

NATIONAL AUDIT OFFICE



REPUBLIC OF MAURITIUS

REPORT OF THE DIRECTOR OF AUDIT

ON THE ACCOUNTS OF THE

REPUBLIC OF MAURITIUS

FOR THE 18-MONTH PERIOD

1 JANUARY 2015 TO 30 JUNE 2016

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THE NATIONAL AUDIT OFFICE

The Public Office of the Director of Audit

The public office of the Director of Audit is established by the Constitution of the Republic of Mauritius. The Director of Audit is the head of the National Audit Office (NAO), which is known in the international context as the Supreme Audit Institution (SAI) of Mauritius.

The Constitution of Mauritius provides for the appointment of the Director of Audit, her independence and security of tenure, as well as her authority and specific conditions of service. Section 110 of the Constitution spells out the independence of the Director of Audit, providing that in the exercise of her functions, the latter shall not be subject to the direction or control of any person or authority. Also, Section 93 provides that the Director of Audit cannot be removed from office before attaining the retiring age, except for inability to discharge the functions of her office, or for misbehaviour, and even that, only by the President acting on the recommendation of a Tribunal which shall consist of at least three persons who are holding or have held office as a Judge of the Supreme Court. The Office of the Director of Audit, the Director of Audit or any officer of her staff are protected from liability in the execution, in good faith, of their functions under the Finance and Audit Act.

Through independent reporting on the financial statements, operations and activities of Government/Public entities to Parliament or the appropriate authorities, the NAO contributes in the improvement of the public sector performance and accountability.

The NAO operates within regulations pertaining to the Public Sector and to discharge her duties, the Director of Audit is supported by professional and experienced staff.

Scope of this Report

Section 20(1) of the Finance and Audit Act requires me to send, within eight months of the close of every financial year, copies of the statements submitted for Mauritius and the Rodrigues Regional Assembly (RRA) together with a certificate of audit and a report upon the examination and audit of these accounts to the Minister responsible for the subject of finance.

The Finance and Audit Act was amended to provide for the definition of financial year to be changed from 'a period of 12 months ending 31 December' to 'a period of 12 months ending 30 June' with effect from 1 January 2015. Financial statements were thus prepared and submitted to me as follows:

- For Mauritius - statements for the 6-month period 1 January to 30 June 2015, and for the Financial year 2015-16
- For RRA - statements for the 12-month period 1 January to 31 December 2015, and for the 6-month period 1 January to 30 June 2016

Authority to submit a Consolidated Audit Report for the 18-month period 1 January 2015 to 30 June 2016 has been duly given to me by the Minister of Finance and Economic Development, under Section 20(2) of the Finance and Audit Act.

This Report contains significant findings qualifying my Certificates of the Accountant General's Statements on the Republic of Mauritius for the 6-month period 1 January to 30 June 2015, and for the Financial year 2015-16, and any other matters of importance that have come to my notice since the date of the Audit Report 2014. The lists of other entities audited by NAO and the status of the submission of their accounts are also included.

Two Performance Audit Reports were laid before the National Assembly on 17 May 2016, namely,

- Ministry of Health and Quality of Life - *"Healthcare Waste Management in Regional Hospitals"*
- Ministry of Labour, Industrial Relations, Employment and Training (Employment Division) - *"Enhancing Employability of Jobseekers"*

The following four Performance Audit Reports are submitted together with this Report and the Executive Summary of each of these Reports is found at Appendices IA to ID:

- Ministry of Tourism - *"Implementation of Sustainable Tourism Strategies"*
- Ministry of Health and Quality of Life - *"Computerisation of Patient Health Records"*
- Ministry of Agro-Industry and Food Security - *"Boosting Food Crop Production"*
- Ministry of Social Security, National Solidarity and Environment and Sustainable Development (Environment and Sustainable Development Division) - *"Moving Towards Renewable Energy - Solar Water Heater Grant Scheme"*

Audit Mandate

The mandate of the Director of Audit is primarily defined in the Constitution of Mauritius and the Finance and Audit Act. The Director of Audit is required to audit

- All Ministries and Government Departments, and
- All the Commissions of the Rodrigues Regional Assembly.

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

Section 16 of the Finance and Audit Act provides that the Director of Audit has to satisfy herself that:

- all reasonable precautions have been and are taken to safeguard the collection of public money
- all laws, directions or instructions relating to public money have been and are duly observed

- all money appropriated or otherwise disbursed is applied to the purpose for which Parliament intended to provide and that the expenditure conforms to the authority which governs it
- adequate directions or instructions exist for the guidance of public officers entrusted with duties and functions connected with finance or storekeeping and that such directions or instructions have been and are duly observed
- satisfactory management measures have been and are taken to ensure that resources are procured economically and utilised efficiently and effectively.

The Director of Audit is also required by the Finance and Audit Act to carry out Performance Audit and report on the extent to which a Ministry, Department or Division is applying its resources and carrying out its operations economically, efficiently and effectively.

In addition, through provisions made in various legislations of Statutory Bodies and the Local Government Act, as well as, in Agreements with Institutions/Donor-funded projects, the Director of Audit is empowered to audit the accounts of most Statutory Bodies, all Local Authorities, most Special Funds and several Donor-funded Projects.

Powers of Director of Audit

Section 110 of the Constitution gives the authority for the Director of Audit or any other officer authorised by her to have access to all books, records, reports and other documents relating to accounts to be audited by her.

Section 17 of the Finance and Audit Act provides that in the exercise of her duties under this Act, the Director of Audit may, among others, call upon any public officer for any explanations and information which she may require in order to enable her to discharge her duties. She may also with the concurrence of the head of any Ministry or Department, authorise an officer of that Ministry or Department to conduct on her behalf any inquiry, examination or audit and such officer shall report thereon to her.

The Director of Audit in the Accountability Process

The Director of Audit is conferred powers and responsibilities by the Constitution and the Finance and Audit Act in order to ensure that public monies are raised and disbursed in accordance with the intentions of the National Assembly. The role of the Director of Audit, in the accountability process, is to examine the financial statements of the Republic of Mauritius and the underlying records and provide an Audit Report thereon to the National Assembly. The NAO's report gives an independent assurance to the National Assembly that public sector bodies are operating and are accounting for their performance in accordance with the National Assembly's purpose.

The roles of the key stakeholders, namely, the Parliament, the Public Accounts Committee, the Accounting Officers and the Accountant General in the accountability process are described below.

Parliament

The only authority for the expenditure of public funds and the raising of revenues by public bodies is that which is given by the Parliament (National Assembly). The National Assembly decides on policy matters and allocates funds for the implementation of such policies. The basis of this system is the approval of the annual Estimates by the National Assembly, and this approval is given statutory force by the passing, each year, of an Appropriation Act in which the amount of money to be allocated for each service of the Government is set out under a series of "Votes". The Appropriation Act is subsequently assented by the President of the Republic of Mauritius and gazetted.

Accounting Officers

The Accounting Officers of Ministries and Government Departments are the Senior Chief Executives, the Permanent Secretaries and Administrative Heads. They are responsible for ensuring that the funds entrusted to them are applied only to the purposes intended by the National Assembly, which is to implement Government policy within the resources allocated in the Estimates. Similarly, they should ensure that adequate machinery exists for the due collection and bringing to account of all receipts connected with the Votes and Revenue Heads under their control. They are also responsible for the efficient and effective service delivery in the implementation of Government policies and programmes, maintaining proper financial systems, putting in place internal controls and preventing fraud and error as well as the safe custody of assets and stores.

Accountant General

The Accountant-General prepares statements showing fully the financial position of Mauritius on the last day of every financial year and these are submitted to the Director of Audit. The statements give consolidated financial information on Ministries and Government Departments including revenue raised, expenditure incurred, deposits and advances outstanding. The Accountant General is also an Accounting Officer having the responsibility of the Treasury's Vote.

Public Accounts Committee

The Public Accounts Committee is a sessional Select Committee appointed under the Standing Orders of the National Assembly and consists of a Chairman appointed by the Speaker and not more than nine members nominated by the Committee of Selection. The function of the PAC is to examine the accounts of the Government of Mauritius for each financial year together with NAO's Audit Report on them and such other accounts laid before the National Assembly as the Assembly may refer to the Committee. The PAC is to satisfy itself that public money is spent for the purposes authorised by the National Assembly and it has the power, in the exercise of its duties, to send for Government officials, records and to take evidence. Thereafter, the PAC prepares and submits its report and recommendations to the Speaker for tabling in the National Assembly.

On 13 October 2015, the PAC has submitted its report on the Reports of the Director of Audit for the years ended 31 December 2012 and 2013, respectively, on the accounts of selected Ministries.

Public Sector Audits

The NAO undertake two main types of audits, namely, Financial/Regularity Audit and Performance Audit, in order to provide assurance to Parliament on the accounting and use of public funds and to fulfil its mandate effectively.

Regularity Audit consists of the

- Examination and evaluation of financial records and expression of opinions on financial statements
- Audit of financial systems and transactions including an evaluation of compliance with applicable statutes and regulations
- Audit of internal control and internal audit functions
- Reporting of any other matters arising from or relating to the audit that the NAO considers should be disclosed
- Reporting on any expenditure incurred which is of an extravagant or wasteful nature, judged by normal commercial practice and prudence.

Performance Auditing is an independent, objective and reliable examination of whether Government undertakings, systems, operations, programmes, activities or organisations are operating in accordance with the principles of economy, efficiency and effectiveness and whether there is room for improvement. Performance Auditing seeks to provide new information, analysis or insights, and where appropriate, recommendations for improvement.

Audit Methodology

The Audit was carried out in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). ISSAIs require that the auditor exercise professional judgment and maintain professional skepticism throughout the audit and, among other things, to:

- 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 financial statements and any additional objectives on which reporting is mandatory based on conclusions drawn from the audit evidence obtained.

Audit Process

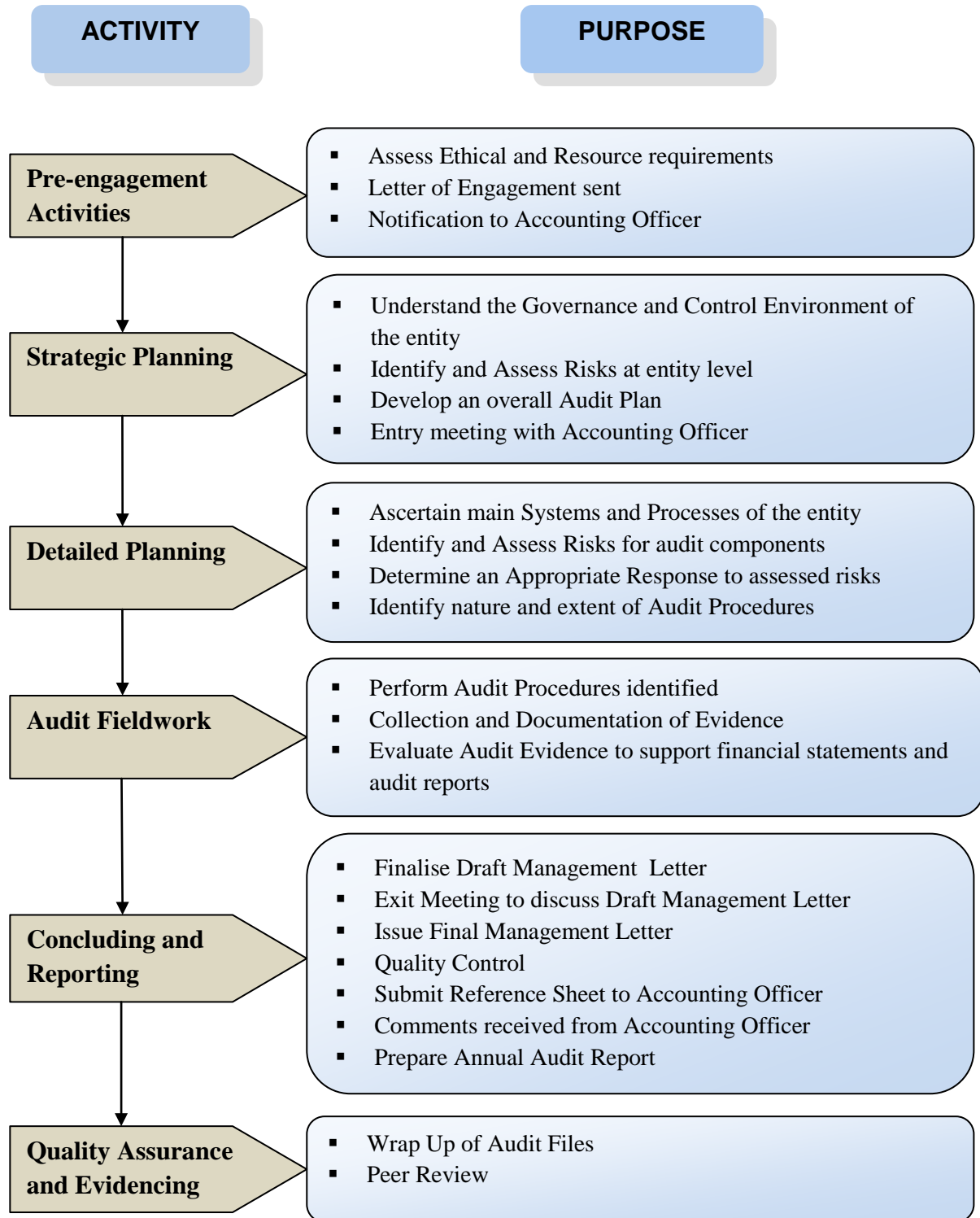
A risk-based approach is adopted in identifying units to be audited, as well as conducting individual audits. Each individual audit starts with the planning process, which requires an understanding of the entity to be audited and its environment, in order to identify risks that may result in material misstatement of the financial report. This is followed by an assessment of those risks, which involves considering a number of factors, namely, the nature of the risks, relevant internal controls and the required level of audit assurance. Appropriate audit responses to those risks are then designed in order to obtain sufficient appropriate audit evidence on which to conclude. The audit work carried out, as well as audit findings are documented.

