.

The NAO was informed that maximum Delay Damages will be applied at the end of the project, in accordance with conditions of contract.

6.2 Construction of Community Centres – Lapses in Contract Management and Project Monitoring

In 2016-17, the construction of four Community Centres was entrusted to a Contractor for a total value of Rs 41.75 million. As of September 2019, the Commission had disbursed a total sum of Rs 34.2 million, of which Rs 5.2 million were in 2018-19. The audit of the projects revealed the following:

- (a) There were inordinate delays ranging from 297 to 454 days in completion works due to the execution of four contracts concurrently.
- (b) Land issues were not resolved prior to award of contracts.
- (c) There was inadequate Key Personnel on site and the Contractor did not comply with Notices to Correct.
- (d) The Contractor did not submit revised Programme of Works (POW). Extensions of time have not yet been determined. The Contractor disputed the Delay Damages claimed and submitted claims for associated cost and extended stay.

6.2.1 Contractor Awarded Four Contracts without Due Assessment of Resources

In 2016-17, the Commission awarded four contracts for the construction of Community Centres for a total amount of Rs 41.75 million to the same Contractor. The capacity of the Contractor to execute the four contracts concurrently was not duly assessed before award of the contracts.

RRA informed that it could not discard the award of the contract for further assessment after the most responsive bid had been determined by the Bid Evaluation Committee.

6.2.2 Land Issues – Not Reserved prior to Award of Contracts

Additional portion of land had to be allotted for the construction of a Community Centre after the award of contract. Electric poles had to be displaced after handing over of site. This issue was not identified before the award of contract.

RRA stated that relocating of existing services was the responsibility of the Contractor and had to be effected after handing over of site.

For another Community Centre, the setting of the building had to be changed. The revised location of the building was confirmed nearly three months after award of contract.

NAO was informed that it was a normal procedure to adapt the site conditions to enable the project to meet its intended purposes and the revised location did not have any bearing on the project execution process.

6.2.3 Key Personnel - Inadequate

A list of Key Personnel was not submitted at the start of each project. The Contractor which was executing four construction projects concurrently failed to mobilise adequate key personnel on each site for the proper and timely execution of the contracts. Site visits had to be cancelled due to absence of Key Personnel.

This shortcoming which has led to slow progress of works and delay in completion of construction projects was repeatedly highlighted by the Consultant.

6.2.4 Revised Programme of Works - Not submitted

As per Conditions of Contract, the Contractor was required to submit a revised POW whenever the previous programme was inconsistent with actual progress. However, revised POW was not submitted to the Commission.

6.2.5 Completion of Works and Notices to Correct - Inordinate Delays

The construction of the four Community Centres was completed with significant delays ranging from 297 to 454 days, which represented up to 150 per cent of the contract period.

27 Notices to Correct were issued from March 2017 to February 2018 to the Contractor for failure to ensure timely completion of works.

RRA informed that a Performance Appraisal Report would be requested from the Consultant and this would be transmitted to the PPO for consideration.

6.2.6 Delay Damages

In October 2018, the Commission notified the Contractor of its intention to claim Delay Damages amounting to Rs 4 million. This was disputed by the Contractor. As of November 2019, only a total amount of Rs 1.4 million was retained as Delay Damages in respect of three contracts.

NAO was informed that as of January 2020, maximum Delay Damages have already been retained.

The Contractor submitted two claims amounting to Rs 19 million for costs associated with its extended stay on sites during the period 19 October 2017 to 21 August 2018 for two Community Centres. On 31 January 2019, the Contractor informed the Commission that in the event there was still dissatisfaction with the determination, the dispute for settlement would be resolved either amicably or through arbitration. As of September 2019, claims for extension of time have not yet been determined by the Consultant.

RRA stated that claims for extension of time with cost have not been entertained by the Consultant.

7 – COMMISSION FOR AGRICULTURE, ENVIRONMENT, FISHERIES, MARINE PARKS AND FORESTRY

7.1 Social Assistance to Fishermen – High Risk of Irregularities due to Absence of Control

During the financial year 2018-19, the Commission disbursed a total amount of some Rs 62 million as social assistance to Professional Fishermen and Octopus Fishermen during closed seasons. This included some Rs 46 million as assistance to Professional Fishermen, commonly known as Bad Weather Allowance (BWA).

An audit of the records relating to ‘Social Assistance to Fishermen’ revealed the following:

- (a) Absence of control over registration and monitoring of attendance of fishermen and disbursement of social assistance;
- (b) The records were not subject to any check by Officers of the Internal Control Unit (ICU); and
- (c) Recommendations of oversight authority were not implemented.

7.1.1 Registration and Monitoring of Attendance of Fishermen – Lack of Control

Some 1,100 Professional Fishermen were registered with the Commission. The registration of 175 Professional Fishermen who completed training in off-lagoon fishing techniques in November 2017 and July 2019 was not yet processed as of October 2019. 206 applicants were awaiting training since 2017. The applicable criteria for registration of Off-Lagoon Fishermen dated since December 2011 whereby the applicant should:

- (a) As at date of application be aged between 18 and 55 years and have successfully followed an approved training course in off-lagoon fishing techniques or has been a Bank Fisherman for at least two fishing campaigns;
- (b) Forgo any Social Aid; and
- (c) Own an off-lagoon fishing boat or show proof of access to such boat for fishing.

