13.1 Capital Works

13.1.1 New Souillac Hospital

With reference to paragraph 22.4 of the 2007-08 Audit Report, no major change in the situation with regard to the New Souillac Hospital was noted since September 2008.

The arbitration case of the Construction Manager was still ongoing. The assessment of “Loss and Expense” and extension of time had been included in the terms of reference of the arbitration.

The claim in respect of Disruptions and Charges from the main Contractor totalling Rs 86.5 million was under dispute and an arbitrator had been nominated.

The case of the Construction Manager against the Ministry of Public Infrastructure, Land Transport and Shipping (MPI), started in 2006, was still on-going at the Supreme Court.

No action, legal or otherwise, had been taken against the Consulting Architect for flaws in the drawings as confirmed by the differences between the final accounts and the contract.

Ministry’s Reply

Legal action against the Design Architect firm was being initiated in consultation with MPI.

Visit to New Souillac Hospital in March 2010

A visit to the Hospital was made on 15 March 2010. There were no major changes as regards the observations made at paragraph 22.4.1 of the 2007-08 Audit Report.

- Five years after the handing over of the Hospital, the whole floor area was still not occupied. There has been a slight increase in the floor area occupied since the last Report. On the ground floor, space of an area of 800 m$^2$, formerly accommodating the ex-Casualty Department, had been allocated to the Diabetes and Vascular Health Centre which was also occupying 870 m$^2$ on the second floor since February 2010. The first floor which is of a total surface area of 2,776 m$^2$ was unoccupied. The two wards were temporarily used as Isolation Wards for patients suffering from the AH$1$N$1$ fever in year 2009. A foreign organisation had proposed to set up a private Eye Hospital on the first floor. However, it would appear that the project has been dropped. The part allocated for the Administration Section on the second floor was not fully occupied.

- The facilities available in other Hospitals, such as operation of patients and CT Scans, were not being dispensed there because there was a scarcity of Specialists. The complicated cases for maternity, child birth and others were still sent to J Nehru Hospital. Hence, the Operating Theatres were not being used at all.
- The bed occupancy rate had increased, but was still low, as the Hospital was providing elementary services only, almost similar to an Area Health Centre.

- The main X-Ray machine, make Apelem, was out of order since 23 June 2009, and the mobile X-Ray machine was used in case of emergencies.

- Specialists Clinics for outpatients in the fields of Gynaecology, Skin, Paediatrics and Psychiatry were now operational.

**Ministry’s Reply**

Regarding the first floor, the two Isolation Wards occupying a space of 1,696 m², would be maintained in view of an eventual second phase of the AH1N1 Pandemic.

**Other Operational Problems**

- The Central Air Conditioning System had not been functioning since July 2009, but there were still water leakages from the air conditioning ducts. The Fire Fighting System was defective. The Fire Services Department had carried out a survey. Following the Survey Report of the Fire Services Department, MPI had also carried out a survey. Specifications and cost estimates were awaited from MPI.

- The manholes at the entrance of the Hospital overflowed causing the stagnation of effluent waste and injurious to health. This problem existed since the Hospital started operating, and after five years, was still not resolved.

- During heavy rainfall, there was overflow of muddy water in the parking area at the Main Entrance.

- One incinerator costing some Rs 1.5 million, originally intended for the Hospital, was sent to J Nehru Hospital in August 2008. At time of audit in March 2010, it was not yet installed.

- Leakage was a generalised problem at the Hospital. There were leaks at several places, namely, along the corridor of Block A leading to the Dental Clinic, in toilets in Wards, at the main entrance and in the corridor of the Female Wards.

**Ministry’s Reply**

- With regard to the Central Air Conditioning System, a contract for the repairs of the chiller had been awarded to a private company on 10 May 2010 for the sum of Rs 614,806. A one year maintenance contract for the System had also been awarded to the same company.

- Regarding the stagnation of effluent waste caused by the overflowing of the manholes at the entrance of the Hospital, the issue had been looked into with the assistance of the Wastewater Management Authority and a tender exercise had been initiated accordingly.
With regard to the problem of muddy water in the parking area, the matter had been referred to the District Council and Road Development Authority since July 2009.

The preliminary designs for the installation of the incinerator were being worked out by the Ministry in collaboration with the MPI.

The problem of leakage had been referred to MPI Engineering and Architects Sections.

