INTRODUCTION

1.1 Every country in the world has its own Supreme Audit Institution (SAI) in order to ensure the fair and proper execution of public finance.

The National Audit Office

The National Audit Office (NAO) is the SAI of the Republic of Mauritius. The Public Office of the Director of Audit has been established by the Constitution.

Mandate of the Director of Audit

Section 110 of the Constitution provides the Director of Audit with the mandate to audit and report on the public accounts of Mauritius and of all courts of law and all authorities and officers of the Government.

The same Section of the Constitution also provides that in the exercise of my functions, I shall not be subjected to the direction and control of any person or authority. This ensures the independence of the Director of Audit. Basic principle states that the objectivity of the auditor must be beyond question. That objectivity can only be assured if the auditor is seen to be independent.

Section 16 of the Finance and Audit Act requires the Director of Audit to satisfy himself that:

➢ All reasonable precautions have been and are taken to safeguard the collection of public money;

➢ All laws, directions or instructions relating to public money have been and are duly observed;

➢ All money appropriated or otherwise disbursed is applied for the purpose for which Parliament intended to provide and that the expenditure conforms to the authority which governs it; and

➢ 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.

The Finance and Audit Act, as amended by the Rodrigues Regional Assembly (RRA) Act 2001, contains the authority for me to audit and report upon examination of all accounts relating to public money, stamps, securities, stores and other property of the Regional Assembly relating to the Island of Rodrigues.

Audit Methodology

In the course of an audit, I am required to form opinions on the efficiency of works and services that come under my review and to report cases where, in my opinion, there has
occurred material waste, extravagance or lack of proper economy. To discharge this responsibility, NAO’s approach to audit involves the following:

- Planning the audit to obtain relevant information in the most efficient manner, and to determine the audit procedures to be employed. Planning involves understanding the business of the client, understanding the accounting and internal control, determining materiality and assessing risks.

- Evaluation and testing of the accounting and internal control systems.

- Testing of control to ensure that procedures have been applied and that the relevant laws and regulations have been complied with. Included is the testing of the validity, completeness and accuracy of the accounts.

- Reporting the audit findings based on the audit procedures performed together with appropriate recommendations.

The International Organisation of Supreme Audit Institutions’ (INTOSAI) Auditing Standards are used as guidelines in the conduct of the audit.

**Reporting**

Throughout the auditing process, audit findings are, as far as possible discussed with the management of the entities being audited. Following the discussion and having the concurrence of management, a Management Letter is issued. This consists of a formal, detailed report to the management of the audited organisation of NAO’s findings, conclusions, recommendations and audit opinions where appropriate.

After the end of the fiscal year/period, with my senior officers, I then discuss those matters that I deem to be of significance and of a nature to be brought to the attention of the National Assembly. These matters are brought to the attention of the respective Accounting Officers for their comments on the truth and fairness of my comments. Following their responses, I report, in my Annual Audit Report, those matters that I still consider need to be brought to the attention of the National Assembly together with, as far as possible, the comments of the Accounting Officers.

**Accounting Officer’s Responsibility**

It is the Accounting Officer’s responsibility to maintain proper financial systems. This involves keeping appropriate financial records, and where applicable, following generally accepted accounting practices. The responsibilities of management also include:

- Ensuring that public funds are only used to the extent, and for the purpose intended by the National Assembly; and

- The safe custody of assets and stores.
This Report to the Rodrigues Regional Assembly summarises the results of the audit work undertaken by NAO over the past eighteen months from 1 July 2008 to 31 December 2009. The comments received from Accounting Officers as of 30 June 2010 have been considered and a summary, where appropriate, is included in the Report.

Acknowledgement

I wish to place on record my gratitude and to express my heartfelt thanks to all the staff of the NAO for their continual support, commitment and valuable contribution. They have collectively performed their duties willingly with professional skill and dedication despite working in a not envious environment. This is highly appreciated. I would also like to sincerely acknowledge the cooperation and collaboration of the Island Chief Executive, the Departmental Heads and all their staff.

DR R. JUGURNATH
Director of Audit

12 July 2010
ANNUAL FINANCIAL STATEMENTS

2.1 Introduction

The Finance and Audit Act, as amended by the Rodrigues Regional Assembly (RRA) Act 2001, requires the Commissioner responsible for the subject of finance to sign and submit to the Director of Audit, within three months of the close of every fiscal year, statements showing fully the financial position of the Island of Rodrigues on the last day of such fiscal year.

The accounts of the RRA for the year ended 30 June 2009 were closed on 19 August 2009 and the approved statements were submitted to the National Audit Office on 25 September 2009.

The financial statements of the RRA are prepared on a cash basis and comprise a statement of assets and liabilities and other statements as required under Section 19(6) of the Finance and Audit Act.

It is the management’s responsibility to maintain proper financial systems. This involves keeping appropriate financial records, and where applicable, following generally accepted accounting principles. The responsibilities of management also include:

➢ Ensuring that public funds are only used to the extent and for the purpose intended by the National Assembly; and

➢ The safe custody of assets and stores.

The draft estimates, for the year ended 30 June 2009, were approved by the Regional Assembly on 1 April 2008. They were submitted to the Minister responsible for Rodrigues on 3 April 2008 and approved by Government on 15 April 2008.

2.2 Assets and Liabilities of the Rodrigues Regional Assembly

Assets and liabilities of the RRA for the past four fiscal years are shown in Table 1.
Table 1  Assets and Liabilities for the Past Four Fiscal Years

<table>
<thead>
<tr>
<th>Assets</th>
<th>2005-06 Rs</th>
<th>2006-07 Rs</th>
<th>2007-08 Rs</th>
<th>2008-09 Rs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank</td>
<td>15,350,176</td>
<td>14,361,830</td>
<td>64,706,292</td>
<td>41,830,099</td>
</tr>
<tr>
<td>Advances</td>
<td>16,702,814</td>
<td>18,900,529</td>
<td>19,117,947</td>
<td>24,446,654</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>32,052,990</strong></td>
<td><strong>33,262,359</strong></td>
<td><strong>83,824,239</strong></td>
<td><strong>66,276,753</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Consolidated Fund</td>
<td>238,838</td>
<td>2,171,545</td>
<td>25,210</td>
<td>33,509</td>
</tr>
<tr>
<td>Capital Fund</td>
<td>121,300</td>
<td>121,536</td>
<td>30,479</td>
<td>785,470</td>
</tr>
<tr>
<td>Deposits</td>
<td>14,307,361</td>
<td>11,774,137</td>
<td>63,177,372</td>
<td>38,130,966</td>
</tr>
<tr>
<td>Loan from Government of Mauritius</td>
<td>17,385,491</td>
<td>19,195,141</td>
<td>20,591,178</td>
<td>27,326,807</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>32,052,990</strong></td>
<td><strong>33,262,359</strong></td>
<td><strong>83,824,239</strong></td>
<td><strong>66,276,752</strong></td>
</tr>
</tbody>
</table>

The statement of assets and liabilities, being prepared on a cash basis, does not reflect all the resources available and commitments of the RRA at end of fiscal year. Non-current assets and liabilities such as pension and passage benefits are not disclosed therein.

