The Honourable Vice-Prime Minister, Minister of Finance and Economic Development
Ministry of Finance and Economic Development
Government Centre
Port Louis

Hon. Vice-Prime Minister and Minister of Finance and Economic Development,

In accordance with Section 110 (3) of the Constitution I am pleased to present my report on the accounts of the Republic of Mauritius for the fiscal year 2010 to be laid before the National Assembly.

Following its tabling in the National Assembly, the report will be placed on the homepage of the National Audit Office – http://nao.gov.mu.

Yours sincerely,

Dr. Rajun Jugumath
Director of Audit
REPORT

OF THE

DIRECTOR OF AUDIT

ON THE ACCOUNTS OF THE REPUBLIC OF MAURITIUS

FOR THE YEAR ENDED 31 DECEMBER 2010
# CONTENTS

<table>
<thead>
<tr>
<th>Topic</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction</td>
<td>1</td>
</tr>
<tr>
<td>Understanding Public Sector Auditing</td>
<td>3</td>
</tr>
<tr>
<td>Importance of Supreme Audit Institutions in Good Public Financial Governance</td>
<td>9</td>
</tr>
<tr>
<td>Strengthening Financial Management in the Public Sector</td>
<td>15</td>
</tr>
<tr>
<td>Deepening Programme-Based Budgeting</td>
<td>25</td>
</tr>
<tr>
<td>Misuse/Abuse of Government Assets</td>
<td>30</td>
</tr>
<tr>
<td>Annual Financial Statements</td>
<td>34</td>
</tr>
<tr>
<td>The Judiciary</td>
<td>54</td>
</tr>
<tr>
<td>Prime Minister’s Office</td>
<td>61</td>
</tr>
<tr>
<td>Ministry of Energy and Public Utilities</td>
<td>69</td>
</tr>
<tr>
<td>Ministry of Finance and Economic Development</td>
<td>80</td>
</tr>
<tr>
<td>Ministry of Public Infrastructure, National Development Unit, Land Transport and Shipping</td>
<td>89</td>
</tr>
<tr>
<td>Ministry of Foreign Affairs, Regional Integration and International Trade</td>
<td>107</td>
</tr>
<tr>
<td>Ministry of Housing and Lands</td>
<td>116</td>
</tr>
<tr>
<td>Ministry of Tourism and Leisure</td>
<td>117</td>
</tr>
<tr>
<td>Ministry of Education and Human Resources</td>
<td>119</td>
</tr>
<tr>
<td>Ministry of Agro-Industry and Food Security</td>
<td>126</td>
</tr>
<tr>
<td>Ministry of Environment and Sustainable Development</td>
<td>136</td>
</tr>
<tr>
<td>Ministry of Youth and Sports</td>
<td>151</td>
</tr>
<tr>
<td>Ministry of Social Security, National Solidarity and Reforms Institutions</td>
<td>157</td>
</tr>
<tr>
<td>Ministry Of Health and Quality Of Life</td>
<td>171</td>
</tr>
<tr>
<td>Ministry of Arts and Culture</td>
<td>198</td>
</tr>
<tr>
<td>Ministry of Information and Communication Technology</td>
<td>200</td>
</tr>
<tr>
<td>Ministry of Fisheries and Rodrigues</td>
<td>203</td>
</tr>
<tr>
<td>Ministry of Civil Service and Administrative Reforms</td>
<td>246</td>
</tr>
<tr>
<td>Ministry of Labour, Industrial Relations and Employment</td>
<td>248</td>
</tr>
<tr>
<td>Statutory Bodies</td>
<td>251</td>
</tr>
<tr>
<td>Local Authorities</td>
<td>253</td>
</tr>
<tr>
<td>Other Bodies</td>
<td>254</td>
</tr>
</tbody>
</table>
# List of Tables

<table>
<thead>
<tr>
<th>Table</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>6-1</td>
<td>Mileage Covered by Vehicles during 12 Months Ending 30 June 2010</td>
<td>31</td>
</tr>
<tr>
<td>7-1</td>
<td>Consolidated Fund</td>
<td>34</td>
</tr>
<tr>
<td>7-2</td>
<td>Revenue and Expenditure of the Consolidated Fund</td>
<td>35</td>
</tr>
<tr>
<td>7-3</td>
<td>Budgeted and Actual Revenue 2010</td>
<td>36</td>
</tr>
<tr>
<td>7-4</td>
<td>Investments as at 31 December 2010</td>
<td>37</td>
</tr>
<tr>
<td>7-5</td>
<td>Investments yielding no dividend</td>
<td>38</td>
</tr>
<tr>
<td>7-6</td>
<td>Financial Statements not yet been Submitted for Audit Purposes</td>
<td>41</td>
</tr>
<tr>
<td>7-7</td>
<td>Financial Statements received and are under examination</td>
<td>42</td>
</tr>
<tr>
<td>7-8</td>
<td>Public Sector Debt</td>
<td>43</td>
</tr>
<tr>
<td>7-9</td>
<td>Government Debt (Nominal Value)</td>
<td>43</td>
</tr>
<tr>
<td>7-10</td>
<td>Government Debts as of 30 June 2006 to 31 Dec 2010</td>
<td>44</td>
</tr>
<tr>
<td>7-11</td>
<td>Total Government Debt and Total Public Sector Debt as a percentage of GDP</td>
<td>45</td>
</tr>
<tr>
<td>7-12</td>
<td>Servicing of Debts for the past five Fiscal Periods</td>
<td>46</td>
</tr>
<tr>
<td>7-13</td>
<td>Outstanding Loans due to Government</td>
<td>48</td>
</tr>
<tr>
<td>7-14</td>
<td>Arrears of Capital and Interest as of 31 December 2010</td>
<td>49</td>
</tr>
<tr>
<td>7-15</td>
<td>Arrears of Revenue</td>
<td>51</td>
</tr>
<tr>
<td>7-16</td>
<td>Aged List of Debtors as of 31 December 2010</td>
<td>52</td>
</tr>
<tr>
<td>8-1</td>
<td>Mileage Costs</td>
<td>55</td>
</tr>
<tr>
<td>8-2</td>
<td>Arrears of Revenue</td>
<td>57</td>
</tr>
<tr>
<td>8-3</td>
<td>Ageing Analysis of Debtors at the Intermediate Criminal Court in Port Louis</td>
<td>58</td>
</tr>
<tr>
<td>8-4</td>
<td>Stock Shortages</td>
<td>59</td>
</tr>
<tr>
<td>9-1</td>
<td>Cost of Repairs, Maintenance and Servicing of Vehicles</td>
<td>65</td>
</tr>
<tr>
<td>10-1</td>
<td>Additional Cost</td>
<td>72</td>
</tr>
<tr>
<td>11-1</td>
<td>Arrears and Amount Recovered/Adjusted in Ensuing Fiscal Period</td>
<td>80</td>
</tr>
<tr>
<td>11-2</td>
<td>Phase Status</td>
<td>84</td>
</tr>
<tr>
<td>11-3</td>
<td>Special Funds</td>
<td>86</td>
</tr>
<tr>
<td>Table</td>
<td>Description</td>
<td>Page</td>
</tr>
<tr>
<td>--------</td>
<td>-----------------------------------------------------------------------------</td>
<td>------</td>
</tr>
<tr>
<td>11-4</td>
<td>Movements during Year 2010</td>
<td>87</td>
</tr>
<tr>
<td>12-1</td>
<td>Sample of Minor Works Awarded by the Ministry</td>
<td>89</td>
</tr>
<tr>
<td>12-2</td>
<td>Building Works for Sub Offices at Argy</td>
<td>91</td>
</tr>
<tr>
<td>12-3</td>
<td>Test Results</td>
<td>97</td>
</tr>
<tr>
<td>12-4</td>
<td>Details of Amount Stolen</td>
<td>105</td>
</tr>
<tr>
<td>13-1</td>
<td>Entitlements of a Home-based Confidential Secretary</td>
<td>111</td>
</tr>
<tr>
<td>13-2</td>
<td>Refund of Medical Expenses – MHC London</td>
<td>112</td>
</tr>
<tr>
<td>16-1</td>
<td>Contracts for the Printing and Supply of Primary School Textbooks</td>
<td>120</td>
</tr>
<tr>
<td>16-2</td>
<td>Late Delivery of Textbooks</td>
<td>121</td>
</tr>
<tr>
<td>16-3</td>
<td>Provision of Cleaning Services in Zones 1, 3 &amp; 4 during period July to October 2010</td>
<td>124</td>
</tr>
<tr>
<td>17-1</td>
<td>Occupation of Land</td>
<td>126</td>
</tr>
<tr>
<td>17-2</td>
<td>Arrears of Revenue</td>
<td>128</td>
</tr>
<tr>
<td>17-3</td>
<td>Estimated Costs of Projects</td>
<td>130</td>
</tr>
<tr>
<td>18-1</td>
<td>Types and Cost of Projects Reviewed</td>
<td>136</td>
</tr>
<tr>
<td>18-2</td>
<td>Award of Contracts on a Split Basis</td>
<td>138</td>
</tr>
<tr>
<td>18-3</td>
<td>Works Over Certified</td>
<td>139</td>
</tr>
<tr>
<td>18-4</td>
<td>Projects as per TOR</td>
<td>144</td>
</tr>
<tr>
<td>18-5</td>
<td>Discrepancies in the Consultant’s Technical and Financial Proposals</td>
<td>146</td>
</tr>
<tr>
<td>20-1</td>
<td>Double Payment</td>
<td>164</td>
</tr>
<tr>
<td>20-2</td>
<td>Contracts</td>
<td>167</td>
</tr>
<tr>
<td>21-1</td>
<td>Additional amount spent by Hospitals on six items to palliate stock out</td>
<td>189</td>
</tr>
<tr>
<td>23-1</td>
<td>Deployment of Pro Desktop Licences</td>
<td>201</td>
</tr>
<tr>
<td>24-1</td>
<td>Assets and Liabilities for the past three fiscal periods</td>
<td>208</td>
</tr>
<tr>
<td>24-2</td>
<td>Advances as of 31 December 2010</td>
<td>209</td>
</tr>
<tr>
<td>24-3</td>
<td>Investments of RRA in Private Companies as of 31 December 2010</td>
<td>211</td>
</tr>
<tr>
<td>24-4</td>
<td>Arrears of Revenue for the past three fiscal periods</td>
<td>212</td>
</tr>
<tr>
<td>Table</td>
<td>Description</td>
<td>Page</td>
</tr>
<tr>
<td>-------</td>
<td>--------------------------------------------------------------------------------------------------</td>
<td>------</td>
</tr>
<tr>
<td>24-5</td>
<td>Arrears of Water Rates</td>
<td>223</td>
</tr>
<tr>
<td>24-6</td>
<td>Status of Projects implemented under the Food Security Fund as of 31 March 2011</td>
<td>242</td>
</tr>
<tr>
<td>25-1</td>
<td>Departmental analysis</td>
<td>247</td>
</tr>
<tr>
<td>28-1</td>
<td>Financial Statements Certified</td>
<td>253</td>
</tr>
<tr>
<td>29-1</td>
<td>Financial Statements not yet submitted</td>
<td>254</td>
</tr>
<tr>
<td>29-2</td>
<td>Financial Statements under examination</td>
<td>255</td>
</tr>
<tr>
<td>29-3</td>
<td>Financial Statements certified during the year under review.</td>
<td>256</td>
</tr>
</tbody>
</table>
## List of Appendices

<table>
<thead>
<tr>
<th>Appendix</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>I A</td>
<td>List of Special Funds</td>
<td>257</td>
</tr>
<tr>
<td>I B</td>
<td>Special Funds- Financial Statements Certified but not yet Laid before National Assembly</td>
<td>258</td>
</tr>
<tr>
<td>IIA</td>
<td>List of Statutory Bodies audited by the Director of Audit</td>
<td>261</td>
</tr>
<tr>
<td>IIB</td>
<td>Statutory Bodies- Financial Statements not yet submitted as of 30 June 2011</td>
<td>266</td>
</tr>
<tr>
<td>IIC</td>
<td>Statutory Bodies- Financial Statements certified but not yet laid before National Assembly</td>
<td>269</td>
</tr>
<tr>
<td>IID</td>
<td>Statutory Bodies- Financial Statements under examination</td>
<td>273</td>
</tr>
</tbody>
</table>
INTRODUCTION

The Director of Audit has a statutory duty to examine and review, in the most professional way, the public accounts of the Republic of Mauritius and all financial transactions so as to conclude whether, management in the public sector, has taken sufficient action to ensure public funds are used in the most economic, efficient and effective manner, and in conformity to rules and regulations.

This report to the National Assembly summarises the results of the audit work undertaken by NAO with respect to the accounts of the Government, Ministries and Departments for the 12 months period ended 31 December 2010. It highlights key issues arising from the audit work. At the conclusion of an audit, audit findings are discussed with the management at exit meetings. Following this meeting, a management letter is issued. This consists of a formal, detailed report to the management of the audited organisation of audit findings, conclusions and recommendations.

Accounting Officers are given the opportunity of commenting on the “true and fair” view of those audit findings which my senior officers and myself deemed to be of significance and of a nature to be brought to the attention of the National Assembly. I report these in my Annual Audit Report together with, as far as possible, a summary of the comments of the management of the entities audited. For this report, comments received by 27 June 2011 have been included.

It is the Accounting Officer’s responsibility to maintain proper financial and internal control systems as he determines is necessary. 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.
- the safe custody of assets and stores.

My responsibility is to express an opinion on the accounts based on my audit. I conduct my audit in accordance with International Standards of Supreme Audit Institutions (ISSAI). Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the accounts are free from material misstatement.

The International Standards on Auditing require that the auditor exercise professional judgment and maintain professional scepticism throughout the planning and performance of the audit and, also:

- Identify and assess risks of material misstatement, whether due to fraud or error, based on an understanding of the entity and its environment, including the entity’s internal control.
- Obtain sufficient appropriate audit evidence about whether material misstatements exist, through designing and implementing appropriate responses to the assessed risks.
➢ Form an opinion on the accounts based on conclusions drawn from the audit evidence obtained.

In line with NAO’s aims to improve public administration by recommending best practices employed elsewhere I am, in this report, providing suggestion on strengthening public financial management.

Acknowledgement

I wish to thank all the Divisional Heads and staff (both technical and support) of NAO for their continual support. I would also like to express my sincere thanks to the Secretary to the Cabinet and Head of the Civil Service, the Financial Secretary, all the Senior Chief Executives, Permanent Secretaries and other Accounting Officers, the Accountant General, the Government Printer, and all their staff for their cooperation and collaboration. Without their support and cooperation the submission of this Report would not have been possible.

DR. R. JUGURNATH
Director of Audit
30 June 2011
The public expect that those responsible for handling public money are held fully accountable for the use of that money. The prime responsibility for ensuring that public money is handled with absolute integrity and spent wisely rests with Ministers, elected members of the National Assembly, governing bodies, managers and officials. Public sector audit is an important link in that chain of accountability. It strengthens accountability, both upwards to the elected members who provide resources, and outwards to the consumers and beneficiaries, taxpayers and the wider community at large.

Public sector audit adds value not merely by analysing and reporting what has happened after the event but also by being forward looking, by identifying lessons to be learnt and by disseminating good practice. External public sector auditors thereby help to promote better management and decision-taking, and thus a more effective use of taxpayers’ resources, and play an important role in the corporate governance arrangements of public bodies.

Audit

The term 'audit' is increasingly being used in a general sense, to mean any form of scrutiny or review of systems, processes or outputs. However, in the sense in which it has more traditionally been used, audit is the process by which the annual accounts of public and private sector bodies are subject to external scrutiny to provide independent assurance that they have been prepared in accordance with relevant legal and professional standards and give a 'true and fair' view of the financial performance and financial position of the audited body. However, this is one of the basic principles of audit in the public sector.

Public Sector Audit

For the International Federation of Accountants (IFAC) “Auditing is a verification or examination of the documents of accountability executed by an auditor with the objective of providing him the ability to express an opinion of those documents in such a way as to provide them with greater credibility”

The International Organization of Supreme Audit Institutions (INTOSAI), who develops auditing requirements for the public sector, defines “auditing” as an examination of operations, activities and systems of a specific entity, to verify that they are executed or function in conformity with certain objectives, budgets, rules and requirements”.

As can be seen from the above definition of INTOSAI, the scope of the audit in the public sector should go beyond giving assurance on the accounts, to include examination of aspects of corporate governance and the use of resources, commonly described as ‘value for money’.

Public sector audit comprises two principal elements: the financial element of the audit ('financial audit') and the performance element of the audit ('performance audit').
Financial audit covers the audit of the accounts and the underlying financial systems and processes, whether public money was spent for the purposes for which it was intended and the financial aspects of corporate governance, such as internal control and risk management. Essentially, it provides assurance that public money has been safeguarded and accounted for properly.

Performance audit is concerned with the value for money of services, functions, programmes or specific projects, and the systems and processes put in place by the body to manage its activity and use of resources and to prepare and publish performance information.

**The Principles of Public Sector Audit**

The Public Audit Forum in the United Kingdom believes that there are three fundamental principles which underpin public sector audit:

- the independence of public sector auditors from the organisations being audited.
- the wide scope of public audit, that is covering the audit of financial statements, regularity (or legality), propriety (or probity) and value for money.
- the ability of public auditors to make the results of their audits available to the public, and to democratically elected representatives.

*Independence*

Public audit must be independent of the organizations being audited so that the auditors cannot be improperly influenced by those whose work they audit and so that they can carry out their role freely. Whether in the private or public sectors, confidence in auditing rests to a great degree on the independence and objectivity of the auditor. The methods of appointment of the auditors of public services should ensure that the appointed auditor is, and is seen to be, independent of the audited body and can report without fear or favour.

The independence of the national audit agencies from the bodies being audited is guaranteed by statute.

*The wide scope of public audit*

Public audit not only involves providing an opinion on the financial statements prepared by public bodies, but also covers such issues as regularity, propriety and value for money.
External reporting

For public audit to be effective, appropriate reporting arrangements are required. Public auditors report the results of their audits to the representatives of the public responsible for funding the activities concerned or directly to the public themselves where it is in the public interest to do so.

This completes the cycle of accountability.

Responsibility for maintaining records and preparation of financial statements

In all organizations, whether in the public or private sector, the responsibility for the accurate recording of transactions and the preparation of financial statements, in accordance with appropriate accounting policies, rests with the management of the entity. Such responsibilities include putting in place and maintaining accounting records and internal controls, preventing fraud and error, and safeguarding assets.

The auditor must carry out such examination of the financial statements and records and control systems as is necessary to form their opinion.

Public Sector Auditing – Part of Effective Governance

In a system of representative democracy, the institutions of government and the officials exist to serve the interests of the public. In such a constitutional system, the Parliament is the public’s representative forum and it derives its ultimate legitimacy from the public on whose behalf it has been elected and acts. Parliament has the responsibility to promote the goals of openness, accountability and integrity.

The public sector auditor is normally referred to as the Office of the Supreme Audit Institution (SAI) or Auditor-General (Director of Audit in Mauritius). It provides a critical link between the public sector on the one hand, and the parliament and the community on the other. It alone subjects the practical conduct and operations of the public sector as a whole to regular, independent investigation and review.

A SAI’s role is to assist Parliament to scrutinise the effectiveness, efficiency, and accountability of the public entities that are accountable to it. It is, therefore, important for Parliament to ensure that the audit scope of the SAI covers the whole of government, all public sector agencies including state-owned enterprises, companies, and joint ventures in which the government has a controlling interest.

The cornerstone of effective governmental audit services is auditor independence from executive government.
Similarities between Public and Private Sector Auditing

There are many similarities. Auditors in both sectors adhere to the same high ethical principles, use the same basic methods and apply the same independent auditing standards. All have robust quality assurance processes in place and subject themselves to quality-control peer reviews.

Differences between Public and Private Sector Auditing

Company auditors are appointed by the shareholders, whereas in the public sector the appointment of the auditor (Director of Audit in case of Mauritius, and Auditor General in most countries) has been legislated by Parliament making the Auditor General the auditor of all government entities and most statutory bodies.

Besides the clear distinction between the reporting role of an SAI and the manner of his appointment to that of an auditor in the private sector, there are three differences worth noting.

One difference is materiality. An auditor in the private sector is given guidance by the professional auditing standards in determining what constitutes “materiality”. The private sector auditor, within the professional standards, can ignore certain financial variations in the published accounts. However, the public sector auditor in similar circumstances has to report on the basis that the disclosure is in the public interest. An example is when payments have been made without authority, irrespective of the amount involved.

The second one is legality and compliance issues, whereby the auditor is required to provide assurance that the transactions recorded in the financial statements are in accordance with the relevant authority, legislation and regulations. Legality and regularity has always been a primary focus of the public sector auditor. Failure to report to Parliament of abuse of the processes of government by executive government can facilitate a culture of corruption within government.

Private sector audit has a much narrower scope, essentially being limited to a true and fair opinion on the company’s financial statements, whereas, in the public sector it must cover not only the audit of financial statements, but also aspects of corporate governance and arrangements to secure value for money.

Auditing Methods

In the public sector, prior to 1970, the normal auditing function of expressing an opinion had been carried out after a comprehensive examination of the financial transactions. This approach had the effect of placing relatively more emphasis on the transactions and less on the system from which the transactions were derived. It required more human resources.

With the increase in complexities of government activities, coupled with the growth and expansion of advanced computer systems, the introduction of a more efficient and economical
manner of conducting audits became necessary. This resulted in the adoption of ‘system based’ auditing.

System-based auditing consisted mainly of two segments: a) study and evaluation of the system of internal control for the period subject to the audit; and b) actual verification of assets, liabilities, revenues, and expenses which, together with the assurance provided by the system of internal controls, provide sufficient evidence to support the expression of an opinion on the financial statements.

In the early 1990s, a risk-based approach was adopted for financial audits. This methodology which provides a rigorous audit planning process enabling auditors to more directly and effectively assess the risk components of each audit has led to greater efficiency in the conduct of financial audits and a corresponding increase in the level of audit assurance.

Audit Standards

Financial audits in the public sector are carried out in accordance with the International Standards of SAIs (ISSAIs) developed by INTOSAI. ISSAIs include the International Standards on Auditing (ISAs) issued by the International Auditing and Assurance Standards Board (IAASB) and Practice Notes (PN). The PNs provide a clear statement on applicability of the ISA to the audits of public sector entities as well as supplementary guidance to public sector auditors on the ISAs. There is a separate PN for each ISA.

Audit reports of the public sector

The outputs from both sets of external auditors are similar in many respects. Both provide an audit plan, give an opinion on the accounts and provide audit management letters. Nonetheless, there are some aspects unique to the public sector and these are enshrined in statute. These include: considering reporting in the public interest where there is a matter that may need to be brought to the attention of the public. Also the relevance of audit reports for the public sector is different from the audit reports of the private sector, due in part to the following facts:

- The range of users of the financial information of the public sector is much “wider”.
- General governments should render account to all citizens.

Emergence of Performance Auditing

By the end of the 1970s, there was increasing recognition worldwide that the accountability of public service managers must extend further than compliance with the laws and regulation governing the use of public funds. It was becoming obvious that whilst the system-based audit methodology provided a rigorous examination of financial systems, it did not produce information that enabled audit to report to the parliament on whether the organization’s resources were being managed so as to give the community value for its money.
Hence this led to the development in the public sector of what today is generally referred to as Performance Auditing. Performance Auditing is oriented towards examining economy, efficiency, and effectiveness of public administration. It covers not only specific financial operations, but also the full range of government activity including both organizational and administrative systems. Performance auditing requires a different audit methodology to financial auditing.

Recent changes from zero-based budgeting to Program based budgeting render Ministries and public sector bodies henceforth accountable for performance of well defined targets/objects and to establish clear performance indicators to monitor achievements. Amendments to statutes have likewise enlarged the powers and the responsibilities of the Auditor General and the SAI to report, in addition, on the 3Es, economy, efficiency, effectiveness in the use of resources by the Public Sector in general.

Performance auditing has thus become the new and modern challenge for Public Sector Auditing. These steps regarding more effective accountability and audit reporting would definitely bring enormous benefits to the community at large.
3 - Importance of Supreme Audit Institutions in Good Public Financial Governance

Every year, Parliament approves a budget for the Executive for the administration of the state business. At the end of the fiscal year, the Executive is required to render an account of its stewardship to Parliament. Since Parliament cannot verify the accounts submitted by the Executive, the Supreme Audit Institution (SAI) is mandated to audit these accounts and report its findings to Parliament.

The functions of a SAI are therefore an important element in maintaining the integrity of any system of government. The SAI ensures that Parliament has access to independent audit information as part of the framework of accountability.

As the government exercises the power of managing the economy and the society on behalf of the people, it must respect, abide by, and safeguard laws, and stick to the principle of administration according to law. An SAI, as an important part of the oversight system, plays an important role in pushing forward law-based administration and building government ruled by law.

Good financial governance extends to practically all the institutions working with public funds, and requires close collaboration between the Executive, Parliament, regulatory and audit agencies, civil society and the donor community. SAI s are an important integral part of good financial governance. They contribute in promoting good financial governance through their work which has the following potential effects:

- They increase the transparency and disclosure of public financial information.
- They enhance external scrutiny of public finances.
- They have an educational and preventive effect, as ministries and departments and other statutory bodies know that their accounts could be audited at any time.
- They strengthen the demand for greater accountability in the management of public resources.
- Their recommendations (to the extent that they are implemented) contribute to savings or more efficient use of funds in individual areas.

Declaration of Good Public Financial Governance

The increased attention to issues of good public finance governance has possibly triggered CABRI (Collaborative Africa Budget Reform Initiative) to, jointly with the African Organization of Supreme Audit Institutions (AFROS AI) and the African Tax Administration Forum (ATAF), carry out a research study on this issue. This has led to the production of a joint report on Good Public Financial Governance (GPFG) in Africa based on the research study.

The report which covers several important areas relating to GPFG such as tax governance, budget preparation and execution, debt management, external audit and legislative oversight of public finances, underpins a Declaration on Good Public Financial Governance adopted at the
Main Commitments taken in the Declaration

Governance Commitments

- Improving fiscal transparency: We will take steps to significantly improve fiscal transparency, including the establishment of appropriate mechanisms to ensure that information is accessible to our publics.

- Strengthening oversight institutions: We will deepen our support for Supreme Audit Institutions, legislatures and other constitutional accountability institutions, as well as the social accountability institutions of wider civil society, in their pursuit of an effective role in good public financial governance.

As is appropriate within our constitutional frameworks, we will take concrete steps to strengthen supreme audit institutions by:

- promoting the independence of supreme audit institutions in terms of conducting audits and issuing reports without undue influence from the executive government,

- promoting financial autonomy by establishing participative budget-setting processes to ensure the availability of appropriate human, material and monetary resources to conduct audits,

- facilitating the timely submission of financial and other information for external audit, prepared by using prescribed financial reporting frameworks,

- supporting supreme audit institutions in performing different kinds of audits, including performance audits, and

- facilitating co-operation and communication between supreme audit institutions and institutions of the executive, Parliament and other state institutions contributing to accountability.

- Formalising financial governance practices: We will continue progressively to formalise tax and budgetary practices. We will do everything within our power to enforce the rule of law in public financial governance by actively seeking to reduce informal practices, strengthening our monitoring and reporting systems and, within the executive, holding public actors to account for tax and budgetary decisions.
**Technical Commitments**

- Strengthening a result orientation in public finance governance: We will ensure that processes are oriented to facilitate the optimal use of resources for growth, equitable socio-economic development and the alleviation of poverty.

- Strengthening tax governance: We will improve tax governance and tax policy to enhance revenue mobilisation capacity and contribute to improved democratic governance. We will focus on providing attractive tax systems to investors to facilitate growth in our economies, based on a commitment to transparency, certainty and the predictability of tax treatment. Our tax systems must be fair, sustainable and more efficiently managed to engender public confidence and trust and ensure vertical and horizontal equity.

- Strengthening budget preparation, execution and reporting: We will address key technical challenges in budget preparation, execution and reporting that affect our ability to utilise available resources effectively and efficiently in pursuit of our goals.

- Managing aid for development: We call on our development partners to provide us with comprehensive, timely, reliable and useful information on all aid commitments and use, while continuing to expand their use of country systems. As partner countries, we will take steps, in turn, to improve our systems to bring all aid in our budget processes and its reflection in budget documentation.

- Strengthening the management of public debt and financial assets: We will take action to strengthen our debt management practices, including strengthening legal frameworks, establishing clear mandates to issue debt, controlling and managing the risks associated with state guarantees and contingent liabilities, co-ordinating debt policy with macroeconomic and fiscal policy, and accurately recording and reporting debt and contingent liabilities. We will strengthen the transparent management of state financial assets.

**Reform Commitments**

- Taking charge of public financial governance reforms: We will take ownership of reform choices in the interest of the national good. We will ensure that reforms are realistic, sequenced and mutually reinforcing to develop and sustain the necessary institutions across the public resource management cycle for good financial governance. We will encourage the development of local capacity and initiative for reform design and promote the interrogation of all reform proposals within our institutions.

- Matching technical reforms with implementation capacity: We will take concrete steps to develop managerial and technical capacity for public financial governance in Africa. We will make the training, recruitment and retention of skilled personnel in the public finance arena a priority. We will also ensure that the development of systems to manage public resources takes into account capacity constraints and is matched by capacity development efforts.
What is Good Governance?

The ex-Secretary General of the United Nations, Mr Kofi Annan said that “Good governance is perhaps the single most important factor in eradicating poverty and promoting development”.

Exercising power and decision-making for a group of people is called governance. The well-being of a community depends on the choices made by people granted this authority. Because of the diversity of organizational structures around the world, people such as heads of associations, cooperatives, NGOs, religious leaders, political parties and government are all actors granted the power to govern.

Nowadays the terms "governance" and "good governance" are being increasingly used. Bad governance is being increasingly regarded as one of the root causes of all evil within our societies. Major donors and international financial institutions are increasingly basing their aid and loans on the condition that reforms that ensure "good governance" are undertaken.

Governance focuses on the formal and informal actors involved in decision-making and implementing the decisions made and the formal and informal structures that have been set in place to arrive at and implement the decision.

Perceptions and definitions of Good Governance differ internationally between institutions. There is a broad consensus concerning the general principles, i.e. legitimacy, accountability, transparency, the rule of law, equity and inclusiveness, efficiency and effectiveness, and development-oriented national government.

The World Leaders at the 2005 World Summit concluded that good governance is integral to economic growth, the eradication of poverty and hunger, and sustainable development. Also according to CABRI in order to promote economic growth and sustainable development an effective state should be able to mobilise revenue, borrow prudently, plan and manage the spending of public money in an effective and efficient way and to account for the use of funds and the results achieved. Sound public finance management (PFM) contributes to these outcomes through its elements of transparency, participation, responsiveness, oversight, accountability and predictability. These are elements of good public financial governance (GPFG) - a prerequisite for a state’s economic and social development and a focal area of CABRI’s work.

Principles of good governance in public finance

A document presented by the Ministry of Finance of the Russian Federation to the meeting of Ministers of Finance of the Group of Eight, identified the following principles of good governance in public finance:

- Fiscal transparency
- Stability and long-term sustainability of budgets
➢ An effective and equitable system of inter-budgetary relationships

➢ An integrated budget and budget process

➢ Results-oriented budgeting

➢ Effective financial control, reporting and monitoring.

Fiscal transparency – which emphasizes being open to the public about the structure and functions of government, responsibilities within the government, and relations between the government and the rest of the economy, fiscal policy objectives, public sector accounts, and fiscal projections

The soundness of public finances – which emphasizes the stability and sustainability of public finances over the medium term and where appropriate the more distant future, the effectiveness of inter-budgetary relationships within each country, the management of potential risks, and the effectiveness of systems of budgetary and financial control

An effective and equitable system of inter-budgetary relationships emphasizing a stable and predictable financial relationships between central and local authorities, a balanced and interrelated allocation of authority over budget commitments and revenues between different levels of government, an objective, formalized and transparent system of budget equalization and the availability of incentives to increase the effectiveness of management of sub-national finances and, if necessary, sanctions to ensure compliance with financial discipline and legislative requirements.

An integrated budget and budget process which assumes that at each level of management of public finances, the responsibilities and powers of the executive body in charge of the development and implementation of fiscal policy, including the organization of the preparation and execution of the budget are defined clearly and unambiguously, all revenues and expenditures are set out in a single budget, in the budget system there are no off-budget funds and an effective system is in operation for making budget payments and accounting for budget commitments.

The introduction of results-oriented budgeting which requires the setting, for each spending body, a framework of goals, objectives and targeted results of activity, designed to ensure the achievement of the goals and priorities of government policy, use of competitive principles for allocation of budgetary funds, including taking account of the results achieved and planned from use of budget appropriations and the existence and application of methods of assessment of results from use of budget funds by spending bodies and organizations in the reporting period.

Effective financial control and monitoring which require an annual independent external review (audit) of budget reporting with subsequent review of its findings by the legislature, an effective management information systems to enable proper monitoring and control, regular analysis and
assessment of the quality of financial management, supported by measures for improving it and development and application of internal control and audit mechanisms.

**Key players in the financial governance process**

There are four key players in the financial governance process:

- The board of directors,
- The audit committee,
- The external auditor, and
- Management.

These players must consider both their own roles and responsibilities and also how they interact with each other and work together. Indeed, the quality of financial and corporate reporting is ultimately determined by the players' effectiveness in working together as a system.

**Requirements of good public financial governance**

Good public financial governance demands a statutory framework for accounting, auditing and control. The following aspects must be considered to ensure effective control of public finances based on the principles of good financial governance.

- Appropriate record-keeping must reliably reflect material financial transactions, at all times maintaining a complete audit trail stored so that access is allowed as required.
- The data should be used for future budget planning as well as for internal audits and financial reporting.
- Effective external audit by the SAI.

An effective and objective external audit is an essential part of corporate governance. External Auditors can report to what extent the organisation practices corporate governance. They must ensure that good corporate governance practices are adopted and they must act as the guardian of the organisation’s financial integrity.

External Auditors are expected to be independent and to report objectively. In fact, auditors can only play their role effectively if they are independent. Therefore to maintain the credibility of the SAIs in public relations, it is important to promote their independence.
Public sector financial management is an essential part of the development process, underpinning all public sector activities in a nation’s economy. It supports the efficient and accountable use of public resources; helps underpin both macro and fiscal stability and guides allocation of resources to address national priorities.

The financial management system is quite wide and encompasses resource mobilisation, prioritization of governmental efforts, resource allocation, formulation of detailed plans, setting up information systems that assist decision making, having meticulous budgeting, accounting and procurement systems, monitoring and reporting arrangements and creation of robust internal and external accountability mechanisms.

Rising aspirations of people are placing more demands on financial resources. At the same time, the emphasis of the citizenry is on value for money and on good financial management from their government. That means not only managing public funds prudently, but also using public resources in the most effective, efficient, and economical way possible.

Building on this many countries around the world, including Mauritius, have in the last few decades, been taking initiatives to forge a culture of modern management rooted in transparency, quality and efficiency. A common element among the initiatives taken is the large scale reforms in the strengthening of public finance management systems.

**Recommended initiatives to strengthen financial management**

Government of Mauritius has, since a few years, also embarked on public sector reforms programme. Adding to the endeavour of government, the followings are some of the initiatives that I recommend government to take to strengthen public financial management in Mauritius.

1. **Need for a modern financial management legal framework**

The present legislation regulating financial management in the government, the Finance and Audit Act was enacted in 1973. This Act is considered inadequate for modern budget and financial management practices in the public sectors.

There is the need for Government to come up with a new legal framework and other policy instruments to modernise the system of financial management in the public sector and guide the work of public service employees. These documents should, inter alia, provide for:

- The development of an economic and fiscal policy framework for Mauritius
- The clarification and separation of the roles and responsibilities of the Ministers, Advisors and officials
- The financial management of the government
- The role and responsibilities of persons entrusted with financial management in the government
2. Implementing accrual accounting for reporting

From time immemorial, accounting for Governments and government agencies has been on the cash basis. However, demands for better accountability by governments and in turn by the public have forced governments to adopt management and financial reforms. The move from a cash basis to an accrual basis of accounting would seem to be a progression in keeping with these reforms.

Under cash accounting, cash receipts, payments and balances are recorded at the time of the cash transactions, irrespective of when the related goods and services are produced or received. In contrast, accrual accounting and reporting recognises revenues and expenses in the accounting period in which they have been earned or incurred, irrespective of when cash is received or paid.

Accrual accounting is the accepted method of accounting worldwide for the private sector. Increasingly, the public sector is also moving towards accrual accounting as it provides parliamentarians and the public with better information on the full cost of programs and administration. It helps users appreciate the full scope of government – the resources, obligations, financing, costs, and impacts of its activities. It provides a clearer picture for legislators to hold the government to account.

The annual statements of the government of the Republic of Mauritius are being prepared on a modified cash basis since 2009. This move toward accrual accounting is well appreciated as the accrual approach is generally viewed to be better suited for financial management, accountability, risk management and decision-making. This is due to the fact that it provides better insight on the financial position of government, liabilities and the future benefits of assets.

This move toward accrual based accounting is just the beginning. There is still a long way to go to reach full accrual based accounting. It is, therefore, important that this move be
supported by the implementation of a formal programme toward this end, indicating the various stages to be implemented including the time frame.

3. **Financial Statements – Reporting in accordance with IPSAS**

Section 19 of the Finance and Audit Act requires the Accountant General to sign and submit to the Director of Audit statements showing fully the financial position of Mauritius. These statements are the most important accountability documents prepared by Government. They comprise a statement of assets and liabilities, a statement of receipts and payments and 16 other statements.

Accountability is considered as one of the cornerstones of good democratic governments and public sector financial reporting arrangements provide the basis for accountability statements on the financial operations of the Government to Parliament and the public. The present statements prepared by the Accountant General, in accordance with the Finance and Audit Act, prove to be complex and are presented in a form not understood by the general public including parliamentarians and professional accountants. Reports that are not understandable undermine public sector accountability. For accountability to be properly served in the public sector, financial reports need to be understandable for the common needs of the widest range of possible users.

The issue for governments in many developing and developed countries is how to improve their public sector financial reporting. People are now demanding proper financial information from their governments. Today, public accounting reform movements are under way in every continent. We are seeing major reform to modernize government accounting systems taking place across the globe including recently in Eastern Europe, Africa, South America and Asia. Public sector accounting is transitioning to a resource oriented, accrual-based standard, guided by the International Public Sector Accounting Standards (IPSAS).

IPSAS aims to improve the quality of general purpose financial reporting by public sector entities, leading to better informed assessments of the resource allocation decisions made by governments, thereby increasing transparency and accountability.

Financial statements for the whole of government, prepared in accordance with IPSAS show the financial status of the entire public sector in a few pages. Income and expenditures are summarized; the balance sheet gives a one-page picture of assets, liabilities, capital, and reserves; and a cash flow statement and notes, providing more detailed information that support main statements, are presented in a standard, easy-to-follow format. People can therefore understand government finances.

*It is recommended that government consider changing its financial reporting statements for the whole of government from the present annual statements to financial statements prepared in accordance with IPSAS.*

4. **Submission of Annual Report by Ministries/Departments**

To lift the performance of the public sector creating benefits of greater efficiency, improvements in services, better expenditure control, better management of departmental budgets, greater managerial accountability external accountability information forms an
The overall purpose of external accountability is to allow users to understand and assess whether public entities are delivering cost effective and sustainable services. Accountability documents ensure that ministries and Government Departments and other public sector entities can be held accountable to the National Assembly and the public, and that Local Authorities can be held accountable to local communities. The National Assembly and the public rely on accountability documents to assess the performance of public entities and the effectiveness of public entities' use of taxes and rates.

The public financial management system should, therefore, provide the platform on which the core purpose of public reporting can be realised - to provide for public accountability for the responsible use of public resources including demonstrating that public services are being delivered effectively and efficiently.

True accountability for cost effectiveness requires transparency about financial and nonfinancial performance and an appropriate relationship between the two. It is important that financial management and reporting result in financial information that can be readily integrated with performance information.

To demonstrate their accountability, individual Ministries and Departments should prepare and table their audited Annual Report to the National Assembly. The Annual Report should include the financial statements of the Ministry/Department prepared in accordance with IPSAS. It should also, along with financial information, articulate strategy, how operations link to strategy and how an entity monitors the delivery of its services and other programmes.

Information in the Annual Reports should have at least the following important attributes:

- the performance of the entity can be clearly understood in the context of what the entity is trying to achieve
- the financial performance of the entity makes sense when related to its non-financial performance
- the entity’s performance can be readily compared with the plans of the entity at the start of the reporting period
- the stewardship of the entity can be readily assessed by reference to the entity’s financial statements and supporting notes

5. Public Audit Act

Supreme Audit Institutions (National Audit Office in Mauritius) perform key functions in terms of checking governmental accountability over public funds. According to the International Organisation of Supreme Audit Institutions (INTOSAI), auditing is performed in order to ensure

- the proper and effective use of public funds
- the development of sound financial management
- the proper execution of administrative activities, and
the communication of information to public authorities and the general public through the publication of objective reports.

The Organisation for Economic Co-operation and Development (OECD) has noted that some of the most significant amongst recent changes to accountability mechanisms have been to secure the independence of auditors as well to reinforce the links between the audit office and the legislature. The need for more direct reporting by public auditors to the Parliament and for arrangements that better ensured their independence from government was recognised. The independence of Auditors General continues to be the subject of considerable attention in many jurisdictions and today many Supreme Audit Institutions (SAIs) are independent of the Executive.

The XIX Congress of the International Organization of Supreme Audit Institutions (INTOSAI) meeting in Mexico recognised eight core principles in the *Mexico Declaration on SAI Independence* as being essential requirements for proper public sector auditing. These are:

- The existence of an appropriate and effective constitutional/statutory/legal framework and of de facto application provisions of this framework
- The independence of SAI heads and members (of collegial institutions), including security of tenure and legal immunity in the normal discharge of their duties
- A sufficiently broad mandate and full discretion, in the discharge of SAI functions
- Unrestricted access to information
- The right and obligation to report on their work
- The freedom to decide the content and timing of audit reports and to publish and disseminate them
- The existence of effective follow-up mechanisms on SAI recommendations
- Financial and managerial/administrative autonomy and the availability of appropriate human, material, and monetary resources.

On 26 April 2011 the Economic and Social Council (ECOSOC), one of six principal organs of the United Nations and a central forum for formulating policy recommendations to Member States and the United Nations system, passed the following resolution:

“ECOSOC takes note with appreciation of the work of INTOSAI in promoting greater transparency, accountability and efficient and effective receipt and use of public resources for the benefit of citizens, and the 1977 Lima Declaration of Guidelines on Audit Precepts and the 2007 Mexico Declaration on SAIs Independence, which determine the principles of independence of government auditing, and encourages the wide dissemination of these principles.”
A recent study of the independence of the Auditors General found that, notwithstanding formal regulation designed to assure independence, there remain many avenues by which the Executive could influence an Auditor General.

The major key legislative factors affecting independence that have been identified to be within the statutory frameworks are:

- Constitutional provisions and/or enabling legislation which specifically address the establishment, status, mandate and powers of the Auditor General, as opposed to establishment by Executive action

- Existence of an oath or affirmation of office that reinforces the independence of the Auditor General and his or her relationship with the Parliament and before whom the oath is sworn or the affirmation is made

- The independence of the Auditor General is explicitly mandated

- The status and/or rank of the Auditor General is established to ensure that the independence and authority of the role is recognised and respected by other parts of government

- The mechanism for determining the remuneration (a key determinant of status and/or rank) of the Auditor General is established and protected from Executive influence

- Oversight of the Auditor General's role by a Parliamentary Committee to ensure that the role is seen to be accountable to the Parliament

- A statutory requirement for a periodic review of the performance of the Auditor General’s role and the extent of Executive influence in determining the terms of reference or in receiving the report of the review

- Proving the Auditor General and his staff with legal immunity in the normal discharge of their duties

- A sufficiently broad mandate and full discretion, in the discharge of SAI functions, the Auditor General should, *de facto*, be empowered to audit the use of public moneys, resources, or assets by any recipient or beneficiary regardless of its legal nature

- Adequate powers to obtain timely, unfettered, direct, and free access to all the necessary documents and information

- The existence of effective follow-up mechanisms on SAI recommendations

- Financial and managerial/administrative autonomy and the availability of appropriate human, material, and monetary resources.

- A separate, independent auditor appointed to audit the annual financial statements of the office of the Auditor General.
Many SAIs including those in the Africa region have already reviewed their laws and now have their “Public Audit Act” in line with the Lima and Mexico Declarations, the development of the events described above and key legislative factors listed above. Government of Mauritius is also contemplating to review the laws relating to the Director of Audit. In this context, I have prepared and submitted to the Ministry of Finance and Economic Empowerment a Draft “Public Audit Act” in line with INTOSAI standards requirements and those in other jurisdictions.

As has been the case with SAIs in other jurisdictions, I hope that Government will follow suit and gives its approval especially for the issues relating to financial autonomy, oversight by a Parliamentary Commission, direct reporting to the National Assembly, a sufficiently broad mandate, unrestricted access to information.

6. **Strengthening the internal audit function**

A strong internal audit function can strengthen financial management by providing independent, objective assurance and consulting services to improve government operations. Government needs to raise the profile of internal audits in Ministries and Departments.

Traditionally internal auditing served as a simple administrative procedure and comprised mainly checking documents, counting assets, and reporting on past events to various types of management. But in recent times, a combination of forces has led to a quiet revolution in the profession. Governments must demonstrate accountability in the use of public money and efficiency in the delivery of services. Larger and more complex systems demand greater competency and professionalism from internal auditing.

Improvement needs to occur at two levels: (1) Management of Ministries and Department need to know what internal auditing can truly contribute and (2) internal auditing needs to become more professionally competent and focused on the organization’s objectives.

7. **Audit Committees**

The Audit Committee is an integral element of public accountability and governance. It is widely acknowledged that the setting up of Audit Committees has had a positive contribution in the strengthening of public sector management.

Typically the Audit Committees offer objective advice and recommendations to Supervising Officers on the implementation and adequacy of the Ministry/Department’s risk management, control, and governance frameworks and processes, including accountability and auditing systems. They also review the work of external auditors and follow up on management action plans and financial statement and public accounts reporting.
The majority of the members of Audit Committees are from the private sector. Members are appointed with the collective skills and experiences necessary to fulfil their duties and at least one member is required to have a financial background.

An effective Audit Committee should have open lines of communication with management, internal auditors, and external auditors. It should prepare an annual report which identifies how the Committee has discharged its charter responsibilities. Reports should present significant accounting, internal control, and compliance issues; identify the authority and responsibility of the Audit Committee; discuss the review of the financial statements, annual reports, and accounting issues; and discuss the review of the auditor’s management letter, internal controls, and compliance.

In the recent past, government did establish the Audit Committees in some Ministries/Departments. Unfortunately, because of the approach adopted, the expected results were not achieved and consequently these committees did not survive.

It is recommended that all Ministries/Departments should establish Audit Committees. The Supervising Officer should establish an Audit Committee of at least three members, all of whom should be independent external members.

The Audit Committee supports the Supervising Officer with regard to his responsibilities for issues of risk, control and governance and associated assurance through a process of constructive challenge. It has no authority in its own right, either over the management of risk, control and governance or over the operations of those bodies which conduct audit and assurance work in the organisation. It may, however, offer opinions or recommendations on the way in which such management is conducted.

8. Public Accounts Committee

Parliamentary oversight plays a key role in promoting good financial management. The Public Accounts Committee (PAC) is an emanation of the Legislature. It is recognised as the most powerful accountability mechanisms available to Parliament. The PAC examines audit reports, summons government officials to answer to audit queries, develops its recommendations and tables its report in Parliament for legislative debate, adoption and further action.

In accordance with Standing Order 69(2) of the Standing Orders and Rules of the National Assembly (1995) of Mauritius, PAC examines the audited accounts showing the appropriation of the sums granted by the Assembly to meet the public expenditure and such other accounts laid before this Assembly as the Assembly may refer to the PAC together with the Director of Audit’s report thereon. The PAC while examining the accounts has to satisfy itself that public money is spent for the purposes authorised by Parliament.

Hearings of PAC

The PAC’s proceedings, at which officials from both the Office of the Director of Audit and audited Ministries and Departments appear to answer questions on the reports of the Director
of Audit, take place in camera. Elsewhere, in many jurisdictions PACs hold public hearings. It is believed that this increases the effectiveness of the work of the PAC. It is suggested that consideration be given to the opening up of the PAC proceedings to members of the public, on application to PAC.

Report of PAC

During the PAC proceedings the discussion focuses on the explanation by the Ministry/Department on the audit findings of the Director of Audit. After the completion of the examination of the report of the Director of Audit, PAC prepares and submits its report to the Speaker for tabling in the National Assembly. In principle, this report should be subject to legislative debate and adoption and any further action. This is however, not the case presently with the result that no actions are taken on the recommendations of the report.

It is suggested that:

1. The discussion during the PAC proceedings should also focus on what the Ministry/Department has done in response to audit findings and how it will ensure long-term improvements. PAC would make recommendations and Ministries/ Departments should respond to the PAC’s recommendations within 120 days as the case in Canada. Further, all Ministries and Departments subjected to a recent audit should provide an action plan to PAC on how they will address the recommendations of the Director of Audit.

2. Consideration be given to have, every year, one or two sessions of the National Assembly devoted to debate on the report of PAC.

Scrutiny of Parastatal Bodies and Local Authorities by PAC

Parliament has the right and responsibility to hold government and its subsidiary entities (including all Parastatal Bodies) to account for the effective management of their financial affairs, the proper and efficient use of resources entrusted to them and the result achieved.

In many countries, the Public Accounts Committee fulfils the responsibility of reviewing, on behalf of Parliament, the external auditor’s reports for each Parastatal Body and local authority. This is because most Parastatal Bodies and Local Authorities, just like Government Ministries and Departments, are fully funded by Government. Parliament should exercise control over the expenditure of all public monies and the use of public fund must be explained. Those who hold power in their use and application remain accountable to Parliament.

Presently, in Mauritius, all Parastatal Bodies and Local Authorities are outside the scrutiny of PAC. Therefore they are not held to account for the effective management of their financial affairs, the proper and efficient use of resources entrusted to them.

It is recommended that the mandate of PAC be extended to Parastatal Bodies and Local Authorities. PAC should review the annual reports of all Parastatal Bodies and Local Authorities and evaluate the extent to which they have efficiently achieved their objectives. PAC should also review the financial management and control exercised by Parastatal
9. Professionalism

Professionalisation of financial management

There is an increasing focus on improving the quality of public financial management around the globe, with many countries in both the developed and developing world making important and impressive achievements in strengthening public financial management and governance.

After his appointment as Head of the Government’s Accounting Profession, in the UK Civil Service, Andrew Likierman initiated and oversaw the replacement of cash accounting with Resource Accounting and Budgeting (similar to Programme-Based Budgeting) in 2001. To ensure the successful implementation of Resource Accounting and Budgeting Likierman also laid the foundations for the professionalisation of the financial management functions in government, by insisting that all departments’ finance directors should be qualified accountants.

Despite the considerable progress that has been made, the House of Commons Public Accounts Committee indicated in September 2008, its dissatisfaction with the fact that there remain some departments that do not have qualified finance directors.

The same policy of professionalisation is being adopted by many countries especially with the requirement of producing financial statements by Ministries and Departments, adoption of IPSAS, introduction of accrual accounting, implementation of strategic planning and programme-based budgeting.

The Ministries and Departments have achieved a core level of competence in financial management, but further improvement in financial management capacity and capability is required to enable them to meet the challenges of modern financial management in the public sector. Presently, financial management in Ministries and Departments generally focus on compliance with the Financial Management Manual and the monitoring against the agreed one-year budget. Enhanced capacities are needed to handle the more demanding analysis that programme-based budgeting, financial reporting and modern financial management require.

Good financial management supports sound decision-making, facilitates accountability, improves planning and subsequent refinement of these plans, and enables an organisation to devise its strategy and manage risks to its delivery. Failures in financial management reduce value for money, put at risk the achievement of an organisation’s policy objectives, such as delivery of services to the public, and can result in additional costs in the long term.
Introduction

The Ministry of Finance and Economic Development (MOFED), has made some progress in the implementation of the Programme-Based Budget (PBB), which is an essential part of government’s budget reforms. The PBB is slowly starting to be embedded in the public finance arena of Mauritius. Like any new reform, there are some teething issues at the beginning; these issues are being gradually addressed. The challenge now is to consolidate and deepen the PBB.

The NAO has reviewed the progress achieved in the implementation of PBB and also provided a roadmap on the consolidation of this important public finance reform.

Year 2010

Over the year 2010, progress has been noted on the following counts:

- Stabilisation of the budget presentation format which is now in four parts as follows:
  - **Part A**: Overview of the Ministry/Department;
  - **Part B**: Services to be provided (outputs) and Performance Information;
  - **Part C**: Inputs-Financial Resources
  - **Part D**: Input-Human Resources

- Understanding of concepts like outcomes, services to be provided (outputs) and service standards (indicators);

- Improvements in programme costing. The decentralization of the payroll of the Financial Operations, the Procurement and Supply, and the Internal Control Cadres to Line Ministries/Departments budget is a step forward in reflecting a Ministry’s actual cost of inputs.

Performance Indicators

Whilst there has been some progress in the formulation of performance indicators, there are still too many indicators (around 1,500) in the PBB. In addition, it appears that Ministries/Departments are now clearly distinguishing between service standards which they can use for internal management purposes and those which are more relevant for the oversight of the National Assembly. The MOFED needs to ensure greater quality control on this issue together with the Line Ministries/Departments while maintaining a balance between quality, volume, efficiency and coverage indicators. As we move towards outcome budgeting in the years to come, the number of indicators will certainly decrease drastically.

Before a performance indicator is considered for inclusion in the PBB, the first question that needs to be answered is the following: is it measureable? Presumably, if you cannot measure
it, you will not be able to assess its progress. The second question is whether the indicator can be monitored and the third is whether the indicator is not for internal management purposes more relevant for Performance Management System (PMS) than for the PBB and therefore the National Assembly. There is a need for greater coordination at this point with Line Ministries by the MOFED although the Line Ministries know best their performance indicators. However, Line Ministries/Departments should bear in mind that not all performance indicators are required for National Assembly purposes. It is strongly recommended not to overload the PBB with too many indicators.

As part of the budget automation project, MOFED has to rapidly put in place the on-line monitoring system of performance indicators. This will help both in the monitoring and reporting of performance information and timely decision-making.

Planning and Budgeting

Now that the PBB is stabilized, MOFED has to revamp the planning function that it used to perform in the past but with a more realistic approach. Planning and budgeting are two processes that are intertwined and reinforce each other. There is currently a lack of orderly planning in the formulation of appropriate policy measures and no coordination at a central level which is resulting in incoherence and delays at the implementation levels.

In order to reduce the gap between the time a policy decision is taken and actual implementation, both the planning function and the budgeting function need to be revamped and synergized. Planning is not simply visioning as there is need to balance ambition with capacity for implementation. In order to have effective planning, the Line Ministries/Departments have first to trigger the thought process at their level including thinking about availability of financial resources and human resources. In so doing the Line Ministries should consult all relevant stakeholders in their respective sectors. However, the task of putting all the pieces together including checking coherence and affordability issues would ultimately rest with MOFED. The long term planning exercise should be carried out every ten years.

For effectiveness in this new approach, planning has to join budgeting. And here the 3 year PBB Strategic Plan will be the link between long term and short term planning with budgeting. Each Ministry/Department has to elaborate or regularly update its PBB Strategic Plan and define programmes and projects in line with overall Government priorities or the Long Term Plan. The PBB strategic plan would lead the overall process for budget planning and resource allocation.

In so doing the credibility of the frontend of the fiscal exercise in terms of developing the Medium Term Fiscal Framework (MTFF) and the Medium Term Expenditure Framework (MTEF) will be improved as the PBB Strategic Plan will feed the Budgeting exercise. Also, the line Ministries/Departments will have greater predictability over their resource envelopes as the expenditure ceilings become more credible.
Figure 5-1 shows the link between long term planning with short term planning and budgeting:

**Figure 5-1 Link Between Long Term Planning and Budgeting**

The Long Term Planning (LTP) exercise should have a 20 to 25 years horizon in perspective but it should be undertaken as an assignment every ten years. The LTP cannot be undertaken by MOFED alone but it will be built up from a bottom up approach with the Line Ministries engaging with stakeholders and feeding the process with inputs. The relevancy, coherence and affordability with funding options are undertaken at the Line Ministry as the first step. However, the second step which is as important and necessary is the coordination to be undertaken by MOFED by ensuring national consistency including analysing cross-cutting issues, trade-offs and putting all the pieces together. Over and above, the LTP would also be guided by the overall vision of Government. Once the coherent and affordable Long Term Plan is established, the top-down process would operate in the sense that the Ministries/Departments would work in coordination towards the actual implementation of the national vision.

In a nutshell, planning should be undertaken against the backdrop of implementation because a dream is free but the journey isn’t. If you want to achieve a dream, you have to be willing to do more than just imagine the outcome. The thought process must be guided by finding out the price that has to be paid to reach a goal. The parameters that will constitute that price will be time taken to reach that goal, skills required, opportunities that would need to be foregone, and costs to be incurred. Therefore, a simple rule known as the taxi principle applies: Always find out the cost before you get in a Cab.
Annual Report

As the PBB process gets consolidated, the Line Ministries/Departments will have to prepare annual reports on their financial and non-financial performance for the year. The annual reports will be an actual tracking of performance of the targets as set in the Line Ministries/Departments 3-Year PBB Strategic Plans. These reports will have to be submitted to the National Assembly and the NAO will audit these reports on a sample basis.

Public Finance Management Legislation

I am informed that MOFED is doing the preparatory work on a new Public Finance Management Legislation. This will give an opportunity to modernise the actual public finance legislation which is fragmented. In the same vein, a new legislation will also be prepared for auditing.

Automation of Budgeting

I understand that MOFED is envisaging the automation of the budget process which will involve budget preparation, analysis, publication and monitoring. The major advantage of an automated budget system is that it prepares the data and reports much more accurately and faster. It also permits sophisticated analysis such as ‘what if’ analysis and higher quality budgeting. As this project will bring significant efficiency gains in the preparation, analysis, publication and monitoring of the PBB, efforts must be made to implement the project timely as it is an extension of the existing system on which the Treasury Accounting System (TAS) rests.

Delivery of Services

The NAO is also aware that the procurement system is being fine-tuned. We support this initiative as this will assist in the implementation of projects as bottlenecks are found and practical solutions adopted. In the same vein, procurement through Public Private Partnerships must be actively developed and implemented and this will reduce pressure on public resources. If Government wants PPPs to take off, its strategy must be reviewed including building capacity and additional multi-skilled staff, be it from external sources, at the central level.

In order for the Line Ministries to be able to deliver, the bottlenecks in the system for recruitment have also to be tackled. Each year budgetary provision is provided for positions but actual recruitment lags behind, affecting adversely on service delivery.

At this stage the systems surrounding both the procurement and human resources have to be re-looked at and modernized in order to improve delivery of services at the level of the Line Ministries/Departments.


Conclusion

I wish to commend the progress made both by MOFED and the Line Ministries/Departments during 2010 in the furtherance of this major public finance reform. The way forward is certainly towards greater consolidation and deepening of the PBB as well as synergizing it with other reforms like the Performance Management System. It is indeed a long journey which will have to be travelled with concerted and relentless efforts by all stakeholders and by building on cumulative progress year on year.
6 - MISUSE/ABUSE OF GOVERNMENT ASSETS

Passenger Vehicles

Government has a fleet of some 700 passenger motor vehicles, excluding those attached to the Police Department, Fire Services Department, Prison Department and luxury cars allocated to VIPs.

A number of Ministries and Departments have had passenger motor vehicles attached to them on a permanent basis since their onset. Others were provided with this facility at a later stage. With the passage of time, practically all Ministries and Departments have passenger motor vehicles attached to them. The number of passenger motor vehicles has therefore increased over the years leading to increase in expenditure on their operation and maintenance. Moreover, although Government vehicles provide a convenience for employees, attitudinally Government officials have increasingly considered this transportation facility as a perquisite, thus leading to some extent of misuse.

Use of passenger vehicles

The services for which passenger motor vehicles are mostly used include the following:

- Despatch of documents
- Conveyance of officers attending committees/seminars/workshops
- Conveyance of officers to residence after working overtime
- Collection of stores
- Conveyance of officers, going on overseas mission, to and from airport
- Conveyance of overseas delegates

Controlling Officers

The Financial Management Manual (FMM) recommends the appointment of Controlling Officers (commonly referred to as Transport Officers) to manage vehicles. Most Controlling Officers who have been appointed are staff from the Executive and Clerical classes and even include Leading Hands and General Workers.
Observations

The Management Audit Bureau (MAB) Report of 2003 on ‘Use and Misuse of Government Vehicles’ considered an annual mileage of 12,000 kilometres as indicative of normal use for a passenger car.

For the present exercise, a sample of 130 passenger motor vehicles was examined. The average mileage covered for the 12 months ending 30 June 2010 is shown in Table 6-1.

Table 6-1 Mileage Covered by Vehicles during 12 Months Ending 30 June 2010

<table>
<thead>
<tr>
<th>Mileage</th>
<th>Less than 3,000 kms</th>
<th>More than 3,000 but less than 6,000 kms</th>
<th>More than 6,000 but less than 9,000 kms</th>
<th>More than 9,000 but less than 12,000 kms</th>
<th>More than 12,000 kms</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Vehicles</td>
<td>15</td>
<td>5</td>
<td>11</td>
<td>9</td>
<td>90</td>
</tr>
<tr>
<td>Percentage</td>
<td>12</td>
<td>4</td>
<td>8</td>
<td>7</td>
<td>69</td>
</tr>
<tr>
<td>Cumulative Percentage</td>
<td>12</td>
<td>16</td>
<td>24</td>
<td>31</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: vehicle logbooks and monthly returns

31 percent of vehicles covered less than the normal use level of 12,000 kilometres. This includes some 16 per cent covering less than 6,000 kilometres, representing 50 per cent of the normal use level.

In several Ministries, top officials were using passenger motor vehicles for their private use from the vehicles pools of their respective Ministries, despite the fact that they have already benefitted from car schemes, duty concessions and travel grants for official and private use. This includes their conveyance to and from their places of residence. It was also noted that many trips, recorded in logbooks, did not receive prior sanctions of the Controlling Officers and, there was no documentary evidence to support the official nature of these trips.

In many cases, it has been noted that officials who have benefitted from chauffeur driven car, self-driven car and those receiving travel grants are using passenger cars attached to their Ministries for attending meetings, workshops and even for private use.
In several cases, reasons stated in the logbooks for trips were as follows:

- ‘Despatch’
- ‘Duty Minister’, ‘Minister Duty’, ‘Duty for Minister’, ‘Despatch for Minister’

In these cases, the signature of the controlling officers was missing in log books. Consequently, there was no documentary evidence to support whether these trips were duly authorised. Such practice reflects window-dressing to cover trips for private use or trips by officers not entitled to the use of the cars.

Transport facilities, in practice, are provided to officers who work beyond 1900 hours. However, several cases were noted where officers were conveyed to their places of residence at 1730 hours.

The Ministry of Finance and Economic Development issued Circular letter no 13 of 2003 requesting the use of a standard ‘Request for Transport’ form by all Ministries and Departments to prevent misuse of Government passenger vehicles. This form, if properly filled in, helps to identify precisely the users, their eligibility, the official nature of the trips and the appropriate authorisation. In cases of regular trips and those scheduled in advance, no transport request form is used. In these cases, as a good practice, the Controlling Officers keep Appointment Books to record these trips. Further, the FMM requires that all trips performed should be properly recorded in the logbooks and forbids use of government motor vehicles for private use.