Priority was also given for the conversion of Lagoon Fishermen to Off-Lagoon Fishermen.

Several loopholes were noted in the Registration Process. Basic information such as date registered, name, National Identity Card number, address, card registration number and date of deregistration were not recorded in Register of Professional Lagoon Fishermen and Off-Lagoon Fishermen kept at the Fisheries Protection Services (FPS).

The daily monitoring of attendance of Fishermen at the Fishing Landing Stations was done on a monthly basis by the FPS and recorded on spread sheets. The soft copy of the record was not produced for audit. Freezing of data was not performed for audit trail. Hence, the integrity of the data could not be ascertained.

The Fishermen were required to have their cards stamped by the FPS between the first and eighth of every month and these would be cancelled in case of failure to stamp for six consecutive months or for conviction for illegal act relating to fishing. Cancelled cards were

not produced for audit. It could thus not be ascertained whether the BWA has been paid to Fishermen whose cards were cancelled. Furthermore, the Fisherman Cards used at the FPS were not Controlled Forms and were also not sequentially numbered and did not have any security features. The authenticity of the Fisherman Card could thus not be ascertained.

RRA stated that security features of the Fisherman Card cannot be implemented with the present budget allocation and this may not be feasible for a population of 1,100 fishermen.

The Fisherman Cards were renewed yearly but there was no evidence as to whether the Off-Lagoon Fisherman was still owner of a fishing boat or had produced a letter from another owner of a fishing boat attesting that the Off-Lagoon Fisherman was still authorised to use this boat.

7.1.2 Bad Weather Allowance – Lack of Verification to ensure compliance with Criteria

Over the past three financial years, expenditure incurred in respect of BWA amounted to more than Rs 123 million. BWA is payable to all registered Professional Fishermen on days which are declared as bad weather by the Meteorological Services. The rate for BWA has increased from Rs 275 to Rs 310 per day over the past five years.

BWA is paid to Professional Fishermen (lagoon and off-lagoon) subject to the monthly stamping of the Fisherman Cards by the FPS. However, no verification was effected regarding other essential criteria such as landing of catch at a prescribed Fish Landing Station, a monthly attendance of at least fifty per cent on the number of fishing days, and no other social benefits drawn.

Proof of continuous access to an appropriate boat for off-lagoon fishing was not requested for payment of BWA. Further, no verification was carried out to ascertain the employment status of the beneficiary and whether the latter was residing in Rodrigues during that period.

The fish catch and attendance on fishing days were not monitored. According to the FPS, this was due to a shortage of Fisheries Protection Officers (FPOs) to service the 23 Fishing Landing stations.

The NAO was informed that with the existing staff strength, at any given time, there would be between 10 to 15 Officers covering the 108 square miles on a 24-hour basis. RRA further stated that a computerised system is not possible without appropriate staff to manage the input and monitoring of data.

According to set criteria, beneficiaries of BWA were not entitled to Social Aid. However, no regular cross verification was effected with the list of beneficiaries of Social Aid at the Commission for Social Security.

In July 2018, a list of 50 registered Professional Fishermen who were above 60 years of age was forwarded by the FPS to the Departmental Head of the Commission for Fisheries. However, the list was not sent to the Commission for Social Security to ascertain that the Professional Fishermen were not also in receipt of Social Aid. The following were noted:

- (a) The National Identity Numbers of nine Professional Fishermen were wrongly inserted on the list and thus could not be verified; and
- (b) Three Professional Fishermen were being paid Carer's Allowance, which is payable in respect of a person who requires the constant care and attention of another person.

The Commission should investigate into the above cases. The Commission should also ensure that Professional Fishermen were not benefitting BWA concurrently with other Social Aid or are employed in other activities.

7.1.3 Disbursements of Social Allowance - Absence of Internal Audit

The records and expenditure incurred under Sustainable Fisheries Development were not subject to any check by officers of the Internal Control Unit (ICU).

The ICU should carry out an in-depth examination of the whole system, from applications as Professional Fisherman, registration and renewal of fisherman card to payment of BWA.

RRA informed that the verification of payment of Social Assistance to Fishermen will be included in the Internal Control Plan for 2020-21.

7.1.4 Corruption Prevention Review – Recommendations not Implemented

The Independent Commission Against Corruption (ICAC) carried out a Corruption Prevention Review (CPR) on the system and procedures for processing, issue and stamping of Off-lagoon Fisherman Card at the Commission for Fisheries, following complaints of alleged malpractices or acts of corruption. The report was submitted to the Commission in August 2018. However, the Acting Assistant Controller of the FPS was not apprised of the CPR.