2.2.1 Advances – Rs 24,446,654.

This represents the amount outstanding on motorcar and motorcycle loans as of 30 June 2009. Details are given in Table 2.

Table 2  Advances as of 30 June 2009

<table>
<thead>
<tr>
<th>Details</th>
<th>Amount Rs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rodrigues Regional Assembly (Members)</td>
<td>6,410,240</td>
</tr>
<tr>
<td>Motorcar loans to RRA Officers</td>
<td>15,041,587</td>
</tr>
<tr>
<td>Motorcycle loans to RRA Officers</td>
<td>2,994,827</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>24,446,654</strong></td>
</tr>
</tbody>
</table>

There was no documentary evidence in respect of the purchase of motor car/motorcycles for which advances amounting to Rs 789,068 were granted to three officers. Repayments of
advances were not effected for periods of 12 and 19 months respectively by two other officers who were granted leave without pay to be spent overseas.

The RRA stated that the officers concerned have been requested to submit the required evidence and to refund the arrears due and that legal actions are also envisaged in cases where the officers fail to refund the arrears due on their advances.

2.2.2 Deposits – Rs 38,130,966.

This figure represents amounts deposited with the RRA and includes an amount of Rs 3,681,536 in respect of “Sustainable Exploitation of Marine and Fisheries Resources in Rodrigues”. During the year 2008-09, an amount of Rs 1.1 million was transferred from the capital expenditure item “Marine Protected Area” to this Deposit Account. Also, as of 30 June 2009, no payment has been made from this amount.

This accounting treatment is not proper. The practice of retaining funds in deposit account for future payments is not in accordance with good government management principles.

2.3 Revenue and Expenditure of Rodrigues Consolidated Fund

The Abstract Account of Revenue and Expenditure of the Rodrigues Consolidated Fund is a summary of all recurrent revenue and expenditure of the Consolidated Fund.

The Rodrigues Consolidated Fund was established by Section 75D(b) of the Constitution, as amended by Act No. 32 of 2001, and consists of:

- such monies as may be appropriated by the National Assembly for the recurrent expenditure of the Regional Assembly and
- such other recurrent revenue as the Regional Assembly may lawfully collect.

2.3.1 Out-turn

The revenue of the Rodrigues Consolidated Fund for the year ended 30 June 2009 amounted to Rs 1,135,079,979 while expenditure totalled Rs 1,135,071,680, resulting in a surplus of Rs 8,299.

2.3.2 Recurrent Revenue

As shown in Table 3, actual contribution from the Central Government has exceeded the original estimates by Rs 158,180,432. Revenue from licences, receipts from public utilities and public services showed a shortfall in collection against the budgeted amount by Rs 5,493,190.
### Table 3  Budgeted and Actual Recurrent Revenue for 2008-09

<table>
<thead>
<tr>
<th>Items</th>
<th>Budgeted Rs</th>
<th>Actual Rs</th>
<th>Over the Budget Rs</th>
<th>Under the Budget Rs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contribution</td>
<td>957,450,010</td>
<td>1,115,630,442</td>
<td>158,180,432</td>
<td>-</td>
</tr>
<tr>
<td>Licences</td>
<td>3,700,010</td>
<td>1,599,990</td>
<td>-</td>
<td>2,100,020</td>
</tr>
<tr>
<td>Receipts from Public Utilities</td>
<td>586,110</td>
<td>394,082</td>
<td>-</td>
<td>192,028</td>
</tr>
<tr>
<td>Levy and Rates</td>
<td>10</td>
<td>-</td>
<td>-</td>
<td>10</td>
</tr>
<tr>
<td>Receipts from Public services</td>
<td>11,008,840</td>
<td>7,807,698</td>
<td>-</td>
<td>3,201,142</td>
</tr>
<tr>
<td>Rental of Government property</td>
<td>9,255,010</td>
<td>9,647,765</td>
<td>392,755</td>
<td>-</td>
</tr>
<tr>
<td>Interest, Royalties etc</td>
<td>10</td>
<td>-</td>
<td>-</td>
<td>10</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>982,000,000</strong></td>
<td><strong>1135,079,977</strong></td>
<td><strong>158,573,187</strong></td>
<td><strong>5,493,210</strong></td>
</tr>
</tbody>
</table>

Revenue collections and Government contribution for the past four fiscal years are shown in Table 4.

### Table 4  Revenue Collections and Government Contribution for the Four Fiscal Years to 2008-09

<table>
<thead>
<tr>
<th>Items</th>
<th>2005-06 Rs</th>
<th>2006-07 Rs</th>
<th>2007-08 Rs</th>
<th>2008-09 Rs</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue Collections</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Licences</td>
<td>1,744,123</td>
<td>2,131,220</td>
<td>2,487,131</td>
<td>1,599,990</td>
</tr>
<tr>
<td>Receipts from Public Utilities</td>
<td>231,464</td>
<td>393,875</td>
<td>408,665</td>
<td>394,082</td>
</tr>
<tr>
<td>Receipts from Public services</td>
<td>6,192,043</td>
<td>8,767,637</td>
<td>7,882,281</td>
<td>7,807,698</td>
</tr>
<tr>
<td>Rental of Government property</td>
<td>6,463,201</td>
<td>7,310,320</td>
<td>6,860,286</td>
<td>9,647,765</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>14,630,831</strong></td>
<td><strong>18,603,052</strong></td>
<td><strong>17,638,363</strong></td>
<td><strong>19,449,535</strong></td>
</tr>
<tr>
<td><strong>Government Contribution</strong></td>
<td>864,409,688</td>
<td>865,323,187</td>
<td>920,834,486</td>
<td>1,115,630,442</td>
</tr>
</tbody>
</table>

Total revenue collected by RRA for the year 2008-09 has increased by 33 per cent compared to the year 2005-06. Revenue collected in 2008-09 represented only 1.7 per cent of the total recurrent expenditure.

Central Government’s contribution is increasing year by year to reach Rs 1.1 billion in 2008-09.
2.3.3 *Recurrent Expenditure*

Recurrent expenditure is showing an increasing trend year by year up to 30 June 2009. There has been an increase of Rs 194,452,496 that is, some 20 per cent in recurrent expenditure for 2008-09 compared to the previous year as shown in Table 5.

*Table 5 Recurrent Expenditure for the Four Fiscal Years to 2008-09*

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Rs</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005-06</td>
<td>882,628,583</td>
</tr>
<tr>
<td>2006-07</td>
<td>881,993,532</td>
</tr>
<tr>
<td>2007-08</td>
<td>940,619,184</td>
</tr>
<tr>
<td>2008-09</td>
<td>1,135,071,680</td>
</tr>
</tbody>
</table>

2.4 *Revenue and Expenditure of the Rodrigues Capital Fund*

The Abstract Account of Revenue and Expenditure of the Capital Fund is a summary of all capital revenue of the RRA and of all its capital expenditure.

The Rodrigues Capital Fund was established by Section 75D(a) of the Constitution and consists of such funds as may be specified for the purposes of development.

Capital revenue for the year comprises grants from Government of Mauritius and capital expenditure comprises project expenditure and investment in private companies.

Total investments in private companies for the past two years amounted to Rs 24.7 million as detailed in Table 6.