However, our review revealed:

- many instances where the standard request form was not being used. Transportation was provided to users who made requests verbally or by telephone or through letters. These types of requests did not mention eligibility of the user, the official nature of the trip and prior authorisation of head of section.

- Controlling Officers, being officers of the General Services class are junior officers. This provides an opportunity for the misuse and abuse by senior officers, who are not entitled to the use of these cars, through exercising authority and pressure.

**Conclusion**

The present policy of having passenger vehicles attached to Ministries and Departments has led to misuse as well as under-utilisation of vehicles. Government needs to review this policy in the light of the comments made above. It is not the business of a Ministry/Department to provide for transportation services. Consequently, it is suggested that Government should consider other alternatives of obtaining transportation services in a more cost-effective manner.
Portable ICT Equipment

A laptop (notebook) is a personal computer for mobile use. It integrates most of the typical components of a desktop computer. As such the use of laptop or notebook computers is widespread and many people use them regularly as part of the work process.

With the introduction of computers in the public service, many high officials in the public sector were provided with a desktop. With the public sector being more and more computerised, practically all staff are provided with a desktop.

Since the past few years with:

- the performance of laptops being as good as desktops
- the advantage of being mobile
- the price of laptops going down

Most computer users are opting for laptops.

However, from a survey carried out by the NAO, it was noted that most top officials as well as a number of middle management officers in Ministries and Departments have been provided with a laptop in addition to a desktop instead of a laptop in lieu of a desktop. In certain cases, the desktop has been replaced by another laptop, thus these officers/officials have in their possession two laptops permanently.

Given the mobility and practicality of use of a laptop it is not understood why after having a laptop, an officer needs another laptop to perform his work. This I consider to be an abuse of Government assets and of public funds.

There appears to be an increasing trend in the use of two laptops simultaneously. The consequences of this trend are two–folds:

- As the useful life of a laptop tends to shorten gradually, coming down to even three years, this means that there will be more frequent replacement and hence, increase in the spending of public fund.

- The costs of laptops tend to be higher compared to desktops meaning increased future costs in terms of both maintenance and replacement.
7 - ANNUAL FINANCIAL STATEMENTS

7.1 Consolidated Fund

In accordance with Section 3 of the Finance and Audit Act, during 2010, the Consolidated Fund was credited with all revenues collected on behalf of the Government and charged with expenditure incurred on the authority of warrant issued by the Minister of Finance.

The movements in the Consolidated Fund for the year 2010 were as shown in Table 7-1.

Table 7-1 Consolidated Fund

<table>
<thead>
<tr>
<th>Description</th>
<th>Rs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deficit brought forward as of 01 January 2010</td>
<td>76,763,487,729</td>
</tr>
<tr>
<td>Surplus for the year</td>
<td>(1,419,100,448)</td>
</tr>
<tr>
<td>Deficits arising due to appreciation in Foreign Currency</td>
<td>200,420,232</td>
</tr>
<tr>
<td>Accumulated deficit as of 31 December 2010</td>
<td>75,544,807,513</td>
</tr>
</tbody>
</table>

As of 31 December 2010, the Consolidated Fund had a debit balance of Rs 75.5 billion, representing total accumulated deficit. This amount was disclosed under Assets in the Statement of Assets and Liabilities in the accounts of the Republic of Mauritius.

The surplus for the year was Rs 1.42 billion and was obtained by including capital items in both revenue and expenditure as shown in Table 7-2.
Table 7-2  Revenue and Expenditure of the Consolidated Fund

<table>
<thead>
<tr>
<th>Rs (billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
</tr>
<tr>
<td>Recurrent Revenue</td>
</tr>
<tr>
<td>Proceeds of Long term Loans</td>
</tr>
<tr>
<td>Reimbursement of Loans</td>
</tr>
<tr>
<td><strong>Expenditure</strong></td>
</tr>
<tr>
<td>Recurrent Expenditure</td>
</tr>
<tr>
<td>Capital Expenditure</td>
</tr>
<tr>
<td>Capital Repayment of Loan</td>
</tr>
<tr>
<td>Loan to Organisations</td>
</tr>
<tr>
<td><strong>Surplus for the year</strong></td>
</tr>
</tbody>
</table>

This is due to the accounting policy adopted, which is on cash basis, except for costs of borrowings, which are accounted on the accruals basis. Based on this accounting policy, it is worth noting that surplus can be increased by contracting more long term loans and reduced by incurring more capital expenditure.

7.1.1 Revenue

The total amount of revenue collected during the fiscal year 2010 was less than the budgeted figure by Rs 62.79 billion as shown in Table 7-3. This included shortage in inflows in respect of transactions in Assets and Liabilities by Rs 61.5 billion. This shortage was due to the exclusion of inflows from issue of Treasury Bills and Treasury Notes amounting to Rs 66.6 billion and Rs 16.9 billion respectively in the Detailed Statement of Revenue of the Consolidated Fund. The net balances of these instruments were accounted in the Statement of Assets and Liabilities.
### Table 7-3  Budgeted and Actual Revenue 2010

<table>
<thead>
<tr>
<th></th>
<th>Budgeted Rs</th>
<th>Actual Rs</th>
<th>Variance Rs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxes</td>
<td>52,697,000,000</td>
<td>55,209,063,479</td>
<td>2,512,063,479</td>
</tr>
<tr>
<td>Social Contribution</td>
<td>1,015,000,000</td>
<td>1,008,213,143</td>
<td>(6,786,857)</td>
</tr>
<tr>
<td>Grants</td>
<td>4,104,000,000</td>
<td>1,990,964,150</td>
<td>(2,113,035,850)</td>
</tr>
<tr>
<td>Other Revenue</td>
<td>8,954,000,000</td>
<td>7,271,251,807</td>
<td>(1,682,748,193)</td>
</tr>
<tr>
<td>Inflows in respect of transactions in Assets and liabilities</td>
<td>77,340,000,000</td>
<td>15,833,671,463</td>
<td>(61,506,328,537)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>144,110,000,000</strong></td>
<td><strong>81,313,164,042</strong></td>
<td><strong>(62,796,835,958)</strong></td>
</tr>
</tbody>
</table>

### 7.1.2 Expenditure

Total expenditure incurred amounted to Rs 79.9 billion, which was Rs 5.4 billion less than the budgeted amount of Rs 85.3 billion. Overspending was not noted under any item of expenditure. However, an amount of Rs 1.9 billion provided for contingencies and reserves was reallocated to other items of expenditure.
7.2 Statement of Investments

The Annual Statements of the Government comprise of a Statement of Assets and Liabilities and some 16 other statements including the Statement of Investments. Investments as per Statement of Investments comprised shares in quoted and unquoted companies, equity participation, other government interests and bank deposits. As of 31 December 2010, the Statement of Investments showed that investments held totalled some Rs 17 billion as shown in Table 7-4.

Table 7-4 Investments as at 31 December 2010

<table>
<thead>
<tr>
<th>Details</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quoted Shares</td>
<td>144,841,335</td>
</tr>
<tr>
<td>Units</td>
<td>75,789,772</td>
</tr>
<tr>
<td>Unquoted Shares</td>
<td>7,011,495,235</td>
</tr>
<tr>
<td>Equity Participation</td>
<td>1,302,433,732</td>
</tr>
<tr>
<td>Other Government Interests</td>
<td>1,640,999,798</td>
</tr>
<tr>
<td>Bank Deposits, Loans &amp; Other Investments</td>
<td>7,181,813,100</td>
</tr>
<tr>
<td>Grand Total</td>
<td>17,357,372,972</td>
</tr>
</tbody>
</table>

In contrast, the figure disclosed as Investments in the Statement of Assets and Liabilities (Statement A) as of 31 December 2010 amounted to some Rs 7 billion only. The difference in the amount in the two statements is the result of the accounting policy adopted.

This figure of Rs 7 billion in Statement A represented deposits of Special Funds, monies deposited with the Government for specific purposes, investments financed from the ex-Consolidated Sinking fund and other investments made out of monies standing to the credit of the Consolidated Fund.

Investments accounted only in Statement of Investments (Statement F) and not in Statement A were those investments that were budgeted and accounted as Capital Expenditure in the past.

7.2.1 Return on Investments

Out of the total investments of Rs 10 billion in shares and government interests, only investments amounting to some Rs 1 billion yielded dividends. Dividends received during the fiscal year ended 31 December 2010 totalled some Rs 587 million. The remaining
investments of Rs 9 billion representing 86 percent did not yield any dividend during the year. Out of these, investments totalling some Rs 5 billion did not yield any dividend since their acquisition as shown in Table 7-5.

Table 7-5 Investments yielding no dividend

<table>
<thead>
<tr>
<th>Investments yielding no dividend</th>
<th>During year 2010</th>
<th>Since acquisition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quoted Shares</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Air Mauritius Limited</td>
<td>99,178,348</td>
<td></td>
</tr>
<tr>
<td>United Docks Ltd</td>
<td>*9,600</td>
<td></td>
</tr>
<tr>
<td>Units</td>
<td></td>
<td></td>
</tr>
<tr>
<td>NIT Local Equity Fund - LEF</td>
<td>38,370,116</td>
<td></td>
</tr>
<tr>
<td>NIT Global Opportunities Fund - GOF</td>
<td>18,417,656</td>
<td></td>
</tr>
<tr>
<td>Unquoted Shares</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Africa Export-Import Bank</td>
<td>10,776,420</td>
<td></td>
</tr>
<tr>
<td>African Development Bank</td>
<td>563,406,984</td>
<td>563,406,984</td>
</tr>
<tr>
<td>Airports of Rodrigues Ltd</td>
<td>538,310,200</td>
<td>538,310,200</td>
</tr>
<tr>
<td>Air Mauritius Holding Ltd</td>
<td>87,354,608</td>
<td></td>
</tr>
<tr>
<td>Business Parks of Mauritius Ltd</td>
<td>1,105,552,722</td>
<td>1,105,552,722</td>
</tr>
<tr>
<td>Cargo Handling Corporation Ltd</td>
<td>600,000</td>
<td>600,000</td>
</tr>
<tr>
<td>Development Bank of Mauritius Ltd</td>
<td>216,250,000</td>
<td></td>
</tr>
<tr>
<td>Discover Mauritius Ltd</td>
<td>500,000</td>
<td>500,000</td>
</tr>
<tr>
<td>Eastern &amp; Southern African Trade &amp; Dev. Bank Ltd</td>
<td>157,868,426</td>
<td>157,868,426</td>
</tr>
<tr>
<td>Editions De L’Ocean IndienLtee</td>
<td>1,140,000</td>
<td>1,140,000</td>
</tr>
<tr>
<td>Enterprise Mauritius</td>
<td>79,782,747</td>
<td>79,782,747</td>
</tr>
<tr>
<td>Events Mauritius Ltd</td>
<td>1,800,000</td>
<td>1,800,000</td>
</tr>
<tr>
<td>First Republic Fund Ltd</td>
<td>86,375,000</td>
<td></td>
</tr>
<tr>
<td>Les Pailles International Conference Centre</td>
<td>652,688,656</td>
<td></td>
</tr>
<tr>
<td>Mauritius Educational Development Company Limited</td>
<td>16,000,000</td>
<td>16,000,000</td>
</tr>
<tr>
<td>Mauritius Shipping Corporation Ltd</td>
<td>6,493,000</td>
<td></td>
</tr>
<tr>
<td>Multi Carrier (Mauritius) Ltd</td>
<td>134,000,000</td>
<td>134,000,000</td>
</tr>
<tr>
<td>Mauritius Post and Cooperative Bank Ltd</td>
<td>137,166,400</td>
<td>137,166,400</td>
</tr>
<tr>
<td>National Housing Development Co. Ltd</td>
<td>200,000,000</td>
<td>200,000,000</td>
</tr>
<tr>
<td>Investments yielding no dividend</td>
<td>During year 2010 Rs</td>
<td>Since acquisition Rs</td>
</tr>
<tr>
<td>---------------------------------</td>
<td>---------------------</td>
<td>----------------------</td>
</tr>
<tr>
<td>National Real Estate Ltd</td>
<td>500,000,000</td>
<td></td>
</tr>
<tr>
<td>Overseas Telecommunications Services Co. Ltd</td>
<td>28,858</td>
<td></td>
</tr>
<tr>
<td>SME Partnership Fund Ltd</td>
<td>50,000,000</td>
<td>50,000,000</td>
</tr>
<tr>
<td>Stafford Mayer Company South Africa Limited</td>
<td>*27</td>
<td></td>
</tr>
<tr>
<td>State Land Development Co. Ltd</td>
<td>385,024,900</td>
<td>385,024,900</td>
</tr>
<tr>
<td>State Property Development Co. Ltd</td>
<td>*663,000,000</td>
<td>*663,000,000</td>
</tr>
<tr>
<td>Sugar Investment Trust</td>
<td>19,999,980</td>
<td></td>
</tr>
<tr>
<td>The Mauritius Post Ltd</td>
<td>371,111,200</td>
<td>371,111,200</td>
</tr>
<tr>
<td>The State Informatics Ltd</td>
<td>32,800,000</td>
<td></td>
</tr>
<tr>
<td>The State Investment Corporation Limited</td>
<td>85,000,000</td>
<td></td>
</tr>
<tr>
<td>Tourist Villages Company Ltd</td>
<td>315,000,000</td>
<td>315,000,000</td>
</tr>
<tr>
<td>United Investments Ltd</td>
<td>48</td>
<td></td>
</tr>
<tr>
<td><strong>Equity Participation</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank of Mauritius</td>
<td>1,000,000,000</td>
<td></td>
</tr>
<tr>
<td>Mauritius Co-operative Livestock Marketing Federation</td>
<td>450,000</td>
<td>450,000</td>
</tr>
<tr>
<td>Mauritius Sugar Authority</td>
<td>975,000</td>
<td>975,000</td>
</tr>
<tr>
<td>Mauritius Sugar Terminal Corporation</td>
<td>172,828,732</td>
<td></td>
</tr>
<tr>
<td>National Transport Corporation</td>
<td>50,000,000</td>
<td>50,000,000</td>
</tr>
<tr>
<td>Rodrigues Educational Development</td>
<td>80,000</td>
<td>80,000</td>
</tr>
<tr>
<td>Rose Belle Sugar Estate</td>
<td>98,844,218</td>
<td>98,844,218</td>
</tr>
<tr>
<td>State Trading Corporation</td>
<td>400,000</td>
<td>400,000</td>
</tr>
<tr>
<td><strong>Other Government Interests</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Central Electricity Board</td>
<td>670,856,197</td>
<td>670,856,197</td>
</tr>
<tr>
<td>Central Water Authority</td>
<td>892,568,769</td>
<td>892,568,769</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>8,797,999,185</td>
<td>5,771,437,763</td>
</tr>
</tbody>
</table>

* Nominal value shown as cost is nil
Total includes only costs
Special Funds

Section 9 of the Finance and Audit Act provides for the creation of Special Funds to manage funds that have been entrusted to the Government or created by the Government for some specific purposes. The characteristics of the Special Funds are that:

- they do not form part of the Consolidated Fund,
- they are administered in the manner provided by a law or instrument creating them, with a Board of Trustees for each Fund,
- in the absence of any such law or instrument, the Minister of Finance, may by regulations provide for the administration of such Special Fund, or for the better administration of such Special Fund, as the case may be, and
- money standing to the credit of Special Funds may be invested and any interest or dividend received is be credited to the accounts of that Special Fund and becomes in all respects part of that Special Fund.

Thus all Special Funds are either regulated by an Act or a Regulation made under the Finance and Audit Act. Actually there are 32 Special Funds and are differently regulated. Appendix IA refers. Though all of them are audited by the Director of Audit, some are required to submit accounts not later than three months after the end of each financial year while for others no mention is made. All of them are required to prepare

- annual statements of the receipts and payments for a financial year; and
- a balance sheet made up to the end of that financial year showing the assets and liabilities of the Fund.

As all Special Funds fall under the Finance and Audit Act, all the Special Funds are also operating on a calendar-year basis.

With the change in accounting system for Statutory Bodies it is suggested that the accounting system for Special Funds be standardised to reflect current practice and similar conditions for the preparation of Annual Reports and their submissions be laid down.

The financial statements of the Special Funds shown in Table 7-6 have not yet been submitted for audit purposes.
Table 7-6  Financial Statements not yet been Submitted for Audit Purposes

<table>
<thead>
<tr>
<th>Special Funds</th>
<th>Fiscal Period</th>
<th>Statutory Date Limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cooperative Development Fund</td>
<td>2006-07</td>
<td>30.09.07</td>
</tr>
<tr>
<td></td>
<td>2007-08</td>
<td>30.09.08</td>
</tr>
<tr>
<td></td>
<td>2008-09</td>
<td>30.09.09</td>
</tr>
<tr>
<td></td>
<td>01.07.09-31.12.10</td>
<td>31.03.11</td>
</tr>
<tr>
<td>De Chazal Maternity Home Fund</td>
<td>2007-08</td>
<td>30.09.08</td>
</tr>
<tr>
<td></td>
<td>2008-09</td>
<td>30.09.09</td>
</tr>
<tr>
<td></td>
<td>01.07.09-31.12.10</td>
<td>31.03.11</td>
</tr>
<tr>
<td>Manufacturing Adjustment and SME Development Fund</td>
<td>01.07.09-31.12.10</td>
<td>31.03.11</td>
</tr>
<tr>
<td>Maurice Ile Durable Fund</td>
<td>01.07.09-31.12.10</td>
<td>31.03.11</td>
</tr>
<tr>
<td>National Archives Research and Publication Fund</td>
<td>01.07.09-31.12.10</td>
<td>31.03.11</td>
</tr>
<tr>
<td>National Pensions Fund</td>
<td>01.07.09-31.12.10</td>
<td>31.03.11</td>
</tr>
<tr>
<td>President Fund for Creative Writing in English</td>
<td>01.07.09-31.12.10</td>
<td>31.03.11</td>
</tr>
<tr>
<td>Prime Minister’s Relief and Support Fund</td>
<td>Year ended 31.12.10</td>
<td>31.03.11</td>
</tr>
<tr>
<td>Social Housing Development Fund</td>
<td>01.07.09-31.12.10</td>
<td>31.03.11</td>
</tr>
<tr>
<td>Tourism Fund</td>
<td>Year ended 31.12.10</td>
<td>31.03.11</td>
</tr>
<tr>
<td>Treasury Foreign Currency Management Fund</td>
<td>01.07.09-31.12.10</td>
<td>31.03.11</td>
</tr>
<tr>
<td>Trust Fund for the Social Integration of Vulnerable Groups</td>
<td>2008-09</td>
<td>30.09.09</td>
</tr>
<tr>
<td></td>
<td>01.07.09-31.12.10</td>
<td>31.03.11</td>
</tr>
</tbody>
</table>

The financial statements of 19 Special funds have been certified but have still not been laid before the National Assembly. Appendix IB refers. Some of these have been certified prior to year 2000.

The financial statements of the Special Funds shown in Table 7-7 have been received and are under examination.
Table 7-7 Financial Statements received and are under examination

<table>
<thead>
<tr>
<th>Special Funds</th>
<th>Fiscal Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food Security Fund</td>
<td>01.07.09- 31.12.10</td>
</tr>
<tr>
<td>Human Resource, Knowledge and Arts Development Fund</td>
<td>01.07.09- 31.12.10</td>
</tr>
<tr>
<td>Local Infrastructure Fund</td>
<td>01.07.09-31.12.10</td>
</tr>
<tr>
<td>Manufacturing Adjustment and SME Development Fund</td>
<td>Period 24.06.08- 30.06.09</td>
</tr>
<tr>
<td>National Archives Research and Publication Fund</td>
<td>2008-09</td>
</tr>
<tr>
<td>National Environment Fund</td>
<td>01.07.09-31.12.10</td>
</tr>
<tr>
<td>National Parks and Conservation Fund</td>
<td>01.07.09- 31.12.10</td>
</tr>
<tr>
<td>National Pensions Fund</td>
<td>2006-07, 2007-08, 2008-09</td>
</tr>
<tr>
<td>Non-Government Organisation Trust Fund</td>
<td>01.07.09- 31.12.10</td>
</tr>
<tr>
<td>Portable Pension Fund</td>
<td>01.07.09- 31.12.10</td>
</tr>
<tr>
<td>President Fund for Creative Writing in English</td>
<td>2008-09</td>
</tr>
<tr>
<td>Prime Minister’s Relief and Support Fund</td>
<td>01.07.09 to 31.12.09</td>
</tr>
<tr>
<td>Residential Care Homes Fund</td>
<td>01.07.09- 31.12.10</td>
</tr>
<tr>
<td>Special Fund for the Welfare of the Elderly</td>
<td>2008-09, 01.07.09- 31.12.10</td>
</tr>
<tr>
<td>Students’ Relief Fund</td>
<td>01.01.10- 31.12.10</td>
</tr>
<tr>
<td>Sugar Industry Labour Welfare Fund</td>
<td>2008-09, 01.07.09- 31.12.10</td>
</tr>
<tr>
<td>Tourism Fund</td>
<td>2008-09, 01.07.09- 31.12.09</td>
</tr>
</tbody>
</table>
7.4 Public Sector Debt

7.4.1 Public Sector Debt – Rs172,814,286,623

As of 31 December 2010, the total Public Sector Debt as disclosed in the Statement of Public Sector Debt in the accounts of the Republic of Mauritius amounted to Rs173 billion as shown in Table 7-8.

Table 7-8 Public Sector Debt

<table>
<thead>
<tr>
<th>Debt Category</th>
<th>As of 31 December 2010 (Rs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government</td>
<td>150,731,408,760</td>
</tr>
<tr>
<td>Agencies-Extra Budgetary Units</td>
<td>108,729,182</td>
</tr>
<tr>
<td>Local Government</td>
<td>3,500,000</td>
</tr>
<tr>
<td>Public Enterprises</td>
<td>21,970,648,681</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>172,814,286,623</strong></td>
</tr>
</tbody>
</table>

The details of the total Government Debt are given in Table 7-9.

Table 7-9 Government Debt (Nominal Value)

<table>
<thead>
<tr>
<th>Domestic Debt</th>
<th>As of 31 Dec 2010 (Rs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Treasury Bills</td>
<td>31,915,400,000</td>
</tr>
<tr>
<td>Advances from Organisations</td>
<td>2,100,000,000</td>
</tr>
<tr>
<td><strong>Short Term Borrowings</strong></td>
<td><strong>34,015,400,000</strong></td>
</tr>
<tr>
<td>Treasury Notes</td>
<td>44,022,920,000</td>
</tr>
<tr>
<td>Mauritius Development Loan Stocks/ Bonds</td>
<td>50,598,633,500</td>
</tr>
<tr>
<td><strong>Total Domestic Debt</strong></td>
<td><strong>128,636,953,500</strong></td>
</tr>
<tr>
<td><strong>External Debt</strong></td>
<td></td>
</tr>
<tr>
<td>Foreign Loan</td>
<td>22,094,455,260</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>150,731,408,760</strong></td>
</tr>
</tbody>
</table>
Government has also guaranteed Domestic and External Debts totalling Rs 5,924,071,311 and Rs 7,103,356,268 respectively incurred by agencies, Local Government and public enterprises as of 31 December 2010. These were not included in the above total Government Debt but were stated under their respective headings as Domestic-Guaranteed or External-Guaranteed in the Statement of Public Sector Debt.

The government debt figures as of end of fiscal periods ending 30 June 2006 to 31 December 2010 are given in Table 7-10.

Table 7-10 Government Debts as of 30 June 2006 to 31 Dec 2010

<table>
<thead>
<tr>
<th>As end of</th>
<th>Total Government Debt (Nominal) Rs million</th>
<th>Increase over the previous year/period Rs million</th>
<th>Increase over the previous Year %</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 2006</td>
<td>113,116.7</td>
<td>7,301.0</td>
<td>6.90</td>
</tr>
<tr>
<td>June 2007</td>
<td>121,872.9</td>
<td>8,756.2</td>
<td>7.74</td>
</tr>
<tr>
<td>June 2008</td>
<td>122,286.6</td>
<td>413.7</td>
<td>0.34</td>
</tr>
<tr>
<td>June 2009</td>
<td>134,894.3</td>
<td>12,607.7</td>
<td>10.31</td>
</tr>
<tr>
<td>Dec 2009</td>
<td>142,588.2</td>
<td>7,693.9</td>
<td>5.70</td>
</tr>
<tr>
<td>Dec 2010</td>
<td>150,731.4</td>
<td>8,143.2</td>
<td>5.71</td>
</tr>
</tbody>
</table>

The total government debt which was Rs 113.1 billion as of 30 June 2006 has been constantly increasing over the years to reach Rs 150.7 billion as of 31 December 2010. The total increase over the past five fiscal periods was Rs 37.6 billion representing 33 per cent. During the period ended 31 December 2010, the increase was Rs 8.14 billion, representing 5.7 per cent.
7.4.2 Public Sector Debt Ceiling

Total government debt and total public sector debt as a percentage of rebased GDP as of end June 2007 to June 2009 and end December 2009 to end December 2010 are given in Table 7-11.

Table 7-11  Total Government Debt and Total Public Sector Debt as a percentage of GDP

<table>
<thead>
<tr>
<th>As end of</th>
<th>Total Government debt as a percentage of rebased GDP (%)</th>
<th>Total Public Sector debt as a percentage of rebased GDP (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 2007</td>
<td>51.2</td>
<td>60.7</td>
</tr>
<tr>
<td>June 2008</td>
<td>47.1</td>
<td>54.7</td>
</tr>
<tr>
<td>June 2009</td>
<td>48.3</td>
<td>57.1</td>
</tr>
<tr>
<td>December 2009</td>
<td>50.3</td>
<td>59.3</td>
</tr>
<tr>
<td>December 2010</td>
<td>50.3</td>
<td>57.6</td>
</tr>
</tbody>
</table>

Observation

The total public sector debt as a percentage of rebased GDP has slightly decreased to 57.6 per cent as of 31 December 2010 compared to 59.3 per cent as of 31 December 2009. However, the percentage is below 60 per cent as per the Public Debt Management Act 2008.

From the Public Debt Strategic Plan, Mauritius debt looks positive but could be improved. It is well placed to comply with the legally mandated 50 per cent of GDP debt ceiling by 2018. Nevertheless, the International Monetary Fund suggests considering a lower long-term debt target of 40 per cent of GDP since international evidence suggests that debt vulnerabilities for emerging market countries are further reduced below this level.

Ministry’s Reply

The increase in the percentage of public sector debt (PSD) to GDP as of end of fiscal years June 2009 and December 2009 was the result of a combination of factors. These included higher borrowing requirements due to increase in expenditure and lower revenue following the implementation of the Additional Stimulus Package in December 2008 in the wake of the global economic downturn. It was also due to lower GDP growth resulting from the global economic crisis.

The Ministry came up with an Economic Restructuring and Competitiveness Programme, the main focus of which was to increase investment, job creation and raise consumption. The measures taken have helped to increase the GDP and accordingly the PSD to GDP decreased from 59.3 per cent in December 2009 to 57.6 per cent in December 2010. As at quarter ending 31 March 2011, the percentage of PSD to GDP has further reduced to 56.6 per cent.
7.4.3 Cost of Servicing Government Debt

Government Debt Servicing, included in the Statement of Expenditure in the accounts of the Republic of Mauritius, comprised of capital repayment of long term debts, interest payments on all debts and management service charges.

Servicing of debts during the past five fiscal periods are shown in Table 7-12.

Table 7-12 Servicing of Debts for the past five Fiscal Periods

<table>
<thead>
<tr>
<th>Particulars</th>
<th>2006-07 (Rs million)</th>
<th>2007-08 (Rs million)</th>
<th>2008-09 (Rs million)</th>
<th>Period July to Dec 2009 (Rs million)</th>
<th>Year 2010 (Rs million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interests-</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>External Debt</td>
<td>266.9</td>
<td>320.7</td>
<td>381.6</td>
<td>190.6</td>
<td>363.3</td>
</tr>
<tr>
<td>Domestic Debt</td>
<td>8,914.0</td>
<td>10,354.6</td>
<td>10,291.2</td>
<td>5,135.2</td>
<td>9,898.6</td>
</tr>
<tr>
<td><strong>Sub-total</strong></td>
<td><strong>9,180.9</strong></td>
<td><strong>10,675.3</strong></td>
<td><strong>10,672.8</strong></td>
<td><strong>5,325.8</strong></td>
<td><strong>10,261.9</strong></td>
</tr>
<tr>
<td>Sinking Fund</td>
<td>2,382.2</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Management Service Charges</td>
<td>9.7</td>
<td>8.6</td>
<td>41.9</td>
<td>4.6</td>
<td>24.6</td>
</tr>
<tr>
<td>Capital Repayments</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>External Debt</td>
<td>970.2</td>
<td>920.1</td>
<td>976.7</td>
<td>500.4</td>
<td>834.4</td>
</tr>
<tr>
<td>Capital Repayments on long term Domestic Debt</td>
<td>-</td>
<td>1,664.3</td>
<td>2,491.1</td>
<td>778.4</td>
<td>3,170.2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>12,543.0</strong></td>
<td><strong>13,268.3</strong></td>
<td><strong>14,182.5</strong></td>
<td><strong>6,609.2</strong></td>
<td><strong>14,291.1</strong></td>
</tr>
</tbody>
</table>

The cost of servicing of government debt has increased from 12.5 billion in fiscal year 2006-07 to Rs 14.3 billion in fiscal year 2010. It represented 18 per cent of total government expenditure in 2010.

In addition to the above, Rs 71.3 billion and Rs 14.9 billion have been spent on redemption of Treasury Bills and Treasury Notes respectively in 2010. These massive cash outflows have been possible owing to the new issue of these instruments which brought cash inflows of Rs 66.6 billion and Rs 16.9 billion respectively. These transactions were not included in the Statement of Expenditure or Revenue, but the net outstanding balances were disclosed in the Statement of Assets and Liabilities.
7.4.4 Management of External Loans

During the year 2010, commitment charges amounting to Rs 11,344,765 were paid on undrawn balance of one loan by a public body.

Ministry’s Reply

The commitment charges relates to the Plaines Wilhems Sewerage Project (Lot 2) financed by the Exim Bank of China. The Loan agreement signed with Bank provides for the payment of commitment fees on undrawn balance each year on 21 March and 21 September.
7.5 Outstanding Loans

Government has taken loans from international organisations and advanced these to Statutory Bodies and private bodies. As of 31 December 2010, the total outstanding amount of loans due by the different bodies to Government was some Rs. 5 billion as shown in Table 7-13.

*Table 7-13 Outstanding Loans due to Government*

<table>
<thead>
<tr>
<th>Granted to</th>
<th>Amount outstanding as of 31 December 2010 (Rs)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Statutory Bodies</strong></td>
<td></td>
</tr>
<tr>
<td>Development Bank of Mauritius Ltd</td>
<td>287,129,564</td>
</tr>
<tr>
<td>Mauritius Housing Company Ltd</td>
<td>28,655,155</td>
</tr>
<tr>
<td><strong>Sub total</strong></td>
<td><strong>1,068,784,167</strong></td>
</tr>
<tr>
<td><strong>Private Bodies</strong></td>
<td></td>
</tr>
<tr>
<td>BPML Freeport Services Ltd</td>
<td>173,489,959</td>
</tr>
<tr>
<td><strong>Sub total</strong></td>
<td><strong>1,396,521</strong></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>5,027,564,036</strong></td>
</tr>
</tbody>
</table>
Out of these, an amount of some Rs 1.74 billion, with accumulated interest of Rs 1.07 billion, were in arrears as shown in Table 7-14.

Table 7-14  Arrears of Capital and Interest as of 31 December 2010

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Principal Amount Rs</th>
<th>Interest Amount Rs</th>
<th>Total Rs</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Mauritius Meat Authority</td>
<td>5,669,085</td>
<td>-</td>
<td>5,669,085</td>
<td>No repayment made since 1981</td>
</tr>
<tr>
<td>2 Irrigation Authority</td>
<td>205,803,666</td>
<td>134,354,032</td>
<td>340,157,698</td>
<td>No repayment made since 1984</td>
</tr>
<tr>
<td>4 Small Scale Industries</td>
<td>227,554</td>
<td>987,358</td>
<td>1,214,912</td>
<td>No repayment made since 1993-1994</td>
</tr>
<tr>
<td>5 Bus Companies</td>
<td>4,460,006</td>
<td>-</td>
<td>4,460,006</td>
<td>No repayment made since 1995-1996</td>
</tr>
<tr>
<td>6 Rose-Belle Sugar Estate</td>
<td>64,567,450</td>
<td>65,085,169</td>
<td>129,652,619</td>
<td>No repayment made since 1999</td>
</tr>
<tr>
<td>7 Ex. M.C.C.B Ltd</td>
<td>24,608,000</td>
<td>47,160,180</td>
<td>71,768,180</td>
<td>No repayment made since 2001</td>
</tr>
<tr>
<td>8 Industrial and Vocational Training Board</td>
<td>128,851,767</td>
<td>39,241,626</td>
<td>168,093,393</td>
<td>No repayment made since 2005</td>
</tr>
<tr>
<td>9 BPML Freeport Services Ltd</td>
<td>170,878,861</td>
<td>72,223,036</td>
<td>243,101,897</td>
<td>Due for the period 2001 to 2010</td>
</tr>
<tr>
<td>10 Agricultural Marketing Board</td>
<td>6,220,571</td>
<td>4,219,569</td>
<td>10,440,140</td>
<td>No repayment made since 2007-2008</td>
</tr>
<tr>
<td>11 Mauritius Shipping Corporation</td>
<td>-</td>
<td>2,000,000</td>
<td>2,000,000</td>
<td>No repayment made</td>
</tr>
<tr>
<td>12 Central Electricity Board</td>
<td>528,334,043</td>
<td>279,815,302</td>
<td>808,149,345</td>
<td>Repayment insufficient to recoup arrears Irregular repayments.</td>
</tr>
<tr>
<td>13 Central Water Authority</td>
<td>236,198,102</td>
<td>137,082,104</td>
<td>373,280,206</td>
<td>Irregular repayments.</td>
</tr>
<tr>
<td>14 Business Parks of Mauritius Limited</td>
<td>177,586,861</td>
<td>78,869,519</td>
<td>256,456,380</td>
<td>Irregular repayments.</td>
</tr>
<tr>
<td>15 National Housing Development Company</td>
<td>34,770,855</td>
<td>-</td>
<td>34,770,855</td>
<td>Not all loans repaid</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,742,248,269</strong></td>
<td><strong>1,076,936,155</strong></td>
<td><strong>2,819,184,424</strong></td>
<td></td>
</tr>
</tbody>
</table>
Government was paying back the loans it contracted from the international organisations to advance to the local entities. However, the above respective local entities did not, in turn, refund to Government the amount due in respect of the arrears which now totalled Rs 2.82 billion.

The first six local entities shown in Table 7 - 14 which owed some Rs 851 million have not paid their loans since 1999 and prior years. There were no indications that these organisations would repay the loans. One of these entities, the National Transport Corporation, which had debt arrears of Rs 370 million, is facing financial difficulties and has made losses of Rs 97 million and Rs 103 million during fiscal periods 2007-08 and 2008-09 respectively.

The Mauritius Meat Authority (MMA) and Irrigation Authority are surviving on Government grants. Irrigation Authority, which owed some Rs 340 million, has benefitted from recurrent and capital government grants of Rs 364 million and 8 million respectively during last five and a half years. The respective grants to MMA, which owed Rs 5.6 million, were Rs 27 million and Rs 25 million during the same period. The MMA made a net loss of Rs 2.7 million during that five and a half year period. These data indicate that, if ever these debts are to be repaid, the funds would come from Government itself, in the form of grants.

The ex-MCCB Ltd which had debts of Rs 71 million is under winding up process since April 1996. The bus companies, which had debts of Rs 4.4 million, have also closed business.

The probability of these loans being refunded to Government is very remote.
7.6 Arrears of Revenue

The Arrears of Revenue due to the Government as of 31 December 2010 were Rs 6.5 billion.

Table 7-15 shows the arrears of revenue for the five fiscal periods to 31 December 2010.

Table 7-15  Arrears of Revenue

<table>
<thead>
<tr>
<th>Fiscal Period ending</th>
<th>Rs</th>
</tr>
</thead>
<tbody>
<tr>
<td>30.06.2007</td>
<td>4,840,520,051</td>
</tr>
<tr>
<td>30.06.2008</td>
<td>5,966,673,913</td>
</tr>
<tr>
<td>30.06.2009</td>
<td>6,220,316,277</td>
</tr>
<tr>
<td>31.12.2009</td>
<td>6,652,073,882</td>
</tr>
<tr>
<td>31.12.2010</td>
<td>6,505,963,032</td>
</tr>
</tbody>
</table>

The total arrears included many outstanding amounts due to Government since prior to 2005. The older the arrears, the less likely it is that they will be recovered.

The arrears included loan capital instalments of Rs 1.742 billion and interest of Rs 1.077 billion as of 31 December 2010 owed by nine Statutory Bodies and six private bodies or groups of private bodies.

7.6.1 Age list of Debtors

Table 7-16 shows an aged list of the debtors making up the arrears figure of Rs 6.5 billion as of 31 December 2010. The age list has been compiled from the returns submitted by Ministries and Departments to the Accountant General.

In a number of cases, totalling Rs 214.1 million, it had not been possible to correctly identify the age of the debtors. These have been classified as “unallocated”.

Table 7-15 denotes that, except for the last period, arrears were constantly increasing. Table 7-16 shows that arrears prior to 2009 and unallocated arrears amounted to Rs 4.693 billion, representing 72 per cent of total arrears. Hence, the measures to recover the sums due from the debtors should be strengthened and enforced.
Table 7-16  Aged List of Debtors as of 31 December 2010

<table>
<thead>
<tr>
<th>Ministries / Departments</th>
<th>Prior to 2009 Rs</th>
<th>2009 Rs</th>
<th>2010 Rs</th>
<th>Unallocated Rs</th>
<th>Total Debtors As of 31.12.10 Rs</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income Tax (Including Large Taxpayer)</strong></td>
<td>997,080,218</td>
<td>44,483,093</td>
<td>173,923,747</td>
<td>-</td>
<td>1,215,487,059</td>
</tr>
<tr>
<td><strong>Value Added Tax</strong></td>
<td>768,077,133</td>
<td>79,071,182</td>
<td>447,760,387</td>
<td>-</td>
<td>1,294,908,703</td>
</tr>
<tr>
<td><strong>Customs &amp; Excise</strong></td>
<td>-</td>
<td>-</td>
<td>4,461,470</td>
<td>11,692,205</td>
<td>16,153,675</td>
</tr>
<tr>
<td><strong>Gaming</strong></td>
<td>84,466,953</td>
<td>2,347,494</td>
<td>8,817,519</td>
<td>-</td>
<td>95,631,966</td>
</tr>
<tr>
<td><strong>Hotel Tax</strong></td>
<td>56,277,684</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>56,277,684</td>
</tr>
<tr>
<td><strong>Sales Tax</strong></td>
<td>5,120,258</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>5,120,258</td>
</tr>
<tr>
<td><strong>Civil Aviation Industry (Commerce Division)</strong></td>
<td>17,311,683</td>
<td>8,097,464</td>
<td>20,105,269</td>
<td>-</td>
<td>45,514,416</td>
</tr>
<tr>
<td><strong>Public Infrastructure (Land Transport Div.)</strong></td>
<td>39,900</td>
<td>-</td>
<td>46,517</td>
<td>-</td>
<td>86,417</td>
</tr>
<tr>
<td><strong>Fire Services</strong></td>
<td>21,230</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>21,230</td>
</tr>
<tr>
<td><strong>The Treasury (mainly loan due by local entities to government)</strong></td>
<td>479,724</td>
<td>31,667</td>
<td>-</td>
<td>-</td>
<td>511,391</td>
</tr>
<tr>
<td><strong>Registrar-General</strong></td>
<td>2,191,181,394</td>
<td>334,625,742</td>
<td>302,578,774</td>
<td>-</td>
<td>2,828,385,910</td>
</tr>
<tr>
<td><strong>Housing and Lands</strong></td>
<td>-</td>
<td>-</td>
<td>15,471,785</td>
<td>180,290,368</td>
<td>195,762,153</td>
</tr>
<tr>
<td><strong>Companies Division</strong></td>
<td>19,456,150</td>
<td>22,908,608</td>
<td>223,450,060</td>
<td>11,374,443</td>
<td>277,189,261</td>
</tr>
<tr>
<td><strong>Education &amp; Human Resources</strong></td>
<td>256,316,629</td>
<td>23,775,547</td>
<td>30,749,901</td>
<td>-</td>
<td>310,842,077</td>
</tr>
<tr>
<td><strong>Social Security, NS &amp; RI</strong></td>
<td>40,250</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>40,250</td>
</tr>
<tr>
<td><strong>Agro Industry &amp; Food Security</strong></td>
<td>-</td>
<td>-</td>
<td>125,132</td>
<td>2,377,579</td>
<td>2,502,711</td>
</tr>
<tr>
<td></td>
<td>19,288</td>
<td>-</td>
<td>2,729,163</td>
<td>6,613,245</td>
<td>9,361,695</td>
</tr>
</tbody>
</table>

52
ANNUAL FINANCIAL STATEMENTS
<table>
<thead>
<tr>
<th>Ministries / Departments</th>
<th>Prior to 2009 Rs</th>
<th>2009 Rs</th>
<th>2010 Rs</th>
<th>Unallocated Rs</th>
<th>Total Debtors As of 31.12.10 Rs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tourism &amp; Leisure</td>
<td>265,000</td>
<td>-</td>
<td>137,554</td>
<td>-</td>
<td>402,554</td>
</tr>
<tr>
<td>Public Infrastructure</td>
<td>7,550</td>
<td>-</td>
<td>80,942</td>
<td>-</td>
<td>88,492</td>
</tr>
<tr>
<td>Renewable Energy &amp; Public Utilities</td>
<td>20,786,258</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>20,786,258</td>
</tr>
<tr>
<td>Health and Quality of Life</td>
<td>5,498,472</td>
<td>378,275</td>
<td>836,785</td>
<td>124,425</td>
<td>6,837,957</td>
</tr>
<tr>
<td>Police Force</td>
<td>-</td>
<td>-</td>
<td>876,388</td>
<td>1,636,032</td>
<td>2,512,420</td>
</tr>
<tr>
<td>Local Govt. Rodrigues &amp; Outer Islands</td>
<td>235,620</td>
<td>-</td>
<td>10,000</td>
<td>-</td>
<td>245,620</td>
</tr>
<tr>
<td>Prime Minister's Office (Home Affairs)</td>
<td>3,496,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3,496,000</td>
</tr>
<tr>
<td>Youth &amp; Sports</td>
<td>614,401</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>614,401</td>
</tr>
<tr>
<td>Public Infrastructure (Shipping Div)</td>
<td>216,708</td>
<td>9,360</td>
<td>46,800</td>
<td>-</td>
<td>272,868</td>
</tr>
<tr>
<td>NTA</td>
<td>13,668,000</td>
<td>3,807,000</td>
<td>5,397,000</td>
<td>-</td>
<td>22,872,000</td>
</tr>
<tr>
<td>Labour, Industrial Relations &amp; Employment</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>National Audit Office</td>
<td>-</td>
<td>-</td>
<td>2,717,250</td>
<td>-</td>
<td>2,717,250</td>
</tr>
<tr>
<td>Attorney General's Office</td>
<td>-</td>
<td>120,145</td>
<td>294,105</td>
<td>-</td>
<td>414,250</td>
</tr>
<tr>
<td>Industrial Court</td>
<td>135,050</td>
<td>23,600</td>
<td>74,900</td>
<td>-</td>
<td>233,550</td>
</tr>
<tr>
<td>Intermediate Criminal Court</td>
<td>8,217,515</td>
<td>5,440,136</td>
<td>22,180,250</td>
<td>-</td>
<td>35,837,902</td>
</tr>
<tr>
<td>Judicial Courts</td>
<td>30,133,524</td>
<td>4,419,921</td>
<td>20,281,209</td>
<td>-</td>
<td>54,834,654</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4,479,162,592</strong></td>
<td><strong>529,539,234</strong></td>
<td><strong>1,283,152,907</strong></td>
<td><strong>214,108,297</strong></td>
<td><strong>6,505,963,032</strong>**</td>
</tr>
</tbody>
</table>
8.1 The e-Judiciary Project

The Judiciary awarded the contract for the development and implementation of the first phase of the e-Judiciary project to a private local firm for the fixed sum of US$ 3 million, excluding VAT charges, in March 2010.

The duration of the contract is 18 months and works are expected to be completed by August 2011.

8.1.1 Funding

A foreign donor has agreed to grant some US$ 2.3 million, excluding any local taxes, towards the project cost for Phase 1, subject to certain conditions, namely:

- The Supreme Court is to set up a Mediation Division and to have rules and proper legislation to bring mediation into the Mauritian Legal system.

- Turnaround time for civil cases, commercial cases in particular, to be reduced to 100 days by having a fast track for such cases.

The remaining charges of US$ 0.7 million for the consultancy services would be borne by the Government of Mauritius.

As of 30 April 2011, the foreign donor has already released some US$ 1,133,398 towards the cost of the project that have been credited in a Special Account, known as ‘Accountant General Investment Climate Fund’ in a banking institution.

Government contribution as of the same date totalled US$ 473,290.

8.1.2 Procurement

- Contrary to Section 15 (b) of the Public Procurement Act 2006, the Judiciary has awarded the contract to a private Consultant on 3 March 2010, without resorting to tender procedure.

  The Judiciary asserts that it based itself on ‘precedent’ of the procurement approach adopted for the Customs Trade Net System that was computerized in 1994. But the Public Procurement Act 2006 makes no provision for such procedures.

- The Procurement Policy Office had on 16 February 2010 been informed that the contract was being awarded to the private local firm as one of the terms of the grant from the donor agency provided that the said private firm would be the supplier of IT services and equipment as well as for capacity building and sensitisation campaign.

  However, this information was not seen in the agreement between the donor agency and the Judiciary.
8.2 Recovery of Costs of Service of Documents by Ushers

Section 22 (1-3) of the Court Ushers Act requires Court Ushers to insert on the document needed for effecting the required service the amount to cover the costs of service including the costs of travelling.

The amount shall be duly deposited by the applicant with the Cashier of the Supreme Court. The Chief Court Usher shall then appoint a Court Usher to effect the required service.

There are strict provisions for breach of Section 22 of the Court Ushers Act.

Contrary to Section 22 of the Court Ushers Act, the Judiciary has not been charging the travelling costs to private attorneys and other applicants.

Between July 2008 and December 2010, only the cost of travelling paid to Court Ushers to effect the required service are estimated at Rs 12.8 million, as depicted in the Table 8-1. Government has incurred a loss of revenue to the tune of some Rs 12.8 million for the period July 2008 to 31 December 2010 including some Rs 300,000 for fiscal year 2010.

Table 8-1 Mileage Costs

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Year 2008/09 (Rs million)</th>
<th>Semester ended 31 Dec 2009 (Rs million)</th>
<th>Year 2010 (Rs million)</th>
<th>Total Amount (Rs million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mileage paid to Court Ushers</td>
<td>14.7</td>
<td>7.7</td>
<td>16</td>
<td>38.4</td>
</tr>
<tr>
<td>Mileage paid to Court Ushers</td>
<td>4.9</td>
<td>2.6</td>
<td>5.3</td>
<td>12.8</td>
</tr>
</tbody>
</table>

Source Treasury Accounting System and File kept by the Finance Section ‘Recurrent Revenue

*It is estimated that some one third of total mileage of Rs 16 million, that is some Rs 5.3 million relate to private attorneys.

Other observations

Controls over payments of mileage are not adequate:

- Court Ushers are not submitting any monthly time sheet that would indicate the itineraries covered and the frequency thereof up to the service of a document.

- There is no indication on the mileage claims of the case reference, document reference and to whom the documents are being serviced.
➢ The “Register of documents served” is not complete as it does not make provisions for address where the documents have been or are intended to be served. This is equally important when a given document is to be served onto several persons.

➢ The Judiciary does not keep a copy of the document served that should contain details of trips performed, mileage costs, etc up to the time the document is served. Instead the original document, after having been served and duly filled in, is given to the private Attorneys or other applicants like ICAC, MRA, Ministry of Social Security, etc.

**Implications**

➢ Actual costs of the service are still not being recovered.

➢ In the absence of copy of documents served and a proper “Register of Documents served”, for each case, the frequency of visits, itineraries covered and costs of mileage incurred thereof could not be ascertained.
8.3 Arrears of revenue - Rs. 90.9 million

The arrears of revenue for the Judiciary totalled Rs 90.9 million as of 31 December 2010 against Rs 95.3 million at 31 December 2009. A Court-wise analysis of the debtors are shown in Table 8-2.

### Table 8-2 Arrears of Revenue

<table>
<thead>
<tr>
<th>Court</th>
<th>Debtors at 31 December 2009 (Rs)</th>
<th>Debtors at 30 June 2010 (Rs)</th>
<th>Debtors at 31 December 2010 (Rs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Port Louis III</td>
<td>43,146,466</td>
<td>54,315,691</td>
<td>27,378,004</td>
</tr>
<tr>
<td>Port Louis II</td>
<td>7,064,324</td>
<td>6,307,842</td>
<td>5,776,994</td>
</tr>
<tr>
<td>Intermediate</td>
<td>25,295,994</td>
<td>31,676,745</td>
<td>35,837,901</td>
</tr>
<tr>
<td>Industrial</td>
<td>569,950</td>
<td>189,450</td>
<td>233,550</td>
</tr>
<tr>
<td>Curepipe</td>
<td>4,787,415</td>
<td>4,345,381</td>
<td>4,500,251</td>
</tr>
<tr>
<td>Pamplemousses</td>
<td>3,133,750</td>
<td>2,251,775</td>
<td>3,459,775</td>
</tr>
<tr>
<td>Flacq</td>
<td>1,285,500</td>
<td>3,480,125</td>
<td>3,312,975</td>
</tr>
<tr>
<td>Rose Hill</td>
<td>3,542,425</td>
<td>2,879,662</td>
<td>4,241,673</td>
</tr>
<tr>
<td>Mapou</td>
<td>2,555,525</td>
<td>2,469,020</td>
<td>2,631,950</td>
</tr>
<tr>
<td>Moka</td>
<td>256,150</td>
<td>299,800</td>
<td>409,400</td>
</tr>
<tr>
<td>Black River</td>
<td>1,139,621</td>
<td>914,843</td>
<td>637,292</td>
</tr>
<tr>
<td>Grand Port</td>
<td>1,795,902</td>
<td>1,860,225</td>
<td>1,944,839</td>
</tr>
<tr>
<td>Savanne</td>
<td>772,430</td>
<td>841,790</td>
<td>541,400</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>95,345,452</strong></td>
<td><strong>111,832,349</strong></td>
<td><strong>90,906,004</strong></td>
</tr>
</tbody>
</table>

Role of Court Officers for the preparation of Statement of Arrears of Revenue

Court Officers and Senior Court Officers prepare the Statement of Arrears (SAR) from the available outstanding individual case files. The SAR is then signed by the Senior Magistrate and forwarded to the Finance section for onward submission to the Treasury. The figure of new debtors arising for the last semester is estimated by the Court Officers.

**Observations**

- There is no established control mechanism to ensure completeness, accuracy and proper monitoring of debtors. A few significant cases totalling Rs 28.9 million regarding previous years debtors were omitted from the list at 31 December 2010.

- Differences were noted between balance carried forward of one semester to the opening balance brought forward for the subsequent semester in the SAR. For two Judicial Courts
amount understated totalled Rs 9.9 million and for another one amount overstated totalled Rs 8.4 million.

- For the year ended 31 December 2010, arrears were reduced by an amount of Rs 32.2 million from collections and Rs 30.7 million through adjustments that could not be vouched and reconciled with the Finance section.

- The figure for cash collected or any adjustment of write off is taken to be a balancing figure by the Court officers. The balancing figure becomes the difference between the total amount of debtors at the start and end of semester.

- An analysis of debtors at the Intermediate Criminal Court in Port Louis shows that several debtors are outstanding balances of up to ten years as shown in Table 8-3.

Table 8-3 Ageing Analysis of Debtors at the Intermediate Criminal Court in Port Louis

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Arrears Outstanding (Rs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1985-1995</td>
<td>1,193,964</td>
</tr>
<tr>
<td>1995-2000</td>
<td>445,400</td>
</tr>
<tr>
<td>2000-2005</td>
<td>4,438,651</td>
</tr>
<tr>
<td>2005-2009</td>
<td>7,579,636</td>
</tr>
<tr>
<td>Semester to 30 June 2010</td>
<td>9,911,250</td>
</tr>
<tr>
<td><strong>Sub Total</strong></td>
<td><strong>23,568,901</strong></td>
</tr>
<tr>
<td>Semester to 31 December 2010</td>
<td>12,269,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>35,837,901</strong></td>
</tr>
</tbody>
</table>

Source: Statement of Arrears of Revenue

Out of 129 cases of warrants of arrest issued, 32 cases amounting to Rs 653,650 were issued since long, but as of 31 December 2010, no further action has been taken to recover the amount dues.

Conversely, from the 28 cases of warrants to be issued as of 31 December 2010, there were seven cases totalling Rs 301,200 where delay for payments have already lapsed between December 2009 and April 2010 and which have not yet been issued in April 2011. In one case of long outstanding debt of Rs 2.7 million, warrant of arrest was issued in January 2011 but no further outcome was seen at time of audit. Three case files for debt totalling Rs 4.4 million could not be produced to my Office.

- In case of non payment by debtors after eight days from judgement date, the Judiciary is required to request the Police Department to issue warrant of arrest or warrant to levy to
individual and companies respectively. Out of 20 debtors examined, in 15 cases, amounting to Rs138,150, warrant of arrest and warrant to levy were instead issued between two and 28 months from the judgement date.

- Out of the arrears of revenue of Rs 95.3 million as of 31 December 2009, fines due by 23 companies totalled some Rs 35.5 million. In December 2009, advice for the recovery of the unsettled fines was sought from the Solicitor General for eight cases totalling Rs 13.7 million. As at date of audit in May 2011, no reply was yet received.

8.4 Store Management at Judiciary

No improvement was seen regarding stores management at the Judiciary despite my adverse report in June 2010. Store ledgers were not properly maintained. The asset register is not being updated since 2006 in some Courts.

During 2009, the Judiciary inter-alia purchased revised law books, Mauritius Reports 2008 and computer equipment for Rs 13 million.

Of these, items estimated at Rs 1.7 million have remained dormant as at date of audit, April 2011 these include:

- Revised law books worth Rs 1.2 million.
- Computer equipment purchased between June and December 2009 worth Rs 231,528.
- Mauritius Reports 2008 worth Rs 258,768.

Following a physical stock take carried out by NAO in April 2011, the following shortages totalling Rs 1.3 million were found in Table 8-4.

<table>
<thead>
<tr>
<th>Items</th>
<th>Amount Rs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computer Equipment</td>
<td>938,876</td>
</tr>
<tr>
<td>Revised law books</td>
<td>337,500</td>
</tr>
<tr>
<td>Copies of Mauritius Reports 2008</td>
<td>23,960</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,300,336</strong></td>
</tr>
</tbody>
</table>

Implications

- Due to lack of reliable store ledgers and other assets records, there are no proper safeguarding of assets resulting in shortage and probably losses of government assets.

- Government funds are being tied up in stocks, that may soon become obsolete or outdated, hence may result in nugatory expenditure.
**Recommendations**

- Management should exercise effective controls over the stores.

- Immediate management action is required so that all stores and assets records are updated to provide accurate information for assets safeguard.

- The Officers of the stores should carry out stock surveys at regular intervals to confirm accuracy and validity of assets and stores records.

- Internal Control Unit should carry out random stock surveys.
9.1 Acquisition of office and parking space

On 31 December 2009, Government purchased for the sum of Rs 415.5 million, 16 of the 19 floors, representing a total area of some 16,700 m², of the Garden Tower Building (GTB) from DBM Properties Development Ltd.

9.1.1 Allocation of Floor Space and Parking Slots

The Prime Minister’s Office (PMO) has been given the responsibility for the allocation of the office space and parking slots available at the GTB.

Office Space

12 of the 16 floors purchased are office space and have been allocated as mentioned below.

The 5th to 8th floors were already being occupied by the National Empowerment Foundation (NEF) since January 2010. Any agreement and conditions attached to the allocation of the four floors between the NEF and Government was not seen.

On 28 May 2010, that is some five months after the purchase, the remaining eight floors were allocated as follows:

- Floors 9th to 11th - Ministry of Agro-Industry and Food Security (MAFS)
- Floors 12th to 16th - Director of Public Prosecutions (DPP)

On allocation, both the MAFS and the DPP were informed to seek funds from the Ministry of Finance and Economic Development (MOFED) for bringing all the necessary services and amenities to the office premises.

As of May 2011, that is 17 months after acquisition, both of them have not yet occupied the floors as partitioning and other amenities works have not yet even started. Moreover, both MAFS and DPP were still at the preliminary stage of partitioning works at the GTB, that is finalising the award of consultancy for partitioning works and the design works for partitioning respectively.

Meanwhile, for fiscal year 2010, both were paying rent of Rs 11 million and Rs 3.6 million respectively for office accommodation at their current premises located at different places in Port Louis.

Parking Slots

There are 234 parking slots at the other four floors. MOFED is using the 2nd floor of 56 parking slots. However, there was no written evidence that the 2nd floor has been allocated to this Ministry.

As regards to the other 178 slots found at the basement, the 3rd and 4th floors, no decision has yet been taken of how the parking slots would be allocated. PMO was still awaiting MOFED
to submit plan of the GTB for decision. As per MOFED, the plan of the parking slots has been forwarded.

During fiscal year 2010, while the 178 slots were not being utilised, Ministries/Departments had incurred some Rs 11.3 million as parking fees for the renting of private parking. This sum included the rent of private parking other than in Port Louis.

**Implication**

Had the different stakeholders taken prompt decision regarding accommodation at GTB, part of the rental and parking fees paid could have been avoided.

**Recommendations**

- Early occupation of the floors at GTB would avoid MAFS and DPP from effecting substantial payment of rent for occupying private office accommodation at other locations.
- There is need to urgently finalise the allocation of the parking slots so that savings could be made on the rental of same.

**PMO’s Reply**

- The PMO was not involved, in any way, in the acquisition of office space at the Garden Tower and payments effected to the DBM Properties Development Ltd. All the transactions were carried out by the MOFED.
- A Committee has been set up to allocate the vacant space to Ministries/Departments. Subsequently, on 9 February 2010, a survey was carried out by way of a circular letter sent by the PMO to all Ministries/Departments wherein they were requested to submit details on their requirements in terms of office space. Upon receipt of relevant information from the Ministries/Departments, the Committee decided on the criteria of allocation of office, that is urgency and intention to move; regrouping the services under one roof; and reduction of excess payment as rent. After considering the requirements of different Ministries/Departments on the basis of the criteria set, the Committee recommended, on 15 April 2010, that the office space be allocated to the MAFS and the DPP.

On 6 May 2011, MAFS has awarded the contract for consultancy services for design of false ceiling, partitioning and other works. As regards the DPP, final design and lay outs were finalised and approved on 14 April 2011 and the Consultant is currently working on tender documents for implementation of the project. This Office is pressing on both the MAFS and the Office of the DPP to complete the works required at Garden Tower without further delay so that both departments can move in at the earliest possible.

- The PMO has not been involved in the allocation of office space to the NEF and any information regarding conditions attached thereto should be sought from the MOFED.
Nevertheless, this Office has, on several occasions, requested the latter to submit copy of the deed of sale for the building, but has, so far, not received the document. This part of the building is not under the responsibility of this office.

According to MOFED, at time of acquisition NEF was under the purview of the MOFED, an agreement for occupation of the floors was not deemed necessary.

➢ Since 7 September 2010, this office has requested the MOFED to submit detailed plans of parking slots available at Garden Tower. In spite of several written/verbal reminders, it is only on 27 April 2011 that MOFED submitted the plans of the parking slots. A survey is currently being carried out amongst different Ministries/Departments regarding requirements in terms of parking area, and the allocation of the slots available at Garden Tower will be finalised in the light of this survey.
9.2 Acquisition of Vehicles - Rs 36.7 million

In December 2009, the Police Department acquired forty eight vehicles for the sum of Rs 36.7 million. The procurement was funded from savings under various items of expenditure at year end and was carried out on an urgent basis so as to avoid lapse of funds. The tender process was effected through restrictive bidding and twenty potential suppliers were invited to bid. However, several procedures were not respected as shown below:

Findings

- One supplier who was not invited to bid, submitted an offer and was ultimately awarded the contract for the supply of twenty two double cab vans for a total amount of Rs 15.3 million (including five years maintenance).

- Due to lack of proper specifications, thirteen vehicles had to be modified to meet users’ requirements. Consequently, a sum of Rs 8.1 million, representing 22 per cent increase in cost, had to be disbursed for additional works.

- Three lorries, costing Rs 2.7 million were purchased without cargo boxes and accessories. As of March 2011, 14 months after acquisition, the lorries were lying idle as additional works were not yet carried out. The cost of additional works represented some 240 per cent of the actual cost of lorries. In addition, part of the warranty period has already lapsed without the lorries becoming operational.

- Protection grills, tarpaulin covers, and rear cabins amongst others had to be installed on double cab vans to make them operational.

Implications

- Procurement procedures not complied with.

- Underutilisation of vehicles.

- Lack of proper specifications resulting in additional costs

Management Reply

- This bid was considered based on a previous tender exercise where the Central Procurement Board awarded the contract to an uninvited bidder.

- Following advice of the Solicitor General, no uninvited bids are now being accepted.
Specifications for the thirteen vehicles excluded local customisation works so that contract be awarded before end of financial year. As for the three lorries, towing equipment are being fitted on to them and will be completed by mid June 2011. The local agent is considering the extension of its warranty period.

9.3 Repairs of Vehicles - Rs 95.8 million

Following the decision to close its Mechanical Workshop, the Police Department launched tender for the maintenance and servicing of its fleet of 1,400 vehicles. The Central Procurement Board approved the contracting out of the services to the vehicles’ respective local agents/concessionaires. Thus, the Police Department entered into contract with nine companies. As for major repairs of vehicles, following breakdown or accident, quotations were being sought from their local agents.

During period October 2008 to December 2010, the cost of repairs, maintenance and servicing of vehicles totalled some Rs 136.9 million as shown in Table 9-1

<table>
<thead>
<tr>
<th>Period</th>
<th>Amount (Rs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>October 2008 to June 2009</td>
<td>50,027,175</td>
</tr>
<tr>
<td>July 2009 to December 2009</td>
<td>13,318,605</td>
</tr>
<tr>
<td>January 2010 to December 2010</td>
<td>73,529,016</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>136,874,796</strong></td>
</tr>
</tbody>
</table>

Findings

- Included in the figure of Rs 136.9 million was a sum of Rs 95.8 million, representing 70 per cent of the total expenditure which related to major repairs of vehicles. However, repair works were not included in the original tender for servicing and maintenance, hence, these were treated on a case to case basis. This practice is contrary to proper procurement procedures.

- The contracts for regular servicing and maintenance of vehicles expired in September 2010 and approval was received for the extension of contracts for a period of six months ending March 2011. However, performance bonds were not seen renewed in respect of five out of the nine contracts.

Implication

Procurement procedures were not complied with.
Recommendations

➢ Proper procurement procedures should be followed.

➢ Individual procurement planning should be carried out in order to ensure efficient acquisitions so as to obtain value for money.

➢ Specifications should be properly worked out in consultation with end users in order to avoid assets remaining idle or any inconveniences such as lapse of warranty period.

Management Reply

Repair works were not included in original tender as same could not be defined/quantified. Such repairs have now been defined and included in the present tender exercise.