13.1.2 Dr A.G. Jeetoo Hospital

At paragraph 22.5 of the 2007-08 Audit Report I had commented on the upgrading of the Dr A.G. Jeetoo Hospital

The estimated cost of the project, originally to be financed jointly by the Government of Mauritius and a loan from the African Development Bank (ADB), was Rs 654 million. The loan agreement with ADB was signed in 2002. However, the loan was cancelled in 2007, and as of September 2008, the Ministry of Finance and Economic Empowerment had given its approval for the funding of the project.

In 2008, the contract for consultancy services was awarded to a consultancy firm for Rs 92,077,924 inclusive of VAT. Additional fees of Rs 1.3 million had been approved in connection with the covering of the canal. Payments totalling some Rs 39.2 million had been effected as of end of 2009.

The contract for Stage 1 of the project relating to demolishing works and covering of the canal near the Hospital was awarded in December 2008 for some Rs 31 million inclusive of VAT. As of end of December 2009, payments effected totalled some Rs 25.9 million, and works had been completed.

The contract for Stage 2 of the project relating to the construction of the building was awarded in September 2009 for some Rs 1.47 billion, inclusive of VAT and Contingencies. Works had started. In addition to the Advance Payment of some Rs 140.7 million, another payment of Rs 38.3 million was effected in December 2009. The works are expected to be completed by mid December 2011.

13.1.3 New Psychiatric Hospital

At paragraph 22.6 of the 2007-08 Audit Report mention was made that the New Psychiatric Hospital was practically handed over in June 2005, and that the Final Handing Over Certificate had not yet been issued.

After several requests to the Contractor to carry out remedial works to the satisfaction of the Ministry, and several meetings during 2009, the “Making Good Defects” Certificate was issued on 30 December 2009.
Claims for “Loss & Expense” had been assessed by another Consultancy firm appointed to replace the previous one that went into receivership. A report had been submitted in March 2010.

With regard to the contract agreements for Architectural and Mechanical and Electrical Consultancy services, the MPI had informed the Ministry that they had been signed since December 2008. The MPI had also informed that the certificates of commissioning for works worth some Rs 38 million had been submitted to the Energy Services Division.

13.2 Bio-Medical Equipment

13.2.1 Lithotripsy Machine

A Lithotripsy Machine was procured at a cost of some Rs 6 million for Victoria Hospital. The machine was commissioned in May 2000. After the warranty period, it was maintained by the Biomedical Engineering Unit of the Hospital. The Technician from the Unit, who was factory trained on the machine, passed away in December 2007.

The machine was being used from year 2000 to 2006. At the beginning of year 2006, three Surgeons stopped using the machine for Lithotripsy treatment, as the results obtained were considered unsatisfactory. Only one other Surgeon used the machine from February to September 2006. The Surgeon was offered training for one year as from November 2006 in France. After his resumption in January 2008, he was himself taken ill and followed treatment abroad and has not been using the machine.

After the departure of the Surgeon to France in November 2006, cases were referred to J Nehru Hospital as the other Surgeons preferred to use the machine of this Hospital instead of that found at Victoria Hospital.

The machine had remained idle since September 2006 in the Lithotripsy Unit which was found closed.

Meanwhile, in September 2008, the Ministry was informed that the technology used in this machine was inferior to those at J Nehru and SSRN Hospitals. A request to purchase a new one was made. Tenders had already been launched.

I have recommended that the Ministry should explore all avenues to repair or upgrade the existing machine at Victoria Hospital before a new one is purchased.

Ministry’s Reply

The local supplier of the machine had carried out an assessment in December 2009, and had informed the Ministry that the machine could not be repaired, as it was not receiving support from the manufacturer.
The Biomedical Engineering Unit of the Ministry had recommended the write off of the machine as the life time of such machine was about seven years. A new machine had already been purchased and installed.

13.2.2 X-Ray Machines

Five X-Ray Machines were acquired in March 2005 for some Rs 28 million. These were installed at Victoria, Dr Jeetoo, Flacq, SSRN and Souillac Hospitals.

The machines were reported faulty on several occasions soon after commissioning. Some of them had remained idle for several months during the warranty period.

At Victoria Hospital, the machine had remained idle or out of use during the period 7 December 2005 to 25 July 2006. Since 7 December 2006, it was unable to do fluoroscopy due to faulty CPU.