The management of the audited entity is given the opportunity, at the conclusion of an audit, to respond to audit findings through discussions at an exit meeting. Major findings are included in a Management Letter, which is a formal, detailed report addressed to the Accounting Officer.

Through “Reference Sheets”, audit findings deemed to be of significance and of a nature to be brought to the attention of the National Assembly are then communicated to the Accounting Officer. The latter is given the opportunity to comment on the “true and fair” view of these audit findings. These are amended, if necessary, before inclusion in the Annual Audit Report and, where appropriate, a summary of the Accounting Officer’s comments are also incorporated.

The figure depicts the main activities carried out during an audit.

The Audit Process



Audit Reports

Section 110 of the Constitution provides that the Director of Audit shall submit her reports to the Minister responsible for the subject of finance, who shall cause them to be laid before the National Assembly.

The Accountant-General is required, under the Finance and Audit Act, to sign and submit to the Director of Audit, within six months of the close of every financial year, statements showing fully the financial position of Mauritius on the last day of such fiscal year. For the Rodrigues Regional Assembly, the Commissioner in charge of finance is required to submit the statements within three months of the close of every financial year.

The Director of Audit is required to send, within eight months of the close of every financial year, copies of the statements submitted for Mauritius and the RRA together with a certificate of audit and a report upon the examination and audit of these accounts to the Minister responsible for the subject of Finance. On receipt of the statements and reports, the latter is required as soon as possible to lay these documents before the National Assembly.

Where the Minister fails, within a reasonable time, to lay any report before the National Assembly, the Director of Audit shall send such report to the Speaker of the National Assembly to be by him presented to the National Assembly. Also, the Director of Audit may, if it appears to her to be desirable, send a special report on any matter incidental to her powers and duties under the Finance and Audit Act to the Speaker of the Assembly to be by him presented to the Assembly.

The Challenges Facing the NAO

There have been major developments in the country during the past 10 years with the emergence of the financial services sector as a major pillar of our economy. New financial legislations and the National Code of Corporate Governance have been adopted. Government has also invested massively in infrastructural works and this trend will continue. Further, Government expenditure has more than doubled during the past 10 years from Rs 53.6 billion in 2005-06 to Rs 112.8 billion in financial year 2015-16.

Where there is change, there is greater demand for assurance in general and audit in particular.

Expectations are changing and are more demanding. In addition to assurance on financial information, stakeholders expect more from the NAO. They want more contextual information to be provided. Stakeholders expect Auditors to exploit new ways of working to drive efficiencies with real time auditing and reporting while continuing to improve audit quality.

The major challenge of the NAO is to meet the growing expectations of different stakeholders so that our report is of additive value to them. A quality audit is likely to be achieved with staff that are sufficiently knowledgeable, skilled, and experienced to perform the audit work. Further, the NAO needs to apply rigorous audit process and quality control procedures that comply with law, regulations and applicable standards.

Taking into consideration the significant increase in Government expenditure and the growing expectations of stakeholders, it is vital that the NAO strengthens its manpower resources, both quantitatively and qualitatively. The availability of the necessary financial resources will definitely contribute towards NAO's staff development in terms of capacity building.

Acknowledgement

I wish to thank the Heads of Divisions and all the staff of the NAO for their constant support and full commitment, without which the submission of this report would not have been possible. They have performed their duties with professional dedication and goodwill, which is highly appreciated. I would also like to acknowledge the cooperation and collaboration and 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.

Kwee Chow TSE YUET CHEONG (Mrs)
Director of Audit
National Audit Office

27 February 2017

2 - FINANCIAL STATEMENTS

Financial Statements for the Six-Month Period 1 January – 30 June 2015

2.1 Statement of Assets and Liabilities

The Finance and Audit Act requires the Accountant General to sign and submit to the Director of Audit, within six months of the close of every fiscal year, statements showing fully the financial position of Mauritius.

The accounts were prepared for the Central Government which include only Ministries and Government Departments and comprised a Statement of Assets and Liabilities and a set of other Financial Statements for the six months ended 30 June 2015.

Statement A - the Statement of Assets and Liabilities shows the financial position of the Government as of 30 June 2015.

2.1.1 *Five Years Summary of Assets and Liabilities*

As at the end of the past five financial periods, the accounts of the Government showed an accumulated deficit in its Consolidated Fund and the balance as at 30 June 2015 stood at some Rs 52.8 billion.

Assets and liabilities for the four years to 31 December 2014 and the six months to 30 June 2015 are shown in Table 2-1.

Table 2-1 Summary of Assets and Liabilities

	As at 31 December				Six months ended 30 June
	2011 (Rs m)	2012 (Rs m)	2013 (Rs m)	2014 (Rs m)	2015 (Rs m)
Assets					
Cash and Bank Balances	4,014.3	3,850.1	9,645.8	17,396.7	15,551.3
Advances	1,372.6	1,346.5	2,424.7	2,523.1	2,813.3
Investments	20,030.4	22,120.2	19,216.8	16,380.2	17,695.6
IMF-SDR Deposit	-	-	3,762.2	3,725.1	3,998.6
IMF-Reserve Tranche Position	-	-	-	1,767.6	1,586.3
Total Assets	25,417.3	27,316.8	35,049.5	41,792.7	41,645.1
Liabilities					
Accounts Payable	4,072.3	4,165.1	4,406.9	4,603.1	4,431.6
Government Debt	74,217.9	68,613.0	68,683.1	75,519.1	76,304.1
Deposits	1,181.3	1,403.9	1,408.2	1,369.0	1,458.5
IMF-SDR Allocations	-	-	4,492.9	4,448.6	4,775.3
Total Liabilities	79,471.5	74,182.0	78,991.1	85,939.8	86,969.5
Net Liabilities	(54,054.2)	(46,865.2)	((43,941.6)	(44,147.1)	(45,324.4)
Represented by:					
Special Funds	9,890.4	9,248.3	10,963.8	7,783.0	7,480.8
Accumulated deficit in the Consolidated Fund	(63,944.6)	(56,113.5)	(54,905.4)	(51,930.1)	(52,805.2)

Cash and Bank Balances

Cash and bank balances at 30 June 2015 included cash in hand, cash remitted to Ministries/Government Departments and cash balances with banks and agents, both locally and overseas.

Advances

Advances were made under the authority of Warrants issued under Section 6(1) of the Finance and Audit Act. They comprised mainly motor cars and motor cycles advances in favour of Government employees, as well as those of Statutory and Other Bodies, as stated in Statement G – Detailed Statement of Advances.

Investments

Investments comprised shares in quoted and unquoted companies, units, equity participation, fixed deposits and foreign investments.

IMF-SDR Deposit

IMF-SDR Deposit represented the rupee equivalent of Special Drawing Rights (SDRs) allocation of SDR 81,061,549 from the International Monetary Fund (IMF) and was held at the Bank of Mauritius.

IMF-Reserve Tranche Position represented that portion of the quota of the Republic of Mauritius in IMF that has been paid in reserve assets, that is, SDRs or foreign currency acceptable to the IMF.

Accounts Payable

Accounts Payable consisted of interests accrued as of 30 June 2015 in respect of Central Government Debts, which comprised Government Bonds, Mauritius Development Loan Stock, Treasury Bills, Treasury Notes, Government of Mauritius Savings Certificates/Notes/Bonds and External Loans.

Government Debt

Government Debt comprised mainly Treasury Bills and Treasury Notes issued by the Bank of Mauritius on behalf of Government under Sections 5 of the Public Debt Management Act, and mopping up of liquidity instruments which were issued for the first time during financial year 2014.

Deposits

Deposits were monies deposited with the Government by individuals and organizations under Section 8 of the Finance and Audit Act.

IMF-SDR Allocation

IMF-SDR Allocation represented the rupee equivalent of the total SDR allocation of SDR 96,805,549 made to Mauritius by IMF.

Special Funds

Special Funds comprised monies deposited with the Government by the various Funds set up under the Finance and Audit Act.

2.2 Revenue and Expenditure of the Consolidated Fund

The Consolidated Fund was established by Section 103 of the Constitution of the Republic of Mauritius.

In accordance with Section 3 of the Finance and Audit Act, the Consolidated Fund is credited with all revenues collected on behalf of Government and charged with expenses incurred on the authority of Warrant issued by the Minister of Finance.

The transactions for the six months ended 30 June 2015 closed with a deficit of Rs 2,473.9 million. Table 2 shows the revenue and expenditure for the past five financial periods.

Table 2-2 Revenue and Expenditure for Financial Periods 2011-2015

Financial period ending	Revenue (Rs)	Expenditure (Rs)	Surplus/(Deficit) (Rs)
31.12.2011	87,653,059,839	87,816,218,502	(163,158,663)
31.12.2012	95,680,475,892	89,101,477,784	6,578,998,108
31.12.2013	105,033,770,981	102,924,073,475	2,109,697,506
31.12.2014	107,636,866,249	106,693,317,662	943,548,587
30.06.2015	55,500,075,726	57,973,968,343	(2,473,892,617)

2.2.1 Sources of Government Revenue

The major source of government revenue was from taxes and some Rs 36.6 billion was collected for the six months to 30 June 2015. Other sources of government revenue comprised borrowings, grants, and social contributions as shown in Table 2-3.

Table 2-3 Sources of Government Revenue

	12 months to 31.12.2013 (Rs m)	%	12 months to 31.12.2014 (Rs m)	%	6 months to 30.06.2015 (Rs m)	%
Taxes	67,990	64.7	71,727	66.6	36,569	65.9
Borrowings	25,674	24.4	27,282	25.3	14,637	26.4
Grants	1,403	1.3	406	0.4	1,196	2.2
Social Contributions	1,269	1.2	1,284	1.2	659	1.2
Other Revenue	8,698	8.3	6,937	6.4	2,439	4.4
Total Revenue	105,034		107,636		55,500	
Total Expenditure	102,924		106,693		57,974	
Surplus/Deficit	2,110		943		(2,474)	

As shown in Table 2-3, Government was highly dependent on borrowings to finance its expenditure during the last two financial periods. Borrowing ranked second as a source of government revenue and represented 26.4 per cent of government revenue for the six months to 30 June 2015.

For the six months to 30 June 2015, an amount of Rs 14.1 billion was spent on repayments of capital, interests and management charges in respect of borrowings.

Government debt servicing, excluding redemption of Treasury Bills and Treasury Notes, accounted to 24 per cent of total government expenditure.

2.3 Statement of Investments

Details of investments made by Government are stated in Statement F – Statement of Investments. These investments comprised Shares in Quoted and Unquoted Companies, Units, Equity Participation, Fixed Deposits and Other Investments. As of 30 June 2015, the total investments (*at cost*) were Rs 17,695,592,097 as shown in Table 2-4.

Table 2-4 Investments as of 30 June 2015 and 31 December 2014

Details	30 June 2015	Cost
	(Rs)	31 December 2014
		Restated
		(Rs)
Quoted Shares	144,854,350	144,854,350
Units	75,789,771	75,789,771
Unquoted Shares	10,148,056,284	8,574,314,457
Equity Participation	3,971,685,060	3,971,685,060
Sub Total	14,340,385,465	12,766,643,638
Other Investments	3,355,206,632	3,613,537,525
Grand Total	17,695,592,097	16,380,181,163

Other investments

Other investments comprised long term placement with DBM Ltd of Rs 642 million, Euro placement with MPCB Ltd of Rs 85.6 million, Foreign investments of Eur 35 million (Rs 1.4 billion) and US \$ 40 million (Rs 1.2 billion) in Fixed Rate Step-up Notes and Single Fixed Rate Coupon respectively and Rs 6 million fixed deposit with Mutual Aid in respect of the Morris Legacy Fund.