9.4 Purchase of passports/Maintenance of System - Rs 40 million

A provision of Rs 40 million was made during the year 2010 for the purchase of passport booklets, consumables and the maintenance of the Passport Personalization System (PPS).

The contract for the PPS which comprised the installation and maintenance of the passports system and the supply of passport booklets and consumables was entered into with a foreign enterprise in June 2004. The contract provisions included an unfavourable taxation clause as a result of which the Police Department had to disburse an additional unexpected sum of Rs 30.2 million in June and December 2009. This represented payment of corporate and value added tax levied on the supplier by the Mauritius Revenue Authority (MRA) for the period June 2004 to December 2008.

Findings

➢ The contract for the supply of passports, consumables and maintenance of the PPS for a five year period expired on 29 June 2009. No new contract agreement has been concluded and signed to date though a draft one has already been vetted by the Solicitor-General Office as far back as July 2010. This was attributed to the fact that there was disagreement from the supplier over mainly the taxation clause and also pending his application for tax ruling from the MRA.

➢ The existing contract was therefore renewed on six occasions on a quarterly basis up to December 2010. At present, the Police Department has requested the contractor to extend the actual contract for another six months.

➢ In the meantime, the stock of minor passports was depleted during period June to August 2010 and the Department had to resort to the urgent procurement of some 12,000 booklets at a 50 per cent higher rate than the previous consignment of December 2008. Consequently, an additional sum of Rs 990,000 was disbursed in this respect.
Although the Police Department had foreseen a requirement of 250,000 passports for the forthcoming five years contract, approval to order 400,000 passports had been sought and obtained from the Prime Minister’s Office. The actual number of passports being issued annually is around 48,000, some 6 per cent higher than the previous year. Based on this trend or even though, if an increase of as much 10 per cent is forecasted, the number of booklets being ordered might be above requirements.

**Implications**

- Delay in finalising the new contract entails the risk of piecemeal acquisitions at higher rates.
- Postponement of the signature of the contract may lead to the risk of the supplier rescinding the contract.
- Excessive number of passports ordered may result in waste of funds.

**Recommendations**

- There is an urgent need to finalise and sign the contract agreement.
- The number of passports and consumables to be ordered should be based on current usage trend with reasonable provision for future increase over the five year period.

**Management Reply**

- The existing contract will have to be extended every six months until the signature of a new contract. The terms and conditions of the draft contract may have to be reviewed depending on the tax ruling from MRA.
- The Police Department has taken up the matter with the supplier to review the order of passports to 300,000 within the next contract.

**Supply and Installation of Wet Type Incinerator**

I did report at paragraph 10.1 of the Audit Report 2007-08 that the incinerator was not yet installed and was still lying at the premises of the supplier. There was the risk that the equipment might be deteriorating and rusting after staying so long at the company’s premises.

The Judiciary awarded the contract for the supply of an incinerator to a private firm in March 2004 for the sum of Rs 2.4 million inclusive of VAT. The incinerator was initially meant for the destruction of illicit materials especially drugs, old records, plastic, paper and other exhibits. It was to be installed at the New Court House. Between March 2004 and November 2005, the Judiciary had paid a sum of Rs 1.7 million that represents 70 per cent of its contract value.
Due to problems to find a suitable location for the incinerator at the Judiciary, the Police Department agreed to install the equipment at their premises in June 2007 and the latter would pay the remaining balance of 30 per cent of the contract value.

The private firm had gone into receivership in April 2008.

The Receiver Manager supplied the equipment to the Police Department in July 2009.

In April 2010, my Office reported that the equipment was not yet connected to any water, electricity and gas supplies and that some civil works such as surrounding walls, fencing and door remained to be done. I was informed that the outstanding civil works and installation of utilities would be completed by July 2010.

The piping and gas supplies have still not been installed. As a result, the incinerator cannot be made operational though all other outstanding works were completed. I have been informed that the contract for the installation of piping and gas supplies is now being awarded to a supplier.

As at mid-May 2011, some seven years after its acquisition, the incinerator has not yet been operational and commissioned.
10.1 Contract WW 185X - Construction of Off-site Sewerage Works for Jinfei project at Riche Terre

The Contract WW 185X was awarded to cater for the off-site sewerage works for Jinfei project, at Riche Terre.

The Contract was awarded on 17 December 2009 for the sum of Rs 97,207,035. The contractual completion date of 19 October 2010 was revised to 9 March 2011 on account of extension of time given to the Contractor. As of April 2011, payments amounted to Rs 65,989,320.

The scope of works under Contract involved mainly construction of a sewerage pumping station, construction of some 3,400 metres of rising main from the pumping station to the existing Baie du Tombeau Sewerage Treatment Plant and other electrical and mechanical works, including pumping and telemetry system.

10.1.1 Absence of Flow from Jinfei Development

In a coordination meeting in December 2010, the Wastewater Management Authority was informed that the Jinfei development would only generate effluents after two to three years with the result that the pumping station will not operate during the same period.

It was then decided to close the contract apart from completion of certain civil works such as sewer rising mains and the construction of pumping station. All the equipment will be dry-installed with a view to fixing all the fittings and will be subsequently dismantled to prevent tampering.

Impact

Payment of Loss of Profit to Contractor

Due to non-generation of flow in the next two to three years, the scope of works in the contract was reduced. As a consequence, in April 2011, some Rs 4.1 million has had to be disbursed to the Contractor as loss of profit.

Technical Impact of the Absence of Flow

The following are some of the issues raised in a Technical Report dated 27 August 2010:

- The fact that the electronic systems of the Programmable Logic Control, meters, sensors, etc will not function for a long period, it is most likely that such a condition will adversely affect their subsequent operation and equipment useful life.

- The warranty on electrical and mechanical equipment varies from 12 months to 14 months. If the pumping station is not operated, any operating defects which could have been detected during the normal operation conditions will be left unnoticed and the warranty period will lapse.
On the other hand, though any existing defects may not be detected, yet the Defects Liability Certificate will have to be issued within the stipulated period.

Cost of Re-implementation of Project

In the future, when effluents would become available, a new contract should be prepared to complete the installation of the equipment at the pumping station. The whole procedure from invitation to bid, evaluation of tenders, and re-implementation (installation, testing, commission) will bring additional costs.

10.1.2 Extension of Time with Cost - Rs 8.2 million

In April 2011, the Contractor was paid extension of time with cost amounting to some Rs 8.2 million with regard to the following:

Delay due to Shifting of Electricity Poles

There were four existing electricity poles located near Cite Florida which were in conflict with the new alignment of the rising main pipe. The Contractor had to stop works from 24 August to 22 November 2010 to enable relocation of the poles.

Delays due to Pipe Laying Works along the Baie du Tombeau Coastal Road

The presence of 150 mm AC pipe as well as other services along the Baie du Tombeau Coastal Road prevented the Contractor from laying the 450 mm diameter rising main along this stretch. In July 2010, the Central Water Authority was informed about the realignment of the water pipes and about the need to provide the necessary pipes and fittings. The Authority provided the materials to the Contractor late in January 2011. Consequently, the Contractor was entitled to an extension of time of 92 days on account of delays in receiving instructions to proceed with the works and for securing materials.

Conclusion

Extension of time was approved for a period of some five months. This is significant for a project with initial contractual duration of 10 months.

Extension of time was granted to the Contractor as a result of suspension of works due to relocation of electricity poles and AC pipe situated along the alignment. As a result, additional payments of Rs 8.2 million were made to the Contractor.

Emphasis should be laid on coordination with other Authorities to ascertain existence of other services on site. Ways and means must be devised for more surveys and trial pits testing at design stage.

Measures must be taken to make alternative use of equipment. Otherwise, they will remain idle for two to three years bringing along additional cost on re-use in future.
Ministry’s Reply

The Jin Fei project [ex Tianli] was implemented by the WMA as a priority at the request of the Ministry of Finance and Economic Development, which confirmed in June 2009, that the project was scheduled for implementation in September 2009 and that procedures should be initiated forthwith for the offsite works to be completed within agreed timelines. The WMA awarded the contract on 17 December 2009 and the works have been completed.

As the implementation of the Jinfei project has been delayed, there are currently no flows.

Remedial measures

The WMA Board has stored the major equipment at Montagne Jacquot, and is using one pump to replace the defective pump at Baie du Tombeau. A generator set and its fuel bulk have been offered on sale to CWA. WMA has been advised to explore other possibilities of using the stored equipment and to take an insurance cover for the equipment.

To avoid extension of time, the WMA has been advised to improve its coordination mechanism and obtain wayleave and clearances in advance. WMA has also been requested to strengthen its project monitoring capacity.

10.2 Plaines Wilhems Sewerage Project

Contracts for the following two projects were awarded under the Plaines Wilhems Sewerage Project:

Contract WW 99F: Construction of Reticulation Network and House Connection – Lot 1B

The contract was awarded on 3 November 2008 for the sum of Rs 846,527,032. Completion is scheduled in December 2011.

Total payments as of 31 December 2010 amounted to Rs 337,523,325.

Contract WW 81 F: Construction of Reticulation Network and House Connections – Lot 2

The Contract was awarded in December 2007 for the sum of Rs 2,340,187,095. The completion is scheduled in July 2012.

As of 31 December 2010, total payments amounted to Rs 1,079,874,287.

Works under these two projects included construction of street sewers, house connections and replacement of water pipes.

10.2.1 Site Surveys

At design stage of these projects, a Consultant was appointed and his scope of works included a general site survey without detailed topographical study and house surveys. These random surveys formed the basis for preparation of tender documents including Bill of Quantities and
working drawings. The Contractors of these projects quoted rates based on the quantities mentioned in the Bill of Quantities.

The scope of works of the Contractors comprised detailed topographical survey including house to house surveys to determine exact elevation of each and every house connections, trial pits for the exact location of existing services/utilities, designs and preparation of the working drawings required for execution of the works, as well as the construction and testing of the works.

During execution of the project, the Contractors claimed that increase in depths of excavation was needed in the project. The additional depths were primarily due to the following:

➢ The depth of excavations required following house to house survey carried out by the Contractors exceeded significantly to those included in the tender documents.

➢ Several new houses were at a lower level causing the main line to be constructed deeper than originally planned to enable connections.

➢ In some locations the road ground levels had peaks and troughs which were not considered in the tender documents.

➢ The depth of sewer line had to be increased in order to avoid new and existing underground services whose locations were not known during the design and tender stage.

**Impact**

**Extension of Time with Cost**

The Contractor stated that the additional depth of excavation was much greater than the depths outlined in the tender documents.

In November 2010, as a result of additional depths of excavation, the Contractors, claimed additional payments of Rs 94,222,121 and Rs 190,022,070 in respect of contracts 99F and 81F respectively. Details are given in Table 10-1.

<table>
<thead>
<tr>
<th>Items</th>
<th>Contract 99F Amount (Rs)</th>
<th>Contract 81F Amount (Rs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Additional Head-office overheads and profit</td>
<td>39,719,343</td>
<td>88,756,739</td>
</tr>
<tr>
<td>Provisional and General items</td>
<td>49,006,150</td>
<td>83,051,396</td>
</tr>
<tr>
<td>Additional costs of late release of retention money</td>
<td>5,496,627</td>
<td>18,213,935</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>94,222,121</strong></td>
<td><strong>190,022,070</strong></td>
</tr>
</tbody>
</table>
These claims represented additional cost incurred by the Contractor in running the contract as a result of delays due to extra depth of excavation.

**Conclusion**

The total claim of Rs 284.2 million made by the Contractors is substantial though it is yet to be assessed by the Consultant.

In these two projects, the houses to be connected to the main line, peaks and troughs at road ground levels were not surveyed during the design and tender stage. These surveys were carried out by the Contractors after award of the contracts. Therefore, the Contractors carried out surveys of works to be undertaken by themselves. This may give rise to a deliberate request for additional works.

Another alternative would be to carry out these detailed house to house surveys independent of the Contractors at preliminary design stage of the project prior to launching tenders.

While this may take time, the Contractors will be awarded contracts which will reflect to a large extent actual works to be done on site and thus prevent additional substantial claims.

**Ministry’s Reply**

The Wastewater Management Authority [WMA] is an autonomous statutory body established by the WMA Act 2000 and is empowered to enter into contracts. Decisions regarding the terms and conditions of the contracts are taken by the Board of the WMA. In the case of Plaines Wilhems sewerage project, the design carried out by Montgomery Watson several years ago did not include a full topographical or house to house survey. The contract for supervision of works was awarded in 2006 after a long time lapse and the scope of work was not updated by WMA. Due to the time lag between the design and the award of the works contracts, the site conditions had changed. The WMA is still disputing the extra payments for the two contracts.

**Remedial measures**

For new contracts, the Ministry has requested the WMA to ensure that consultants imperatively carry out a house to house survey and a detailed topographical study to define the scope of works clearly and to avoid heavy additional costs.

**10.2.2 Interest on Late Payments**

*Contract WW 81 F: Construction of Reticulation Network and House Connections – Lot 2*

Paragraph 18.5.1 of the Audit Report for the year ended 31 December 2009 refers.
In September 2009, the Contractor was paid interest of Rs 2.3 million due to late payments of advance payments and interim payment certificates.

In February 2011, the Contractor was paid another sum of Rs 1,379,558 on account of interest on late payments.

In this project, after the award of the contract, it was observed that the clauses relating to payment procedures under Contract Agreement were in conflict with the related clauses under the Loan Agreement signed between the Exim Bank of China and the Government of Mauritius.

As a result, negotiations as to whether to make payments directly to the Contractor’s account overseas or in Mauritius caused delays in payments.

**Other Impacts of Late Payments**

The Contractor claimed that he has suffered from extreme adverse cash flow due to inability of the employer to make payments of certified amounts in due time.

In August 2010, the Contractor submitted a claim for additional costs amounting to Rs 74,645,393 due to:

- Employer’s failure to make payment of sums certified by the Consulting Engineer under interim payment certificates Numbers 13, 14, 15 and 16.
- Extension of time for completion and reimbursement of additional costs because of late provision of effective possession of site along phase IV of Catchment H.

**Conclusion**

Interest had to be paid because of conflicting terms of payments between loan agreement and the contract agreement.

Payment procedures should be cleared with the donor agency and the Ministry of Finance and Economic Development before signing of contract. It must also be ensured that terms and conditions of loan agreement comply with those of contract agreements before they are signed.

As regard the claim of Rs 74.6 million, the basis of the claim is not understood as the Contractor has already been paid interest on late payments.

**Ministry’s Reply**

The contract was signed by WMA and the contractor before the signing of the loan agreement. There were disparities in the two documents with regard to the terms of payment to the contractor. A Proposal was made to the EXIM Bank China that pending the negotiations to settle the mode of payment, the Ministry of Finance and Economic Development would pay the contractor and be refunded by the Bank at a later stage. The
Exim Bank did not accept this proposal. The matter was settled after lengthy negotiations, chaired by the Ministry of Finance and Economic Development, but resulted in delayed payment to the contractor.

Remedial Measures

WMA has been advised to ensure that contracts are signed only after the terms and conditions of payment have been cleared by the funding agency and to strengthen its capacity to manage contracts.

10.2.3 Loss and Expense

Paragraph 10.1.2 of the 2008-09 Audit Report refers. The Contractor claimed a sum of Rs 116.2 million in December 2009 for loss and expense for reasons such as the inability of the Employer to effect payment on time, late approval of traffic diversions and road closures for the execution of work in Catchment H and abnormally high rock content in excavations in Phase III of Catchment H.

After some 15 months of submission of this claim, the Consultant has still not assessed and determined it for payments.

Conclusion

Delays in assessment of substantial claims may cause financial constraints at time of payments or may even result with claims for additional payments from Contractors.

For new projects, the scope of works of the Consultant should include time limits for processing of claims.

Ministry’s Reply

The Wastewater Management Authority [WMA] is an autonomous statutory body established by the WMA Act 2000 and is empowered to enter into contracts. Decisions regarding the terms and conditions of the contracts are taken by the Board of the WMA. The contracts awarded for consultancy services up to now by the WMA do not include time frames for determination of claims.

Remedial measures

The Ministry has requested WMA to ensure that all contracts should henceforth include a time limit for determination of claims, and penalties, wherever applicable.
10.3 Baie Du Tombeau Sewerage Project: Contract 110 A: Construction of Sewerage and Water Supply Works

Paragraph 18.2 of the Audit Report for the period ended 31 December 2009 refers. The contract was awarded for the sum of Rs 464.1 million on 13 August 2007. Works were completed in October 2009.

10.3.1 Variation Works

The contract sum was revised to Rs 750 million because of variation works amounting to Rs 285.8 million. This represented an increase of 62 per cent over the initial contract value.

Some of the variation works were carried out without prior approval of Central Procurement Board (CPB), the Wastewater Management Authority Board and the Parent Ministry.

In February 2010, the CPB gave approval for a revised contract amount of Rs 603 million only. This represented approval of variations of 139 million or 30 per cent of original contract value. At the same time, the CPB emphasized that the remaining variations works were not in compliance with Public Procurement Act 2006.

In September 2010, the Ministry of Finance and Economic Development approved release of additional funds to meet the cost of the excess variations subject to a review to be made on procurement system, procedures and processes at the Wastewater Management Authority, adoption of concrete measures for effective contract management and establish the circumstances in which the additional works had been authorized in breach of the provisions of the Public Procurement Act.

A Committee has been set up to enquire into the variations works and as of April 2011, its report has not yet been finalized.

Ministry’s Reply

Under the Convention de Maitrise D’Ouvrage Délégueé, overall responsibility for the implementation of projects is vested into the WMA, which has an obligation to comply with the Public Procurement Act 2006. The Convention requires the WMA to seek the approval of the Government for expenditure in excess of the approved contract sum.

Variation works exceeding the 30% authorized limit by the CPB were carried out by WMA, without approval of the CPB and this Ministry. Subsequently, this Ministry sought the approval of the Ministry of Finance and Economic Development for additional funds and for payment to be made for works that had already been carried out and certified by the Consultant.

The additional funds were provided by the Ministry of Finance and Economic Development on the conditions that this Ministry:

- should exercise its obligations as provided under the Contrat de Délégation and Convention de Maitrise D’Ouvrage Délégueé. This refers specially to the provision regarding the legal obligations of this Ministry under the Contrat de Délégation, namely power to organize the sanitation service and contractual obligations towards the
Wastewater Management Authority, namely to ensure transparency of the operation of the service, enforcement of regulations, monitor the terms of the Contract and the service regulations are complied with and impose possible penalties and sanctions on the Wastewater Management Authority.

- ensure the correctness of the amount to be paid to the contractor on account of the approved additional works by the Wastewater Management Authority.

- request the Public Procurement Office to conduct an audit of Wastewater Management Authority’s procurement system, procedures and processes.

- establish and inform of the circumstances in which the additional works had been authorized in breach of the provisions of the Public Procurement Act and to situate the responsibilities for appropriate action.

- submit to the Ministry of Finance and Economic Development the findings and recommendations of the Fact Finding Committee and the Internal Control Unit and any follow up action including disciplinary action, if any.

- inform the Ministry of Finance and Economic Development of the adoption of other concrete measures to ensure proper financial management discipline on the Wastewater Management Authority and effective contract management to avoid any future recurrence including the strengthening of the Internal Audit Department and the setting up of a Project Monitoring Committee.

Measures Taken

- This Ministry established a Committee to carry out due diligence to ensure the correctness of the amount to be paid to the contractor, before making payments.

- A Fact Finding Committee comprising three members of the WMA Board was appointed by the WMA Board in November 2010 and has still not submitted its report.

- This Ministry has requested the PPO to carry out a review of the procurement procedures of the WMA and its report is expected shortly.

- The Ministry has requested WMA to recruit a qualified Internal Auditor.

- WMA has set up a Project Monitoring Committee and introduced new procedures to approve variations.

- WMA has been requested to fill the key management posts of General Manager, Deputy General Manager and Project Managers.
10.3.2 Extension of Time with Cost Rs 13.8 million

The Contractor submitted a claim of Rs 18.7 million for extension of time with associated costs in August 2009. After determination by the Consultant, payments totaling Rs 13.8 million were made to the Contractor in November and December 2010.

Extension of time with cost was paid due to the following:

- Late delivery of pipes from Central Water Authority for water supply works on the Coastal Road.
- Delay in possession of the Baie du Tombeau Coast Road. This was caused by delays in approval of road closure and traffic diversion from relevant Authorities.
- Delay in possession of roads and sewer corridor along the motorway at Riche Terre. There were requests from a Commercial Centre for suspension of works.

Factors such as delays in possession of roads and late approval of diversions give rise to additional cost. It is again emphasized that sewerage projects, being long term, must be properly planned. All way leaves and clearances should be obtained ahead of award of contract. Proper coordination between the different parties is also emphasized.

Ministry’s Reply

Following the intervention of the Ministry, a MOU has been signed with the RDA to ensure better coordination and avoid delays in obtaining wayleaves.

10.3.3 Interest on Late Payments Rs 5.3 million.

Payments to Contractor

Interest on late payments of interim certificates for the sums of Rs 1,060,658 and Rs 4,324,858 were paid in December 2010 and March 2011 respectively.

Reasons for late payments were as follows:

- The project was to be financed by the Exim Bank of India. One of the conditions of the agreement dealt with the percentage of goods and services (contract materials) that were to be provided from India and from local firms in Mauritius. An agreement was not reached on this condition and finally the project was wholly financed by the Government of Mauritius.

  Meanwhile works in the contract were in progress and payments to the Contractor were delayed.

- The Central Procurement Board only approved 30 per cent of the 62 per cent increase in the project value. Approval of payment for the difference took time and this caused delays in disbursements of funds to the Contractor.
**Interest Claimed by Consultant**

In August 2010, the Consultant claimed interest amounting to Rs 1,444,775 on account of late payment of consultancy fees. Delays occurred on late payment of seven interim payment certificates. Delays varied between 6 months to 3 years.

**Conclusion**

Terms and conditions of loan agreements should be spelt out clearly and must be agreed upon among the parties concerned before signing projects contracts. Otherwise this may delay disbursements and give rise to claims for additional payments.

**Ministry’s Reply**

The contract was signed after clearance from the MOFED which has the responsibility to manage loan agreements and external funding. However, the Exim Bank India did not authorize payment from the line of credit on the grounds that procurement of materials had not been made from India as specified in the Loan agreement. In view of the dispute with the Bank, the Ministry of Finance and Economic Development has funded the implementation of this project.

The delays in payment and interest resulting from the dispute with the Exim bank had to be made as per terms and conditions of the contract.

**Remedial Measures**

WMA has been advised to ensure that works contracts are in conformity with loan agreements and to ensure that there is compliance with the loan agreement.
11 - MINISTRY OF FINANCE AND ECONOMIC DEVELOPMENT

Registrar General’s Department

11.1 Arrears of Revenue

11.1.1 General

The arrears of revenue of the Registrar General’s Department continued to be on the increasing trend and totalled some Rs 196 million as of 31 December 2010.

Arrears for the past five fiscal periods and the respective amount recovered or adjusted in the ensuing fiscal periods are given in Table 11-1

<table>
<thead>
<tr>
<th>Period Ended</th>
<th>Amount (Rs)</th>
<th>Recovered/Adjusted in Ensuing Period (Rs)</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>30-Jun-07</td>
<td>164,763,895</td>
<td>14,715,231</td>
<td>9</td>
</tr>
<tr>
<td>30-Jun-08</td>
<td>170,133,913</td>
<td>13,543,674</td>
<td>8</td>
</tr>
<tr>
<td>30-Jun-09</td>
<td>171,103,923</td>
<td>5,678,000</td>
<td>3.3*</td>
</tr>
<tr>
<td>31-Dec-09</td>
<td>181,028,458</td>
<td>10,392,902</td>
<td>5.7</td>
</tr>
<tr>
<td>31-Dec-10</td>
<td>195,762,153</td>
<td>-</td>
<td></td>
</tr>
</tbody>
</table>

* six month period

Of the Rs 196 million, some Rs25 million related to the fiscal year 2010 while the balance of Rs 171 million, that is about 87 per cent of the total sum was in respect of debts of prior years.

Recovery of arrears was still slow, with only 5.7 per cent of arrears due at 31 December 2009 having been recovered during the ensuing fiscal year 2010.

11.1.2 Irrecoverable Arrears

As of 31 December 2010, the arrears due of Rs 196 million included some Rs 29.8 million, which were irrecoverable. The accuracy of the latter figure could not be ascertained as it has not been updated since the last fiscal period ended 31 December 2009. These irrecoverable arrears comprised time barred cases for deeds which were drawn between 1982 and 1996-97 and amounts unlikely to be recovered from deceased and untraceable debtors.
Therefore, the sum of Rs 29.8 million was exclusive of any irrecoverable arrears arising after the fiscal year 1996-97.

11.1.3 Debt Recovery System

In my previous Audit Reports, I have drawn your attention to the poor system put in place to recover the arrears with the result that the percentage of recovery for each of the last four fiscal periods was as low as three to nine per cent of the total arrears.

The measures taken for recovery of the arrears seemed ineffective and lengthy. If after reassessment, claims for additional registration fees remained unpaid, the Department accounted them as arrears. It then sent reminders to the debtors to settle their debts. If still no payment was effected, an ‘inscription of privilege’ was enrolled against them. It was only five years later that the Department served a “Contrainte” upon the debtors. The “Contrainte” is a document whereby the Registrar General informs the debtor that payment of the sum due may be enforced against him by all legal ways and means.

Moreover, even after the Judge Order for seizure was served upon the debtors, it was noted that seizures were not being effected. The Department would again send reminders to the debtors informing them that an ‘inscription of privilege’ had been enrolled on all immovable properties belonging to them. This time, the inscription was for ten years and could be further renewed.

Recommendations

➢ Proper mechanism should be devised for prompt recovery of all debts.

➢ The Department should consider the possibility of either fix the value of property or duty and taxes prior to registration. There would then be no longer any need for reassessment and other related works regarding the value of the property. Any claims for additional registration fees would also not arise.

11.1.4 Long Unattended Cases

Untraceable Debtors

For the period December 2009 to December 2010, a sum of some Rs 3.2 million could not be claimed as the notices were returned untraceable. These cases were sent to the Commissioner of Police to investigate the whereabouts of these debtors. Thereafter, if the debtors could still not be traced by the Police, an inscription was being recorded/enrolled against them.

The number of untraceable cases prior to December 2009 together with the amount due could not be determined as no records were kept.
Registration Duty on Reassessment of Value of Shares

The reassessment of value of shares was being carried out at a slow pace. From 20 September to 13 November 2010, only some 280 files were processed during overtime by two Accountants. As of 21 January 2011, there were still 1,570 cases, which have not yet been processed. Each month there were some 40 incoming new cases. At this trend, it was not known when the reassessment of value of all the shares would be completed.

Issue of “Contrainte”

At paragraph 6.1.3 of the 2008-09 Audit Report, mention was made that there were considerable delays in issuing “Contrainte” to the different categories of debtors. For fiscal year 2010, the same situation prevailed as only 12 “Contrainte” were issued during January to April 2010. As of April 2011, the Department had still not taken any further action to enforce the court judgment for seizure and sale of property against five of the debtors.

Recommendation

The Department must find other forceful means to clear all above mentioned backlog as early as possible.

Department’s Reply

- A policy decision should be taken at the level of the Ministry of Finance and Economic Development to consider the possibility of either fix the value of property or duty and taxes prior to registration.

- A letter has been sent to the Financial Secretary to advise this office on other means to clear backlog.

- This office has been advised to proceed with seizure of property of debtors who are corporate bodies in the first instance.
11.2 Computerisation Project

In September 1992, the Department embarked on a computerisation project with a view to give an efficient service and to move from a paper-based system to a digital system. The objectives of the project were:

- Higher speed in receipt and processing of legal documents and contracts.
- Reduce paperwork for the whole process.
- Better file storage, document search and retrieval system.
- Reduced operational costs at the Land Registry.
- Better service to the general public.

In 2008, the task to scan deeds of the Department was to be carried out under LAVIMS (Land Administration Valuation and Information Management Systems) project. This project comprised other goals with respect to improving land administration and was under the control of the Ministry of Housing and Land Development.

11.2.1 Cost of the project

As of end of fiscal year 2010, expenditure incurred for this project totalled some Rs 45 million, which included, among others, the development of software, acquisition of hardware and overtime performed of Rs 4.7 million for manual data capture. However, the sum excluded any amount incurred under LAVIMS for the Department.

11.2.2 Delays in implementation

18 years after initiation of the project in September 1992, its implementation is still not completed. The project has had to be reviewed several times due to problems encountered. Various deadlines set for completion of the different phases could not be met and had to be reviewed. In 2003, the project was reviewed from three to five phases. Nevertheless, during the years 2004 to 2007, there was not much progress brought to the project with the result that its completion and implementation was being further delayed.

11.2.3 Uncertainty in completion

Meanwhile, as the whole project was taking so much time to get completed, the system, which was first developed under Oracle Version 7, has had to be enhanced to Oracle Version 10. The Land Registration and Valuation Module, which was delivered in 1997 at a cost of Rs 3.2 million, had never been operational as the Notaries were not agreeable to submit deeds electronically unless the Repertoires and deeds were computerised and available on line. This Module has to be reviewed/redeveloped to adapt to the new software being developed.
As of May 2011, besides the Cashier System and Electronic Search Module on the Case Hypothecaire, no other systems could be optimally used as they were still incomplete. The status of each phase is shown in Table 11-2

Table 11-2 Phase Status

<table>
<thead>
<tr>
<th>Phase</th>
<th>Description</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Case Hypothecaire (CH) Capture of Repertories, Name Index</td>
<td>Scanning of Name Index and Repertories was completed. Linking and integrating of images to the Department electronic system was ongoing. Uploading of scanned images was being done incrementally. Enhancing CH Live.</td>
</tr>
<tr>
<td>2</td>
<td>Register of Deposits</td>
<td>The Register of Deposits system is live as from 2 May 2011.</td>
</tr>
<tr>
<td>3</td>
<td>Land Registry System</td>
<td>Pilot project has not been initiated. The software for the Valuation module has already been developed under LAVIMS project and it is at a testing phase.</td>
</tr>
<tr>
<td>4</td>
<td>Capture of existing deeds</td>
<td>Scanning deeds of 30 years old was completed. Incoming deeds are being scanned by the Department. Valuation and Marginal Entries are at a testing phase. Backlog of deeds from 1804 to 1978 remained to be scanned and uploaded- Terms of Reference under preparation for specification by CIB.</td>
</tr>
<tr>
<td>5</td>
<td>Set up a legal framework</td>
<td>At stage of vetting by State Law Office in 2011.</td>
</tr>
<tr>
<td>5</td>
<td>Land Registry Systems - Full Scale implementation</td>
<td>Full scale implementation not yet completed.</td>
</tr>
</tbody>
</table>

11.2.4 Project Monitoring

In June 2008, a Project Monitoring Committee and a Steering Committee were set up for the implementation of the computerisation system. However, there were no clear terms of reference for each Committee. As from December 2010, no meeting was held. The Department informed that the Committee will meet on an as need basis.

The Monitoring Committee should meet on a regular basis to oversee the overall project so as to ensure that the respective time frames of the different phases and all the IT requirements are being met; that there is no duplication and that the different systems are working in an integrated manner.
Conclusion

Though 18 years have elapsed and a large sum had already been disbursed the whole computerised project has not yet become fully operational.

Recommendation

The Department needs urgently to review all the systems within the project taking on board the necessary measures and controls so as to ensure the final completion and successful implementation of each system.

Department’s Reply

The main reasons for the delays in the project were due to:

➢ A very low response of tenderers and the refusal of the selected tenderer/s to enter into contract for the implementation of capture of Index Data and Repertories despite several tenders were launched.

➢ Refusal of the notaries to submit deeds along with structured form electronically as agreed earlier. This accounted to the delay in the implementation of other phases. As a result, the Land Registration and Valuation Module which was delivered was never operational. It had to be reviewed/redeveloped to adapt.

  ▪ to the changes that have been brought to work procedures and legislation at the Department which could impact the operations of the systems.

  ▪ to the new software that was being developed (Oracle Version 10G).

➢ During the period 2004–06, the project had to be frozen as the Department was supposed to be taken under the umbrella of Mauritius Revenue Authority (MRA). It was feared that the systems may not be compatible with those of the upcoming MRA.

The delay was therefore due to circumstances beyond our control.
11.3 Movement of funds to Special Funds during the last days of financial year

Some Rs 11.5 billion were appropriated during the last days of the previous three fiscal years in favour of seven Special Funds, established pursuant to the Finance and Audit Act 2008. Table 11-3 refers.

<table>
<thead>
<tr>
<th>Special Funds</th>
<th>Jun-08 Rs' million</th>
<th>Year 2009 Rs' million</th>
<th>Dec 09 Rs' million</th>
<th>Total Rs' million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maurice Ile Durable Fund</td>
<td>1,000.00</td>
<td>200.00</td>
<td></td>
<td>1,200.00</td>
</tr>
<tr>
<td>Social Housing Development Fund</td>
<td>200.00</td>
<td>967.30</td>
<td></td>
<td>1,167.30</td>
</tr>
<tr>
<td>Local Infrastructure Fund</td>
<td>120.00</td>
<td>375.00</td>
<td>700.00</td>
<td>1,195.00</td>
</tr>
<tr>
<td>Food Security Fund</td>
<td>1,000.00</td>
<td></td>
<td></td>
<td>1,000.00</td>
</tr>
<tr>
<td>Human Resource, Knowledge &amp; Arts Development Fund</td>
<td>1,000.00</td>
<td></td>
<td></td>
<td>1,000.00</td>
</tr>
<tr>
<td>Manufacturing Adjustment &amp; SME Development Fund</td>
<td>250.00</td>
<td>2,900.00</td>
<td></td>
<td>3,150.00</td>
</tr>
<tr>
<td>Saving Jobs and Recovery Fund</td>
<td></td>
<td></td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>Road Decongestion Programme Fund</td>
<td>1,000.00</td>
<td>1,000.00</td>
<td>749.50</td>
<td>2,749.50</td>
</tr>
<tr>
<td></td>
<td>4,570.00</td>
<td>5,242.30</td>
<td>1,649.50</td>
<td>11,461.80</td>
</tr>
</tbody>
</table>

These funds have remained largely unutilized as of 31 December 2010, as shown in Table 11-4.
## Table 11-4 Movements during Year 2010

<table>
<thead>
<tr>
<th>Funds</th>
<th>Balance on 1st Jan 10</th>
<th>Inter-Fund Transfers</th>
<th>New Funds Received</th>
<th>Interests Received</th>
<th>Funds Returned to Consolidated fund</th>
<th>Expenditure</th>
<th>Balance at 31 Dec 10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maurice Ile Durable Fund</td>
<td>976.90</td>
<td></td>
<td>7.30</td>
<td></td>
<td>140.90</td>
<td></td>
<td>843.30</td>
</tr>
<tr>
<td>Social Housing Development Fund</td>
<td>842.00</td>
<td></td>
<td>1.10</td>
<td>770.00</td>
<td>48.10</td>
<td></td>
<td>25.00</td>
</tr>
<tr>
<td>Local Infrastructure Fund</td>
<td>1,058.00</td>
<td></td>
<td>6.60</td>
<td></td>
<td>552.30</td>
<td></td>
<td>512.30</td>
</tr>
<tr>
<td>Food Security Fund</td>
<td>1,022.40</td>
<td></td>
<td>0.40</td>
<td>983.60</td>
<td>14.20</td>
<td></td>
<td>25.00</td>
</tr>
<tr>
<td>Human Resource, Knowledge &amp; Arts Development Fund</td>
<td>981.30</td>
<td></td>
<td>8.70</td>
<td></td>
<td>215.10</td>
<td></td>
<td>774.90</td>
</tr>
<tr>
<td>Manufacturing Adjustment &amp; SME Development Fund</td>
<td>2,808.80</td>
<td>(2,805.60)</td>
<td>14.00</td>
<td></td>
<td>17.20</td>
<td></td>
<td>0.00</td>
</tr>
<tr>
<td>Saving Jobs and Recovery Fund</td>
<td>-</td>
<td>2,805.60</td>
<td>2,100.00</td>
<td>17.80</td>
<td>897.00</td>
<td></td>
<td>4,026.40</td>
</tr>
<tr>
<td>Road Decongestion Programme Fund</td>
<td>2,750.20</td>
<td>1,000.00</td>
<td>69.20</td>
<td></td>
<td>905.90</td>
<td></td>
<td>2,913.50</td>
</tr>
<tr>
<td></td>
<td><strong>10,439.60</strong></td>
<td><strong>3,100.00</strong></td>
<td><strong>125.10</strong></td>
<td><strong>1,753.60</strong></td>
<td><strong>2,790.70</strong></td>
<td></td>
<td><strong>9,120.40</strong></td>
</tr>
</tbody>
</table>
¾ Additional funds totaling Rs 3.1 billion were disbursed to two special funds, when
those funds had adequate cash balances to cover their immediate obligations.
¾ The Fund position of the ‘Food Security Fund’ and that of the ‘Social Housing
Development Fund’ was significantly curtailed to only Rs 25 million and a total
amount of Rs 1.75 billion returned to the Consolidated Fund.
¾ The ‘Manufacturing Adjustment and SME Development Fund’ was wound up and all
monies available therein were transferred to the ‘Saving Jobs and Recovery Fund’
that was created on 29 December 2009. This new fund was also wound up in March
2011 and available monies therein were transferred to the ‘Business Growth Fund’.
As of 31 March 2011 the Business Growth Fund had cash balances of some Rs 5.2
billion.
¾ Dormant funds are held in deposits that are earning interest at a lower rate than
monies borrowed by Government to finance fiscal deficits.

88
MINISTRY OF FINANCE AND ECONOMIC DEVELOPMENT


12.1 Contract for Minor works on Government Buildings

In January 2008, Government decided to entrust repairs, maintenance and rehabilitation works on Government Buildings of up to Rs 5 million, to District Contractors so as to implement Government projects on a fast track basis.

In case the contract amount exceeds Rs 5 million, the Ministry has to seek the approval of Government for any urgent works and to comply with the Public Procurement Act 2006.

During the financial year 2010, five work orders were issued to three different District Contractors for a total estimated amount of Rs 22.2 million, of which Rs 14.9 million were paid as of May 2011 Table 12-1 refers.

Table 12-1 Sample of Minor Works Awarded by the Ministry

<table>
<thead>
<tr>
<th>Projects</th>
<th>Total Project value (Rs)</th>
<th>Amount paid (Rs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proposed Vertical Extension to Engineering Office, MPI, Phoenix</td>
<td>7,344,250</td>
<td>6,976,761</td>
</tr>
<tr>
<td>Construction of Sub Offices of the Ministry and RDA at Argy, Flacq</td>
<td>14,812,162</td>
<td>7,961,094</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>22,156,412</strong></td>
<td><strong>14,937,855</strong></td>
</tr>
</tbody>
</table>

*Source:* Work Orders and Treasury Accounting System

12.2 Proposed Vertical Extension to Engineering Office, MPI, Phoenix

The Work Order for the building works of the proposed vertical extension to the Engineering Office of the MPI at Phoenix was awarded to a District Contractor in November 2009 for an estimated amount of Rs 4,955,000 million excluding VAT.

The Ministry awarded a second Work Order for additional works for the same project to the same contractor for Rs 1.6 million in June 2010 that is seven months after. These additional works were not included in the original estimates of the initial Work Order.

The Ministry had to, but did not seek the approval of Government, since the initial contract value, together with the additional works required for the second Work Order, exceeded the required threshold of Rs 5 million.
Ministry’s Reply to Management Letter

Due to lack of space in accommodating the Engineers and taking into consideration that seven additional Engineers would be recruited, the construction of an additional floor has had to be resorted to as a matter of urgency;

The extension was done in an exceptional circumstance and due to its urgency a tender exercise was not carried out;

The allocation of works to the District Contractor based on approved rates has in fact resulted in substantial savings; and

At the time, the Works Order was prepared and issued, it was never the intention of the Civil Engineering Section to request for additional works. However, during the implementation phase, the need for the additional works cropped up and which could not be foreseen.

The management concurred with the view that the new office was required urgently.

Ministry’s Reply to Reference Sheet

During the execution of the works, it was found that additional works would be required.

It was then decided that it would be in the interest of the Civil Engineering Section to proceed with the additional works as the rescheduling of these works at a later stage would result in the building not being operational.

12.3 Construction of Sub Offices of the Ministry and RDA at Argy, Flacq

The Ministry awarded two Work Orders in February and April 2010, for the construction of two identical buildings at Argy Flacq to house the sub offices for the Ministry and the Road Development Authority (RDA) to a District Contractor each for Rs 4,981,081.

A third Work Order was issued to a second contractor in November 2010 for Rs 4,850,000 for the construction of a boundary wall for both buildings.

Of the total project costs of Rs 14,812,162 a total amount of Rs 7,761,094 was paid to both Contractors as of May 2011. Table 12-2 refers.
Table 12-2 Building Works for Sub Offices at Argy

<table>
<thead>
<tr>
<th>Work Order No</th>
<th>Date awarded</th>
<th>Work</th>
<th>District Contractor</th>
<th>Estimated Amount inclusive VAT (Rs)</th>
<th>Actual Payment as at May 2011 (Rs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>3/053/1</td>
<td>25/02/2010</td>
<td>MPI Sub Office</td>
<td>B</td>
<td>4,981,081</td>
<td>4,809,250</td>
</tr>
<tr>
<td>3/055/1</td>
<td>14/04/2010</td>
<td>RDA Sub Office</td>
<td>B</td>
<td>4,981,081</td>
<td>2,411,819</td>
</tr>
<tr>
<td>4/001/1</td>
<td>29/11/2010</td>
<td>Boundary Wall</td>
<td>C</td>
<td>4,850,000</td>
<td>740,025</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Total Construction Works at Argy, Flacq</strong></td>
<td></td>
<td><strong>14,812,162</strong></td>
<td><strong>7,961,094</strong></td>
</tr>
</tbody>
</table>

Source: Work Orders and Treasury Accounting System

- The three Work Orders issued for Rs 14.8 million for the construction of new buildings and boundary walls were contrary to Government Decision and the Public Procurement Act 2006 that were only limited to repairs, maintenance and rehabilitation works on Government Buildings.

- The three “Work Orders” for the same project were issued for amounts that were in the range of 0.3 to 3 per cent slightly below the allowable threshold limit of Rs 5 million. In May 2010, for the MPI Sub Office the estimated amount was revised from Rs 4,981,081 to Rs 5,356,081 due to additional excavation works, that is, some 7 per cent above the threshold limit.

Ministry’s Reply to Management Letter

The Works Orders were meant for separate projects.

Another Works Order was issued for the construction of the building for the RDA Sub Office as the source of funding was different, RDA being the client. The same Architectural and Structural design was used and the same Contractor entrusted the works in order to reduce mobilization costs and considering that the RDA had the same urgency to vacate the premises at Flacq.

Due to the occurrence of frequent thefts in the area, the issue of the third Works Order for the construction of the surrounding wall was justified and was a different contract as it was awarded to another contractor.

Management is not involved in the issue of Works Order.

The MPI and RDA Sub-Offices had to be moved urgently because Ministry of Education and Human Resources was pressing to have the site for extension of the Rajcoomar Gujadhur Government School.
Ministry’s Reply to Reference Sheet

It was also a Government decision to entrust new works not exceeding Rs 5 million to District Contractors as they have the capacity to execute such works. This is why, in the on-going contract, the Scope of the Bid has been amended to include new works.
National Development Unit (NDU)

12.4 Appointment of Contractors

To achieve its objectives, NDU has divided the country into four zones of five constituencies each. Works in the respective zones are awarded to the zonal Contractors, who are appointed annually by the Central Procurement Board (CPB) following tendering procedures.

<table>
<thead>
<tr>
<th>Zone</th>
<th>Constituencies</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1,2,3,4,19 and 20</td>
</tr>
<tr>
<td>2</td>
<td>5,6,7 and 9</td>
</tr>
<tr>
<td>3</td>
<td>8,10,15,16 and 17</td>
</tr>
<tr>
<td>4</td>
<td>11,12,13,14 and 18</td>
</tr>
</tbody>
</table>

In July 2010, NDU launched the 2010-11 tender for works contracts for a duration of 18 months in respect of the four Zones. The contracts for Zones 2 and 3 were awarded to two different Contractors on 16 November and 7 December 2010 respectively.

CPB recommended the launching of fresh tenders for Zones 1 and 4. As at end of March 2011, the Contractors for Zones 1 and 4 have not yet been selected.

*Ministry’s Reply*

Fresh tenders have been launched and received at the Central Procurement Board level in May 2011. The evaluation exercise is under way at the Central Procurement Board.

*Observations*

(i) There was a delay to finalize the contract procedures relating to the appointment of zonal Contractors. There were no annual zonal Contractors working for NDU during period April 2010 to October 2010. NDU had recourse to restrictive bidding and direct procurement procedures and emergency procurement methods in respect of a number of road and drain projects, pending the appointment of the zonal Contractors.
Ministry’s Comment

In fact the bid documents were prepared but could not be finalized with respect to certain criteria for which decision could not be taken in the light of the general election. However all bidding procedures were finalized and contractors for the two zones were appointed in November 2010.

(ii) Consequently NDU paid higher rates for works done. Rates charged, for a number of items stated in the bill of quantities, were much higher than those of the zonal Contractors, with differences in rates of 22 to 2,300 per cent, noted on a number of items in the bill of quantities of the contract works.

Ministry’s Reply

In the absence of zonal Contractors and annual rates, no comparison can be made. Normally comparison is made on the value of project not on specific items in the bill of quantities.

Observations

An examination of a sample of 25 project files have revealed the following weaknesses:

(a) In a number of cases, supervision was lacking.

Ministry’s Reply

Supervision was lacking due to lack of staff which Audit is well aware of.

Observation

(b) Cases of deviations from contract specifications were noted.

Ministry’s Reply

Deviations only where materials are not available on the market and similar materials have to be used.

Observations

(c) There has been very long delays for Contractors to complete the jobs within the contractual period.

(d) In some cases, where period of completion works was extended, it was noted that performance bonds and insurance policies were not renewed to cover the contract and maintenance periods.
(e) There was a lack of proper planning in a number of projects. Contracts have been mishandled. For example, in one case, an initial eight-month duration project has lasted for more than five years and yet the project is not yet completed.

(f) On completion of work, NDU has not ensured that the Contractor has completed all the work as per the scope of work and any work not completed has been remedied during the defects liability period.

(g) NDU has failed to forfeit the performance bond of Contractors before its expiry date whenever projects have been abandoned.

(h) Core tests of all the projects were handled by the Contractors themselves. They took the samples to the laboratory and submitted the results to NDU. The reliability of the test results could not be ascertained.

(i) In a number of cases, the practical completion certificates could not be produced. These certificates are helpful in determining the amount of liquidated damages to be deducted from the Contractor’s claim.

Ministry’s Reply

With the objective of democratization of the tendering procedures, the Procurement Policy Office has in its regulations avoided grading of contractors and allowed bidders even with lesser experience to bid for projects. Consequently small projects have been allocated to contractors with small working capacities and delays could not be avoided although warnings, penalties have been applied as far as possible. Furthermore, in view of the considerable number of projects being handled by NDU and the limited number of supervising staff, it is unavoidable that a few projects get delayed. This situation is also due to reasons beyond the control of the NDU such as way leaves from individuals not being granted, existence of underground/overhead services which take time to be displayed.

There has been no case of intentional mishandling of projects unless the supervising staff has left the NDU and the various intricate aspects could not have been followed up by the successor.

Some remedial works cannot be done during the defects liability period until the handing over time, such as mowing of turf which grow incessantly in football grounds or repainting of boundary walls which get dirty at each rainfall.

Forfeiture of performance bonds is not always possible as contractors are always reminded to renew same but in case contractors delay in completing works and leave the site without informing. Action against such defaulting contractors is always reported to the Departmental Tender Committee. As for the test certificates, it is the contractor’s responsibility to carry out same for certified laboratories and their results cannot be denied. Sampling however has to be done in the presence of the supervising staff. NDU will ensure that this is so. Liquidated damages are most of the time applied for unjustified delays.
12.5 Comments on specific contracts

12.5.1 Upgrading of existing football ground at Quatre Soeurs – Rs 4.9 million

The upgrading of existing football ground at Quatre Soeurs was awarded to a private Contractor on 19 March 2010 at a contract price of Rs 4,906,624 (VAT included). NDU supervised the project. Works consisted of the demolition of existing boundary wall and chain link fencing, carting of debris, construction of retaining boundary wall with chain link fencing and associated site works.

The contractual commencement date was 2 April 2010 and works were scheduled to be completed by 1 July 2010. As of January 2011, a total of Rs 2,243,415, representing some 45.7 per cent of the contract price was already paid to the Contractor.

Observations

(a) As of end April 2011, works were not completed and Contractor had already vacated the site of work since October 2010.

(b) The performance bond of Rs 488,945 expired on 31 December 2010 and was renewed to cover the period until 30 April 2011. In spite of the very long delays, NDU did not deduct the liquidated damages of Rs 490,662 from the Contractor’s payment claim.

Ministry’s Reply

The contractor has restarted work. The liquidated damage is applicable at the pre-final certificate stage.

Observation

(c) The tests results submitted by the Contractor were found to be below the requirements, as shown in Table 12-3.
Table 12-3  Test Results

<table>
<thead>
<tr>
<th>Tests</th>
<th>Laboratory</th>
<th>Test results</th>
<th>Contractual specifications</th>
</tr>
</thead>
<tbody>
<tr>
<td>Columns – RC wall and beams</td>
<td>MSB</td>
<td>23N/mm² - 41N/mm²</td>
<td>30N/mm²</td>
</tr>
<tr>
<td>Chain link fencing</td>
<td>MSB</td>
<td>55um</td>
<td>85um</td>
</tr>
<tr>
<td>Thickness of wire for chain link fencing</td>
<td>MSB</td>
<td>2.89mm and 2.81mm</td>
<td>3.0mm</td>
</tr>
</tbody>
</table>

**Ministry’s Reply**

The core test of 23N/mm² – 41N/mm² is equivalent to 30-33N/mm² for the columns. 2.89mm and 2.81mm are acceptable for thickness of wire for chain link fencing. The yield strengths are within acceptable limits.

**12.5.2 Upgrading works of drain at Cite la Cure – Rs 10,976,750**

The project for the upgrading of drain works at Cite La Cure was identified under the emergency drain projects following flooding that occurred in the aftermath of tropical disturbance Lola during 2008.

In April 2008, the Consultant submitted the design and scope of works consisting of dredging and associated works estimated at Rs 2,566,085. The work order was awarded to a Contractor on 17 April 2008. NDU recalled the contract and then re-awarded it, to the same Contractor on 9 May 2008, at a contract price of Rs 10,976,750, with revised scope of works that comprised the construction of 1,200 meters open drains and other associated works. NDU effected an advance payment of Rs 1,418,812 on 7 June 2008.

Works started on 15 January 2009 and were to be completed on 30 June 2009. The Engineer of the Municipal Council of Port Louis supervised the project.

In November 2009, the Municipal Council stated in a report that the project was only 15 per cent completed. On 25 May 2010, the Municipality requested NDU to retrieve the project from the Contractor as works had been spilling over the years. That was done on 16 August 2010.
Observations

- Very long delays were noted on the project. Only 165 meters of drains representing 15 per cent of the work was completed on 10 November 2009 and the Contractor left the site of work.

- The first interim payment of Rs 1,377,449 was effected on 5 June 2009 in respect of 165 meters of open drain, 55 m³ of class 25/20 structural concrete, RC covers and kerbs. However, no test was carried out on these works before the payment was released.

- As of February 2011, the performance bond was not forfeited despite the fact that the Contractor left the site of work. NDU did not initiate any action to forfeit the advance payment guarantee.

- According to Clause 60.15 of the conditions of contract, ‘the advance payment shall be repaid progressively by the Contractor in the ratio of the construction time elapsed to the work order duration commencing on the first interim payment certificate after the advance payment’

- However, no advance payment was deducted from the first payment certificate.

- Liquidated damages totalling Rs 548,838 had not been claimed from the Contractor in spite of the long delays noted to complete the project.

- The completion and commencement dates were not specified in the works order issued to the Contractor on 9 May 2009.

It is also not known when the Contractor left the site of works, as throughout the project, there was very low supervision by both the engineering unit of the Municipality and the NDU.

The above project was identified under the Emergency Rehabilitation Programme as a flooding area during torrential rain and since the project has not been completed, the risk of flood still exists in that region.

Ministry’s Reply

After the 2008 flooding, the NDU had difficulties in handling all emergency sites where life was at stake and had recourse to Municipal Councils, Road Development Authority and other local authorities to give assistance due to shortage of staff. Even the Municipal Council had difficulties in supervising the project due to considerable pressure from excessive workload. The project has since been retrieved by the NDU under the Emergency Rehabilitation Programme. New consultants have been appointed to redesign and supervise the execution. Action is being taken accordingly.
12.5.3 Upgrading works at Ruisseau Terre Rouge – Rs 45,365,159

The contract for upgrading works at Ruisseau Terre Rouge originally comprised the removal of existing gabion boxes, construction of reinforced concrete channel and construction of three culverts. It consisted of relining the existing canal over 900m, reconstruction of three bridges and dredging works.

The first works order for upgrading Ruisseau Terre Rouge was issued on 7 June 2005 to a Contractor for Rs 22,899,826 and works were to be completed on 30 January 2006. The scope of work was afterwards revised to Rs 33,249,416 during 2006.

However, on 19 March 2007, NDU terminated the contract due to poor performance of the contractor with only 30 per cent of the works completed.

An amount of Rs 3,375,350 was paid to the defaulting Contractor after deduction of performance security of Rs 2,289,982 and maximum liquidated damages of Rs 1,144,991.

Re-award of contract

The contract for the remaining works was re-awarded on 15 July 2008 under the Emergency Drain Rehabilitation Programme (ERP) with a revised scope of work, at a contract price of Rs 45,365,159 to an annual drain Contractor.

The contractual completion date was 30 November 2009.

As of March 2011, NDU had already paid a total amount of Rs 45,902,657 to the Contractor.

Observations

- In February 2011, after more than five years of first award of contract, the project was not yet completed, even though it was considered very urgent and was issued under ERP.
- The completion date had to be revised on three occasions from 30 November 2009 to 9 December 2010 due to adverse climatic conditions, slow response from other authorities, CWA and WMA, waste water flow from manholes and other additional works.
- On 30 September 2010, according to the last interim payment certificate, total payments were Rs 49,624,493 representing an increase of some Rs 23,185,400, over the original contract amount of Rs 33,249,416 and given also that the previous Contractor did approximately 30 per cent of the works.
- As the works have not yet been completed, more costs would have to be incurred, the contract value will again increase until final completion.
During a site visit on 18 February 2011, it was noted that there were still some minor remedial and outstanding works to be carried out, for which sufficient labour force were not mobilized.

Section 3.2.17 of the contract agreement of the Consultant stipulates that “for any significant variation, the Consultant must ensure that approval of the Employer has been obtained prior to certifying payment thereof”.

From last interim payment certificate, a total variation priced at Rs 26,427,745 and representing 58 per cent of the contract value was paid to the Contractor as of 31 March 2011. However, approval of NDU for the variation works could not be produced.

NDU did not deduct the liquidated damages from the payments despite very long delays were noted to complete the work.

The performance bond expired on 10 April 2009 and was renewed after more than one year on 7 June 2010. Despite expiry of the performance bond, payments amounting to Rs 30,006,794 were certified by the Consultant, of which NDU paid Rs 21,967,603.

The insurance cover which expired on 10 November 2010 was renewed on 10 December 2010 for period 29 November 2010 to 28 January 2011. Thus, there was no insurance cover for the periods 11 November 2010 to 28 November 2010 and 29 January 2011 to 31 March 2011, during which time works were being carried out on site of work.

Ministry’s Reply

All variations have been approved by NDU and the project has now been completed and handed over.

12.5.4 Supply and Fixing of Handrails throughout the Island

During fiscal year 2010, NDU awarded two contracts for the supply and fixing of handrails throughout the island.

The first contract for the supply and fixing of 1,005 meters of handrails – Rs 2,629,043

The first contract comprising of the supply and fixing of 1005 meters of handrails throughout the island, was awarded to a Contractor at a contract price of Rs 2,629,043 on 15 December 2009. The contract was for the period 18 January 2010 to 18 March 2010. As at 30 April 2010, a total of Rs 2,256,817 was already paid to the Contractor.
Observations

- According to the tender document, the fixing of the handrails was to be done at some 24 locations. The actual fixation was done at only 14 locations, of which only six of them corresponded to the locations stated in the annexure of the tender document.

- (b) The condition of the tender document specified at Section III – Specifications and Performance Requirements stated that “all hand railing shall be constructed to the sizes and dimensions mentioned in the drawings. No deviation from this will be allowed.”

As per the tender specifications, the handrails consisted of two types both of 4mm throat continuous fillet weld. The Contractor provided handrails measuring 3.56 mm to 3.6 mm thick and full payments were effected following acceptance by NDU.

Implication

Value for money was not obtained for the price paid. The robustness of the handrails is an important criteria as they are normally fixed on main roads.

Ministry’s Reply

In fact the comment on the fillet weld concerns the welding only but the thickness of the pipe was in accordance to the requirements providing the required strength of the hand railing.

Second contract for the supply and fixing of 1,000 metres of handrails – Rs 2,966,367

A second contract for the supply and fixing of another 1000 metres of handrails throughout the island was awarded to another contractor on 26 May 2010 at a contract price of Rs 2,966,367. The contract started on 14 June 2010 and was to be completed on 12 September 2010.

NDU effected a first payment of Rs 1,115,143 to the contractor on 25 January 2011.

Observations

- The NDU did not have a plan of work as to where the 1000 meters of handrails were to be installed and fixed. The completion date of the contract was 12 September 2010 and as of 16 November 2010, the Contractor had fixed only 512 meters of handrails at some eight different locations.

- The Mauritius Standard Bureau’s testing report of 30 August 2010, after the fixation of the 512 meters of handrails stated that the mean galvanized coating thickness was 45µm instead of 65µm as per tender specifications. The lower thickness of coating on the handrails represents a shorter life span of the handrails.
The Contractor remedied the above shortcoming by repainting the handrails and a sample tested by MSB gave a result of 90µm. However, it was noted that the handrails were painted rather than galvanized.

As per Section III – Specifications and Performance Requirements of the tender document, it was clearly stated that “All hand railing shall be constructed to the sizes and dimensions shown on the drawings. No deviation from this will be allowed.” However, the Contractor had supplied materials not according to specifications and still, he had been paid the full amount in respect of the 512 meters handrails already fixed.

NDU paid a higher price for lower quality material that would have a shorter life time.

The thickness of the galvanized coating could not be remedied as the handrails were already fixed.

The only remedy was to paint the handrails.

Ministry’s Reply

There has been a list of sites where handrails were to be placed but was modified as per requirements of stakeholders or Parliamentary Private Secretaries of the regions. The shortcomings in the quality of materials were due to the non-availability of specified materials on the market but have been good by alternative measures.

Test results have been obtained and remedial actions taken accordingly. The hand railings have not been painted but covered with galvaroid (a galvanizing compound).

12.5.5 Construction of Janaza platform and toilet block at St. Martin – Rs 4,606,595

The construction of Janaza platform and toilet block at St. Martin was awarded on 25 October 2010 for the sum of Rs 4,606,595. The contractual completion date was 22 April 2011.

Observations

The Consultant has drawn attention to the poor quality of works carried out by the Contractor viz:

- A newly constructed block wall had to be pulled down as it was not vertical and the damaged blocks were re-used on the reconstructed wall. The joints to the block work were irregular and not as per specifications. The door and window were not constructed as per drawings.

- The size of hardcore filling for the flooring exceeded the maximum limit specified in the specifications. Hardcore of size 600-800mm was observed instead of 400mm thick, as specified in the design.
The cover to reinforcement for the column was not according to specifications.

The hardcore filling for soakaways was not according to specifications.

**Ministry’s Reply**

All shortcomings have been taken care of and defects made good.

### 12.5.6 Site works at Nouvelle Decouverte Community Centre – Rs 2,708,871

The works order for the above-named project was initially issued to an annual road Contractor on 28 March 2005 at a contract price of Rs 2,708,871. The contractual commencement and completion dates were 4 April 2005 and 31 May 2005 respectively. Works comprised mainly of the construction of boundary walls, paving works, asphalt and other minor works. The works were actually designed and supervised by consultant.

However, the Contractor could not proceed with the works as the site was being occupied by DWC which was constructing the Community Centre.

On 11 December 2008, the site works were re-awarded to the same Contractor at a new contract price of Rs 4,377,216.

As at March 2011, an amount of Rs 603,294 was already incurred under this contract.

**Observations**

- Following the re-award of contract, works started in January 2009 where some preliminary works were carried out for the inauguration ceremony of the community centre. However, in February 2009, the works had to stop as it was not possible to determine the boundary limits.

- On 24 February 2009, the Ministry of Housing and Land surveyed the plot of land and found out that a septic tank and other services of the Centre were located on the new alignment. The Contractor stopped all works until all issues were finalised.

- With the new boundary alignment, the original design became obsolete and on 23 February 2010, NDU requested the Consultant to carry out the redesign and drawing of the retaining structure.

  On 10 May 2010, the Consultant submitted new drawings and scope of works costing Rs 1,437,912 for the retaining wall.
Despite approval was given to the Contractor since January 2010 to proceed with the concrete works, unjustified delays were noted. Besides, the Contractor has abandoned the site since 15 November 2010.

During a site visit on 11 April 2011 by my officers, it was noted that there was no activity on site. The Contractor constructed only part of the retaining wall.

The insurance policy expired on 10 January 2009. Despite several reminders were sent, the Contractor did not renew the policy and has also failed to submit an updated program of work.

The project of an initial duration of two months was still not yet completed after a period of six years.

Ministry’s Reply

The project has been re-started as at May 2010 after finalization of alignment of boundaries. The Contractor has been re-mobilised after a short period of inactivity and insurance cover is up to 31 December 2011. The works are expected to be completed by end of September 2011. This project could have not been terminated and launched afresh as it would have entailed a major increase in contract value. The present contract value is based on 2005 rates.
National Transport Authority

12.6 Loss of cash through burglaries committed at NTA premises - Rs 5,387,840 not yet recovered.

Major losses of cash occurred due to two burglaries committed at the NTA premises at Cassis during the last two years, despite the fact that the premises of the NTA were under the security services of private firms at the time of both burglaries. The amount stolen totaled Rs 6,830,290, comprising cash: Rs 3,520,385 and cheques: Rs 3,309,905. Refer to Table 12-4.

### Table 12-4 Details of Amount Stolen

<table>
<thead>
<tr>
<th>Date of Burglary</th>
<th>Cash (Rs)</th>
<th>Cheques (Rs)</th>
<th>Total (Rs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>31 January 2009</td>
<td>2,528,690</td>
<td>3,309,905</td>
<td>5,838,595</td>
</tr>
<tr>
<td>3-4 July 2010</td>
<td>991,695</td>
<td>nil</td>
<td>991,695</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3,520,385</strong></td>
<td><strong>3,309,905</strong></td>
<td><strong>6,830,290</strong></td>
</tr>
<tr>
<td>Amount recovered</td>
<td>Nil</td>
<td>(1,442,450)</td>
<td>(1,442,450)</td>
</tr>
<tr>
<td><strong>Amount not yet recovered</strong></td>
<td><strong>3,520,385</strong></td>
<td><strong>1,867,455</strong></td>
<td><strong>5,387,840</strong></td>
</tr>
</tbody>
</table>

Amount totaling Rs 5,387,840 had not yet been recovered at date of audit (May 2011).

1.2 Both cases were reported to the Police. Following request from the parent Ministry after the second burglary, a Departmental Board of Enquiry was set up at the NTA so as to situate responsibilities and determine causes. A report was submitted in January 2011, highlighting the different causes and responsibilities, amongst which were several weaknesses observed in the services of the security firm.