*Table 6 Investments of RRA in Private Companies as of 30 June 2009*

<table>
<thead>
<tr>
<th>Name of Company</th>
<th>Date of Incorporation Rs</th>
<th>Total Investment Rs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rodrigues Trading and Marketing Co. Ltd</td>
<td>30.06.2006</td>
<td>3,500,000</td>
</tr>
<tr>
<td>Discovery Rodrigues Co. Ltd</td>
<td>15.11.2006</td>
<td>1,500,000</td>
</tr>
<tr>
<td>Rodrigues General Fishing Co. Ltd</td>
<td>08.06.2007</td>
<td>1,500,000</td>
</tr>
<tr>
<td>Rod Clean Co. Ltd</td>
<td>19.09.2007</td>
<td>5,188,590</td>
</tr>
<tr>
<td>Rodrigues Water Co. Ltd</td>
<td>29.10.2007</td>
<td>13,000,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>24,688,590</strong></td>
</tr>
</tbody>
</table>
2.4.1 Out-turn

The revenue of the Rodrigues Capital Fund for the year ended 30 June 2009 amounted to Rs 326,399,982 while expenditure amounted to Rs 325,644,991 resulting in a surplus of Rs 754,991.

2.5 Arrears of Revenue

The arrears of revenue for the past four years to 2008-09 are given in Table 7.

<table>
<thead>
<tr>
<th>Division/Unit</th>
<th>2005-06 Rs</th>
<th>2006-07 Rs</th>
<th>2007-08 Rs</th>
<th>2008-09 Rs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fisheries</td>
<td>45,492</td>
<td>57,842</td>
<td>52,424</td>
<td>49,269</td>
</tr>
<tr>
<td>Judicial</td>
<td>228,270</td>
<td>238,694</td>
<td>224,212</td>
<td>373,925</td>
</tr>
<tr>
<td>Rental of Government Property</td>
<td>4,754,110</td>
<td>4,497,454</td>
<td>6,460,787</td>
<td>7,414,144</td>
</tr>
<tr>
<td>Water Unit</td>
<td>615,485</td>
<td>704,231</td>
<td>890,231</td>
<td>1,264,385</td>
</tr>
<tr>
<td>Health and Sanitary</td>
<td>30,000</td>
<td>2,430</td>
<td>2,280</td>
<td>1,620</td>
</tr>
<tr>
<td>Rental of Snacks</td>
<td>269,187</td>
<td>445,220</td>
<td>393,945</td>
<td>381,420</td>
</tr>
<tr>
<td>NHDC Houses</td>
<td>-</td>
<td>-</td>
<td>131,491</td>
<td>260,040</td>
</tr>
<tr>
<td>Market Stalls</td>
<td>-</td>
<td>-</td>
<td>25,000</td>
<td>239,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>5,942,544</strong></td>
<td><strong>5,945,871</strong></td>
<td><strong>8,180,370</strong></td>
<td><strong>9,983,802</strong></td>
</tr>
</tbody>
</table>

- Rent due for the year-to-year leases of State Land (old leases) compiled by the RRA and amounting to Rs 1,469,834 as of 30 June 2009, was omitted in the Statement of Arrears of Revenue.
- The arrears figure for the Water Unit for the year 2008-09 as compared to 2005-06 has more than doubled from Rs 615,485 to Rs 1,264,385.
- As of August 2009, five stallholders were occupying market stalls although they had not paid the adjudication price totalling Rs 239,000.
- The total arrears figure for 2008-09 as compared to 2005-06 has increased by 68 per cent, that is, from Rs 5.9 million to Rs 9.9 million. Legal action was not initiated for the recovery of material arrears.

The RRA stated that procedures for write off of rent due for old leases were being initiated and arrangements were being made to include these arrears in the Statement of Arrears. It is envisaged to take legal steps to recover arrears in respect of market stalls and to review the present procedure of allowing bidders a delay to pay the said fees.
3.1 Training Programme for Unemployed

3.1.1 Background

In June 2007, a provision of some Rs 9.9 million was made under item “Training Programme for Unemployed” to meet payment of 50 per cent of the stipend to the 200 registered unemployed that would be offered a job placement. The programme aimed at training the unskilled unemployed people so as to increase their chance of obtaining an employment and to get a minimum income. The other 50 per cent were to be paid by the Human Resource Development Council (HRDC) under the Empowerment Programme.

However, the HRDC withdrew from the project on the ground that the Rodrigues Regional Assembly (RRA) could not fulfil one of its conditions, namely that the placement should be targeted to private institutions. In November 2007, the Executive Council therefore decided that the full costs of the training scheme would be borne by the RRA.

On 25 September 2007, a batch of 243 trainees was recruited although in June 2007, the Executive Council approved the placement of only 200 registered unemployed. Approval of the Council for the enlistment of the additional trainees was not seen.

The Executive Council had decided in June 2007 that a monthly stipend of Rs 3,000 would be paid to the trainees. In September 2007, however, an all-inclusive monthly stipend of Rs 3,500 was to be paid to the trainees and in November 2007, over and above the monthly stipend, the travelling expenses were refunded. As from 1 July 2008, the monthly stipend was increased to Rs 4,000.

3.1.2 Selection of Trainees

In June 2007, the Executive Council decided to invite interested registered unemployed to apply for one year placement for training under the Natural Resources Rehabilitation Programme. A Selection Committee comprising four representatives of the RRA was set up to examine the 3,790 applications.

The Selection Committee decided that the selection was to be made on the basis of the following criteria:

- Candidates having shown an interest in areas such as handicrafts, plumbing, agro-industry and so on;
- Candidates from different villages around the island;
- Priority of consideration to male candidates in view of family responsibilities and nature of work performed but some females are also considered;
Candidates falling in the very low income group possibly with many children/dependents, poor housing conditions and so on;

- A mix of candidates of different age groups and with different academic backgrounds. The duration of unemployment of applicants was not included among the selection criteria. The criteria adopted for the selection of candidates were not seen approved by the Executive Council.

3.1.3 Disbursements – Rs 24.2 million

During the period October 2007 to June 2009, the RRA had disbursed Rs 24.2 million for the payment of stipend, bonus and travelling to trainees who were posted in different Commissions. The Commission of Agriculture was responsible for the preparation of paysheets. The following shortcomings were noted.

- The terms of employment regarding absences were not spelt out in the letter of offer of placement.

- No proper procedures were set for the payment of stipend, bonus and travelling. Most of the Commissions were not submitting returns of attendances. The returns available at the Commission of Agriculture were incomplete, in different format, and were not submitted on a timely basis.

- The paysheets were not certified by the Departmental Head of the relevant Commission to the effect that the trainees were actually working during the month and had properly discharged their duties.

3.1.4 Duration of Programme

In September 2007, the trainees were offered a placement for training for a period of one year. On 1 September 2008, the one-year placement was renewed by the Executive Council for another year from 1 October 2008 to September 2009. Subsequently, the training period was further extended up to December 2009.

In June 2009, the Ministry of Finance and Economic Development stated that the RRA “shall liaise with the National Empowerment Foundation for alternative schemes for the Unemployed and shall not renew the traineeship of the 243 unemployed”.