At Souillac Hospital, the machine broke down eight times during the warranty period, and three times after the warranty up to 22 February 2008. The periods during which it remained idle/out of use due to breakdown varied from two to three months on certain occasions.

At Dr Jeetoo Hospital, it was stated that the machine was out of order since June 2006. At Flacq Hospital, it could not be used for about six months during the warranty period, and at SSRN Hospital, several breakdowns were noted, until there also, it was not possible to use it at all.

The representative of the machine from France was in Mauritius in May 2008 for technical inspection of all the five machines. According to his report, he attended to a few defects in the machine at Victoria Hospital. With regard to parts which needed to be replaced, the manufacturer would submit a quote. It was also reported that rain water had caused damage to the monitor and cable connected on the wrong side or badly connected. Image was not correct in “Fluoro” and “Rad” modes as rats had damaged the video cable inside the ducts.

At Dr Jeetoo Hospital, the Collimator on the Kristal Table was defective. With regard to the Table, everything was reviewed, with necessary adjustments and calibration done. He reported that the problem of the generator had been caused by a rat which had resulted in an explosion on the Power Input Board. A new Board received earlier from the supplier was installed.

Problems with the Kristal Table were reported at Flacq, SSRN and Souillac Hospitals. Defective parts were replaced where possible. All adjustments and calibration were carried out. At SSRN Hospital, the wires of the collimator were not connected in the proper order. Most had been cut and soldered at the wrong place.

A review of the situation regarding the five X-Ray Machines was carried out in August 2009.

At Victoria Hospital, the defective parts were not replaced. The machine was still functioning, but with X-Rays done in vertical position only, and it did not work under remote control.
At Flacq Hospital, after the maintenance, problems with the camera followed by the Collimator were encountered. It was found that certain repairs could not be effected locally and would have to be done abroad. Tenders were launched and the part was sent to South Africa for quotation which was awaited. Fluoroscopy could not be done. Subsequently, one motor failed, and in mid August 2009, the second one also broke down. The machine could not be used at all.

After the visit of the technical representative, the machine at SSRN Hospital did not work properly. Certain repairs had been carried out by the Biomedical Unit. However, since July 2008, only normal X-Ray was possible for special cases, not fluoroscopy.

The machine at Souillac Hospital was out of order again for two months from 5 August 2008. It was repaired on two occasions by the Biomedical Unit on 4 February and 24 April 2009, and broke down again on 23 June 2009. It was still out of order in March 2010, when a visit was made to the Hospital.

**Recommendation**

- The Ministry, when purchasing equipment should give due consideration to the maintenance aspect as this has a great influence on the optimal use of such equipment.

- The cost of an annual maintenance by the manufacturer should be requested as part of the tender. Sometimes, local suppliers are mere agents of the manufacturer, without proper technical support and qualified staff to carry out maintenance and repairs.

- Training to Biomedical staff should be considered a must, with details of training to be provided, free or otherwise, by the manufacturer and submitted with the tender.

**Ministry’s Reply**

- The X-Ray machine at Dr Jeetoo Hospital was in good working condition. Repairs were being carried out by Biomedical Engineering Technician as and when required. The Machine at Souillac Hospital is presently out of order. The spare part had been ordered and would be delivered by mid May 2010. At Victoria Hospital, spare parts recommended by the representative of the machine were ordered, but the supplier delivered wrong parts. Tenders had again been launched for the supply of the parts. Meanwhile, the machine was being used for normal X-Ray. At SSRN and Flacq Hospitals, the Main Flash Computers of both units were faulty. These were sent to South Africa for repairs, but could not be repaired, and had been sent to France. Once the repairs were completed, all the machines would be functional.

- For all current acquisitions of equipment, there is now an-inbuilt component of maintenance. Cost of annual maintenance would be included in all tenders. However, due to lack of local expertise, services provided were poor.

- User departments were required to include training when formulating requests for purchase of equipment.
13.2.3 Digital Mobile C – Arm Image Intensifier

Following tenders launched in September 2002, the contract for the supply, installation and commissioning of two digital Mobile C - Arms for the insertion of pace makers and other related procedures, and accessories (excluding Radio Translucent Tables) was awarded to a private company on 23 January 2004 for the sum of Rs 8,767,820 (VAT inclusive). One year warranty was to be provided as from the date of installation and commissioning. The two units were to be used at the SSRN and Dr Jeetoo Hospitals.