A status report on the implementation of the recommendations of the CPR was not submitted despite numerous requests. According to the Departmental Head, the Commission was implementing practical recommendations only and the other recommendations could not be implemented due to lack of funds.

The NAO was informed that RRA is not mandated by law to establish its own policy and procedural manual for processing, issue and stamping of Off- Lagoon Fishing Card.

7.2 Construction of Watch Tower – Nugatory Expenditure of Rs 3.4 million

The contract for the construction of a Watch Tower for the FPS was awarded on 10 August 2015 to a private Company for Rs 3.38 million. The objective of the project was to provide round the clock surveillance, control over fishing activities and mitigate illegal activities at sea. However, it has not been used since its completion in April 2016. Hence, total expenditure incurred for the construction of the watch tower of Rs 3.38 million can be considered as nugatory.

The unsuitability of the site, poor contract management and various problems in the implementation of the project were reported at paragraph 9.2 of the Audit Report for the financial year ended 30 June 2018.

As of September 2019, the Commission was considering the pulling down of the building, as it represents a safety hazard.

The NAO was informed that the assistance of the Geotechnical Unit of the Ministry of Public Infrastructure and Land Transport has been sought anew and necessary action will be initiated in the light of its recommendation.

8 - COMMISSION FOR YOUTH AND SPORTS, ARTS AND CULTURE, LIBRARY SERVICES, MUSEUM, ARCHIVES, AND HISTORICAL SITES AND BUILDINGS

8.1 Stadium at Roche Bon Dieu – Nugatory Expenditure of Rs 10 million

On 5 July 2017, the contract for the Stadium at Roche Bon Dieu was awarded for Rs 44.29 million. At paragraph 10.1 of the Audit Report for the financial year ended 30 June 2018, I reported on land issues not resolved prior to award of the contract, poor performance of the Contractor and termination of contract by the Contractor in June 2018. As of date of termination of contract, Rs 6.9 million were paid to the Contractor.

On 5 November 2018, the Advance Payment Guarantee of Rs 4.27 million was encashed by the RRA. On 21 December 2018, an amount of Rs 7.38 million was paid to the Contractor, in settlement of a claim of Rs 16 million made by the latter as compensation for works already performed, associated costs, and loss of profit.

The net amount of some Rs 10 million paid to the Contractor represents a nugatory expenditure on an aborted project, thus a wastage of public funds.

The amount of Rs 7.38 million was determined by the Departmental Bid Committee as amicable settlement and included Rs 4.2 million as “loss on profit” by the Contractor. The computation of “loss on profit” was made on the assumption that the Contractor would have made a profit based on the contractual amount, had the contract not been terminated.

NAO is of the view that this component should not have been included in the determination of the compensation paid to the Contractor.

Also, no Disputes Adjudication Board (DAB) was set up in line with Conditions of Contract. Remedy for termination of contract was not determined by a DAB, which is an impartial and independent panel especially appointed to settle any disputes.

RRA informed that:

- According to the Consultant, the rationale to settle for loss of profit is based on the established principle set in a previous case and is a liability of the employer. The amount settled is estimated to be less than what would have been determined on arbitration;
- The settlement agreement signed between the Employer and the Consultant was vetted by the Legal Adviser of RRA; and
- The Attorney General’s Office had advised that if the Contractor wished to proceed further with amicable settlement then the broad lines should be submitted to RRA for consideration.

NAO’s Comment

The amount paid to settle the dispute was not vetted by the Legal Adviser.

8.2 Construction of Residential and Training Centre at Baladirou-Lapses in Contract Management

The contract for the construction of the Residential and Training Centre at Baladirou was awarded to the lowest substantially responsive evaluated bidder for Rs 52.9 million on 13 November 2017. The site was handed over to the Contractor on 10 January 2018. The contractual period was 300 days and the commencement date was revised to 17 January 2018. Hence, the intended completion date was scheduled for 13 November 2018. As of October 2019, a total amount of Rs 45.65 million was paid to the Contractor. Audit of the project revealed the following:

- (a) Start of works was delayed due to issues of access to site.
- (b) Key Personnel were working concurrently on other sites.
- (c) Notice to Correct was issued due to slow rate of progress.
- (d) Delay Damages were not retained although the project has lagged behind.
- (e) Project was completed and handed over. However, extension of time was not yet determined.
- (f) Prior approval of the Commission was not sought for variations.
- (g) The provision in the estimates was insufficient to meet the remaining contract price.

8.2.1 Delay in start of Works

The start date of the project had to be postponed due to absence of proper access to the site. Necessary clearance had to be sought from the Forest Department for felling of trees on the site.

The site was handed over on 10 January 2018. However, works in connection with access to site started on 12 February 2018 and was completed on 17 April 2018, which was three months after handing over of site. These should have been identified at the initial/planning stage of the project and cleared with the relevant authorities.

RRA stated that the constraints with respect to access on the site were identified at the initial planning stage.

8.2.2 Key Personnel

The proposed Foreman and Site Agent were already deployed on full time basis on other sites of works. Furthermore, the Contract Manager was not attending site meetings, as reported by the Consultant on 6 September 2018.

