MINISTRY OF HEALTH AND QUALITY OF LIFE

16.1 Construction of New Souillac Hospital

In 1999 the Ministry of Health and Quality of Life (MOHQL) took over the project of a new district hospital at Souillac from the National Trust Fund for Community Health (NTFCH).

A contract for construction works was awarded in May 2001 for the fixed sum of Rs 158,284,013 inclusive of VAT, contingency and provisional sum of Rs 30,762,000. The date of completion was January 2003. However, the practical date of completion was in April 2005, that is more than two years after the contractual date.

The main audit findings for the late completion of this project were for:

- Land survey
- Consultancy services
- Responsibilities of the Contractor
- Responsibilities of the Construction Manager (CM)
- Responsibilities of the Employer (MPI)
- Responsibilities of the (MOHQL)
- Variations

Expenditure on the project totalled Rs 235,062,548 as of June 2006 and included payments for delays, consultancy services and additional equipment and works. The budgeted expenditure of Rs 150,000,000 was exceeded by more than Rs 85 million.

As of September 2006, the following were not done:

- Completion of the outstanding works by the Contractor
- Submission of final accounts by the CM
- Consideration of a ‘Plaint with Summons’ in the sum of Rs 9.5 million from the Contractor
- Arbitration in the sums of Rs 86.5 and Rs 18 million from the Contractor and the CM respectively.
**Land Survey**

When the Contractor took possession of site from the representative of the Ministry of Housing and Lands in June 2001, encroachment on the property lines by neighbours were observed. Survey plans were initially drawn in July and then modified in August 2001. The indecisiveness of the surveyor caused disruption to site activities. The CM allowed 34 days of extension of time to the Contractor at an additional cost of Rs 10 million.

**Consultancy Services**

In 1999 when the MOHQL took over the project from the NTFCH, the services of the Consultant already appointed by the Trust Fund were retained. The Consultant was responsible for designs and plans, preparation of tender documents and supervision during the construction stage until final completion. A fee of 8.6 per cent on the contract value (Rs 158 million) was payable to him.

In February 2000, the Technical Division of the Ministry of Public Infrastructure and Land Transport (MPI) pointed out shortcomings in the Consultant’s plans and drawings concerning certain construction details. The tender documents were also not accompanied by specifications in respect of architectural, structural, mechanical and electrical details.

However, during the same month a sum of Rs 5,392,909 representing more than half of the consultancy fees, was paid to the Consultant. A further figure of Rs 2,039,813 for civil works was paid in August 2001, bringing the total paid to Rs 7,432,722, which were stated in September 2005 by the Ministry of Finance and Economic Development (MOFED) to have been largely overpaid. The Consultant was paid more than Rs 7 million for plans that contained many shortcomings.

The services of the Consultant were terminated in September 2001.

**Responsibilities of the Contractor**

In May 2001, the contract for construction works was awarded to a Contractor for the fixed sum of Rs 158,284,013 inclusive of VAT, contingency and provisional sum of Rs 30,762,000. Works on site started in July 2001. In the same month the Contractor complained to the CM about the non-availability of drawings, architectural, engineers, mechanical and electrical, together with other services relating to the project.

In May 2002, the Contractor complained to the MPI about the progress of works, the non-collaboration and non-cohesion of the professional teams. According to him, the time lost was some five months due to lack of decisions by the MOHQL and lack of cohesion from the CM.

In his move towards the appointment of an Arbitrator for the consideration of outstanding claim, the Contractor filed an affidavit to which the CM replied in May 2003. The CM pointed out, amongst others, to the irresponsibilities of the Contractor in the late ordering of items critical to the project. The delays in the ordering of these items ranged from three to 16 months.
Further claims were filed by the Contractor and the total has now reached to more than Rs 86.5 million in June 2006.

In July 2006, the Contractor served a notice ‘Plaint with Summons’ on the Government of Mauritius and the MPI in the sum of Rs 9.5 million for payments withheld by the MOFED in respect of Valuation Certificate dated May 2005. According to the terms of contract signed between the parties, all outstanding claims not settled within 60 days from the date of submission were charged interest at the rate of 11 per cent per annum.