During the same exercise, it was decided, in November 2003, that fresh tenders would be launched in respect of the procurement of the two Radio Translucent Tables, since the selected bidder was unwilling to extend its bid validity period, and the next acceptable bid was considered excessively high.

Meanwhile, in February 2004, a request was made to the Ministry for the urgent upgrading and renovation of the side room of Ward A2 at Dr Jeetoo Hospital to accommodate the C–Arm Image Intensifier. The works included repair to leakages, floor tiling, partitioning for scrubbing area, air conditioning, enlargement of main door, provision of a new double door, provision of a second door, partitioning at the main entrance bay and lead lining. The contract for these works was awarded in February 2005, and the works were completed in May 2005. All electrical works were completed in August 2005. The equipment was delivered on site on 10 June, installed on 15 August and commissioned on 22 November 2005.

Following the decision taken in November 2003 for the procurement of the Radio Translucent Tables, three tender exercises were carried out. None of these exercises was successful as bids received were non responsive in two cases, while in the third one, the then Central Tender Board did not approve the recommendation of the Ministry on the ground that there was no indication in the Tender Documents of the amount of the longitudinal shift of the Radio Translucent Table. Tenders were again launched in October 2007 and the contract was awarded on 30 April 2008 for the sum of Rs 1.7 million (VAT inclusive). The Tables were delivered to SSRN and Dr Jeetoo Hospitals on 25 and 28 July 2008 respectively.

On 17 September 2008, a demonstration exercise was carried out at SSRN Hospital in view of the commissioning of the equipment. It was then found that “the table had no longitudinal sliding function, and hence did not meet requirements”. The supplier was officially informed about this matter in the same month, and on 9 October 2008 was requested to remove the equipment from SSRN Hospital. He was further informed in April 2009 that since he failed to provide operating tables with the right specifications, the order was being cancelled, and his performance security (Rs 170,000) forfeited. The equipment was removed from SSRN Hospital in October 2008 and from Dr Jeetoo Hospital in September 2009.

Another tender exercise for the procurement of same was carried out in June 2009. The contract for the supply, installation and commissioning of five Radio Translucent Tables was awarded to another private company in October 2009 for the sum of Rs 6,655,000 (VAT
inclusive). The equipment was to be delivered within 16 weeks from date of award, that is, by mid February 2010. The five Tables were received in March 2010.

Meanwhile, three additional Digital C-Arm Image Intensifier machines were acquired.

**Observations**

- The Digital C-Arm Image Intensifier could not be used optimally without a compatible Radio Translucent Table, which would improve the quality of the image. In the meantime, the one year warranty as from the date of installation and commissioning had expired.

- During a site visit carried out on 27 January 2010 at the Cardiac Catheterisation Laboratory at Dr Jeetoo Hospital, the Digital C-Arm Image Intensifier, which is a life-saving equipment, was lying idle. It was reported that the equipment has not been used during the past six months.

- At Dr Jeetoo Hospital, it was only in February 2004, that is, after award of contract for the supply of the C-Arm Image Intensifier that consideration was given as to the suitability of the prospective location for the equipment. The Ministry had taken about one year to award the contract for the renovation works at the side room of Ward A2. The equipment reached Mauritius in April 2004 and was kept in the warehouse of the supplier pending the upgrading, renovation and pre installation works. In his letter dated 19 October 2005, the Supplier pointed out that “such a high tech sensitive equipment is not recommended to be stored and remain inactive for more than a year”.

- Request for the digital Mobile C-Arm Image Intensifier, complete with the Radio Translucent Table, and specifications for same were submitted to the Ministry in 1999. The Tables with the right specifications were finally received in March 2010, that is, some ten years later. Such an inordinate delay is not acceptable, particularly as this concerned an essential item of equipment for the optimal use of the C-Arm Image Intensifier.

**Recommendation**

Procurement, especially in such a vital sector as health services, should be properly planned and action should be taken in a timely manner so as to provide quality service to the public and at the same time to obtain value for money.

**Ministry’s Reply**

- The Digital Mobile C-Arm Image Intensifier had since its commissioning been always functional. The equipment had been used for implantation of cardiac pacemakers.