8.2.3 Progress of Works – Insufficient Progress and Notice to Correct

As of 20 February 2018, Programme of Works (POW) was not yet submitted. Overall progress as of 4 September 2018 was only 37.5 per cent as compared to 72 per cent as per

revised POW. On 6 September 2018, the Contractor was requested to submit another revised POW as the rate of progress was not sufficient to meet scheduled completion date.

The slow rate of progress and accumulated delays were repeatedly questioned and the Contractor was requested to ensure timely completion of project. As of 20 August 2018, the overall progress of works was 20 per cent. Notice to Correct was issued on 6 September 2018 in respect of Contractor's insufficient rate of progress.

8.2.4 Delay Damages – Not retained

Works were not completed by the scheduled completion date of 13 November 2018. A draft Notice for Employer's Claim for Delay Damages was submitted to the Commission for issue to the Contractor. However, there was no evidence that the Notice was issued.

No Delay Damages were retained on claims certified by the Consultant, despite the fact that the project was not completed on the scheduled completion date of 13 November 2018.

NAO was informed that the contract does not allow for direct deductions for Delay Damages.

8.2.5 Extension of Time - Not determined

Request for 87 weeks extension of time (EOT) with associated costs totalling Rs 9.28 million was claimed by the Contractor. The EOT exceeded the awarded contract period of 300 days by 103 per cent.

The project was completed on 12 July 2019 and handed over on 20 August 2019. However, as of September 2019, no claims for EOT have been determined by the Consultant.

NAO was informed that consultation with the Contractor was in progress before determination of claim for EOT.

8.2.6 Variations – No prior approval of Commission

Variations regarding roof slab of Leisure Block, foundation works and toilets for disabled persons were recorded in the notes of site meeting held on 21 August 2018. The Departmental Head of the Commission and a Youth Officer attended the meeting. The Consultant was requested to cease the recurrent practice of sending Certificate for Payment without prior approval of the Employer for variation works. Covering approval of the Commission was given on 2 July 2019. These variations works should have been identified at the planning and design stage of the project.

As of 30 August 2019, an amount of Rs 2.89 million was included as variation works. This represented a net increase of more than six per cent of the Contract price.

RRA informed that variations amounting to Rs 2.72 million and Rs 2.89 million were approved on 28 June and 21 August 2019 respectively.

8.2.7 Disbursements - Insufficient Provisions at Commission's Level

As of 30 June 2019, disbursements amounting to Rs 37.17 million were effected to the Contractor. A provision of only Rs 5.42 million was made in the budget of the Commission in 2019-20 for the project. This was largely insufficient to meet the remaining Contract price of Rs 15.73 million.

Payments had to be delayed and request for additional funds was made on 12 July 2019.

**AUDIT CERTIFICATE
AND
ANNUAL STATEMENTS**



NATIONAL AUDIT OFFICE

CERTIFICATE OF THE DIRECTOR OF AUDIT ON THE ANNUAL STATEMENTS OF THE RODRIGUES REGIONAL ASSEMBLY

Report on the Annual Statements

Qualified Opinion

I have audited the Annual Statements of the Rodrigues Regional Assembly, submitted in accordance with Section 19(4) of the Finance and Audit Act which comprise the statement of assets and liabilities as at 30 June 2019, and the abstract account of revenue and expenditure of the Rodrigues Consolidated Fund for the year then ended, other statements as required under Section 19(6) of the Act, and notes to the accounts, including a summary of significant accounting policies.

In my opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* section of my report, the accompanying Annual Statements give a true and fair view of the financial position of the Rodrigues Regional Assembly as at 30 June 2019, and of its financial performance for the year then ended in accordance with accounting principles generally accepted in Mauritius.

Basis for Qualified Opinion

Investments - Rs 75,699,940

In the Statement of Investments, this figure was overstated by Rs 26.4 million, representing investment impaired in respect of three companies which were wound up in September 2018.

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 Rodrigues Regional Assembly in accordance with the INTOSAI Code of Ethics, together with the ethical requirements that are relevant to my audit of the Annual Statements, 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 qualified 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 Commissioner responsible for the subject of Finance and Those Charged with Governance for the Annual Statements

The Commissioner responsible for the subject of finance is responsible for the preparation and fair presentation of these Annual Statements in accordance with accounting principles generally accepted in Mauritius, and 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 are responsible for overseeing the financial reporting process in the Rodrigues Regional Assembly.

Auditor's Responsibility for the Audit of the Annual Statements

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 Rodrigues Regional Assembly's 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

In addition to the responsibility for the preparation and presentation of the Annual Statements described above, management is also responsible for ensuring that the activities, financial transactions and information reflected in the Annual Statements are in compliance with the laws and authorities which govern them.