3.1.5 The Objectives of the Programme

The training programme aimed basically at training unskilled unemployed to increase their chance of obtaining an employment. The specific objectives of the programme were as follows:

- to enable the unemployed get a minimum income that will benefit their families
to benefit from training in various fields which will enable them to secure an employment in the medium term

to execute the Natural Resource Rehabilitation Programme

to ease the miseries and the suffering of some of the unemployed

Training in Rehabilitation of Natural Resources and Trades

According to the letter of offer issued in September 2007, the trainees were to be trained in:

- manual duties in the field of soil protection and rehabilitation of natural resources and
- various trades including masonry, mechanic, carpentry, welding and plumbing and pipe fitting.

The 243 trainees were initially posted at the Rehabilitation Unit set up by the Commission of Agriculture, the implementing agency. As of August 2009, more than 60 per cent of them had been transferred to other Commissions. Particulars on the transfer such as dates, duration of traineeship, the nature of works to be performed and so on were not always available. Transfers were made in many cases, in view of shortage of manpower in certain Commissions or for administrative convenience.

Several trainees were performing duties other than those stated in their letter of placement. They were instead working as telephone operator or handymen while others were cleaning offices and yard.

Monitoring of Performance of Trainees and Employability.

The Programme aimed at enabling the unemployed not only to get a minimum income that will benefit their families but also to secure an employment in the medium term. There was however no proper system put in place to monitor the performance of the trainees and to assess the knowledge and skills acquired during their traineeship.

In October 2008, the Commission of Agriculture issued a circular requiring each Commission to submit a report concerning their work, conduct and performance. However, the following were observed.

- Most of the Commissions were not complying with the above circular in that some of them did not submit any reports on their work performance whereas the others were submitting for a few months only.

- Some of the reports on the performance of the trainees received at the Commission of Agriculture from other Commissions were not properly classified and filed.

- Reports submitted were in different formats and did not contain sufficient and adequate information to monitor the work, attendance/conduct and performance of the trainees.
**Conclusion**

Approval of the Executive Council for the recruitment of the 43 additional trainees under the Training Programme for registered unemployed was not seen. The criteria adopted for the selection of candidates were not seen approved by the Executive Council.

No assessment was carried out as to the extent of skills and knowledge that have been acquired by the trainees. A proper follow up of trainees was not done with a view to help them secure a job later.

The one year placement which was due to end in September 2008, was renewed up to December 2009. The duration of the Programme has so far covered a period of 27 months.

**RRA’s Reply**

The enlistment of the additional trainees was approved by the Chief Commissioner who thereafter apprised the Executive Council of his decision on 28 September 2007.

The Executive Council decided to increase the stipend in view of the significant contribution of trainees in implementation of projects and the increase in cost of living. Refund of travelling expenses was made on humanitarian ground.

The Executive Council had decided to renew placement on a month to month basis for a final period as from October to December 2009.

Trainees were transferred to other Commissions with a view to further develop their competencies and acquire further skills while being posted in those Commissions.
4.1 Construction of Roads and Resurfacing Works

4.1.1 The Roads Section

The Roads Section falls under the Commission for Public Infrastructure, Environment, Housing, Marine Parks and Transport of the Rodrigues Regional Assembly. It is responsible for the survey, design, defining the scope of works, estimation of cost, supervision of works and certification of claims from contractors for payment. The Section was manned by only an Acting Senior Engineer and an Assistant Inspector.

4.1.2 Disbursements - Rs 114 million

During the fiscal year 2008-09, only Rs 40 million were originally provided for the implementation of various projects for the maintenance, upgrading and construction of roads. However, this proved to be insufficient. The actual expenditure rose to Rs 114 million that is some threefold increase of the original amount provided for. This additional expenditure was met from - Rs 48 million from reallocation from other expenditure items and Rs 26 million from the Additional Stimulus Package. During the same period, the Commission had issued 18 works orders to a Contractor for a total amount of Rs 141 million.

4.1.3 Project Implementation

As the Section was manned by only two officers, there was no segregation of duties for the different functions of work pertaining to the implementation of projects. The Section had to cope with 18 works orders issued during 2008-09 over and above the other works orders issued prior to that period that had not yet been finalised.

The Commission had not been able to properly plan the works to be effected during the fiscal year under review and the budgeted amount required. No proper list of projects had been prepared. Projects should be subject to financial and technical appraisal before being implemented. As regards some projects, approval for extension of time was not seen. The inability of the Commission to properly assess the works had led the Contractor to submit a performance bond of only Rs 1 million instead of some Rs 14 million (representing 10 per cent of the total contract value of some Rs 141 million). Works orders were issued without ensuring that funds were available. Hence, in some cases, payments could not be effected due to unavailability of funds. The Commission of Youth and Sports, for instance, had not settled claims to the tune of Rs 2.4 million due to lack of fund for works done on their behalf. Due to delay in settling certain bills, interest amounting to some Rs 2.7 million had been claimed by the Contractor.
4.1.4 Renewal of Contract

In June 2007, tender for the maintenance, upgrading and construction of roads for the two fiscal years 2007-08 and 2008-09 was launched. In August 2007, the then Central Tender Board approved the recommendation of the Commission to award the contract for an initial period of one year (fiscal year 2007-08), renewable for another year, subject to satisfactory performance by the Contractor during the first year. The contract was awarded on 10 September 2007 as per “firm rates”, for the execution of works orders within the contractual period. However, a report on the performance of the Contractor for the first year was not seen prior to the renewal of the contract for another year.

4.1.5 Variation Works

The scope of works was not properly set on award of contract for the Works Order No 7- Resurfacing of Roads from G.L.Fouche Corail to Caverne Putate - Rs 12,717,838. During execution of works, the Contractor had recourse to variation works for which no prior written approval by the Engineer was seen. In this case, variation works totalling Rs 3,647,827, representing 28 per cent of the contract value, were paid to the Contractor. No approval from the Central Procurement Board was sought.

4.1.6 Delay in Completion/Extension of Time

Works were not always completed on time. Works Order No 7A – Project for the upgrading of road from Port Sud Est to Mourouk for an amount of Rs 27,929,445 was to be completed by 2 December 2008. An extension of time of two weeks was granted and the final completion date was rescheduled to 16 December 2008. However, on 17 June 2009, the Contractor requested for a practical completion certificate on the basis that all major works have been completed as of 10 March 2009. Neither the application nor the approval for extension of time to 10 March 2009 was seen. Hence, liquidated damages as provided for in the contract and amounting to some Rs 1.17 million had not been claimed from the Contractor. As of 20 July 2009, the amount paid totalled Rs 24,162,717.

Works Order 8A – Works for the upgrading of road from Caverne Patate to Riviere Coco for an amount of Rs 37,327,217 started in February 2007 and were expected to be completed on 30 April 2009. On 17 June 2009, the Contractor applied for an extension of time to 15 June 2009 without costs due to major change in the scope of works (30 days) and to inclement weather (11 days). Application for extension of time due to “major change in scope of works” was not made at time of change but at the completion date. There was no indication of any approval of major change in work. Also, there was no change in contract value. Evidence supporting application for extension of time due to inclement weather was not seen. However, the extension of 41 days had been granted.