**Observations**

- Of the total amount stolen represented by cheques (Rs 3,309,905), only an amount of Rs 1,442,450 was recovered from licensees.
- A Departmental Board of Enquiry was set up on 5 September 2010 that is two months after the second burglary which occurred on 3-4 July 2010.
- This is contrary to the Ministry of Finance and Economic Development’s instruction dated 30 December 2009, which clearly stipulates that Accounting Officers should, in case of theft, burglary or fraud, immediately refer the matter to Police and at the same time set up a Departmental Board of Enquiry.
The outcome of Police enquiry for both burglaries (two and a half years since first and one year since second) is still being awaited. Follow up of the result of the enquiry was done by the NTA only once for the first case and twice for the second case.

**NTA Reply**

- The vehicle owners could not be traced back as their particulars had not been properly recorded. Corrective action has now been taken to have full details recorded on cheques listing.

- The matter is being followed with the Police. A status report will be sought at every two-month interval.
13 - MINISTRY OF FOREIGN AFFAIRS, REGIONAL INTEGRATION AND INTERNATIONAL TRADE

13.1 Mauritius High Commission - London

13.1.1 Rehabilitation and Refurbishment Project

The Chancery building in London needs to be rehabilitated and refurbished in view of its old and declining state. The Ministry thus launched invitation for proposals for consultancy services for the project.

Consultancy Services

On 10 September 2009, nine firms were invited to submit fixed fee proposals for the ‘Consultancy Services for the Structural Investigation, Rehabilitation and Refurbishment of Chancery Building’. At the closing date, seven firms responded. On 7 December 2009, the Ministry awarded the contract to a UK firm on the understanding that it was for the Fixed Lump Sum of £ 40,537, which had to be revised to £ 41,418 due to an increase in VAT from 15 to 17.5 per cent.

This firm’s proposal should not have been selected as the lowest evaluated responsive bid as it had submitted both fixed and conditional fee proposals. As per the letter of award, the fee proposals were both binding. During the technical evaluation, the Bid Evaluation Committee completely overlooked the conditional fee information, that is ‘the fee proposal is based on a construction contract sum of up to £ 500,000’. This fee information provided in its technical proposal was not in line with the bid documents. The bid should have been rejected at the very stage of the technical evaluation. Therefore, the firm’s financial offer for a Fixed Lump Sum of £ 40,537 should not have been considered for financial evaluation.

Revised Fee Claimed

On 13 May 2010, the Consultant claimed a revised fee of £ 114,562 after submission of his preliminary report in March 2010. This increase in contract value was based mainly on his estimation of the budget cost for the renovation works to the tune of £ 1,765,936, that is more than £ 500,000. It is to be noted that the revised fee of £ 114,562, that is an increase of about 176 per cent of £ 41,418, exceeded by far the prescribed limits of 25 per cent as per Section 46(3), 50 and 30 per cent as per Section 25(2) (c) and (d) respectively of the Public Procurement Act (PPA) 2006.

Advice received from the State Law Office was that the conditional fee proposal was binding. Had this bid been rejected, the possibility exists that Government would not have to pay such a high fee for this work. As of 31 December 2010, amount paid to the Consultant totalled £ 59,087.
Technical Proposal Evaluation

The bidder’s technical proposal was determined as technically responsive. However, its proposal should have been declared non responsive because of the reasons mentioned below:

- The technical proposal included a conditional fee information when the invitation was for fixed fee proposals.
- The statement ‘we understand that hard copy historic building plans are available for our use’ was in contradiction with Clause 3.1.1 of the Terms of Reference where attention was drawn to the fact that drawings of the building were not available.
- The bidder did not have experience in rehabilitation/refurbishment works as reflected by the zero point scored during evaluation of its technical proposal.

Implication

Though it was to be a fixed lump-sum contract and there has been no increase in the scope of work the Ministry has to effect payment of £ 114,562 instead of the contract value of £ 41,418.

Recommendation

The Ministry should ensure that the PPA 2006 and other regulations are being complied with and whenever in doubt seek advice from the Procurement Policy Office for matters relating to procurement.

Ministry’s Reply

The Evaluation Committee examined the bids in line with the requirements of the Request for Proposal.

NAO’s comments on Ministry’s Reply

In accordance with the PPA 2006, the Bid Evaluation Committee failed to determine the responsiveness of the bid correctly. The bidder’s proposal should have been rejected at the very stage of the technical proposal evaluation.

13.1.2 Advance A/c Motor Car

An amount of Rs 832,500 was advanced on 5 December 2008 to a high official of the Mauritian High Commission in London to purchase a car. The car, a Mercedes was registered in UK on 13 November 2008. The grant of an advance to purchase car is subject to a lien being inscribed on the vehicle in favour of the Government of Mauritius until repayment of
the full amount of the loan and that the vehicle should be covered by a comprehensive insurance policy subscribed in the joint name of the Accountant General and the purchaser.

**Observations**

- No lien has been inscribed on the vehicle in favour of the Government of Mauritius until repayment of the full amount of the loan.

- As per the Certificate of Insurance, the policy covers the use of the vehicle only for social, domestic, and pleasure purposes but excludes the use for travel to and from a place of paid employment or for business purposes. The officer is being paid travel grant every month and Mission confirmed that he is using the car for official business purposes. With the insurance excluding the use of the car for commuting from residence to office.
  - the insurance cover does not meet the conditions of the loan, and
  - the officer is using his car with no insurance cover.

Hence none of the conditions of the grant of the advance has been satisfied.

**Ministry’s Reply to Management Letter**

The car has been fully covered on the comprehensive insurance basis since its purchase. ‘Social, domestic and pleasure purposes’ is the generic term used by local UK companies.

**Ministry’s Reply to Reference Sheet**

The Ministry merely endorses and transmits the application for loan, the terms and conditions of which are defined and implemented by the Accountant General.

**NAO’s Comments on Ministry's Reply**

In a correspondence dated 14 October 2008 and addressed to the Secretary for Foreign Affairs, the Accountant General rightly communicated the conditions which the payment of an advance to purchase car is subject to. He also requested to be informed whether the High Commission in UK could ensure that the conditions are satisfied, if not, then the purchaser would have to produce a bank guarantee representing the full amount covering the loan period. However there was neither a lien nor a bank guarantee.

**13.1.3 Home-based Confidential Secretary versus locally-recruited Administrative Assistant.**

In 2001 the Ministry decided to discontinue with the practice of posting home-based support staff in our overseas missions. The Ministry in its Circular dated 11 January 2002 and
addressed to all heads of missions, made the following comments regarding the posting of home-based support staff, “the practice entails significant expenditure in view of the payment of Foreign Service Allowance, refund of school fees, medical expenses and other costs.”

Besides the locally recruited staff costing less, it was also recognised that locally recruited confidential secretaries were discharging their duties efficiently. The NAO had drawn the attention of the Ministry to the effect that some missions continued to employ home-based staff as confidential secretaries and that it was not cost-effective. Two officers, a home-based Confidential Secretary and a locally recruited Administrative Assistant are employed at Mission to provide services of a similar nature, the former to the High Commissioner and the latter to the Deputy High Commissioner. The financial implications of both cases have been compared.

- **Locally recruited Administrative Assistant**
  
  The expenditure incurred by Government in respect of the locally recruited Administrative Assistant was limited to a monthly salary of £1221.38. Travelling expenses incurred by local staff are not refundable in accordance with UK laws.

- **Home-based Confidential Secretary**

  On the other hand the home-based Confidential Secretary has been posted at the Mission since 8 October 2004 that is after the decision taken by Government to discontinue the posting of home-based staff. It is now more than six years that the officer is in post. Besides the monthly salary, the officer is entitled to a series of allowances as shown in Table 13-1.
Table 13-1 Entitlements of a Home-based Confidential Secretary

<table>
<thead>
<tr>
<th>SN</th>
<th>Entitlements</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Salary</td>
<td>£600.(Approximate £ equivalent of salary drawn)</td>
</tr>
<tr>
<td>2</td>
<td>Foreign Service Allowance</td>
<td>£1215.</td>
</tr>
<tr>
<td>3</td>
<td><strong>Other allowances:</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Transfer Grant</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Baggage Allowance</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Air Fares</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Warm Clothing</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Medical Expenses</td>
<td>If hospitalised: 100 per cent refund of expenses</td>
</tr>
<tr>
<td></td>
<td></td>
<td>If not hospitalised: 90 per cent refund of expenses</td>
</tr>
<tr>
<td>5</td>
<td>Accommodation</td>
<td>Fully Furnished 2 bed-roomed flat provided with utilities met by government in toto. If not provided with accommodation officer would be entitled to £935.</td>
</tr>
<tr>
<td></td>
<td>Utilities (Electricity, gas, water, and telephone)</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Travelling Expenses</td>
<td>If officer stays elsewhere than in Mission’s compound.</td>
</tr>
<tr>
<td>7</td>
<td>School fees for children</td>
<td>For officers with children</td>
</tr>
</tbody>
</table>

Items 1, 2, and 5 only account to some £2,750 monthly compared to £1221 paid to the local Administrative Assistant who is discharging the same type of duties efficiently.

In addition to the above benefits, expenses totaling some £2,700 have been incurred by Government over a period of three and a half years (between May 2006 and October 2009) in respect of **furniture and domestic appliances** for the flat allocated to her. The list however, was not exhaustive as at date of audit the inventory had not been updated.

**Conclusion**

The comparison of the two scenarios confirms the Ministry’s recognising in its own circular issued in 2002 that the practice of posting home-based support staff entails significant expenditure. Yet the circular is not being implemented by the Ministry.
Ministry’s Reply

In some Missions, such as Mauritius High Commission in London, in view of the highly sensitive and highly confidential nature of some issues dealt with, the need for posting of home-based personnel from the General Service as Confidential Secretary is felt necessary. Frequent changes are avoided due to the nature of the responsibility of the Confidential Secretary. However, with regard to the case under reference, it is proposed to proceed now with an early replacement subject to approval by authorities concerned.

NAO’s Comments to Ministry’s Reply

NAO is of the view that the justification ‘the highly sensitive and highly confidential nature of some issues’ is not plausible. NAO, therefore, maintains that there is no need for a home-based personnel for the post of Confidential Secretary, even in London.

13.1.4 Refund of Medical Expenses - Mauritius High Commission London

Despite the fact that all home-based staff members and their dependent relatives are registered with the NHS, (Mission’s correspondence dated 26 February 2009 addressed to the Ministry refers) the claims for refunds are mostly in respect of visits to private practitioners. Medical expenses refunded to home-based staff, as from financial year 2006-07, are as per Table 13-2.

Table 13-2 Refund of Medical Expenses – MHC London

<table>
<thead>
<tr>
<th>Period</th>
<th>No. of months</th>
<th>Amount refunded (Rs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006-07</td>
<td>12</td>
<td>183,641</td>
</tr>
<tr>
<td>2007-08</td>
<td>12</td>
<td>596,571</td>
</tr>
<tr>
<td>2008-09</td>
<td>12</td>
<td>185,620</td>
</tr>
<tr>
<td>July 2009 - Dec 2009</td>
<td>6</td>
<td>333,389</td>
</tr>
<tr>
<td>2010</td>
<td>12</td>
<td>134,154</td>
</tr>
<tr>
<td>Jan 2011 – March 2011</td>
<td>3</td>
<td>263,695</td>
</tr>
</tbody>
</table>

The figures are on the high side.
13.1.5 Dismissal of Mr R, a Local Staff – Nugatory Expenditure of £7,000.

Mode of recruitment and dismissal

Approval was given on 29 December 2009 to Mission for the employment of Mr R as Administrative Assistant with a monthly salary of £1220.38. The employment was to be on a temporary basis and liable to be terminated with immediate effect, with one month’s notice either way. The employee assumed duty on 12 January 2010.

After clearance obtained in June 2010 for the payment to Mr R of a monthly allowance of £1040 for shouldering additional responsibilities as Coordinator, Student Affairs so as to facilitate his linkage with institutions when looking after the interests of Mauritian students, the Ministry gave its approval to the Mission on 16 July 2010 for the setting up of the student desk office. However on that very day, Mission informed the officer that his services were being terminated with immediate effect and also communicated this decision to the Ministry, which on the same day requested Mission to disregard the fax sent, conveying approval for the setting up of a student desk office. The dismissal was preceded by an allegation that the officer had recourse to a forged certificate to secure employment, which the officer denied. Mission did not support Mr R’s request for one month salary in lieu of one month’s notice as per his employment contract as it considered it as a ‘summary dismissal’ case. However, the case was not reported to the police.

- Recruitment - As the qualification required for the post of Administrative Assistant is a degree or equivalent, it is hard to believe that the officer was allowed to work for some 6 months before he was requested to produce educational certificates.

This is contrary to the Ministry’s Circular of 11 January 2002 which sets out the procedures to be followed by Mission while recruiting local staff before an appointment letter can be issued by the Supervising Officer at the Ministry.

- Dismissal - No prior approval was sought before terminating the services of Mr R contrary to the Ministry’s Circular dated 19 January 2005 and the ‘Office Guidelines and Parameters’ dated 25 February 2009, addressed to all Heads of Missions, which clearly lay down that “Heads of Missions should ensure that the prior approval of the Secretary for Foreign Affairs is obtained before any sanction is imposed on any officer or before the termination of employment or dismissal of any officer.”

Covering approval for the dismissal was nevertheless given by the Ministry on 3 August 2010.

Claim for unpaid salary.

In July 2010 Mission paid 16 days’ salary and 10 working days’ leave to the officer. In August 2010 the officer lodged a claim at a County Court for £ 7,686 purporting to be his unpaid salary and leave together with court fees of £225. The Solicitor General advised Mission to pay the claimant an amount of £1,525.17 representing one month salary (£1,220.38), two days annual leave (£78.79) and court charge fee (£225) but at same time fill in the Respondent’s Response Form clearly stating that ‘the claim has been fully and finally settled’ and also annexing the settlement agreement or discharge given by the claimant.
The Solicitor General’s advice was not followed and judgement was delivered by the County Court on 7 October 2010 in favour of the claimant.

Claim for unfair dismissal

The claimant, soon after, filed a case for unfair dismissal before the Employment Tribunal against the High Commissioner personally, claiming a payment of £9,611 as compensation on the grounds that only part of his claim had been fulfilled.

- Despite the doubts expressed by the Solicitor General as to whether the judgement was likely to be appealed against, approval was conveyed to Mission on 19 October 2010 for retaining the services of a UK Solicitor at the costs of £1000 plus VAT to appeal against the judgement of the County Court.

- On 27 October 2010, the High Commissioner informed the Ministry that it had retained the services of a second UK Solicitor to defend the case at the Employment Tribunal at the costs of £3000 plus VAT.

No prior approval was sought by the High Commissioner for the second solicitor’s services.

- On 12 November 2010, Mr R had informed the defendant’s lawyers that he would like to resolve the matter out of court. Yet, covering approval was given on 18 November 2010 (i.e. one week), for the total payment to be effected to the second solicitor.

The amount of £7,000 (of which £2,300 is in respect of compensation to claimant and £4,700 as fees paid to the two solicitors) disbursed by Government is considered nugatory expenditure.

Conclusion

- Procedures laid down by the Ministry for the recruitment and dismissal of local staff have been disregarded by the Head of Mission.

- The Ministry was not apprised of the allegation of forged certificate or else it would not have sent its approval on that very day (when Mr R was about to be dismissed) for additional responsibilities to be assigned to him against payment of a monthly allowance of £1040.

- The State Law Office’s advice to fill in the Respondent’s Response Form was not acted upon.

- Two solicitors were engaged to appeal against the judgement delivered on 7 October 2010. The Ministry gave its approval on 19 October 2010 to retain the services of the first solicitor, whereas for the second solicitor, the Ministry was informed on 27 October 2010, only after his services had already been retained by the High Commissioner for a fee of £3,525 (£3,000 plus VAT). On 12 November 2010, only two weeks after, the claimant announced his intention to get the matter resolved out of court.
The above case has been mishandled right from start with proper procedures and advices not having been followed. It is considered a serious lapse on the part of the High Commissioner. Such act can only tarnish the image of both Mission and the Government vis a vis the UK authorities and other institutions. Because of the above failings and negligence, the compensation paid to the claimant and the solicitors’ fees totalling £7,000 (approximately Rs 350,000) disbursed from public funds is considered nugatory and should be recovered by Government.
14 - MINISTRY OF HOUSING AND LANDS

14.1 Lands Vested not Developed

At paragraph 21.2 of the Audit Report for the period ended 31 December 2009, I stated that there were lands vested in different Ministries which were not yet developed. During 2007-08, NAO carried out an exercise on status of land vested in some Ministries. Some 49 portions of undeveloped land were identified. That list of projects was taken on a sample basis from a few Ministries and it did not preclude the existence of other undeveloped lands.

Mention was also made of a lack of complete data base on status of land vested in different Ministries. As a result, it could not be ascertained to what extent acquired lands have been utilised.

*Follow up*

- **Measures taken by Ministry in respect of new acquisitions of Lands**

  As from the year 2010, the Ministry has taken new measures to ensure that lands acquired are utilised on a timely basis and for the purpose intended as shown below:

  - Acquisition procedures will only be initiated after obtaining confirmation that funds are available for implementation of the project.
  - Projects should normally be implemented on land already vested but still undeveloped by the client Ministry.

- **Status of long acquired undeveloped lands**

  The Ministry maintains a report on status of projects for which lands were vested. However the report does not include a complete list of all vested lands and as of December 2010, it showed that out of 63 projects, some 30 were still kept in abeyance. The 63 projects consisted of the 49 projects identified by the NAO in 2007-08 and 14 others for which land were vested as from the year 2008.

*Conclusion*

In respect of the 30 projects mentioned above, in most of the cases land was compulsorily acquired for implementation of the projects. Government has had to disburse huge amount of money to acquire these lands which have to date remained idle.

With the new measures, lands acquired for new projects are more likely to be utilised. However, as mentioned above, several long acquired lands were still undeveloped due to projects being kept in abeyance.

Steps must be taken to make use of long acquired undeveloped lands. A complete database of all lands vested in Ministries/Departments should continue to be built up.

Ministries/Departments should also submit regular feedback on the implementation of projects for which lands have been acquired.
15 - MINISTRY OF TOURISM AND LEISURE

15.1 Acquisition of Mitsubishi Pajero - Rs 2,563,765

The Ministry acquired a jeep, make “Mitsubishi Pajero” of 3200 cc in October 2010 for Rs 2,563,765 following restricted tendering procedures. The Ministry of Finance provided for this additional funds of Rs 2.6 million on 25 October 2010 out of the Contingency and Reserve Fund.

The intended purposes for which the Pajero jeep was purchased were:

- to effect site visits by officers of the Ministry. These sites are more than often mountainous and rocky where cars are not accessible; and
- for transporting officers effecting the site visits in group of more than five as they are accompanied by officers of other government agencies.

Observations

Since the acquisition of the vehicle, till date of audit in April 2011, all site visits carried out, mainly to beaches, were easily accessible by a car and were not mountainous. The jeep was also very often used for the conveyance of staff who stayed after office hours. Officers of other organisations have not used the jeep for site visits.

The Ministry sought specifications only for a jeep type vehicle from the MPI instead of a passenger car or 4 x 4 vehicle.

Based on the trips for which the jeep has been used, it cannot be said that a jeep is essential for the intended purposes. This is an abusive expenditure of public funds of Rs 2.6 million. A 4x4 vehicle would have been cheaper and equally effective. Moreover, it is well known that the running costs and maintenance of a “Pajero” is very high compared to other cars and 4x4.

Ministry’s Reply to Management Letter

At a meeting held at the Ministry of Finance and Economic Development, a proposal was made to this Ministry to go ahead with the purchase of vehicle in 2010 itself, as funds could be made available in that year while we were made to understand that the provision of Rs 1.1 million made for the purchase of the vehicle in 2011 be removed. Pursuant to this meeting, this Ministry thus initiated procedures to purchase a new vehicle in 2010 itself.

On a general note, I would like to point out that the jeep is very useful to the Ministry for:

- The sites where visits are carried out by our officers are more than often mountainous and rocky and where cars are not accessible;
- Visits which are often carried out in group of more than five, where officers of other organisations accompany our officers; and
The conveyance of celebrities and internationally known foreign visitors as well as foreign Consultants working for the Ministry or on assignments related to tourism development.

In view of the nature of the activities being carried out by the Ministry and the site visits that are normally effected, we consider that the investment made regarding the purchase of the vehicle is justified. I also wish to point out that, since only seven months have elapsed since the Ministry has purchased the new Pajero, it would be premature to assess its usefulness, at this stage. We shall, however, ensure that the vehicle is being used in a judicious and efficient manner.

Ministry’s Reply to Reference Sheet

We wish to point out that it was not the intention of the Ministry to purchase a “luxury” vehicle. In fact, being given that we were already using a jeep since 2002 and as we intended to replace it, we requested for specifications from the Ministry of Public Infrastructure for the purchase of a similar vehicle. Upon receipt of same, we have carried out a normal and transparent procurement exercise for the acquisition of the vehicle. Subsequently, the Ministry of Finance and Economic Development which was approached agreed to release the necessary funds to purchase the vehicle.

We consider that the expenditure incurred is not “abusive” taking into consideration the nature of the activities of the Ministry and the profile of our internationally known foreign guests who we often have to entertain. It is also to be noted that we have already returned to the Ministry of Public Infrastructure the jeep purchased in 2002 and which has been replaced by the new vehicle.

We would, however, wish to reassure you that in future we shall be more careful when requesting specifications from the Ministry of Public Infrastructure in respect of vehicles to be acquired by the Ministry.
16.1 Stimulus Package for Maintenance of Government Schools

The Ministry received an amount of Rs 200 million as stimulus package from the Ministry of Finance and Economic Development in September 2009 for fiscal year 2010 to carry out maintenance works in primary and secondary schools.

Out of a total amount of Rs 210 million budgeted for, only some Rs 88 million could be spent during fiscal year 2010 to carry out minor projects such as external painting, waterproofing, upgrading of toilets, partitioning of classrooms and electrical works, representing only 41 per cent of amount budgeted.

The other minor projects could not be implemented in 2010 as planned. At January 2011, some of them were either at preliminary stage or postponed for years 2011 and 2012 or may not be executed.

Ministry’s Reply

While paragraphs (1) & (2) thereof provide a true and fair view of the situation, paragraph (3) does not spell out the difficulties faced due the delay in the appointment of District Contractors and action under way to implement a series of projects.

The quickest way to go about with the maintenance projects is to entrust the works to District Contractors appointed by the Ministry of Public Infrastructure, Land Transport and Shipping (MPI). However, in respect of projects identified to be carried out within the stimulus package, District Contractors were only appointed by the MPI in November/December 2010 after much delay.
16.2 Printing and Supply of Primary School Textbooks – Academic Year 2010 (Rs 23.17 million) and Academic Year 2011 (Rs 31.71 million)

Contracts for the printing and supply of primary school textbooks for the academic years 2010 and 2011 totalling some Rs 23.17 million and Rs 31.71 million respectively, were awarded to three private Contractors, as shown in Table 16-1.

Table 16-1 Contracts for the Printing and Supply of Primary School Textbooks

<table>
<thead>
<tr>
<th>Contract</th>
<th>Standard</th>
<th>No. of Titles</th>
<th>Date awarded</th>
<th>Contract Amount Rs million</th>
<th>Contractor</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Academic Year 2010</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>II, III &amp; IV</td>
<td>18</td>
<td>19.08.09</td>
<td>1.58</td>
<td>A</td>
</tr>
<tr>
<td>2</td>
<td>II, III &amp; IV</td>
<td>31</td>
<td>19.08.09</td>
<td>12.90</td>
<td>B</td>
</tr>
<tr>
<td>3</td>
<td>III, IV &amp; V</td>
<td>13</td>
<td>08.09.09</td>
<td>4.02</td>
<td>B</td>
</tr>
<tr>
<td>4</td>
<td>III &amp; V</td>
<td>5</td>
<td>28.09.09</td>
<td>2.62</td>
<td>B</td>
</tr>
<tr>
<td>5</td>
<td>V</td>
<td>13</td>
<td>07.10.09</td>
<td>1.48</td>
<td>B</td>
</tr>
<tr>
<td>6</td>
<td>I to VI</td>
<td>48</td>
<td>21.10.09</td>
<td>0.57</td>
<td>A</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td>23.17</td>
<td></td>
</tr>
<tr>
<td>Academic Year 2011</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>II to V</td>
<td>79</td>
<td>30.08.10</td>
<td>20.81</td>
<td>B</td>
</tr>
<tr>
<td>8</td>
<td>VI</td>
<td>26</td>
<td>16.09.10</td>
<td>9.67</td>
<td>B</td>
</tr>
<tr>
<td>9</td>
<td>I to VI</td>
<td>55</td>
<td>11.01.11</td>
<td>1.23</td>
<td>C</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td>31.71</td>
<td></td>
</tr>
</tbody>
</table>

16.2.1 Lateness in Delivery of Pre-press Materials and Textbooks

The delivery of pre-press materials to a Contractor has a direct impact on the printing and supply of primary school textbooks. For academic years 2010 and 2011, no deadline for the delivery of pre-press materials by the National Centre for Curriculum Research and Development was set by the Ministry.
Contracts 1-5 and 7

The pre-press materials were issued piecemeal to the Contractors with much delay which has resulted in late delivery of textbooks to the Central Supplies Division (CSD) ranging from 2 to 189 days, as shown in Table 16-2.

Table 16-2 Late Delivery of Textbooks

<table>
<thead>
<tr>
<th>Contract</th>
<th>Pre-press materials lastly delivered on</th>
<th>Expected delivery date of textbooks</th>
<th>Textbooks lastly delivered on</th>
<th>Delay in delivery of textbooks (days)</th>
<th>No of titles delivered with delay</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>14.10.09</td>
<td>24.10.09</td>
<td>30.12.09</td>
<td>7 – 63</td>
<td>9</td>
</tr>
<tr>
<td>2</td>
<td>24.11.09</td>
<td>03.11.09</td>
<td>14.05.10</td>
<td>7 – 189</td>
<td>18</td>
</tr>
<tr>
<td>3</td>
<td>07.12.09</td>
<td>07.11.09</td>
<td>07.05.10</td>
<td>3 – 181</td>
<td>8</td>
</tr>
<tr>
<td>4</td>
<td>07.12.09</td>
<td>29.11.09</td>
<td>31.05.10</td>
<td>32 – 183</td>
<td>5</td>
</tr>
<tr>
<td>5</td>
<td>11.12.09</td>
<td>07.12.09</td>
<td>15.03.10</td>
<td>2 – 98</td>
<td>10</td>
</tr>
<tr>
<td>7</td>
<td>29.10.10</td>
<td>12.12.10</td>
<td>09.02.11</td>
<td>7 – 56</td>
<td>14</td>
</tr>
</tbody>
</table>

Ministry’s Reply

The pre-press materials are hard and soft versions of new books prior to printing by the chosen printers. They comprise texts as well as illustrations. They are put up by Panels constituted of Educators and coordinated by Lecturers of the Mauritius Institute of Education (MIE) or the Mahatma Gandhi Institute (MGI) for Asian languages. The Educators are closely involved in the correction of scripts for the CPE exams and deal with several other pressing issues throughout the year such as the Enhancement Programme and Continuous Assessment. On the other hand, the Coordinators of the MIE or MGI are normally hard-pressed with, among other things, the training of teachers, the development of new syllabi, the reviewing of curricula and the development of pedagogical materials. The result is that though the Panels and their respective Coordinator placed much emphasis upon the development of pre-press materials, these almost invariably suffer delays in their practical realisation.

The organisation of the learning materials into Parts I and II has been effected in such a manner as to cater for health and pedagogical considerations. Such a design is meant to discourage the practice of cramming the entire syllabus within a period of six months, and the devotion of the third term to an ad nauseam repetition and ultimate rote memorisation. In line with this pedagogical imperative, the first Parts of the textbooks are expected to be covered by the beginning of June at the earliest, when the second Parts of textbooks are expected to be
started. It is to be observed that all the books (Parts II) for Contracts 2 to 5 and 7 were delivered by the beginning of June.

*Contract 8*

For Contract 8, textbooks for Standard VI were to be delivered to the CSD not later than 45 days after collection of pre-press materials.

Pre-press materials were delivered to the Contractor for Parts II of eight titles, namely English, French, Maths, Science, Hindi, Urdu, Tamil and Marathi from 30 March to 10 May 2011, resulting in textbooks for these titles not being available to pupils at resumption of the second term on 18 April 2011.

*Ministry’s Reply*

The development of pre-press works for Standard VI, where there is added complexity with diagrams, graphs and illustrations, takes more time and effort. All the books were delivered to schools before the beginning of June 2011, as prescribed by the MIE.

16.2.2 *A3 Colour Textbooks for pupils with Visual Impairment*

*Contract 6*

According to Contract 6, all textbooks were to be delivered by 20 December 2009. As of April 2011, i.e. after more than one year, the Contractor did not deliver textbooks for two titles, one each for Standards I and III, to the CSD.

*Ministry’s Reply*

The Contractor failed to deliver two titles by resumption of studies, viz English for Standard I and English Part II for Standard III. As a result, the Ministry made the necessary arrangements with the two schools for the visually impaired, for them to exceptionally make A3 photocopies of the two titles for their inmates for 2010 by means of their own special photocopying machines.

*Contract 9*

Contract 9 was awarded on 11 January 2011. As per letter of award, the textbooks were to be delivered at latest by end of January 2011. On resumption of the second term on 18 April 2011, only 18 out of 55 titles were delivered to the CSD.

*Ministry’s Reply*

Out of the 55 titles, 21 were Part II titles which were needed only as from the beginning of June. The unavailability of these titles at the resumption of studies did not therefore have any impact on the pupils’ studies. With regard to the other titles – the Part I titles, the Ministry
compensated matters by issuing CDs to the Organisations for the visually impaired children around the end of January 2011.

Recommendations

➢ At time of awarding contracts, the Ministry should ensure that pre-press materials are ready for delivery to the Contractors so as not to delay supply of textbooks.

➢ The Textbook Monitoring Committee of the Ministry should ensure that the whole process of awarding contracts from initiation to delivery of pre-press materials to Contractors, printing of textbooks till their distribution to pupils are properly planned and monitored so that pupils get their textbooks on resumption of school in January.

Ministry’s Reply

The Textbooks Monitoring Committee is presently carrying out a planning exercise with set time frames for the timely delivery of the necessary materials to the Contractors, the printing of the textbooks by these Contractors, the delivery of the completed textbooks by the Contractor to this Ministry, the final distribution of these books in schools and the periodic monitoring till the end of the school year of the quantity and quality of the textbooks provided to the pupils. Simultaneously, it is reviewing the scope of its mandate so as to be able to address all issues likely to hamper a smooth Book Production – Distribution process in the future.

16.3 Contract for cleaning of premises in Schools/Institutions – Rs 21.11 million

Following approval of the Central Procurement Board (CPB) on 20 April 2010, the contract for cleaning of premises in schools/institutions in the four Education Directorates was awarded to a Contractor by the Ministry on 27 May 2010 for a period of 12 months taking effect on 1 July 2010 renewable for two subsequent periods of 12 months at a daily rate of Rs 111,131 (VAT inclusive).

➢ Cleaning services were not regularly provided to schools. According to the contract, cleaning works should take place from Monday to Friday every week in schools/institutions. However, cleaning services were either not provided in schools for a whole month or provided for less than an average number of 20 days a month in Zones 1, 3 and 4 during period July to October 2010 as shown in Table 16-3.
Table 16-3  Provision of Cleaning Services in Zones 1, 3 & 4 during period July to October 2010

<table>
<thead>
<tr>
<th>Month</th>
<th>Services not provided for a whole month</th>
<th>Services provided for less than 20 days</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zones 1, 3 &amp; 4</td>
<td>No. of schools</td>
<td>Zone 1</td>
</tr>
<tr>
<td></td>
<td>No. of schools (days)</td>
<td>No. of schools (days)</td>
</tr>
<tr>
<td>July</td>
<td>8</td>
<td>7 (2-16)</td>
</tr>
<tr>
<td>August</td>
<td>8</td>
<td>9 (6-17)</td>
</tr>
<tr>
<td>September</td>
<td>9</td>
<td>1 (9)</td>
</tr>
<tr>
<td>October</td>
<td>2</td>
<td>1 (18)</td>
</tr>
</tbody>
</table>

Cleaning of premises was not done in two to nine schools for a whole month in Zones 1, 3 and 4 while the services provided were as low as two days in Zone 1, three days in Zone 4 and eight days in Zone 3 during a month. For days not performed by the Contractor, the Education Directorates had recourse to ad-hoc labour.

- As per contract, the Contractor should be charged penalty for non-performance not exceeding 10 per cent of the monthly remuneration. No penalty fees were charged to the Contractor for non-performance of major works such as trimming of grass, mowing of lawns, cleaning of corridors and staircases, washing of buildings and truncating of trees, in three schools of Zone 1 and another three schools of Zone 4 in July/August 2010.

- The results of a ‘performance monitoring’ in schools carried out by the Ministry in March 2011 revealed a level of satisfaction ranging from 30 to 50 per cent in Education Directorates 1, 3 and 4.

Recommendations

The MOE should consider not renewing this contract. The Procurement Policy Office (PPO) and CPB need to be notified about the poor performance of the Contractor. In order to benefit from a more efficient service, the Ministry should propose the CPB to award future contracts for cleaning of premises on a Zonal basis with no Contractor obtaining more than one contract.

Ministry’s Reply

Although award of contract had been made by this Ministry to the selected cleaning services Contractor on 27 May 2010, that Company had not by 1 July 2010, recruited the totality of the work force necessary for it to implement the contract country-wide.
The Contractor was given severe warnings by this Ministry in the official meetings and correspondence with him as from just before the start date of implementation, i.e. 1 July 2010.

When the non-performance of major tasks became widespread, the Ministry discussed the issue with the PPO. The latter advised that the recovery of the expenses incurred through the performance of major tasks by ad-hoc labour, be made from sums due to the Contractor. The Zone Directors were informed in September 2010. This accounts for the fact that, during the first two months there exist cases where no penalty fees were charged for absence of the major works. However, the Zones are presently being requested to investigate into such cases and to recoup even be lately, the expenses incurred at the beginning of the year of contract implementation.

A survey was carried out in the four Zones in March 2011 and very negative feedbacks were obtained in Zones 1, 3 and 4. The advice of the Solicitor General was sought and obtained for the termination of the contract in these Zones.

The PPO was informed that the Ministry has partially terminated the contract with the Contractor in Zones 1, 3 and 4 with effect from 1 July 2011 and new Bid Documents will have to be put up to take on board the problems having been met with the Contractor during the past year of implementation. Moreover, the Central Procurement Board was informed of the bad performance of the Contractor and of the coming partial contract termination.

The Ministry is presently liaising with the PPO by way of letters and meetings with a view to having this Organisation modify and customise the bid documents in the light of bad experiences the Ministry has had with the Contractor during this past year. In this context and, among other things, this Ministry is pressing for:

- the award of future contracts on a Zonal basis, so that different Contractors will be awarded contract for the different Zones, with no Contractor obtaining more than one contract;
- the Contractors chosen to have a minimum number of years of experience in the field;
- the selected Contractors should have carried out cleaning works equivalent to a single Zone, at a minimum.
17 - MINISTRY OF AGRO-INDUSTRY AND FOOD SECURITY

17.1 Land Use Division

The Land Use Division (LUD) manages state land under the control of the Ministry of Agro Industry and Food Security. It acts as the notarial arm of the Ministry in drawing up agricultural land leases and collecting the land rents accruing therefrom.

17.1.1 Lease of State Land

According to the records of the LUD, there was a total of 8,170 arpents of land under the jurisdiction of the Ministry as of October 2010. Of these, 6,685 arpents were occupied by lessees while the remaining 1,485 arpents were purported to be unoccupied.

The position regarding the number lease agreements was as in Table 17-1.

<table>
<thead>
<tr>
<th>Lease Agreement Signed (No. of arpents)</th>
<th>No Lease Agreement (No. of arpents)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Occupied State Land</td>
<td>5,917</td>
<td>6,685</td>
</tr>
<tr>
<td>Unoccupied State Land</td>
<td>958</td>
<td>1,485</td>
</tr>
<tr>
<td>Total</td>
<td>6,875</td>
<td>1,295</td>
</tr>
</tbody>
</table>

Observations

- As shown in table above, there were no duly signed lease agreements in respect of 768 arpents of land which were occupied. Since the amount is payable after the lease is signed, the Ministry is foregoing a minimum annual rent of Rs 768,000 at the prevailing rates.

- In respect of the 958 arpents of land for which a lease agreement had been signed and where the land appears to be unoccupied, action has not been taken by the Ministry to retrieve the land and cancel the lease.

- There was no pre-defined criteria regarding the extent of agricultural land which could be leased. Extent of land leased varied between 0.4 to 101 arpents and the period of lease varied between five and twenty-five years.
Recommendations

➢ All the conditions of the lease need to be conveyed to the lessee in a duly signed agreement so that the Ministry would be in a position to take appropriate actions in cases of default by the lessee.

➢ Regular visits need to be carried out to ensure that land is being occupied by the lessee; and also to detect cases of illegal occupation and construction, abandoned land, subletting of land and other non-adherence to the conditions and terms of the lease agreement.

➢ The extent of land which can be leased and the period of the lease should be clearly defined.

Ministry’s Reply

➢ Follow up action will be taken to ensure that there is a duly signed lease agreement for all cases of occupied land.

➢ The plots, whereby the lease agreement had lapsed and the lessee had failed to renew the lease agreement, are being retrieved after appropriate warnings. The systematic retrieval of state land has started in February 2011.

➢ Arrangement is being made to ensure that more visits will henceforth be carried out.

➢ Guidelines regarding the grant of agricultural state land and the period of lease are now available on the website of the Ministry.

17.1.2 Arrears of Revenue - Rs 9,216,978

Rent collected during 2010 totalled Rs 8,195,953 out of which Rs 2,396,516 were in respect of previous years’ arrears. Arrears of revenue as of 31 December 2009 and 2010 were as shown in Table 17-2.
Table 17-2  Arrears of Revenue

<table>
<thead>
<tr>
<th></th>
<th>Fiscal Year ending 31 December 2009 (Rs)</th>
<th>Fiscal Year ending 31 December 2010 (Rs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ex Tea lands</td>
<td>5,637,391</td>
<td>6,008,936</td>
</tr>
<tr>
<td>Vegetable growers</td>
<td>515,650</td>
<td>346,855</td>
</tr>
<tr>
<td>Land settlements</td>
<td>624,340</td>
<td>616,203</td>
</tr>
<tr>
<td>Newly leased land</td>
<td>131,385</td>
<td>165,962</td>
</tr>
<tr>
<td>Other state lands</td>
<td>166,280</td>
<td>246,480</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>2,485,175</td>
<td>1,832,542</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>9,560,221</strong></td>
<td><strong>9,216,978</strong></td>
</tr>
</tbody>
</table>

**Observations**

➢ The amount owed is extracted from rent cards of some 6,000 individual lease files. This is a very time consuming exercise.

➢ The lease agreement provides for the renewal of lease only by mutual agreement. The figures for arrears may be overstated to the extent that rent due on account of lease agreements which had already expired, not renewed and land being no longer occupied, was still included therein.

➢ In the absence of an age analysis of debt, it could not be ascertained since when these debts were due.

**Recommendations**

➢ The Ministry may consider computerising the Lease Section of the LUD to improve retrieval of information and facilitate the computation of arrears.

➢ In addition to reminders, appropriate measures to enforce debt recovery should be considered in order to curtail the amount due.

➢ List of arrears needs to be reviewed to identify cases of non recoverable debts.
**Ministry’s Reply**

- Necessary action is being taken to computerise the LUD in collaboration with the Food and Agricultural Organisation.

- The terms and conditions of the lease for agricultural State Land are being looked into anew in consultation with the State Law Office. The latter will also advise on the way forward for debt recovery.

**17.1.3 Lease of Agricultural Stations**

As of May 2011, former agricultural stations of an extent of some 470 arpents had been leased.

**Observations**

- Of the 470 arpents leased, only some 285 arpents were occupied in March 2011. The remaining 185 arpents, representing approximately 40 per cent was abandoned.

- Conditions applied for the lease of agricultural stations differ, as shown below:
  
  - Thirty two beneficiaries of Arsenal and Bois Marchand had been paying an annual rent of Rs 120 instead of the prescribed yearly rate of Rs 1,500 for irrigation land.
  
  - Some 4,700 square metres of concrete building had been leased together with 141 arpents of state land to nine beneficiaries. Apart from the concrete buildings, nurseries and sheds found on these lands had also been leased. No additional rent had been charged in respect of these structures.
  
  - Only six of the above nine beneficiaries are presently occupying the buildings. Regarding the other three beneficiaries, two of them had neither occupied the land nor the buildings since the signature of the lease agreement in November 2007 and October 2008 respectively.

**Recommendation**

If the Lessee fails to occupy the land within six months from the date of signature of the lease, the Ministry should consider retrieval of all abandoned land.

**Ministry’s Reply**

Agricultural stations were not fully occupied due mainly to lack of adequate irrigation and access facilities. However, in cases where lands have remained abandoned despite facilities being available, action is being taken for retrieval of such land.
17.2 Food Security

17.2.1 Food Security Fund

The 2008-09 Budget speech made provision for a sum of Rs 1 billion for the setting up of a Food Security Fund with the objective of increasing the country’s food self sufficiency level and build resilience in case of food crises in the future.

In this context, the Food Security Fund was established under the Finance and Audit (Food Security Fund) Regulation 2008 in June 2008.

A three year Strategic Plan (2008-2011) was elaborated and concurrently an implementation plan was worked out whereby some 40 projects were to be undertaken both in Mauritius and Rodrigues. The estimated costs of projects were as shown in Table 17-3.

<table>
<thead>
<tr>
<th></th>
<th>July 2008 to June 2009 (Rs million)</th>
<th>July 2009 to June 2010 (Rs million)</th>
<th>July 2010 to June 2011 (Rs million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mauritius</td>
<td>158</td>
<td>397</td>
<td>255</td>
</tr>
<tr>
<td>Rodrigues</td>
<td>6</td>
<td>158</td>
<td>23</td>
</tr>
<tr>
<td>Total</td>
<td>164</td>
<td>555</td>
<td>278</td>
</tr>
</tbody>
</table>

Observations

- Except for the seed potato and onion purchase schemes for which some Rs 9 million had been disbursed in June 2009, no other expenditure was incurred in the first year of operation of the Fund. Therefore, a major part of the amount budgeted to be spent for that period had remained unutilised.

- Most of the projects which were scheduled to start in the financial year 2009-10 where Rs 555 million were budgeted to be spent, did not take off in that particular financial year. Expenses met by the FSF during that period totalled some Rs 68 million.

- Following a Government decision, the FSF was re-structured and all projects/schemes previously financed from the FSF were met from the Budget of the Ministry of Agro Industry and Food Security as from 1 March 2010. A total amount of some Rs 983 million was thus transferred to the Consolidated Fund leaving a balance of Rs 25 million in the FSF.
**Ministry’s Reply**

The preparatory stage for such an ambitious strategy was a lengthy process in terms of various activities involved prior to proper implementation, which is also coupled with the strengthening of institutional capacity at the level of the Ministry.

**17.2.2 Ministry’s Budget – Account of the FSF**

A provision of Rs 230 million was made for the year 2010 in the Budget of the Ministry of Agro-Industry to finance FSF projects.

The following were noted:

- Out of the budgetary provision of Rs 230 million, expenditure to the tune of some Rs 67 million had been incurred, of which some Rs 35 million were in respect of projects implemented in Rodrigues. A balance of Rs 163 million was unutilised as of December 2010.

- In December 2010, a total amount of Rs 70 million had been reallocated to another item of the Ministry.

- A review of some of the projects implemented in Mauritius revealed the following:
  
  - An amount of Rs 2 million, earmarked for the implementation of an alternative scheme to the current Food Crop Insurance Scheme managed by SICOM, had remained unutilised as of 31 December 2010.
  
  - The Seed Purchase Scheme was set up to facilitate the purchase of potato/onion seeds by small planters so as to encourage them to cultivate these products to enhance production.
    
    As of 31 December 2010, a total of some Rs 30 million had been disbursed by the Ministry to Agricultural Marketing Board (AMB) for the implementation of these schemes.
    
    A memorandum of understanding (MOU) was drawn between the FSF Committee and the AMB in August 2009. The AMB was to open a special bank account for the management of the Fund and was to provide the FSF with an audited account of the special bank account, certified by an independent auditing firm at latest one month after each potato/onion campaign. No audited account was provided by the AMB.
    
    - An amount of Rs 4 million was released as grant by the Mauritius Post and Cooperative Bank Ltd in April 2010 on behalf of the FSF to a private company for the construction of a semi industrial fishing vessel. As of May 2011, the vessel had still not been handed over although it was expected to be completed by August/September 2010.
Ministry’s Reply

- The reallocation of Rs 70 million by the Ministry of Finance and Economic Development is a normal current exercise to meet the commitments of Government from unutilized votes.

- The Rs 2 million budgeted for the Food Crop Insurance Scheme was much on the low side for initiating discussions for a risk management scheme. The alternative has now been finalized, with a proposal of an initial sum of Rs 13 million for which the approval of Government will be sought in July 2011.

- As for the Seed Purchase Scheme, the AMB will arrange to make the special account fully operational for the campaign 2011 and will prepare the necessary financial statements for audit purposes.

17.3 Relocation of part of the Ministry to the Garden Tower Building

In May 2010, approval was obtained from the Prime Minister’s Office for the allocation of levels 9 to 11 of a total area of 1,656 m² at Garden Tower Building to the Ministry of Agro Industry and Food Security.

Observations

It was only in August 2010 that the specifications for consultancy services had been worked out and same were submitted in September 2010 to the Ministry of Public Infrastructure for vetting.

In October 2010, bids were invited for Consultancy Services for the design of false ceiling, partitioning, electrical and plumbing works, air conditioning systems, flooring and associated works.

Evaluation of bids was carried out during the period November to March 2011. In April 2011, the Ministry of Finance and Economic Development confirmed that funds would be made available to the Ministry for consultancy services and for partitioning and other associated works.

The Contract for consultancy services has been awarded on 6 May 2011 for an amount of Rs 3,757,500, one year after the decision taken to relocate part of the Ministry to the Garden Tower Building.

Within a period of five months, the Consultant would have to submit the preliminary layouts, prepare the bidding documents, evaluate tenders and draft the letter of award of contract for the works. Further, during execution of works, the Consultant would be responsible for the technical inspection, supervision and monitoring of all the engineering, architectural, mechanical and electrical works.

In the meantime, the Finance and Human Resource Sections of the Ministry of Agro Industry and Food Security which were to move to the Garden Tower Building, are still occupying
‘rent-paid’ premises. The Ministry is disbursing some Rs 405,900 monthly in terms of rental payments and it is not foreseen that these two sections could move to the Garden Tower Building before another year.

**Recommendations**

The relocation of part of the Ministry to the Garden Tower Building should not be further delayed and works need to be undertaken promptly.

**Ministry’s Reply**

Action is being taken by the Ministry for both Finance and Human Resource Sections to move to Garden Tower Building without delay.

**17.4 Closure of the Palmar Livestock Production Unit**

Upon the closure of the Palmar Livestock Production Unit (PLPU), items of equipment and fittings had been dismantled and transferred to the Engineering Division and other Divisions of the Ministry. My Officers carried out a visit at the PLPU on 28 April 2011 and noted the following:

- No activities were being carried out there.
- Items such as chippers with electric motor, cooling tanks and one trailer were found on the premises of the PLPU.
- Several unserviceable items were kept in the offices and stores.
- Nine Officers were posted at the PLPU since its closure in 2007. The gross monthly salaries of these officers in 2010 amounted to some Rs 116,000.

Delay in the redeployment of the above staff is costing the Ministry more than Rs one million annually in terms of their remuneration.

**Recommendation**

- The Ministry should transfer items which are still in good condition to other divisions of the Ministry or resort to auction sales. Delay in taking prompt action may cause deterioration in the physical condition of these items. Further, all unserviceable items should be surveyed and disposed of.
- After the transfer of all items of stores and equipment, the above staff should be re-deployed to other divisions of the Ministry.
17.5 Lease of Flat Island

At paragraph 26.4 of my Audit Report for the period ending 31 December 2009, I commented on the lease of Flat Island to a private company for a period of seven years for the purpose of developing an eco-tourist project.

The lessee was required to comply with a set of conditions included in the lease agreement. However, during visits carried out by Officers of the Ministry, it was noted that the lessee had breached several conditions of the contract. The Ministry had requested the Company to take remedial action but it has failed to do so.

On 27 April 2011, Government approved the cancellation of the lease agreement. The lessee was informed that the lease agreement had been cancelled as from 13 May 2011 and that it should remove all structures set up on the islet within a period of 15 days.

The Forestry service and the National Parks and Conservation Service have been requested to take over the management of the islet and to prepare and submit to the Ministry an Action Plan.

17.6 Food Technology Laboratory

At paragraph 26.2.1 of the Audit Report for the period ending 31 December 2009, I drew attention to the fact that the Food Technology Laboratory (FTL) had not been accredited and that some Rs 8.8 million had been disbursed to a private laboratory during the period November 2007 to December 2009 to effect tests according to EU parameters.

Observations

- It was only in May 2010 that bids were invited for consultancy services for the accreditation of the FTL. The contract was awarded to the Consultant in September 2010 and the target date for accreditation has been scheduled for June 2011.

- For the year 2010, an additional amount of Rs 2,332,400 had been disbursed to the private laboratory for the carrying out of tests in conformity with EU parameters.

17.6.1 Genetically Modified Organisms Testing Laboratory

At paragraph 26.2.2 of the Audit Report for the period ending 31 December 2009, I stated that the Genetically Modified Organisms (GMO) Testing Laboratory was not fully operational since its setting up in June 2006 and that equipment purchased to the tune of Rs 4.3 million had been lying idle.

I was informed by the Ministry that the GMO Testing Laboratory could not be fully set up as only part of the GMO Act had been proclaimed and regulations for the remaining sections of the Act were still being vetted by the State Law Office, and that training courses had been organised by an expert on GMO testing in June/July 2010.
17.7 Barkly Experimentation Station

At paragraph 26.1 of the Audit Report for the period ending 31 December 2009, I drew attention to various shortcomings, including inadequate seed production and inappropriate storage conditions.

The situation, as of May 2011, was as follows:

- Production of seeds decreased further from 4,726 kgs in 2008 to 3,236 kgs in 2009 and was well below the annual requirement of some 80,000 kgs set by the Agricultural Research and Extension Unit, hence leading to a high dependency on imports.
- Records kept at the BES revealed that there was a stock of some 4.4 tons of seeds of various varieties worth Rs 2.4 million that had not been offered for sale given that they were below the minimum germination threshold for sale.
- Individual refrigeration system had been installed and commissioned in August 2010 for only two of the five cold rooms of the seed store at a total cost of Rs 1,309,085.
- Some 1,300 kgs of seeds of various varieties were awaiting write off due to prolonged storage in store.

**Recommendation**

I reiterate the need for the services of the BES to be reviewed so as to ensure an adequate and timely supply of good quality seeds.

**Ministry’s Reply**

- The policy of the Ministry is to encourage more private sector participation in seed production with support from AREU and the Agricultural Services under the Quality Declared Seed Scheme.
- Measures are in place through the Seed Monitoring Committee to ensure early detection of pests and diseases so that prompt control action is taken.
- Funds have been earmarked in Budget 2011 for the purchase of individual refrigeration systems in the remaining three rooms of the seed store. The installation works are expected to be completed by the end of October 2011.
- A complete stock take of all seed lots has been conducted in the seed store and all handing over procedures have been completed in June 2011. A complete re-arrangement of all seed lots with proper labelling and germination tests for each one are currently being undertaken to identify all poor quality seeds for writing off which is expected for completion by the next quarter.
18.1 Procurement of Works

18.1.1 Background

The Living Environment Unit (LEU) of the Ministry of Environment (MOE) carries out upgrading, infrastructural, cleaning, embellishment works through its in-house Unit and by contracting out. For 2010, the Ministry has contracted out 61 projects worth some Rs 72 million. A sample of 14 “substantially completed” projects worth some Rs 27 million, as shown in Table 18-1, was reviewed.

Table 18-1 Types and Cost of Projects Reviewed

<table>
<thead>
<tr>
<th>Types of Projects</th>
<th>Cost of Projects</th>
<th>Total No. of Projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Embellishment/uplifting works at public places - The Airport and Gymkhana sports compound.</td>
<td>1 1 2</td>
<td></td>
</tr>
<tr>
<td>Cleaning and dredging of rivers, canals and drains to prevent flooding in times of torrential rains</td>
<td>5 5</td>
<td></td>
</tr>
<tr>
<td>Public Beaches upgrading - construction of kiosks/footpaths, parking/bowling areas;fixing of benches/lamp-posts/bins/handrails</td>
<td>1 2 3</td>
<td></td>
</tr>
<tr>
<td>Upgrading works at Socio Cultural institutions - paving/tarring works, construction of shelters/block walls</td>
<td>4 4</td>
<td></td>
</tr>
<tr>
<td>Total Projects</td>
<td>11 3 14</td>
<td></td>
</tr>
</tbody>
</table>
18.1.2 Non-Compliance with Procurement Procedures

Public bodies are required to comply with provisions of the Public Procurement Act 2006 (PPA) and other procurement Regulations issued by PPO. These provisions were not always adhered to by the Ministry.

Tender Documents Comprehensiveness

According to Section 7(c) of the PPA, one of the functions of the Procurement Policy Office (PPO) is to issue Standard Bidding Documents (SBD) for mandatory use by Ministries. Works requirements in SBD are meant to be thoroughly described through the ‘Statement of Requirements’ that comprises the ‘Specifications and Performance Requirements’; the ‘Drawings’ and the ‘Priced Activity Schedule’ containing the Bill of Quantity. Some sections of the SBD are required to be properly customised by the MOE to communicate clearly to the bidders, the Ministry’s requirements. However, it was observed that many bidding documents were not always comprehensive. Technical requirements for certain works were found to be unclear which subsequently led to changes in scope of works after the award of contracts.

Evaluation of Tenders

Section 37(9) of the PPA provides that “Every bid shall be evaluated according to the criteria and methodology set out in the bidding documents and the evaluated cost of each bid shall be compared with the evaluated cost of other bids to determine the lowest evaluated bid”. This was not always the case at the MOE for the procurement of works as bids were not thoroughly evaluated so as to meet eligibility and technical criteria, while being the lowest evaluated bid.

- **Eligibility Criteria.** Bids must meet eligibility criteria to be considered for evaluation. For two bidding exercises, the bids did not contain the mandatory documents for eligibility (valid Trading License, Tax Account Number/VAT Registration Number). Nevertheless, these bids were considered further for evaluation and were even approved as lowest bidder. The missing documents were not seen submitted at time of award of contracts.

- **Technical Responsiveness.** Project works involve technical issues that must be considered at evaluation stage so as to determine the technical responsiveness of bids. Technical evaluation for projects was not seen for 13 out of the 14 cases examined. No comparison table has been produced to assess whether technical criteria have been complied with.

- **Financial Comparison of Bids.** The MOE had awarded all the 14 contracts to the lowest bidders. However, the financial comparison of bids was not always done properly as detailed below:
  - For two bidding exercises, the bids have not been compared on the same footing. Contract prices including VAT have been compared with bids that exclude VAT. In one instance, the final contract price awarded was deemed to be inclusive of VAT when the Contractor was not VAT registered. Contrary to Section 37(1) of the PPA, no clarification was sought from bidders during examination of bids to facilitate the evaluation.
For 11 projects examined, the financial comparison of bids had been made for the total lumped contract price. No detailed price analysis of bids per site of works had been conducted by the Ministry for six projects that comprised many sites of work. The possibility of split award of tenders has not been explored by the Ministry despite its inclusion in the tender document conditions. For two projects, potential savings of Rs 597,568 could have been made if the award of contracts was made on a split basis as shown in Table 18-2.

Table 18-2 Award of Contracts on a Split Basis

<table>
<thead>
<tr>
<th>Tender reference</th>
<th>Item of works for which approved bid was not lowest</th>
<th>Approved amount (Rs)</th>
<th>Lowest Amount if award is split (Rs)</th>
<th>Potential savings (Rs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>SB26</td>
<td>Item 1-Grand Baie Public Beach</td>
<td>2,154,500</td>
<td>2,052,750</td>
<td>101,750</td>
</tr>
<tr>
<td></td>
<td>Item 2- Pointe aux Sables Public Beach</td>
<td>1,445,000</td>
<td>1,364,130</td>
<td>80,870</td>
</tr>
<tr>
<td>SB12</td>
<td>Item 7-Tarring of yard at Calebasses</td>
<td>884,148</td>
<td>469,200</td>
<td>414,948</td>
</tr>
<tr>
<td>Total (Incl. VAT)</td>
<td></td>
<td>4,483,648</td>
<td>3,886,080</td>
<td>597,568</td>
</tr>
</tbody>
</table>

Notification of Award of Contracts

Contrary to the PPO Circular No.4 of 27 February 2008, in many cases, the Ministry has not notified unsuccessful bidders of the outcome of the bidding exercise.

18.1.3 Non-Compliance with the Terms of Contracts

Proper contract management is essential for the MOE to obtain value for money. The following weaknesses were identified with regard to compliance with the terms of the contracts.

- Performance securities were not always submitted in time and in certain cases, did not cover the whole contract duration.
- Many insurance certificates were not submitted and followed up by the MOE.
- Testing certificates for materials were only specified in bidding documents but were neither produced nor requested by the MOE.
Some requests for extension of time were granted with no supporting evidence to justify these requests.

Delays to complete certain projects were noted but the MOE had not computed exactly the total liquidated damages claimable for late completion as per contract clauses.

Final certification and taking over of works was based on Taking over Certificates and their annexure. Information given on these documents was not always explicit. They did not give a balanced view of the quantity measures as per BOQ as well as the quality of works undertaken.

### 18.1.4 Certification of Works

In March/April 2011, site visits pertaining to five contracts were carried out by my Officer together with the Inspectors of the LEU. It was observed that for five items, actual works carried out were not according to the extent of works certified by the Ministry. The total amount over certified was Rs 1,150,824 as shown in Table 18-3.

<table>
<thead>
<tr>
<th>Tender Reference</th>
<th>Site Observations</th>
<th>Amount Over-Certified (Rs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>OAB1</td>
<td>803 palm trees found v/s 1,105 palm trees certified</td>
<td>*961,860</td>
</tr>
<tr>
<td>SB26</td>
<td>Bowling alley area 60 sq m instead of 96 sq m certified</td>
<td>25,875</td>
</tr>
<tr>
<td>SB25</td>
<td>Kiosk diameter 3.45m instead of 4.0m certified</td>
<td>72,784</td>
</tr>
<tr>
<td>SB25</td>
<td>Bowling alley area 98 sq m instead of 120 sq m certified</td>
<td>34,089</td>
</tr>
<tr>
<td>SB12</td>
<td>Tarring area 941 sq m instead of 1,005 sq m certified</td>
<td>56,216</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>1,150,824</strong></td>
</tr>
</tbody>
</table>

* According to Ministry, 952 plants were found in June 2011
18.1.5 Maintenance of Constructed Assets

The LEU undertakes most of its projects upon request from other entities (such as the Local Authorities, Beach Authority and socio cultural organisations) with a view to enhancing the environment. After the completion of the project, it is important for the MOE to hand over the projects to responsible entities for proper safeguard and maintenance. For one project, constructed assets at a Public Beach were subject to vandalism. Bricks had been stolen and wooden handrails broken.

The MOE does not have a formal handing over system whereby the entity, that takes over the constructed assets, expresses its firm commitment for the safeguard of the assets and ensures their ongoing maintenance.

18.1.6 Specific Project-Embellishment Works at the entrance to SSR Airport - Rs 7,721,560

Background.

The project of Embellishment works at the entrance to the SSR International Airport is a joint project between the Airports of Mauritius Ltd (AML) and the MOE. The works consisted mainly of the following components.

- Planting of 1,100 palm trees (adult size) of two varieties on both sides of the motorway and the central verge between two roundabouts up to the SSR Airport entrance.
- Provision of topsoil and grass planting.
- The concreting of kerbs for flower boxes with decorative plants at the central verge over one km between two roundabouts.
- Fixing of 100 water points for irrigation purposes.

Tender was launched on 27 January 2010 through the open advertised bidding procurement method. The contract was awarded to the lowest bidder for the sum of Rs 7,721,560, inclusive of VAT. Works started on 29 April 2010 and a certificate of substantial completion of works was issued by the MOE on 20 December 2010. The Defects Liability Period ended on 20 June 2011.

Site Visit.

In September 2010, the Ministry certified the payment for 1,105 palm trees. On 30 March 2011, a joint site visit was carried out by my Officer and the Inspectors of the MOE. A total of 803 plants was found. The Ministry carried out two counts, namely in January/February 2011 and June 2011. A total of 986 palm trees were initially found by the Ministry while only a total of 952 plants were seen in June 2011.
Change in Initial Scope of Works

Major changes in scope of works, made after the award of the tender, were revealed following the site visit:

- As per bidding documents, the height of the Bottle palm trees should be a minimum of two metres. However, most of the 190 Bottle palm trees seen on site were less than two metres high.

- In tender documents, two species of palm trees were required (Royal and Bottle palms) and no mention was made of Rodrigues palm trees. On site, 427 out of the 803 seen, that is, more than 53 per cent of the palm trees were Rodrigues palms.

- As per tender, some 100 water points were to be provided, at the cost of Rs 120,000 (excluding VAT) to cater for the irrigation of plants. At the time of survey, it was noted that the works were neither carried out nor included in the snag list and may be considered as no longer required by the Ministry. The watering of plants is crucial for plantation works to be successful.

The above changes in the initial scope of works leading to reduced workload and the use of different materials affect the probity of the procurement exercise and prevent project objectives from being achieved.

Recommendations

There is a need for the Ministry to ensure that procurement laws and regulations are strictly complied with. Standard Bidding Documents need to be customised comprehensively to reflect an accurate description of works so as to prevent changes in scope of works after the allocation of the contract.

Evaluation of bids is a critical stage in the procurement process where transparency and fairness form the basis of decision to approve or reject a bid. Hence, the ‘evaluation criteria and methodology’ as specified in bid documents must be followed. Bids should be thoroughly evaluated to meet eligibility criteria and technical requirements.

The MOE has to enforce important contract clauses to safeguard the interests of Government and make sure that value for money is obtained.

Taking over and certification of works need to be enhanced. Taking over certificates and their annexure need to be more explicit as they form the basis of certification of works.

A formal handing over of constructed assets to responsible institutions is needed to enlist the firm commitment of relevant authorities to ensure that environment sensitive projects are taken care of and are sustained and maintained on an ongoing basis.
Ministry’s Reply

Tender Documents.

The LEU is manned by only two Professionals, namely, the Acting Project Manager and an Adviser on landscaping matters. Once adequate capacity is made available, action will be taken to improve on the way of doing things wherever possible and practical.

Evaluation of Tenders

Contractors are not willing to accept only small parts in a contract because of significant mobilisation and demobilisation costs.

Non-compliance with terms of contract

The Ministry implements hundreds of minor projects and most of them have to be implemented with short spells of time. It is the Contractor’s responsibility to insure the works and his equipment against damage. No payment application is considered until submission of Performance Security. Minor projects do not require strict Test certificates.

Certification of Works

All quantities will be re-measured after taking over of works and necessary corrections will be made in the final payment certificates. Furthermore, appropriate amount is being retained until the Contractor completes the work as required.