Auditor's Responsibility

In addition to my responsibility to express an opinion on the Annual Statements described above, I am required under Section 16 of the Finance and Audit Act to satisfy myself that:

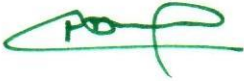
- (a) all reasonable precautions have been and are taken to safeguard the collection of public money;
- (b) all laws, directions or instructions relating to public money have been and are duly observed;
- (c) all money appropriated or otherwise disbursed is applied to the purpose for which Parliament 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 believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Finance and Audit Act

I have obtained all information and explanations I have required for the purpose of my audit.

Based on my examination of the records of the Rodrigues Regional Assembly, except for the matters mentioned in my Report for the financial year 2018-19, nothing has come to my attention that indicates that the financial management principles laid down at Section 16 of the Finance and Audit Act, described under the 'Auditor's Responsibility' Section, have not been adhered to.

A handwritten signature in green ink, appearing to be 'C. Romooah', written over a horizontal line.

C. ROMOOAH
Director of Audit

National Audit Office
Level 14, Air Mauritius Centre
Port Louis

24 February 2020

Statement of Assets and Liabilities as at:

ASSETS	NOTE	30 June 2019	30 June 2018
		Rs	Rs
Cash and Bank balances	6	150,376,905.70	170,265,813.74
Advances	7	85,055,094.66	82,183,237.13
		<u>235,432,000.36</u>	<u>252,449,050.87</u>
LIABILITIES			
Rodrigues Consolidated Fund	8	37,624,196.93	55,313,766.24
Deposits	9	110,824,130.85	117,090,791.94
Loan - Government of Mauritius	10	86,983,672.58	80,044,492.69
		<u>235,432,000.36</u>	<u>252,449,050.87</u>

The accompanying notes 1 to 10 form part of these accounts.



Louis Serge CLAIR, GCSK
Chief Commissioner

28 September 2019

NOTES TO THE ACCOUNTS

1. GENERAL

The Statement of Assets and Liabilities and other Annual Statements of Rodrigues Regional Assembly (RRA) are prepared in accordance with Section 19 of the Finance and Audit Act.

2. ACCOUNTING POLICIES

The accounts of the RRA are public accounts of Mauritius for the purposes of Section 110 of the Constitution as specified at Section 48 of the RRA Act. The accounts are prepared on a cash basis. Transactions are recorded only when monies are received and are paid within the given period, whether or not the receipts and payments are in respect of goods supplied or services rendered during that period and whether they relate to expenditure or revenue. The Statement A - Assets and Liabilities as at 30 June 2019 does not include Non-Current Assets and Investments which are reflected at Statement F.

3. Reporting Entity

The accounts are for the RRA which include Office of the Clerk and Commissions.

4. Reporting Period

The accounts cover the financial year 01 July 2018 to 30 June 2019.

5. Reporting Currency

The accounts are denominated in the currency of Mauritian Rupee (Rs) which is also the functional currency.

6. CASH AND BANK BALANCES

These include cash in hand and cash balances with banks.

Details	30 June 2019	30 June 2018
	Rs	Rs
Bank of Mauritius	72,343,622.60	85,537,011.55
State Bank of Mauritius	214,861.80	1,119,801.95
Barclays Bank	8,144.81	3,351.60
State Bank of Mauritius	77,810,276.49	83,605,648.64
Total	150,376,905.70	170,265,813.74

7. ADVANCES

This represents balances outstanding as at year end in respect of:

Details	30 June 2019	30 June 2018
	Rs	Rs
RRA Members	7,831,574.73	6,792,366.00
RRA Officers	62,529,519.93	58,828,524.77
Fibre Glass Boat	14,694,000.00	14,694,000.00
Advance to RTMC	-	1,868,346.36
Total	85,055,094.66	82,183,237.13

8. RODRIGUES CONSOLIDATED FUND

This represents the accumulated surplus of money appropriated to the Rodrigues Consolidated Fund (RCF) by the National Assembly, together with all recurrent revenue of the RRA (established by Section 42 of the Rodrigues Regional Assembly Act) over the expenditure incurred by the RRA for the period under review.

	30 June 2019		30 June 2018	
	Rs	Rs	Rs	Rs
Balance of the Rodrigues Consolidated Fund at start		55,313,766.24		74,223,942.32
Transfer to Capital and Recurrent		* <u>-17,769,246.36</u>		<u>-21,000,000.00</u>
		37,544,519.88		53,223,942.32
Contribution from Government	3,575,000,000.00		3,425,000,000.00	
Additional Contribution	30,000,000.00		-	
Total Contribution	<u>3,605,000,000.00</u>		<u>3,425,000,000.00</u>	
Transfer from Rodrigues Consolidated Fund	17,769,246.36		21,000,000.00	
Revenue - RRA	<u>46,381,946.98</u>		<u>32,065,953.81</u>	
Total Revenue	<u>3,669,151,193.34</u>		<u>3,478,065,953.81</u>	
Total Expenditure		<u>3,669,071,516.29</u>		<u>3,475,976,129.89</u>
Surplus of Revenue over Expenditure		79,677.05		2,089,823.92
Balance of the Rodrigues Consolidated Fund at end		<u><u>37,624,196.93</u></u>		<u><u>55,313,766.24</u></u>

* An amount of Rs 17,769,246.36 was transferred from Rodrigues Consolidated Fund to Recurrent and Capital Revenue to meet recurrent expenditure as approved by the Executive Council in June 2019.