In November 2006, Works Order 9A for the construction of roads from Malabar to Cooperative Road for an amount of Rs 16,923,300 was allocated to the Contractor. The duration of works was for a period of six months. However, on 4 April 2007, the Commissioner of Public Infrastructure approved the decision to freeze the project due to unavailability of funds. The extent of work executed by that date was not specified. On 2 April 2008, that is one year later, the same work was allocated to the same Contractor but
this time, for a contract value of Rs 19,334,612. This represented an increase of Rs 2,411,312, that is, 14 per cent over the original contract price. The expected completion date was 5 September 2008. The actual date of completion of work was not available. However, in June 2009, the retention money of Rs 992,622 was released without practical completion exercise being made.

4.1.7 Testing from Independent Sources

The terms of the contract provide that all tests required for materials used may be carried out in a laboratory approved by the Engineer of the Commission. However, testing of materials was only done at the laboratory of the Contractor. Core testing on completed works orders should have been done at an independent laboratory approved by the Engineer.

4.1.8 Revetment Wall at Oyster’s Bay - Rs 30.5 million

The dredging works at Oyster Bay as well as the construction of a “revetment wall” were estimated at Rs 25 million and Rs 10 million respectively. In April 2008, the Contractor was awarded a project - Works Order No. 16 for the building of a “revetment wall” for containing the dredged materials arising from the desilting work at Oyster Bay and also from Pointe Monier which would be undertaken by the Mauritius Port Authority. The contract value for the construction of the wall was Rs 30,499,150, that is, a threefold increase over the estimated cost of the project.

The works order was made under the contract for construction of roads. The “revetment wall” for containing dredged materials, not being a recurrent work, should not have been made under the general contract for roads. Tenders from contractors having relevant experience in this type of work should have been called for.

The revetment wall was completed on 30 June 2008. As of June 2009, a total amount of Rs 26,325,949 was paid to the Contractor. The retention money of Rs 2,289,213 had already been released. As of 7 August 2009, dredging materials had not yet been deposited within the wall structure. The contract was executed without any feasibility study being carried out on the dredging works at Oyster Bay and Pointe Monier.

In February 2009, the Mauritius Ports Authority pointed out that it would be more appropriate to await the findings of a study, prior to the undertaking of dredging works at Oyster Bay. In March 2009, the Commission therefore proceeded with the award of a feasibility study service for the development of a fishing port at Oyster Bay to provide berthing facilities for fishing vessels. Moreover, the study would include a report outlining the possibilities for constructing port facilities at various locations and would also assess the location of the “revetment wall”.

It is worth noting that the above study should have been carried out before the construction of the “revetment wall”.
Conclusion

The Commission had not properly planned a comprehensive list of projects to be executed during the fiscal year and to estimate the funds needed. Hence, for the fiscal year under review, total expenditure incurred amounted to Rs 114 million, that is, a threefold increase over the original estimated amount. In one project, variation works totalling Rs 3,647,827, representing 28 per cent of the contract value, were paid to the Contractor for which no approval from the Central Procurement Board was seen. In two other cases, no approval was seen for the extension of time. An amount of Rs 2.7 million was claimed by the Contractor as interest for late payment. The Contractor had submitted a performance bond for Rs 1 million, instead of 14 million, that is 10 per cent of the total contract value. No feasibility study was carried out before constructing the “revetment wall” at Oyster Bay.

4.2 Housing and Rehabilitation Programme

4.2.1 The Role of the Housing Unit

The Housing Unit falls under the Commission for Public Infrastructure, Environment, Housing, Marine Parks and Transport of the Rodrigues Regional Assembly (RRA). The role of the Unit is to provide support to people of the vulnerable groups and the elderly in terms of services, advice and provision of building materials for repairs of their houses and to construct social housing units for the underprivileged.

The Unit also acts as agent for the implementation and monitoring the grant for the casting of roof slab scheme for a Housing Company.

4.2.2 Disbursements – Rs 35.6 million

The RRA has during the fiscal years 2006-07, 2007-08 and 2008-09 disbursed some Rs 14.7 million, Rs 17 million and Rs 3.9 million respectively for the projects under the Housing and Rehabilitation Programme. The figure for 2008-09 represents only 23 per cent of the amount spent during the previous fiscal year.

For the period March 2004 to July 2009, financial assistance amounting to Rs 33 million was disbursed to some 1,000 beneficiaries under the roof slab scheme for a Housing Company.

4.2.3 Scheme for the Construction of Low Cost Housing Units for the Vulnerable Groups

Under this Scheme which became effective since 2006, beneficiaries were to be provided with building materials to help them to construct their houses as per approved drawings. As the criteria for eligibility of building materials were not defined at the start of the Scheme, therefore, it has not been possible to ascertain whether the selected beneficiaries were effectively eligible for grant under this Scheme. The unsatisfactory features included the following:
In May 2009, a supplier was awarded a contract for the supply of 320 doors, 640 windows and 160 “impost” at a total cost of Rs 5,152,000. A programme of work was not submitted by the supplier as required under the contract. As of July 2009, the supplier failed to supply and fix doors and windows to 23 beneficiaries. However, the RRA did not take necessary action against the supplier as required in the contract.

The cost of building materials, doors, windows and imposts were estimated at Rs 138,218 for each beneficiary. The materials supplied to them should exclusively be used to build the housing units as per approved drawings. However, this condition was not specified in the agreement entered with the RRA. 29 beneficiaries have not built their houses as per drawings and adjustments of openings to fit in the windows and doors had to be made.

The number of beneficiaries being provided with building materials under this Scheme increased from 157 as of December 2007 to 163 as of July 2009. No approval in respect of the additional beneficiaries was seen.

Although it was stipulated in the agreement that the construction of the house should be completed within a time frame, this was not set. Also, no penalty clause was provided for non compliance with terms and conditions of the contract. Three beneficiaries who were provided with building materials since November 2006 have not started their construction. Progress of work in 27 other cases was at “beam” level due to financial constraints on the part of the beneficiaries. The houses of seven beneficiaries had not progressed to required levels although they were granted all outstanding materials.

There was no proper monitoring of the construction works to ensure that building materials delivered to beneficiaries were used to that effect. Concrete blocks issued to beneficiaries were used for purposes not originally intended for. These were used for the construction of septic tanks and/or water tanks.

**4.2.4 Scheme for the Rehabilitation of Houses for Elderly Citizens**

Under this Scheme, the RRA was to provide construction materials to senior citizens for the construction of a new or the renovation of their old corrugated iron sheets (CIS) houses as well as to supervise the works while the beneficiaries were to provide labour. Some Rs 2.8 million were disbursed during the financial year 2008-09.

**Criteria for eligibility**

The criteria for the eligibility of construction materials under this Scheme were not seen approved by the Executive Council. The term ‘senior citizen’ was not defined. To be fair and equitable, the beneficiaries should be over and above 60 years. However, in 54 cases, beneficiaries were below 60 years.

**Control and Monitoring of Project**

Control and monitoring of the project was inadequate. The status of the rehabilitation work on houses of beneficiaries was not available at the Housing Unit. Monitoring of work was not
done in a systematic way once the materials were delivered. As such, it could not be ascertained whether all the materials issued were used to that effect.