As of September 2006, some 17 months after the practical handing over, a list of outstanding works had still not been attended to by the Contractor. Examples: Generator, Incinerator, laminar flow and scialytic lamps in the operation theatres.

The Contractor did not complete the project within the agreed time limit, that is 18 months, despite seven extensions of time allowed by the CM.

**Responsibilities of the CM**

In July 2000, a CM responsible for contract administration, supervision of works and architectural services, was appointed for a fee of Rs 2.5 million.

In June 2001, the MPI requested the CM to take necessary action on the shortcomings noted in the Consultancy drawings.

The CM declared his intention to claim additional fees for additional works caused by discrepancies and shortcomings in the Consultant’s drawings, but in October 2001, the MPI removed any ambiguity and stressed on the directions for modifications in the contract documents.

In March 2002, the CM submitted a claim of Rs 10,920,600 as additional fees for re-designs. The MPI appraised the claim in December 2002 and concluded that a sum of Rs 2,925,000 only could be paid to the CM. The Central Tender Board (CTB) approved the payment in January 2003. The CM accepted the payment but submitted further claims which were not honoured, resulting in the move for arbitration to recover the balances unpaid by MPI.

In addition to the fee of Rs 2.5 million, the MPI recommended a monthly payment of Rs 90,000 for additional supervision resulting from post-contractual date. The payments effected were from February 2003 up to April 2005, the date of final handing over. The total amount paid stood at more than Rs 2 million, and was approved by the CTB in June 2003.

During the period August 2002 to December 2003, a total of 383 days as extension of time had already been granted to the Contractor. In May 2004, the CM granted to the Contractor a further 120 days extension of time for delays in clearing Zone 2, that is, the area occupied by existing buildings thus bringing the completion date to July 2004. The practical completion date being April 2005, no extension of time report was seen for the period July 2004 to March 2005.
The cost involved has not yet been determined. The CM had not worked all the claims for ‘Loss and Expense’ and ‘Disruptions and Charges’ claiming that these did not form part of his works.

**Non-Collaboration of the CM**

In July 2005, the CM declined to entertain a claim of more than Rs 86.5 million from the Contractor in respect of ‘Disruptions and Charges’.

In December 2005, the CM served an arbitration notice to the MPI complaining for the non-payment of a sum of Rs 18 million for additional services rendered, supervision and redesigns.

The CM did not submit a Performance Report on the Contractor and the final accounts within 90 days from the practical completion date, April 2005.

Also the CM did not make a claim on the performance bond of the Contractor for outstanding works not done during the Defects and Liability Period.

**Responsibilities of the Employer (MPI)**

The role of the MPI was to act as the Principal Agent of the Employer. All instructions and approvals were channelled to the Contractor and CM through the Principal Agent.

The Construction Manager imputed a few delays caused to the project by the Employer (MPI). These were among others:-

- Survey of site and establishment of boundaries (one month)
- Delays caused by MPI in approving list of corrections of major faults in original drawings (six months)
- Late submission of instructions for re-design of mechanical and electrical details (8 months)
- Late nomination of sub-contractors (10 months)
- Delay in submission of duty-free certificates (four months)
- Continued occupation of Zone 2, that is, old buildings (four months)
- Delay in removal of CEB poles (48 days).
**Responsibilities of the MOHQL**

Following a meeting held in 2005 at the MOH, the MPI confirmed instructions for additional works to be carried out as requested by the User. A few examples were listed below:

- Works to X-Ray room in respect of changing room and nurse counter to be provided
- Works to Accident and Emergencies such as glazed panel to nurse station, police office and records office
- Plumbing and partition works in autoclave room
- Gypsum partitions to Pharmacy
- Provision of hatch door to chiller room in the kitchen and glazed door to catering office
- Additional air conditioning to selected places
- Curtain rails, medical gas equipment, burglar proofing, anti-insect screens and anti-pigeon measures.

It was observed that all these additional works could have been planned at an earlier stage.

**Variations**

Variations were unavoidable due to the shortcomings and discrepancies in the original plans of the Consultant. Variations totalled some Rs 22.5 million and included one item for changes in specifications costing more than Rs 9 million.

