28.1 Microsoft Enterprise Agreement

At paragraph 14.1 of the 2007-08 Audit Report, mention was made of the Microsoft Enterprise Agreement (MEA), which was signed on 27 June 2008 with Government and a sum of Rs 223,070,542 was paid. It was further pointed out that no study was carried out to determine the software needs of Government for Microsoft products and that it was not known how the figure of 7,000 users was arrived at.

28.1.1 Implementation of the MEA

A Steering Committee and the Technical, Financial and Contractual Issues Working Groups have been set up to ensure and oversee the implementation of the MEA.

The Ministry of Information and Communication Technology (MICT) has been entrusted with the deployment/installation of the Microsoft products at the Ministries and Government Departments. Several difficulties were being encountered during the implementation process resulting in the lengthening time for the deployment of all the Microsoft products offered.

28.1.2 Pro-Desktop Listed Licences

The 7,000 pro-desktop listed licences procured had cost US $ 6,949,250. Each of the 7,000 licences comprises one Microsoft (Vista/Windows 7) licence, one Office Professional Plus (Ms Office 2007) and four Client Access Licences (CAL).

At the meeting of 13 August 2008, the Technical Working Group decided that the 7,000 pro-desktop listed licences would be allocated to new PCs and to those PCs which did not have “Original Equipment Manufacturer (OEMs)” licences attached to them.

Microsoft Vista/Windows Licenses

The 7,000 Microsoft Vista/Windows 7 licences procured under the MEA are upgrade ones, that is the upgrade of the operating system from older versions to Windows Vista.

Since 2008 new laptops or PCs are provided with OEMs version of the Microsoft Windows Vista operating system. These new laptops or PCs do not therefore need the upgrade licences.

As of 14 January 2010, only 19 licences have been utilized and it is most probable the remaining upgrade licences may not be deployed.
Ms Office 2007 and Client Access Licences

With regards to the 7,000 Ms Office 2007 licences, the Central Informatics Bureau, on 28 September 2009, pointed out that though the distribution of these licences would be extended to parastatal bodies and local authorities, by the end of the MEA, in June 2013, Government would not be expected to exhaust all the 7,000 Ms Office 2007 licences in view of the low demand for the product and of the old computer equipment in use that was not amenable to support such licences.

The distribution of the Client Access Licences was also very slow. This tends to confirm that according to the MICT, three out of the four CAL inclusive of each pro-desktop licence might not be required as mentioned at paragraph 14.1.3 of the 2007-08 Audit Report.

Licences not Deployed

As of 14 January 2010, most of the pro-desktop listed licences have not yet been deployed as shown in the Table 28-1.

<table>
<thead>
<tr>
<th>Product</th>
<th>Quantity (Unit)</th>
<th>Total</th>
<th>Deployed</th>
<th>Remaining</th>
</tr>
</thead>
<tbody>
<tr>
<td>Microsoft Vista/Windows 7 Licences</td>
<td>7,000</td>
<td></td>
<td>19</td>
<td>6,981</td>
</tr>
<tr>
<td>Ms Office 2007 Licences</td>
<td>7,000</td>
<td></td>
<td>3,287</td>
<td>3,713</td>
</tr>
<tr>
<td>Windows Server Client Access License</td>
<td>7,000</td>
<td></td>
<td>1,140</td>
<td>5,860</td>
</tr>
<tr>
<td>Exchange Client Access License</td>
<td>7,000</td>
<td></td>
<td>875</td>
<td>6,125</td>
</tr>
<tr>
<td>Sharepoint Client Access License</td>
<td>7,000</td>
<td></td>
<td>Nil</td>
<td>7,000</td>
</tr>
<tr>
<td>SCCM Client Access License</td>
<td>7,000</td>
<td></td>
<td>Nil</td>
<td>7,000</td>
</tr>
</tbody>
</table>

28.1.3 Additional Cost Implications

According to the report on the design and installation of the core infrastructure of the Agreement submitted by the Microsoft Architect, a Disaster Recovery site, additional software, servers and so on would be required.

Hence, in addition to the already paid sum of Rs 223,070,542, the Ministry, on 7 May 2009, submitted a request for additional funding of Rs 197 million for the purchase of additional software, networking equipment and other products that would be needed in order to deploy and enjoy all the benefits under the Agreement. However, one of the three companies for the setting up of a National IT Foundation for IT Dissemination and Education found the costing to be over-inflated and estimated the costs at a total of Rs 69 million.
An amount of Rs 20 million for the procurement of servers and software has therefore been earmarked in the Ministry’s budget 2010.

**Ministry’s Reply**

The responsibility for the non completion of activities/projects cannot be imputed to this Ministry as the latter did not support the signature of the MEA on the consideration that it was detrimental to Government.

Further, on 16 July 2009, this Ministry expressed to the MOFEE its reservations on the Agreement, on the account that the products were not required, the high costs of the software, the limited absorptive capacity of Government to avail itself of the 7,000 Microsoft licences and the difficulties in the implementation of the project.

**28.2 Advances to Business Parks of Mauritius Ltd (BPML)**

Further to paragraph 25.1 of the 2007-08 Audit Report, an agreement was reached between Government and the BPML whereby the latter would refund the amount of Rs 30 million in five equal instalments over six years starting 30 June 2009 and the Rs 6,387,287 in two equal instalments in June and December 2009. No mention was made about interest that would have to be paid by BPML.

On 30 June 2009, Rs 8,193,642 were refunded by BPML and the second instalment of Rs 3,193,645 was repaid on 12 January 2010, i.e. with a delay of 12 days.

So far BPML failed to pay any interest. Interest accrued as of 30 June and 31 December 2009 amounted to Rs 8,571,477 and Rs 9,740,691. Moreover, the amount of interest due has not been included in the Statement of Arrears of Revenue.

**Management Response**

Since BPML has requested that interest on the two advances be waived, the Ministry of Finance and Economic Empowerment has been consulted and an appropriate decision will be taken after a reply is received.

**28.2.1 Debtors – Amount receivable from a local firm**

At paragraphs 19.1(b), 26.1 & 25.4.2 of the 2005-06, 2006-07 & 2007-08 Audit Reports respectively, I commented that in 1999 SIL undertook to transfer ownership of up to 1000 Oracle 8 licences and 40 Developer 2000 licences to the Ministry at no cost in case of non renewal of the technical support agreement after five years. Since the agreement was not renewed, Government claimed the cash equivalent of the Oracle 8 and Developer 2000 licences, which amounted to US $ 349,000 (approx. Rs 10 million) in February 2006.

The Ministry has been unable to recover the cash equivalent of the licences despite several requests were made to SIL to pay back the sum due until 12 May 2009.
In April 2010, the Ministry informed me that SIL was never agreeable to refund the cash equivalent of the licences to Government but rather to provide the Government with Oracle licences. However, the Ministry could not accept the 1000 Oracle licences that SIL proposed to give in return, as these licences were obsolete and they were not at all responsive to the emerging needs of the ICT Sector. The Ministry considers that a solution should be developed whereby the matter would be closed.