9. DEPOSITS

These are monies deposited with the Rodrigues Regional Assembly by individuals and organisations under Section 8 of the Finance and Audit Act.

	30 June 2019	30 June 2018
Commission	Rs	Rs
Chief Commissioner's Office	42,117,745.87	26,643,059.39
Deputy Chief Commissioner's Office	20,601,785.38	25,863,422.63
Commission for Women Affairs, Family Welfare, Child Development, Industrial Development, Information and Communication Technology, Vocational Training, Cooperatives, Trade, Commerce and Licensing and Prisons and Reforms Institutions	1,107,278.33	663,007.13
Commission for Health, Community Development, Fire Services, Meteorological Services, Judicial Services and Civil Status	13,626,112.77	15,725,388.54
Commission for Social Security, Housing, Labour and Industrial Relations, Employment and Consumer Protection	20,885,536.99	12,959,052.52
Commission for Agriculture, Environment, Fisheries, Marine Parks and Forestry	11,865,985.63	34,975,128.36
Commission for Youth and Sports, Arts and Culture, Library Services, Museum, Archives and Historical Sites and Buildings	619,685.88	261,733.37
Total	110,824,130.85	117,090,791.94

10. LOAN - GOVERNMENT OF MAURITIUS

This represents loan made to Rodrigues Regional Assembly for the issue of advances to Members and Officers of the Rodrigues Regional Assembly and to other bodies.

	30 June 2019	30 June 2018
	Rs	Rs
RRA Members	8,662,659.65	7,397,281.25
RRA Officers	63,627,012.93	57,953,211.44
Fibre Glass Boats	14,694,000.00	14,694,000.00
Total	86,983,672.58	80,044,492.69

**Abstract Account of Revenue and Expenditure of the Rodrigues Consolidated Fund
for the financial year 2018 - 2019**

REVENUE

Analysis of total revenue by Revenue Items

Code	Description of Revenue Items	Jul 18-Jun 19 Estimates Rs	Jul 18-Jun 19 Actual Revenue Rs	Jul 17-Jun 18 Actual Revenue Rs
11	TAXES			
114	Licence Fees	2,700,000	3,207,787.30	2,891,799.80
	TOTAL - TAXES	2,700,000	3,207,787.30	2,891,799.80
12	SOCIAL CONTRIBUTIONS			
122	Other Social Contributions	700,000	621,537.00	601,665.00
	TOTAL - SOCIAL CONTRIBUTIONS	700,000	621,537.00	601,665.00
13	GRANTS			
131	Contribution from Central Government	3,575,000,000	3,605,000,000.00	3,425,000,000.00
	TOTAL - GRANTS	3,575,000,000	3,605,000,000.00	3,425,000,000.00
14	OTHER REVENUE			
141	Property Income	14,150,000	19,436,580.31	12,551,911.56
142	Sales of Goods and Services	7,850,000	11,323,080.80	10,292,160.16
143	Fines, Penalties and Forfeits	4,000,000	5,270,485.00	5,077,945.00
145	Miscellaneous Revenue	600,000	6,522,476.57	650,472.29
	TOTAL - OTHER REVENUE	26,600,000	42,552,622.68	28,572,489.01
	TOTAL-REVENUE	3,605,000,000	3,651,381,946.98	3,457,065,953.81