There was no adequate planning at the early stages of the project which could have avoided these variations.

**Unfavourable Comments of the CTB**

In March 2005, the CTB commented on the improper handling of the project, especially at pre-contract stage with the result that the variations requested contained significant nugatory expenditure. This was exemplified in the following:-

- Improper planning, e.g. chiller base
- Numerous items of works not measured in the Bills of Quantities
- Changes in specifications.

**Conclusion**

The same shortcomings which were unfavourably commented in previous audit reports, were again observed:-
Inappropriate Planning – There was no appropriate planning at the early stages of the project. Examples:

- Changes in internal architectural layouts arising from the review of documents by the MOHQL
- Complete re-design of Blocks A’s and B’s Basement, and within Block C, re-arranging of departments
- Wrong site boundaries
- Quantity surveying works and structural drawings.

Non-completion of preliminary works before the awarding of contract. These were, amongst others:

- Survey of site and establishment of boundaries
- Curtain rails, medical gas equipment, burglar proofing, anti-insect screens and anti pigeon measures
- Laminar flow, air conditioning system in operation theatres
- Late removal of CEB poles
- Finalising requirements of general equipment and submission of duty-free certificates.

Delays in taking decisions:

- Delays caused by the MPI in approving list of corrections of major faults in original drawings
- Late submission of instructions for re-design of mechanical and electrical details
- Late nomination of sub-contractors

Lots of variations for the project, which were unavoidable due to the shortcomings and discrepancies in the original plans of the Consultant. Examples:-

- New additional windows and all main entrance doors changed from UPVC to aluminium
- New false ceiling in administration offices and operation theatres
- New capacity concrete water tanks to replace fibre glass tanks of insufficient capacity
- New chiller base.

The New Souillac Hospital project revealed an absence of proper and adequate role definition of several professional players in the successful completion of the project. The role and overall responsibilities of the CM and the MPI were not clearly defined before the start of the project such that conflicts between the parties were unavoidable.
16.2 Bio-Medical Equipment

During the financial year 2005-06 the Ministry acquired bio-medical and hi-tech equipment worth more than Rs 80 million as follows:-

<table>
<thead>
<tr>
<th>Vote and Item</th>
<th>Description</th>
<th>Expenditure (Rs m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>31-141.004</td>
<td>Equipment</td>
<td>49.7</td>
</tr>
<tr>
<td>31-141.017</td>
<td>Acquisition of High-Tech Equipment</td>
<td>30.7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>80.4</strong></td>
</tr>
</tbody>
</table>

The following were noted:

- Information on equipment such as date received, costs and lists of accessories, was missing.
- No evidence of physical verification of the assets.
- Incomplete records and inadequate control lead to poor safeguard or maintenance of the assets.

*Ministry’s Reply*

The Ministry has informed this Office that appropriate instructions have been given to the Officer in Charge of each department to record the relevant information on the equipment located therein. However, evidence of such action was not seen as of October 2006.

16.3 Digital X-Ray Machines

Tenders were launched in November 2003 for the supply and commissioning of five units of digital X-Ray machines with fluoroscopy estimated at Rs 15 million.

Quotes received ranged from Rs 7 to Rs 47 million.

The tender was awarded in May 2004 to a supplier for the supply of five units digital X-Ray machines, make Apelem model Krystal for some Rs 28 million.

Modifications to the machines would be needed to cater for emergency cases.

More than 22 months after the date of delivery, the X-Ray machine at New Souillac Hospital has still not been commissioned. However, payments totalling more than Rs 4.5 million representing 80 per cent of the cost of the machine had already been made to the supplier. All the machines were reported faulty on several occasions soon after commissioning. The one at Flacq Hospital was broken down for six months during the warranty period. At Jeetoo Hospital, the machine was out of order since June 2006.
16.4 Inventory Lists of Bio-Medical Equipment

The inventory lists of Bio-Medical equipment for three regional hospitals were examined.

The lists were neither up to date nor complete. Relevant information such as serial number, make/model was not always available in many cases.