2.3.1 Equity Participation

A sum of Rs 3,971,685,060 was stated as Equity Participation, and represented Government's contributions or participation of capital in 10 entities comprising mainly statutory bodies.

2.3.2 Investments not Supported by Share Certificates

The Share Certificates in respect of investments made on 31 December 2013 in Airports of Mauritius Ltd and New DBM Ltd, amounting to Rs 300 million and Rs 200 million respectively, could not be produced to Audit.

Department's Reply

The Accountant General stated that needful is being done to obtain the Share Certificate in respect of the investment of Rs 300 million in Airports of Mauritius Ltd effected in December 2013.

The New DBM Ltd has been incorporated. However, it has not yet become operational and thus shares have not yet been allotted. A decision will be taken in view of the restructuring exercise currently being undertaken by DBM Ltd.

2.3.3 Return on Investments

Details of dividends received for the year ending 31 December 2014 and the six-months ending 30 June 2015 are shown in Table 2-5.

Table 2-5 Dividends Received during Accounting Periods 2014 and 2015

Details	Investment at Cost 30.06.2015 (Rs)	Dividend Received 6 months to 30.06.2015 (Rs)	Dividend Received 12 months to 31.12.2014 (Rs)
Quoted Shares			
SBM Holdings Ltd	41,058,573	26,914,707	85,229,906
Air Mauritius Ltd	99,178,348	-	4,282,329
New National Investment Trust	4,604,412	-	2,206,587
Alteo Ltd	840	158	360
The MDIT Co Ltd	2	3	7
New Mauritius Hotels Ltd	240	-	48
Excelsior United Development Companies Ltd	37	15	-
Forward Investment and Development Enterprises Ltd	16	32	28
Medine Ltd	300	18	-
Units			
NMF General Fund	4,002,000	169,877	623,926
NMF Property Trust	15,000,000	231,300	455,028
Unquoted Shares			
Mauritius Telecom Ltd	63,625,174	262,135,717	670,609,334
Airports of Mauritius Co Ltd	1,607,774,970	-	119,857,310
Air Mauritius Holding Ltd	87,354,608	-	11,433,138
State Informatics Ltd	32,800,000	-	4,750,522
Mauritius Housing Company Ltd	59,161,634	-	33,190,814
Sugar Investment Trust	19,999,980	-	2,546,443
Port Louis Fund	55,979,090	5,038,118	5,038,118
PTA Reinsurance Company (ZEP-RE)	4,758,982	697,883	-
African Reinsurance Corporation	32,098,708	-	2,505,121
United Investments	48	-	154
Alma Investments Co ltd	-	-	896
Shelter Afrique	4,030,516	-	106,874
Total		295,187,828	942,836,943

2.3.4 Investments Yielding No Returns during the six months ending 30 June 2015

Investments amounting to some Rs 5.96 billion did not yield any return for the six months to 30 June 2015. Details of these investments are given in Table 2-6.

Table 2-6 Investments Yielding No Returns during Period 01 January 2015 to 30 June 2015

	Year of Investments	Cost Price (Rs)
Quoted Shares		
Air Mauritius Limited	Prior 1997	99,178,348
New National Investment Trust	2008	4,604,412
New Mauritius Hotels Ltd	Prior 2001	240
Societe de Developpement Industriel & Agricole Ltee	2014	6
United Docks Ltd	Prior 2001	9,600
Unquoted Shares		
Africa Export-Import Bank	1993	20,933,940
African Reinsurance Corporation	2001	32,098,708
Airports of Mauritius Ltd	1998 and 2000	1,607,774,970
Air Mauritius Holdings Ltd	Prior 2001	87,354,608
Cargo Handling Corporation Limited	1983 and 2013	200,600,000
COVIFRA Ltee	Prior 2001	2,052,356
Development Bank of Mauritius Ltd	Prior 2001 and 2005 – 2009	216,250,000
Editions De L’Ocean Indien Ltee	2000 and 2001	1,140,000
Film Confluences Co. Ltd	2013	1,000,000
Knowledge Parks Ltd	2013	25,000
Les Pailles International Conference Centre	2006 – 2009	652,688,656
Mauritius Housing Company Ltd	1982	59,161,634
Mauritius Shipping Corporation Ltd	Prior 2001 and 2011	135,493,000
National Real Estate Ltd	30.06.09	500,000,000
New DBM Ltd	2013	200,000,000
Overseas Telecommunications Services	Prior 2001	28,858
Shelter- Afrique	2013	4,075,847
Stafford Mayer Company South Africa Limited	Prior 2001	17
Sugar Investment Trust	Prior 2007	19,999,980
The State Informatics Ltd	Prior 2001	32,800,000
The State Investment Corporation Limited	2001 and 2012	85,000,000
United Investments Ltd	Prior 2001	48
Equity Participation		
Bank of Mauritius	2005 and 2011	2,000,000,000
Total		5,962,270,228

2.3.5 Investments Not Yielding Any Return Since Acquisition

Investments (*at cost*) totalling some Rs 7.4 billion and representing approximately 42 per cent of total investments, did not yield any return at all, since they have been acquired.

Details are given in Table 2-7.

Table 2-7 Investment Not Yielding Any Return Since Acquisition

	Year of Investment	Cost Price (Rs)
Quoted Shares		
Blue Life Ltd	2013	1,976
Unquoted Shares		
African Development Bank	1992-1993	593,916,344
Airports of Rodrigues	2000-2008	538,310,200
Business Parks of Mauritius Ltd	2001-2009	1,105,552,722
Discover Mauritius Ltd	2006-2007	500,000
Eastern and Southern African Trade & Development Bank Ltd	1990-1991	205,996,234
Enterprise Mauritius	2004-2005	79,782,747
Events Mauritius Ltd	2006-2007	1,800,000
Mauritius Educational Development Company Ltd	2000-2001	16,000,000
Mauritius Road Infrastructure Finance Ltd	2014	100,000
Multi Carrier Mauritius Ltd	2001-2004	134,000,000
Mauritius Post and Cooperative Bank Ltd	2001-2005	890,166,400
National Housing Development Company Ltd	2007-2008	200,000,000
SME Partnership Fund	2005-2006	50,000,000
State Land Development Company Ltd	2001-2007	385,024,900
State Property Development Company Ltd	2001-2004	663,000,000
The Mauritius Post Ltd	2001-2005	371,111,200
Tourist Villages Company Ltd	2007-2009	170,000,000
Equity Participation		
Mauritius Cooperative Livestock Marketing Federation	1992-1993	450,000
Mauritius Cane Industry Authority (ex-Mauritius Sugar Authority and ex-Mauritius Sugar Terminal Corporation)	2013	173,803,732
Rodrigues Educational Development	2001-2002	80,000
Rose Belle Sugar Estate	1987-1996	98,844,218
Central Electricity Board	1992-1993	670,856,197
Central Water Authority	1993-2012	962,250,913
National Transport Corporation	Prior 01.07.01	50,000,000
State Trading Corporation	Prior 01.07.01	400,000
Civil Service College	2012	15,000,000
Total		7,376,947,983

Department's Reply

Returns on investments are dependent upon the financial performance of the institutions/enterprises concerned. Furthermore, the primary objective of the investments in some entities is not to generate cash returns or dividend but to enable them to sustain their operations and improve service delivery.

2.4 Special Funds

Section 9 of the Finance and Audit Act provides for the creation of Special Funds. Special Funds are monies which are not raised or received for general public purposes, but deposited with the Government for specific purposes.

Special Funds are built up in different ways as follows:

- Donations and legacies.
- Money transferred from expenditure.
- Monies levied from other sources.

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,
- in the absence of any such provision in the 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,
- money standing to the credit of Special Funds may be invested and any interest or dividend received is to be credited to the accounts of that Special Fund and becomes in all respect part of that Special Fund.

All Special Funds are either regulated by an Act or a Regulation made under the Finance and Audit Act. The Director of Audit is responsible for the audit of Special Funds which are differently regulated. Some are required to submit accounts not later than three months after the end of each financial year, while for others there is no such deadline. Details are at paragraph 2.11.

Special Funds 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.

2.5 Statement of Public Sector Debt

The Public Sector Debt (PSD) comprised debts of the Central Government raised both internally and externally for financing development projects, debts of Public Enterprises guaranteed by Government and debts of Public Enterprises not guaranteed by Government. All these debts are detailed in a separate Statement of Public Sector Debt.

As of 30 June 2015, PSD amounted to some Rs 251.8 billion, compared to some Rs 237.7 billion as of 31 December 2014. An increase of 5.9 per cent is noted over the six months ended 30 June 2015. Details are given in the Table 2-8.

Table 2-8 Public Sector Debt

Debt Category	30 June 2015 (Rs)	31 December 2014 (Rs)
Government Debt		
Domestic	171,794,200,000	165,285,650,000
External	54,710,179,599	51,429,001,609
	226,504,379,599	216,714,651,609
Guaranteed by Government		
Agencies Extra Budgetary Units	159,381,577	23,851,050
Public Enterprises	17,416,435,054	12,998,623,337
	17,575,816,631	13,022,474,387
Not Guaranteed by Government		
Public Enterprises	7,708,234,004	7,963,338,185
Total	251,788,430,234	237,700,464,181

Domestic Debt

Domestic Debt was made up of obligations which included proceeds from issues of Government of Mauritius (GOM) Treasury Bills, GOM Treasury Notes, GOM Bonds, Mauritius Development Loan Stocks, GOM Savings Certificates, GOM Savings Notes, and GOM Savings Bonds.

External Debt

External Debt referred to Loans from Foreign Governments and Institutions, Government Securities held by Non Residents and IMF SDR Allocations.

2.5.1 Domestic Government Debt

Maturity Structure of Domestic Government Debt

Domestic Government Debt, excluding Government securities for the mopping up of excess liquidity of Rs 3.57 billion, comprised 67.77 per cent of total public sector debt figure as of 30 June 2015. It comprised Treasury Bills of Rs 23.74 billion, Treasury Notes of Rs 49.61 billion, MDLS of Rs 6.37 billion and Government of Mauritius Bonds of Rs 88.5 billion.

An indication of the years of maturity of the outstanding Domestic Government Debt as of 30 June 2015 is given in Table 2-9.

Table 2-9 Maturity Structure of Domestic Government Debt

Years of Maturity	Treasury Bills	Treasury Notes	MDLS	Bonds	Total	Percentage
30 June	(Rs m)	(Rs m)	(Rs m)	(Rs m)	(Rs m)	
2016	23,744.0	16,920.0	2,715.6	895.4	44,275.0	26.32
2017		15,470.0	579.0	10,316.7	26,365.7	15.67
2018		17,220.0	368.5	7,190.0	24,778.5	14.73
2019			1,610.1	10,120.7	11,730.8	6.97
2020 and Onwards			1,098.5	59,975	61,074.2	36.31
Total	23,744.0	49,610.0	6,371.7	88,497.8	168,223.5	100.00

*The above figures exclude GOM Securities issued for the mopping up of excess liquidity of Rs 3,570,700,000.

The maturity profile of the Domestic Government Debt indicates that 26.32 per cent of total debt would mature within one year and Rs 44.3 billion would be required to settle these debts. Additionally, some 15.67 per cent amounting to Rs 26.4 billion of the outstanding debts would fall due for repayment in the financial year ending 30 June 2017.

Government of Mauritius Securities issued for mopping up of excess liquidity

In normal situations, the Bank of Mauritius (BOM) intervenes in case there is a surplus liquidity in the economy. Accordingly, BOM issued securities on behalf of Government to mop up the excess liquidity. The balance of these securities stood at Rs 3.57 billion (Nominal Value) as at 30 June 2015 and comprised GOM Treasury Bills, GOM Savings Certificates, GOM Savings Notes, and GOM Savings Bonds.

Total proceeds of Rs 3.54 billion (Rs 3.57 billion - Nominal Value) from the issue of the above instruments, were deposited with BOM and included in the Statement of Assets and Liabilities under 'Cash and Bank Balances'.

Rs 71,150,167 were expensed as interest for period 1 January 2015 to 30 June 2015 in respect of the securities issued for the mopping up of excess liquidity.

2.5.2 Public Sector Debt Figures for Past Five Periods

The Public Sector Debt for the past five financial periods to 30 June 2015 are given in Table 2-10.