- Five Radio Translucent Tables had been procured since March 2010, and all C-Arms are now fully operational.
Bidders are now required to make site visits at location identified for installation of equipment and to quote for any infrastructural works that need to be carried out.

### 13.2.4 Cardiovascular Angiography Examination System

The single plane Cardiovascular Angiography Examination System for the Cardiac Unit, Victoria Hospital, costing more than Rs 23 million was commissioned in March 2004.

The Angiography equipment caters for more than 500,000 inhabitants. Since its commissioning, there had been several breakdowns with long periods during which the equipment could not be used. During the warranty period itself, several expensive parts had to be changed. Since January 2009, major parts had been replaced for a total amount of about Rs 2 million.

On 15 January 2009, the equipment was out of order again for a period of approximately three weeks. On 10 May 2009, the CD recording system failed to record results of patients’ investigations. On 1 June 2009, the whole equipment was out of order due to repeated power failures. It was repaired and operational since 3 August 2009.

**Ministry’s Reply**

In spite of the fact that the Ministry had entered into a maintenance contract with the supplier of the equipment, the service provided had been unsatisfactory. In fact, there was a dearth of local expertise both in the public and private sectors. Thus, most of the time, recourse was made to overseas expertise. However, Mauritius being far away from Europe, North America and the Middle East, procurement of spare parts and identification of experts was time consuming, thus leading to long down time periods.

At times, even the foreign experts, including engineers from the manufacturers, were not able to repair the equipment to bring it to its optimum performance level.

At present, the machine is in good working condition. It is being closely monitored by the Biomedical Engineering Unit for some small calibration problems.

### 13.3 Procurement of Pharmaceutical Products

The procedures for the purchase of pharmaceutical products were examined. Information on these items was gathered from the Inventory System and from other records in Section A of the Central Supplies Division (CSD) and from Quotation and Order Files at the Procurement Unit of the Ministry.

#### 13.3.1 Cyclophosphamide 50mg Tablets

*Higher Price Paid for Same Item*
Two batches, each of 19,000 tablets of Cyclophosphamide 50mg, were received in May and June 2009 from two suppliers. The supply related to two separate orders for 2008-09, namely “Annual Tender for 2008-09” and “Purchase of Cytotoxic Drugs 2008-09”.

The quantity required as per the “Summary of Annual Requirements for 2008-09” was 19,000 tablets, so that having the two tender exercises for the same item was not justified. The previous receipt was in February 2008 when 18,000 tablets costing Rs 22,701 were delivered. The cost of one tablet was Rs 1.26.

The Letter of Award for the supply of the first 19,000 tablets relating to the “Annual Tender for 2008-09” was issued to a private company in December 2008 for a total cost of Rs 28,941. The consignment was received in June 2009, with expiry date of February 2011. Each tablet had cost Rs 1.52.

The Letter of Award for the supply of the other 19,000 tablets was issued to another company in February 2009 for a total cost of Rs 1,595,050, following a quotation exercise carried out in April 2008. The Central Procurement Board had conveyed its approval in September 2008 provided that the Ministry considered that the price was fair and reasonable. The tablets originated from a source different from that of the first order. The unit cost was Rs 83.95, that is, more than 55 times that from the other order.

15,000 tablets were received on 21 May 2009, and 4,000 tablets on 12 June 2009. The expiry date of the first batch is October 2010, and that of the second one is November 2010.

There was no mention of the price factor at the Ministry before award was made, although there was a considerable difference of more than Rs 1.5 million between what was last paid for and the present quote. It was also not explicitly stated in the file that the Ministry considered the price fair and reasonable, and that another order had been processed concurrently and award made in December 2008 to another supplier for the same item at a much lower cost.

It was confirmed at the CSD that no distinction was made between the different origins of the Cyclophosphamide 50mg tablets, and issues were based on earliest expiry date only. So far, no complaints had been received on previous stocks of this drug.

Two other items, namely Cyclophosphamide 500mg Injection (2,400 ampoules) and Ifosphamide 1g Injection (700 ampoules), included in the same award were also ordered, although the actual costs were about Rs 3 million and Rs 2 million respectively more than the estimated costs, which were based on previous purchases.