Maintenance of Constructed Assets

The Ministry will file a complaint to the Police for the vandalised assets. Action will be taken to hand over the works at earliest.

SSR Airport Project

The number of palm trees certified was calculated based on contract drawings, pending joint measurement to assess the exact quantities. Discrepancies between the two counts carried out by the Ministry may be due to further plants being dried out/stolen. The Contractor was requested to replace the missing plants and final payment will be effected upon measured quantities.

Bottle palm trees of smaller height were planted as required palm trees were not available on the market at one go in May 2010. Retention of 10 per cent on the whole of the value certified is still being maintained until trees are fully grown. As regards water points, the item was included on the assumption that CWA pipelines exist along the motorway. This was not the case and the item of work was cancelled.
18.2 Consultancy Services (Rs 5.9 million) and Coastal Protection Works on the Beaches and Landscaping and Infrastructural Works (Rs 80 million)

18.2.1 Background

The coastal zone of Mauritius is affected by erosion. In 2003, to address this problem in a comprehensive manner, the Ministry commissioned a “Study of Coastal Erosion in Mauritius” with main objectives to determine the extent of erosion at critical sites and to recommend abatement measures. Several coastal protection works have been carried out by the Ministry during the past years. For period July to December 2009, coastal rehabilitation projects were one of the Ministry’s PBB milestones and provision was made for rehabilitation/reprofiling works at inter alia, Grand Baie, Bras D’eau, Mon Choisy Beaches.

In October 2009, the Ministry proposed to recruit two Project managers on contract, namely a Civil Engineer and a Land Surveyor for the preparation of Engineer design, Bill of Quantities, Bid documents and to supervise works for coastal protection-development projects. Ministerial approval was obtained and action was initiated by the Ministry for their recruitment. However, in November 2009, it was proposed to have recourse to the services of a consultancy firm on grounds that the recruitment process might take too long. Management approved this new course of action and the Living Environment Unit (LEU) was requested to prepare tender documents for the Consultancy services urgently.

18.2.2 Scope of the Consultancy Services.

In January 2010, views of the Integrated Coastal Zone Management (ICZM) Division were sought in respect of the scope of works relating to coastal protection works to be undertaken. Tender documents were finalised and the Ministry proposed to carry out projects estimated to cost some Rs 80 million under the Consultancy contract. Projects to be undertaken also included Landscaping, Infrastructural and embellishment works throughout the island to the tune of some Rs 35 million. Details as included in the Consultant’s Terms of Reference (TOR) are given at Table 18-4.
### Table 18-4 Projects as per TOR

<table>
<thead>
<tr>
<th>Details of Projects as per TOR</th>
<th>Estimated Cost (Rs million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Creation of green spaces, leisure parks, children play areas, jogging tracks and embellishment of public spaces</td>
<td>20.0</td>
</tr>
<tr>
<td>2. Infrastructural works at Pointe des Lascars. (where works were left unfinished from previous infrastructure and landscaping projects)</td>
<td>15.0</td>
</tr>
<tr>
<td>3. Coastal Protection/Rehabilitation works at Grand Baie, Mon Choisy, Pointe aux Sables, Bras D’eau Beaches</td>
<td>36.0</td>
</tr>
<tr>
<td>4. Minor Rehabilitation works at Flic en Flac, Palmar, Baie du Cap Beaches and Jetty and amenities at Ilot Bernaches</td>
<td>8.5</td>
</tr>
</tbody>
</table>

Total 79.5

Inputs expected from the Consultancy firm in respect of construction works to be undertaken, were as follows:

- Present concept designs and inception reports for approval, complete with models and drawings.
- Prepare engineering designs and tender documents.
- Evaluate tenders and assist in tender procedures/award of construction contracts.
- Supervise construction works, certification of payment and management of construction contracts.
- Prepare reports for (physical and financial) monitoring of projects.
- Other tasks consistent with project objectives and normally expected from a Consultant.

For the design of major projects, the Consultancy firm was to proceed in three stages, namely, Inception, Preliminary Design and Detailed Design stages and Reports were to be submitted at each stage.

**Duration of Consultancy Services.**

Contract for the Consultancy services was to be for a duration of 18 months and works under the last project was to be completed within this timeframe. It was also specified in the TOR.
that “in no case the contract period would be extended beyond the period of 18 months and that delays on construction projects due to contractors would also not entail extension of the contract period of the Consultancy services.”

18.2.3 Bidding Process for Consultancy Services.

In February 2010, tender was launched by the Ministry for “Consultancy services for Coastal protection works on the beaches and for Landscaping and Infrastructural works throughout the Island”. The “Request for Proposal” method was used and five short listed consultancy firms, identified and proposed by the LEU, were invited to submit proposals. As at closing date for submission of bids, that is, 2 March 2010, only three firms responded and submitted their proposals. The main Tender Committee (TC) of the Ministry decided to set up a Technical Evaluation Committee (TchEC) comprising of four members with the Project Manager of LEU as Chairman.

The three bids were found technically responsive and their Financial Proposals were then evaluated. On 2 April 2010, the TchEC recommended that the contract be awarded to the selected consultancy firm (Consultant) for the amount of Rs 5,973,000 excluding VAT. The TC gave its approval on 5 April 2010.

18.2.4 Bid Evaluation.

The Quality and Cost Based Selection (QCBS) method was used in the selection of the Consultant, taking into account the quality of the proposal and the cost of the services. The Technical Proposals were to be evaluated on the basis of their responsiveness to the TOR, applying the evaluation criteria, sub criteria and point system specified in the “Instructions to Consultants”.

Criteria for evaluation were: Experience of the consultant relevant to the assignment; Adequacy of the proposed methodology and work plan in responding to the TOR; Key professional staff qualifications and competence for the assignment. Sub criteria and the relevant percentage weights to be applied were to be based on Academic qualifications, Period of experience and Value of project supervised.

Omission in Bid Documents.

Marks and percentages to be allocated in respect of several items of criteria and sub criteria, namely, Key Professional staff, Academic qualifications and Value of projects supervised were not included in the Data sheet of the bid documents. These omissions were noted only at technical evaluation stage. The missing marks and percentages to be applied during evaluation were then stated by the TchEC in its Technical evaluation report as corrections.

Inconsistencies in the Proposal of the Selected Consultant.

The Technical Proposal was required to comply with the minimum staffing requirement of nine key Personnel and included the submission of a Personnel schedule showing the expected Time Input (man-months) for each key staff. As for the Financial Proposal, it was to include a breakdown of the tendered Consultancy fees, with details of the Key Personnel
costs calculated on the Time Input for each category of staff and their respective rate per man–month. Key Personnel costs represented the major part of the Consultancy fees.

Inconsistencies were observed between the Technical and Financial Proposals of the Consultant as shown in Table 18-5.

Table 18-5: Discrepancies in the Consultant’s Technical and Financial Proposals

<table>
<thead>
<tr>
<th>Personnel</th>
<th>Time Input as per TP* (man-month)</th>
<th>Time Input as per FP* (man-month)</th>
<th>Discrepancy (man-month)</th>
<th>Rate per man-month (Rs)</th>
<th>Personnel Cost not included in FP (Rs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Project Director</td>
<td>5.0</td>
<td>2</td>
<td>3.0</td>
<td>250,000</td>
<td>750,000</td>
</tr>
<tr>
<td>2 Civil Engineers</td>
<td>$13 \times 2$</td>
<td>$9 \times 2$</td>
<td>8.0</td>
<td>140,000</td>
<td>1,120,000</td>
</tr>
<tr>
<td>1 Architect</td>
<td>3.5</td>
<td>1</td>
<td>2.5</td>
<td>350,000</td>
<td>875,000</td>
</tr>
<tr>
<td>1 Services Engineer</td>
<td>4.0</td>
<td>1</td>
<td>3.0</td>
<td>250,000</td>
<td>750,000</td>
</tr>
<tr>
<td>1 Land Surveyor</td>
<td>4.5</td>
<td>1</td>
<td>3.5</td>
<td>150,000</td>
<td>525,000</td>
</tr>
<tr>
<td>1 Quantity Surveyor</td>
<td>5.5</td>
<td>1</td>
<td>4.5</td>
<td>250,000</td>
<td>1,125,000</td>
</tr>
<tr>
<td>2 Technical Assistants</td>
<td>$12 \times 2$</td>
<td>$9 \times 2$</td>
<td>6.0</td>
<td>55,000</td>
<td>330,000</td>
</tr>
<tr>
<td>1 Coastal Engineer</td>
<td>5.0</td>
<td>Nil</td>
<td>5.0</td>
<td>Not mentioned</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>5,475,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

(*) TP – Technical Proposal; FP – Financial Proposal

The Personnel Time Inputs as proposed in the Consultant’s Technical Proposal differed from those stated in its Financial Proposal. The man-months stated in the Technical Proposal for all categories of staff were much higher than those used to calculate the Key Personnel costs in the Financial Proposal. Discrepancies ranged from 2.5 to 4.5 man-months for the Architect and the Quantity Surveyor, respectively.

In addition to the minimum key Personnel required as per TOR, the Consultant proposed in its Technical Proposal the services of an overseas Coastal Engineer for five man-months. No provision was made in the Financial Proposal for the expert’s fees. It was noted that another bidder proposed the additional services of a Marine scientist for 12 man-months and included fees of Rs 3.6 million for the latter in its Financial Proposal.

The Time Input by the staff deployed for the consultancy services was an important factor in the Tender assessment. Technical evaluation on basis of the criteria “Adequacy of the proposed methodology and work plan in responding to the TOR” included an assessment inter alia, of the “Organisation and staffing” proposed by bidders. It was noted that the
Consultant was the only bidder who scored the highest marks for this criterion. Had the Time Input in the Technical Proposal been the same as stated in the Financial Proposal (a lower Time Input) the marks allocated by the TchEC would most probably be revised on the lower side. Also, had the Consultant’s Financial Proposal been computed on basis of the total man power and Time Input proposed in its Technical Proposal, it would have increased substantially.

The TchEC did not request any clarifications from the Consultant regarding these inconsistencies and no mention was made in its Evaluation Report as to whether these were taken into consideration during the evaluation process. Personnel/Time Input that would actually be deployed during contract period was thus not clear. A lesser Personnel/Time Input may have a negative impact and affect the quality of the Consultant’s services.

18.2.5 Notification for Award of Contract.

As per the Public Procurement Act 2006, the Ministry should notify the successful Consultant of its selection for the award and simultaneously notify all other short listed consultants of its decision. In the absence of a challenge by any other consultant within 15 days of the notice, the contract would be awarded to the successful Consultant.

These prescribed procedures were not complied with. On 5 April 2010, the TC approved the TchEC recommendations. The Ministry issued the letter of award to the Consultant on 9 April 2010 and requested the latter to notify its acceptance within seven days. The Consultant accepted on 16 April 2010. The unsuccessful bidders were notified only on 25 May 2010, that is, some 45 days after award.

18.2.6 Performance Security.

According to the Financial Proposal, within 14 days of receipt of acceptance of its proposal, the Consultant was to obtain a Performance security from a local bank for the sum of Rs 1 million with validity period of 28 months to cover the whole duration of the services. However, as of end of February 2011, that is, some 11 months after award of the contract, the required Performance security was not submitted by the Consultant. It was noted that request for same was not made by the Ministry at time of award of contract.

18.2.7 Commencement and Completion Dates of Services Contract.

According to tender documents, the expected date for commencement of Consulting services was to be mutually agreed upon by both parties. In the letter of award, the Consultant was informed that it should start work as soon as instructed. In the absence of relevant documentation, commencement date and the expected completion date of the contract were not known.
18.2.8 Signature of Agreement.

The selected Proposal was to be the basis for a signed Agreement between the Ministry and the Consultant. As of end of January 2011, that is, some 10 months after the award of the Consultancy contract, the Agreement between the Ministry and the Consultant was not yet signed. It was noted that works contracts totalling some Rs 35.4 million and falling under the scope of the Consultant’s services were awarded by the Ministry during that period.

18.2.9 Programme of Works.

As per TOR, the Ministry was to identify projects, under each of the different types and within each type, to be executed during any particular financial year and would entrust a prioritised project list at the beginning of that period to the Consultant. The Consultant was thereafter to establish an appropriate programme for the delivery of the relevant services which was to be discussed and agreed by the Ministry. As of end of January 2011, Programme of work for the implementation of all the projects as agreed upon by the Consultant and the Ministry was not available.

18.2.10 Project Implementation.

A review of the status of the different construction projects showed that implementation was delayed, as detailed hereunder. As per TOR, the Consultant’s services were to be for a duration of 18 months and in no case, the contract was to be extended beyond that period. Works for the last construction project were to be completed within this time frame. Almost one year has elapsed since award of the Consultancy contract such that a period of some six months only remains, that is, up to October 2011, for the implementation of the remaining works. Also, for the Coastal Protection/Rehabilitation projects, major changes were brought to the scope of works stated in the Consultant’s TOR.

Creation of Green Spaces etc. – Rs 20 million

Provision of Rs 20 million was made for the creation of green spaces, leisure parks, children play areas, jogging tracks and embellishment of public spaces. A list of projects to be undertaken under this category was not available and had not yet been identified by the Ministry.

Infrastructural Works at Pointes des Lascars – Rs 15 million.

Infrastructure and landscaping works were previously carried out by the Ministry at Pointe des Lascars, an ex Sand Landing Station and were left unfinished by the previous Contractor. The Consultant was to review the status at this site and prepare a revised plan. This site was identified as a priority one by the Ministry. According to the Consultant’s Inception Report and work schedule, construction works for this site were to start in October 2010 and be completed in April 2011. However, as of April 2011, works contract was not yet allocated. Project was still at tendering stage with closing date for submission of tenders being end of April 2011.
Coastal Protection/Rehabilitation Works at Beaches – Rs 44.5 million.

Several beaches affected by erosion and which needed to be re-profiled, protected with durable solutions were identified and provision made in the Ministry’s budget 2010 for the works. In the TOR for Consultancy services, details of Coastal protection/Rehabilitation works to be carried out at eight public beaches and estimated to cost some Rs 44.5 million, were given. Five beaches were identified by the Ministry as priority, namely, Grand Baie, Mont Choisy, Pointe aux Sables, Flic en Flac and Baie du Cap.

- According to the Consultant Inception Report’s work schedule, construction works at the five priority beaches were to start in October 2010 and be completed in February 2011 for four beaches and in April 2011 for Grand Baie beach. Works were delayed and as of end of January 2011, works contracts for four sites only were awarded, that is, for Grand Baie, Mon Choisy, Pointe aux Sables and Flic en Flac beaches. As of March 2011, works were still in progress at Mon Choisy and Pointe aux Sables while works at Grand Baie had just started. Only works at Flic en Flac were completed.

- Comparison of the estimated cost of works to be carried out at beaches as stated in the TOR against actual contract value awarded by the Ministry showed substantial variances. Contracts for works at Mon Choisy and Pointe aux Sables beaches were awarded in November/December 2010 for Rs 1.8 million and Rs 12.1 million respectively while their estimated cost were Rs 15 million and Rs 3 million as per TOR. This represents a decrease of some 88 per cent and an increase of some 300 per cent in project value for Mon Choisy and Pointe aux Sables respectively.

- At Baie du Cap beach, minor rehabilitation works estimated to cost Rs 1 million were to be carried as per the TOR. However, in its Preliminary Design report, the Consultant proposed works to the order of Rs 46.7 million and the revised project was under consideration by the Ministry. This represents a major change in the scope of works to be carried out at this beach.

18.2.11 Progress Reports.

The following monthly progress reports, as required by the TOR, were not submitted by the Consultant although some 10 months have elapsed since start of the Consultant’s services. Request for their submission was made by the Ministry to the Consultant only in mid February 2011.

- Monthly reports on the progress of services. The reports would indicate, inter alia, the stage reached for each project, whether at design or construction stages, relevant contractual parameters, details regarding the financial aspects of the project and any other salient features.

- Monthly reports on construction projects. The reports would highlight the salient features of each contract, payments certified, independent assessment of value of works executed by Contractor during the month irrespective of whether payment application was submitted by Contractor, forecast of expenditure, progress photographs, comments on progress of work and on performance of Contractor.
**Recommendations.**

Bid evaluation should be done in a thorough manner. Any unclear aspects in the bids need to be clarified with the bidders during examination of bids, so as to ensure that the quality of services delivered by the Contractor is optimal and also to avoid any dispute after award of contract.

The Ministry should ensure that the contract is closely monitored and that all the terms and conditions of the contract are respected and enforced in order to safeguard Government’s interests.

There is need for projects to be implemented in a timely manner so that the contract objectives are met and Value for money is obtained.

**Ministry’s Reply**

The Consultancy contract is on a lump sum basis which is used to calculate the percentage of Consultancy fee of the estimated Project Value. The Ministry is getting the required Consultancy at a lower price although the services are provided as per the Technical Proposal. The services of a Coastal Engineer have been provided by the Consultant at no extra cost to the Ministry. Payment to the Consultant is not on a man-month basis but on a percentage of the value of the projects to be implemented.

The Performance security was received by the Ministry on 1 April 2011 and the Agreement was signed by the Consultant on 16 February 2011. Commencement date of contract for Consultancy services may be taken as 16 April 2010, date of acceptance of award of contract.

The identification of projects, the modality of execution rests on the ICZM and a fixed programme cannot be established as priorities keep changing as a result of climatic changes and their effect on the coastal zone. Works at Bras D’eau, Palmar and Ilot Bernaches were no longer to be carried out following recommendations of the Consultant.
19 - MINISTRY OF YOUTH AND SPORTS

19.1 Passage Costs for Sports Delegations

Further to paragraph 14.4 of the Audit Report 2008-09 the Ministry has not again invited formal quotations for the procurement of air tickets for the fiscal year 2010. A total amount of Rs 12.9 million was spent on passage costs of Mauritian delegations participating in international sport events in 2010. Invitation letters from the foreign organisers setting out the terms and conditions of participation in the sport events were not available in eight out of the 11 cases examined.

Ministry’s Reply

As per Government’s decision, the Ministry will purchase air tickets from the national carrier for all destinations served by the latter and for other destinations, a minimum of three quotations will be sought.

Federations are now mandatorily required to produce copies of such letters prior to processing of their request for assistance.

19.2 Financial Assistance to Sports Federations

Further to paragraph 14.3 of the Audit Report 2008-09, it was again noted that, as of end May 2011, most Federations have not yet submitted their financial statements for the years ended 31 December 2009 and 31 December 2010 to the Ministry. The Sports Act 2001 requires each Federation to submit its financial statements to the Ministry within four months of the close of the preceding accounting year. A total amount of Rs 43.4 million in favour of 41 Federations/organisations was disbursed in 2010.

Ministry’s Reply

- Federations have submitted their Accounts to the Mauritius Sports Council which is part of the Ministry.
- Only four Federations have not complied with the requirement to file Accounts for the year 2009 and 28 have not done for 2010.

19.3 Capital Projects at New George V Stadium

At paragraph 14.7 of the Audit Report 2008-09, I mentioned that the completion of the project relating to lighting facilities was unduly delayed.

The Ministry has contracted out the following two capital projects for the improvement of the New George V Stadium at Curepipe: one project for the Lighting Facilities and another one for Rehabilitation and Upgrading of Football Ground.
19.3.1 Capital Project-Rehabilitation and Upgrading of Football Ground at New George V Stadium

On 23 July 2009, restricted bids were invited from six Contractors for rehabilitation and upgrading of the football ground. The Ministry awarded the contract to a private firm for the fixed sum of Rs 5.2 million (inclusive of VAT and contingencies of Rs 900,000). Works were expected to be completed by 31 December 2009. Payments effected to the Contractor as of December 2010 totalled Rs 3.5 million.

- Though required, the names of the key technical personnel were not mentioned in the Bidding Document of the selected Contractor. This shortcoming was not mentioned in the Bid Evaluation Report.

- On three occasions, it was reported that the ‘French Drain’ were not functioning properly and that there were water accumulation on the playfield during rainy periods in January and February 2011.

- The works were still not completed by the Contractor in April 2011, that is 16 months after the due date.

**Ministry’s Reply**

- The defective French drains have been rectified and are now functioning properly.

- The contract has been revoked due to poor performance of the Contractor.

19.3.2 Lighting Facilities at New George V Stadium

On 20 November 2008 the Ministry awarded a six-month contract for lighting facilities to a private Contractor for the fixed sum of Rs 18.9 million for completion by July 2009. Payments totalling Rs 16.7 million were effected up to December 2010.

- No practical completion certificate was yet signed in April 2011, that is some 20 months after.

- The performance bond expired in January 2010 but no renewal thereof was seen.

**Ministry’s Reply**

On the advice of the Electrical Services Division, final testing and commissioning will be scheduled when the grass would be fully grown and developed all round the pitch.
19.4 Capital Project-Mare D'Albert Swimming Pool

At paragraph 14.6 of the Audit Report 2008-09, it was mentioned that practical handing over certificate was not yet signed and the snag list of some 16 items of outstanding works were not yet attended to as of April 2010.

The Contractor had completely demobilized from the site between July 2006 to March 2007 although the works were not completed. Because of the undue delay in the performance of the main Contractor, Liquidated and Ascertained Damages (LAD), which amounted to some Rs 10.1 million, was chargeable as of December 2007, based on a rate of Rs 15,000 for each day of uncompleted works on the contract.

In December 2007, Government decided to waive the LAD clause on the contract so that payments could be effected to the Contractor and the latter would undertake to complete all outstanding works without further delay. Payment of Rs 6.2 million was then released to the contractor between May 2008 and June 2008, bringing the cumulative payments to Rs 38.7 million. The approved contract was for a fixed sum of Rs 39.9 million with an addition of Rs 3.5 million for approved variations. However, the Contractor continued to default.

Ministry’s Reply

Another Contractor was employed by the Ministry for the testing and commissioning of the boiler, generator and other civil works.

19.5 Capital Project-Refurbishment Works of the Electrical Installation at Anjalay Stadium

In January 2010, the contract for the refurbishment works of the electrical installation relating to the floodlights at Anjalay Stadium was awarded to a private firm for the sum of Rs 12.4 million, inclusive of VAT following an offer exclusively from the latter. According to the offer, the firm made an assessment on the current status of the floodlight system, gave a list of proposed solution and defined the scope of works.

The site was handed over to the Contractor in February 2010 and the works were scheduled to be completed by mid May 2010.

In September 2010, the Ministry entrusted additional works to the same Contractor for an amount of Rs 529,000 for the refurbishment of the electrical control panels linked to the floodlight system.

Payments effected up to December 2010 to the Contractor totalled Rs 11.6 million.

- Contrary to Public Procurement Act 2006 and Public Procurement Regulation 2008, the initial contract, though for an amount of Rs 12.4 million, was awarded without invitation for competitive bids.

- Specifications of expensive items, like lamps and control panel, were not taken into account prior to the award of the contract.
The performance bond subscribed by the Contractor expired in June 2010 but no renewal thereof was seen in May 2011.

The contract did not make provision for essential clauses such as insurance, defects liability period, retention money, liquidated damages.

No practical completion certificate was yet signed as of April 2011.

Ministry’s Reply

The Ministry resorted to direct procurement due to the extreme urgency of the situation, viz danger to public security by falling floodlights.

The Energy Services Division and the Ministry of Public Infrastructure refused to assist in the preparation of appropriate specifications for the work.

The Energy Services Division has completed the testing and commissioning of the work and a completion certificate is awaited.

19.6 Overtime

Further to paragraph 14.1 of the Audit Report 2008-09, management control on overtime was again not satisfactory. Payments of overtime totaled Rs 25.3 million for the fiscal year 2010 compared to Rs15.6 million spent in financial year 2008.

These overtime were paid mainly to the different units of the Ministry inter-alia to promote sports. Youth centres and sports complex are open up to 2100 hours and transports facilities are provided for the conveyance of athletes to sports complexes regularly.

The following remedial actions have been taken to curtail overtime by the Ministry:

- Consideration is being given to amend the scheme of service of swimming pool attendant to insert the duties of Boiler and a roster system will be implemented.
- Rescheduling of the opening hours of Sports Complexes and Youth Centres.
- Approval of the scheme of service of Driver on roster (day and night) is being awaited.

Recommendations

Swimming Pools

- The post for boiler operator be restyled to SPA.
- Only one SPA to work at a time on a shift basis and employees like handymen be trained, redeployed and assigned the duties of an SPA.
Ministry’s Reply

➢ The Ministry has already initiated action to include the duties of Boiler in the Scheme of Service of Swimming Pool Attendant. The post of boiler will be abolished on vacancy arising.

➢ The Swimming Pool Attendants, according to existing Scheme of Service are already expected to work on roster (instead of shift). However, we have not been able to operate the roster system due to lack of Swimming Pool Attendants.

➢ We are also looking into possibility to operate the roster system by assigning duties of Swimming Pool Attendants to interested General Workers against payment of an allowance. This will also entail redeployment of the Handymen to where the Mauritius Sports Council will most require them.

19.7 Youth Centres

➢ General Workers/Caretakers be required to work up till the arrival of the watchman/security guard on the site.

➢ to include access to the hall, opening/closing of yard and control over sports equipment in the contract between the Ministry and the Security firm.

➢ to review the responsibility of watchman also in order to cater for the above.

Ministry’s Reply

➢ In each Centre we have indoor and outdoor activities.

➢ The proposal to allow the Security Guard/Watchman to take over from the General Worker/Caretaker on his arrival, is considered appropriate only for the outdoor activities. The responsibility for indoor activities and assets cannot be entrusted to them due to risks involved.

➢ The main measure already being taken to reduce the opening hours of our Youth Centres is in itself expected to bring down overtime.

19.8 Drivers and Transport Section

➢ The scheme of service of drivers be revised as per PRB report 2008(Errors and Omission) so that all drivers be put to work on a roaster basis.

➢ Consider cost competitiveness prior to approving overtime for any route, that is comparing the rates chargeable by private bus contractors to in-house cost.

➢ Improve monitoring of overtime in the Transport Section by arranging work judiciously after normal working hours that would minimize unavoidable overtime.
Ministry’s Reply

- As already stated earlier, action has already been initiated to revise the Scheme of Service for the post of driver on roaster (day and night) and provide new incentives in accordance with PRB, to motivate existing drivers to enter the new grade. This measure, if successfully implemented, will reduce overtime considerably.

- The Officer-in-Charge of Transport has already been instructed to consider increasing the use of private bus contractors if they are found to be more cost effective.

- Overtime performed at the Transport Section will be closely monitored. Officers of this Section at Baroda Building will not be allowed to work beyond 18:00 hours from Monday to Friday and only up to noon on Saturday. Moreover, all requests for transport should be submitted at least one week in advance for timely planning.
20.1 General

The Ministry of Social Security, National Solidarity and Reforms Institutions (MSS) is responsible for the promotion of national solidarity and for the payment of basic pensions, social aid and other allowances. In the fiscal year 2010, expenditure incurred by the MSS in that context including administrative expenditure amounted to some Rs 10.2 billion. Some Rs 8.7 billion were paid in respect of basic pensions.

20.2 Non compliance with regulations

At paragraph 23.1.1 of the Audit Report for the period ending 31 December 2009, cases of non-compliance with the National Pensions Act were reported. These were still observed for year 2010 as follows:

- A National Pensions Officer (NPO), being a public officer entrusted by the Minister with responsibility for carrying out the duties specified in the National Pensions Act was not seen nominated. According to the Act, the NPO shall be the sole authority to determine claims to benefits under that Act. In June 2010, the MSS stated that in practice such duties were assigned directly by the Commissioner, Social Security with no formal administrative procedure and that decision has been taken for the Minister to delegate that part of his/her assignment to the Permanent Secretary (PS) who will be responsible to formally appoint the NPO.

- Regulations to that effect to delegate assignment to the PS to appoint an NPO were not seen.

- Advice was not seen tendered by the National Pensions Board as required under Section 31 of the National Pensions Act.

- Documentary evidence to validate payment of pensions were not seen in files, for example, certified copies of birth certificate of applicant/dependent as well as certificates regarding compliance with other requirements of regulations. This resulted in overpayments when it was later found that the beneficiaries were not entitled to pensions. A check on the database revealed cases where beneficiaries of Basic Retirement Pension (BRP) were below the required age limit (60 years) for BRP entitlement.

  This would point to risk of payment of BRP to non-eligible persons.

Ministry’s Reply

- The nomination of NPO has been done by the Minister.

- All Minutes of proceedings of the National Pensions Board are circulated to the Minister on a monthly basis and advice tendered by the Board is submitted to the Minister as and when required.
The system contains the required validations and as such cannot allow such cases to be processed.

20.3 Basic Pensions

20.3.1 Overpayment of pensions

Overpayment of pensions continued to arise during the year 2010. The following were reported at paragraph 23.2 of Audit Report for the period ending 31 December 2009:

- Overpayments arising yearly were attributed to various reasons such as:
  - Undetected death of beneficiaries.
  - Remarriage of widows.
  - Prolonged absence of beneficiaries from Mauritius.
  - Errors in the system or in processing.

- There was need for a comprehensive review of the database, for Memorandum of Understanding (MOU) with other parties regarding submission of necessary information to ensure compliance with regulations and for central filing.

Observations

1,564 cases of overpayments for a sum of some Rs 25 million were detected by the MSS during period July 2008 to December 2009, some of which were recovered by it. As of 31 December 2009, the unrecovered balance of overpayments stood at some Rs 46 million.

During 2010, 485 overpayment cases totalling some Rs 16.4 million were uncovered.

As of 31 December 2010, a balance of some Rs 53 million still remained to be recovered by the MSS. More than 60 per cent of that balance related to overpayments arising from four to twelve years back. Recovery of long outstanding amount would thus be more and more uncertain and would probably result in loss to government.

The MSS stated in June 2010 that:

- Certain arrangement has been made with the Passport and Immigration Office (PIO) for the necessary information to be provided to the MSS in respect of persons leaving or coming to Mauritius to monitor their entitlement to pensions or other allowances. However, the arrangement was limited to provision of certain information only for security or other reasons.

- Existing working arrangement with the Civil Status Division (CSD) would continue as a MOU between the MSS and the CSD would be difficult.

- Processing errors arose at time of migration of data to a new server and that control would be tightened.
Ministry’s Reply

- The MSS has already requested the PIO to provide officers of the MSS with access to the database so that proper monitoring of arrival and departure of beneficiaries to and from Mauritius could be done. Information is now obtained on a daily schedule but seems to be still incomplete and cumbersome to work through, due to certain manual processes which need to be done.

- Information is now obtained daily, weekly and monthly from CSD. The MSS is presently working on a standard format with the CSD for obtaining the proper information and the MSS has been informed that the CSD is making necessary adjustments to the system to meet the requirements. The MSS depends on the reliability of the database from these external stakeholders for proper monitoring. Any errors in their database will eventually cause errors in the MSS’s processing. Several meetings were held with the Prime Minister's Office for an electronic link to be established between the MSS, the PIO and the CSD but the matter has not yet finalized. The MSS have therefore to depend on whatever information is provided by the relevant stakeholders.

Errors/double payments

Overpayments also continued to arise as follows:

- Due to processing errors;
- Due to granting of more than one type of pensions in respect of 30 cases, amounting to some Rs 1 million, contrary to regulations such as:
  - Basic retirement pension as well as basic invalid pension;
  - Child allowance as well as invalidity pension; and
  - Beneficiary benefitting from income support in favour of spouse who was also drawing the same support together with a basic pension.

These would indicate control weaknesses.

Ministry’s Reply

Additional control measures are being worked out by the Technical Cadre under the supervision of the Chief Information Officer with the Software Developer to decrease or stop occurrence of such errors.
20.4 Social Aid

20.4.1 Previous weaknesses

At paragraph 23.3 of Audit Report for the period ending 31 December 2009 mention was made of:

- Payment not being in line with existing regulations due to late gazette of new ones.
- Absence of formal procedures leading to award and renewal of award.
- Inadequate segregation of duties.
- Non acknowledgement of receipts of cash by beneficiaries.
- Immediate cash payments (IPs) not duly approved and accounted for on the computerised system; IPs were more than the one-off payment as required to cater for exceptional circumstances.
- Absence of/ weak evidence to authenticate claimants and ensure validity of claims.
- Visits of Senior Social Security Officers (SSSOs) not seen monitored.

Ministry’s Reply

- The drafting and gazetting of new regulations for Social Aid and Unemployment Hardship Relief (UHR) is a lengthy process. There are at least 14 Parts comprising around 100 items in Social Aid/UHR which change every year. Care must be taken to avoid errors in the presentation and the figures.
- Formal procedures from application to payment/disallowance exist. The possibility for payment without an approved award is practically impossible.
- Segregation of duties exists.
- Pay clerks are making payment against signature or thumbprint of beneficiaries and proxies.
- The SSSOs have been instructed to approve IPs on system. As from year 2010, action has been initiated to input the IPs.
- Every claim is checked by an Officer, documents are verified and the Investigating Officer records in his report that he has verified the documents. No payment can be effected in the system without the prior approval of a SSSO.
- All the work including the visits of SSSOs are monitored by their immediate supervisors, that is, Principal Social Security Officers and Assistant Commissioners.
20.4.2 For the fiscal year 2010:

- **Payments of new rates** - These payments were still not in line with existing regulations.
- **Internal check** - Inadequate control was noted over the processing of applications. Out of some 39,000 applications received during 2010:
  - Some 27,000 applications were seen checked and approved on the computer system by one Officer. Of these, 489 were seen registered, checked and approved by the same officer.
  - Applications not approved and rejected were not seen ‘flag’ in the system for control purpose. Some 5,900 applications were not seen checked or approved. 3,044 cases were not seen approved. In the absence of ‘flag’, non-approved applications could not be identified in the system. Payments have been effected in respect of certain applications though approval was not seen in the computerised system. These showed the risk of payments being effected without approval being recorded on the computer system.
  - 442 dependents were found to be registered under two claim files. A test check carried out revealed that there was overlapping of payment of allowances in certain cases.

**Recommendations**

Internal check over the checking and approval of applications would have to be maintained and done by independent officers.

Non-approved applications would have to be ‘flag’ in the system for their identification.

Payments should not be made without prior approval in the computer system.

**Ministry’s Reply**

- Payment of assistance should be effected as from the start of the financial year and it was not possible to wait for the new rates to be gazetted as this will cause delay and hardship to our clients. However this year, the regulations have been gazetted much earlier than in previous years, that is, in the month of May 2011.
- A segregation of duties for check, register and approval exists in the system.
- All payments are approved in the computer system except when there is system breakdown. In such cases input are done thereafter.
- In practice, checking and approval of applications are carried out by officers of a higher grade.
20.4.3 Immediate Payment (IPs)

Immediate payments totalled Rs 65 million during 2010. As reported in the previous Audit Report, a large number of IPs was not posted in computer system; control over processing of IPs was not adequate; more than one IPs were drawn per person; reports from Fire Service were not available in respect of fire victims; and applicants and recipients were other than the beneficiaries. The MSS stated that all IPs will be input in the system and SSSOs were delegated to approve IPs.

Observations

IPs totalling some Rs 9.2 million were not input in the system in 2010. Amount not input in system since 2006-2007 were some Rs 51 million.

IPs amounting to Rs 16 million were processed and approved by the same officer. These included 183 fire cases totalling some Rs 2.9 million. According to the MSS, a report from the Fire Service was not a prerequisite for payment to a fire victim.

IPs totalling some Rs 2 million were not seen approved on the system.

IPs totalling Rs 703,334 were approved by Social Security Officers, instead of Senior Social Security Officers.

The persons applying and collecting the benefit were other than the person in whose names applications were made for IPs totalling some Rs 11 million. Beneficiaries of social aid were also regularly drawing IPs. In two cases, in addition to regular social aid, beneficiary drew more than 20 IPs.

The risk of payments to non-entitled persons thus remained high.

Control need to be reviewed and strengthened.

Ministry’s Reply

- Following breakdown in the system, payment had to be effected manually and data input at a later date. All Social Security Offices were not computerised in 2006-2007 and due to transitional phase all IPs were not input. Action is ongoing to input the IPs in the system.
- Necessary action is being taken regarding IPs not approved on system.
- All cases of IPs without exception are approved by SSSOs.
- Cases where same persons who apply are not collecting the benefit can occur when the person is bedridden/sick or for some reason cannot attend office. Action has already been initiated for proxy form to be submitted by the person collecting the assistance.
20.4.4 Income support for rice and flour - Rs 130,599,938

As from 2006, food aid was extended to households with average monthly electricity consumption not exceeding 75 kwh. An Income Support Unit (Unit) was set up to operate the latter scheme. In that context a list of households that were to meet the required criteria regarding electricity consumption was obtained by the MSS on a quarterly basis. List for successive quarters thereby enabled the Unit to identify and to remove households that would no longer be eligible for food aid from the computer system and to stop payment accordingly to these households.

Various weaknesses were pointed out by the Internal Control Unit in June 2010.

Remedial actions were taken by the MSS to strengthen control over such aid.

However, as of April 2011, certain shortcomings still prevailed:

- Outstanding payable orders amounting to Rs 1.2 million as of 31 December 2010, issued during September 2006 to November 2010, included 3,437 payable orders totalling some Rs 1 million that have become stale. They were not written back in the cash book which showed a credit balance of Rs 833,514 as of 31 December 2010. This was not in line with good financial practice.

- Reconciliation of quarterly electricity consumption lists was not seen carried out to confirm correctness of paysheets.

- Bank reconciliation statements were not independently reviewed.

- In certain cases, beneficiaries’ accounts were reported by banks to be closed. These would have to be investigated.

Ministry’s Reply

- Payable orders issued during September 2006 to November 2010 were outstanding as at 31 December 2010 because these payable orders represent unpresented cheques in the bank reconciliation statement. The stale cheques amounting to Rs 833,514 as at 31 December 2010 has not been debited in the cash book, through inadvertence. Corrective action is being taken to adjust the cash book accordingly.

- Quarterly lists received regarding electricity consumption are forwarded to the Technical Section where officers reconcile cases with the previous quarterly list before certifying and approving the paysheets for payment.

- Bank Reconciliation Statement is now regularly being checked by the Senior Financial Operations Officer.

- Accounts closed reported by banks are regularly forwarded to the Technical Unit for investigation and necessary action.
Confirmation of existence of beneficiaries

Allowance was being paid to registered householders and their dependents since the start of the scheme. Regular exercise was not seen done to determine the existence of these beneficiaries.

Analysis of database for 2010 revealed the following:

- 369 beneficiaries of basic pensions and 104 beneficiaries of social aid already receiving allowance for food aid together with their basic pensions/social aid were receiving same benefits of food aid as per the electricity consumption list. They were thus receiving the same allowance as per the electricity consumption criteria thereby leading to double payment for food aid. Please refer to Table 20-1.

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Food Aid paid together with basic pensions /Social Aid (Rs)</th>
<th>Food Aid paid under electricity consumption scheme (Rs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>369 beneficiaries of Basic pensions</td>
<td>752,775</td>
<td>673,302</td>
</tr>
<tr>
<td>104 beneficiaries of Social Aid</td>
<td>388,416</td>
<td>250,376</td>
</tr>
</tbody>
</table>

- 246 beneficiaries receiving both food aid and basic pensions were also receiving food aid as social aid beneficiaries. Amount paid as food aid to these 246 beneficiaries under the two benefits totaled Rs 415,468 and Rs 361,387 respectively.

Ministry’s Reply

- Beneficiaries of Income Support according to electricity consumption are not visited by Officers of the MSS.

- Payments are effected according to records at time of application and electricity consumption. Paysheets are being certified correct and approved for payment by the Technical Section (Social Security Officers).

- A random check has been carried out regarding cases reported and this has revealed that the Income Support paid actually represents Income Support due for electricity consumption scheme less Food Aid paid by Social Aid for Social Aid Beneficiaries. No double payment has been made.
20.5 Absence of central file for persons drawing both Basic Pensions and Social Aid

At paragraph 23.1.4 of the Audit Report for the period ended 31 December 2009, the attention of the MSS was drawn to the fact that the keeping of separate files in respect of beneficiaries of both basic pensions and social aid might not be conducive to proper control over payment of benefits.

The MSS stated that the Units processing the files were distinct from each other with separate budget’s programme, that processing in the same file would cause delays and hardship to beneficiaries, and that all information relating to claimants were available on system for verification.

However, the following would illustrate the need for proper control:

- 131 new cases of overpayment of Social Aid totalling Rs 687,119 were noted during 2010, part of which was subsequently recovered by the Ministry.
- In some 800 cases, beneficiary was receiving a basic pension as well as other aids under social aids. These aids might consist of a carer’s allowance in respect of a dependent child already drawing a child allowance or a social aid in respect of an abandoned child.

**Recommendations**

Further investigation might need to be carried out in respect of persons drawing a basic pension and various types of social aid to confirm their eligibility to more than one type of benefit.

The possibility of keeping a central file for each beneficiary would need to be explored by the MSS to allow control over entitlement to more than one type of benefit under different schemes.

Copies of all documents have to be certified correct and filed to support award. The MSS would thus ensure that adequate evidence was placed on records regarding assessment of claims and awards of benefits.

20.6 Social Register for Mauritius

In line with the reform contemplated by Government to its social protection program, it was decided to set up a Social Register for Mauritius (SRM). The main objectives of the SRM were to:

- Better target beneficiaries of social programmes.
- Manage social programmes in an integrated way.
- Better harmonise the criteria for the different social programmes run by the different Ministries among others.
This would improve efficiency of social transfers while also allowing savings of public funds.

The SRM was prepared in collaboration with an international agency and other parties.

**Disbursements and findings**

As of December 2010, some Rs 10.9 million were disbursed by the MSS. Some of the main findings of the report on *Targeting Indicators of Social Aid in Mauritius* were that:

- Only some five per cent of households living in absolute poverty were covered under social aid.
- 89 per cent of covered households by social aid were non poor.

**Ministry’s Reply**

The findings formed part of different reports submitted for this project by the international agency. There is still need to counter verify those findings with live ongoing cases and field study. Payment of social aid is done as per the eligibility criteria stated in the Social Aid Act and Regulations. The MSS is still studying the different aspects relating to the implementation of the project.

### 20.7 Centre for Severely Disabled Elderly Persons – Pointes aux Sables

A Memorandum of Understanding (MOU) was signed by the MSS and a Non Governmental Organisation (NGO) in August 2008 for the joint management of the Centre for Severely Disabled Elderly Persons at Pointes aux Sables.

The responsibilities of the MSS included among others, the maintenance, cleaning, gardening, security services and general upkeep activities of the building for the first year.

The Centre would benefit from Capitation Grant, as provided to Charitable Institutions under the Social Aid Act.

The Centre started operation on a pilot basis in September 2008 and was inaugurated in December 2008.

However, it was noted that the MSS was still bearing these costs beyond that first year period as shown in Table 20-2 by contracts totalling some Rs 5 million between the MSS and private contractors for the second and third year of operation of the Centre.
**Table 20-2 Contracts**

<table>
<thead>
<tr>
<th>Services</th>
<th>Amount (Rs)</th>
<th>One year with effect from</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maintenance and management of the Centre</td>
<td>317,400</td>
<td>October 2009</td>
</tr>
<tr>
<td>Cleaning, gardening and hygiene services</td>
<td>956,340</td>
<td>October 2009</td>
</tr>
<tr>
<td>Security Services</td>
<td>816,132</td>
<td>September 2009</td>
</tr>
<tr>
<td>Management &amp; Maintenance</td>
<td>1,311,000</td>
<td>January 2011</td>
</tr>
<tr>
<td>Cleaning, gardening &amp; Hygiene services</td>
<td>828,000</td>
<td>January 2011</td>
</tr>
<tr>
<td>Security Services</td>
<td>776,250</td>
<td>January 2011</td>
</tr>
<tr>
<td>Pest Control Services</td>
<td>34,800</td>
<td>January 2011</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>5,039,922</strong></td>
<td></td>
</tr>
</tbody>
</table>

**Ministry’s Reply**

The Centre is a joint project between the MSS and the NGO which has been implemented in a spirit of collaboration in view of the experience and technical expertise of the NGO on the field. It is the first Public Private Partnership Project of the MSS. The Centre caters for severely bedridden disabled elderly persons who cannot be cared for by neither the family nor other Residential Care Homes.

According to the MOU, the NGO will be covering the cost of management and maintenance, cleaning, gardening and hygiene services, Security Services and Pest Control Services after the first year.

However, the NGO has explained that due to financial constraints, it has not been able to honour its obligation with regards to this clause of the MOU. It has further stated that the financial implications in the running of the Centre has been greater than expected due to their specificities of services being provided.

On its side, the MSS could not strictly enforce that clause of the MOU as it could not do away with the services being provided by the Centre to the residents, which is of a highly specialised, and labour and capital intensive nature. The MSS had to carry out with the recurrent expenditure over the second and third years.

Now that the three year period of trial is over, the MSS is proposing to explore the possibility of redefining the responsibilities of the two parties within the framework of a new MOU.
Mauritius Prisons Service

20.8 Melrose Prison Project

At paragraph 17.6 of the Audit Report for the six month period July to December 2009, mention was made that following the pre-qualification exercise for the contract for the construction of the Melrose Prison through Open International Advertised Bidding, initiated in June 2009, 11 firms responded, of which five were shortlisted. The five shortlisted construction firms were invited to submit their bids at latest on 18 March 2010. Six Addenda were issued, and the initial closing date was extended to 20 April 2010.

The contract was awarded on 9 August 2010 to the second lowest bidder for the sum of Rs 1,491,686,781. The lowest bidder was deemed to be non-responsive, since it did not comply with tender requirements in so far as the validity period of its bid security was concerned. The contract agreement was signed on 20 September 2010, on which date works also started.

At time of audit (mid April 2011), two major issues were yet to be finalised, namely the appointment of the Adjudicator (with the concurrence of the Contractor) and that of the Security Consultant.

20.8.1 Appointment of Adjudicator

Expression of Interest (EOI) in relation to the appointment of an Adjudicator was first sought on 9 August 2010 by way of Open Advertised Bidding. In view of the objection of the Contractor to the eventual selection of one of the two bidders who responded to the EOI, a second similar exercise was undertaken on 6 October 2010. Again two bids were received, and both were pre-qualified. Thereafter, a Request for Proposal (RFP) was sought from the respective bidders. Only one bid was retained for financial evaluation, during which, the fees quoted were considered to be on the high side.

In February 2011, the Procurement Policy Office (PPO) advised that no price negotiation was to be undertaken, and that, given the fact that the bid validity period had already lapsed, fresh tenders (RFP rather than EOI) were to be called for. Hence, Restricted Bidding was resorted to, whereby RFP was issued to ten firms. The closing date was 31 March 2011. Bid evaluation was still underway.

20.8.2 Appointment of Security Consultant

While in post, the former Commissioner of Prisons was also acting as Security Consultant for the Melrose Prison Project. With his resignation in October 2010, a new Security Consultant had to be appointed.

In line with the Memorandum of Understanding (MoU) entered into by the Government of Mauritius and the Singapore Cooperation Enterprise (SCE) in October 2008, a request was made to the SCE to assist the Government of Mauritius in the field of security consultancy
with a view to avoiding delay in project execution. In this context, a Singaporean Mission was in Mauritius in early December 2010 and submitted its report on 19 January 2011. The Terms of Reference (TOR) were still being worked out by the Mauritius Prison Service (MPS) and the SCE in collaboration with the Singapore Prison Service (SPS). A first financial proposal to the tune of SGD 1,292,000 was received on 1 April 2011. This was brought down to SGD 915,000 following revisions brought to the TOR. The price was still considered to be on the high side.

On 8 April 2011, advice was sought from the PPO and the Solicitor General as to whether direct recourse to the services of the SPS/ SCE could be resorted to on the basis of the above MoU and provisions of Section 3(1) of the Public Procurement Act. The latter section stipulates that:

“Notwithstanding any other enactment, this Act does not apply to procurement undertaken to protect national security or defence, where –

➢ the Prime Minister so determines; and

➢ the procurement is undertaken by the most competitive method of procurement available in the circumstances”

The MPS is therefore confronted with two exigencies. It should ensure compliance with the Public Procurement Act, thereby securing the most competitive price, whilst at the same time, appoint the Security Consultant at the earliest so as to avoid delays in project execution with cost implications this might entail.

**MPS’s Reply**

Regarding the appointment of the Security Consultants, a high level delegation visited Singapore in October 2010 and discussed this issue with the Singaporean Authorities. In this context, a Singaporean Mission was in Mauritius in December 2010 and submitted their report in January 2011. A decision was then taken to have recourse to their services, and hence, the advice of the Procurement Policy Office and that of the Solicitor General were sought for the way forward.

**20.9 Construction of New Dormitories at Beau Bassin Prison**

Mention was made at paragraph 17.7 of the Audit Report for the six month period July to December 2009 that the contract for the construction of the new dormitories at Beau Bassin Prison was awarded to the lowest responsive bidder for the sum of Rs 4,311,875, inclusive of VAT and of a Contingency Sum of Rs 100,000. Works were due to start on 8 September 2009 and to be completed by 9 January 2010. The completion date was subsequently extended to 31 March 2010. The construction period was to be followed by a 12-month maintenance period. The actual completion date was 31 March 2010 and final taking over was effectively done on 1 April 2011.

Corrective action had been taken regarding the Performance Security as well as the Insurance Cover initially submitted by the Contractor which were not in the required format. Moreover,
the Insurance Cover had been extended till the end of the Maintenance Period (1 April 2011), and supporting documents had been obtained from the Ministry of Public Infrastructure and Land Transport and Shipping (MPI) prior to payment being effected to the Contractor.

As of 31 December 2010, except for the five per cent retention money, the contract sum has been paid.

20.10 Watch Tower at Central Prison Beau Bassin

At paragraph 17.8 of the Audit Report for the six month period July to December 2009, mention was made that the contract for the construction of the Watch Tower at Central Prison Beau Bassin was awarded to a Company on 11 December 2008 for the sum of Rs 2,992,225 (inclusive of a Contingency Sum of Rs 150,000 and 15 per cent VAT). The contract was to cover a construction period of three months starting on 19 June 2009 and a maintenance period of 12 months. Works were actually completed on 29 January 2010.

In a letter from the MPI and addressed to the Contractor dated 3 May 2010, it was stated that 70 working days had been granted to him at no extra cost and that the contractual completion date had been revised to 29 December 2009. Hence, liquidated damages were being applied as from 30 December 2009 to the actual date of completion, that is, 31 days at Rs 1,000 per day.

Insurance cover had been extended till 31 January 2011, and a Performance Security expiring on 28 February 2011 had also been submitted.

The final taking over was done on 7 February 2011.

At time of audit, in May 2011, a sum of Rs 2,835,325, representing the contract sum (Rs 2,992,225), plus variation works (Rs 25,000 + VAT), less Contingency Sum (Rs 150,000) and Liquidated Damages (Rs 31,000 + VAT), was paid to the Contractor.
21 - MINISTRY OF HEALTH AND QUALITY OF LIFE

21.1 Review of Procurement System

21.1.1 General

The Public Procurement Act (PPA) was proclaimed in January 2008. Prior to that date, the threshold for procurement by any Ministry/Department was Rs 1 million. With the coming into operation of the Act, the threshold was raised to Rs 5 million. After about eight months, the ceiling was raised again to Rs 15 million. The last amendment to the Act was made in the Finance Act 2009 which brought the threshold to Rs 50 million.

21.1.2 Annual Procurement Plan

An Annual Procurement Plan of the Ministry for fiscal year 2010 was submitted to the Procurement Policy Office (PPO) in February 2010. However, the Plan was incomplete as procurements for two main Sections, namely Medical Equipment and Non Medical Products were not included therein.

21.1.3 Database of Suppliers

A database proper of suppliers of goods, works and services was not maintained by the Ministry. A central database for the purpose of recording the performance of suppliers in the execution of procurement contracts was also not maintained.

21.1.4 Estimate of Cost

In a few cases, the cost estimate of the project was not a good estimate of the real cost of the product. The lowest evaluated bid was often substantially above the estimated amount. For example, for the procurement of a Digital Subtraction Angiography, the cost of the equipment was underestimated by almost five folds, whereas the lowest evaluated bid after the first evaluation of the Direct Digital Mammography exceeded the estimated cost by Rs 9.5 million per unit.

Relevant cost estimates are important as the Ministry has got limited funds which have to be managed and optimally used.

21.1.5 Specifications

Specifications were not well set. They were either not appropriate, or with inadequate details, or sometimes being tailor made. For example, the specifications of the vehicles and fax machines acquired by the Ministry were not well set. For the eight Automated Methadone Dispensing Machines, the specifications practically described the equipment which was selected after evaluation. In the case of the Compression Type Sprayers, the specifications were also tailored along those of a particular make.
In other cases, representations were made by potential bidders resulting in amendments having to be made to the original specifications. With regard to the procurement of an Operating Microscope, following a complaint from a bidder that the specifications of the equipment were tailor made for a particular make, the Ministry cancelled the bidding exercise, and launched tenders again with revised specifications. For the Digital Subtraction Angiography, the bidding exercise had also to be cancelled for reasons linked to specifications. This resulted in waste of time and other resources.

21.1.6 Evaluation

Evaluation was not well carried out in several cases, resulting in re-evaluation, cancellation of exercise or fetching challenges or appeals. For example, the Bid Evaluation Committee changed its decision after re-evaluation in the case of the procurement exercises for the Cardiac Monitoring System, the vehicles, and the Direct Digital Mammography.

21.1.7 Bid Validity Period

At times, bids could not be evaluated within the bid validity period specified in the bidding documents so that bidders were requested to extend the bid validity as was the case in the contract for the “Supply, Installation, Testing and Commissioning of Medical and General Equipment for the new Dr A.G Jeetoo Hospital”.

Sometimes, even then, the evaluation could not be completed as in the procurement for the Annual Requirements 2010 of the Government Analyst Division, and the contract for the “Supply of Chemicals, Reference Materials, etc, for the Pharmaceutical Quality Control Laboratory”, resulting in cancellation of the exercise and waste of resources.

There were also cases where there was no valid bid for a period of time between the date the original bid validity had lapsed, and the date bidders were requested to “re-validate” them. This was noted for the procurement of hospital furniture for the new Dr A.G Jeetoo Hospital and supply of fax machines for Area Health Centres and Community Health Centres.

In a few cases, notification was even made after bid validity had lapsed. For the Direct Digital Mammography, the procurement exercise which started in November 2009 was cancelled in January 2011, after two addenda were issued, the closing date rescheduled and bid validity extended to 21 July 2010. The exercise took so long that notification was issued after bid validity had expired. The first evaluation was delayed due to representations made by one bidder, and another carried out after a challenge was received from another bidder. Following challenge received, the bidders were informed in January 2011 that the tender exercise was cancelled and would be relaunched with revised specifications.

21.1.8 Performance Security

In most procurement contracts, successful bidders were required to submit a Performance Security within 28 days of the Letter of Acceptance. For the supply of cars, the Ministry had accepted execution of contracts before Performance Securities were submitted by the successful bidder. All the cars were received on 22, but the Performance Security was dated
23 December 2009. Technically speaking, there is no valid contract unless and until a Performance Security is submitted, and if not submitted, the acceptance may be withdrawn.

As for the procurement of hospital furniture for the new Dr A.G Jeetoo Hospital, where the contract amount was more than Rs 70 million, a Performance Security was accepted by the Ministry which did not cover the whole life of the project, but whose validity expired before delivery of orders started. In the absence of such guarantee being submitted by the supplier, the interest of the Ministry was not safeguarded in case the supplier defaults.

21.1.9 Liquidated Damages

At times, bids could not be evaluated within the bid validity period specified in the bidding documents so that bidders were requested to extend the bid validity. In such cases, the Ministry did not apply liquidated damages for late deliveries as per its own conditions. For example, for the contract for the “Upgrading of Risers with Replacement of Power Cables, and Installation of New Power Cables at J Nehru Hospital”, or that for the “Supply, Installation, Testing and Commissioning of new Air Conditioning Units at the Government Analyst Division”, no liquidated damages could be applied although there was delay in execution. In both cases, the contract was awarded after the initial validity period, and the conditions of contract made provision for liquidated damages to be claimed, provided the contract had been awarded within the initial validity period.

In the case of the emergency procurement of 55 pharmaceutical items, the Ministry did not have any means of redress when the suppliers defaulted on some of the items as the Letter of Award did not contain any clause for liquidated damages.

21.1.10 Contract Administration

Contract administration is an important aspect for the proper functioning of the procurement. Ideally, there should have been a team for that specific purpose. There was no evidence of a distinct function of Contract Administration at the Ministry. This aspect of procurement was carried out by those doing the other aspects since a request was received until award was made.

21.1.11 Corrective Measures Taken by Ministry

The following corrective measures had been taken by the Ministry following recommendations made in previous Audit Reports:

- A register of potential evaluators is being kept in accordance with the provisions of the Public Procurement Act.
- The PPO has been requested to organise training sessions for officers of the Ministry who form part of the Bid Evaluation Committees.
- The possibility to award multiple-year contracts for commonly used items to avoid repetitive tendering and reduce the procurement cycle is being looked into.
A warehouse is being constructed to provide adequate storage space in order to improve the supply chain management.

For all current acquisitions of equipment, there is now an in-built component of maintenance. Cost of annual maintenance will be included in all tenders.

User departments when formulating requests for purchase of equipment include requests for training.

Bidding documents have been amended 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 receipt of goods. This is being applied to all contractors who have opted for payment through letter of credit.

**Recommendations**

The Ministry should be provided with the necessary tools and manpower so as to comply with provisions of the PPA, because by so doing, procurement would be better planned, carried out and executed. This would ensure that the Ministry

- carries out procurement in an efficient and effective way, keeping its budgetary constraints in view, and
- obtains value for money at the end of the day.

The reasons leading to delays in the evaluation exercise should be critically analysed, and measures taken to ensure bid evaluation is carried out within the initial bid validity period.

**Ministry’s Comments**

Most of the points raised were due to a shortage of staff in the Procurement Section. The priority was to ensure that what was required was available on time, and which itself could at times not be attained.

All Managers Procurement and Supply had been requested to prepare and submit a list of their human resource requirements in the Procurement Cadre in their respective units, as well as support officers in the grade of Officer, with full justifications for submission in the context of the preparation for Budget 2012.
21.2 Supply of Fax Machines to Area Health Centres (AHCs) and Community Health Centres (CHCs)

21.2.1 General

A request was made in 2009 for fax machines to be provided to all CHCs so that the Health Records Division and the Health Statistics Unit might obtain timely and reliable data. The quantity required was 122, and the cost estimated at about Rs 820,000. The expenditure was to be met from the Items “Upgrading of Area Health Centres” and “Upgrading of Community Health Centres” under Sub Programme “Services at Health Centres”.

21.2.2 Specifications

Technical specifications were “Using A4 plain paper, up to 30 sheets paper capacity, up to 25-30 pages per minute (ppm), a minimum of 512 KB memory capacity, a minimum of 9 Kbps modem, with telephone set, minimum guarantee - one year, and supplier to quote price of replacement cartridge”.

The main observations from the above are:

- The specifications were confusing as “up to 30 sheets capacity” and “up to 25 – 30 pages per minute” may mean zero to the stated limit which is not clear in the second case. Stating the minimum would have been better.

- By stating the print speed at 25-30 ppm, one would interpret it as print speed of a printer. The print speed of highly efficient fax machines is usually much less than 25 ppm.

- As to the 30 sheets paper capacity, it is assumed to be the capacity of the automatic document feeder. This conveys the message that the machine will be heavily used as users may have to place 30 sheets at a time.

- Suppliers were to be requested to quote price for replacement cartridge, but the number of sheets that can be printed from one cartridge was not requested. This would have enabled the printing cost of one sheet to be determined and allowed better comparison of prices.

21.2.3 Quotations

Procedures were to be on a fast track basis to enable expenditure to be incurred before end December 2009. Request for Sealed Quotations for 122 fax machines dated 1 December were issued on 2 December, with 16 December 2009 as closing date. Documents were issued to eight potential suppliers.

Five bids were received. The Bid Evaluation Committee (BEC) were held on 18 February 2010, two months after the closing date, and recommended the offer from Company A, the second lowest bidder for Rs 539,850. The initial bid validity expired on 15 March 2010 so that the bid validity had to be extended.
The machines were supplied in the first week of July 2010. Payment was effected in August 2010 under Sub Programme “Hospital Services and High-Tech Medicine” instead of “Services at Health Centres”.

### 21.2.4 Bids Received

Bidders had quoted for multipurpose office equipment which could perform any or all of these - scan, copy (some in colour as well), print, in addition to sending and receiving faxes. In fact, the fax was an accessory to the main function of the equipment proposed. Three bidders appeared to have proposed black ink only, while the other two were offering colour using four separate cartridges.

### 21.2.5 Evaluation

According to the Bid Evaluation Report, the lowest offer received from Company B offering 20 ppm instead of 25 – 30 ppm could not be considered, as it did not meet the specifications. Hence, the offer of Company A “which meets all our specifications” was recommended for an amount of Rs 539,850.

Points noted were:

- The specifications had read “Up to 25-30 ppm”, so that rejecting the bid of Company B of 20 ppm was not justified.

- Using the same argument of the Bid Evaluation Committee (BEC), the selected bid should also have been rejected as the maximum paper capacity stated was 30, while the bidder had offered 100 sheets.

- No mention was made of the cost of the “replacement cartridge” in the Evaluation Report. The question of having equipment using colour cartridges was not raised, nor the number of pages that could be printed with one cartridge. The selected offer was for a colour inkjet all-in-one machine that offers high resolution printing along with faxing, copying and scanning.

### 21.2.6 Ink Consumption

At all Hospital Stores, ink cartridges had been purchased for replacement of empty cartridges. During the period July 2010 to January 2011, purchases made amounted to Rs 274,425, with issues made in sets of four cartridges in one Region.

It was found that if one cartridge was empty, the machine would not operate unless it was replaced. In certain cases, unless all four cartridges were replaced at a go, the machine would not work. As for those not using colour copies and having to replace them, this might indicate that the ink was drying. The machine was certainly not efficient and economical in terms of ink consumption.
Conclusion

The exercise was flawed since the beginning with wrong and confusing specifications which pointed towards a printer with fax option rather than a fax machine. Evaluation was not properly done. The “Fax” machine uses four ink cartridges and consumes a lot of ink.

The Ministry did not obtain value for money with this acquisition.

Recommendations

- The Ministry should clearly define its requirements with all relevant information that will allow acquisition of the right type of equipment.
- Specifications should be properly written so that potential bidders get the right message of what is expected.
- Evaluation should be carried out promptly and decision approved so that the exercise is completed within the original bid validity period.
- Members of the BEC should carry out proper evaluation along guidelines issued by the Procurement Policy Office and take into consideration cost and duration of consumables.
- Payment should be made under the relevant Programme.

Ministry’s Comments

Users have been requested to

- Submit appropriate and clear set of requirements with full justification duly vetted by technical persons, and
- Ensure that all those involved in the preparation of the specifications should clearly mention their names and designations and sign the documents accordingly.

21.3 Supply of 21 Cars to the Transport Management Unit of the Ministry

21.3.1 Introduction

In September 2009, the Ministry decided to purchase nine cars to be used by the Regional Vaccination Centres. This number was subsequently increased to 21, in addition to 10 delivery vans and five 15-seater mini buses. Specifications were submitted and the cost for all the vehicles was estimated at Rs 33 million. The request for more vehicles was made with the expectation of additional funds to be provided by the Ministry of Finance and Economic Empowerment (MOFEE).
A Request for Sealed Quotation (RSQ) was made on 29 October 2009, with quotations to be submitted by 11 November 2009, less than two weeks later. According to the Public Procurement Regulations 2008, the prescribed threshold for RSQ is Rs 5 million.

21.3.2 Bids Received and Evaluation

Six bidders had responded for the 21 cars, and delivery proposed was from “immediate” to 4.5 months. Four bids were found to be technically responsive by the Bid Evaluation Committee (BEC). Their value ranged from Rs 15,344,910 to Rs 25,620,000.