Table 2-10 Public Sector Debt

Financial Year	Public Sector Debt (Rs)	Increase over the previous year (Rs)	Increase over the previous year %
*31.12.2011	185,187,034,366	12,372,747,743	7.15
*31.12.2012	194,486,933,430	9,299,899,064	5.02
31.12.2013	219,867,268,241	25,380,334,811	13.05
31.12.2014	237,700,464,181	17,833,195,940	8.11
30.06.2015	251,788,430,234	14,087,966,053	5.93

* The figures for PSD for 2011 and 2012 exclude IMF SDR allocations

Over the past five financial periods, Public Sector Debt has been increasing. The figure for 30 June 2015 has increased by Rs 66.6 billion when compared to Rs 185.2 billion for 31 December 2011. This represented an increase of 36.0 per cent over a 42 month period.

2.5.3 Public Sector Debt and Gross Domestic Product

PSD and PSD as a percentage of Gross Domestic Product (GDP) as at 31 December 2012, 2013 and 2014 and 30 June 2015 are given in Table 2-11.

Table 2-11 Public Sector Debt and Gross Domestic Product

	PSD* (Rs billion)	GDP (Rs billion)	PSD as Percentage of GDP %
31 December 2012	199.1	350.6	56.8
31 December 2013	219.9	372.4	59.1
31 December 2014	238.0	392.1	60.7
30 June 2015	251.9	400.4	62.9

Source: Ministry's Records

*International Definition

As of 30 June 2015, the total PSD stood at Rs 251.9 billion, that is an increase of Rs 13.9 billion compared to 31 December 2014. PSD as a percentage of GDP as of 30 June 2015 has also increased to 62.9 per cent compared to 60.7 per cent as of 31 December 2014.

For the computation of PSD for the purpose of debt ceiling, in line with the provisions of the Public Debt Management Act, PSD as at 30 June 2015 of Rs 251.9 billion was adjusted by a sum of Rs 29.5 billion to Rs 222.4 billion. The figure of Rs 29.5 billion comprised public enterprises' debts discounted by Rs 15.1 billion, as well as Government Securities issued to mop up excess liquidity, Cash and Cash Equivalents and Special Drawing Rights totalling Rs 14.4 billion.

The impact of the adjustment would be a decrease of PSD as a percentage of GDP by 7.4 per cent, that is, from 62.9 to 55.5 per cent.

Short and long term strategies need to be planned ahead to ensure that the targeted ceiling of 50 per cent of GDP by the end of December 2018 will be achieved as per the amended Public Debt Management Act.

2.5.4 Government Debt Servicing

(i) The servicing of Public Debt comprised capital repayments, interest payments on Domestic and External Debts and management service charges.

Total Debts servicing during the past five financial periods are shown in Table 2-12.

Table 2-12 Servicing of Public Sector Debts

Particulars	Year ended				Six months ended
	31.12.2011 (Rs m)	31.12.2012 (Rs m)	31.12.2013 (Rs m)	31.12. 2014 (Rs m)	30.06.2015 (Rs m)
*Interests					
External Debt	436.5	502.1	540.6	643.3	348.4
Domestic Debt	9,192.7	9,627.2	9,088.9	9,474.3	4,522.6
Management Service Charges	14.9	35.1	25.6	16.1	9.4
Sub Total	9,644.1	10,164.4	9,655.1	10,133.7	4,880.4
Capital Repayments					
External Debt	768.2	888.1	1,089.6	2,831.2	1,120.6
**Capital Repayments					
Domestic Debt	64,308.8	65,257.4	55,336.4	60,466.7	32,268.0
Total	74,721.1	76,309.9	66,081.1	73,431.6	38,269.0

* Interest is computed on an accrual basis

**including redemption of Treasury Bills and Treasury Notes.

Interest payments on Public Debt amounted to some Rs 4.9 billion for the six months ended 30 June 2015 and some Rs 9.4 million were incurred in respect of management service charges.

(ii) The servicing of Public Debt as a percentage of total Government expenditure for the past four financial years 2011 to 2014 and for the six months to 30 June 2015 is shown in Table 2-13.

Table 2-13 Servicing of Public Debt as a Percentage of Total Government Expenditure

Period ending	*Servicing of Public Debt (Rs m)	Total *Expenditure (Rs m)	Servicing of Public Debt as a % of Total Expenditure
31.12.2011	74,721.1	148,330.2	50.4
31.12.2012	76,309.9	148,290.2	51.5
31.12.2013	66,081.1	153,874.1	42.9
31.12.2014	73,431.6	157,203.86	46.7
30.06.2015	38,269.0	82,111.94	46.6

*including redemption of Treasury Bills and Treasury Notes.

It is the Treasury policy not to include the issue and redemption of Treasury Bills and Treasury Notes in the Statement of Revenue and Expenditure of the Consolidated Fund, but the net outstanding balances were disclosed in the Statement of Assets and Liabilities. New issues of Treasury Bills, Treasury Notes, One-year GOM Savings Certificates and Three-year GOM Savings Notes for the period 1 January 2015 to 30 June 2015 amounted to Rs 16.1 billion, Rs 8.6 billion, Rs 60.2 million and Rs 78,4 million respectively. Redemption of Treasury Bills and Treasury Notes amounted to Rs 17.2 billion and Rs 6.9 billion respectively.

In Table 2-13, the servicing of public debt and the total expenditure has been adjusted to include the redemption of Treasury Bills and Treasury Notes in order to give a better picture of the total cost for servicing public debt. As also stated, some 46.6 per cent of the total Government expenditure for period ending 30 June 2015 was on servicing of public debt.

2.6 Statement of Outstanding Loans

Government advanced loans from revenue to Statutory Bodies, Private Individuals, State Owned Entities and Other Bodies mainly for capital projects. The Accountant General's Department prepared a Statement of Outstanding Loans financed from Revenue regarding such loans. As of 30 June 2015, total loans outstanding due to Government by all these Bodies amounted to Rs 13,989,438,741. Details are shown in Table 2-14.

Table 2-14 Outstanding Loans due to Government as of 30 June 2015

Name of Borrowers	Original Loan (Rs)	Outstanding Loan (Rs)
Statutory Bodies		
Central Electricity Board	3,375,269,017	2,579,493,037
Central Water Authority	3,169,596,194	2,071,597,667
Mauritius Cane Industry Authority (ex-Sugar Planters Mechanical Pool Corporation)	20,408,214	20,929,383
Mauritius Cane Industry Authority (ex-Mauritius Sugar Industry Research Institute)	2,631,395	641,682
Mauritius Meat Authority	5,717,943	5,669,085
Irrigation Authority	278,370,422	287,182,799
Agricultural Marketing Board	40,210,830	18,058
National Transport Corporation	196,022,528	154,071,447
Mauritius Institute of training and Development (ex-Industrial and Vocational Training Board)	88,534,225	55,594,488
Rose Belle Sugar Estate	92,977,646	94,707,448
Mauritius Broadcasting Corporation	399,631,437	497,593,652
Wastewater Management Authority	2,118,372,616	1,905,143,947
Subtotal	9,787,742,467	7,672,642,693
Other Bodies		
Build Mauritius Fund	4,300,000,000	4,300,000,000
Mauritius Shipping Corporation	107,200,000	107,200,000
Pamplemousses/Riviere du Rempart District Council	42,000,000	35,700,000
Airports of Mauritius Ltd	513,372,400	618,714,226
Mauritius Post and Co-operative Bank Ltd	8,000,000	8,000,000
Rodrigues Regional Assembly	14,847,000	14,847,000
Development Bank of Mauritius Ltd	500,815,876	323,597,864
Mauritius Housing Company Ltd	62,644,315	15,019,637
Bus Companies	25,555,614	4,460,006
Mauritius Cooperative Central Bank (MCCB) Ltd (in liquidation)	81,880,000	81,308,000
National Housing Development Co Ltd	338,870,507	129,109,581
Business Parks of Mauritius Ltd	481,506,283	161,003,851
BPML Freeport Services Ltd	145,446,340	103,291,533
Knowledge Parks Ltd	486,000,000	413,247,811
Subtotal	7,108,138,335	6,315,499,509
Private Individuals		
Repatriation Expenses	2,827,070	1,111,905
Small Scale Industries	546,277	184,634
Sub Total	3,373,347	1,296,539
Total	16,899,254,149	13,989,438,741

Note: The original amounts of foreign loans are stated at their rupee equivalent on date of issue.

Central Electricity Board and Central Water Authority owed loan amounts of some Rs 2.58 billion and some Rs 2.07 billion respectively, being capital instalments due as at 30 June 2015. These two outstanding loan balances represented some 33 per cent of the total of Rs 13.99 billion.

2.6.1 Loan Instalments in Arrears

Nine Statutory Bodies and nine Other Bodies have not been paying the loan instalments as well as the accrued interests. They owed a total of Rs 2,238,018,739, comprising capital and interest of Rs 1,190,641,782 and Rs 1,047,376,957 respectively as at 30 June 2015. Details are shown in the Table 2-15.

Table 2-15 Arrears of Capital and Interests Due as of 30 June 2015

	Capital (Rs)	Interest (Rs)	Period due	Remarks
Statutory Bodies				
Central Electricity Board		875,280	2011-2015	Insufficient repayment
Central Water Authority (Note 1)	449,021,871	216,924,925	1999-2015	Insufficient repayment
Mauritius Institute of Training and Development (ex-IVTB)	55,594,488	14,913	2005-2015	Repayment of Rs 45.1 m in December 2014
Irrigation Authority (Note 2)	252,231,207	168,743,896	1983-2015	No repayment since August 1996
National Transport Corporation (Note 3)	154,071,448	270,556,644	1988-2015	Insufficient repayment
Mauritius Meat Authority	5,669,085	-	1986-1990	No repayment since 1980
Mauritius Broadcasting Corporation	50,561,140	16,602,915	2010-2015	Outstanding since 2010
Rose Belle SugarEstate	74,826,588	92,688,734	1982-2015	Request for write off
Wastewater Management Authority	-	92,329,831	2014-2015	Outstanding since 2015
Other Bodies				
BPML Freeport Services Ltd	5,904,508	38,182,038	2009-2015	Insufficient repayment
National Housing Development Corporation	6,130,935	5,405,619	2014-2015	Insufficient repayment
Small Scale Industries (Note 4)	184,634	1,106,390	1985-2015	No repayment since 1992
Business Parks of Mauritius Ltd	2,800,000	54,325,698	2003-2015	Insufficient repayment
MCCB Ltd (in liquidation) (Note 5)	81,308,000	63,443,340	1997-2015	In liquidation
Development Bank of Mauritius	7,066,122	3,586,508	2015	Insufficient repayment
Bus Companies (Note 6)	4,460,006	-	1995	No repayment since 1995
Mauritius Shipping Corporation	37,100,000	19,646,063	2011-2015	Outstanding since 2011
Rodrigues Regional Assembly	3,711,750	2,944,159	2011-2015	Outstanding since 2011
Total	1,190,641,782	1,047,376,957		2,238,018,739

As of 30 June 2015, several Bodies mentioned above were still unable to repay the arrears of loan instalments and interests.

Note 1 Central Water Authority (CWA)

CWA contracted several other loans from Government during the period 1 January 2015 to 30 June 2015 totalling Rs 282,810,280.

Since 4 February 2013, CWA had ceased to collect the Bottled Water Levy and Government compensated the Authority for the loss of revenue. In the Estimates 2015, the amount of Rs100 million was provided for under Item, Subsidy to CWA. This amount of Rs 100 million was used to set off arrears (capital of Rs 78.2 million and interest of Rs 21.8 million) due by the Authority.

Note 2 Irrigation Authority (IA)

IA contracted 15 loans totalling Rs 278,370,422 during the years 1984 to 2012. Out of the 15 loans, the principal and interest elements of 13 loans totalling Rs 316,544,526 have never been repaid.

Note 3: National Transport Corporation (NTC)

Of the 12 loans contracted during the years 1988 to 2010 and totaling Rs 196,022,528, the Corporation was effecting regular repayments of interest of Rs 10,000 in respect of only one loan contracted in year 2009.

Note 4: Loans to Small Scale Industries

Loans and interests in respect of Small Scale Industries totaling Rs 1.3 million have remained unpaid since year 1993.

Department's Reply

The Accountant General stated that action has already been initiated for the write-off of these loans.

Note 5: MCCB Ltd (in liquidation)

MCCB Ltd is in liquidation and as per the order of priority set out in the schedule to the Act, Government is ranked at the 6th position to be repaid. The only outstanding case before payment to Government is a case lodged at the Supreme Court for an amount of Rs 45 million, excluding interest and other costs. The exact date of payment to the Government in respect of the outstanding balance is not known.