28 September 2019


 Louis Serge CLAIR, GCSK
 Chief Commissioner

**Abstract Account of Revenue and Expenditure of the Rodrigues Consolidated Fund for the
Period July 2018 to June 2019**

EXPENDITURE

Analysis of Expenditure by Sub-Heads

Sub-Head	Description	Original Estimates	Total Provisions after virement	Actual Expenditure	(Over) / Under Estimates	(Over) / Under Provisions
		(a) Rs	(b) Rs	(c) Rs	(a-c) Rs	(b-c) Rs
1-1	OFFICE OF THE CLERK	20,577,000.00	19,161,055.47	19,161,055.47	1,415,944.53	-
1101	Parliamentary Affairs	20,577,000.00	19,161,055.47	19,161,055.47	1,415,944.53	-
2-1	CHIEF COMMISSIONER'S OFFICE	1,020,912,000.00	1,017,450,956.56	1,017,450,956.56	3,461,043.44	-
	CENTRAL ADMINISTRATION	270,564,000.00	286,842,255.06	286,842,255.06	(16,278,255.06)	-
2101	Central Administration	261,217,000.00	276,128,963.27	276,128,963.27	(14,911,963.27)	-
2102	Registration of Deeds and Conservation of Mortgages	1,974,000.00	1,932,854.76	1,932,854.76	41,145.24	-
2103	Transport	7,214,000.00	8,665,002.44	8,665,002.44	(1,451,002.44)	-
2104	Companies Division	159,000.00	115,434.59	115,434.59	43,565.41	-
	STATE LAND	60,797,000.00	63,812,293.39	63,812,293.39	(3,015,293.39)	-
2201	Management of State Land	22,450,000.00	20,332,424.82	20,332,424.82	2,117,575.18	-
2202	Civil Aviation	15,661,000.00	24,850,980.04	24,850,980.04	(9,189,980.04)	-
2203	Tourism Development	22,686,000.00	18,628,888.53	18,628,888.53	4,057,111.47	-
	EDUCATION	689,551,000.00	666,796,408.11	666,796,408.11	22,754,591.89	-
2301	General	19,763,000.00	20,211,090.76	20,211,090.76	(448,090.76)	-
2302	Pre-Primary Education	17,325,000.00	18,139,124.95	18,139,124.95	(814,124.95)	-
2303	Primary Education	288,643,000.00	274,996,915.76	274,996,915.76	13,646,084.24	-
2304	Secondary Education	353,320,000.00	352,758,680.89	352,758,680.89	561,319.11	-
2305	Marine Services	10,500,000.00	690,595.75	690,595.75	9,809,404.25	-
3-1	DEPUTY CHIEF COMMISSIONER'S OFFICE	462,433,000.00	540,513,169.87	540,513,169.87	(78,080,169.87)	-
3101	General	15,415,000.00	14,912,329.36	14,912,329.36	502,670.64	-
3102	Maintenance of Buildings and Other Assets	49,145,000.00	47,713,730.41	47,713,730.41	1,431,269.59	-
3103	Maintenance of Vehicles	21,185,000.00	20,463,786.11	20,463,786.11	721,213.89	-
3104	Construction and Rehabilitation of Roads and Bridges	127,486,000.00	170,504,834.96	170,504,834.96	(43,018,834.96)	-
3105	Maintenance of Roads and Bridges	14,270,000.00	11,431,890.83	11,431,890.83	2,838,109.17	-
3106	Land Transport Services	10,144,000.00	10,828,682.45	10,828,682.45	(684,682.45)	-
3107	Improvement of Public Infrastructure in Villages	45,990,000.00	61,944,699.44	61,944,699.44	(15,954,699.44)	-
3108	Water Production	125,786,000.00	162,482,068.07	162,482,068.07	(36,696,068.07)	-
3109	Water Distribution	53,012,000.00	40,231,148.24	40,231,148.24	12,780,851.76	-

**Abstract Account of Revenue and Expenditure of the Rodrigues Consolidated Fund for the
Period July 2018 to June 2019**

EXPENDITURE

Analysis of Expenditure by Sub-Heads

Sub-Head	Description	Original Estimates	Total Provisions after virement	Actual Expenditure	(Over) / Under Estimates	(Over) / Under Provisions
		(a) Rs	(b) Rs	(c) Rs	(a-c) Rs	(b-c) Rs
4-1	COMMISSION FOR WOMEN'S AFFAIRS, FAMILY WELFARE, CHILD DEVELOPMENT, INDUSTRIAL DEVELOPMENT, INFORMATION AND COMMUNICATION TECHNOLOGY, VOCATIONAL TRAINING, COOPERATIVES, TRADE, COMMERCE AND LICENCING AND PRISONS AND REFORMS INSTITUTIONS	155,462,000.00	142,135,266.73	142,135,266.73	13,326,733.27	-
4101	Women's Affairs, Family Welfare and Child Development	31,619,000.00	28,212,654.70	28,212,654.70	3,406,345.30	-
4102	Industrial Development and Handicraft	8,973,000.00	6,500,498.87	6,500,498.87	2,472,501.13	-
4103	Information and Communication Technology	14,716,000.00	10,644,650.83	10,644,650.83	4,071,349.17	-
4104	Development of Human Resources	51,657,000.00	45,592,480.20	45,592,480.20	6,064,519.80	-
4105	Promotion and Development of Cooperatives	5,075,000.00	4,644,869.05	4,644,869.05	430,130.95	-
4106	Trade, Commerce and Licencing	1,608,000.00	1,456,991.35	1,456,991.35	151,008.65	-
4107	Management and Maintenance of Prison	36,074,000.00	33,694,237.22	33,694,237.22	2,379,762.78	-
4108	Probation and Social Rehabilitation	5,740,000.00	11,388,884.51	11,388,884.51	(5,648,884.51)	-
5-1	COMMISSION FOR HEALTH, COMMUNITY DEVELOPMENT, FIRE SERVICES, METEOROLOGICAL SERVICES, JUDICIAL SERVICES AND CIVIL STATUS	515,916,000.00	563,776,786.18	563,772,725.08	(47,856,725.08)	4,061.10
5101	General	54,563,000.00	89,879,578.10	89,879,578.10	(35,316,578.10)	-
5102	Curative Services and Primary Health Care and Public Health	358,689,000.00	405,177,456.41	405,173,395.31	(46,484,395.31)	4,061.10
5103	Treatment and Prevention of HIV and AIDS, Non-Communicable Diseases and Proliferation of Drugs	757,000.00	625,895.38	625,895.38	131,104.62	-
5104	Promotion of Community Development	18,465,000.00	8,135,533.46	8,135,533.46	10,329,466.54	-
5105	Firefighting, Rescue and Fire Prevention	60,785,000.00	39,497,862.05	39,497,862.05	21,287,137.95	-
5106	Meteorological Services	10,903,000.00	10,613,207.20	10,613,207.20	289,792.80	-
5107	Judicial Services	7,843,000.00	6,029,443.64	6,029,443.64	1,813,556.36	-
5108	Civil Status	3,911,000.00	3,817,809.94	3,817,809.94	93,190.06	-
6-1	COMMISSION FOR SOCIAL SECURITY, HOUSING, LABOUR AND INDUSTRIAL RELATIONS, EMPLOYMENT AND CONSUMER PROTECTION	851,936,000.00	882,320,708.33	882,320,707.78	(30,384,707.78)	0.55
6101	General	52,444,000.00	48,396,877.57	48,396,877.02	4,047,122.98	0.55
6102	Social Safety Net	672,004,000.00	727,634,261.01	727,634,261.01	(55,630,261.01)	-
6103	Housing	89,287,000.00	73,421,209.08	73,421,209.08	15,865,790.92	-
6104	Labour and Industrial Relations	4,710,000.00	3,965,275.78	3,965,275.78	744,724.22	-
6105	Employment	30,224,000.00	25,657,452.94	25,657,452.94	4,566,547.06	-
6106	Consumer Protection	3,267,000.00	3,245,631.95	3,245,631.95	21,368.05	-