**Duration of Stock**

Based on the trend of consumption of Cyclophosphamide 50mg of some 1,300 tabs monthly at the time the orders were placed, the existing stock of some 11,660, together with the two orders, would have lasted more than three years.

In the meantime, there had been a reduction in consumption. As of 31 December 2009, there were 3,390 tablets (Expiry Date – August 2010) from the order received in February 2008, in addition to the 38,000 tablets received in May and June 2009. The monthly consumption was
about 700 for 2009. Based on these data, the stock of 41,390 as of 31 December 2009 was expected to last about 59 months, that is, almost five years up to about end 2014.

As the expiry dates are October and November 2010 and February 2011, it was expected that more than 30,000 tablets costing more than Rs 1.2 million will expire before use.

Ministry’s Reply

➢ The Cyclophosphamide 50mg tablets had been inadvertently repeated in two Tender Documents and escaped different levels of control.

➢ The difference in sourcing and country of origin of supplies of the Cyclophosphamide 50mg tablets, Cyclophosphamide 500mg Injection, and Ifosphamide 1g Injection explained the difference in price.

13.3.2 Beclomethasone Dipropionate Inhaler 100mcg Unidose x 200 doses

A quotation for the supply of several items, including Beclomethasone Dipropionate Inhaler, was launched in November 2008. Award was made to the successful bidder in April 2009 for the supply of 23,000 units of the inhaler manufactured by Company X for Rs 3,050,260. The cost per inhaler was Rs 132.62. The bidder informed the Ministry in July 2009 that the manufacturer was unable to supply same due to unforeseen circumstances evoked by the manufacturer itself. Hence, this award was cancelled and the Performance Bond of Rs 152,513 forfeited.

Another quotation exercise was launched for replenishment of stock as the above order had been cancelled. The award was made in November 2009 to another bidder for 10,000 inhalers for Rs 790,000 from Company Y. The unit cost was Rs 79. These were delivered in January 2010. No reason was given as to why only 10,000 inhalers were ordered when the cancelled quotation was for 23,000 inhalers as this order was being placed seven months later.

To face another outbreak of AH1N1 flu, another quotation was launched for several items, including the above inhaler. Award for 4,000 inhalers was made to a third bidder for Rs 1,288,680, that is, Rs 322 per unit in November 2009. The product was to be from the same Company X as above.

No link was made between this offer and the cancelled one which was to be from the same source. Each quotation exercise was treated in isolation. Confirmation should have been sought from the bidder as to the ability for the manufacturer to supply the product, after the latter itself having informed the previous bidder of its inability to do so.

In December 2009, the bidder informed the Ministry that due to manufacturing problems at Company X, the product would not be available until mid 2010. The bidder proposed an inhaler from Company Y at the same rendering price, with expiry date November 2012. The Ministry was asked whether this was acceptable. The offer was accepted by the Ministry on the same day, and the bidder immediately informed. The 4,000 inhalers were delivered in February 2010.
The inhalers received from the two orders were similar in all respects. They proved to be from the same manufacturer, with same batch number and expiry date. However, the 4,000 inhalers received in February 2010 had cost the Ministry much more than what had been paid for the previous order. The difference in price was about Rs 970,000 for the 4,000 inhalers.

As of end March 2010, payment had not yet been effected.

**Ministry’s Reply**

- The change in source proposed by the supplier was accepted by the Ministry on the understanding that the product would be sourced from the same country.

- No payment has been effected till date although the supplier had reduced the price from Rs 322 to Rs 139.

- The Mauritius Revenue Authority would be requested to scrutinize the original invoice before contemplating any action.

**13.3.3 Timolol 0.5% Eye Drops**

115,000 vials of Timolol Eye Drops costing Rs 1,454,500 were received within a 12 month period from March 2009 to February 2010. Table 13-1 refers.

<table>
<thead>
<tr>
<th>Date Received</th>
<th>Vials</th>
<th>Rs</th>
</tr>
</thead>
<tbody>
<tr>
<td>March 2009</td>
<td>Restricted Bidding</td>
<td>10,000</td>
</tr>
<tr>
<td>August 2009</td>
<td>Annual Tender 2008-09</td>
<td>40,000</td>
</tr>
<tr>
<td>August 2009</td>
<td>Restricted Bidding</td>
<td>15,000</td>
</tr>
<tr>
<td>February 2010</td>
<td>Annual Tender 2009-10</td>
<td>50,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>115,000</strong></td>
</tr>
</tbody>
</table>

Procedures for the two restricted bidding exercises started after the Ministry was informed in November 2008 of the presence of fungus in several vials of Timolol Eye Drops. Quotation procedures for the 10,000 vials received in March 2009 and the 15,000 vials received in August 2009 were launched on 19 November and 10 December 2008 respectively.