Note 6: Bus Companies

Bus Companies still owed a balance of Rs 4,460,006 on a loan amount of Rs 25 million disbursed during 1978 to effect payments of end of year bonus and extra remuneration to their employees. The companies have not effected any repayment since 1995. The amount due could be considered as irrecoverable.

The Accountant General stated that action has already been initiated to determine whether the amounts are irrecoverable.

2.6.2 New Loans Disbursed during six months ended 30 June 2015

During the six months ended 30 June 2015 Government disbursed new loans to the following four bodies as stated in Table 2-16.

Table 2-16 New Loans

Bodies	(Rs)
Central Water Authority	282,810,280
Waste Water Management Authority	281,662,606
SPV/Knowledge Park Ltd	192,823,033
Private Individuals	76,277
Total	757,372,196

Loan to Central Water Authority (CWA) – Rs 282,810,280

An amount of Rs 282.8 million was advanced to CWA during the period January to June 2015 to carry out four projects namely, Pailles Water Treatment Plant (Rs 177.6 million), Bagatelle Treatment Plant and Downstream Works (Rs 17.4 million), Midlands Dam /Piton du Milieu Project (Rs 64.5 million) and Non-Revenue Water Projects in Upper Mare aux Vacoas System (Rs 23.3 million).

The loan agreement was signed between the Government of Mauritius and Central Water Authority on 17 April 2015 to allow the Authority to carry out the projects under the Estimates 2015.

Loan to Wastewater Management Authority (WMA) -Rs281,662,606

Loan agreements were signed between the Government of Mauritius and Wastewater Management Authority to carry out its ongoing projects on 23 February 2015 for Rs 200 million covering period January to April 2015 and on 25 May 2015 for Rs 182.23 million for the period May to June 2015.

Loan to Knowledge Parks Ltd – Rs 192,823,033

The loan agreement was signed between Government of Mauritius and Knowledge Parks Ltd, a State-owned company on 7 March 2014. Government agreed to grant a loan of Rs 486 million to finance the construction of University Campuses. The loan period is 15 years with interest at eight per cent per annum.

2.7 Statement of Arrears of Revenue

Arrears of revenue totalling Rs 9,084,401,110 were due to Government as of 30 June 2015. The Accountant General compiled the figures from returns submitted by all Government Ministries and Departments.

Arrears of revenue for the past five accounting periods are given in the Table 2-17.

Table 2-17 Arrears of Revenue

Financial period ending	Arrears of Revenue (Rs)
31 December 2011	6,558,064,757
31 December 2012	6,927,931,061
31 December 2013	8,386,240,505
31 December 2014	8,471,499,677
30 June 2015	9,084,401,110

Annual increases have been noted in the arrears of revenue figures. There was a significant increase of Rs 2,526,336,353 in a four and a half year period.

58.6 per cent of the total arrears of revenue figure of Rs 9,084,401,110 i.e. Rs 5,321,942,251 related to the Mauritius Revenue Authority.

Arrears of revenue totalling Rs 241,640,617 have been written off during the period 1 January to 30 June 2015 as compared to Rs 130,610,949 written off during the previous 12 months of 1 January 2014 to 31 December 2014 as shown in Table 2-18.

Table 2-18 Arrears of revenue written off

Ministries/ Departments	1 January 2015 to 30 June 2015 (Rs)	1 January 2014 to 31 December 2014 (Rs)
Civil Aviation	14,811,630	-
Companies Division	90,034,740	52,727,907
Registrar General Department	1,404,615	9,958,345
Mauritius Revenue Authority	-	10,774,501
Ministry of Education & Human Resources	133,259,000	-
Ministry of Health & Quality of Life	-	1,250,000
Judiciary	2,130,632	55,566,834
Treasury	-	333,362
Total	241,640,617	130,610,949

2.7.1 Age list of Debtors

Table 2-19 shows an aged list of debtors amounting to Rs 9,084,401,110 as of 30 June 2015. The age list has been compiled from the returns submitted by Ministries and Departments to the Accountant-General.

A sum of Rs 3,595,127,073 was outstanding for period prior to year 2014. This represents 40 per cent of the total arrears figure.

Table 2-19 Aged List of Debtors at 30 June 2015

Ministries/ Departments	Prior to 2014 (Rs)	2014 (Rs)	January to June 2015 (Rs)	Unallocated (Rs)	Total Debtors as of 30.06.15 (Rs)
<i>Mauritius Revenue Authority</i>					
Income Tax (Including Large Taxpayer)	1,372,713,774	433,158,962	473,335,180	-	2,279,207,916
Value Added Tax	1,605,918,356	559,215,868	281,398,516	-	2,446,532,740
Customs and Excise	11,233,784	10,634,752	-	-	21,868,536
Betting and Gaming	181,651,685	26,603,497	2,597,825	-	210,853,007
Sales Tax	2,007,014	-	-	-	2,007,014
Environment Protection Fee	17,273,236	11,949,184	601,954	-	29,824,374
Pay As You Earn	79,443,352	27,710,278	45,686,527	-	152,840,157
Tax Deduction Scheme	66,615,726	19,914,386	15,409,129	-	101,939,241
Others	23,113,451	33,143,136	20,612,679	-	76,869,266
<i>Sub-total</i>	<i>3,359,970,378</i>	<i>1,122,330,063</i>	<i>839,641,810</i>	-	<i>5,321,942,251</i>
<i>Other Ministries and Departments</i>					
Civil Aviation	12,678,005	1,622,587	5,854,220	-	20,154,812
Industry (Commerce Division)	85,750	450	60,901	-	147,101
Public Infrastructure (Land Transport – PI Division.)	1,076,969	75,643	145,000	-	1,297,612
Public Infrastructure (LandTransport)	21,230	-	-	-	21,230
Fire Services	211,709	-	-	-	211,709
Companies Division	104,657,231	24,993,364	25,323,836	-	154,974,431
Education and Human Resources	-	-	-	2,675,049	2,675,049
Tourism and Leisure	-	-	153,654	1,178,398	1,332,052
Renewable Energy and Public Utilities	-	-	-	6,594,108	6,594,108

continued

Table 2-19 Aged List of Debtors at 30 June 2015 (continued)

Ministries/ Departments	Prior to 2014 (Rs)	2014 (Rs)	January to June 2015 (Rs)	Unallocated (Rs)	Total Debtors as of 30.06.15 (Rs)
Health and Quality of Life	5,839,682	1,830,297	2,004,125	91,725	9,765,829
Police Force	-	-	2,625,073	783,894	3,408,967
Local Govt. and Outer Islands	235,620	-	40,000	-	275,620
National Transport Authority	-	-	2,455,000	33,351,000	35,806,000
National Audit Office	90,000	-	1,355,000	-	1,445,000
Attorney General's Office	380,315	172,110	59,100	-	611,525
Ministry of Arts and Culture	-	-	485,000	785,000	1,270,000
Ocean Economy,MR- Fisheries,Shipping and OI	366,450	299,316	389,657	-	1,055,423
The Judiciary	14,123,869	22,742,610	17,903,703	485,369	55,255,551
The Treasury	7,058,908	1,278,028	516,404	-	8,853,340
The Treasury : Loans	-	-	189,570,438	2,048,448,301	2,238,018,739
Ministry of Labour	-	-	-	235,333	235,333
Registrar- General	-	-	19,600,757	414,386,877	433,987,634
Housing and Lands	88,330,957	6,400,697	252,726,218	412,253,900	759,711,772
Social Security, NS and RI	-	-	689,368	3,403,250	4,092,618
Agro Industry and Food Security	-	-	1,099,694	4,829,860	5,929,554
Mauritius Prison Service	-	-	-	159,400	159,400
Data Protection Commissioner	-	-	5,083,300	10,085,150	15,168,450
Grand Total	3,595,127,073	1,181,745,165	1,367,782,258	2,939,746,614	9,084,401,110

2.7.2 *The Treasury – Rs 2, 246,872,079*

Arrears in the books of The Treasury as of 30 June 2015 comprised mainly two items, as shown in Table 2-20.

Table 2-20 Treasury Arrears of Revenue as of 30 June 2015

	Amount (Rs)
Loan	2,238,018,739
Accident and Claims	8,853,340
Total	2,246,872,079

The arrears of loan totalling Rs 2,238,018,739 comprised capital repayments and interests due by nine Statutory Bodies and nine Private Bodies.

Of the outstanding balance for Accidents and Claims of Rs 8,853,340, there were claims of Rs 6,587,484 relating to accidents that occurred during the years 1977 to 2005. These arrears have remained due for more than 10 years and might be considered irrecoverable.

Department's Reply

The Accountant General stated that claims are normally referred to the State Law Office for legal recovery. Claims are written-off only when it is determined that they have become time barred. Pending such determinations it would not be appropriate to write-off the claims.

Financial Statements for the Year 1 July 2015 to 30 June 2016

2.8 Statement of Assets and Liabilities

The Finance and Audit Act requires the Accountant General to sign and submit to the Director of Audit, within six months of the close of every financial year, Statements showing fully the financial position of Mauritius.

The set of accounts of the Republic of Mauritius for the financial year ended 30 June 2016 comprise a Statement of Assets and Liabilities and a set of other Statements. The main Statement is Statement A - the Statement of Assets and Liabilities.

2.8.1 Five Years Summary of Assets and Liabilities

Over the past five accounting periods the accounts of the Government showed an accumulated deficit in its Consolidated Fund. As at 30 June 2016, the accumulated deficit in the Consolidated Fund stood at some Rs 48.4 billion.

Assets and liabilities for the past five financial periods are shown in Table 2-21.

Table 2-21 Summary of Assets and Liabilities for Past Five Financial Periods

	Financial periods ending				
	31.12.2012 (Rs m)	31.12.2013 (Rs m)	31.12.2014 (Rs m)	30.06.2015 (Rs m)	30.06.2016 (Rs m)
Assets					
Cash and Bank Balances	3,850.1	9,645.8	17,396.7	15,551.3	27,854.1
Advances	1,346.5	2,424.7	2,523.1	2,813.3	3,036.2
Investments	22,120.2	19,216.8	16,380.2	17,695.6	17,342.9
IMF-SDR Deposit	-	3,762.2	3,725.1	3,998.6	3,518.7
IMF-Reserve Tranche Position	-	-	1,767.6	1,586.3	2,036.4
Total Assets	27,316.8	35,049.5	41,792.7	41,645.1	53,788.3
Liabilities					
Accounts Payable	4,165.1	4,406.9	4,603.1	4,431.6	4,733.9
Government Debt	68,613.0	68,683.1	75,519.1	76,304.1	84,005.6
Deposits	1,403.9	1,408.2	1,369.0	1,458.5	1,585.1
IMF-SDR Allocations	-	4,492.9	4,448.6	4,775.3	4,803.6
Total Liabilities	74,182.0	78,991.1	85,939.8	86,969.5	95,128.2
Net Liabilities	(46,865.2)	(43,941.6)	(44,147.1)	(45,324.4)	(41,339.9)
Represented by:					
Special Funds	9,248.3	10,963.8	7,783.0	7,480.8	7,099.8
Accumulated Deficit in the Consolidated Fund	(56,113.5)	(54,905.4)	(51,930.1)	(52,805.2)	(48,439.7)

Cash and Bank Balances

Cash and Bank Balances at 30 June 2016 included cash in hand, cash remitted to Ministries/Government Departments and cash balances with banks and agents, both locally and overseas.

Advances

Advances were made under the authority of Warrants issued under Section 6(1) of the Finance and Audit Act. They comprised mainly motor cars and motor cycles advances in favour of Government employees, as well as those of Statutory and Other Bodies, as stated in Statement G – Detailed Statement of Advances.

Investments

Investments comprised shares in quoted and unquoted companies, units, equity participation, fixed deposits and foreign investments.

IMF-SDR Deposit

IMF-SDR Deposit represented the rupee equivalent of Special Drawing Rights (SDRs) allocation of SDR 70,911,549 from the International Monetary Fund (IMF) and was held at the Bank of Mauritius.

IMF- Reserve Tranche Position represented that portion of the quota of the Republic of Mauritius in IMF that has been paid in reserve assets, i.e. SDRs or foreign currency acceptable to the IMF.

Accounts Payable

Accounts Payable consisted of carry-over of capital expenditure and interests accrued as of 30 June 2016 in respect of Central Government Debts, which comprised Government Bonds, Mauritius Development Loan Stock, Treasury Bills, Treasury Notes, Government of Mauritius Savings Certificates/Notes/Bonds and External Loans.