On 30 November 2009, the BEC recommended the offer from Company A at the rate of Rs 730,710 per unit for the total amount of Rs 15,344,910. Delivery proposed by this Company was 3 - 4 months.

The Departmental Tender Committee (DTC) requested the BEC to review its decision as Company A had not complied with the condition “to be delivered immediately or indicate the least delivery period”. The BEC maintained its decision considering that greater weight age was not mentioned for period of delivery and the substantial price difference of some Rs 7.3 million between this offer which was the lowest and the next compliant one.

Subsequently, it was noted that the selected offer did not meet another specification, namely the track width. The DTC again requested the BEC to look into the bids received with particular reference to “Track Width” and “Delivery Period.”

A Mechanical Engineer, as the Technical Adviser from the Ministry of Public Infrastructure, Land Transport and Shipping (MPI) and member of the BEC, was of the opinion that “the track width is not a key criterion, and in the model proposed, it will in no way affect the performance of the vehicle. The engine capacity is the determining factor in the selection procedure of a car. Specifying the track width of vehicles in a bid document without a margin makes the bid restrictive”. The BEC again maintained its previous decision. Finally on 9 December 2009, after being convinced that funds would lapse, the BEC recommended the next offer from Company B for a total of Rs 22,652,700.

All the cars were received on 22 December 2009.

21.3.3 Specifications

The initial specifications dated 12 October 2009 were saloon, seating capacity: driver plus at least three, around 1600 cc engine using gasoline fuel (super), with bidders to specify if naturally aspirated or turbo charged, 5 speed manual gearbox, air conditioned, power assisted steering, right hand drive and delivery to be “immediate”.

In the bid documents, some additional requirements, such as upholstery – leather seats factory fitted, and preferably disc brakes all around were included. Three dimensions were also stated, namely wheel base not less than 2600 mm, track not less than 1500 mm and overall length not less than 4500 mm. Furthermore, delivery was to be immediate or the potential suppliers had to indicate the least delivery period.
21.3.4 Availability of Funds

In the Budget for the half year ending 31 December 2009, a total sum of Rs 12,450,000 was provided for the acquisition of vehicles under the different Programmes. However, as no funds were obtained from MOFEE, the Ministry had to have recourse to Virement of some Rs 25,470,000 from its own Items on 28 December to enable payment to be effected on 30 December 2009.

Based on the distribution of vehicles, expenditure was not charged to the relevant programme, thus grossly overstating expenditure charged to Sub Programme “Hospital Services and High Tech Medicine” under the Item “Acquisition of Vehicles”.

Observations

➢ The wrong bidding method was used.

➢ The Ministry went ahead with a purchase for which funds had not been provided in the Budget, but on hypothetical funds to be received.

➢ Evaluation was inconsistent as bidders who did not give certain dimensions and did not provide catalogues had their bids considered and retained.

➢ By adding dimensions to the specifications, bids were made restrictive. The above dimensions are usually not included in specifications for cars. Moreover, according to guidelines from the Procurement Policy Office (PPO), minor deviations do not make a bid non-responsive. Immaterial differences in dimensions are all minor deviations and that no bids should have been rejected on these grounds.

➢ During the first technical evaluation, one bid from Company C was rejected because the overall length was shorter by 70 mm (7 cm). The model proposed was 4430 mm instead of 4500 mm requested. The cars were available ex-stock and the total price was Rs 15,729,000. The reason for rejecting the offer from this Company, which was about Rs 6.9 million cheaper than the selected one, was not justified.

Implication

Due to a minor deviation of 7 cm in the length of the cars, additional expenditure of some Rs 6.9 million had been incurred.

Recommendations

➢ The Ministry should use the appropriate bidding method as provided by the Public Procurement Act and Regulations.

➢ Specifications should be relevant and bids should not be rejected because of minor deviations.
Ministry’s Comments

- The specifications made provision for standards that are desirable.
- Evaluation criteria are based on the specifications mentioned in the bidding documents.

21.4 Supply, Installation and Commissioning of Eight Automated Methadone Dispensing Machines

The main objective of the Project “Supply, Installation and Commissioning of Eight Automated Methadone Dispensing Machines” was to implement a modern, safe and efficient system of Methadone distribution to a larger number of patients that keeps increasing and to save time. These machines were part of the HIV/AIDS Project financed by the Global Fund. A sum of €187,500 (about Rs 7.5 million) was allocated to the Ministry for the procurement of the Automated Dispensing Machines.

21.4.1 Procurement

Tenders for the “Supply, Installation and Commissioning of Eight Automated Methadone Dispensing Machines” were launched on 17 June 2010. Only the bid from Company A satisfied the technical requirements, and the contract was awarded to that Company for the sum of Rs 7,772,822 on 7 October 2010. The machines were delivered on 25 November 2010.

The system offered by the successful bidder, consisted of a PC-workstation, with a printer/scanner and a comprehensive software solution. It allowed the automatic drug-adequate dosing, distribution and documentation of Methadone. It also had a high-precision automatic dispenser with integrated scales which released the exact dosage of Methadone.

Observations

Specifications

The specifications included in the tender documents practically described the equipment which was selected after evaluation.

Machines Being Used

As of mid March 2011, of the eight machines, only three were being used at Brown Sequard Mental Health Care Centre (BSMHCC), Flacq and SSRN Hospitals. All other associated jobs were still being carried out manually. Distribution was still being carried out as previously. All the prescriptions received fortnightly from the Detox Unit still have to be fed into the
System by a Pharmacy Dispenser which is time consuming. The titration process involved one Principal Dispenser, one Pharmacy Dispenser under the supervision of the Pharmacist.

For those who were using the machines, the time saved was not significant as only the personal data and dosage were saved on the Computer, and these were used for the titration, instead of a manual record. The only value added so far was the accuracy of volume required. Being used in present circumstances, the system had limitations, and all features available could not be used.

*Machines not Being Used*

As of mid March 2011, five machines were not being used, mainly due to absence of air conditioning or Internet connection.

*Other Points Noted*

The Computer System was not equipped with an Uninterruptible Power Supply. The machines should be calibrated each time there was a power cut, and had to be kept in a secured area, at a low temperature to operate them.

**Conclusions**

- The main objective of the project which was to implement a modern, safe and efficient system of Methadone distribution to a larger number of patients that keeps increasing and to save time was not being attained.

- As the machines were purchased to be at fixed locations, it was known at the very outset that all features would not be used. The reason why biometric identification was requested was not known. This also pointed towards tailor made specifications.

- Five machines out of eight have remained idle for nearly three months due to the absence of proper planning. It is also feared that the machines will not be optimally used even if they are put to use at all eight points.

- At time of audit in mid March 2011, it can be said that the only change that had occurred was that the burette had been replaced by Automated Dispensing Machines at a cost of some Rs 7.7 million.

- The machines are high quality ones, specially designed for dispensing Methadone, with several features relating to statistics, stock control, etc, but they are not adapted to the Mauritian context. They are not meant to be used in Centres where more than 500 people come within three hours.

**Recommendations**

- The Ministry should ensure that end users are involved in procurement exercises, especially for cases similar to the above.
Specifications should be scrutinised to ensure that they have not been based on known equipment, and are such that they are too specific, instead of being of a general nature, so as not to describe any particular equipment.

Management should consider appropriateness of existing infrastructure before acquisition of specialised machines. Any modification should be carried out in time so that new equipment does not remain idle.

Appropriate items should be purchased so that optimum use can be made of the machines. The computer equipment should be supported by an Uninterruptible Power Supply.

**Ministry’s Comments**

**Procurement/Specifications**

- The automated Methadone dispensing machine is a new equipment, specific to the dispensing of Methadone in selected sites. It was difficult to work out the specifications. Not much information was available at time of initiating actions for procurement of this equipment.

- The Officer in Charge of the National Methadone Substitution Therapy Centre provided the specifications following an extensive search from different sources. Specifications received were then vetted by the Officer in Charge of AIDS Unit.

- As the project was already included for financing under the Global Fund, the Ministry had the obligation to initiate action for the purchase of the Methadone dispensing machines.

**Machines Not Being Used**

As of end May 2011, six machines were operational. The use of the machine at J Nehru Hospital was still in abeyance due to air conditioning problem, but would be operational shortly. At Dr A.G Jeetoo Hospital, the machine would be used after the installation of air conditioning and Internet connection in the new building.

The request for Uninterruptible Power Supply would be made to the concerned department after consultations, and in case of power cut, burette would be used instead.

Till now, the manual system is still being used in parallel with the Automated Methadone Dispensing Machine. As the machine is a sophisticated one, the progress was slow in certain Hospitals. Hence, training would be provided to make optimum use of the machines.

**Conclusions**

- The Methadone Dispensing Machines project in the Public Service is a new concept which has been introduced only since some five months. As such, it should be recognized
that it was not yet fully functional and its implementation would also be carried out in a phased manner.

- The biometric identification was included in the specifications as it would be used at a later stage for dispensing.
- The dispensing hours had already been extended in certain sites from three to six hours daily. Gradually, the dispensing hours would be extended at all sites.

21.5 Procurement of Goods and Services

21.5.1 Contract for the Procurement of Cleaning Services for Eight Hospitals

The contracts for the Procurement of Cleaning Services for Eight Hospitals were awarded to four contractors in February 2009. The contracts awarded to three of the contractors (who were new in the field of hospital services) in respect of seven Hospitals were on a trial basis of three months as from 1 February 2009, renewable for another period of nine months upon satisfactory performance. The contract awarded to the fourth one in respect of one Hospital was for a period of one year with effect from the same date as the other three.

Several complaints had been received from Hospitals regarding the poor quality of services being offered by three of the Contractors. However, in order not to disrupt the provision of cleaning services at the Hospitals, the Departmental Tender Committee conveyed its approval for these contractors to continue providing their services up to 31 January 2010, subject to monthly monitoring of their performance. At the end of the contract period, the contracts of the existing contractors were extended on a month to month basis as from 1 February 2010 until further notice at the same monthly rate and on the same terms and conditions as spelt out in the previous contracts.

With the introduction of new Bidding Documents making provision for minimum wage, no responsive bids were received for tender exercises carried out in 2010.

On 1 November 2010, the Ministry invited bids in respect of “Cleaning Services for Toilets, Bathrooms and Sluices for all Hospitals”. The contract would be for an initial period of one year, renewable for another period of one year upon satisfactory performance. The cost of the contract was estimated at Rs 42 million yearly. At the closing date on 8 December 2010, 20 bids were received. On 14 February 2011, it was recommended that the contract be awarded to a Contractor, other than the actual four, for a period of one year with a trial period of three months for a total amount of some Rs 43 million. The contract should only be renewed for a further period of one year upon satisfactory performance.

On 9 March 2011, it was proposed that the matter be referred to the Central Procurement Board for consideration and approval, as the total contract value would exceed the prescribed ceiling of Rs 50 million in case of renewal of contract.

At time of audit (end of March 2011), some two years after award, the contracts for the eight Hospitals were still on a month to month basis.
Ministry’s Comments

The Central Procurement Board had not approved the recommendation of the Ministry and had requested that fresh tenders be launched.

21.5.2 Security Services

At paragraph 27.1.2 of the Audit Report for the six month period July to December 2009, mention was made that the contract for security services in Public Health Institutions awarded to Company X (three sites) and Contractor Z (14 sites), were being renewed on a month-to-month basis since 15 January and 1 November 2008 respectively despite the fact the Central Procurement Board (CPB) had since January 2008 advised that a new contract be put in place within three months.

In April 2009, after two tender exercises, the CPB approved the award of contract for security services at all the 17 Health Institutions to Contractor Z. However, the contract was not awarded following a challenge made by one of the unsuccessful bidders. In order not to disrupt the security services at the Health Institutions, the Ministry decided to extend the contract of both Companies on a month-to-month basis as from 1 June 2009.

Quotations were launched through Open Advertised Biding for the Provision of Security Services to all Hospitals and Health Institutions on 18 March 2010 based on a new set of bidding documents issued by the Procurement Policy Office. At closing date (21 April 2010), eight bids were received.

On 1 July 2010, it was recommended that the contract be awarded to Contractor Z for the sum of Rs 1,992,375 (including VAT) per month.

Subsequently, on 8 July 2010, adverse report was received from Flacq Hospital about the poor and unsatisfactory performance of Contractor Z.

The next responsive bid could not be considered, as the price quoted (Rs 3,612,613 per month) exceeded the estimated cost (Rs 1,715,000) by 110 per cent. The Departmental Tender Committee (DTC) therefore recommended that this tender exercise be cancelled and tenders be launched anew with revised estimated costs.

On 15 November 2010, bids for the Procurement of Security Services for Victoria Hospital, Dr. A.G Jeetoo Hospital and Orthopaedic Workshop, Beau Bassin for the period January to June 2011, renewable for another period of six months upon satisfactory performance of the service provider, were again invited.

Eight bids were received at closing date on 8 December 2010.

At time of audit, in March 2011, bids were at valuation stage. In the meantime, Company X and Contractor Z continued to provide security services at the 17 sites on a month-to-month basis.
Ministry’s Comments

The Letter of Award for the Procurement of Security Services for Victoria Hospital, Dr. A.G Jeetoo Hospital and Orthopaedic Workshop had been issued on 2 June and would take effect as from 1 July 2011.

21.6 Bio-Medical Equipment - X - Ray Machines

At paragraph 13.2.2 of the 2008-09 Audit Report, mention was made of the various problems encountered with the X- Ray Machines, installed at Victoria, Dr A.G Jeetoo, Flacq, SSRN and Souillac Hospitals.

The situation was reviewed at mid May 2011.

These machines were repaired, but, except for Flacq Hospital, the fluoroscopy could still not be made operational. Only X-Ray could be done using the machines which had been repaired. Any breakdown or repairs were being attended to by staff of the Bio-Medical Unit of the Ministry.

Ministry’s Comments

As the Engineers from the manufacturer of the equipment have not been able to repair the machines successfully, such make of equipment would no longer be purchased.

21.7 Procurement of Pharmaceutical Products

21.7.1 Supply of Pharmaceuticals and Ingredients from Company A

At paragraph 27.2 of the Audit Report for the six month period July to December 2009, mention was made of the unsatisfactory performance of Company A in the supply of pharmaceuticals and ingredients. It was also emphasised that despite all the problems encountered as a result of late/non delivery of items ordered, the Ministry had not reacted promptly. Performance Bonds were not forfeited, nor orders cancelled although items ordered were not delivered within delay specified. Liquidated Damages were not applied on partial/late deliveries. The Ministry had also not claimed excess expenses, resulting from purchases effected at higher costs to palliate stock outs, from the Company as per General Conditions of Contract and Letters of Award.

In February 2010, the Company had entered into a partnership with an Indian company. Since then, it started delivering outstanding orders from previous tender exercises, and the contracts with Company A were closely monitored.

As of end March 2011, there were only five items outstanding. The delivery of three of them was being delayed at the request of the Ministry to avoid overstocking, whereas for the other two, they were ongoing.
Another order not delivered at all was cancelled, while the outstanding balance of two items was also cancelled. The delivery of all the remaining items had been completed.

As for the additional amount spent on the procurement of drugs on the local market due to delays in supply by the Company totalling some Rs 25 million during years 2008 and 2009 and mentioned at paragraph 27.2.8 of the Report, the Ministry was contemplating legal action to recover the amount.

21.7.2 Chlorpheniramine Cough Expectorant

After the tender for 630,000 flasks of Chlorpheniramine Cough Expectorant was awarded to Company A above in January 2009, another tender exercise for the supply of syrups, including 700,000 flasks of this item was initiated in February 2009. This was done after the Procurement Policy Office agreed to the Ministry’s proposal to break the annual tender exercises for pharmaceuticals in seven specialised groups.

The award was made to another Company in April 2010, with delivery as from July 2010. The delivery of this order coincided with late deliveries from Company A over the period August to November 2010. The expiry date was more than two and a half years from the date of delivery.

As of 9 June 2011, there was a stock of 979,140 flasks Chlorpheniramine Cough Expectorant as per the Inventory System at the Central Supplies Division (CSD). Based on the trend of consumption for year 2010 of 18,000 flasks monthly, the stock was expected to last some 54 months. For 697,005 flasks, the latest expiry dates were May to July 2013, out of which some 400,000 flasks worth about Rs 3 million were expected to expire before use.

The attention of the Ministry was immediately drawn to the situation and the following measures were taken:

- To request the Pharmaceutical Laboratory of the Ministry to stop/reduce considerably the production of Expectorant.
- To issue a circular
  - to all user departments requesting them to maximise use of the Expectorant wherever possible, and
  - to request all prescribers to make use of Chlorpheniramine Syrup in lieu of Chlorpheniramine tablets.

As this Expectorant would not be produced at the Pharmaceutical Laboratory, and coupled with the substitution, it was expected to maximise use of the present stock before its expiry date, and reduce any quantity of this syrup which might expire to a minimum.

Ministry’s Comments

- Following corrective measures taken by the Ministry, it had been observed that the monthly consumption had risen to 25,150 flasks.
➢ The Pharmaceutical Laboratory had stopped production of Chlorpheniramine Cough Expectorant; and

➢ The consumption trend was being closely monitored to minimise wastage.

21.7.3 Cyclophosphamide 50mg Tablets

At paragraph 13.3.1 of the 2008-09 Audit Report, mention was made of two orders of 19,000 tablets for the same product (Cyclophosphamide 50mg tablets), which according to the Ministry, had been inadvertently repeated - one at a cost of Rs 28,941, and the other at Rs 1,595,050. The expiry date of the first order received in June 2009 was February 2011. For the second order, the expiry date of 15,000 tablets received in May 2009 was October 2010, and the other 4,000 tablets received in June 2009 was November 2010.

5,630 tablets from the first order received in May and June 2009 and worth Rs 472,639 had expired in October and November 2010. Another 15,250 tablets which were from the first order received in June 2009 had expired in February 2011. The cost was Rs 23,180.

21.7.4 Beclomethasone Dipropionate Inhaler 100mcg Unidose x 200 doses

Mention was made at paragraph 13.3.2 of the 2008-09 Audit Report that a higher price was quoted for the same product purchased from another supplier.

After discussions with the supplier, the final price agreed upon and paid by the Ministry was Rs 89 each vial as compared to the original quoted price of Rs 322.

21.7.5 Timolol 0.5% Eye Drops

At paragraph 13.3.3 of the 2008-09 Audit Report, I had stated that at 23 February 2010, there were 92,465 vials of Timolol and 35,730 vials of Carteolol Eye Drops in stock. The annual consumption of Timolol which was some 43,700 vials in 2007 had dropped to 37,600 vials in 2009. Furthermore, with Carteolol being dispensed for all renewal of Timolol as from 6 January 2010, it was forecasted that the consumption of Timolol would be further reduced and that a significant quantity would expire before use.

At 30 March 2011, there were 77,818 vials of Timolol 0.5% in stock at the Central Supplies Division. During the 13 months up to March 2011, some 14,650 vials had been used, that is an average of 1,100 vials per month. The stock represents about six years’ consumption. As the latest expiry date is October 2011, it is expected that about Rs 685,000 worth of this eye drop will expire before use.

Ministry’s Comments

The introduction of a new drug implies a switching strategy which concerns prescribers, Hospital Pharmacists, Warehouse Pharmacist, the Procurement Pharmacist and other supporting staff of the Procurement Section. It also implies switching costs.
Both drugs are for Glaucoma, a chronic condition where patients are put on a drug for lifetime. Furthermore, patients’ tolerance and reactions to the new drug could not be anticipated. There was need in the first phase to keep a large enough stock of Timolol in the warehouse in case of an unexpected situation of serious adverse reaction reporting with Carteolol, and the need to immediately switch patients back on Timolol.

21.7.6 Test Strips for Determination of Glucose in Blood

At paragraph 13.3.4 of the 2008-09 Audit Report, mention was made of a stock of 10,346 boxes of test strips for determination of glucose in blood worth some Rs 2.6 million which had expired. It would appear that after some time, the Glucometers, which were not meant for use in Hospital environment, deteriorated considerably, and that results were unreliable. Hence, they could no longer be used, so that test strips in stock expired.

21.8 Local Purchases of Drugs at Hospital Level

21.8.1 Amount Spent in 2010

At paragraph 27.2.8 of the Audit Report for the six month period July to December 2009, mention was made that the Central Supplies Division (CSD) had run out of stock of several items on several occasions. The Procurement Unit of the Ministry, together with the Hospitals, were purchasing from the local market.

In 2010, there was increase in the amount spent on local purchases of drugs at Hospital level to palliate for the shortage of certain items at the CSD. During the year, some Rs 54.2 million were spent on drugs within the approved list. This represented an increase of more than 150 per cent over the previous year.

Victoria Hospital was again the largest purchaser of listed items among all the Hospitals, with some Rs 23 million, representing about 43 per cent of purchases of all Hospitals.

As for drugs, Atorvastatin tablets (10mg, 20mg and 40mg) by far outweighed other items, with amount spent totalling some Rs 21 million that is, almost 40 per cent of total expenditure.

Ministry’s Comments

➢ There had been a continuous rise in the consumption pattern of Atorvastatin tablets 10mg and 40mg throughout the past months; and

➢ Recent trend showed that the monthly consumption of Atorvastatin 10mg and 40mg exceeded largely the estimated requirements 2010 and 2011. This was due to changing prescription practice of Non-Communicable Diseases (NCD) Doctors which was beneficial to patients.
### 21.8.2 Excess Amount Paid For Listed Items

The price paid on the local market for six items, which made up about 51 per cent of total expenditure was compared with the latest price paid by the Ministry for tenders. The additional expenditure incurred for Atorvastatin only was estimated at more than Rs 18.6 million, and for the sample selected, it was Rs 22.9 million, as shown in Table 21-1.

**Table 21-1 Additional amount spent by Hospitals on six items to palliate stock out**

<table>
<thead>
<tr>
<th>Name of Drug</th>
<th>Cost per Tender Rs</th>
<th>Actual Cost Rs</th>
<th>Additional Expenditure Rs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Atorvastatin</td>
<td>2,489,892</td>
<td>21,111,874</td>
<td>18,621,982</td>
</tr>
<tr>
<td>Brimonidine Eye</td>
<td>926,850</td>
<td>1,076,785</td>
<td>149,935</td>
</tr>
<tr>
<td>Filgrastim Injection</td>
<td>946,200</td>
<td>1,504,033</td>
<td>557,833</td>
</tr>
<tr>
<td>Gliclazide 80mg Tablets</td>
<td>210,765</td>
<td>1,622,308</td>
<td>1,411,544</td>
</tr>
<tr>
<td>Methyl Salicylate Ointment</td>
<td>117,070</td>
<td>1,521,996</td>
<td>1,404,925</td>
</tr>
<tr>
<td>Metronidazole Infusion</td>
<td>155,955</td>
<td>918,693</td>
<td>762,738</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4,846,732</strong></td>
<td><strong>27,755,689</strong></td>
<td><strong>22,908,957</strong></td>
</tr>
</tbody>
</table>

### 21.8.3 Applicable Pharmacopoeias

Pharmaceutical products purchased by the Ministry have to comply with one of the five recognised Pharmacopoeias. These were the British Pharmacopoeia (BP), the United States Pharmacopoeia (USP), the French Pharmacopoeia, the International Pharmacopoeia or the European Pharmacopoeia.

All newly introduced drugs do not find their way into pharmacopoeias immediately. They are usually produced under patent protection for several years before they are officially introduced in any Pharmacopoeia.

### 21.8.4 Reasons Behind Stock Out of Atorvastatin at CSD

Atorvastatin was one of drugs which was still being manufactured under patent protection. Hence, none of the five abovementioned Pharmacopoeias was applicable for Atorvastatin during the period under review. This currently used drug had been out of stock at the CSD over a period of about nine months, which is a long time. The main factor behind the situation was that the Ministry was requesting compliance of this drug with one of the five Pharmacopoeias, but which was not possible, as it was not yet introduced in any of them.

Up to October 2009, when a bridging exercise was carried out for 3 million tablets of 10mg, the standards required were the five recognised pharmacopoeias. However, this factor...
was not taken into account at evaluation. This order was received in April 2010, by which
time there was already a stock out at the CSD.

Two Annual Tender exercises carried out subsequently had to be cancelled. For the first
Tender (2009-10), started on 4 February 2010, the award for 16 million Atorvastatin 10mg
tablets and 9 million Atorvastatin 40mg scored tablets to the selected bidder was cancelled as
its packing was not according to specifications. New award was made, but the new selected
bidder informed the Ministry on 3 September 2010 that Atorvastatin tablets were not
available in BP or USP Standards, and it could provide as per Indian Pharmacopoeia (IP) or
In House only. This was considered as non compliant. As the bids were no longer valid, the
Central Procurement Board (CPB) did not submit fresh approval, and hence, entailing the
cancellation of the exercise.

The other Annual Tender (2010) was initiated in May 2010. Within this exercise, provision
was made for the procurement of 13 million tablets Atorvastatin 10mg and 9.5 million tablets
Atorvastatin 40mg. The CPB conveyed its approval on 22 September 2010. The successful
bidders informed that tablets of 10mg were not in any of the recommended Pharmacopoeias,
while those of 40mg complied with IP.

On 25 October 2010, the Ministry requested CPB to re-adjudicate on new grounds taking into
consideration Clause ITB 6.3(c) of the bidding document. This Clause states amongst others
that if the goods offered are not included in one of the specified pharmacopoeias (for example
the case of a new drug), the bidder will provide testing protocols and alternative reference
standards.

On 10 November 2010, CPB conveyed new approval for bidders offering tablets of IP
Standards which were also not accepted by the Ministry. In November 2010, this exercise
also was cancelled after it had fetched two challenges on grounds of compliance with
standards.

In the meantime, a bridging exercise at the Ministry was started on 9 July 2010 for 4 million
tablets of 10mg and 2.5 million tablets of 40mg. Final award was made on 6 September 2010,
after two re-evaluations were carried out. It was from this exercise, and from explanation
furnished by a bidder on 25 August 2010 that the Pharmaceutical Tender Committee (PTC)
realised that Atorvastatin did not appear in any of the International Monograph implying that
all suppliers offering In House Standard should be considered as compliant.

In the letter sent to the CPB on 25 October 2010, it was not clearly stated that IP also should
be rejected, and only “In House” should be retained.

**Observations**

Information was not promptly and explicitly provided to the CPB after what standards were
applicable came to be known by the Ministry on 25 August 2010, resulting in resources being
wasted in cancelled exercises. At that date, the Annual Tender 2009-10 was not yet finalised,
and the Annual Tender 2010 was also being evaluated at the CPB. The additional expenditure
resulting from the situation was more than Rs 18 million.
Ministry’s Comments

At the time of adjudication of the award for Bridging Exercise started on 9 July 2010, the PTC was unaware that both Atorvastatin 10mg and 40mg were still under patent protection, and consequently they did not appear in any of the official Monograph. The attention of the Pharmacy staff was subsequently drawn to the fact that Atorvastatin 10mg and 40mg was still under patent protection till November 2011. This implied that the Ministry has been misguided by bidders offering any official Pharmacopoeial Standard for this product.

The onus of burden to provide the right information concerning the bids lies solely on the bidders. Any new product put on the market has a patent protection for more than 15 years, and it is practically impossible for the evaluators to know at the time of evaluation whether a particular pharmaceutical product appears in any of the official monograph.

After confirming that there was no official Pharmacopoeial Standard for Atorvastatin, the selected suppliers to whom the contract was awarded were contacted and queried on their proposed Pharmacopoeial Standard. Their replies confirmed that the Ministry was misled, as the Pharmacopoeial Standard of their products was “In House”. Consequently, the awards were cancelled.

The bids were re-adjudicated on new assumptions and taking into account Clause ITB 6.3(c) of the bid documents. All the bids offering In House Standard were subsequently considered as compliant.

21.9 Expired Drugs

At paragraph 27.3 of the Audit Report for the period July to December 2009, mention was made that there were four main reasons that had led to expired drugs, namely excessive purchases, accepting shorter shelf life items, phasing out of drugs and poor stock monitoring.

A further 296 ampoules of Anti D 250/300mcg received in February 2009 and worth Rs 248,640 expired in November 2010 due to excessive purchases of the drug.

It was also mentioned that 7,160 litres of Diateryn (Sterilising Tablets for Dialysis Equipment), received with a short shelf life and worth some Rs 1.1 million had expired in April 2009 and January 2010. Another 555 litres worth Rs 96,970 expired in February 2011.

The supplier had agreed to replace those which had expired as a result of short shelf life, and 6,260 litres of the disinfecting agent had already been received.

21.9.1 Corrective Measures Taken by Ministry

The following corrective measures had been taken by the Ministry following recommendations made in previous Audit Reports:

- Annual Drug requirement is scrutinised by a multidisciplinary team prior to finalising Tender/Bidding documents.
Any change or deviation in consumption pattern is taken into account before awarding contracts.

High valued pharmaceuticals are henceforth ordered in staggered delivery to maximise shelf life and minimise expired products.

At the level of Central Supplies Division (CSD), the consumption pattern is monitored and user departments and prescribers are informed about slow moving and dormant items.

First-in-first expired principle is strictly observed to minimise wastage.

The Drugs Monitoring Committee at the Central level and the Drugs and Therapeutics Committees are scrutinising stock situation at the CSD and Hospitals, changes in prescribing pattern, introduction of new drugs, and dormant/slow moving items among others.

**Ministry’s Comments**

- No new order for Diateryn solution has been made for this current financial year.

- A Monitoring Committee for Dialysis Consumables/ Items has been set up. The Committee meets every two months.

**21.10 Plaine Verte Medi Clinic – Construction**

The contract for the construction of the Plaine Verte Medi Clinic was awarded in March 2009 for the sum of Rs 53,412,624, inclusive of a Contingency Sum of Rs 850,000 and VAT at 15 per cent. The site was handed over to the Contractor on 10 and work started on 24 April 2009, to be completed on 4 March 2010. The Practical Handing Over was effected on 13 December 2010, with some nine months delay. Maintenance Liability Period was 365 days from Practical Completion, that is, up to 12 December 2011.

As of 21 April 2011, some Rs 48.3 million, inclusive of VAT had been paid to the Contractor.

From the relevant file at the Ministry, there was no evidence that the Performance Security and the Insurance Policy have been extended to cover the delay in the execution of the contract up to December 2011.

A site visit to the Plaine Verte Medi Clinic was effected on 15 April 2011.
**Observations**

**Quality of Workmanship and Materials Used**

- The general quality of workmanship was poor, and material used was not to standard. Rendering was not even, grouting on the terrace was oily and there were cracks in the ceiling of the X-Ray Room and in the beam on the terrace, amongst others.

- There was water ponding at several places on the roof, and air was trapped under the waterproofing membrane at several places.

- Floor tiles sounded hollow on tapping and were cracked. These had to be removed at several places inside and outside the building. Some had not yet been replaced.

- The Push and Kick Plates placed on all doors inside the building which were made of stainless steel were scratched and did not give a pleasant view.

- The floor paint on the staircase was of poor quality and was already peeling off.

- The screed on the landing to the first floor sloped towards the door such that rain water flowed into the building from under the door. Screed levels were not properly done on the stairs as well, so that water accumulated at several places.

- There were four solar water heaters installed on the roof. Works effected in fixing the water heaters were not satisfactory. Wires had been used to fix the main body to the support and these were rusting.

**Recommendation**

The Ministry should ensure that all defects are made good by the Contractor before the last payment is effected.

**Comments of Ministry of Public Infrastructure, Land Transport and Shipping (MPI)**

- The attention of the Contractor was drawn on several occasions on the poor quality of the works. However, the Contractor had not been able to do better.

- The Contractor was attending to the defects in the waterproofing.

- As regards the floor tiles, galvanized tubes, Push and Kick Plates, aluminium door, floor paint, screed level, fixing of solar panels and aluminium windows (hinges), the Contractor was attending to the defects, and this would be taken into account prior to final handing over. The Contractor had been requested to replace rusting wires on solar panels with cable ties.

The MPI agreed that the performance of the Contractor was not satisfactory and the result could be seen in terms of workmanship and defective work. MPI would ensure that all defects were made good by the Contractor before the last payment is effected.
21.11 Renovation and Upgrading Works

A paragraph 27.4 of the Audit Report for the six month period July to December 2009, mention was made that the Ministry had hundreds of buildings, including all Hospitals, Area Health Centres (AHCs) and Community Health Centres (CHCs) under its responsibility. Mention was also made that there was no preventive maintenance, resulting in deterioration of the state of the buildings, and eventually requiring major renovation works.

Eventually, the Ministry had to embark on major works which had to involve the Ministry of Public Infrastructure, Land Transport and Shipping (MPI). These were either “Renovation” or “Upgrading” Works, and were mainly entrusted to District Contractors. As far as possible, standard designs were used for all such works, and all the standard drawings and specifications were part of the Bidding Documents for District Contractors.

On points that were raised in the above Report, the Ministry had taken measures to ensure that works were carried out in order of priority, while the MPI had requested contractors to carry out any remedial works for waterproofing works still within maintenance period, and had initiated action for works still covered by guarantee.

As for the poor quality of works at Moka CHC and mentioned at paragraph 27.4.3 of the above Report, the Contractor, together with the Hospital Maintenance Team, had made good the defects reported.

Ministry’s Comments

With regard to the poor quality of works at Moka CHC, the Ministry had been verbally informed by the MPI that the retention money of the contractor had not yet been released.

21.12 New Souillac Hospital

The situation with regard to the New Souillac Hospital and mentioned at paragraph 13.1.1 of the 2008-09 Audit Report was reviewed.

With regard to the arbitration case of the Construction Manager, it had reached a stage where all the hearings were completed. The Ministry of Public Infrastructure, Land Transport and Shipping (MPI) had made their submissions and the award of the Arbitrator was awaited.

As for the Consulting Architect, mention was made in the Report that no action, legal or otherwise, had been taken against him for flaws in the drawings as confirmed by the differences between the final accounts and the contract. The Ministry had in November 2010 written to the Attorney General’s Office to seek advice. The reply from the Solicitor General has been received, and the Ministry was compiling information requested by the latter.

Ministry’s Comments

The Arbitrator had made the award, and MPI had requested the Attorney General’s Office to seek correction to the award.
21.12.1 Other Operational Problems

- The Central Air Conditioning System had been partially put into operation. The maintenance contractor was still effecting repairs to have it fully operational. The aeration also was functioning. Repairs had been carried out on the fan that was broken. The pumps and valves of the chiller had been replaced. Both chillers had been repaired, but not yet commissioned. Testing and commissioning would be done shortly. Minor works would be undertaken by the end of May 2011.

- MPI had already submitted the specifications for fire fighting equipment system. Since the estimated cost is above Rs 1 million, the documents had been sent to the Ministry for tendering exercise.

- The boiler although repaired since long, was still not used as water had remained inside for too long. The Mechanical Workshop of the MPI was working on the specifications for a maintenance contract for the boiler.

- The manholes at the entrance of the Hospital still overflowed causing the stagnation of effluent waste. Quotations had been launched two times, but no response was obtained. Fresh tenders would be launched shortly to remedy the situation.

- During heavy rainfall, there was still overflow of muddy water in the parking area. A cost estimate was awaited from National Development Unit (NDU) for further consideration of the project. Despite several reminders sent to NDU to look into the matter, no response was obtained.

- The incinerator costing Rs 1.5 million sent to J Nehru Hospital had still not been installed. Preliminary designs of the incinerator had been worked out by MPI. The latter and the Energy Services Division were still working on the final drawings and electrical drawings respectively, and as soon as these would be done, quotations would be launched.

Ministry’s Comments

- Tenders for fire fighting equipment would be launched shortly.

- Specifications for the boiler were still awaited from MPI.

- Regarding the manholes at the entrance of the Hospital, another quotation had already been launched, with closing date 14 July 2011.

21.13 Acquisition of Building

On 28 December 2010, a sum of Rs 145 million was reallocated from Item “Upgrading of Hospitals” under Sub-Programme “Hospital Services and High Tech Medicine” to create a new Item of Expenditure which was not in the original voted Estimates for 2010 of the Ministry. The item was “Acquisition of Buildings” under the same Sub-Programme. A sum of Rs 144,701,300 paid for the acquisition of a building, which was meant for a National Geriatric Hospital, was charged to the Item.
The project for the creation of the National Geriatric Hospital did not form part of the “Major Services to be provided (Outputs) for 2010-2012” under Curative Services in the Programme Based Budget (PBB) Estimates 2010. Neither did it appear within the “List of Programmes, Sub-Programmes and Priority Objectives” of the Ministry.

This project could not be examined as the originals of the Main File and all related files and documents were not available at the Ministry. As an investigation on the acquisition of the building by the Independent Commission Against Corruption was still ongoing, all original documents were in their possession.

**Ministry’s Comments**

On 22 December 2010, the Ministry wrote to the Ministry of Finance and Economic Empowerment (MOFEE) to send a Departmental Warrant for Rs 144,701,300 for effecting payment of the above building. The latter conveyed authority to reallocate the above sum from savings under Capital Vote.

On 27 December 2010, the Ministry liaised with MOFEE and the Accountant General to allocate an Item and a Public Sector Investment Programme (PSIP) Code under Sub-Programme “Hospital Services and High Tech Medicine”.

On 28 December 2010, the Accountant General allocated the Item “Acquisition of Buildings” to the Ministry.

Moreover, as the case for the project in connection with the setting up of the National Geriatric Hospital had been referred to the Independent Commission Against Corruption for investigation, all related files and documents were with the Commission.

**21.14 Claims for Dialysis Products Received Damaged**

At paragraph 13.4 of the 2008-09 Audit Report, mention was made of an amount of US $50,713, representing the cost of 19,986 bags of Sodium Chloride and 6,800 pairs of gloves received damaged in several containers in July 2007, claimed from the supplier.

It would appear that no refund was expected after all avenues had been explored. Also, the Attorney General’s Office had advised the Ministry that it could file a claim against the supplier and the insurance company, but it would be difficult to situate responsibility for the damaged goods.

**21.15 Arrears of Revenue**

**21.15.1 Refund of Students’ Bonds**

At paragraph 27.5.1 of the Audit Report for the six month period July to December 2009, mention was made that no payment at all was effected in respect of 15 Students’ Bonds totalling Rs 3,842,407 that were forfeited.

Most of these cases had been referred to the Attorney General’s Office for legal action, or arrangements had been made for bonded officers and their sureties to refund the bond in
instalments. In one case, a Mise-en Demeure had been served on the bonded officer in August 2010.

Cases which had been referred to the Attorney General’s Office for advice or to pursue legal action, and those where repayment was being made by monthly instalments were being closely monitored by the Ministry.

21.15.2 Debt Taken Over from the National Trust Fund for Community Health

Mention was made at paragraph 27.5.2 of the Audit Report for the six month period July to December 2009 of a sum of Rs 457,588 due by two contractors. The debt was taken over by the Ministry following the winding up of the National Trust Fund for Community Health (NTFCH) since November 2007, and had not yet been recovered.

In fact, regarding an alleged overpayment of Rs 265,538 to one of the contractors, there was a court case still ongoing. The Ministry had decided that action to recover any overpaid amount could be initiated only after the court case would be completed.

In the case of the other contractor, it was alleged that an overpayment of Rs 192,050 was made. After submitting all available documents and required information to the Attorney General’s Office, the latter had advised that no action could be taken unless the Ministry was able to ascertain that the proper procedure was followed and had evidence that the contractor was overpaid. In fact, the Ministry had no such evidence.

Ministry’s Comments

- The available files of the NTFCH were verified and no Letter of Award for additional works performed by the contractor could be traced. Also, no record was found regarding work which he did not perform/complete according to the needs of the NTFCH. The contractor had also stated that he had not been overpaid.

  A former officer of the Fund was contacted and she had orally confirmed that in fact, at that time, Letters of Awards were not being given in all cases. Besides, very often, contractors were being instructed to perform work over and above those for which tenders were floated and quotations received.

- The advice of the Ministry of Finance and Economic Empowerment was being sought on the way forward, particularly if there was need for writing off the amount.
22 - Ministry of Arts and Culture

22.1 Turnkey Solution for an Electronic Archives System at the National Archives – Rs 17.9 million

The main aim of the project was to implement a turnkey solution that would enable the National Archives (NA) to convert existing documents into digital format. The documents were to be easily searched, viewed, distributed, printed and made accessible to the public via internet.

Contract for the supply, installation and commissioning of computer equipment, system and application software and scanning exercise for the above project was awarded to a Company for an amount of Rs 17,912,003 on 7 May 2009, inclusive of training and transfer of knowledge costs. The contract was signed on 26 June 2009.

The infrastructure and equipment were to be delivered, installed and commissioned by 2 July 2009. The data capture, i.e. scanning, indexing and uploading of scanned files in the storage systems, of documents were to be completed within three years from date of award of contract, i.e. by May 2012.

As of December 2010, a total amount of Rs 9,704,239 was paid to the Company.

- The commissioning of hardware and software was completed on 17 February 2010, i.e. with a delay of 32 weeks after the contractual period. As per contract, liquidated damages equivalent to 1 per cent of contract sum per week of delay until the actual delivery up to a maximum amount of 10 per cent of contract sum, were not claimed from the Company.

- The contract stipulates that the NA should bear the cost of fluctuations in exchange rate only within the schedule of delivery agreed upon. Although equipment were supplied with delay, the Ministry paid an additional amount of Rs 420,767 to the Company as fluctuations in exchange rate.

- During period February 2010 to May 2011, only 140,000 out of some 530,000 pages, i.e. 26 per cent have been scanned. With this trend, there is a high probability that the scanning exercise will not be completed by May 2012.

- The performance bond of Rs 1,791,200, which expired on 31 July 2010, was not renewed till completion of the project.

Recommendations

- Liquidated damages should be claimed from the Company due to delay in the supply, installation and commissioning of hardware and software. The cost incurred for fluctuation in exchange rate should be recovered from the Company.

- The Ministry should ensure that the Company extends the performance bond till completion of the project so that in case of default the bond could be forfeited.
**Ministry’s Reply**

A monitoring committee chaired by a Principal Assistant Secretary has been set up to review this project and the recommendations submitted by your office regarding:

- liquidated damages.
- fluctuation in exchange rate.

Legal advice is being sought for the claiming of liquidated damages and refund of excess paid.

Arrangements have been made with the Company to extend the performance bond.

The attention of the Company has been drawn on the number of copies scanned. To remedy the situation, the Company has since April 2011 increased the scanning exercise and its staff is regularly working up to 2000 hours. The first phase of scanning exercise for which the contract has been awarded is expected to be completed by December 2011.

The Company has also been informed that legal action will be taken for any default.
23.1 Interest Accrued on Advances to Business Parks of Mauritius Limited (BPML)

At paragraph 28.2 of the Audit Report for period July to December 2009, mention was made that an agreement was reached between Government and the BPML whereby two advances made to the latter were rescheduled. The advance of Rs 30 million was to be refunded in six equal installments over five years starting 30 June 2009 and that amounting to Rs 6,387,287 in two equal installments in June and December 2009. However, the element of interest was not considered and therefore not included in the new reimbursement schedule.

BPML was repaying the loan as per new schedule but failed to pay any interest as of 31 December 2010. Interest accrued on the two advances totaled Rs 11,576,069. Moreover, the amount of interest due has not been included in the Statement of Arrears of Revenue.

Management Response

BPML has undertaken to pay the interest due in two installments in June and December 2011.

23.2 Microsoft Enterprise Agreement

At paragraph 28.1 of the Audit Report for period July to December 2009 mention was made of the Microsoft Enterprise Agreement (MEA) which was signed on 27 June 2008 by the Ministry of Finance & Economic Empowerment (MOFEE) on behalf of Government and Microsoft Ltd with the State Informatics Limited (SIL) as a reseller.

The contract was for an amount of Rs 223,070,542 (US $ 8,049,426), inclusive of VAT (US $ 1,049,925) and included 7,000 Pro Desktop Listed Licences, two System Centre Configuration Manager (SCCM) Server Listed Licences, four Exchange Server Enterprise Listed Language Licences, two Office Sharepoint Server Listed licenses, 10 Windows Server Standard Listed Licences together with upgrades to the products for the next five years, that is, until the end of the contract period in 2013 as well as Premier support for the first three years.

The Ministry of Information and Communication Technology (MICT) was entrusted with the implementation of the contract.

Observations

It came to light during an exercise carried out from March 2009 to June 2009 by the Microsoft Architect that to realize the full potentialities of the MEA, there was need for deployment of Active Directory, Exchange and Sharepoint. This implied, inter alia, the application of additional investments in terms of servers, office accommodation, human resources and networking equipment.

At the end 2009, the MICT decided to implement only a limited Active Directory along with Exchange 2010. The designs of the Active Directory (AD) and Exchange 2007 Solution,
which had already been prepared, were therefore reviewed by Microsoft Ltd. Revised design documents were submitted on 18 June 2010. Tender for acquisition of the required hardware is expected to be floated by the end of May 2011.

Meanwhile, the Ministry has attempted to deploy the Pro Desktop licenses which made up more than 86 percent of the contract amount.

As of end of December 2010, 5,167 licences were deployed to different government departments, thus leaving a balance of 1,833 unused licences. Table 23-1 gives details of how the pro desktop licences have been used.

Table 23-1  Deployment of Pro Desktop Licences

<table>
<thead>
<tr>
<th>Product</th>
<th>Total</th>
<th>Deployed and used</th>
<th>Remaining</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Microsoft Vista Licences</td>
<td>7,000</td>
<td>13</td>
<td>6,987</td>
<td>Not deployable due to driver problems and without Active Directory</td>
</tr>
<tr>
<td>Microsoft Windows 7</td>
<td>7,000</td>
<td>335</td>
<td>6,665</td>
<td>Not deployable without Active Directory</td>
</tr>
<tr>
<td>Microsoft Office 2007</td>
<td>7,000</td>
<td>5,167</td>
<td>1,833</td>
<td></td>
</tr>
<tr>
<td>Microsoft Server Client Access Licence</td>
<td>7,000</td>
<td>2,297</td>
<td>4,703</td>
<td></td>
</tr>
<tr>
<td>Exchange Client Access Licence</td>
<td>7,000</td>
<td>940</td>
<td>6,060</td>
<td></td>
</tr>
<tr>
<td>Sharepoint Client Access Licence</td>
<td>7,000</td>
<td>50</td>
<td>6,950</td>
<td></td>
</tr>
<tr>
<td>SCCM Client Access Licence</td>
<td>7,000</td>
<td>Nil</td>
<td>7,000</td>
<td></td>
</tr>
</tbody>
</table>

Optimum use was not being made of the licences issued to departments. The client access licenses for Exchange will be used only when Exchange 2010 is implemented. Those for Sharepoint will be used following implementation of Sharepoint which is expected to happen next year.

Almost three years after the signature of the MEA, limited benefits have been obtained from the products acquired.
Ministry’s Reply

This Ministry inherited of the said project and had to devise ways and means to ensure its proper implementation, which, admittedly, was not an easy task.

The vast majority of licences purchased are being put to productive use and with the developments which are scheduled this year, it can safely be expected that all the licences will be judiciously used.
24 - MINISTRY OF FISHERIES AND RODRIGUES

24.1 Fish Auction Market project

24.1.1 Construction of Fish Auction Market

At paragraph 26.7 of the Audit Report for the period ending 31 December 2009, I drew attention to the fact that although financial assistance had been obtained since July 2007 for the construction of a fish auction market, there had been undue delay in the implementation of the project.

The contract for the construction of the fish auction market has now been awarded to a private Contractor on 18 March 2010 for the sum of Rs 23,771,782 inclusive of VAT. Works started on 11 May 2010 and were scheduled for completion on 16 January 2011.

Observations

- Although the expected completion date was revised twice to 26 January and 10 March 2011 respectively upon the approval of the Architect, yet works had not been completed as of end of May 2011. Liquidated damages to the tune of Rs 390,000 have already been applied for the period 10 March to 18 April 2011.

- For the fish auction market to be operational, certain electronic and associated equipment were required. As of May 2011, bids have not yet been launched.

- The plan for the operation of the fish auction market was still under preparation. I was informed that discussions are being held with the Private Sector and the Ministry of Finance and Economic Development (MOFED) for the form of operation to be adopted.

Ministry’s Reply

- The Fish Auction Market building was handed over by the Contractor to the Ministry of Fisheries and Rodrigues on 6 June 2011 under the supervision of the Ministry of Public Infrastructure, Land Transport and Shipping (MPI).

- Discussions are being initiated for the supply and installation of the electronic auctioning equipment. These are estimated at roughly Rs 10 to 15 million and would effectively allow for the start of activities of the Fish Auction Market.

- Discussions with the private sector and the MOFED have been initiated and a response is being awaited to finalise the form of operation of the Fish Auction Market.
24.1.2 Supply, Installation, and Commissioning of Cold Rooms and Associated Equipment

Bids were invited from contractors for the supply, installation and commissioning of cold rooms and associated equipment for the Fish Auction Market on 9 September 2010.

Observations

- None of the bids fully complied with the requirements of the bidding documents and were considered to be non-responsive. The bidding exercise was cancelled and specifications were reviewed. It was only on 17 March 2011 that tenders were again invited.
- The contract for the supply and installation of the cold rooms and associated equipment was awarded on 1 June 2011 to the successful bidder, a private company, for an amount of Rs 6,113,422, inclusive of VAT.
- Delays in the supply, installation and commissioning of the cold rooms, coupled with delays in the launching of bids for electronic and associated equipment will impact on the operation of the Fish Auction Market.

Recommendation

The Ministry should properly plan the execution of projects so as to avoid undue delays.

Ministry’s Reply

All works for the cold rooms are expected to be terminated by early October 2011 with regard to the conditions of the contract.

24.2 Construction of a Marine Park at Balaclava

At paragraph 26.8 of the Audit Report for the period ending 31 December 2009, I commented on the project for the construction of the Balaclava Marine Park Centre (BMPC). It was agreed, in July 2007, that against land allotted to a hotel promoter, the latter would undertake to build the BMPC at his own cost along with all its amenities at an estimated cost of Rs 12 million. A lease agreement was signed between the Ministry of Housing and Lands (MHL) and the promoter in February 2008.

Observations

- There were delays in the identification of an alternative site for the construction of the BMPC. In May 2010, the MHL informed the Ministry of Fisheries and Rodrigues that a portion of land
of an extent of 1,428m² was de-proclaimed as public beach and vested in the Ministry for the construction of the BMPC.

- The promoter was informed, in October 2009, that the lease agreement signed in February 2008 had been cancelled and that a new 60 year lease agreement would be drawn subject to the promoter’s agreement to finance the construction of the BMPC on the alternative site that have been vested in the Ministry. As of May 2011, no agreement has yet been signed.

- In January 2011, the hotel promoter was reminded of his commitments to build the BMPC at his own cost. He was also required to confirm his intention in writing to the Ministry. As of May 2011, no written confirmation has been obtained.

**Recommendation**

The Ministry should take up the matter again with the MHL for the signing up of the lease agreement and the promoter should take the undertaking that he would finance the construction of the BMPC at current cost.

**Ministry’s Reply**

- The MHL was requested to ensure that, prior to signing the new lease agreement with the Contractor, the condition pertaining to the construction of the marine park by the promoter, mentioned in the previous lease agreement, was incorporated in the new one.

- A reply is still being awaited from the MHL.

### 24.3 Construction of the Fisheries Post at Trou aux Biches

The project for the construction of a new fisheries post at Trou aux Biches was initiated in September 2005. In May 2006, the MPI submitted a cost estimate of Rs 1,147,240 excluding electrical components, site works and waterproofing, based on a prototype design of a fisheries post.

**Observations**

- The project was kept in abeyance. The Ministry was looking for an alternative site for the construction of the fisheries post. However, same was not found and the MPI was informed, in April 2008, that the Ministry proposed to proceed with the construction of the new fisheries post on the same site.

- In December 2008, the MPI submitted another cost estimate of Rs 4,527,895 inclusive of VAT and the Ministry of Fisheries confirmed that funds were available.

- The project was put on the fast track mode. Officers of MPI were requested in April 2009 to prepare drawings and tender documents by the end of July 2009. The draft tender documents
were received at the Ministry in October 2009. The Ministry informed MPI on 25 November 2009 that the bidding document submitted was same as that of the fish Auction market and the bid was non-responsive due to its complexity. A simpler document was submitted in January 2010.

- Allowances of Rs 88,689 were paid to Officers of the MPI to put the project on fast track yet it was only in April 2010, one year later, that the contract for the construction of the Trou aux Biches fisheries post was awarded to a private construction company for an amount of Rs 4,879,257. Works started on 11 June 2010 and the contractual completion date was 8 December 2010.

- Extension of time was granted twice as the Ministry requested the Contractor to stay action on account of the construction of an inflammable store and boundary wall. The revised completion date was 12 May 2011; however, as of end of May 2011 the construction had not been completed.

**Recommendation**

The Ministry should follow up projects closely as delays in implementation have a direct bearing on the cost of projects.

**Ministry’s Reply**

- The project has been mostly completed and the Contractor is attending to snags listed by the MPI. It is expected that the handing over of the building will be done by July/August 2011.
24.4 Introduction

The Finance and Audit Act, as amended by the Rodrigues Regional Assembly (RRA) Act 2001, requires the Commission 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, financial 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 fiscal year ended 31 December 2010 were closed on 17 March 2011 and the approved statements were submitted to the National Audit Office on 30 March 2011.

The financial statements of the RRA are prepared on a cash basis and in line with the requirements of the Programme Based Budgeting (PBB) system. It comprises 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 value for money is obtained in the use of resources; and
- The safe custody of assets and stores.

The draft estimates, for the fiscal year ended 31 December 2010, were approved by the Regional Assembly on 24 September 2009. They were submitted to the Minister on 30 September 2009 and approved by Government on 6 November 2009.

24.5 Programme Based Budgeting

The Rodrigues Regional Assembly Act was amended in 2009 to introduce Programme Based Budgeting (PBB) in Rodrigues. In September 2009, RRA presented its first PBB estimates 2010 and Indicative Estimates 2011 and 2012. With PBB, budget allocation is based on programmes and sub-programmes with predefined outcomes, priority, objectives, outputs and performance indicators. This ensures better fiscal discipline, allocative effectiveness based on priorities and operational efficiency that is obtaining value for money.
24.6  Statement of Assets and Liabilities of the Rodrigues Regional Assembly

Assets and liabilities of the RRA for the past three fiscal periods are shown in Table 24-1.

*Table 24-1 - Assets and Liabilities for the past three fiscal periods*

<table>
<thead>
<tr>
<th>Assets</th>
<th>2008-09 Rs</th>
<th>July-Dec 09 Rs</th>
<th>2010 Rs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Bank balances</td>
<td>41,830,099</td>
<td>34,498,782</td>
<td>34,312,270</td>
</tr>
<tr>
<td>Advances</td>
<td>24,446,653</td>
<td>24,767,873</td>
<td>20,492,079</td>
</tr>
<tr>
<td>Total</td>
<td>66,276,752</td>
<td>59,266,655</td>
<td>54,804,349</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Consolidated Fund</td>
<td>33,509</td>
<td>351,887</td>
<td>9,877,792</td>
</tr>
<tr>
<td>Capital Fund</td>
<td>785,470</td>
<td>756,860</td>
<td>-</td>
</tr>
<tr>
<td>Deposits</td>
<td>38,130,966</td>
<td>32,759,132</td>
<td>23,485,539</td>
</tr>
<tr>
<td>Loan from Government of Mauritius</td>
<td>27,326,807</td>
<td>25,398,776</td>
<td>21,441,018</td>
</tr>
<tr>
<td>Total</td>
<td>66,276,752</td>
<td>59,266,655</td>
<td>54,804,349</td>
</tr>
</tbody>
</table>

The accounts of the RRA are prepared on a cash basis. Fixed assets and non-current assets and liabilities such as pension liabilities and passage benefits are therefore not disclosed in the Statement of Assets and Liabilities.

24.6.1  Advances - Rs 20,492,079.

This represents amount outstanding on motorcar and motorcycle loans as of 31 December 2010. Details are given in Table 24-2.
Table 24-2 Advances as of 31 December 2010

<table>
<thead>
<tr>
<th>Details</th>
<th>Amount Rs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motorcar loans to RRA Members</td>
<td>4,152,564</td>
</tr>
<tr>
<td>Motorcar Loans to RRA Officers</td>
<td>13,237,370</td>
</tr>
<tr>
<td>Motorcycle Loans to RRA Officers</td>
<td>3,102,145</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>20,492,079</strong></td>
</tr>
</tbody>
</table>

There was a lack of documentary evidence in respect of the purchase of motor cars/motor cycles for which advances amounting to Rs 1.1 million, were granted to one RRA member and five officers. Four other officers to whom advances amounting to Rs 873,399 were made in 2008 and 2009, had not yet purchased motor vehicles. Appropriate action in accordance with PRB Report 2008 was not taken against these officers.

No refund was yet made in respect of Rs 477,276 advanced in excess of the purchase price of the vehicles to two RRA members in November 2008 and March 2009 respectively.

Repayment of an advance was not effected for a period of 28 months by an officer who was granted leave without pay to be spent overseas.

24.6.2 Capital Fund

Following the passing of the Act No 1 of 2009, the Capital Fund has been abolished as from 1 January 2010. The balance of the Capital Fund as of 31 December 2009 has been transferred to the Rodrigues Consolidated Fund.

24.6.3 Deposits – Rs 23,485,539.

This figure represents amounts deposited with the RRA and includes Rs 10,915,954 in respect of library/security deposits which could not again be ascertained as it was not supported by a list of individual balances of depositors. Those deposits which have remained unclaimed for more than five years should be transferred to revenue.

The balances as of 31 December 2010 as per deposit ledgers kept at the different Commissions, were not duly reconciled with those as per cash books.
**RRA’s Reply**

As from January 2011 all advances for the purchase of motor vehicles are paid directly to the vendor /supplier. Following legal advice, all persons concerned were requested to continue repayment of loans to avoid cost of litigation.

Detailed workings are being worked out in respect of individual deposits and any remaining outstanding balances for more than five years will be credited to revenue. Henceforth, deposit ledgers will be reconciled with cash books by 10th of the following month.

24.7 **Abstract Account of Revenue and Expenditure of Rodrigues Consolidated Fund**

Revenue for the fiscal year ended 31 December 2010 amounted to Rs1,616,501,460, that is, Rs 1,594,356,464 being government contributions and Rs 22,144,996 being revenue collected by the RRA.

Revenue collected by the RRA during the year represents only 1.38 per cent of the total expenditure as compared to 1.50 per cent for the previous period. Hence, the total expenditure of the RRA is still almost wholly financed from Government Contribution.

24.8 **Detailed Statement of Expenditure of Rodrigues Consolidated Fund**

24.8.1 **Food Security Fund**

In September 2009, an amount of Rs 100 million was provided in the 2010 Estimates, under the item “Food Security Fund” (FSF). The provision appears in the above Statement but the expenditure as of 31 December 2010 was nil. During the year 2010, a sum of Rs 29,310,960 was disbursed by the Commission for Agriculture for the implementation of various projects through a separate bank account. The transactions were not accounted through a deposit account of the RRA and were therefore not reflected in the RRA accounts.

**RRA’s Reply**

Following a discussion with the Accountant General’s Office, RRA has been advised to account all transactions of FSF through a Deposit Account and to have it reflected in the RRA accounts. The FSF (Mauritius) will be informed to credit RRA Consolidated Fund henceforth.
24.9 Statement of Investments.

Total investments as of 31 December 2010 amounted to some Rs 41 million as detailed in Table 24-3.

Table 24-3 Investments of RRA in Private Companies as of 31 December 2010

<table>
<thead>
<tr>
<th>Private Company</th>
<th>Date of Incorporation</th>
<th>Total RRA Investment @ 31.12.09 Rs</th>
<th>Investment during the year 2010 Rs</th>
<th>Total RRA Investment @ 31.12.10 Rs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rodrigues Trading and Marketing Co. Ltd</td>
<td>30.6.2006</td>
<td>4,000,000</td>
<td></td>
<td>4,000,000</td>
</tr>
<tr>
<td>Discovery Rodrigues Co. Ltd</td>
<td>15.11.2006</td>
<td>2,000,000</td>
<td></td>
<td>2,000,000</td>
</tr>
<tr>
<td>Rodrigues General Fishing Co. Ltd</td>
<td>08.06.2007</td>
<td>2,500,000</td>
<td>2,400,000</td>
<td>4,900,000</td>
</tr>
<tr>
<td>Rod Clean Co. Ltd</td>
<td>19.09.2007</td>
<td>5,188,590</td>
<td>5,000,000</td>
<td>10,188,590</td>
</tr>
<tr>
<td>Rodrigues Water Co. Ltd</td>
<td>29.10.2007</td>
<td>13,000,000</td>
<td>4,000,000</td>
<td>17,000,000</td>
</tr>
<tr>
<td>Rodrigues Housing &amp; Property Co Ltd</td>
<td>12.01.2010</td>
<td>-</td>
<td>3,000,000</td>
<td>3,000,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>26,688,590</strong></td>
<td><strong>14,400,000</strong></td>
<td><strong>41,088,590</strong></td>
</tr>
</tbody>
</table>

Share Certificates

As of March 2011, one company in which the RRA invested Rs 2.4 million in August 2010, had not yet submitted the share certificate to the RRA. In three other cases, share certificates were submitted with a delay of two to six months.

Return on Investments

RRA has so far not received any dividend from the investments.

RRA Companies General Fund

Regulation 23 of the Investment Management Regulations made by the RRA in 2008 provides that the RRA shall establish a RRA Companies General Fund:

- into which all dividends or returns received from investments in companies shall be deposited.
out of which shall be paid all grants and advances to companies under which the RRA holds investments, and any necessary capital expenditure for companies as may be decided by the Executive Council.

As of March 2011, that is three years later, the RRA Companies General Fund has not yet been set up.

### 24.10 Statement of Arrears of Revenue

The arrears of revenue for the past three fiscal periods are given in Table 24-4.

*Table 24-4  Arrears of Revenue for the past three fiscal periods*

<table>
<thead>
<tr>
<th>Division/Unit</th>
<th>2008-09 Rs</th>
<th>Jul-Dec 2009 Rs</th>
<th>2010 Rs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fisheries</td>
<td>49,269</td>
<td>51,864</td>
<td>57,959</td>
</tr>
<tr>
<td>Judicial</td>
<td>373,925</td>
<td>341,930</td>
<td>699,175</td>
</tr>
<tr>
<td>Rental of Government Property</td>
<td>7,414,144</td>
<td>12,357,026</td>
<td>14,247,116</td>
</tr>
<tr>
<td>State Land - Old leases</td>
<td>-</td>
<td>1,469,834</td>
<td></td>
</tr>
<tr>
<td>Water Unit</td>
<td>1,264,385</td>
<td>1,464,402</td>
<td>1,608,634</td>
</tr>
<tr>
<td>Health and Sanitary</td>
<td>1,620</td>
<td>780</td>
<td></td>
</tr>
<tr>
<td>Rental of Snacks</td>
<td>381,420</td>
<td>639,295</td>
<td>581,203</td>
</tr>
<tr>
<td>NHDC Houses</td>
<td>260,040</td>
<td>301,280</td>
<td>498,850</td>
</tr>
<tr>
<td>Market Stalls</td>
<td>239,000</td>
<td>1,020</td>
<td>13,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>9,983,803</strong></td>
<td><strong>15,156,817</strong></td>
<td><strong>19,176,551</strong></td>
</tr>
</tbody>
</table>

The total arrears figure as of 31 December 2010 as compared to that as of 30 June 2009 has increased by Rs 9,192,748, that is more than 92 per cent.