Houses of beneficiaries were built larger in size thus necessitating CIS of nine feet long instead of seven feet long with additional requirements of timber amongst others. 1,255 and 942 CIS of nine feet and ten feet long were issued to that effect. In some cases, materials were issued in excess of requirements.

As of July 2009, the number of new houses built or repaired was not available. A status report on the number of beneficiaries who have already constructed and repaired their houses was also not available. No action was taken to recover the materials issued to a beneficiary who passed away in May 2008. Apparently, the materials were taken away by a relative without the approval of the Housing Unit.

4.2.5 Construction of 108 Low Cost Housing Units in Rodrigues

In January 2003, a contract for the construction of 108 housing units of 28.31 m² each was awarded for the sum of Rs 18,478,600. Subsequently, in September 2004, the Executive Council agreed to reduce the number of houses from 108 to 83 but as per new layout, now with an area of 33.09 m² each and at the same contract value. There was no downward revision of the contract value although there was an overall decrease in the total area of the housing units by 311 m². In September 2004, the contract value was revised to Rs 20,217,153 that is an increase of Rs 1,738,553 representing the cost of providing fibre glass septic tanks.

The project was not properly planned and designed. The size of the units was increased by some five square metres each. The septic tanks were provided 20 months after award of the original contract. However, only 19 out of 83 septic tanks were installed. In March 2006, the Contractor had expressed its intention, not to proceed with the fixing of septic tanks on the remaining sites. No action was taken for the fixing of the remaining septic tanks.

Retention money of Rs 923,930 was released in spite of the above and even though remedial works during the defect liability period had yet to be carried out.

4.2.6 Government Grant for Casting of Roof Slab Scheme

The Commission for Public Infrastructure, acts as agent of a Housing Company for the implementation and the monitoring of the grant for the casting of roof slab scheme. However, a Memorandum of Understanding between the Commission and the Company was not seen to establish the criteria to be used for the eligibility for the grant, the monitoring requirements, the records to be kept and also the responsibilities of each party to the Scheme.

For period March 2004 to July 2009, financial assistance amounting to Rs 33 million was disbursed to some 1,000 beneficiaries for the purchase of building materials for casting of roof slabs. The Conditions attached to the grant included that the building be used exclusively for dwelling purposes, be of an area not exceeding 150 m², extension should be vertical and slab should be cast within six months from disbursement date.
However, these conditions were still not complied with despite repeated audit comments during the past years.

The Commission did not maintain a database of the beneficiaries. Such database would minimize the risk of errors and overpayments, e.g. double payment for the same slab cast. A copy of the Agreement signed between the Housing Company and the beneficiary was not available at the Housing Unit.

Amongst the conditions set by the Housing Company, the payment of financial assistance is for roof slabs of up to 100 m², provided that the total area does not exceed 150 m². The grant for those roof slabs below 100 m² is computed on a pro-rata basis and payments are made after the constructions have attained beam level. It was observed that in two cases, financial assistance totalling Rs 119,580 were provided for houses having more than 150 m², contrary to the conditions set. It was stated that though the area as per building plan exceeded 150 m², the payment of grant was recommended if the area of the building did not exceed 150 m² at the time of measurement.

Horizontal extension with an independent access was still considered despite the fact that eligibility for financial grant was for vertical extension. Most of the extension of houses applied for and approved were of horizontal instead of vertical extension. Also, these were not provided with an independent access.

There was no follow up to ensure that the beneficiaries of grant had cast their roof slabs. During site visits effected in August 2009 jointly by my officers and those of the Commission, it was observed that some beneficiaries who benefitted from grant since as far back as March 2005, have still not cast their roof slab. Others had leased their houses to foreigners instead of being used for their dwelling. The Housing Company had been informed of the situation but no remedial action was taken.

An application for grant was approved and Rs 20,340 paid to a beneficiary in July 2009 without evidence that the roof had been rechecked during rainy season before deciding if the slab had to be demolished and reconstructed as requested by the Engineer in January 2008.

In July 2008, two applicants were granted amounts of Rs 34,430 and Rs 37,290 respectively for demolition and reconstruction of slab. However, there was no evidence to confirm that the slabs had been pulled down and new slab cast. In another case, an applicant used the grant to fix CIS on the roof of his house instead of casting of slab.

Once payments have been made to the beneficiaries, an effective monitoring mechanism has to be set up to ascertain whether the financial assistance provided for the casting of roof slabs was effectively used to that effect.

**Conclusion**

The Housing Unit did not properly manage the Schemes. Adequate records were not kept and there was no proper monitoring mechanism to ensure that the beneficiaries have used the grant/benefits received as originally intended. Registers for recording particulars of beneficiaries of the different support Schemes as well as a database of the beneficiaries of the different Schemes were not maintained in order to minimise the risk of errors and
overpayments and for follow-up purposes. A Memorandum of Understanding between the Housing Company and the RRA needs to be signed setting out the responsibilities of each party under the Casting of Roof Slab Scheme.
Water Resources Unit

5.1 Collection of Water Charges

5.1.1 General

At paragraph 7.1 of the 2007-08 Audit Report, I drew attention to the delay in the finalisation of the Water Rates Regulations (WRR) as well as lack of appropriate action to recover the arrears of water rates. Over the past years, the RRA has spent some Rs 558 million on water development projects in Rodrigues, representing 60 per cent of the total value of the projects.

During the period under review, the Water Resources Unit (WRU) took the following measures to improve collection of water charges:

- A Cash Office was operational at the WRU at Malabar since January 2009.
- Data concerning arrears of water rates were being compiled and the revenue registers were being updated.

5.1.2 Water Management and Distribution

Several studies and surveys regarding the management and distribution of water were carried out over the past years. Various recommendations were made to encourage economic use of water, reduce wastage and loss in the water network. These include amongst others, the installation of water meters and introduction of an adapted and equitable water rates tariff.

Water Rates Regulations

The existing WRR which regulate the supply and payment of water charges in Rodrigues, dated as far back as 1928, and are therefore outdated. In June 2007, the Commission initiated action for the amendment of the WRR which would among others, make households pay for water based on consumption. In August 2008, a draft copy of the Rodrigues Regional Assembly Water Rates Regulations 2008 was submitted to the Executive Council for approval. These were not finalised as at time of audit in August 2009.
Water Tariff

As per WRR, the owner or occupier of premises supplied with a “prise” in Rodrigues is required to pay a water rate at Rs 22 per annum. The installation of 8,000 water meters, bought by the Commission in November 2002, was finally completed in January 2009, that is, seven years later.

Up to now, a water rates tariff has not been set up as the relevant WRR have so far not been finalised.

I was informed that the management and distribution of water was to be taken up by the Rodrigues Water Company Ltd. It is noted that the private company was set up since 29 October 2007 and in which the RRA had already invested Rs 13 million.

5.1.3 Arrears of Water Rates

Many owners or occupiers of premises supplied with a “prise” were not paying the water rate. Users in the domestic, commercial and industrial sectors were all being charged the same tariff. As per Census of Economic Activities 2007, there were 2,480 small establishments in the industrial sector in Rodrigues. These include 197 hotels and restaurants as well as 620 units in the manufacturing sector.

The arrears of revenue of the water rates continue to increase as shown in the Table 8.