Government Debt

Government Debt comprised mainly Treasury Bills and Treasury Notes issued by the Bank of Mauritius on behalf of Government under Sections 5 of the Public Debt Management Act, and mopping up of liquidity instruments.

Deposits

Deposits were monies deposited with the Government by individuals and organizations under Section 8 of the Finance and Audit Act.

IMF-SDR Allocation

IMF-SDR Allocation represented the rupee equivalent of the total SDR allocation of SDR 96,805,549 made to Mauritius by IMF.

Special Funds

Special Funds comprised monies deposited with the Government by the various Funds set up under Section 9 of the Finance and Audit Act.

2.9 Account of Revenue and Expenditure of the Consolidated Fund

The Consolidated Fund was established by Section 103 of the Constitution of the Republic of Mauritius.

In accordance with Section 3 of the Finance and Audit Act, the Consolidated Fund was credited with all revenues collected on behalf of Government and charged with all recurrent and capital expenditures of Government as well as capital repayments in respect of public debt. Moreover, the Consolidated Fund is credited with all recurrent and capital revenues of Government as well as the proceeds of long term debt.

The expenditure in respect of acquisition of non-financial assets and certain financial assets are not capitalised but charged to the Consolidated Fund. It is envisaged to adopt an accrual based accounting system whereby all assets (including non-financial assets) and all liabilities will be recognised in the Government's Balance Sheet.

The transactions for the financial year ended 30 June 2016 closed with a surplus of Rs 1.9 billion. Table 2-22 shows the revenue and expenditure for the past five financial periods.

Table 2-22 Revenue and Expenditure

Period ending	Revenue (Rs)	Expenditure (Rs)	Surplus/(Deficit) (Rs)
31.12.2012	95,680,475,892	89,101,477,784	6,578,998,108
31.12.2013	105,033,770,981	102,924,073,475	2,109,697,506
31.12.2014	107,636,866,249	106,693,317,662	943,548,587
30.06.2015	55,500,075,726	57,973,968,343	(2,473,892,617)
30.06.2016	114,753,385,991	112,833,772,710	1,919,613,281

2.9.1 Sources of Government Revenue

The major source of Government revenue was from taxes and some Rs 78.2 billion were collected for the year ended 30 June 2016. Other sources of Government revenue comprised borrowings, grants, and social contributions as shown in Table 2-23:

Table 2-23 Sources of Government Revenue

	12 months to 31.12.2014 (Rs m)	%	6 months to 30.06.2015 (Rs m)	%	12 months to 30.06.2016 (Rs m)	%
Taxes	71,727	66.6	36,569	65.9	78,224	68.17
Borrowings	27,282	25.3	14,637	26.4	22,629	19.72
Grants	406	0.4	1,196	2.2	333	0.29
Social Contributions	1,284	1.2	659	1.2	1,375	1.20
Other Revenue	6,937	6.4	2,439	4.4	12,192	10.62
Total Revenue	107,636		55,500		114,753	
Total Expenditure	106,693		57,974		112,834	
Surplus/(Deficit)	943		(2,474)		1,919	

As shown in Table 2-23, Government was highly dependent on borrowings to finance its expenditure during the last three financial periods. Borrowings ranked second as a source of government revenue and represented 19.72 per cent of government revenue for the year ended 30 June 2016.

During the year ended 30 June 2016, an amount of Rs 16 billion was spent towards Government debt servicing which comprised capital, interests and management charges. Government debt servicing, excluding redemption of Treasury Bills and Treasury Notes, represented 14.19 per cent of total Government expenditure.

2.10 Statement of Investments

Details of investments made by Government are stated in Statement F – Statement of Investments. These investments comprised Shares in Quoted and Unquoted Companies, Units, Equity Participation, Fixed Deposits and Other Investments. As of 30 June 2016, the total investments (*at cost*) were Rs 17,342,890,513 as shown in Table 2-24.

Table 2-24 Investments as of 30 June 2015 and 30 June 2016

Details	Cost	
	30.06.2016 (Rs)	30.06.2015 (Rs)
Quoted Shares	140,251,173	144,854,350
Units	-	75,789,771
Unquoted Shares	12,573,268,792	10,148,056,284
Equity Participation	3,925,315,060	3,971,685,060
Sub Total	16,638,835,025	14,340,385,465
Other Investments	704,055,488	3,355,206,632
Grand Total	17,342,890,513	17,695,592,097

Other investments

Other investments comprised long term placement with DBM Ltd of Rs 637,895,000, EURO placement with MPCB Ltd of Rs 60,160,488 and Rs 6,000,000 fixed deposit with Mauritius Civil Service Mutual Aid Association in respect of the Morris Legacy Fund.

Placements in foreign currencies of EURO 35 million and USD 40 million with Morgan Stanley came to maturity on 30 June 2015 and the investments were repatriated on 1 July 2015.

2.10.1 New Investments

During financial year ending 30 June 2016, Government invested additional amount of Rs 2,566,376,252 in quoted and unquoted companies and as equity participation. Details of the new investments made are shown in Table 2-25.

Table 2-25 New Investments during the Year Ending 30 June 2016

Company	Approved Estimates 2015-2016 (Rs)	Virement (Rs)	New Investments (Rs)
Mauritius Post Ltd	-	255,000,000	255,000,000
Airport of Rodrigues Ltd	50,000,000	-	50,000,000
Business Parks of Mauritius Ltd	-	41,300,000	41,300,000
Business Parks of Mauritius Ltd	-	Set off of loan instalments in arrears	150,000,000
Cargo Handling Corporation Ltd	305,000,000	(90,000,000)	175,000,000
Knowledge Parks Ltd	-	201,700,000	184,344,814
Mauritius Africa Fund Ltd	100,000,000	(5,000,000)	20,000,000
MauBank Holdings Ltd	-	1,600,100,000	1,600,100,000
National Transport Corporation	-	90,630,000	90,630,000
Ireland Blyth Ltd			125
Lux Island Resorts Ltd		Dividend in species	401
The United Basalt Products Ltd			415
AfrAsia Bank Ltd			197
Alteo Ltd			300
Total	455,000,000		2,566,376,252

Virement and Supplementary estimates made to meet new investments

An amount of Rs 455,000,000 only, was provided in the 2015-16 Budget Estimates for purchase of shares and other equity under Vote Centrally Managed Initiatives of Government. Reallocations from other expenditure items totaling Rs 588,730,000 were made and a supplementary estimate of Rs 1,600,000,000 was provided to cater for the new investments as detailed in Table 2-25.

Additional unprofitable investment

Additional investments were made in The Mauritius Post Ltd, Airports of Rodrigues Ltd, Business Parks of Mauritius Ltd and National Transport Corporation at Rs 255 million, Rs 50 million, Rs 191.3 million and Rs 90.63 million respectively. Government has never received any return/dividends from these entities in the past.

Department's Reply

The Accountant General informed that the primary objective of the investment in the entities mentioned was not to generate cash return or dividend but to enable them to sustain their operations and improve service delivery.

Investment not supported by share certificates

The respective share certificates in respect of new investments in Airports of Mauritius Ltd and New DBM Ltd effected on 31 December 2013 and amounting to Rs 300 million and Rs 200 million respectively could not be produced to Audit.

Department's Reply

The Accountant General informed that needful is being done to obtain the Share Certificate from Airports of Mauritius Ltd in respect of the investment of Rs300 million effected in December 2013.

The New DBM Ltd has been incorporated. However, it has not yet become operational and thus shares have not yet been allotted. A decision will be taken in view of the restructuring exercise currently being undertaken by DBM Ltd.

2.10.2 Return on Investments

Dividends

Total cost of investments in shares in quoted and unquoted companies amounted to Rs 12,713,519,965. The budgeted and actual dividends received from these entities during the past five financial periods are given in Table 2-26.

Table 2-26 Dividend Received during Financial Periods 2012-2016

Period ending	Budgeted (Rs)	Actual (Rs)
31.12.2012	2,477,000,000	1,039,755,819
31.12.2013	2,633,000,000	1,478,778,376
31.12.2014	1,295,000,000	942,836,943
30.06.2015	303,000,000	295,187,828
30.06.2016	1,519,000,000	319,268,338

For the current financial year, a total of Rs 1,519,000,000 was budgeted as dividends receivable and the actual amounts received during the same period were only Rs 319,268,338 compared to Rs 295,187,828 for the six months ending 30 June 2015 and Rs 942,836,943 for financial year ending 31 December 2014. There has been a drastic decrease in the dividend received figure.

Details of dividends received for the 12 months ending 30 June 2016 and for the six months ending 30 June 2015 are shown in Table 2-27.

Table 2-27 Dividends received during Financial Periods 2015 and 2016

Details	Investment at Cost 30.06.2016 (Rs)	Dividend Received 01.07.2015 to 30.06.2016 (Rs)	Dividend Received 01.01.2015 to 30.06.2015 (Rs)
<i>Quoted Shares</i>			
Alteo Ltd	1,140	361	158
Excelsior United Development Companies Ltd	37	-	15
Ireland Blyth Limited	125	2	-
Lux Island Resorts Ltd	401	8	-
Medine Ltd	300	71	18
New National Investment Trust	-	2,427,246	-
New Mauritius Hotels Ltd	240	24	-
SBM Holdings Ltd	41,058,573	59,810,460	26,914,707
Societe de Development Industriel & Agricole Ltee	-	40	-
The Bee Equity Partners Ltd	16	-	32
The United Basalt Products Limited	415	15	-
The Mauritius Development Investment Trust Co Ltd	2	6	3
<i>Units</i>			
NMF General Fund	-	592,711	169,877
NMF Property Trust	-	400,313	231,300
<i>Unquoted Shares</i>			
Africa Export-Import Bank	21,169,380	2,665,760	-
African Reinsurance Corporation	32,459,716	1,771,516	-
Mauritius Housing Company Ltd	59,161,634	23,341,450	-
Mauritius Telecom Ltd	63,625,174	220,779,354	262,135,717
PTA Reinsurance Company (ZEP- RE)	4,812,506	791,615	697,883
Port Louis Fund	-	-	5,038,118
State Informatics Ltd	32,800,000	6,687,386	-
Total		319,268,338	295,187,828

Department's Reply

The Accountant General stated that actual dividend received is dependent upon the financial performance of the institutions/enterprises concerned. Furthermore, the primary objective of

the investment in some entities is not to generate cash return or dividend but to enable them to sustain their operations and improve service delivery.

Withdrawals from income of Quasi Corporations

Government also received income from equity participation in Quasi Corporations amounting to Rs 2,289,254,666 for the year ending 30 June 2016 as compared to Rs 1,437,160,691 for financial year ending 31 December 2014 as shown in Table 2-28. No revenue was received for the six months ending 30 June 2015.

Table 2-28 Original Estimates and Actual Revenue Received from Quasi Corporations

Organisations	Year ended		31.12.2014 Actual Revenue (Rs)
	30.06.2016 Original Estimates of Revenue (Rs)	Actual Revenue (Rs)	
Information & Communication Technology Authority	40,000,000	40,000,000	40,000,000
Treasury Foreign Currency Management Fund	5,000,000	-	7,000,000
Financial Services Commission	1,000,000,000	699,254,666	1,290,160,691
Mauritius Ports Authority	100,000,000	100,000,000	100,000,000
State Trading Corporation	1,450,000,000	1,450,000,000	-
Total	2,595,000,000	2,289,254,666	1,437,160,691

Interest received on other investments

Other investments comprised long term placement with DBM Ltd of Rs 638 million, EURO placement with MPCB Ltd of Rs 60 million, and Rs 6 million fixed deposit with Mutual Aid in respect of the Morris Legacy Fund.

A total amount of Rs 50,641,492 has been received for period 1 July 2015 to 30 June 2016 as shown in Table 2-29.

Table 2-29 Interest received on other investments during period 1 July 2015 to 30 June 2016

	Investment as at 30.06.2016 (Rs)	Interest Received (Rs)
<i>Long-term placements with DBM Ltd</i>		
Fixed Deposits	420,000,000	7,266,000
Line of Credit to Madagascar	150,000,000	2,370,000
Line of Credit to Comores	25,600,000	Interest free
Education Reform Loan Scheme	42,295,000	3,771,911
<i>Subtotal</i>	<i>637,895,000</i>	
MauBank Ltd – Euro placement	60,160,488	2,721,114
Morris Legacy Fund – Fixed Deposits with Mauritius Civil Service Mutual Aid Association	6,000,000	405,135
Morgan Stanley – USD placement	-	34,107,332
Total	704,055,488	50,641,492

Consolidated Fund- MUR Placement

Interests were not received on Long-term Placements with DBM of Rs 420 million and Rs 150 million for period 1 September 2015 to 29 February 2016 and for period 23 July 2015 to 22 January 2016 respectively. The arrears of revenue amounted to Rs 7,266,000 and Rs 2,595,000 respectively.