The annual consumption of the Eye Drops which was some 43,700 vials in 2007 had dropped to 37,600 vials in 2009. Furthermore, in view of the substitution of Timolol Eye Drops by Carteolol HCL Eye Drops, the Hospital Drugs Committee of the S. Bharati Eye Hospital had requested the Pharmacist of the Hospital to dispense Carteolol Eye Drops for all renewals bearing Timolol Eye Drops as from 6 January 2010. This would further reduce consumption
of Timolol. Since February 2008, the Committee had already requested that half the annual requirements for 2008-09 of 48,000 Eye Drops of Timolol be substituted by Carteolol.

**Observations**

- As the quotation for the two restricted bidding exercises had been launched within a short period of time (three weeks), information should have been sought properly before the second one was initiated. There was no justification for having more than one exercise.

- With regard to the batch of 10,000 vials, the urgent nature of the purchase was mentioned. However, according to the award made on 30 January 2009, delivery was to be between 12 and 16 weeks from date of award. There were more than five months between the date quotations were launched and the earliest delivery date. This contradicted the urgency evoked. As for the batch of 15,000 vials, the award was made about 13 weeks after quotation procedures were launched, with earliest delivery date being 4 May 2009. The 15,000 vials were actually received on 21 August 2009.

- No reason was given as to why the quantity of Timolol ordered through the Annual Tender for 2008-09 and 2009-10 had not been reduced by half as requested by S. Bharati Eye Hospital.

- As of 23 February 2010, there were 92,465 vials of Timolol Eye Drops in stock. This quantity might last more than 30 months based on the latest trends. As the expiry date of the last batch of 50,000 vials is October 2011, a significant quantity will expire before use.

**Ministry’s Reply**

- No supplier quoted for ex-stock or earlier delivery. Consequently, there was no alternative than to purchase from the compliant bidder with the proposed delivery schedule.

- User departments had been requested to maximise use of Timolol Eye Drops.

**13.3.4 Test Strips for Determination of Glucose in Blood**

A contract for the supply of 1,000 Glucometers and 60,000 boxes of 50 strips was awarded in September 2006 for the sum of Rs 13.8 million. In fact, the Glucometers were provided free of charge. The supplier started delivering the strips in December 2006.

In February 2007, adverse reports were received on the performance of the Glucometers. According to the supplier who inspected over 120 of these apparatuses, the meters were giving satisfactory response. On-the-spot training was provided on proper use of the equipment (for example, programming of the codes of strips, using adequate blood, and using the manuals).

In May 2007, an officer of the Ministry certified the acceptable performance of the equipment with good accuracy and precision in a technical report on the strips. The Ministry
accepted resumption of supply, and 45,000 boxes were delivered to the CSD by end of February 2008.

Further problems were encountered, and in October 2007, the supplier reported that the strips should have been stored in refrigerators, as instructed during a meeting in September 2007. He stated that the instruction had not been complied with, and hence, wrong results.

However, in another report submitted in March 2008 by the same officer as above, mention was made that “the Glucometers lacked accuracy and precision compared to other portable laboratory-based equipment, and they were just not reliable for proper patient management. Necessary action must be taken to remove them from circulation”. This report contradicted the one submitted in May 2007.

On 4 February 2009, the CSD reported that there was a stock of 10,103 boxes worth Rs 2,482,342, with expiry dates February, March, May and September 2009. No issues were made during the period July to November 2008. 561 boxes were issued in December 2008, and 1,056 boxes in January 2009.

On 30 March 2009, the Ministry requested the supplier to take back the stock, and to refund the value due to inaccurate and unreliable results obtained. The supplier refused.

At time of audit in October 2009, a stock of 10,346 boxes (some were returned by users) worth Rs 2,558,638 as per the Inventory System, had expired and was lying at the CSD.