STATEMENT B

**Abstract Account of Revenue and Expenditure of the Rodrigues Consolidated Fund for the
Period July 2018 to June 2019**

EXPENDITURE

Analysis of Expenditure by Sub-Heads

Sub-Head	Description	Original Estimates (a) Rs	Total Provisions after virement (b) Rs	Actual Expenditure (c) Rs	(Over) / Under Estimates (a-c) Rs	(Over) / Under Provisions (b-c) Rs
7-1	COMMISSION FOR AGRICULTURE, ENVIRONMENT, FISHERIES, MARINE PARKS AND FORESTRY	356,313,000.00	352,787,892.94	352,787,892.94	3,525,107.06	-
7-1	AGRICULTURE	153,020,000.00	127,057,105.16	127,057,105.16	25,962,894.84	-
7101	General	19,205,000.00	18,271,713.25	18,271,713.25	933,286.75	-
7102	Crop Production	69,752,000.00	53,994,685.85	53,994,685.85	15,757,314.15	-
7103	Livestock Production	40,900,000.00	36,063,851.25	36,063,851.25	4,836,148.75	-
7104	Extension and Marketing Services	23,163,000.00	18,726,854.81	18,726,854.81	4,436,145.19	-
7-2	ENVIRONMENT	203,293,000.00	225,730,787.78	225,730,787.78	(22,437,787.78)	-
7201	General	8,464,000.00	8,951,257.92	8,951,257.92	(487,257.92)	-
7202	Environment Protection and Conservation	54,493,000.00	62,791,312.27	62,791,312.27	(8,298,312.27)	-
7203	Sustainable Fisheries Development	93,946,000.00	104,549,150.71	104,549,150.71	(10,603,150.71)	-
7204	Marine Parks	12,402,000.00	10,275,592.98	10,275,592.98	2,126,407.02	-
7205	Reafforestation and Protection of Endangered Species	33,988,000.00	39,163,473.90	39,163,473.90	(5,175,473.90)	-
8-1	COMMISSION FOR YOUTH AND SPORTS, ARTS AND CULTURE, LIBRARY SERVICES, MUSEUM, ARCHIVES AND HISTORIAL SITES AND BUILDINGS	146,451,000.00	150,929,741.86	150,929,741.86	(4,478,741.86)	-
8101	General	12,194,000.00	15,424,747.85	15,424,747.85	(3,230,747.85)	-
8102	Youth Empowerment, Youth Recreational and Community Based Programmes	30,935,000.00	46,954,534.42	46,954,534.42	(16,019,534.42)	-
8103	Promotion of Sports and Sports for All	73,721,000.00	62,158,820.49	62,158,820.49	11,562,179.51	-
8104	Promotion of Arts and Culture	19,733,000.00	18,473,057.04	18,473,057.04	1,259,942.96	-
8105	Library Services	7,961,000.00	6,946,588.44	6,946,588.44	1,014,411.56	-
8106	Museum, Archives, Historical Sites and Buildings	1,907,000.00	971,993.62	971,993.62	935,006.38	-
9-1	CONTINGENCIES AND RESERVES	75,000,000.00	-	-	75,000,000.00	-
9101	Contingencies	75,000,000.00	-	-	75,000,000.00	-
	TOTAL EXPENDITURE	3,605,000,000.00	3,669,075,577.94	3,669,071,516.29	(64,071,516.29)	4,061.65



**Louis Serge CLAIR, GCSK
Chief Commissioner**

28 September 2019

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