Department's Reply

The Accountant General stated that claims were issued in respect of interest arrears.

2.10.3 Investments Yielding No Returns in 2016

Investment totaling Rs 6.23 billion did not yield any return for financial year ending 30 June 2016. Details of these investments are given in Table 2-30.

Table 2-30 Investments Yielding No Returns during Financial Year Ending 30 June 2016

	Year of Investments	Cost Price (Rs)
<i>Quoted Shares</i>		
Air Mauritius Limited	Prior 1997	99,178,348
United Docks Ltd	Prior 2001	9,600
<i>Unquoted Shares</i>		
Airports of Mauritius Ltd	1998 and 2000	1,607,774,970
Air Mauritius Holdings Ltd	Prior 2001	87,354,608
Cargo Handling Corporation Limited	1983-2016	375,600,000
COVIFRA Ltee	Prior 2001	2,052,356
Development Bank of Mauritius Ltd	Prior 2001 and 2005 - 2009	216,250,000
Editions De L'Ocean Indien Ltee	2000 and 2001	1,140,000
Film Confluences Co. Ltd	2013	1,000,000
Knowledge Parks Ltd	2013 and 2016	184,369,815
Les Pailles International Conference Centre	2006 - 2009	652,688,656
Mauritius Road Infrastructure Finance Ltd	2014	100,000
Mauritius Shipping Corporation Ltd	Prior 2001 and 2011	135,493,000
National Insurance Co Ltd	2015	30,000,000
National Real Estate Ltd	30.06.09	500,000,000
New DBM Ltd	2013	200,000,000
NIC General Insurance Co Ltd	2015	30,000,000
Overseas Telecommunications Services	Prior 2001	28,858
Shelter- Afrique	2013	4,075,847
Sugar Investment Trust	Prior 2007	19,999,980
The State Investment Corporation Limited	2001 and 2012	85,000,000
<i>Equity Participation</i>		
Bank of Mauritius	2005 and 2011	2,000,000,000
Total		6,232,116,038

2.10.4 Investments not Yielding any Return Since Acquisition

Investments (*at cost*) totaling some Rs 10.1 billion and representing approximately 58 per cent of total investments, did not yield any return at all, since they have been acquired. Details are given in Table 2-31.

Table 2-31 Investment not Yielding any Return since Acquisition

	Year of Investment	Cost of Investment (Rs)
Quoted Shares		
Blue Life Ltd	2013	1,976
Unquoted Shares		
AfrAsia Bank Limited	2016	197
African Development Bank	1992-1993	597,444,064
Airports of Rodrigues	2000-2008	538,310,200
Business Parks of Mauritius Ltd	2001-2016	1,296,852,722
Discover Mauritius Ltd	2006-2007	500,000
Eastern and Southern African Trade & Development Bank Ltd	1990-1991	207,219,801
Enterprise Mauritius	2004-2005	79,782,747
Events Mauritius Ltd	2006-2007	1,800,000
MauBank Holdings Ltd	2001-2005 and 2015-2016	3,190,266,400
Mauritius Africa Fund Ltd	2016	20,000,000
Mauritius Educational Development Company Ltd	2000-2001	16,000,000
Multi Carrier Mauritius Ltd	2001-2004	134,000,000
National Housing Development Company Ltd	2007-2008	200,000,000
SME Partnership Fund	2005-2006	50,000,000
State Land Development Company Ltd	2001-2007	385,024,900
State Property Development Company Ltd	2001-2004	663,000,000
The Mauritius Post Ltd	2001-2016	626,111,200
Tourist Villages Company Ltd	2007-2009	170,000,000
Equity Participation		
Central Electricity Board	1992-2016	533,856,197
Central Water Authority	1993-2012	962,250,913
Civil Service College	2012	15,000,000
Mauritius Cooperative Livestock Marketing Federation	1992-1993	450,000
Mauritius Cane Industry Authority (ex-Mauritius Sugar Authority and ex-Mauritius Sugar Terminal Corporation)	2013	173,803,732
National Transport Corporation	Prior 01.07.01-2016	140,630,000
Rodrigues Educational Development	2001-2002	80,000
Rose Belle Sugar Estate	1987-1996	98,844,218
Total		10,101,229,267

2.11 Special Funds

Section 9 of the Finance and Audit Act provides for the creation of Special Funds. Special Funds are monies which are not raised or received for general public purposes, but deposited with the Government for specific purposes.

Special Funds are built up in different ways as follows:

- Donations and legacies.
- Money transferred from expenditure.
- Monies levied from other sources.

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,
- in the absence of any such provision in the 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,
- money standing to the credit of Special Funds may be invested and any interest or dividend received is to be credited to the accounts of that Special Fund and becomes in all respect part of that Special Fund.

All Special Funds are either regulated by an Act or a Regulation made under the Finance and Audit Act. The Director of Audit is responsible for the audit of 27 Special Funds which are differently regulated as shown in Appendix IIA. Some are required to submit accounts not later than three months after the end of each financial year, while for others there is no such deadline.

Special Funds 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.

A total of 19 financial statements in respect of nine Special Funds have not yet been submitted for audit purposes. Details are at Appendix IIB.

50 financial statements in respect of 20 Special Funds were already certified but not yet laid before the National Assembly as shown in Appendix IIC.

2.12 Statement of Public Sector Debt

The Public Sector Debt (PSD) comprised debts of the Central Government raised both internally and externally for financing development projects, debts of Public Enterprises guaranteed by Government and debts of Public Enterprises not guaranteed by Government. All these debts were detailed in a separate Statement of Public Sector Debt.

As of 30 June 2016, the PSD amounted to Rs 274.4 billion, compared to Rs 251.8 billion as of 30 June 2015, representing an increase of 9.0 per cent. Details are given in the Table 2-32.

Table 2-32 Public Sector Debt

Debt Category	12 months to 30 June 2016 (Rs)	6 months to 30 June 2015 (Rs)
Government Debt		
Domestic	197,797,100,000	171,794,200,000
External	53,462,818,352	54,710,179,599
	251,259,918,352	226,504,379,599
Guaranteed by Government		
Agencies Extra Budgetary Units	138,660,675	159,381,577
Public Enterprises	16,082,238,851	17,416,435,054
	16,220,899,526	17,575,816,631
Not Guaranteed by Government		
Public Enterprises	6,914,211,368	7,708,234,004
Total	274,395,029,246	251,788,430,234

Domestic Debt

Domestic Debt was made up of obligations which include proceeds from issues of Treasury Bills, Treasury Notes, Government Bonds, Mauritius Development Loan Stocks, GOM Savings Certificates, GOM Savings Notes, and GOM Savings Bonds.

External Debt

External Debt referred to Loans from Foreign Governments and Institutions, Government Securities held by Non Residents and IMF SDR Allocations.

2.12.1 Domestic Government Debt

Maturity Structure of Domestic Government Debt

Domestic Government Debt, excluding Government securities for the mopping up of excess liquidity of Rs 12.8 billion, comprised 70.72 per cent of total public debt figure as at 30 June 2016. Analysis of domestic debt composition by instrument comprised Treasury Bills of Rs 22.98 billion, Treasury Notes of Rs 49.12 billion, MDLS of Rs 3.66 billion and Government of Mauritius Bonds of Rs 109.23 billion.

An indication of the years of maturity of the outstanding Domestic Government Debt as at 30 June 2016 is given in Table 2-33.

Table 2-33 Maturity Structure of Domestic Government Debt

Years of Maturity 30 June	Treasury Bills (Rs m)	Treasury Notes (Rs m)	MDLS (Rs m)	Bonds (Rs m)	Total (Rs m)	Percentage
2016/17	22,981.9	15,470.0	579.0	10,328.7	49,359.6	26.68
2017/18		18,516.5	368.5	7,190.0	26,075.0	14.10
2018/19		15,137.5	1,610.1	10,120.0	26,867.6	14.52
2019/20			1,098.5	11,481.6	12,580.1	6.80
2020/21 and Onwards				70,110.0	70,110.0	37.90
Total	22,981.9	49,124.0	3,656.1	109,230.3	184,992.3	100

The above figures exclude GOM Securities issued for the mopping up of excess liquidity of Rs 1,507,200,000 and for liquidity management of Rs 11,297,600,000.

The maturity profile of the Domestic Government Debt indicated that 26.7 per cent of total debt would mature within one year and Rs 49.4 billion would be required to settle these debts. Additionally, some 14.10 per cent amounting to Rs 26.1 billion of the outstanding debts would fall due for repayment in the financial year ending 30 June 2018.

As shown in the table 2-33, the maturity profile indicated that there was a concentration of maturities in the near term and then spread thereafter.

Government of Mauritius Securities issued for mopping up of excess liquidity

The Bank of Mauritius (BOM) intervened for mopping up surplus liquidity in the economy. Accordingly, BOM issued securities on behalf of Government to mop up the excess liquidity. The balance of these securities stood at Rs 12.8 billion (Nominal Value) as at 30 June 2016 and comprised GOM Treasury Bills, GOM Savings Notes, and GOM Savings Bonds.

Total proceeds of Rs 12.7 billion from the issue of the above instruments, were deposited with BOM and included in the Statement of Assets and Liabilities under 'Cash and Bank Balances'.

2.12.2 Public Sector Debt Figures for Past Five Financial Periods

The Public Sector Debt for the past five financial years to 30 June 2016 is given in Table 2-34.

Table 2-34 Public Sector Debt for Financial Periods 2012 to 2016

Financial period ending	Public Sector Debt (Rs)	Increase over the previous year (Rs)	Increase over the previous year %
*31.12.2012	194,486,933,430	9,299,899,064	5.02
31.12.2013	219,867,268,241	25,380,334,811	13.05
31.12.2014	237,700,464,181	17,833,195,940	8.11
30.6.2015	251,788,430,234	14,087,966,053	5.93
30.6.2016	274,395,029,246	22,606,599,012	8.98

* The figures for PSD for 2012 exclude IMF SDR allocations

Over the past five financial periods, Public Sector Debt has been increasing. The figure for 30 June 2016 has increased by Rs 79.9 billion when compared to Rs 194.5 billion recorded for 31 December 2012. This represented an increase of 41.1 per cent over 42 months' period.

2.12.3 Public Sector Debt and Gross Domestic Product

PSD and PSD as a percentage of Gross Domestic Product (GDP) as at 31 December 2012, 2013 and 2014 and 30 June 2015 and 2016 are given in Table 2-35.

Table 2-35 Public Sector Debt and Gross Domestic Product

	PSD* (Rs billion)	GDP (Rs billion)	PSD as Percentage of GDP %
31 December 2012	199.1	350.6	56.8
31 December 2013	219.9	372.4	59.1
31 December 2014	238.0	392.1	60.7
30 June 2015	251.9	400.4	62.9
30 June 2016	274.4	421.3	65.1

Source: Ministry's Records

*International Definition

As of 30 June 2016, the total PSD stood at Rs 274.4 billion, that is an increase of Rs 22.5 billion compared to 30 June 2015. PSD as a percentage of GDP as of 30 June 2016 has also increased to 65.1 per cent compared to 62.9 per cent as of 30 June 2015.

For the computation of the PSD for the purpose of debt ceiling, in line with the provisions of the Public Debt Management Act, PSD as at 30 June 2016 of Rs 274.4 billion were adjusted by a sum of Rs 39.4 billion to Rs 235.0 billion. The figure of Rs 39.4 billion comprised

public enterprises' debts discounted by Rs 15 billion, as well as Government Securities issued to mop up excess liquidity, Cash and Cash Equivalents and Special Drawing Rights totalling Rs 24.4 billion.

The impact of the adjustment would be a decrease of PSD as a percentage of GDP by 9.3 per cent, that is, from 65.1 to 55.8 per cent.

Short and long term strategies need to be planned ahead to ensure that the targeted ceiling of 50 per cent of GDP by the end of December 2018 will be achieved as per the amended Public Debt Management Act.

2.12.4 Management of Loans

As previously reported, commitment fees were being paid when funds were withdrawn after the scheduled date specified in the loan agreements. For the 18 month period ended 30 June 2016, some Rs 20 million were paid as Commitment Fees in respect of six loans, and none in respect of three other loans.