Equipment physically identified by my Officers during a survey were not recorded in the inventory lists. The Ministry should complete an updated, accurate and complete list of Bio-Medical equipment with all relevant information not only to exercise proper control over the assets but also for their effective management.

As of October 2006, the Ministry has not initiated any remedial action.

16.5 Maintenance, Servicing and Repairs of Bio-Medical Equipment

It was observed that preventive maintenance was not effected at the Bio-Medical unit but only repairs as and when required. The maintenance contract for the repairs and servicing of items of equipment had expired over a year and was not renewed.

Ministry’s Reply

The Ministry has informed this Office that most of the high-tech equipment had maintenance contracts for which planned preventive maintenance was carried out. Action has already been initiated to have maintenance contracts for certain other high-tech equipment for which clearance was being awaited from the Central Tender Board.

16.6 Idle/Unutilised Equipment

Audit survey has revealed that various items of equipment have remained idle as shown in Table 56
### Table 56  Idle Equipment

<table>
<thead>
<tr>
<th>Hospital</th>
<th>Equipment</th>
<th>Cost (Rs)</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Souillac</td>
<td>3 Benelitop Centrifuge</td>
<td>195,000</td>
<td>Have remained idle for more than one year, tube holder’s problems.</td>
</tr>
<tr>
<td>Flacq</td>
<td>2 Intensive Care Ventilators</td>
<td>1,173,000</td>
<td>Have remained idle for more than two years. ICU project delayed.</td>
</tr>
<tr>
<td></td>
<td>6 Non Invasive Blood Pressure</td>
<td>298,000</td>
<td>“</td>
</tr>
<tr>
<td></td>
<td>1 Non portable pulse oxymeter</td>
<td>32,000</td>
<td>“</td>
</tr>
<tr>
<td>Victoria</td>
<td>1 Roller Drum</td>
<td>190,000</td>
<td>Idle for more than six months. Roller drum not appropriate.</td>
</tr>
<tr>
<td></td>
<td>1 Electrolyte Analyser</td>
<td>900,000</td>
<td>Dormant for more than two years awaiting reagents.</td>
</tr>
</tbody>
</table>

No corrective action was seen to have been taken as of October 2006.

### 16.7  Central Supplies Division (CSD)

With the increase in volume of items purchased over the years, additional storage accommodation was rented outside the premises at Coromandel, Plaine Lauzun and Pailles.

Nevertheless, it was observed that storage space was unnecessarily taken up by:

- Expired items
- Dormant stock of medical supplies.

Sections A and B for the storage of drugs and medical disposables showed some Rs 19 million of expired items. Included was a stock of surgical blades worth more than Rs 98 million as of 30 June 2006.

Furthermore, medical supplies worth more than Rs 10 million received during the year 2003 and onwards were lying dormant at Coromandel. These were unnecessarily occupying valuable space.

**Ministry’s Reply**

The Ministry has informed this Office that action has already been taken for the examination of the dormant stock of medical supplies before putting them into use.
16.7.1 Storage Conditions

In many places, boxes were stacked directly on the floor. In other places, carton boxes were stock piled to the ceiling.

Expired and unexpired items were not segregated.

16.7.2 Stock Out Items

Medical disposables such as surgeon gloves of different sizes, feeding tubes and intravenous cannulars, classified as Very Essential were out of stock during a period of over four months.

Ministry’s Reply

Action has already been taken to improve on the storage conditions, the creation of a restricted area for the segregation of expired items and the monitoring of the stock level – minimum and reorder. However, certain weaknesses and constraints in the system namely price increase resulting in the cancellation of orders, lengthy evaluation exercise and specifications found to be inadequate which have resulted in long delays and stock out situations. Appropriate action was being taken to shorten the procurement cycle.

16.8 Infrastructural Problems at Hospitals.

Visits to Victoria and Flacq Hospitals revealed the following:-

Victoria Hospital

➢ Leakages during the rainy season and cracks in the roofs of several buildings.

➢ Leakages in several wards.

➢ Leakages and cracks in the roof of the Gynae Theatre. The roof of the building was seen covered with tarpaulin.