The total arrears figure for Rental of Government Property of Rs 14,247,116 did not agree with those generated by the computerised system, which were Rs 1,422,348. Rent due for the year-to-year leases of State Land amounting to Rs 1,469,834 was still awaiting write off.
No forceful action had been initiated to recover arrears amounting to Rs 870,000 for the period July 2006 to December 2007 due by a hotel promoter who was granted a 20 years’ industrial lease in April 2004 that was cancelled in December 2007.

The RRA did not have recourse to legal action for the recovery of arrears of water rates but only issued reminders to debtors. It is recommended that RRA uses the process of summons to debtors within the year as advised by the Legal Adviser to avoid the accumulation of debt.

Only Rs 42,398 were collected during the year in respect of rental of snacks.

**RRA’s Reply**

Regarding the total arrears computerised figure for Rental of Government Property, SIL has been requested to remedy the problem/system.

Request for write off of old leases has been sent to the Ministry of Finance. Concerning the industrial lease, it has been judged that it would be unfair to claim a fee for occupation as the lessee has never occupied the site physically.

With regard to arrears of water rates, to be able to initiate legal action, there should be a policy decision taken by the Executive Council.

RRA has entrusted to a RRA owned company, the responsibility to manage the stalls and snacks and to collect dues.
Chief Commissioner’s Office

24.11 Setting Up of Private Companies

24.11.1 Background

At paragraph 22.6 of the Audit Report for the period July to December 2009, I had reported on a number of weaknesses relating to six private companies set up by the Rodrigues Regional Assembly (RRA). The objectives of these companies, as pointed out, are to address specific problems in the fields of solid waste management, tourism promotion, fisheries development, management of the water sector, trade and commerce and tourism development, for the better performance of its functions.

Among the weaknesses highlighted in the above report were the following:

- Non-Compliance of the Sections of the Investment Management Regulations and Requirements of the Ministry of Finance (MOF) by the RRA.
- RRA Companies General Fund which was not yet operational as of May 2010.
- Non-Submission of quarterly reports, financial statements, and annual reports by the private companies.
- Lack of accountability by the private companies.

As at the time of audit in March 2011, there was no marked improvement. I have already pointed out in the above report that in the absence of any business plan being formulated, the future of these companies might be at risk. During the fiscal year 2010, payments of more than Rs 37 million were effected thereby bringing total disbursements to the six companies to some Rs 90 million as of December 2010. Without Government’s support, the financial situation of most of these companies would be precarious and they might not be in a position to continue operating. Hence, it has become imperative for Government to evaluate the feasibility and viability of the investments of the RRA in the companies.

24.11.2 Disbursements

During the fiscal year 2010, some Rs 14.4 million were invested as shares in four of the companies, thus bringing the total amount of investment to some Rs 41 million.

- Operational costs of the companies amounting to Rs 14.1 million for period January to December 2010 were met from the Consolidated Fund of the RRA instead of the RRA Companies General Fund.
An amount of Rs 8.6 million was paid as grant to one company to meet its operational costs. In addition, an amount of Rs 4 million was invested in the form of equity, for which no approval of the Executive Council was seen.

Rs 2.4 million were spent in the form of equity for the purchase of fishing equipment and to meet the financial commitments of another company.

With regards to a domestic airline company set up in April 2009, no investment was yet made by RRA and as of December 2010, the company was not yet operational.

24.11.3 Non-Compliance with the Investment Management Regulations

The RRA Investments Management Regulations (IMR) 2008 which became effective as from 3 January 2009 were made to devise mechanisms for exercising control over the investments of the RRA. However, several sections of the IMR, as stated below, were not being complied with.

Feasibility Study/Business Plan

Section 3(4) of the IMR stipulates that “while considering the option to invest, the RRA shall evaluate the feasibility and viability of such investments by considering the feasibility study or business plan of such projects;” and Section 3(5) requires that “the Commissioner shall table the business plan of the company in the RRA within a year of the setting up of a company”.

Four of the six companies had not submitted a business plan nor a feasibility study as of December 2010. In the fiscal year 2007-08, an amount of Rs 8 million was invested in these companies.

Financing of Companies

According to Section 4, the Executive Council “shall decide on the financing of the companies which may be either by way of investments in the companies through equity participation or in terms of subsidies and grants”. Contrary to the IMR, during the fiscal year 2010, the RRA disbursed Rs 4 million for purchase of shares as well as Rs 8.6 million as grant to the same company.

Memorandum of Understanding

Contrary to Section 5(1), Memoranda of Understanding between the RRA and two companies were not seen.

Report of Activities of Company

Section 15 requires the Board of Directors to regularly keep the Commission informed of its major decisions as well as the activities of the company by submitting quarterly reports of activities and performances, including financial results to the Commission and the Executive Council. However, the quarterly reports were in most cases not submitted.
Annual Report

Section 20 requires the Board of Directors to publish a report, including the audited accounts, in relation to the company’s functions, activities, affairs and financial position in respect of the previous financial year to the Commissioner who shall lay it on the table of the Regional Assembly. One company submitted a report for the period July 2009 to December 2009. Two other companies had not submitted their audited accounts to the Commissioner for the fiscal year ended 30 June 2010 while a third one had not done so for the year ended 30 September 2010.

RRA Companies General Fund

Section 23 states that “the RRA shall establish a RRA Companies General Fund into which all dividends or returns received from investments in companies shall be deposited; and out of which shall be paid all grants and advances to companies under which the RRA holds investments, and any necessary capital expenditure for projects of the companies as may be decided by the Executive Council”.

Up to now, that is, three years after the IMR came into force, the RRA Companies General Fund has not yet been set up. The RRA had invested some Rs 41 million as equity participation in six private companies and so far, no dividend has been received from these companies.

General Policies and Procurement

According to Section 25, “the Board of Directors of a company shall ensure that sound financial principles are adhered to and as far possible, the operating costs of the company are covered by the revenues generated from activities of the company” and “the company shall adopt and follow a policy of transparency and good governance”.

No revenues were generated yet by the companies so as to meet their operating costs. Consequently, for the fiscal year 2010, funds amounting to some Rs 37.1 million had been disbursed to the companies through the Consolidated Fund of the RRA. No details were seen concerning an amount of Rs 2.4 million disbursed to one company for the acquisition of fishing equipment and materials and to meet its financial commitments.

For the Board to function independently and objectively, the Directors of the companies should disclose actual or perceived conflicts of interest. But in the case of one company, the Chairperson is also the Acting Officer in Charge of the Commission under which purview the company falls. Furthermore, one of the Directors is from the Finance Section. These might create situations of conflict of interest.

Control and Monitoring Mechanism

The IMR 2008 is a compliance tool meant for controlling and monitoring over the investments of RRA. It is, therefore, of vital importance for the good and effective management and accountability of these private companies that they comply with the IMR indistinctively. However, as of March
2011, it has been noted that several of the requirements as mentioned above had not been met. Accountability and control in respect of funds disbursed to private companies was therefore lacking.

24.11.4 Financial Performance and Sustainability

Since the creation of the six companies, the RRA had invested an amount of Rs 41 million as equity participation. Each year, some of the companies issue shares to RRA so that they can meet their expenditure. Moreover, grants are annually provided to some companies to meet their operational costs. In June 2008, the MOF required that private companies submit their business plans together with their audited annual reports besides complying with provisions of the Companies Act. Much emphasis was laid on financial sustainability and attention was drawn to the fact that no subsidy would be provided directly or indirectly by the RRA. Activities of those companies were to be closely monitored so that judicious utilisation of funds is made without compromising transparency and good governance.

In September 2010, while examining the budget proposals of the RRA for fiscal year 2011, the MOF stressed on the fact that “provision for capital expenditure should not be allocated to finance equity and/or increase the equity capital of a company unless the company has a sound business plan establishing its financial sustainability and unless the viability of such an investment from public funds based on a feasibility study has been determined. The RRA should not provide any direct or indirect subsidy to these companies”.

However, these requirements have not been implemented. Since the setting up of these companies, they have been continuously financed by the RRA. In addition to Rs 41 million invested as equity, a total amount of Rs 48 million had been disbursed as grants and for operational costs up to December 2010. It appears that significant funding would have to be continuously injected as they are not likely to generate fund in the near future. Therefore, it is difficult to ascertain their viability and sustainability in the future without government funding.

Recommendations

The RRA should impose upon the four companies to submit a feasibility study/business plan. Government should then evaluate the viability of the private companies and their financial sustainability. All the companies should fully comply with the IMR and the requirements of the MOF before funds are released by Government.

In case of those companies that are facing or could be facing going concern problems, it is recommended that proper consideration be given for their winding up.
24.12 Recruitment of General Workers

24.12.1 Background

At paragraph 4.6 of the 2008-09 Audit Report, I drew attention to a number of weaknesses on the recruitment of 243 trainees who were offered placement under the Training Programme for the Unemployed for a period of one year in September 2007. The placement was subsequently renewed up to December 2009.

In July 2010, 250 General Workers were recruited on a temporary month-to-month basis for a period up to 12 months for the implementation of various projects in the fields of natural resources rehabilitation, desilting of dams, pipe laying networks and re-afforestation. Their employment was renewed on the same terms and conditions up to December 2011.

24.12.2 Approval for Recruitment of General Workers in 2010

According to the budget proposals made in August 2009, there was an acute shortage of labour force in the Rodrigues Regional Assembly (RRA). In September 2009, the Ministry of Civil Service and Administrative Reforms gave approval for the recruitment of 250 General Workers on the conditions that this would not be against established posts, and be as per specific needs of projects undertaken by the RRA.

Delegated power for recruitment was granted by the Public Service Commission to the Acting Island Chief Executive in March 2010.

24.12.3 Disbursements – Rs 12.3 million

During the period July to December 2010, the RRA disbursed Rs 12,353,079 for the payment of salaries to General Workers under two programmes, namely Protection of the Environment (Rs 9,607,210) and Improvement of Food Crop Production (Rs 2,745,869) falling under the Commissions for Public Infrastructure and Agriculture respectively.

As of December 2010, there were 142 workers posted in the Commission for Public Infrastructure and 55 in the Commission for Agriculture. The remaining 53 workers were under four other Commissions, namely Education, Social Security, Health and Youth and Sports but no payment was charged to the items falling under them. Expenditure was not, therefore, correctly reflected under the programmes of the different Commissions.
24.12.4 Selection Process

In May 2010, a Senior Inspector of Works was appointed as Chairperson of the Selection Board. The two other members of the Board were a Senior Technical Assistant and a Financial Operations Officer.

Assessment Criteria

I had pointed out in my previous report that the criteria adopted for the selection of Trainees were not seen approved by the Executive Council. No approval was seen again for the selection of the General Workers.

The Selection Board decided that the selection was to be made on the basis of a number of criteria relating to academic qualifications, knowledge/experience and personality. The duration of unemployment was again not included among the selection criteria. The social status of the candidates (income, housing conditions and so on) as well as social aid and unemployment relief were not also considered.

Selection of General Workers

The 250 General Workers included 234 trainees that is 93 per cent of those who were recruited in 2007. These trainees were given priority in the selection exercise due to their experience during their traineeship.

24.12.5 Placement of General Workers in Different Commissions

Placement of General Workers not in line with Budget Proposals and Requirements

According to budget proposals, the 250 General Workers were to be posted on three specific projects namely desilting of dams (50), pipe laying network (50) and reafforestation- land and natural resources rehabilitation, pasture development, environment protection works and coastal zone management (150).

The Commissions for Water Resources, Agriculture and Public Infrastructure are responsible for the implementation of the above projects. Posting of the 250 workers who were recruited in July 2010, was not made after a proper assessment of the man power requirements of each Commission/Department concerned with the projects, and as per budget proposals.

- No workers were assigned to the Commission for Water Resources which is responsible for desilting of dams and pipelaying networks, the two priority projects. According to the budget proposals, these works would have required the mobilisation of 100 workers.

- Only 55 workers, that is 22 per cent, were posted to the Commission for Agriculture although the reafforestation project would have required the mobilisation of 125 workers.
145 workers, that is 58 per cent, were posted to the Commission for Public Infrastructure despite the fact that a request was made for a total of only 61 workers.

50 workers, that is 20 per cent, were allocated to four other Commissions, namely Youth and Sports, Health, Social Security and Education which did not have any programmes related to the above projects.

*Duties performed not related to approved Projects*

The manual work to be performed by general workers included among others, the collecting, piling of and loading of stones, assist in construction of retaining walls and masonry structures, collection of seeds, tree and grass planting, desilting of dams.

However, many of the workers recruited by the RRA were performing duties which were not associated with the approved projects. Some were engaged in the cleaning of offices, collection of wastes and construction of bus shelters while others were carrying out maintenance works at sports and youth infrastructures, community/area health centres and schools respectively.

*Expected Outputs*

The expected outputs from the programme were additional area available for agricultural production, environmental benefits that will help the tourism sector and reduced desiltation of the lagoon with the anti-erosive programme.

With Programme Based Budgeting, budget allocation is made on the programmes and projects submitted by each Commission, and the outputs and results are linked to the funding. Performance indicators were not defined for the above three outputs.

*Conclusion*

Some Rs 12.3 million were disbursed for payment of salaries of 250 General Workers recruited in 2010. 93 per cent of the trainees who were offered placement under the Training of Unemployed Programme in 2007, were among the General Workers recruited in 2010.

The duration of unemployment, the social aid/unemployment relief and social status of the candidates were not included among the selection criteria. Hence, it could not be ascertained whether the selection exercise was done in a fair and equitable manner, the more so that trainees were given priority in the selection of General Workers due to their experience during their traineeship.

Placement of the 250 General Workers was not made in line with the approved conditions. The manpower required for the execution of projects was not properly assessed as per specific requirements of each Commission/Department.
Since performance indicators were not defined for expected outputs, it was not possible to assess to what extent the recruitment of the 250 General Workers has contributed to the efficiency and effectiveness of projects implemented by the RRA in 2010.

**Recommendations**

Recruitment for employment should be carried out according to a proper set of criteria so that the selection is done in a fair and equitable manner.

Placement in the different Commissions/Departments of the RRA must be done according to approved conditions. Otherwise, necessary authority should be obtained for deviations.

Performance indicators should be defined for each output so as to assess the efficiency and effectiveness of projects implemented by RRA.

**RRA’s Reply**

General guidelines and criteria for recruitment of workers do not emanate from policy makers and for the sake of transparency, this is a purely administrative issue.

All the 53 workers in the Commissions of Education, Social Security, Health and Youth were performing duties in connection with the maintenance and upgrading of Environment. The only programme under which their salaries could have been charged was “Protection of the Environment”.

The outputs delivered by the General Workers have been more than satisfactory as certified by experienced and qualified Inspectors of Works, Senior Technical Assistants.
Water Resources Unit

24.13 Collection of Water Charges

24.13.1 General

There has been no marked improvement concerning the finalisation of the Water Rates Regulations (WRR) and setting up of the water tariff system as reported at paragraph 4.9 of the 2008-09 Audit Report. There was still a lack of appropriate action to recover the arrears of water rates.

24.13.2 Water Management and Distribution

Water Rates Regulations (WRR)

In June 2007, the Commission initiated action to amend the existing WRR which date as far back as 1928. 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. 8,000 water meters which were purchased in 2002, were installed by the Commission in January 2009.

In 2008, draft WRR which would among others, make households pay for water based on consumption, was submitted to the Executive Council but were not approved. Thereafter, two Consultants from UNDP prepared another draft Water Regulations, which would empower the Commission among others to meter, bill and collect tariffs from users for services performed. These were submitted for consideration to the Executive Council in October 2010 but were so far not approved.

The Setting Up of Rodrigues Water Co Ltd and Water Tariffs

In 2007, the Rodrigues Water Co Ltd (RWC Ltd), a RRA owned company having as main responsibility the management and distribution of water in Rodrigues was set up. In August 2010, a “Contrat de Delegation between the RRA and the RWC Ltd for Operation and Management of Water Supply” was signed. As of March 2011, the RWC Ltd took over the southern and western water distribution while the other sections, that is, Port Mathurin/North and Central were still under the purview of the Water Resources Unit (WRU).

In 2009, the European Union (EU) had financed a study on the operation of the RWC Ltd including a proposal for appropriate tariff. The EU had pointed out, among others, that:

- The RWC Ltd should charge for its services using volumetric tariffs. These tariffs should be set so that the company will become financially autonomous when its billing and collection systems work effectively.
The Rodrigues Regional Assembly will continue to fund capital investment—probably about two thirds of the total cost of providing water services— but that it will no longer need to fund the recurrent costs of operations, maintenance and associated administrative costs.

More than two and a half years have elapsed since the draft WRR were prepared and submitted to the Council. As of March 2011, a water tariff system has not been established yet. As of 31 December 2010, the RRA had already invested Rs 17 million in the company.

24.13.3 Arrears of Water Rates

Many owners or occupiers of premises supplied with a “prise” were not paying the water rate of Rs 22 due annually. Users in the domestic, commercial and industrial sectors were all being charged the same tariff. As per the latest Census of Economic Activities 2007, there were 2,480 small establishments in the industrial sector in Rodrigues. These included 197 hotels and restaurants as well as 620 units in the manufacturing sector.

The arrears of revenue of the water rates continued to increase every year as shown in the Table 24-5

<table>
<thead>
<tr>
<th>Fiscal Period</th>
<th>Arrears Rs</th>
</tr>
</thead>
<tbody>
<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>
<tr>
<td>6 months to 31.12.09</td>
<td>1,464,402</td>
</tr>
<tr>
<td>2010</td>
<td>1,608,634</td>
</tr>
</tbody>
</table>

The completeness and accuracy of the arrears figure as of 31 December 2010 could not be ascertained in the absence of a detailed list of the consumers. Some 28 per cent of the 600 reminders which were sent to consumers had either passed away or changed their address. Eleven per cent had not responded. The WRU should make it a priority to update its records.

Legal action against the defaulters so as to recoup the arrears was not again being initiated by the Commission.
24.13.4 Computerisation of Collection of Water Rates

In November 2010, a computerised system was developed by an ICT Consultant of the Ministry of Finance for the creation of a complete database of consumers and the collection of water rates.

Problems Encountered with the New System

As of March 2011, the above new system was not operational. According to the IT Unit of the RRA, the system developed could not be used for processing arrears of water rates. It catered only for input of data without any query option or report generation facilities. The system was not adequately tested as well.

Upgrading of Existing System

The IT Unit informed that the existing computerised system at the RRA includes a module for revenue that can be upgraded as per the requirements of the WRU. Since mid-March 2011, the IT Unit has started to upgrade the system.

Recommendations

The RRA should promptly finalise the WRR and Water Tariffs as the installation of water meters has long been completed. This will help in generating revenue.

The Commission should give priority to update its records of consumers by different sectors.

The arrears for water rates should be promptly compiled according to the updated records so as to reflect an accurate figure.

The RRA should initiate appropriate action to recover all amounts due and make use of the process of summons to debtors within the year as advised by the Legal Adviser to avoid accumulation of debt.

The RRA should ensure that an appropriate computerised IT system is operational for the prompt collection of water rates.

RRA’s Reply

A policy decision is required regarding the finalisation of the Water Rates Regulations. The present rate of Rs 22 per annum needs to be re-adjusted. However, it is strongly felt that same cannot be implemented until such time that a proper distribution of water is established islandwise.

The RWC Ltd is still financially non-autonomous. As such, it is not in a position to take over the management and distribution of water over the whole island.
A policy decision is required regarding recovery of arrears by legal means. Necessary action is being taken to update records.

The information technology system will be fully operational very soon. Moreover, two officers will be trained to operate the system.

24.14 Projects in the Water Sector

24.14.1 General

At paragraph 4.10 of the Audit Report for the year ended 30 June 2009, with regard to the supply, installation and commissioning of five water treatment plant - three brackish water purification plant at Fond La Digue, Camp Du Roi and Baie Topaze, and two seawater desalination plant at Songes, I drew attention to late completion of the projects, low production of potable water, operational problems as well as late provision of training.

During the fiscal year 2010, the Commission disbursed some Rs 40.2 million for the implementation of various projects. Besides the review of the procurement of the five water treatment plant, three new projects - the upgrading of water systems and a filtration plant, and the construction of a new reservoir at Creve Coeur, of a total project value of Rs 19.5 million were examined.


The projects regarding the supply, installation and commissioning of three brackish water purification plant were awarded to Contractor A at a cost of Rs 15 million in December 2007 and April 2008 while that of the two desalination plant to Contractor B for the sum of Rs 34.8 million in May 2008. The commissioning of the Plant were completed in August 2008 and April/May 2009 respectively.

Brackish Water Purification Plant - Rs 15 million

Operation and Maintenance Contract.

Contractor A entered a contract for the operation and maintenance of the three brackish water purification plant since September 2008, at at the monthly rate of Rs 245,115, i.e, Rs 2,941,380 annually, for a period of three years renewable every year. The total amount paid up to December 2010 was Rs 6,618,105.

In August 2009, four weeks’ training was provided to the staff of the Water Resources Unit (WRU) for the operation and maintenance of the plant. In addition, in April/May 2010, a sum of Rs 749,271...
was paid to another company as fees and other related costs for the training of the personnel of both the WRU and the Rodrigues Water Company Ltd (RWC Ltd) to operate and maintain the plant.

In September 2010, it was decided to recruit workers having experience in the operation and maintenance of the plant to take over from Contractor A. However, in October 2010, the operation and maintenance contract was renewed for the third year at the cost of Rs 2.9 million as it was found that renewal would be more economical since the plant needed major improvement. Hence, the plant was still being operated by Contractor A as of March 2011.

**Desalination Plant-Rs 34.8 million**

In view of the acute supply of water in Rodrigues, the RRA had decided in September 2007 to install two desalination plant, using sea water to produce fresh water for domestic purposes.

*Operation and Maintenance Contract.*

Contractor B who had supplied the two desalination plant, is also responsible for the operation and maintenance of the plant for a period of three years, from May 2009 to May 2012. An amount Rs 2,032,408 was already included in the contract for the procurement of the plant. Several problems such as damage to submersible pump, high salinity of water, stoppage of operations due to missing cartridge filters, were noted since the commissioning of the two plant which took place in April and May 2009.

*Closing down of Plant by Contractor B*

In May 2010, Contractor B ceased operating both desalination plant owing to the non release of the second five per cent retention money. In December 2009, he had also pointed out that the ten per cent liquidated damages were deducted without any reasonable justification. The Contractor stated that he would “restart up the Plant when payment will be released”.

*Decisions by Water Management Committee (WMC) after Closing Down of Plant*

On 16 August 2010, the WMC took cognizance of the closure of the desalination plant and decided among others the following:

- “The imminent reopening of the plant as the RRA was in acute supply of water
- To request to file a statement to the Police at latest 20 August 2010 and to sue the Contractor for default
- The RWC Ltd will take over of the operation and maintenance of the plant and recruit a qualified employee to perform these duties
- To post a Security Officer at the Songes site”.
Taking over of Plant by RWC Ltd.

On 24 August 2010, a “Contrat de Delegation” was signed between RRA and RWC Ltd for the operation and management of water supply in Rodrigues for a period of three years. According to this agreement, the RRA shall hand over to the RWC Ltd the installations that it has to operate. With respect to the water treatment plant, the RWC Ltd is responsible among others, for their operation and maintenance, bearing the cost of large repairs and rehabilitation, monitoring yields and water quality and updating inventory annually.

However, no proper handing over of the water treatment plant to the RWC Ltd was carried out. A list of the inventory of the installations taken over showing among others, the location of all equipment including spare parts, their cost and condition was not seen.

Legal Issues and Rehabilitation of Plant.

In September 2010, Contractor B informed the Commission that an amount of Rs 4,970,773 being five per cent payable on final commissioning of the plant (Rs 1,636,143) and maintenance charges for three years from start-up of the plant (Rs 3,334,630), were still due. He requested that payment be made immediately, failing which legal action would be taken for the recovery of the full amount, plus interests and other legal costs and fees. In October 2010, however, the Legal Adviser of the RRA informed the Commission that the matter was to be determined by arbitration.

In March 2011, a meeting was held with the Contractor, and both parties went on a site visit at the desalination plant. The Contractor thereafter highlighted a number of problems relating to the condition of the Plant including the following:

- Plant No 1: shut down, lot of parts dismantled, air conditioner broken, control panel tampered.

- Plant No 2: presence of seawater, production less than normal, sediments inside tank, sand filter broken, safety instruments out of order, possibility of production of water of bad permeate quality.

According to the Contractor, both plant needed major rehabilitation and proposed to do so on following conditions:

- The Commission will pay him urgently the sum of Rs 6,872,493

- The Commission will pay Rs 4.8 million representing costs of rehabilitation.

- A new contract will be issued by the Commission for maintenance and plant operation at the monthly rate of Rs 150,000.”

On 31 March 2011, the matter was submitted to the Executive Council.
Replacement of Membranes of the Plant - Rs 1.1 million.

Membranes are used in the “reverse osmosis” process to remove the salt and other minerals from the sea water to get fresh water. Each plant is fitted with a set of 16 membranes. In 2010, two new sets of membranes were purchased in replacement of the existing ones at a total cost of Rs 1.1 million – the first one for Plant No 2 by the Commission (Rs 408,720) in July 2010 while the second one for Plant No 1 by RWC Ltd (Rs 599,840) in December 2010.

The first set of membranes for Plant No 2 was purchased as per recommendations of the WMC. These were fixed in October 2010. The approval of the Executive Council was not obtained and the claim was still outstanding as of end March 2011. It is to be noted that a notice for recovery of debt was issued by the supplier on 16 March 2011.

With respect to Plant No 1, in December 2009, Contractor B was informed that the Plant was producing water of high salinity and beyond the required standards. According to the Contractor, the utilisation of an inappropriate antiscalant solution had resulted in the degradation of the membranes. In December 2010, i.e one year later, the RWC Ltd bought a new set of membranes. According to Contractor B, the membranes were not of “Toray” production which was originally used but of “Filmtec”. These were not yet fixed as of March 2011, that is three months after purchase.

Site Visit.

During a site visit carried out by my Officers on 3 March 2011, the 16 membranes for Plant No 1 were seen stacked in a container on site and were not yet fixed. With respect to Plant No 2, the sand filter was seen cracked and was secured around with a rope and several water leakages were also noted. The two generators received from the Contractor in April 2009, were seen abandoned and were in a deplorable state. Further, the site was left unattended.

Conclusion

An amount of Rs 749,271 was spent by the RRA for training for the staff of WRU and RWC Ltd over and above the cost incurred for training already included in the contracts for the supply of the plant. Nevertheless, the three brackish water purification plant were still being operated by Contractor B as of March 2011 at an annual cost of Rs 2.9 million, more than two years since its operation.

Both plant were closed down in May 2010. Two new sets of membranes were purchased in replacement of the existing ones at a total cost of Rs 1.1 million. The first set was purchased without the prior approval of the Executive Council and the non-payment of the claim might lead to legal action against the RRA. The other set purchased by RWC Ltd was not yet fixed in the desalination plant more than three months after purchase.

There were several contractual issues which were not yet settled since nearly two years later. Since October 2010, the Legal Adviser has advised that the matter be determined by arbitration.
Although the RRA has invested significantly in the two desalination plant, the RRA is not obtaining value for money. One of the plant did not operate for some five months while the other one was not operating since more than 15 months as of 31 March 2011. Both plant needed major rehabilitation work for which RRA might have to disburse additional fund.

24.14.3 Upgrading of Water Systems - Rs 4.8 million

During the year 2010, the Commission disbursed a sum of Rs 4.6 million for the upgrading of water systems at eight locations over the island. The total contract value of the projects was Rs 4.8 million. The contracts relating to works carried out at four sites were examined.

In December 2009, a contract was awarded to Contractor C for the sum of Rs 806,138 for the upgrading of the water system at Pistaches, Papayes and Oranges. In May 2010, another contract was awarded to Contractor D for Rs 862,500 at the Jean Tac site. The works comprised rehabilitation/fencing of existing springs, demolition of an existing reservoir, construction of platforms, fencing and masonry works, supply of water tanks and so on. A pump house was also to be built at Jean Tac. Payments totalling Rs 1,585,207 were made up to December 2010.

The work carried out at the first three sites were not wholly executed since there was no water tanks fixed on any of the constructed platform nor any pipe connection in place.

At Jean Tac, a structure in the form of a reservoir was constructed instead of a concrete platform. Two vertical pumps were fixed in the pump house at Grand Bay but were not yet connected to the water system.

The Commission has spent money on projects for which no benefits were being derived by the inhabitants of the above four regions.

24.14.4 Upgrading of Filtration Plant at Creve Coeur – Rs 1,167,572

The contract for the upgrading of the filtration plant at Creve Coeur was awarded to Contractor C for the sum of Rs 1,167,572. The site was handed over on 23 June 2010 with duration of 50 days. The contractual completion date was 11 August 2010. The total amount paid as of December 2010 was Rs 1,117,283.

The works were completed on 11 September 2010, that is, with a delay of 30 days. This was stated to be due to additional works, i.e, reinforced concrete works in the sedimentation tank, masonry structure and metal ladders. The cost for the additional works was Rs 256,775. However, these works were approved by the Departmental Head on 24 September 2010 i.e. 13 days after the works were carried out.

At a site visit made by my Officers on 9 March 2011, it was noted that the filtration plant was not being used although more than five months have elapsed since the completion of the works. The reason given was that the pipe connection from Cascade Pigeon Dam was not yet done and as a
result, no water could be sent to the filtration plant. Hence, the filtration plant was not being used as planned.

24.14.5 Construction of a new 1000 m³ Concrete Reservoir at Creve Coeur- Rs 13,500,017

The contract for the construction of the above reservoir was awarded to Contractor E on 6 September 2010 for a total sum of Rs 13,500,017.

Certification of claims.

As of March 2011, the total amount paid to the Contractor was Rs 7,090,483. The payment certificates relating to the above contract were not signed by the Acting Senior Engineer but by a Senior Inspector of Works of the Commission.

Late Completion of Works.

The handing over of site was done on 27 September 2010. The duration of the works was 150 days and was due for completion on 23 February 2011. As of 10 March 2011, the project was not yet completed. In the absence of a formal request for extension of time from the Contractor, liquidated damages are claimable.

Recommendations

Regarding the brackish water purification plant, the RRA should ensure that before any procurement is made, approval should first be obtained. The RRA should ensure that all contract terms and conditions are strictly complied with.

With respect to the desalination plant, contractual issues must be promptly settled by all parties. Plant have to be rehabilitated and become operational as soon as possible so as to meet the demand of potable water and not to further penalise the consumers. The risks associated with the condition of the plant on site, i.e, electrocution, bad quality of water, further damage to the equipment and so on should be assessed and addressed as well.

A detailed inventory of the Plant should be carried out and a proper handing over between the Commission and the RWC Ltd should be done.

Water tanks should be installed and other ancillary works must be completed so that the inhabitants of the four regions visited can be provided with water. Damages should be claimed for non-execution of works.

The pipe connection must be done so that the filtration plant can be used for the upgrading of the water system at Creve Coeur. Additional works should be properly approved before execution.
All payments concerning the construction of the new reservoir at Creve Coeur should be properly certified by the Engineer. Liquidated damages should be claimed for late completion of works in accordance with the terms of contract.
Commission for Public Infrastructure, Environment, Housing, Marine Parks and Transport

24.15 Construction of the Winston Churchill Bridge Project

24.15.1 Background

The project is to construct a new bridge to replace the old Winston Churchill Bridge at Port Mathurin in Rodrigues, so as to provide a safe link between the capital of Rodrigues and the northern part of the island. The works consisted, among others, of the construction of barrier, pier, abutment, deck and masonry wall, foundation works, casting of beams, placing and compaction of crusher run and laying of bituminous concrete base and wearing course.

The contract was awarded to Contractor V in January 2009 for the sum of Rs 10,064,268 for a duration of 210 days. The works started on 9 February 2009 and were due for completion on 6 September 2009. The works were supervised by the Acting Senior Engineer of the Public Infrastructure Department.

24.15.2 Disbursements-Rs 7,678,338

During the period January 2009 to March 2011, payments totalling Rs 7,237,612 were made under the project. Only Rs 5,628,534 for the period January to December 2009 were charged to item “Construction of Bridges” while Rs 1,609,078 for the fiscal year 2010 were debited to the item “Construction of Roads”. However, no adjustment was made at year end so that the expenditure incurred for the project is not correctly reflected in the financial statements of the RRA. A final payment of Rs 440,726 was made in April 2011.

24.15.3 Bidding Process

Tenders for the construction of the bridge were invited by a Departmental Tender Committee (DTC) through the Open Advertising Bidding Method on 6 October 2008.

Estimated Cost of Project

In July 2007, the cost of the project was estimated at Rs 4,865,294 and was revised to be over Rs 5 million in August 2008. Contrary to Section 39(1) of the Public Procurement Act (PPA), an updated cost estimate was not worked out before the launching of tenders in October 2008. The prices quoted by the two bidders in November 2008 were both over Rs 10 million, that is, more than 100 per cent of the estimates prepared in 2007. In the absence of an updated cost estimate, the reasonableness of bids received could not be ascertained.
It is to be noted that there was no record in the minutes of meeting of the Bid Evaluation Committee (BEC) held on 13 November 2008, that a comparison of the quoted prices with the cost estimates of the Commission was carried out.

Bid Opening and Evaluation

Two bids for Rs 10,064,268 and Rs 11,311,919 were received from Contractors V and W at the closing date of 10 November 2008. On 13 November 2008, the BEC found that the offer of Contractor V was technically non-responsive as he did not meet the qualification criteria regarding non submission of proposals for (a) major items of construction equipment to carry out the project, and (b) qualifications and experience of key site management and technical personnel.

However, due to the huge differences in price between the two bidders, the BEC recommended the DTC to consider the non submission of the two above proposals.

- “either as a minor deviation, to then request clarification from the bidder (Contractor V). Upon confirmation that Contractor V would deploy the required equipment and personnel, the DTC to consider award to him.

- or as a major deviation, to then award to Contractor W being the only evaluated responsive offer”.

Award of Contract to Contractor V.

Then on submission of two proposals was considered as a minor deviation, and the missing information was submitted on 24 December 2008. Regarding the construction equipment, Contractor A stated that the roller will be shipped to Rodrigues or hired when required while the equipment for asphalt works will be provided by a Specialist Asphalting Sub-Contractor.

The contract was awarded to Contractor V for the sum of Rs 10,064,268 on 23 January 2009 as per BEC recommendations on 12 January 2009 on the ground that the proposals for equipment and personnel were found to be as per requirements and the offer was considered as responsive.

The following were observed.

- Contractor V did not submit to the Commission before award of the contract, any written agreement/undertaking or adequate proof regarding the provision of a roller and equipment for asphalt works. Hence, he did not meet the qualification criterion regarding these major items of construction equipment.

- Not only equipment was provided by the asphalting sub-contractor (Contractor W), but the asphalting works were also sub-contracted to him on 6 November 2009. Contrary to the terms of the contract, the prior approval of the Project Manager (the Engineer of the Commission) was not obtained.
The written approval of DTC was not obtained before the award of the contract to Contractor V, contrary to Financial Regulations.

24.15.4 Non Compliance with Contract Conditions

Contractor V did not comply with many contract conditions relating to the submission of performance bond, insurance policies, change in bills of quantities and variations.

Performance Bond.

Contractor V did not furnish a performance bond within 15 days of the letter of award that is on 9 February 2009 but on 11 March 2009, that is, with a delay of more than one month. The bond was not renewed at the expiry date on 31 August 2010.

Insurance Policies.

Contractor V submitted the insurance policies on 20 March 2009, that is 39 days after the due date. The policies were not seen renewed at the expiry date on 17 November 2009, to cover the defects liability period up to 12 January 2011.

As Built- Drawings.

As built drawings were not submitted by Contractor V after the final completion of the works, as required under the Contract.

Changes in Bills of Quantities (BOQ) and Variations Works.

According to the terms of the contract, if the final quantity of the work done differs from the quantity in BOQ for the particular item by more than 25 per cent, provided the change exceeds one per cent of the initial contract price, the Engineer shall adjust the rate to allow for the change. The prior approval of the Commission has to be obtained if the initial contract price is exceeded by more than 15 per cent (Clause 38.1). Further, the Engineer is required to assess the quotation for carrying out a variation and/or an extension before the variation is ordered (Clause 40.1).

The following were observed:

- Significant differences were noted between the quantities of works certified and those as per BOQ. For example, the actual quantity of high tensile steel reinforcement (18,587 kgs) exceeded that in the BOQ (4,500 kgs) by 14,087 kgs i.e. more than 300 per cent. On the other hand, the quantities for bituminous concrete for base (26 tons) and wearing (258 m²) course were less by 224 tons and 442 m² i.e. some 90 and 63 per cent respectively than those in the BOQ. These changes exceeded the initial contract price of Rs 10,064,268 by 11, 12 and 4 per cent respectively. Relevant documentation regarding the justification and approval for these changes was not seen. Since as built drawings were not submitted, the deviations made in the construction compared to the original plans were not therefore known.
There was no adjustment of the rates of the above items to allow for the changes in quantities although the differences exceeded the initial contract price by more than one per cent.

Two variations amounting to Rs 169,108 were not supported by variation orders duly signed by the Engineer of the Commission. In other five cases totalling Rs 543,629, the cost and time implications were not indicated on the instructions issued by the Engineer.

24.15.5 Project Completion

The contract was awarded on 23 January 2009. The works were due for completion within 210 calendar days from the contractual start date.

Handing over of Site.

According to the contract, the works were due to start 14 days after handing over of the site. However, a formal handing over was not done so that the contractual start date was not known.

Practical Handing Over, Extension of Time and Liquidated Damages.

According to the Commission, the project started on 9 February 2009 and was therefore due to be completed on 6 September 2009. As per Practical Completion certificate issued on 23 March 2010, the works were completed on 12 January 2010.

The Contractor did not give an early warning of the delay in the execution of contract but applied for extension of time of 61 and 169 days in October 2009 and August 2010, that is, more than one month after the contractual completion date and six months after their actual completion. This included an extension of 16 days due to bad weather condition which was not supported by reports from Meteorological Services. An updated program of works was also not submitted.

There was a delay of 127 days in the completion of the works. Since the intended completion date was not seen extended by the Engineer, Contractor V is liable to pay liquidated damages amounting to Rs 383,916 i.e. a maximum of five per cent of final contract price (Rs 7,678,338).

24.16 Construction of Market Fair at Port Mathurin Project

24.16.1 Background

The project is to construct a modern market at Port Mathurin in order to accommodate sellers of local products. The works consist of the following:

- Demolition of existing reinforced concrete buildings, site clearance
- Construction of market with prepainted roof sheeting
Construction of meat shop, hawker stalls, water tanks

Associated mechanical and electrical works

New reinforced concrete bridge to link bus terminal to market place.

The works started on 11 March 2010 and were due for completion within 365 days. The project was not yet completed but had reached 70 per cent completion stage as of end March 2011.

24.16.2 Non Compliance with Ministry of Finance Directives

During budget consultations for the fiscal year 2010, the Ministry of Finance (MOF) expressed its concern regarding the project cost which had more than tripled from the initial cost estimate of Rs 30 million to Rs 105 million.

MOF requested that the prior approval of the Project Plan Committee (PPC) had to be obtained before the works started and a mechanism for cost recovery should be put in place. In the absence of the relevant documents, it could not be ascertained whether the above directives from MOF were complied with.

24.16.3 Award of Contract

The contract was awarded to Contractor X on 24 February 2010 for the sum of Rs 85,653,893 for a duration of 365 days. The works started on 11 March 2010 and were expected to be completed on 10 March 2011. The works were supervised by a firm of Consultants (the Engineer) who is also the Project Coordinator. They are responsible, among others, for the monitoring of progress and cost, and administer all contract conditions.

24.16.4 Payments to Contractor – Rs 44,698,179

Payments

During the period January 2010 to March 2011, total payments amounted to Rs 44,698,179. The payments were certified by the Engineer but were supported by a summary of works done for each bill of quantity together with the progress achieved itemwise. The amount paid for each item of work was not detailed.

Variations

According to the notes of a site meeting held in February 2011, a number of variations occurred. However, a list of variations such as additional beams on meat shop and hawker shed, modification to pedestrian bridge, additional sleeves, was not attached to the payment certificates. In March 2011, Contractor X had submitted only cost reports for the substructure and openings.
At a site visit carried out by my Officers on 6 April 2011, it was also noted that certain changes such as omission of offices and additions of a kitchen/cafeteria were made in the first floor of the building.

A detailed cost report for all variations and omissions as well as the variation orders together with the revised drawings were however not seen. In the absence of relevant documentation, the following could not be ascertained:

- the correctness of the value of work certified for each individual item appearing in the payment certificates;
- the actual quantity of work done and rate paid for each item and
- that all variations have been duly authorised before execution and were correctly valued.

### 24.16.5 Project Completion

According to the Contract, the project was due to be completed on 10 March 2011.

**Progress of Works**

The works were not yet completed as of 31 March 2011, that is 20 days after the due date. As of 16 March 2011, the rate of completion of the works was 70 per cent and the date for the handing over was expected to be 9 May 2011.

**Extension of Time and Liquidated Damages**

On 8 February 2011, the Contractor applied for a first extension of time up to 2 April 2011 due to delay in availability of site, submission of drawings and information by the Commission. As of 31 March 2011 i.e. more than 51 days later, the Engineer had not yet determined the amount of extension which the Contractor was entitled to nor informed the Commission of the reason thereof.

On 17 March 2011, the Contractor has stated that he would apply for a second extension up to end April 2011 but no formal application was yet submitted as of end March 2011.

According to the terms of the contract, since the project was not completed at due date of 10 March 2011 and the Engineer had not yet approved extension of time, the Contractor is liable to pay liquidated damages at the rate of Rs 50,000 per calendar day during which the completion of the works is delayed.

**Insurance Policies**

The Contractors All Risks’ policies were not seen renewed at the expiry date on 22 March 2011, although the works were not yet completed as of 31 March 2011.
24.16.6 Consultancy Services – Rs 5 million

In January 2009, a firm of Consultants i.e the Engineer was awarded, upon the approval of the Central Procurement Board (CPB), the contract for the provision of consultancy services for a number of selected development projects to be undertaken by the RRA for the sum of Rs 19,130,000. These did not include the project for the Construction of the Market Fair at Port Mathurin.

Contrary to the contract, no written agreement was seen in respect of the additional works entrusted to the Engineer regarding the Market Fair project before effecting payments. As of mid March 2011, total payments amounted to Rs 2,082,937, out of a sum of Rs 3,744,112 claimed by the Engineer. The latter’s computation was based on a contract sum of Rs 5,475,000 as proposed in May 2009 while that certified by the Commission was calculated on a contract sum of Rs 5,175,000. In the absence of any agreement, it was not known how this figure was arrived at.

Approval of the CPB for a contract sum of Rs 5,475,000 for the above project was obtained in September 2010, that is more than one year after the first payment was made. It is to be noted that this amount is different from that so far used by the Commission for certification of payments.

Overall Recommendations

The Commission should ensure that projects are properly administered, supervised and completed in time and that contract conditions as well as MOF directives are duly complied with. Extension of time should be dealt with as per contract conditions. Otherwise, liquidated damages should be claimed for failure to complete the works within the contract period.

The provisions contained in the PPA and Instructions to Bidders should be strictly complied with by the RRA and the Contractors respectively.

Payments must be duly supported and all variations should be properly authorised and valued before payment.

The Consultancy contract sum for the Market Fair project needs to be formally agreed between the Engineer and the Commission before proceeding with further payments.

RRA’s Reply to Construction of Winston Churchill Bridge Project.

Project was financed from the Additional Stimulus Package. Payment was made under item “Construction of Roads” pending receipt of funds from the Ministry for Rodrigues so as not to pay any claim of interest for late payment.
The difference in value is attributed to the original estimate in year 2007 which excludes preliminaries and general cost which accounts for more than Rs 2.5 million and some new items omitted in the original estimate which have been provided in bid document.

Contractor W is the sole specialist contractor in asphalting works and has executed projects for RRA for more than 10 years.

The quantities as mentioned in BOQ are provisional and have been subject to joint re-measurement for payment purposes. No claim for increase in rate has been submitted by Contractor V.

The reasons evoked by Contractor V for delays have been viewed as compensation events in line with the conditions of contract.
Commission for Agriculture, Food Production, Forestry, Plant and Animal Quarantine, State Land and Town and Country Planning

24.17 Food Security Fund

24.17.1 Background

In July 2008, Government set up a Food Security Fund (FSF) for both Mauritius and Rodrigues to foster local production of foodstuffs so as to mitigate, in the short and medium term, the dependency of the country on imported food commodities. Over the three-year period 2008-2011, the FSF Committee (Mauritius) approved 21 projects for Rodrigues at a total cost of Rs 187 million.

The Commission for Agriculture (the Commission) is the implementing agency and has the responsibility to supervise all FSF projects in Rodrigues. In January 2009, a FSF Steering Committee was set up and eleven projects were targeted and scheduled to be completed by the end of December 2010.

24.17.2 Objectives of the FSF- Rodrigues

The main objectives of the FSF for Rodrigues as spelt out in the Strategic Plan 2008-11, are as follows:

- To increase local production of food, crop and livestock.
- To substitute import.
- To increase export.
- To reduce poverty.

24.17.3 Project Financing and Accountability

All the projects implemented in Rodrigues were financed from FSF through the Ministry of Agro-Industry in Mauritius. Contrary to the instruction given by the Chief Commissioner’s Office in October 2009, the amount received from the FSF was not processed under the Treasury Accounting System (TAS) of the RRA. Hence, transactions in the FSF were not reflected in the Financial Statements of RRA.

On 1 April 2009, the Commission opened a bank account where money received from FSF (Mauritius) was credited and payments for project expenditure were debited. No cash book was kept by the Commission so that total amount of money received and paid could not be ascertained.
According to bank statements for the period April 2009 to December 2010, the total amount received and paid were Rs 48,280,308 and Rs 38,289,130 respectively. As of 31 December 2010, the bank balance was Rs 10,041,794.

24.17.4 Project Implementation

Eleven projects were approved for the total amount of Rs 116 million by the FSF Committee of Mauritius as per Table 24-6. According to the project schedule, three projects should have been completed by March 2010, and the remaining ones by May 2011.

Table 24-6 Status of Projects implemented under the Food Security Fund as of 31 March 2011

<table>
<thead>
<tr>
<th>Project Description</th>
<th>Project Value (Rs million)</th>
<th>Project duration (months)</th>
<th>Expected Completion Date</th>
<th>Status @ 31 March 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Improvement of agricultural land for staple food production</td>
<td>21.00</td>
<td>24</td>
<td>Feb 11</td>
<td>Ongoing</td>
</tr>
<tr>
<td>2 Setting up of Chilli Farm</td>
<td>1.65</td>
<td>24</td>
<td>Jan 11</td>
<td>Completed</td>
</tr>
<tr>
<td>3 Setting up of a Model Dairy Farm at St Gabriel</td>
<td>4.00</td>
<td>-</td>
<td>Feb 11</td>
<td>Ongoing</td>
</tr>
<tr>
<td>4 Setting up of a Sheep Multiplier Farm at Crab Island</td>
<td>2.50</td>
<td>-</td>
<td>Feb 11</td>
<td>Not yet Started</td>
</tr>
<tr>
<td>5 Upgrading of facilities for Onion production</td>
<td>41.00</td>
<td>12</td>
<td>Mar 10</td>
<td>Completed</td>
</tr>
<tr>
<td>6 Construction of one slaughter house</td>
<td>20.00</td>
<td>18</td>
<td>Sep 10</td>
<td>Ongoing</td>
</tr>
<tr>
<td>7 Setting up of Multiplier Farm for goat</td>
<td>1.06</td>
<td>24</td>
<td>Feb 11</td>
<td>Not yet started</td>
</tr>
<tr>
<td>8 Setting up of Bean Village</td>
<td>7.20</td>
<td>24</td>
<td>Mar 11</td>
<td>Completed</td>
</tr>
<tr>
<td>9 Setting up of Incubation Centre</td>
<td>4.50</td>
<td>12</td>
<td>Feb 10</td>
<td>Ongoing</td>
</tr>
<tr>
<td>10 Irrigation Development</td>
<td>8.35</td>
<td>24</td>
<td>May 11</td>
<td>Not yet started</td>
</tr>
<tr>
<td>11 Construction of a Feed Mix Unit</td>
<td>4.91</td>
<td>12</td>
<td>Mar 10</td>
<td>Not yet started</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>116.17</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Project Status

Significant delays were noted in the implementation of projects. Only three projects had been completed within the scheduled completion dates. As of 31 December 2010, some Rs 38.3 million, representing 33 per cent of the total project value were disbursed. As of 31 March 2011, three projects for an estimated amount of Rs 8.47 million which ought to have been completed by February 2011, were not yet started.

Two projects namely the setting up of a model farm and the construction of a slaughter house as well as the repairs of five tractors, for a total contract value of Rs 63.4 million were examined.

Setting up of a Model Dairy Farm - Rs 10.65 million

The main objective of the setting up of a Model Dairy Farm at St Gabriel is to provide facilities for the pasteurisation of milk from breeders and promote the production of milk. The total cost of the project was estimated at Rs 10.65 million and comprised 19 components.

Setting up of Milk Pasteurisation Unit

In October 2009, the Commission awarded the contract for the supply, installation and commissioning of a Milk Pasteurisation Unit to Contractor Y for the total amount of Rs 2,232,474. Contractor Y delivered the Pasteurisation Unit on 14 January 2010. However, the Commission had not yet provided the required space for installation of the Unit by that time. The Unit was finally commissioned and tested in August 2010, that is seven months after its delivery.

During the commissioning of the Pasteurisation Unit, the Commission sought the assistance of a private company, under a “professional and trade co-operation”. Although the Milk Pasteurisation Unit had been installed and tested, the representative of the private company made some salient observations on the Unit as well as a number of recommendations. It was observed that these recommendations had not yet been implemented.

Purchase of Cows and Production of Pasteurised Milk

The purchase of 50 cows at an estimated cost of Rs 3.7 million in order to provide adequate milk for pasteurisation is a major component of the project. The Commission initiated action for the purchase of the cows in May 2010 but these were not yet received as of March 2011. According to the Installation Manual, the Unit can provide pasteurised milk up to 1,500 litres per day. In fact, up to November 2010, only an average of 60 litres of milk, representing four per cent of the capacity, was being processed per day. In December 2010, the Unit was not operational due to unavailability of food grade milk pasteurising plastics. At a site visit made by my Officers on 15 March 2011, the Unit was not operating.
**Construction of Slaughter House - Rs 49.8 million.**

The project for the construction of a slaughter house at Baie Diamant comprises four components with estimated costs of Rs 20 million.

**Consultancy Services**

The contract for consultancy services for the design, supervision and monitoring of the project was awarded on 29 March 2010 to a Consultant for the lump sum of Rs 1.9 million. The contract value exceeded the estimated cost of Rs 1 million by some Rs 900,000, that is by more than 90 per cent. According to the contract, 25 per cent of the contract value were to be paid upon submission and approval of tender documents and drawings. However, a payment of Rs 675,000 representing 35 per cent of the contract value was made on 13 December 2010 although the draft tender document was submitted for vetting to the Commission only in February 2011.

**Construction of Building**

The project was initially scheduled to start in March 2009 and be completed in September 2010 at a cost of Rs 9 million. However, in May 2010, the cost of the construction of the building was revised to Rs 47,756,000 by the Consultant who prepared the tender documents. This represents an increase of more than 400 per cent of the initial project cost. The construction of the building was rescheduled to start in January 2011. As of March 2011, the tender for the construction of the building was not yet launched.

**24.17.5 Contract for Repairs of Tractors - Rs 3 million**

In February 2010, two surveys were carried out by Contractor Z to evaluate the costs of repairs of five tractors of the Commission. In March 2010, the FSF Committee agreed to have the tractors repaired. The works were entrusted to Contractor Z at the contract price of Rs 3 million, inclusive of freight cost from and to Port Mathurin.

One of the five tractors damaged by fire, was repaired and received at the Commission in November 2010. The cost of repairs amounted to some Rs 1.9 million. Prior approval of the Commission for these repairs was not seen. At time of audit in March 2011, payment had not been effected.

As of March 2011, two tractors were still at the Contractor’s workshop, and the remaining two were lying at the Commission awaiting repairs. No remedial action has been taken so far by the Commission to get the four tractors repaired. Since more than 60 per cent of the contract price had already been committed for the repair of one tractor, there was only a balance of Rs1.1 million available for the repair of the remaining four tractors.

The contract agreement did not include the time frame within which the repairs were to be completed nor any penalty/liquidated damages in case of non compliance with contract conditions.
Conclusion

Since the transactions of the FSF in Rodrigues were not processed under the TAS, these were not therefore reflected in the Financial Statements of RRA.

Proper planning was not made before the acquisition of the Milk Pasteurisation Unit. The Commission had not purchased an adequate number of cows so as to ensure that the required quantity of milk could be made available for the Unit to run at full capacity.

The construction of a Slaughter House at Baie Diamant had still not yet started in March 2011 although the project was scheduled to be completed in September 2010. The longer the projects are delayed, their costs may increase substantially.

The contract for repairs of five tractors did not include the timeframe for completing the repair works nor any penalty clause in case of default or/and non-compliance with contract terms. One tractor was repaired at a cost of Rs 1.9 million while the four others had not been so far repaired.

Recommendations

The transactions of the FSF should be accounted for in the TAS and a cash book should be kept for accountability and reporting purposes.

The Commission should carry out a proper feasibility study to decide whether the projects are cost effective and sustainable before implementation. Projects should be well planned and monitored so that benefits could be derived on their timely completion.

With regard to the Milk Pasteurisation Unit, an adequate number of cows needs to be purchased to produce the necessary quantity of milk for the Unit to operate efficiently and effectively.

The Commission should ensure that Contractor Z carries out promptly the repairs on all the five tractors according to the contract document. The terms of the Contract should be reviewed so as to include a time frame and penalty clauses for non-execution of works.

RRA’s Reply

Necessary arrangement is being made to have all transactions effected since the start of the project in 2009 to be recorded in a cash book and these will be reflected in the RRA financial accounts as from 2011 onwards.

Being given that a sum of only Rs 50 million was provided for the fiscal year 2010, it has not been possible to implement fully all the eleven projects.

Regarding the setting up of the Milk Pasteurisation Unit, the delay in commissioning of the Unit was due to the problem of upgrading of the electricity supply at St Gabriel. The recommendations made by the private company will be attended by Rodrigues Trading and Marketing Co Ltd,
designated to manage the Unit. The Ministry of Agro-Industry has initiated the necessary procedures for the purchase of the cows.

With respect to the construction of the Slaughter House, the initial estimated cost did not take into consideration the cultural susceptibilities and European hygienic norms. This fundamental modification has led to delays in implementation. As of June 2011, tender document has been submitted to the Central Procurement Board for approval.

The Commission is envisaging to buy new tractors at a price of Rs 1.5 million each taking into consideration the high cost for repair of one tractor at Rs 1.9 million which is considered not cost effective. The assistance of the Ministry of Agro-Industry is being solicited to sell the tractors in Mauritius.
25.1 Interdicted Officers

Further to paragraph of 12.1 of the 2007-08 and paragraph 30.1 of the 2008-09 and semester ended 31 December 2009 Audit Reports, mention was made of the costs incurred on interdicted officers and the time taken to finalise cases of interdiction. In order to manage more efficiently and economically the cases of interdiction of public officers, recommendation was made to consider the setting-up of a Public Service Tribunal and the legal provisions for disciplinary procedures to be revisited.

The Ministry of Civil Service and Administrative Reforms informed, in November 2007, that consideration was being given to put in place a Fast Track mechanism with the collaboration of all parties concerned, i.e. the Police, the Attorney General’s Office and the Judiciary to deal with cases of officers under interdiction requiring prosecution in an expeditious manner.

I was further informed on 07 July 2010 that a series of measures had been taken for the setting up of the Fast Track Mechanism as follows:

- At the level of the DPP’s Office, instructions had been issued for the advice in criminal and disciplinary cases involving public officers to be tendered within one week of receipt of the request for advice;
- The Solicitor–General had issued instructions to all law officers for speedy handling of disciplinary cases involving public officers;
- The Commissioner of Police had already issued the necessary directives to Divisional Commanders and Branch Officers to personally monitor enquiries involving interdicted public officers and ensure that such cases are given priority and completed within a period of three months;
- On 28 August 2008, the Public Service Commission issued a Circular clarifying the circumstances where an officer may be interdicted and at the same time invited all Responsible Officers to exercise their delegated power of interdiction judiciously; and
- In October 2008, the Chief Justice instructed all Magistrates to expedite the disposal of such cases thereby possibly reducing the period of interdiction on full pay of public officers

However, no marked improvement was noted in the cases of officers interdicted in the public service as of March 2011.
25.1.1 Actual status of interdicted officers

The number of officers under interdiction in the government agencies totalled 275 as of 31 March 2011 and salaries paid to them since interdiction totalled some Rs157.4 million. It has been noted that 20 cases included in the list of 275 interdicted officers have been settled.

25.1.2 Effectiveness of the Fast Track Mechanism

Of the 258 cases of interdicted officers, excluding five officers from a Parastatal Body, reported in February 2010, some 70 have been settled including 51 officers who were reinstated. Three officers have passed away and only five were dismissed.

25.1.3 Departmental Analysis

A departmental analysis showed that, of the total number of interdicted officers of 255, 64 percent are from the Police Department and others in various Ministries and Departments.

Our examination has shown that 255 cases were not yet settled and are pending mainly at the Judiciary, Police Department, DPP office, DFSC and PSC as shown in Table 25-1

Table 25-1 Departmental analysis

<table>
<thead>
<tr>
<th>Stakeholders</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Police</td>
<td>72</td>
</tr>
<tr>
<td>DFSC</td>
<td>13</td>
</tr>
<tr>
<td>DPP –advice sought</td>
<td>33</td>
</tr>
<tr>
<td>DPP -advice given</td>
<td>14</td>
</tr>
<tr>
<td>ICAC</td>
<td>8</td>
</tr>
<tr>
<td>Sentenced for Imprisonment</td>
<td>1</td>
</tr>
<tr>
<td>Judiciary</td>
<td>107</td>
</tr>
<tr>
<td>Ministry Level</td>
<td>3</td>
</tr>
<tr>
<td>PSC</td>
<td>4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>255</strong></td>
</tr>
</tbody>
</table>

Source: Ministry of Civil Service and Administrative Reforms

There was no coordinated effort amongst the Judiciary, the DPP and Police Department, PSC, DFSC, Ministries/Department to produce a proper database of all interdicted officers. Important data regarding some 107 officers such as cause number, complete names, date cases have been submitted to the DPP, DFSC were not readily available. Lack of these information has limited the scope of our audit.
26 - MINISTRY OF LABOUR, INDUSTRIAL RELATIONS AND EMPLOYMENT

26.1 Ensuring compliance with labour legislation

Under PBB, one of the major outputs of Programme 542, Labour and Employment Relations Management of the Ministry of Labour, Industrial Relations and Employment (Ministry), is the “enforcement of minimum terms and conditions of employment”. For that purpose as a priority objective, further statement was made under Sub-Programme 54201, Employment Relations, as follows: “ensure compliance with labour legislation so that decent work conditions exist in line with international standards”. 1,800 inspections of workplaces were expected to be carried out under that Sub-Programme. Each visit was to be followed by a report.

Observations

- 775 inspections were reported to have been carried out in respect of above during 2010. This would tantamount to 43 per cent of targeted visits under the Sub-Programme.
- The report of an inspection included a checklist that has to be completed/ticked in respect of aspects to be verified. One such aspect was the ‘Issue of Payslip’. A tick against this aspect was meant to indicate compliance by the employer regarding issue of payslips to employees. A copy of such payslip as evidence was not filed along with the report.
- A ‘Statement of Particulars’ governing conditions of work were to be submitted by employers to each of their employee. This was not seen included in the above checklist for reporting of confirmation of compliance by employers with this requirement of legislation.

Impact

- Non compliance by employers, still not visited, with minimum terms and conditions of employment might go unnoticed and not enforced, and to the detriment of the workforce or employees.
- Absence of a payslip copy alongside the report did not allow confirmation at level of the Ministry about whether the payslip was in compliance with legislation.

Recommendations

Needful would have to be done to ensure that:

- Number of visits targeted yearly is achieved;
- A copy of payslip is filed as evidence of its compliance with legislation; and
- That specific mention is made in the report about ‘Statement of Particulars’.
Ministry’s Reply

The targeted number of inspections could not be attained as the relevant Ministry did not provide necessary funds for the filling of the numerous vacancies.

It was not in all cases that a copy of payslip was not filed along with the Inspection Report.

The Inspection Report was amended to include ‘Statement of Particulars’.

26.2 Computerisation project

A project for the computerisation of the Ministry started in 1996.

The project was to consist of nine modules. However, only two modules were retained for implementation by the Ministry, namely the Enterprise Monitoring System (EMS) and the Registry of Associations System.

As of May 2011, the EMS was still not operational.

26.2.1 Gap Analysis

In 2010, a ‘Gap Analysis’ was carried out by the Ministry. Options considered were whether to realign the EMS with new changes in legislation or to scrap the EMS.

Major changes to the EMS were reported to be required and a new system to be implemented.

26.2.2 Costs incurred

As of May 2011, some Rs 10 million have been incurred by the Ministry for the computerisation project, the benefits of which have not been derived.

Any amendments to the EMS or implementation of a new system would result in additional costs to the Ministry.

Ministry’s Reply

The delay in the implementation of the project was due to the relocation of the Ministry to new premises in 2000, infrastructural work, cabling, provision of data points, problem encountered with the coming into operation of the Government Online Centre, Human constraint and certain modifications that had to be brought in the system in view of new requirements.
26.3 High rental costs for lease of office space

The Ministry has been renting a building since November 2000. A new lease agreement as from 1 November 2006 instead of renewal of the existing one led to higher rates being paid by the Ministry in later years. Additional costs of Rs 2.3 million in terms of rent, due to higher rates, were thus incurred by the Ministry as of 31 December 2010. These would reach some Rs 4.7 million by June 2012.

26.3.1 Provisions of Landlord and Tenant Act

The lease agreement initially fell under the ambit of the Landlord and Tenant Act (Act), regarding ‘permitted increases in rent’, which provided protection against excessive increases in rent by a lessor. The Act does not apply to business premises let after 1 July 2005. Amendments to the Act in 2005 and 2009 respectively, extended applications of the Act to 30 June 2012 and subsequently up to 31 December 2017 for all business premises let on or before 1 July 2005. Maintaining the initial lease agreement through its renewal would therefore have safeguarded the interest of the Ministry regarding rates to be paid.

26.3.2 Renewal of initial lease up to October 2006

The initial lease agreement entered into by the Ministry was renewed up to 31 October 2006. Prior to that, in 2005, the Ministry ceded a small part of rented area to the lessor for construction of an adjacent building. Later on around July 2006, a similar area in that building and an additional small area, were allocated to the Ministry. An addendum to the initial lease agreement was proposed by the lessor to cater for this additional area. This was not accepted by the Ministry. The initial lease agreement therefore continued to prevail.

26.3.3 New lease not considered within scope of Act

However, a new lease agreement was entered into, as from 1 November 2006. The same rate per square metre as in initial lease was applied. However, at time of renewal of the new lease as from 1 November 2009, higher rates were requested by the lessor on basis that the Landlord and Tenant Act (Act) did not apply to the new lease. This new lease agreement made after 1 July 2005 was considered by lessor as not within the scope of the Act regarding permitted increases in rent. This denied the Ministry, the opportunity to benefit from favorable terms under the Act regarding permitted increases in rent on subsequent renewals of that new lease.

26.3.4 Additional costs

Additional costs of Rs 4.7 million would thus be incurred by the Ministry by 30 June 2012. The additional costs to be incurred up to year 2017, following extension of the Act up to that date have yet to be assessed.