Observations

- More than 80 per cent of the order had been used despite “Complaints”. The Glucometers had been found acceptable at evaluation, and according to a first report of an officer of the Ministry, the apparatuses were giving reliable results. After this report, the Ministry agreed to take the balance of 45,000 boxes, of which the major part was issued and used. The last batch was delivered to the CSD in February 2008. However, according to another report submitted by the same officer in March 2008, the Glucometers were not reliable for proper patient management.

- Complaints were received as to the defective nature of the Glucometers and/or test strips as from February 2007, and according to the report received by the Ministry in March 2008, the Glucometers lacked accuracy and precision. However, it was only in March 2009, that is, more than one year after the report was received and the last batch of strips delivered, that the Ministry requested the supplier to make arrangement for appropriate refund to the Ministry.

Ministry’s Reply

Several complaints about unsatisfactory results from these Glucometers were received. Hence, there was no alternative than to purchase other test strips on the local market to be used on other types of Glucometers available in Hospitals and which had given good results. Consequently, a substantial amount of test strips remained unused and expired in stock.
The Ministry had also initiated action to request the supplier to make a refund to the Ministry. However, the Procurement Policy Office advised that it would be unfair to consider the supplier to be at fault, as the delivery had been done in 10 instalments, and any complaints in respect of inaccuracy should have been reported earlier.

13.4 Claims for Dialysis Products Received Damaged

According to figures obtained at the CSD, 24,060 bags of 2000 ml Sodium Chloride 0.9% valued at Rs 1,804,500 were received damaged in several containers in July 2007. These were removed from the Inventory System. 6,800 pairs of gloves forming part of the kits were also damaged in the containers. These solutions and gloves are used for dialysis. However, only the cost of 19,986 bags of Sodium Chloride and 6,800 pairs of gloves (US $ 50,713) was claimed from the supplier.

This consignment had apparently been damaged as a result of the packing of the cartons containing the solution. In the past, these had been stacked in rows of nine, but for this consignment, there were rows of 11 cartons. The Insurance Company declined liability for this claim as it would appear that damage had been caused by the weight of the goods packed.

The Ministry informed the supplier in April 2008, that as no one was accepting liability, it has decided to deduct the amount from its Performance Bond. As the claim was against an order placed in 2005-06, the Bank Guarantee, which was submitted as Performance Bond for the consignment in December 2005, had already expired. The supplier refused that the Ministry deduct the sum of US $ 50,713 from the Performance Bond submitted for the current order.

At time of audit in March 2010, the Ministry has not yet been refunded the loss it had incurred.

Ministry’s Reply

The Ministry was liaising with the Public Procurement Office with a view to amending the Standard Bidding Documents by introducing a clause to the effect that only 90 per cent of payment would be released through Letter of Credit, and the balance upon safe receipts of goods.

On the other hand, the Ministry was still pursuing the matter with the supplier for the refund of the amount for the damaged goods. The supplier had pressed upon his Insurance Company to consider favourably the claim of the Ministry. The Insurance Company had carried out a survey of the damaged goods, and had requested the original of the documents for consideration. Same had already been submitted.
13.5 Central Health Laboratory

Further to paragraph 22.2 of the 2007-08 Audit Report, as of end of September 2009, the situation at the Central Health Laboratory had not improved significantly.

13.5.1 Infrastructure

The laboratory space had remained the same, except that the ex-dormitory rooms, as well as the ex-garage had been converted for the Blood Transfusion Service. The conversion of the ex-Conference Room of the Virology Department had been completed in August 2009 and a separate external gas room had been set up at the end of 2008.

13.5.2 Laboratory Information System

The System was operational with a new server and other hardware. However, due to a shortage of Data Entry Clerks, all laboratories were not making use of the System.

13.5.3 Computerisation of the Blood Transfusion System

There was delay in the implementation of the Computerisation of the Blood Transfusion Service. This was attributed to the unforeseen modification that was brought to the conversion of the garage to house the server room.

Ministry’s Reply

➢ Request for additional space at Victoria Hospital was under consideration. The most recent one concerned the setting up of a round the clock emergency laboratory service in the new Outpatient Department. Some space at the Pharmaceutical Laboratory to accommodate the new Biochemistry service had also been obtained and upgrading works were being carried out.

➢ The feasibility study of a new National Health Laboratory Services was underway.

➢ Request for additional IT Support Staff had been made to the Central Information Systems Division.