Ministry’s Reply

The Ministry of Public Infrastructure, Land Transport and Shipping (MPI) carried out a survey of all units and wards where leakages have been noted. Repairs to one ward have already been completed. Other repairs would be carried out during the current financial year.
Flacq Hospital

Further to my comments in the past, the following were again noted:-

New Building

Leakages at:

➢ the main operation theatre room, scrubbing and autoclave rooms.

➢ the main entrance during the rainy season. Rubber floor mats had to be extended for easy access.

➢ the general store also.

Old Wing

➢ Outpatients Department - The fixing of translucent sheets to avoid splashing of rain water during rainy seasons was not yet done.

➢ Wards - Leakages in the roof were still prevailing.

➢ Access space between beds was still very limited.

Messrooms

The messrooms for nursing staff, hospital servants and drivers were still in a bad condition. Tarpaulins were fixed on the roof of these messrooms to prevent water from leaking inside.

Hence, there was a need to expedite matters so that repairs and construction of the new blocks at Flacq Hospital be given priority.

Necessary repairs were also required at the new building.

Ministry’s Reply

The MPI has been requested to submit appropriate recommendations which would resolve the recurrent problems of leakages at the new building.

The problems at the Old Wing would be resolved with the construction of new blocks. The project was estimated to cost around Rs 112 million. Construction works would start in 2007 and be completed in 2008.
16.9 Water Supply – Problems at Hospitals.

At paragraph 16.1 of the 2004-05 Audit Report, I commented on the problems relating to shortage in water supply, low water pressure and at the same time, high increase in water consumption, all of them affecting several hospitals.

In May 2003, the Ministry of Public Infrastructure, Land Transport and Shipping (MPI), to whom the Project of upgrading of water reticulation systems has been entrusted, appointed a private Consultant as Mechanical Engineer for the project to be undertaken at four regional hospitals. Surveys at all the hospitals were carried out and the preliminary designs submitted in June 2004. However, as of September 2005, the project did not materialise due to lack of funds.

In October 2005, the Ministry informed me that the working drawings were being prepared, priority of consideration being given to Victoria hospital where the problem was more acute. The tender documents would be ready in November 2005. As regards ENT hospital, the tender documents were being finalised for the appointment of an Engineer for Mechanical Services.

16.10 Upgrading of Dr A.G. Jeetoo Hospital

The upgrading of the Dr A.G. Jeetoo hospital, being the major component of the project ‘Support to the National Health Plan’ initiated in 2001, was estimated to cost around Rs 654 million. However, works for this component have not yet started due to the unavailability of qualified candidate for recruitment as Project Manager to head the Project Implementation Unit (PIU) set up in 2002.

With reference to paragraph 16.3 of the 2004-05 Audit Report on the subject of upgrading of Jeetoo hospital, the Ministry informed me in October 2005 of the following:-

- Tenders for consultancy services for civil works were launched in 2003. However, all bids received were incomplete.
- Tenders were re-launched in 2004. The bids received were evaluated and recommendations submitted to the Central Tender Board (CTB). Approval of the CTB was obtained.
- The award of the contract scheduled to be awarded during the same year, was delayed due to successive representations from one of the retained bidders. In the meantime the bids lapsed.

It was then decided to set up a Project Design and Supervision Team headed by the Ministry of Public Infrastructure, Land Transport and Shipping (MPI) which would be responsible for the design, supervision, certification, monitoring and the overall management of the project.

The Central Tender Board has approved the pre-qualification document for Consultancy Services. The Ministry was requested to seek clearance of the funding agency and thereafter revert to the Board.
16.11 Physiotherapy Services

At paragraph 16.4 of the 2004-05 Audit Report, I reported on the inappropriate infrastructure in some units as follows:

- Acute space problems and limited treatment offered at two hospitals
- Shortage of staff namely Physiotherapists and Assistant Physiotherapists adversely affecting the level of service delivery
- Lack of equipment in most units
- Incomplete recording system of patients’ health history and proper follow-up of treatment

The situation has not improved as of October 2006.

However, the Ministry has informed me that the problems would be resolved with the construction of the new Dr A.G. Jeetoo hospital and of new blocks at Flacq hospital.