Ministry’s Reply

At the time of making the new lease agreement, the Ministry had sought and obtained all the required approval/clearances.
27 - STATUTORY BODIES

A statutory body is a body created by statute. Statutory bodies are usually established to carry out specific functions which a Government considers may be more effectively performed outside a traditional departmental structure.

While it is recognised that statutory bodies may be established to allow a certain level of independence from Government, the Government is still responsible to ensure that taxpayers funds expended in the operations of statutory bodies are spent in the most efficient, effective and economic manner.

Statutory bodies are subject to varying degrees of Ministerial control which are specified in the legislation establishing the statutory body. Ministers are responsible to the National Assembly for the operation of all statutory bodies within their portfolios, and are required to table their annual reports in the National Assembly.

The Statutory Bodies (Accounts and Audit) Act provided that every statutory body shall, not later than three months after the end of the financial year prepare and submit to the auditor its financial statements. The Act has been amended in 2010. The amended Act provides:

➢ That every statutory body shall cause to be prepared an annual report.

➢ That the annual report shall consist of:

- in the case of a statutory body specified in Part I of the First Schedule to the Act, a report highlighting a 3-year strategic plan in line with programme-based budgeting indicating the visions and goals of the statutory body with a view to attaining its objects and appreciation of the state of its affairs;

- in the case of a statutory body specified in Part II of the First Schedule to the Act, a report highlighting a 3-year strategic plan indicating the visions and goals of the statutory body with a view to attaining its objects and appreciation of the state of its affairs;

- the financial statements and the report duly signed by the Chairperson and another member of the Board appointed by the Board for that purpose;

- a corporate governance report in accordance with the National Code of Corporate Governance.

➢ The following timeline with respect to submission of the annual report:

- The chief executive officer of every statutory body shall, not later than two months after the end of every financial year, submit to the Board for approval the annual report in respect of that year.

- After approval by the Board, the chief executive officer shall, not later than three months after the end of every financial year, submit the annual report to the auditor.

- The auditor shall, within 6 months of the date of receipt of the annual report pursuant to subsection (2), submit the annual report and his audit report to the Board.
Where, in the opinion of the Board, the chief executive officer or any other officer of a statutory body has not properly performed his duties with the result that the above requirements of the Act cannot be complied with within the prescribed time, the Board may, after giving an opportunity for the officer to be heard, take appropriate disciplinary action against the officer.

On receipt of the annual report, including the audited financial statements and the audit report, the Board shall, not later than one month from the date of receipt, furnish to the Minister such reports and financial statements.

The Minister shall, at the earliest available opportunity, lay a copy of the report and audited accounts of every statutory body within his portfolio before the National Assembly.

The Director of Audit is responsible for the audit of 125 Statutory Bodies. Appendix IIA refers. This year because of the change in financial year, nearly all of them have to prepare financial statements for a period of 18 months, i.e. 1 July 2009 to 31 December 2010. A few already had the calendar year as their financial year. So these statutory bodies were not affected by the change in financial year.

38 Statutory Bodies have not yet submitted their financial statements within the statutory date limit as of 30 June 2011. Appendix IIB refers. A number of them have not been preparing their financial statements for some years because they did not have a Board while some did not have an ‘accountant’.

As mentioned above Statutory Bodies on receipt of the audited financial statements and the audit report shall furnish to the Minister such reports and financial statements. The Minister shall, at the earliest available opportunity, lay a copy of the report and audited accounts before the National Assembly. The financial statements of 55 Statutory Bodies have been certified but have still not been laid before the National Assembly. Appendix IIC refers.

The financial statements of the Statutory Bodies listed in Appendix IID have been received and are under examination.
28 - LOCAL AUTHORITIES

Section 129(1) of the Local Government Act 1989 requires that every local authority should submit financial statements for audit within 4 months of the end of every financial year. To ensure compliance with this section, Section 129(2) states that where an authority fails to prepare and submit financial statements to the Director of Audit within the above statutory date limit through the negligence or misconduct of the officer of the authority whose duty it is to keep the accounts which ought to be comprised in the statement of accounts, the officer shall commit and offence and shall, on conviction, be liable to a fine not exceeding 5,000 rupees, and notwithstanding the recovery of any such fine, compliance with this section may be enforced, at the instance of the Minister, by an order of mandamus issued by the Supreme Court.

All the authorities have submitted their financial statements for the year 2010 within the statutory date limit and are under examination.

The financial statements as shown in Table 28-1 have been certified.

Table 28-1 Financial Statements Certified

<table>
<thead>
<tr>
<th>Local Authorities</th>
<th>Fiscal Year</th>
<th>Date Certified</th>
<th>Date Gazetted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Black River District Council</td>
<td>2008-09</td>
<td>29.12.2010</td>
<td>15.01.11</td>
</tr>
<tr>
<td>Black River District Council</td>
<td>01.07.09-31.12.09</td>
<td>29.12.2010</td>
<td>15.01.11</td>
</tr>
<tr>
<td>Grand Port-Savanne District Council</td>
<td>2007-08</td>
<td>07.07.2010</td>
<td>09.10.10</td>
</tr>
<tr>
<td>Moka-Flacq District Council</td>
<td>2007-08</td>
<td>03.02.2010</td>
<td>Not yet Gazetted</td>
</tr>
<tr>
<td>Municipal Council of Curepipe</td>
<td>01.07.09-31.12.09</td>
<td>27.12.10</td>
<td>22.01.11</td>
</tr>
<tr>
<td>Municipal Council of Port Louis</td>
<td>2008-09</td>
<td>25.05.2011</td>
<td>Not yet Gazetted</td>
</tr>
<tr>
<td>Municipal Council of Port Louis</td>
<td>01.07.09-31.12.09</td>
<td>22.06.2011</td>
<td>Not yet Gazetted</td>
</tr>
<tr>
<td>Municipal Council of Quatre Bornes</td>
<td>2008-09</td>
<td>04.01.2011</td>
<td>22.01.11</td>
</tr>
<tr>
<td>Municipal Council of Quatre Bornes</td>
<td>01.07.09-31.12.09</td>
<td>03.03.2011</td>
<td>26.03.11</td>
</tr>
<tr>
<td>Municipal Council of Vacoas-Phoenix</td>
<td>2008-09</td>
<td>02.02.2011</td>
<td>19.02.11</td>
</tr>
<tr>
<td>Municipal Council of Vacoas-Phoenix</td>
<td>01.07.09-31.12.09</td>
<td>02.02.2011</td>
<td>19.02.11</td>
</tr>
<tr>
<td>Pamplemousses-Riviere du Rempart</td>
<td>2008-09</td>
<td>18.08.2010</td>
<td>Not yet Gazetted</td>
</tr>
</tbody>
</table>
As regards other bodies, the status of financial statements was as hereunder:

- 18 financial statements have still to be submitted to my Office as shown in Table 29-1. A total of seven organisations have not been regular to submit their financial statements to my Office for audit purposes. Table 29-1 refers.

Table 29-1  Financial Statements not yet submitted

<table>
<thead>
<tr>
<th>Other Bodies</th>
<th>Fiscal Period</th>
<th>Statutory Date Limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discharged Persons' Aid Committee</td>
<td>2007-08</td>
<td>30.09.2008</td>
</tr>
<tr>
<td></td>
<td>2008-09</td>
<td>30.09.2009</td>
</tr>
<tr>
<td></td>
<td>01.07.09-31.12.10</td>
<td>31.03.2011</td>
</tr>
<tr>
<td>Medical Council of Mauritius</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mental Health Care (Accounts Committee)</td>
<td>Year ended 31.12.10</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2002-03</td>
<td>30.09.2003</td>
</tr>
<tr>
<td></td>
<td>2003-04</td>
<td>30.09.2004</td>
</tr>
<tr>
<td></td>
<td>2004-05</td>
<td>30.09.2005</td>
</tr>
<tr>
<td></td>
<td>2005-06</td>
<td>30.09.2006</td>
</tr>
<tr>
<td></td>
<td>2006-07</td>
<td>30.09.2007</td>
</tr>
<tr>
<td></td>
<td>2007-08</td>
<td>30.09.2008</td>
</tr>
<tr>
<td></td>
<td>2008-09</td>
<td>30.09.2009</td>
</tr>
<tr>
<td></td>
<td>01.07.09-31.12.10</td>
<td>31.03.2011</td>
</tr>
<tr>
<td>National Aids Secretariat(Prime Minister's Office)</td>
<td>01.11.10-31.12.10</td>
<td></td>
</tr>
<tr>
<td>National Committee on Corporate Governance</td>
<td>Year ended 31.12.10</td>
<td>31.03.2011</td>
</tr>
<tr>
<td></td>
<td>01.07.09-31.12.10</td>
<td>31.03.2011</td>
</tr>
<tr>
<td></td>
<td>01.07.09-31.12.10</td>
<td>31.03.2011</td>
</tr>
</tbody>
</table>
Six financial statements were under examination as shown in Table 29-2.

Table 29-2  Financial Statements under examination

<table>
<thead>
<tr>
<th>Other Bodies</th>
<th>Fiscal Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Centre for Development Corporation in Fisheries (NORAD)</td>
<td>Year ended 31.12.10</td>
</tr>
<tr>
<td>Ecclesiastic- Roman Catholic Diocese of Port Louis</td>
<td>Year ended 31.12.10</td>
</tr>
<tr>
<td>National Savings Fund</td>
<td>2007-08</td>
</tr>
<tr>
<td>Parole Board</td>
<td>01.07.09-31.12.10</td>
</tr>
<tr>
<td>Postal Authority</td>
<td>01.07.09-31.12.10</td>
</tr>
<tr>
<td>UNEP- Global Environment Facility Project</td>
<td>Year ended 31.12.10</td>
</tr>
</tbody>
</table>
34 financial statements have been certified as shown Table 29-3.

Table 29-3 Financial Statements certified during the year under review.

<table>
<thead>
<tr>
<th>Other Bodies</th>
<th>Fiscal Period</th>
<th>Date Certified</th>
</tr>
</thead>
<tbody>
<tr>
<td>Centre for Development Corporation in Fisheries (NORAD)</td>
<td>01.01.09 to 31.12.09</td>
<td>30.06.2010</td>
</tr>
<tr>
<td>Discharged Persons' Aid Committee</td>
<td>2005-06</td>
<td>08.02.2008</td>
</tr>
<tr>
<td></td>
<td>2006-07</td>
<td>08.02.2008</td>
</tr>
<tr>
<td>Mental Health Care (Accounts Committee)</td>
<td>2001-02</td>
<td>13.11.2008</td>
</tr>
<tr>
<td>National Committee on Corporate Governance</td>
<td>2007-08</td>
<td>04.11.2008</td>
</tr>
<tr>
<td></td>
<td>01.07.08-31.12.09</td>
<td>30.11.2010</td>
</tr>
<tr>
<td>National Savings Fund</td>
<td>1999-00</td>
<td>23.05.2002</td>
</tr>
<tr>
<td></td>
<td>2000-01</td>
<td>23.05.2002</td>
</tr>
<tr>
<td></td>
<td>2001-02</td>
<td>27.11.2006</td>
</tr>
<tr>
<td></td>
<td>2002-03</td>
<td>27.11.2006</td>
</tr>
<tr>
<td></td>
<td>2003-04</td>
<td>09.10.2009</td>
</tr>
<tr>
<td></td>
<td>2004-05</td>
<td>09.10.2009</td>
</tr>
<tr>
<td></td>
<td>2005-06</td>
<td>08.07.2010</td>
</tr>
<tr>
<td>Parole Board</td>
<td>1990-91</td>
<td>30.06.2010</td>
</tr>
<tr>
<td></td>
<td>1991-92</td>
<td>30.06.2010</td>
</tr>
<tr>
<td></td>
<td>1992-93</td>
<td>30.06.2010</td>
</tr>
<tr>
<td></td>
<td>1993-94</td>
<td>30.06.2010</td>
</tr>
<tr>
<td></td>
<td>1994-95</td>
<td>30.06.2010</td>
</tr>
<tr>
<td></td>
<td>1995-96</td>
<td>30.06.2010</td>
</tr>
<tr>
<td></td>
<td>1996-97</td>
<td>28.02.2011</td>
</tr>
<tr>
<td></td>
<td>1997-98</td>
<td>28.02.2011</td>
</tr>
<tr>
<td></td>
<td>1999-00</td>
<td>28.02.2011</td>
</tr>
<tr>
<td></td>
<td>2000-01</td>
<td>28.02.2011</td>
</tr>
<tr>
<td></td>
<td>2001-02</td>
<td>28.02.2011</td>
</tr>
<tr>
<td></td>
<td>2002-03</td>
<td>28.02.2011</td>
</tr>
<tr>
<td></td>
<td>2003-04</td>
<td>25.03.2011</td>
</tr>
<tr>
<td></td>
<td>2004-05</td>
<td>25.03.2011</td>
</tr>
<tr>
<td></td>
<td>2005-06</td>
<td>25.03.2011</td>
</tr>
<tr>
<td></td>
<td>2006-07</td>
<td>25.03.2011</td>
</tr>
<tr>
<td></td>
<td>2007-08</td>
<td>25.03.2011</td>
</tr>
<tr>
<td></td>
<td>2008-09</td>
<td>25.03.2011</td>
</tr>
<tr>
<td>Postal Authority</td>
<td>2007-08</td>
<td>07.04.2009</td>
</tr>
<tr>
<td>UNEP- Global Environment Facility Project</td>
<td>01.01.09 to 31.12.09</td>
<td>03.08.2010</td>
</tr>
</tbody>
</table>
APPENDIX IA

List of Special Funds

1. Co-operative Development Fund
2. Curatelle Fund
3. De Chazal Maternity Home Fund
4. Food Security Fund
5. Francophone Summit Special Fund
6. Fund for the Promotion of Culture
7. Human Resource, Knowledge and Arts Development Fund
8. Local Infrastructure Fund
9. Maurice Ile Durable Fund
10. Morris Legacy Fund
11. National Environment Fund
12. National Infrastructure Development Fund
13. National Parks and Conservation Fund
14. National Pensions Fund
15. National Trust Fund for Renal Dialysis Treatment
16. Non-Governmental Organisation Trust Fund
17. Permanent Resident Investment Fund
18. Portable Pension Fund
19. President Fund for Creative Writing
20. Prime Minister’s Children Fund
21. Prime Minister’s Cyclone Relief Fund
22. Prime Minister’s Relief and Support Fund
23. Residential Care Home Fund
24. Saving Jobs and Recovery Fund
25. Social Housing Development Fund
26. Special Fund for the Welfare of the Elderly
27. State of Jersey – Mauritius Self Reliance Fund
28. Students’ Relief Fund
29. Tourism Fund
30. Treasury Foreign Currency Management Fund
31. Trust Fund for Excellence in Sports
32. Trust Fund for the Social Integration of Vulnerable Groups
<table>
<thead>
<tr>
<th>Special Funds</th>
<th>Fiscal Year</th>
<th>Date Certified</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cooperative Development Fund</td>
<td>10.06.05 to 30.06.06</td>
<td>04/05/2009</td>
</tr>
<tr>
<td>Curatelle Fund</td>
<td>2007-08</td>
<td>20/08/2009</td>
</tr>
<tr>
<td></td>
<td>2008-09</td>
<td>11/12/2009</td>
</tr>
<tr>
<td></td>
<td>01.07.09-31.12.10</td>
<td>27/05/2011</td>
</tr>
<tr>
<td>De Chazal Maternity Home Fund</td>
<td>1993-94</td>
<td>31/10/1995</td>
</tr>
<tr>
<td></td>
<td>1994-95</td>
<td>28/01/2008</td>
</tr>
<tr>
<td></td>
<td>1995-96</td>
<td>28/01/2008</td>
</tr>
<tr>
<td></td>
<td>1996-97</td>
<td>28/01/2008</td>
</tr>
<tr>
<td></td>
<td>1997-98</td>
<td>28/01/2008</td>
</tr>
<tr>
<td></td>
<td>1998-99</td>
<td>28/01/2008</td>
</tr>
<tr>
<td></td>
<td>1999-00</td>
<td>28/01/2008</td>
</tr>
<tr>
<td></td>
<td>2000-01</td>
<td>28/01/2008</td>
</tr>
<tr>
<td></td>
<td>2001-02</td>
<td>28/01/2008</td>
</tr>
<tr>
<td></td>
<td>2002-03</td>
<td>28/01/2008</td>
</tr>
<tr>
<td></td>
<td>2003-04</td>
<td>28/01/2008</td>
</tr>
<tr>
<td></td>
<td>2004-05</td>
<td>28/01/2008</td>
</tr>
<tr>
<td></td>
<td>2005-06</td>
<td>28/01/2008</td>
</tr>
<tr>
<td></td>
<td>2006-07</td>
<td>28/01/2008</td>
</tr>
<tr>
<td>Food Security Fund</td>
<td>20.06.08-30.06.09</td>
<td>14/05/2010</td>
</tr>
<tr>
<td>Local Infrastructure Fund</td>
<td>2008-09</td>
<td>27/06/2011</td>
</tr>
<tr>
<td>National Environment Fund</td>
<td>2000-01</td>
<td>18/02/2002</td>
</tr>
<tr>
<td></td>
<td>2001-02</td>
<td>12/05/2003</td>
</tr>
<tr>
<td></td>
<td>2002-03</td>
<td>20/09/2004</td>
</tr>
<tr>
<td></td>
<td>2003-04</td>
<td>11/08/2005</td>
</tr>
<tr>
<td></td>
<td>2005-06</td>
<td>19/10/2007</td>
</tr>
<tr>
<td></td>
<td>2006-07</td>
<td>07/07/2010</td>
</tr>
<tr>
<td></td>
<td>2007-08</td>
<td>07/07/2010</td>
</tr>
<tr>
<td></td>
<td>2008-09</td>
<td>07/07/2010</td>
</tr>
<tr>
<td>Special Funds</td>
<td>Fiscal Year</td>
<td>Date Certified</td>
</tr>
<tr>
<td>----------------------------------------</td>
<td>-------------</td>
<td>----------------</td>
</tr>
<tr>
<td></td>
<td>1997-98</td>
<td>19/04/1999</td>
</tr>
<tr>
<td></td>
<td>1999-00</td>
<td>03/07/2001</td>
</tr>
<tr>
<td></td>
<td>2000-01</td>
<td>27/05/2002</td>
</tr>
<tr>
<td></td>
<td>2001-02</td>
<td>25/03/2003</td>
</tr>
<tr>
<td></td>
<td>2002-03</td>
<td>21/06/2004</td>
</tr>
<tr>
<td></td>
<td>2003-04</td>
<td>07/06/2005</td>
</tr>
<tr>
<td></td>
<td>2005-06</td>
<td>29/10/2008</td>
</tr>
<tr>
<td></td>
<td>2006-07</td>
<td>05/10/2009</td>
</tr>
<tr>
<td></td>
<td>2007-08</td>
<td>08/03/2010</td>
</tr>
<tr>
<td></td>
<td>2008-09</td>
<td>22/02/2011</td>
</tr>
<tr>
<td></td>
<td>2002-03</td>
<td>28/08/2009</td>
</tr>
<tr>
<td></td>
<td>2003-04</td>
<td>28/08/2009</td>
</tr>
<tr>
<td></td>
<td>2004-05</td>
<td>08/07/2010</td>
</tr>
<tr>
<td></td>
<td>2005-06</td>
<td>30/03/2011</td>
</tr>
<tr>
<td>Permanent Resident Investment Fund</td>
<td>28.04.00-30.06.01</td>
<td>19/02/2002</td>
</tr>
<tr>
<td></td>
<td>2007-08</td>
<td>30/10/2008</td>
</tr>
<tr>
<td></td>
<td>2008-09</td>
<td>27/10/2009</td>
</tr>
<tr>
<td></td>
<td>01.07.09-31.12.10</td>
<td>31/05/2011</td>
</tr>
<tr>
<td>President Fund for Creative Writing in</td>
<td>2005-06</td>
<td>29/03/2007</td>
</tr>
<tr>
<td>English</td>
<td>2006-07</td>
<td>21/04/2008</td>
</tr>
<tr>
<td></td>
<td>2007-08</td>
<td>08/10/2009</td>
</tr>
<tr>
<td>Prime Minister's Relief and Support</td>
<td>2008-09</td>
<td>02/03/2010</td>
</tr>
<tr>
<td>Fund</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Regional Economic Zones Development</td>
<td>09.12.99-30.06.00</td>
<td>26/01/2011</td>
</tr>
<tr>
<td>Fund</td>
<td>2000-01</td>
<td>26/01/2011</td>
</tr>
<tr>
<td></td>
<td>01.07.01-24.09.01</td>
<td>26/01/2011</td>
</tr>
<tr>
<td>Residential Care Homes Fund</td>
<td>2008-09</td>
<td>24/06/2011</td>
</tr>
<tr>
<td></td>
<td>2007-08</td>
<td>15/05/2009</td>
</tr>
<tr>
<td>Social Housing Development Fund</td>
<td>26.06.08-30.06.09</td>
<td>04/01/2011</td>
</tr>
<tr>
<td>Students' Relief Fund</td>
<td>2006-07</td>
<td>30/10/2008</td>
</tr>
<tr>
<td>Special Funds</td>
<td>Fiscal Year</td>
<td>Date Certified</td>
</tr>
<tr>
<td>---------------------------------------------------</td>
<td>-------------</td>
<td>----------------</td>
</tr>
<tr>
<td>Tourism Fund</td>
<td>2006-07</td>
<td>03/07/2009</td>
</tr>
<tr>
<td></td>
<td>2007-08</td>
<td>03/07/2009</td>
</tr>
<tr>
<td>Treasury Foreign Currency Management Fund</td>
<td>2002-03</td>
<td>20/01/2004</td>
</tr>
<tr>
<td></td>
<td>2008-09</td>
<td>24/02/2010</td>
</tr>
<tr>
<td>Trust Fund for the Social Integration of Vulnerable Groups</td>
<td>2005-06</td>
<td>10/12/2009</td>
</tr>
<tr>
<td></td>
<td>2006-07</td>
<td>10/12/2009</td>
</tr>
</tbody>
</table>
APPENDIX IIA

List of Statutory Bodies audited by the Director of Audit

1. Aapravasi Ghat Trust Fund
2. Agricultural Marketing Board
3. Beach Authority
4. Board of Investment
5. Bus Industry Employees Welfare Fund
6. Central Electricity Board
7. Central Procurement Board
8. Central Water Authority
9. Civil Service Family Protection Scheme Board
10. Competition Commission
11. Conservatoire de Musique François Mitterand Trust Fund
12. Construction Industry Development Board
13. Early Childhood Care and Education Authority
14. Employees’ Welfare Fund
15. English-speaking Union
16. Export Processing Zone Labour Welfare Fund
17. Export Processing Zones Development Authority
18. Farmers’ Service Corporation
19. Fashion and Design Institute
20. Financial Intelligence Unit
22. Financial Services Commission
23. Fishermen Investment Trust
24. Fishermen Welfare Fund
25. Food and Agricultural Research Council
26. Gambling Regulatory Authority
27. Hindi Speaking Union
29. Ilois Welfare Fund
30. Independent Broadcasting Authority
List of Statutory Bodies audited by the Director of Audit

31. Independent Commission Against Corruption
32. Information and Communication Technologies Authority
33. Irrigation Authority
34. Islamic Cultural Centre Trust Fund
35. Law Reform Commission
36. Le Morne Heritage Trust Fund
37. Lois Lagesse Trust Fund
38. Mahatma Gandhi Institute
39. Malcolm de Chazal Trust Fund
40. Marathi-Speaking Union
41. Mauritian Cultural Centre Trust
42. Mauritius Broadcasting Corporation
43. Mauritius College of the Air
44. Mauritius Council of Registered Librarians
45. Mauritius Examinations Syndicate
46. Mauritius Ex-Services Trust Fund
47. Mauritius Film Development Corporation
48. Mauritius Institute of Education
49. Mauritius Institute of Health
50. Mauritius Institute of Public Administration and Management
51. Mauritius Institute of Training and Development
52. Mauritius Marathi Cultural Centre Trust
53. Mauritius Meat Authority
54. Mauritius Museums Council
55. Mauritius Oceanography Institute
56. Mauritius Ports Authority
57. Mauritius Qualifications Authority
58. Mauritius Research Council
59. Mauritius Revenue Authority
60. Mauritius Society of Authors
61. Mauritius Sports Council
List of Statutory Bodies audited by the Director of Audit

62. Mauritius Standards Bureau
63. Mauritius Sugar Authority
64. Mauritius Sugar Industry Research Institute
65. Mauritius Sugar Terminal Corporation
66. Mauritius Tamil Cultural Centre Trust
67. Mauritius Telegu Cultural Centre Trust
68. Mauritius Tourism Promotion Authority
69. Media Trust
70. National Adoption Council
71. National Agency for the Treatment and Rehabilitation of Substance Abusers
72. National Art Gallery
73. National Children’s Council
74. National Computer Board
75. National Council for the Rehabilitation of Disabled Persons
76. National Economic and Social Council
77. National Heritage Fund
78. National Human Rights Commission
79. National Institute for Cooperative Entrepreneurship
80. National Library
81. National Productivity and Competitiveness Council
82. National Solidarity Fund
83. National Transport Corporation
84. National Women Entrepreneur Council
85. National Women’s Council
86. National Youth Council
87. Nelson Mandela Centre for African Culture Trust Fund
88. Outer Islands Development Corporation
89. Private Secondary Schools Authority
90. Professor Basdeo Bissoodoyal Trust Fund
91. Public Officers’ Welfare Council
List of Statutory Bodies audited by the Director of Audit

92. Rabindranath Tagore Institute
93. Rajiv Gandhi Science Centre Trust Fund
94. Ramayana Centre
95. Road Development Authority
96. Rose Belle Sugar Estate Board
97. Seafarers’ Welfare Fund
98. Senior Citizens Council
99. Sir Seewoosagur Ramgoolam Botanical Garden Trust
100. Sir Seewoosagur Ramgoolam Foundation
101. Small Enterprises and Handicraft Development Authority
102. Small Planters Welfare Fund
103. St Antoine Planters Co-operative Trust
104. State Trading Corporation
105. Sugar Cane Planters Trust
106. Sugar Industry Labour Welfare Fund Committee
107. Sugar Insurance Fund Board
108. Sugar Planters Mechanical Pool Corporation
109. Tamil-Speaking Union
110. Tea Board
111. Technical School Management Trust Fund
112. Telegu-Speaking Union
113. Tertiary Education Commission
114. Tobacco Board
115. Tourism Authority
116. Tourism Employees Welfare Fund
117. Town and Country Planning Board
118. Trade Union Trust Fund
119. Training and Employment of Disabled Persons Board
120. Trust Fund for Specialised Medical Care
121. University of Technology, Mauritius
122. Urdu-speaking Union
List of Statutory Bodies audited by the Director of Audit

123. Vallée d’Osterlog Endemic Garden Foundation
124. Waste Water Management Authority
125. World Hindi Secretariat
### APPENDIX IIB

#### Statutory Bodies- Financial Statements not yet submitted as of 30 June 2011

<table>
<thead>
<tr>
<th>Statutory Bodies</th>
<th>Fiscal Period</th>
<th>Statutory Date Limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aapravasi Ghat Trust Fund</td>
<td>01.07.09-31.12.10</td>
<td>31.03.2011</td>
</tr>
<tr>
<td>Bus Industry Employees Welfare Fund</td>
<td>01.07.09-31.12.10</td>
<td>31.03.2011</td>
</tr>
<tr>
<td>Conservatoire de Musique François Mitterand Trust Fund</td>
<td>01.07.09-31.12.10</td>
<td>31.03.2011</td>
</tr>
<tr>
<td>Fashion and Design Institute</td>
<td>01.07.09-31.12.10</td>
<td>31.03.2011</td>
</tr>
<tr>
<td>Industrial and Vocational Training Board</td>
<td>01.07.09-31.12.10</td>
<td>31.03.2011</td>
</tr>
<tr>
<td>Islamic Cultural Centre Trust Fund</td>
<td>01.07.09-31.12.10</td>
<td>31.09.2009</td>
</tr>
<tr>
<td>Le Morne Heritage Trust Fund</td>
<td>01.07.09-31.12.10</td>
<td>31.03.2011</td>
</tr>
<tr>
<td>Malcom de Chazal Trust Fund</td>
<td>01.07.09-31.12.10</td>
<td>31.03.2011</td>
</tr>
<tr>
<td>Mauritian Cultural Centre Trust</td>
<td>01.07.09-31.12.10</td>
<td>31.03.2011</td>
</tr>
<tr>
<td>Mauritius Broadcasting Corporation</td>
<td>01.07.09-31.12.10</td>
<td>31.03.2011</td>
</tr>
<tr>
<td>Mauritius Ex- Services Trust Fund</td>
<td>01.07.09-31.12.10</td>
<td>31.03.2011</td>
</tr>
<tr>
<td>Mauritius Marathi Cultural Centre Trust</td>
<td>01.07.09-31.12.10</td>
<td>31.03.2011</td>
</tr>
<tr>
<td>Mauritius Museums Council</td>
<td>01.07.09-31.12.10</td>
<td>31.03.2011</td>
</tr>
<tr>
<td>Mauritius Sports Council</td>
<td>01.07.09-31.12.10</td>
<td>31.03.2011</td>
</tr>
<tr>
<td>Mauritius Sugar Authority</td>
<td>01.07.09-31.12.10</td>
<td>31.03.2011</td>
</tr>
<tr>
<td>Mauritius Tamil Cultural Centre Trust</td>
<td>01.07.09-31.12.10</td>
<td>31.03.2011</td>
</tr>
<tr>
<td>Mauritius Telegu Cultural Centre Trust</td>
<td>01.07.09-31.12.10</td>
<td>31.03.2011</td>
</tr>
<tr>
<td>Media Trust</td>
<td>01.07.09-31.12.10</td>
<td>31.03.2011</td>
</tr>
<tr>
<td>Statutory Bodies</td>
<td>Fiscal Period</td>
<td>Statutory Date Limit</td>
</tr>
<tr>
<td>-----------------------------------------------------</td>
<td>---------------</td>
<td>----------------------</td>
</tr>
<tr>
<td>National Adoption Council</td>
<td>01.07.09-31.12.10</td>
<td>31.03.2011</td>
</tr>
<tr>
<td>National Agency for the Treatment and Rehabilitation of Substance Abusers</td>
<td>01.07.09-31.12.10</td>
<td>31.03.2011</td>
</tr>
<tr>
<td></td>
<td>01.07.09-31.12.10</td>
<td>31.03.2011</td>
</tr>
<tr>
<td>National Children's Council</td>
<td>01.07.09-31.12.10</td>
<td>31.03.2011</td>
</tr>
<tr>
<td></td>
<td>2008-09</td>
<td>30.09.2009</td>
</tr>
<tr>
<td></td>
<td>01.07.09-31.12.10</td>
<td>31.03.2011</td>
</tr>
<tr>
<td></td>
<td>01.07.09-31.12.10</td>
<td>31.03.2011</td>
</tr>
<tr>
<td>National Human Rights Commission</td>
<td>01.07.09-31.12.10</td>
<td>31.03.2011</td>
</tr>
<tr>
<td>National Women Entrepreneur Council</td>
<td>01.07.09-31.12.10</td>
<td>31.03.2011</td>
</tr>
<tr>
<td>National Women's Council</td>
<td>01.07.09-31.12.10</td>
<td>31.03.2011</td>
</tr>
<tr>
<td></td>
<td>2008-09</td>
<td>30.09.2009</td>
</tr>
<tr>
<td></td>
<td>01.07.09-31.12.10</td>
<td>31.03.2011</td>
</tr>
<tr>
<td>Pre-School Trust Fund (now Early Childhood Care and Education Authority)</td>
<td>2006-07</td>
<td>30.09.2007</td>
</tr>
<tr>
<td></td>
<td>2007-08</td>
<td>30.09.2008</td>
</tr>
<tr>
<td></td>
<td>2008-09</td>
<td>30.09.2009</td>
</tr>
<tr>
<td></td>
<td>01.07.09-31.12.10</td>
<td>31.03.2011</td>
</tr>
<tr>
<td>Sir Seewoosagur Ramgoolam Botanical Garden Trust</td>
<td>2007-08</td>
<td>30.09.2008</td>
</tr>
<tr>
<td></td>
<td>2008-09</td>
<td>30.09.2009</td>
</tr>
<tr>
<td></td>
<td>2000-01</td>
<td>30.09.2001</td>
</tr>
<tr>
<td></td>
<td>2001-02</td>
<td>30.09.2002</td>
</tr>
<tr>
<td></td>
<td>2002-03</td>
<td>30.09.2003</td>
</tr>
<tr>
<td></td>
<td>2003-04</td>
<td>30.09.2004</td>
</tr>
<tr>
<td></td>
<td>2004-05</td>
<td>30.09.2005</td>
</tr>
<tr>
<td></td>
<td>2005-06</td>
<td>30.09.2006</td>
</tr>
<tr>
<td></td>
<td>2006-07</td>
<td>30.09.2007</td>
</tr>
<tr>
<td></td>
<td>01.07.09-31.12.10</td>
<td>31.03.2011</td>
</tr>
<tr>
<td>SSR Foundation</td>
<td>2006-07</td>
<td>30.09.2007</td>
</tr>
<tr>
<td></td>
<td>2007-08</td>
<td>30.09.2008</td>
</tr>
<tr>
<td></td>
<td>2008-09</td>
<td>30.09.2009</td>
</tr>
<tr>
<td></td>
<td>01.07.09-31.12.10</td>
<td>31.03.2011</td>
</tr>
<tr>
<td>Sugar Cane Planters Trust</td>
<td>2007-08</td>
<td>30.09.2008</td>
</tr>
<tr>
<td></td>
<td>2008-09</td>
<td>30.09.2009</td>
</tr>
<tr>
<td></td>
<td>01.07.09-31.12.10</td>
<td>31.03.2011</td>
</tr>
<tr>
<td>Statutory Bodies</td>
<td>Fiscal Period</td>
<td>Statutory Date Limit</td>
</tr>
<tr>
<td>---------------------------------------------------</td>
<td>-----------------</td>
<td>----------------------</td>
</tr>
<tr>
<td></td>
<td>2008-09</td>
<td>30.09.2009</td>
</tr>
<tr>
<td></td>
<td>01.07.09-31.12.10</td>
<td>31.03.2011</td>
</tr>
<tr>
<td>Tourism Authority</td>
<td>01.07.09-31.12.10</td>
<td>31.03.2011</td>
</tr>
<tr>
<td>Trade Union Trust Fund</td>
<td>2006-07</td>
<td>30.09.2007</td>
</tr>
<tr>
<td></td>
<td>2007-08</td>
<td>30.09.2008</td>
</tr>
<tr>
<td></td>
<td>2008-09</td>
<td>30.09.2009</td>
</tr>
<tr>
<td></td>
<td>01.07.09-31.12.10</td>
<td>31.03.2011</td>
</tr>
<tr>
<td></td>
<td>01.07.09-31.12.10</td>
<td>31.03.2011</td>
</tr>
<tr>
<td>Trust Fund for Specialised Medical Care</td>
<td>01.07.09-31.12.10</td>
<td>31.03.2011</td>
</tr>
<tr>
<td>University of Technology, Mauritius</td>
<td>01.07.09-31.12.10</td>
<td>31.03.2011</td>
</tr>
</tbody>
</table>
## APPENDIX IIC

### Statutory Bodies- Financial Statements certified but not yet laid before National Assembly

<table>
<thead>
<tr>
<th>Statutory Bodies</th>
<th>Fiscal Year</th>
<th>Date Certified</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aapravasi Ghat Trust Fund</td>
<td>2002-03</td>
<td>15.05.2007</td>
</tr>
<tr>
<td></td>
<td>2003-04</td>
<td>15.05.2007</td>
</tr>
<tr>
<td></td>
<td>2004-05</td>
<td>02.07.2008</td>
</tr>
<tr>
<td></td>
<td>2005-06</td>
<td>19.05.2009</td>
</tr>
<tr>
<td></td>
<td>2006-07</td>
<td>23.09.2009</td>
</tr>
<tr>
<td></td>
<td>2007-08</td>
<td>23.09.2009</td>
</tr>
<tr>
<td></td>
<td>2008-09</td>
<td>31.01.2011</td>
</tr>
<tr>
<td>Central Water Authority</td>
<td>2008-09</td>
<td>28.12.2010</td>
</tr>
<tr>
<td>Civil Service Family Protection Scheme Board</td>
<td>2007-08</td>
<td>02.04.2009</td>
</tr>
<tr>
<td></td>
<td>2008-09</td>
<td>30.08.2010</td>
</tr>
<tr>
<td>Conservatoire de Musique François Mitterand Trust Fund</td>
<td>2006-07</td>
<td>20.10.2009</td>
</tr>
<tr>
<td></td>
<td>2007-08</td>
<td>25.02.2011</td>
</tr>
<tr>
<td></td>
<td>2008-09</td>
<td>25.02.2011</td>
</tr>
<tr>
<td>Export Processing Zone Labour Welfare Fund</td>
<td>2005-06</td>
<td>30.08.2007</td>
</tr>
<tr>
<td></td>
<td>2006-07</td>
<td>05.02.2009</td>
</tr>
<tr>
<td></td>
<td>2007-08</td>
<td>02.04.2009</td>
</tr>
<tr>
<td>Farmers' Service Corporation</td>
<td>2008-09</td>
<td>15.09.2010</td>
</tr>
<tr>
<td>Financial Intelligence Unit</td>
<td>Year ended 31.12.10</td>
<td>09.05.2011</td>
</tr>
<tr>
<td>Food and Agricultural Research Council</td>
<td>1997-98</td>
<td>10.02.2000</td>
</tr>
<tr>
<td></td>
<td>1998-99</td>
<td>04.10.2001</td>
</tr>
<tr>
<td></td>
<td>1999-00</td>
<td>03.12.2001</td>
</tr>
<tr>
<td></td>
<td>2000-01</td>
<td>06.11.2003</td>
</tr>
<tr>
<td></td>
<td>2001-02</td>
<td>09.03.2004</td>
</tr>
<tr>
<td></td>
<td>2002-03</td>
<td>24.11.2005</td>
</tr>
<tr>
<td></td>
<td>2003-04</td>
<td>18.07.2006</td>
</tr>
<tr>
<td></td>
<td>2004-05</td>
<td>15.06.2007</td>
</tr>
<tr>
<td></td>
<td>2005-06</td>
<td>13.11.2007</td>
</tr>
<tr>
<td></td>
<td>2007-08</td>
<td>01.04.2010</td>
</tr>
<tr>
<td>Ilois Welfare Fund</td>
<td>2007-08</td>
<td>12.06.2009</td>
</tr>
<tr>
<td></td>
<td>2008-09</td>
<td>09.07.2010</td>
</tr>
<tr>
<td>Independent Commission Against Corruption</td>
<td>01.07.09-31.12.10</td>
<td>27.06.2011</td>
</tr>
<tr>
<td>Law Reform Commission</td>
<td>10.01.06-30.06.06</td>
<td>23.06.2011</td>
</tr>
<tr>
<td></td>
<td>2006-07</td>
<td>24.06.2011</td>
</tr>
<tr>
<td></td>
<td>2007-08</td>
<td>24.06.2011</td>
</tr>
<tr>
<td></td>
<td>2008-09</td>
<td>24.06.2011</td>
</tr>
<tr>
<td>Le Morne Heritage Trust Fund</td>
<td>2004-05</td>
<td>30.03.2010</td>
</tr>
<tr>
<td></td>
<td>2005-06</td>
<td>30.03.2010</td>
</tr>
<tr>
<td>Statutory Bodies</td>
<td>Fiscal Year</td>
<td>Date Certified</td>
</tr>
<tr>
<td>------------------------------------------------------</td>
<td>-------------</td>
<td>----------------</td>
</tr>
<tr>
<td>Mauritian Cultural Centre Trust</td>
<td>2006-07</td>
<td>30.03.2010</td>
</tr>
<tr>
<td></td>
<td>2002-03</td>
<td>30.03.2005</td>
</tr>
<tr>
<td></td>
<td>2003-04</td>
<td>22.01.2007</td>
</tr>
<tr>
<td>Mauritius Broadcasting Corporation</td>
<td>2007-08</td>
<td>20.10.2009</td>
</tr>
<tr>
<td>Mauritius Ex- Services Trust Fund</td>
<td>2006-07</td>
<td>18.03.2009</td>
</tr>
<tr>
<td></td>
<td>2007-08</td>
<td>20.10.2009</td>
</tr>
<tr>
<td></td>
<td>2008-09</td>
<td>20.04.2011</td>
</tr>
<tr>
<td>Mauritius Examinations Syndicate</td>
<td>2008-09</td>
<td>04.03.2011</td>
</tr>
<tr>
<td>Mauritius Film Development Corporation</td>
<td>2007-08</td>
<td>25.10.2010</td>
</tr>
<tr>
<td>Mauritius Marathi Cultural Centre Trust</td>
<td>2001-02</td>
<td>11.05.2004</td>
</tr>
<tr>
<td></td>
<td>2002-03</td>
<td>24.11.2005</td>
</tr>
<tr>
<td></td>
<td>2003-04</td>
<td>24.11.2005</td>
</tr>
<tr>
<td></td>
<td>2004-05</td>
<td>24.11.2006</td>
</tr>
<tr>
<td>Mauritius Meat Authority</td>
<td>2008-09</td>
<td>24.02.2010</td>
</tr>
<tr>
<td>Mauritius Museums Council</td>
<td>2003-04</td>
<td>02.06.2008</td>
</tr>
<tr>
<td></td>
<td>2004-05</td>
<td>02.06.2008</td>
</tr>
<tr>
<td></td>
<td>2005-06</td>
<td>02.06.2008</td>
</tr>
<tr>
<td></td>
<td>2006-07</td>
<td>02.06.2008</td>
</tr>
<tr>
<td></td>
<td>2007-08</td>
<td>07.04.2009</td>
</tr>
<tr>
<td></td>
<td>2008-09</td>
<td>06.09.2010</td>
</tr>
<tr>
<td>Mauritius Qualifications Authority</td>
<td>2008-09</td>
<td>16.02.2011</td>
</tr>
<tr>
<td>Mauritius Research Council</td>
<td>2008-09</td>
<td>01.07.2010</td>
</tr>
<tr>
<td></td>
<td>2007-08</td>
<td>30.06.2010</td>
</tr>
<tr>
<td>Mauritius Standards Bureau</td>
<td>2008-09</td>
<td>25.01.2011</td>
</tr>
<tr>
<td>Mauritius Sugar Authority</td>
<td>2006-07</td>
<td>03.12.2009</td>
</tr>
<tr>
<td>Mauritius Tourism Promotion Authority</td>
<td>2007-08</td>
<td>20.10.2009</td>
</tr>
<tr>
<td></td>
<td>2008-09</td>
<td>28.01.2011</td>
</tr>
<tr>
<td>National Adoption Council</td>
<td>2003-04</td>
<td>30.05.2005</td>
</tr>
<tr>
<td></td>
<td>2004-05</td>
<td>02.12.2005</td>
</tr>
<tr>
<td></td>
<td>2005-06</td>
<td>23.11.2006</td>
</tr>
<tr>
<td></td>
<td>2006-07</td>
<td>16.06.2008</td>
</tr>
<tr>
<td></td>
<td>2007-08</td>
<td>06.07.2009</td>
</tr>
<tr>
<td></td>
<td>2008-09</td>
<td>14.02.2011</td>
</tr>
<tr>
<td>National Computer Board</td>
<td>2006-07</td>
<td>12.05.2011</td>
</tr>
<tr>
<td></td>
<td>2005-06</td>
<td>30.08.2007</td>
</tr>
<tr>
<td>National Council for the Rehabilitation of Disabled Persons</td>
<td>2002-03</td>
<td>13.01.2005</td>
</tr>
<tr>
<td></td>
<td>2003-04</td>
<td>13.01.2005</td>
</tr>
<tr>
<td></td>
<td>2004-05</td>
<td>23.11.2005</td>
</tr>
<tr>
<td></td>
<td>2005-06</td>
<td>23.02.2007</td>
</tr>
<tr>
<td></td>
<td>2006-07</td>
<td>06.02.2008</td>
</tr>
<tr>
<td></td>
<td>2008-09</td>
<td>04.01.2010</td>
</tr>
<tr>
<td></td>
<td>2007-08</td>
<td>20.04.2009</td>
</tr>
<tr>
<td>National Economic and Social Council</td>
<td>2007-08</td>
<td>30.10.2008</td>
</tr>
<tr>
<td></td>
<td>01.07.09-31.12.10</td>
<td>22.06.2011</td>
</tr>
<tr>
<td>National Handicraft Promotion Agency</td>
<td>01.07.04 -16.06.05</td>
<td>16.01.2009</td>
</tr>
<tr>
<td>Statutory Bodies</td>
<td>Fiscal Year</td>
<td>Date Certified</td>
</tr>
<tr>
<td>--------------------------------------------------------------</td>
<td>-------------</td>
<td>---------------</td>
</tr>
<tr>
<td>National Heritage Fund</td>
<td>Period ended 30.06.99</td>
<td>03.08.2001</td>
</tr>
<tr>
<td></td>
<td>1999-00</td>
<td>03.08.2001</td>
</tr>
<tr>
<td></td>
<td>2000-01</td>
<td>02.07.2002</td>
</tr>
<tr>
<td></td>
<td>2001-02</td>
<td>24.02.2004</td>
</tr>
<tr>
<td></td>
<td>2002-03</td>
<td>24.02.2004</td>
</tr>
<tr>
<td></td>
<td>2003-04</td>
<td>26.07.2005</td>
</tr>
<tr>
<td></td>
<td>2004-05</td>
<td>17.08.2007</td>
</tr>
<tr>
<td></td>
<td>2005-06</td>
<td>13.11.2008</td>
</tr>
<tr>
<td></td>
<td>2006-07</td>
<td>13.11.2008</td>
</tr>
<tr>
<td>National Human Rights Commission</td>
<td>2007-08</td>
<td>26.03.2009</td>
</tr>
<tr>
<td>National Solidarity Fund</td>
<td>2008-09</td>
<td>20.12.2010</td>
</tr>
<tr>
<td>National Transport Corporation</td>
<td>2006-07</td>
<td>28.08.2009</td>
</tr>
<tr>
<td></td>
<td>2008-09</td>
<td>09.09.2010</td>
</tr>
<tr>
<td></td>
<td>2007-08</td>
<td>19.04.2011</td>
</tr>
<tr>
<td></td>
<td>1998</td>
<td>22.02.2001</td>
</tr>
<tr>
<td>National Youth Council</td>
<td>Period ended 30.06.00</td>
<td>12.11.2001</td>
</tr>
<tr>
<td></td>
<td>2000-01</td>
<td>26.03.2002</td>
</tr>
<tr>
<td></td>
<td>2001-02</td>
<td>13.03.2003</td>
</tr>
<tr>
<td></td>
<td>2002-03</td>
<td>16.02.2004</td>
</tr>
<tr>
<td></td>
<td>2003-04</td>
<td>05.07.2006</td>
</tr>
<tr>
<td></td>
<td>2004-05</td>
<td>21.06.2007</td>
</tr>
<tr>
<td></td>
<td>2005-06</td>
<td>21.06.2007</td>
</tr>
<tr>
<td></td>
<td>2006-07</td>
<td>02.07.2008</td>
</tr>
<tr>
<td></td>
<td>2007-08</td>
<td>05.05.2009</td>
</tr>
<tr>
<td></td>
<td>2008-09</td>
<td>24.06.2011</td>
</tr>
<tr>
<td></td>
<td>1997-98</td>
<td>12.05.2003</td>
</tr>
<tr>
<td></td>
<td>1998-99</td>
<td>12.05.2003</td>
</tr>
<tr>
<td></td>
<td>1999-00</td>
<td>12.05.2003</td>
</tr>
<tr>
<td></td>
<td>2000-01</td>
<td>08.07.2004</td>
</tr>
<tr>
<td></td>
<td>2001-02</td>
<td>08.07.2004</td>
</tr>
<tr>
<td></td>
<td>2002-03</td>
<td>08.07.2004</td>
</tr>
<tr>
<td></td>
<td>2003-04</td>
<td>07.04.2009</td>
</tr>
<tr>
<td></td>
<td>2004-05</td>
<td>08.10.2010</td>
</tr>
<tr>
<td></td>
<td>2007-08</td>
<td>01.07.2010</td>
</tr>
<tr>
<td></td>
<td>2008-09</td>
<td>19.05.2011</td>
</tr>
<tr>
<td>Pre-School Trust Fund (now Early Childhood Care</td>
<td>2000-01</td>
<td>11.11.2004</td>
</tr>
<tr>
<td>and Education Authority)</td>
<td>2001-02</td>
<td>11.11.2004</td>
</tr>
<tr>
<td></td>
<td>2002-03</td>
<td>27.11.2007</td>
</tr>
<tr>
<td></td>
<td>2003-04</td>
<td>29.11.2007</td>
</tr>
<tr>
<td></td>
<td>2004-05</td>
<td>11.11.2008</td>
</tr>
<tr>
<td></td>
<td>2005-06</td>
<td>11.11.2008</td>
</tr>
<tr>
<td>Statutory Bodies</td>
<td>Fiscal Year</td>
<td>Date Certified</td>
</tr>
<tr>
<td>------------------------------------------------------</td>
<td>-------------</td>
<td>----------------</td>
</tr>
<tr>
<td>Private Secondary Schools Authority</td>
<td>2008-09</td>
<td>07.05.2010</td>
</tr>
<tr>
<td>Rajiv Gandhi Science Centre Trust Fund</td>
<td>2006-07</td>
<td>23.06.2009</td>
</tr>
<tr>
<td></td>
<td>2007-08</td>
<td>11.03.2010</td>
</tr>
<tr>
<td></td>
<td>2008-09</td>
<td>11.03.2010</td>
</tr>
<tr>
<td></td>
<td>1994-95</td>
<td>14.02.2001</td>
</tr>
<tr>
<td></td>
<td>1995-96</td>
<td>14.02.2001</td>
</tr>
<tr>
<td></td>
<td>1996-97</td>
<td>14.02.2001</td>
</tr>
<tr>
<td></td>
<td>1997-98</td>
<td>14.02.2001</td>
</tr>
<tr>
<td></td>
<td>1999-00</td>
<td>14.02.2001</td>
</tr>
<tr>
<td></td>
<td>2001-02</td>
<td>28.11.2002</td>
</tr>
<tr>
<td></td>
<td>2002-03</td>
<td>19.03.2004</td>
</tr>
<tr>
<td></td>
<td>2003-04</td>
<td>30.09.2004</td>
</tr>
<tr>
<td></td>
<td>2004-05</td>
<td>04.07.2006</td>
</tr>
<tr>
<td></td>
<td>2005-06</td>
<td>17.08.2007</td>
</tr>
<tr>
<td></td>
<td>2006-07</td>
<td>29.07.2008</td>
</tr>
<tr>
<td></td>
<td>2007-08</td>
<td>04.05.2009</td>
</tr>
<tr>
<td>Small Enterprises and Handicraft Development Authority</td>
<td>2007-08</td>
<td>27.10.2009</td>
</tr>
<tr>
<td></td>
<td>2008-09</td>
<td>04.03.2011</td>
</tr>
<tr>
<td>Small Planters Welfare Fund</td>
<td>2007-08</td>
<td>28.08.2009</td>
</tr>
<tr>
<td></td>
<td>2008-09</td>
<td>27.12.2010</td>
</tr>
<tr>
<td>State Trading Corporation</td>
<td>2008-09</td>
<td>03.03.2011</td>
</tr>
<tr>
<td>Sugar Cane Planters Trust</td>
<td>2006-07</td>
<td>20.10.2008</td>
</tr>
<tr>
<td>Tea Board</td>
<td>2008-09</td>
<td>06.11.2009</td>
</tr>
<tr>
<td>Training and Employment of Disabled Persons Board</td>
<td>2006-07</td>
<td>23.02.2010</td>
</tr>
<tr>
<td></td>
<td>2007-08</td>
<td>07.01.2011</td>
</tr>
<tr>
<td>University of Mauritius</td>
<td>2007-08</td>
<td>07.10.2009</td>
</tr>
<tr>
<td></td>
<td>2008-09</td>
<td>28.12.2010</td>
</tr>
<tr>
<td>University of Technology, Mauritius</td>
<td>2001-02</td>
<td>13.11.2008</td>
</tr>
<tr>
<td></td>
<td>2002-03</td>
<td>13.11.2008</td>
</tr>
<tr>
<td></td>
<td>2003-04</td>
<td>13.11.2008</td>
</tr>
<tr>
<td>Vallée D'Osterlog Endemic Garden Foundation</td>
<td>04.09.07-30.06.08</td>
<td>27.12.2010</td>
</tr>
<tr>
<td></td>
<td>2008-09</td>
<td>28.12.2010</td>
</tr>
<tr>
<td>Statutory Bodies</td>
<td>Fiscal Year</td>
<td></td>
</tr>
<tr>
<td>------------------------------------------------------</td>
<td>------------------------------------</td>
<td></td>
</tr>
<tr>
<td>Agricultural Marketing Board</td>
<td>2009</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2010</td>
<td></td>
</tr>
<tr>
<td>Beach Authority</td>
<td>01.07.09-31.12.10</td>
<td></td>
</tr>
<tr>
<td>Board of Investment</td>
<td>01.07.09-31.12.10</td>
<td></td>
</tr>
<tr>
<td>Central Electricity Board</td>
<td>2009</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2010</td>
<td></td>
</tr>
<tr>
<td>Central Water Authority</td>
<td>01.07.09-31.12.10</td>
<td></td>
</tr>
<tr>
<td>Civil Service Family Protection Scheme Board</td>
<td>01.07.09-31.12.10</td>
<td></td>
</tr>
<tr>
<td>Employees' Welfare Fund</td>
<td>01.07.09-31.12.10</td>
<td></td>
</tr>
<tr>
<td>Export Processing Zone Labour Welfare Fund</td>
<td>01.07.09-31.12.10</td>
<td></td>
</tr>
<tr>
<td>Farmers' Service Corporation</td>
<td>01.07.09-31.12.10</td>
<td></td>
</tr>
<tr>
<td>Fashion and Design Institute</td>
<td>09.07.08-30.06.09</td>
<td></td>
</tr>
<tr>
<td>Financial Reporting Council</td>
<td>01.07.09-31.12.10</td>
<td></td>
</tr>
<tr>
<td>Fishermen Investment Trust</td>
<td>01.07.09-31.12.10</td>
<td></td>
</tr>
<tr>
<td>Fishermen Welfare Fund</td>
<td>01.07.09-31.12.10</td>
<td></td>
</tr>
<tr>
<td>Food and Agricultural Research Council</td>
<td>2008-09</td>
<td></td>
</tr>
<tr>
<td></td>
<td>01.07.09-31.12.10</td>
<td></td>
</tr>
<tr>
<td>Gambling Regulatory Authority</td>
<td>01.07.09-31.12.10</td>
<td></td>
</tr>
<tr>
<td>Human Resource Development Council</td>
<td>2008-09</td>
<td></td>
</tr>
<tr>
<td></td>
<td>01.07.09-31.12.10</td>
<td></td>
</tr>
<tr>
<td>Ilois Welfare Fund</td>
<td>01.07.09-31.12.10</td>
<td></td>
</tr>
<tr>
<td>Information and Communication Technologies Authority</td>
<td>01.07.09-31.12.10</td>
<td></td>
</tr>
<tr>
<td>Islamic Cultural Centre Trust Fund</td>
<td>2005-06</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2006-07</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2007-08</td>
<td></td>
</tr>
<tr>
<td>Law Reform Commission</td>
<td>01.07.09-31.12.10</td>
<td></td>
</tr>
<tr>
<td>Lottery Committee</td>
<td>01.07.09-31.12.10</td>
<td></td>
</tr>
<tr>
<td>Mahatma Gandhi Institute</td>
<td>01.07.09-31.12.10</td>
<td></td>
</tr>
<tr>
<td>Malcom de Chazal Trust Fund</td>
<td>2003-04</td>
<td></td>
</tr>
<tr>
<td>Mauritius Broadcasting Corporation</td>
<td>2008-09</td>
<td></td>
</tr>
<tr>
<td>Mauritius College of the Air</td>
<td>01.07.09-31.12.10</td>
<td></td>
</tr>
<tr>
<td>Mauritius Council of Registered Librarians</td>
<td>01.07.09-31.12.10</td>
<td></td>
</tr>
<tr>
<td>Mauritius Examinations Syndicate</td>
<td>01.07.09-31.12.10</td>
<td></td>
</tr>
<tr>
<td>Mauritius Film Development Corporation</td>
<td>2008-09</td>
<td></td>
</tr>
<tr>
<td></td>
<td>01.07.09-31.12.10</td>
<td></td>
</tr>
<tr>
<td>Mauritius Institute of Education</td>
<td>01.07.09-31.12.10</td>
<td></td>
</tr>
<tr>
<td>Mauritius Institute of Health</td>
<td>01.07.09-31.12.10</td>
<td></td>
</tr>
<tr>
<td>Mauritius Marathi Cultural Centre Trust</td>
<td>01.07.09-31.12.09</td>
<td></td>
</tr>
<tr>
<td>Mauritius Meat Authority</td>
<td>01.07.09-31.12.10</td>
<td></td>
</tr>
<tr>
<td>Mauritius Oceanography Institute</td>
<td>01.07.09-31.12.10</td>
<td></td>
</tr>
<tr>
<td>Mauritius Qualifications Authority</td>
<td>01.07.09-31.12.10</td>
<td></td>
</tr>
<tr>
<td>Mauritius Research Council</td>
<td>01.07.09-31.12.10</td>
<td></td>
</tr>
<tr>
<td>Mauritius Revenue Authority</td>
<td>01.07.09-31.12.10</td>
<td></td>
</tr>
<tr>
<td>Statutory Bodies</td>
<td>Fiscal Year</td>
<td></td>
</tr>
<tr>
<td>-----------------------------------------------------</td>
<td>-------------</td>
<td></td>
</tr>
<tr>
<td>Mauritius Sports Council</td>
<td>2008-09</td>
<td></td>
</tr>
<tr>
<td></td>
<td>01.07.09-31.12.09</td>
<td></td>
</tr>
<tr>
<td>Mauritius Standards Bureau</td>
<td>2008-09</td>
<td></td>
</tr>
<tr>
<td>Mauritius Sugar Authority</td>
<td>2007-08</td>
<td></td>
</tr>
<tr>
<td>Mauritius Sugar Terminal Corporation</td>
<td>2008-09</td>
<td></td>
</tr>
<tr>
<td>Mauritius Tamil Cultural Centre Trust</td>
<td>2004-05</td>
<td></td>
</tr>
<tr>
<td>Mauritius Telegu Cultural Centre Trust</td>
<td>2006-07</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2007-08</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2008-09</td>
<td></td>
</tr>
<tr>
<td>Mauritius Tourism Promotion Authority</td>
<td>2008-09</td>
<td></td>
</tr>
<tr>
<td>Media Trust</td>
<td>2005</td>
<td></td>
</tr>
<tr>
<td>National Children's Council</td>
<td>2004-05</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2005-06</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2006-07</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2007-08</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2008-09</td>
<td></td>
</tr>
<tr>
<td>National Council for the Rehabilitation of Disabled Persons</td>
<td>2008-09</td>
<td></td>
</tr>
<tr>
<td>National Human Rights Commission</td>
<td>2008-09</td>
<td></td>
</tr>
<tr>
<td>National Library</td>
<td>2007-08</td>
<td></td>
</tr>
<tr>
<td>National Productivity and Competitiveness Council</td>
<td>2008-09</td>
<td></td>
</tr>
<tr>
<td>National Solidarity Fund</td>
<td>2007-08</td>
<td></td>
</tr>
<tr>
<td>National Transport Corporation</td>
<td>2007-08</td>
<td></td>
</tr>
<tr>
<td>National Women Entrepreneur Council</td>
<td>2008-09</td>
<td></td>
</tr>
<tr>
<td>National Women's Council</td>
<td>2005</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2006</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2007</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2008</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2009</td>
<td></td>
</tr>
<tr>
<td>National Youth Council</td>
<td>2008-09</td>
<td></td>
</tr>
<tr>
<td>Nelson Mandela Centre for African Culture Trust Fund</td>
<td>2005-06</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2006-07</td>
<td></td>
</tr>
<tr>
<td>Outer Islands Development Corporation</td>
<td>2008-09</td>
<td></td>
</tr>
<tr>
<td>Private Secondary Schools Authority</td>
<td>2007-08</td>
<td></td>
</tr>
<tr>
<td>Public Officers' Welfare Council</td>
<td>2007-08</td>
<td></td>
</tr>
<tr>
<td>Rabindranath Tagore Institute</td>
<td>2007-08</td>
<td></td>
</tr>
<tr>
<td>Rajiv Gandhi Science Centre Trust Fund</td>
<td>2007-08</td>
<td></td>
</tr>
<tr>
<td>Road Development Authority</td>
<td>2007-08</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2008-09</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2009</td>
<td></td>
</tr>
<tr>
<td>Seafarers' Welfare Fund</td>
<td>2008-09</td>
<td></td>
</tr>
<tr>
<td>Senior Citizens Council</td>
<td>2007-08</td>
<td></td>
</tr>
<tr>
<td>Small and Medium Enterprises Development Authority</td>
<td>2007-08</td>
<td></td>
</tr>
<tr>
<td>Small Enterprises and Handicraft Development Authority</td>
<td>2007-08</td>
<td></td>
</tr>
<tr>
<td>Statutory Bodies</td>
<td>Fiscal Year</td>
<td></td>
</tr>
<tr>
<td>------------------------------------------------------</td>
<td>---------------------</td>
<td></td>
</tr>
<tr>
<td>Small Planters Welfare Fund</td>
<td>01.07.09-31.12.10</td>
<td></td>
</tr>
<tr>
<td>St Antoine Planters Co-Operative Trust</td>
<td>01.07.09-31.12.10</td>
<td></td>
</tr>
<tr>
<td>State Trading Corporation</td>
<td>01.07.09-31.12.10</td>
<td></td>
</tr>
<tr>
<td>Statutory Bodies Family Protection Fund</td>
<td>01.07.09-31.12.10</td>
<td></td>
</tr>
<tr>
<td>Sugar Industry Labour Welfare Fund</td>
<td>2008-09</td>
<td></td>
</tr>
<tr>
<td></td>
<td>01.07.09-31.12.10</td>
<td></td>
</tr>
<tr>
<td>Sugar Insurance Fund Board</td>
<td>2010</td>
<td></td>
</tr>
<tr>
<td>Sugar Planters Mechanical Pool Corporation</td>
<td>01.07.09-31.12.10</td>
<td></td>
</tr>
<tr>
<td>Tea Board</td>
<td>01.07.09-31.12.10</td>
<td></td>
</tr>
<tr>
<td>Tertiary Education Commission</td>
<td>01.07.09-31.12.10</td>
<td></td>
</tr>
<tr>
<td>Tourism Authority</td>
<td>2008-09</td>
<td></td>
</tr>
<tr>
<td>Tourism Employees Welfare Fund</td>
<td>01.07.09-31.12.10</td>
<td></td>
</tr>
<tr>
<td>Town and Country Planning Board</td>
<td>01.07.09-31.12.10</td>
<td></td>
</tr>
<tr>
<td>University of Mauritius</td>
<td>01.07.09-31.12.10</td>
<td></td>
</tr>
<tr>
<td>University of Technology, Mauritius</td>
<td>2004-05</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2005-06</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2006-07</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2007-08</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2008-09</td>
<td></td>
</tr>
<tr>
<td>Vallée D'Osterlog Endemic Garden Foundation</td>
<td>01.07.09-31.12.10</td>
<td></td>
</tr>
<tr>
<td>Waste Water Management Authority</td>
<td>01.07.09-31.12.10</td>
<td></td>
</tr>
</tbody>
</table>