Table 8 Arrears of Water Rates

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Arrears Rs</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003-04</td>
<td>279,717</td>
</tr>
<tr>
<td>2004-05</td>
<td>387,679</td>
</tr>
<tr>
<td>2005-06</td>
<td>615,485</td>
</tr>
<tr>
<td>2006-07</td>
<td>704,231</td>
</tr>
<tr>
<td>2007-08</td>
<td>890,231</td>
</tr>
<tr>
<td>2008-09</td>
<td>1,264,385</td>
</tr>
</tbody>
</table>

The following were observed:

- The amount of arrears increased by Rs 374,154 from 2007-08 to 2008-09.
- The figures as shown in the RRA Financial Statements (Rs 1,264,385) and those submitted by the WRU (Rs 1,268,367) did not agree.
Legal action against the defaulters so as to recoup the arrears, was not being initiated by the Commission.

It is recommended that the RRA should promptly finalise the WRR as the installation of water meters has long been completed. This will help in generating further revenue to recoup some investment in the water sector.

There is a need to complete the compilation of data on arrears for water rates and initiate appropriate action to recover all amounts due.

**RRA’s Reply**

The European Union has financed a study on the operation of the Rodrigues Water Company Ltd including a proposal for appropriate tariff. Once the report which was due in December 2009, has been finalised, the introduction of a water rate would be envisaged.

Reminders were being sent to those who have not effected payment of water rates.

The UNDP has agreed to finance the enlistment of experts for the drafting of a Water Regulation. As at November 2009, the TOR has been advertised and the Consultant will be selected shortly. Once the regulations have been drafted, same would be referred to the RRA for enactment.

### 5.2 Capital Projects

#### 5.2.1 General

Over the past five years, the Commission for Water Resources has disbursed some Rs 278 million for the procurement of goods, works, consultancy and other services. The following unsatisfactory features have been observed in five projects implemented by the Commission estimated to cost some Rs 84 million and for which expenditure of some Rs 63 million had already made as of 30 June 2009.

- In February 2009, the Rodrigues Regional Assembly (RRA) awarded a contract for the rehabilitation of a dam for a sum of Rs 18.5 million to a Contractor who was involved in the maintenance, upgrading and construction of roads in Rodrigues. The matter was not referred to the Central Procurement Board (CPB) although the contract falls outside the purview the Commission. A tentative scope of works in July 2008 was estimated at Rs 1.4 million. This was reassessed six months later at Rs 17 million. Supervision and certification of claims submitted by the Contractor from February to June 2009 was made by a private company.

- Projects were implemented with delays due to inadequate planning including identification of appropriate sites.

- In respect of one project, the RRA had only been able to identify appropriate sites for the installation of two water purification plant more than two months after award of contract
in December 2007. Liquidated damages as provided for in the contract were not applied for delay in execution of works. The officers of the RRA were only trained to operate the plant one year after the commissioning exercise instead of prior to that date. Three purification plant were operating for more than a year without being provided with a telemetry system for controlling the water inflow and outflow as well as the water levels in the tanks.

- Change in location for one project in respect of two desalination plant has entailed additional cost of Rs 517,000 and unwarranted waste of public funds of some Rs 450,000.

- The RRA had paid an amount of Rs 409,105 as interest to a Consultant for late payment of claims in respect of a contract entered in 2002 for provision of consultancy services for a desalination project. The scope of works comprised inter alia site investigations, tender preparation and evaluation, supervision. The Consultant completed the assignment only up to preparation of the tender documents in August 2006.

- Liquidated damages of Rs 129,710 were not charged to a Contractor for delay in completion of works. As of August 2009, the Contractor had not made any payment. However, the Commission had not acted upon the advice of the Legal Adviser of the RRA to sue the Contractor after issue of a “Mise en Demeure” for non-payment.

5.2.2  Procurement Threshold

Financial instructions made under the Finance and Audit Act is applicable to Rodrigues and the accounts of the Regional Assembly as provided under the RRA Act. The Public Procurement Act (PPA) 2006 proclaimed with effect from 17 January 2008, also applies to the RRA. The RRA is thus required to refer all major contracts above the prescribed amount to the CPB. The threshold amounts have been increased from Rs 5 million to Rs 15 million as from 1 July 2008.

5.2.3  Desilting and Rehabilitation of Cascade Pigeon Dam - Rs 18,562,368

In July 2008, following a site visit at Cascade Pigeon by the Commissioner for Agriculture, Natural Resources Rehabilitation and Water Resources and members of the National and Regional Assembly, it was decided to urgently proceed with the desilting and upgrading of the dam and its upstream structures to enable exploitation of water from the dam for domestic purposes so as to alleviate water problems encountered by the inhabitants of Port Mathurin and the vicinity.

Design and Cost Estimate

A tentative scope of works supported by technical drawings for the rehabilitation of the dam was estimated at Rs 1.4 million in July 2008. Six months later in January 2009, this was reassessed at Rs 17 million. The works were to consist of the desilting of the actual basin, increase in height of the existing dam including consolidation works of the foundation and provision of a proper spillway.
Non Compliance with Public Procurement Act and Financial Regulations

Following the Executive Council’s approval on 30 January 2009, the Commission for Public Infrastructure issued a works order for an estimated sum of Rs 18,562,368, on 13 February 2009 to a Contractor who was involved in the maintenance, upgrading and construction of roads in Rodrigues. The matter was not referred to the CPB as required under the PPA although the contract value exceeded the prescribed amount of Rs 15 million.

Financial Regulations stipulate that civil works should be supervised either by the Commission for Public Infrastructure or contracted out in which case, specific procedures have to be followed for the appointment of the Consultant. In February 2009, the supervision and certification of payments was entrusted to a private company. An agreement setting out the terms of appointment was not seen.

Payments made to the Contractor were based on rates specified in the Schedule of Rates for maintenance, upgrading and construction of roads in Rodrigues. As of 31 July 2009, the total amount paid to the Contractor, was Rs 15,405,555.

RRA’s Reply

- The first exercise in respect of design and cost estimate for desilting and rehabilitation of Cascade Pigeon Dam was just a preliminary and tentative exercise carried out by an Inspector of Works whereas the second estimate was that of a registered Professional Engineer.

- The private company is an RRA-owned company. Supervision was entrusted to the company due to the absence of a qualified Civil Engineer within the Commission for Water Resources. No payment was being effected to the company for the supervision of the works.

5.2.4 Supply, Installation and Commissioning of three Containerised Reverse Osmosis Brackish Water Purification Plants - Rs 15,006,895

On 24 December 2007, the contract for the supply, installation and commissioning of two containerised reverse osmosis brackish water purification plants at Camp Du Roi and Baie Topaze boreholes was awarded for the sum of Rs 9,164,062.

On 18 April 2008, another contract for the supply, installation and commissioning of an additional purification plant at Fond La Digue borehole was awarded to the same Contractor for an amount of Rs 5,842,833.

The works for both contracts were to be carried out within 12 weeks from the date of award of the contract.

As of July 2009, payments totalling Rs 14,256,551 have already been effected in respect of the two contracts.
Delay in Completion of Works and Liquidated Damages

The contractual dates for the completion of the works at Camp Du Roi and Baie Topaze were 17 March 2008 while that at Fond La Digue was 10 August 2008. The sites which were originally identified by the Commission for the installation of the plant were not found suitable and the Commission had only been able to identify appropriate sites for the installation of the purification plant at the end of March 2008, that is, more than two months after the award of the contract for the first two plant.

Commissioning of the plant at Fond La Digue was done on 22 August 2008 while the two others were done on 13 August 2008. Hence, there were delays of 12 days and five months respectively. Liquidated damages were not applied for late completion of works. The Departmental Tender Committee agreed not to apply liquidated damages on the ground of fairness. Even after taking into consideration the delay in identifying appropriate sites by the RRA, the completion date was exceeded for more than a month. Decision to apply liquidated damages does not rest with the Departmental Tender Committee but with the Commission.

Training

Training to the staff of the Commission was provided by the Contractor only in September 2009, that is, more than one year after commissioning of the three plant.

Maintenance and Operation Contract

On 22 September 2008, the Commission entered into a Maintenance and Operation contract for the plant with the same Contractor for a period of three years renewable every year, at the cost of Rs 245,115 per month. As of 28 July 2009, payments totalling Rs 2,206,035 were made to the Contractor for the period October 2008 to June 2009 although many contract conditions were not fulfilled. A telemetry system among others was not provided and installed by the Contractor at each site within three months as from the start of contract, that is, by 22 December 2008. The telemetry systems were to control water volumes both for inflow and outflow as well as water levels in the water tanks.

RRA’s Reply

The Contractor would install the telemetry systems by the end of October 2009. In the meantime, the controlling and monitoring of water produced by the plant were being done manually.

5.2.5 Supply, Installation and Commissioning of two Containerised Seawater Reverse Osmosis Desalination Plants – Rs 34,755,267

The approval of the Executive Council for the installation of two desalination plant at Songes and Pointe Venus was sought and obtained on 28 September 2007. The Commission awarded the contract for the supply, installation and commissioning of two containerised sea water
reverse osmosis desalination plant on 24 May 2008 for the sum of Rs 34,755,267. Certain civil works were to be carried out by the Commission. During the same month, another contract was awarded for the sum of Rs 2,819,731 to a building Contractor for the construction of access roads and concrete platforms at Songes and Pointe Venus for the two purification plant. Payment was effected in June 2008.

Change in Location of Site and Unwarranted/Additional Expenditure.

The Contractor was informed that both plant had to be installed at one location only, that is, at Songes in January 2009. The approval of the Executive Council was obtained on 6 February 2009. The change in location from Pointe Venus to Songes has resulted in:

- Unwarranted expenditure of some Rs 450,000 being the cost of the access road and platform at the Pointe Venus site and

- Issue of new engineering, documentation and purchase of new materials as well as modification of control panel for which the Commission disbursed an additional amount of Rs 517,000 to the Contractor with the approval of the CPB.

Delay in Completion of Works.

The desalination plant had to be supplied, installed and commissioned within 12 weeks of the letter of award that is by 16 August 2008. However, the commissioning of the plant was completed on 9 April 2009 and 10 May 2009 that is with a delay of eight months for the first plant and nine months for the second one. The reasons for delay in execution of works were attributed to:

- Civil works for both sites were not completed by the Commission within the agreed time

- The Contractor was only informed that both plant had to be installed at one location only, that is, at Songes in January 2009.

As of 21 July 2009, payments totalling Rs 28,983,021 were made to the Contractor for the two desalination plant in April and June 2009. Liquidated damages amounting to Rs 3,276,786 representing ten per cent of contract value were deducted from the payment effected in June 2009 for delay in completion of work.

In July 2009, the Commission sought the approval of the CPB to waive 50 per cent of the liquidated damages in view of the circumstances beyond the Contractor’s control. The CPB advised the Commission to follow strictly the conditions of the contract.

RRA’s Reply

The change in site was warranted due to the decision to rehabilitate Cascade Pigeon dam and the need for desalination in the north was no longer warranted. The water situation in the southern region is more critical than in the northern region.
5.2.6 Consultancy Services for the Construction of a Desalination Plant in Rodrigues—Rs 13,790,304.

In April 2002, the Ministry of Local Government and Rodrigues (Rodrigues Division) (whose rights and obligations were thereafter vested in the RRA), entered into an agreement with a Consultant to provide consultancy services for a desalination project in Rodrigues.

Outstanding Claims

According to the records of the Commission, the contract was awarded for a total sum of Rs 10,903,178 (Euros 241,311 and Rs 3,529,004). On 19 March 2004, the Executive Council approved a variation of the existing consultancy contract which was revised to Rs 13,790,304 (Euros 241,186 and Rs 5,603,936). The scope of works comprised site investigations, tender preparation and evaluation, supervision and training.

The Commission stated that as of 12 April 2007, there was only one component that is, site investigations which was fully carried out by the Contractor from 30 November to 3 December 2004. With respect to the preparation of tender documents, this exercise had not been completed as the meeting scheduled in Rodrigues to finalise and approve the draft tender documents was never held. Payments effected as of 12 April 2007, amounted to Rs 1,809,191. The Commission however did not agree with the outstanding invoices submitted by the Consultant.

Mise en Demeure and Payments following Court Judgement.

On 18 June 2007, the Consultant put a case by way of a “mise en demeure” ordering the RRA to pay the outstanding invoices. On 7 August 2007, another “mise en demeure” was served ordering the RRA to pay:

(a) Euros 63,156 and Rs 264,797 as well as VAT amounting to Rs 557,673

(b) Rs 1 million as damages.

The RRA was summoned to appear before the Supreme Court of Mauritius on 24 January 2008. However, no representative of the RRA appeared in Court and the case was postponed to 5 February 2009. In virtue of the judgment delivered by the Supreme Court of Mauritius, the RRA agreed to pay the amount claimed as stated at (a) above, together with the costs and interests at the legal rate as from 18 June 2007 until final payment.

A payment of Rs 4,035,070 was made in April 2009. This includes an amount of Rs 409,105 as interest for late payment of claims.

In addition to the above, in March 2009, the RRA has disbursed an amount of Rs 143,750 as fees to RRA’s Legal Adviser.
**RRA’s Reply**

The matter was referred to the Legal Adviser as the Consultant had completed his assignment up to the preparation of the tender documents since August 2006. RRA was bound contractually to pay the amount due, that is, it was in the interest of RRA to arrive to a consensus with the Consultant and it was agreed that the Consultant would not claim damages.

5.2.7 Supply, Installation and Commissioning of two Surface Pumps at Mourouk Pumping Station

At paragraph 7.3.2 of the 2007-08 Audit Report, I stated that liquidated damages amounting to Rs 129,710 were chargeable to the Contractor for late completion of works. The Commission initiated action to recover the liquidated damages on 16 September 2008 but the Contractor did not pay the amount.

In January 2009, the Legal Adviser of the RRA requested the Commission to ask the Solicitor of the RRA to send a Notice “Mise en Demeure” to the Contractor to pay. There was no evidence that the Commission acted upon the advice of the Legal Adviser. As of August 2009, the Contractor had not made any payment.

**RRA’s Reply**

The matter was being referred to the Legal Adviser. The supplier has in January 2009 submitted further justification.