The cumulative amount of Commitment Fees on the nine loans since their respective agreements were signed was some Rs 112.4 million as shown in Table 2-36

Table 2-36 Commitment Fees Paid

Funding Agency (Amount) – Initial Period of Withdrawal	Project	Disburs ed up to 30.06.16	Up to 31.12. 12	Commitment Fees Paid			
				Durin g 2013	Durin g 2014	During 18 month period ended 30.06.16	Up to 30.06.1 6
			(Rs m)	(Rs m)	(Rs m)	(Rs m)	(Rs m)
Japan International Cooperation Agency (JPY 7,012 million) - 5 Nov 2010	Grand Bay Sewerage Project	JPY 111.1 million	4.30	2.19	2.02	3.00	11.51
Exim Bank of India (US \$ 48.5 million) - 30 March 2011	Offshore Patrol Vessel	US \$ 42.5 million	13.2	3.84	2.29	6.00	25.33
Exim Bank of China (CNY 580 million) – 30 April 2012	Bagatelle Dam	CNY 566.1 million	-	12.64	8.41	1.40	22.45
Exim Bank of India (US \$ 46 million) – 8 July 2014	Specialised Defence Equipment	US \$ 20.3 million				1.80	1.80
Exim Bank of India (US \$ 18 million) – 8 August 2014	Fast Attack Waterjet	US \$ 10.8 million				2.95	2.95
Agence Française de Developpement (€27 million) – 26 June 2015	Restructuring Cargo Handling Corp	€4.45 million				4.90	4.90
Exim Bank of China (CNY 480 million) – 25 Feb 2009	Plaine Wilhems Sewerage Lot 2	CNY 439.5 million	36.10	3.50	0.47	-	40.07
African Development Bank (US \$ 420 million and €186 million) – 30 May 2013	Public Sector Efficiency Programme	US \$ 324 million and € 146 million	-	-	0.02	-	0.02
European Investment Bank (€35 million) – 1 Dec 2013	Plaine Wilhems Sewerage Project	€27.5 million	-	-	3.34	-	3.34
Total			53.60	22.17	16.55	20.05	112.37

Source: Treasury Accounting System

Disbursements were not effected as scheduled due to delay in implementation of the projects.

➤ *Grand Bay Sewerage Project*

The delay in the Grand Bay Sewerage Project Phase IB was due to the fact that procedures for the procurement of the services of a Consultant required longer time than initially foreseen. The advertisement for the Expression of Interest was made in September 2011, while the contract was awarded to the Consultant in October 2013, more than two years later.

Moreover, after award of Consultancy Contract in October 2013, a substantial increase in the actual length of sewers and the number of house connections within the earmarked project area was reported by the Consultant. Some six months were required to document this change in project area. Furthermore, in early 2015, due to budgetary constraints, the Ministry contemplated deferring the project to 2018-19. Thereafter, some 10 months were required for a mutual agreement to start the project by the last quarter of 2016.

➤ *Offshore Patrol Vessel*

There was delay to finalise agreement due to a change in specifications and needs requirements.

➤ *Bagatelle Dam*

The original completion date of the Dam was scheduled in December 2014. However, due to major design changes, including the construction of a cut off wall around its perimeter and other ancillary works, the Dam was expected to be ready in December 2016 for impoundment.

➤ *Specialised Defence Equipment*

There was delay in finalizing procurement procedures for specialized equipment.

➤ *Fast Attack Waterjet*

There was delay in signing of Addendum and subsequent processes.

➤ *Restructuring Cargo Handling Corporation*

The delay was due to discussions being held with a foreign organisation on Port Operations and development of a Special Economic Zone was ongoing.

Ministry's Reply

- Payments of commitment fees are mainly due to delays in implementation of projects which are managed by the respective Ministries/Departments. Disbursements of loans are made based on the pace of project implementation.
- Almost all lenders now include the payment of a commitment fee in the loan terms and this is payable once the loan becomes effective. This is provided in order to compensate the lenders for the cost of mobilizing the loan

2.12.5 Government Debt Servicing

(i) The Government debt servicing comprised capital repayments, interest payments on Domestic and External Debts and management service charges.

Total Government debt servicing during the past five financial periods is shown in Table 2-37.

Table 2-37 Government Debt Servicing for Financial Periods 2012-2016

Particulars	Year ended			6 months	12 months
	31.12.2012 (Rs m)	31.12.2013 (Rs m)	31.12.2014 (Rs m)	30.06.2015 (Rs m)	30.06.2016 (Rs m)
*Interests					
External Debt	502.1	540.6	643.3	348.4	668.9
Domestic Debt	9,627.2	9,088.9	9,474.3	4,522.6	9,354.1
Management Service Charges	35.1	25.6	16.1	9.4	11.6
Sub Total	10,164.4	9,655.1	10,133.7	4,880.4	10,034.6
Capital Repayments					
External Debt	888.1	1,089.6	2,831.2	1,120.6	2,579.0
**Capital Repayments					
Domestic Debt	65,257.4	55,336.4	60,466.7	32,268.0	70,386.9
Total	76,309.9	66,081.1	73,431.6	38,269.0	83,000.5

* Interest is computed on an accrual basis

**including redemption of Treasury Bills and Treasury Notes.

Interest payments on Public Debt amounted to Rs 10.1 billion for the financial year ended 30 June 2016 and some Rs 11.6 million were incurred in respect of management service charges.

(ii) The Government debt servicing as a percentage of total Government expenditure for the past five financial periods 2012 to 2016 is shown in Table 2-38.

Table 2-38 Government Debt Servicing as a Percentage of Total Government Expenditure

Period ending	* Government Debt Servicing Rs m	Total *Expenditure Rs m	Government Debt Servicing as a % of Total Expenditure
31.12.2012	76,309.9	148,290.2	51.5
31.12.2013	66,081.1	153,874.1	42.9
31.12.2014	73,431.6	157,203.8	46.7
30.06.2015	38,269.0	82,111.9	46.6
30.06.2016	83,000.5	179,918.9	46.1

*including redemption of Treasury Bills and Treasury Notes.

It was the Treasury policy not to include the issue and redemption of Treasury Bills and Treasury Notes in the Statement of Revenue and Expenditure of the Consolidated Fund, but the net outstanding balances were disclosed in the Statement of Assets and Liabilities. New

issues of Treasury Bills and Treasury Notes for the financial year ending 30 June 2016 amounted to Rs 58.5 billion and Rs 16.3 billion respectively whilst redemption of Treasury Bills, Treasury Notes, One-Year GOM Savings Certificates and Three-Year GOM Savings Notes were Rs 50.1 billion, Rs 16.8 billion, Rs 163.5 million, and Rs 2.3 million respectively.

In Table 2-38, the Government debt servicing and the total expenditure has been adjusted to include the redemption of Treasury Bills and Treasury Notes in order to give a better picture of the total cost for Government debt servicing. As stated, some 46.1 per cent of the total Government expenditure for financial year ending 30 June 2016 was on Government debt servicing.

2.13 Statement of Outstanding Loans

Government advanced loans from revenue to Statutory Bodies, Private Individuals, State Owned Entities and Other Bodies mainly for capital projects. The Accountant General's Department prepared a Statement of Outstanding Loans Financed from Revenue regarding such loans. As of 30 June 2016, total loans outstanding due to Government by all these Bodies amounted to Rs 11,790,865,072. Details are shown in Table 2-39.

Table 2-39 Outstanding Loans Due to Government as of 30 June 2016

Name of Borrowers	Original Loan (Rs)	Outstanding Loan (Rs)
Statutory Bodies		
Central Electricity Board	3,349,569,017	2,012,103,841
Central Water Authority	4,253,596,195	2,212,552,716
Mauritius Cane Industry Authority (ex-Sugar Planters Mechanical Pool Corporation)	20,408,214	19,803,643
Mauritius Meat Authority	5,717,943	5,669,085
Mauritius Cane Industry Authority(ex MSIRI)	2,631,395	605,368
Irrigation Authority	278,370,422	287,291,981
National Transport Corporation	196,022,528	154,071,447
Mauritius Institute of training and Development (ex-Industrial and Vocational Training Board)	88,534,225	7,023,278
Rose Belle Sugar Estate	92,977,646	98,471,300
Mauritius Broadcasting Corporation	399,631,437	472,489,696
Wastewater Management Authority	3,174,372,616	2,307,053,409
Subtotal	11,861,831,638	7,577,135,764
Other Bodies		
Development Bank of Mauritius Ltd	499,165,876	310,265,619
Mauritius Housing Company Ltd	62,644,315	12,563,018
Bus Companies	25,555,614	4,460,006
Mauritius Cooperative Central Bank (MCCB) Ltd (in liquidation)	81,880,000	81,308,000
National Housing Development Co Ltd	592,631,447	360,719,500
Business Parks of Mauritius Ltd	644,627,749	163,121,466
Mauritius Shipping Corporation	107,200,000	107,200,000
Airports of Mauritius Ltd	513,372,400	580,981,872
Mauritius Post and Co-operative Bank Ltd	8,000,000	8,000,000
Knowledge Parks Ltd	486,000,000	535,772,999
SPV/Build Mauritius Fund	4,300,000,000	1,999,900,000
Pamplemousses/Riviere du Rempart District Council	42,000,000	33,600,000
Rodrigues Regional Assembly	14,847,000	14,730,000
Subtotal	7,377,924,401	4,212,622,480
Private Individuals		
Repatriation Expenses	2,827,070	930,561
Small Scale Industries	546,277	176,266
Sub Total	3,373,347	1,106,827
Total	19,243,129,386	11,790,865,072

Note: The original amounts of foreign loans are stated at their rupee equivalent on date of issue

Central Electricity Board and Central Water Authority owed loan amounts of Rs 2.012 billion and Rs 2.213 billion respectively, being capital instalments due as at 30 June 2016. These two outstanding loan balances represented some 36 per cent of the total of Rs 11.79 billion.

2.13.1 Loan Instalments in Arrears

Nine Statutory Bodies and seven Other Bodies have not repaid the loan instalments and the accrued interests. They owed a total of Rs 2,240,147,411, comprising capital and interest of Rs 1,145,097,661 and Rs 1,095,049,750 respectively as at 30 June 2016. Details are shown in the Table 2-40.

Table 2-40 Arrears of Capital and Interests Due as of 30 June 2016

	Capital (Rs)	Interest (Rs)	Period due	Remarks
Statutory Bodies				
Central Electricity Board	-	865,142	2011-2016	Arrears only left for LN 452
Central Water Authority (Note 1)	373,837,173	198,923,043	1999-2016	Insufficient repayment
Mauritius Institute of Training and Development (ex-IVTB)	7,023,278	-	2005-2016	All amount settled after year end 2016
Irrigation Authority (Note 2)	260,658,367	195,496,154	1983-2016	No repayment since August 1996
National Transport Corporation (Note 3)	154,071,448	283,137,736	1988-2016	Insufficient repayment. Monthly payment of Rs 10,000
Mauritius Meat Authority	5,669,085	-	1986-1990	No repayment since 1980- paper sent to MOFED for write off
Mauritius Broadcasting Corporation	94,864,152	20,686,159	2010-2016	Outstanding since 2010
Rose Belle Sugar Estate	80,925,548	103,684,188	1982-2016	Request for write off
Wastewater Management Authority	-	190,270,043	2014-2016	Outstanding since 2015
Other Bodies				
National Housing Development Corporation	-	494,490	2014-2016	Amount paid after year end
Small Scale Industries (Note 4)	176,266	1,132,265	1985-2016	No repayment since 1992
MCCB Ltd (in liquidation) (Note 5)	81,308,000	66,697,289	1997-2016	In liquidation
Development Bank of Mauritius	11,097,838	3,272,924	2015-2016	Insufficient repayment
Bus Companies (Note 6)	4,460,006	-	1995	No repayment since 1995/1996
Mauritius Shipping Corporation	63,700,000	26,235,253	2011-2016	Outstanding since 2011
Rodrigues Regional Assembly	7,306,500	4,155,064	2011-2016	Outstanding since 2011
Total	1,145,097,661	1,095,049,750		2,240,147,411

As of 30 June 2016, several Bodies mentioned above were still unable to repay the arrears of loan instalments and interests.

Note 1 - Central Water Authority (CWA)

CWA contracted several other loans from Government during the period 1 January 2015 to 30 June 2015 and loans disbursed during financial year 2015-16 amounted to Rs 327,781,724.

Since 4 February 2013, CWA had ceased to collect the Bottled Water Levy and Government compensated the Authority for the loss of revenue to the tune of Rs 200 million. The amount was provided for, under Item, 'Subsidy to CWA' in the Estimates 2015-2016. Government had set off the Rs 200 million, 'Subsidy to CWA' against the arrears of capital Rs 138,957,871 and interest Rs 61,042,129.

Note 2 - Irrigation Authority (IA)

IA contracted 15 loans totalling Rs 278,370,422 during the years 1984 to 2012. Out of the 15 loans, the principal and interest elements of 13 loans totalling Rs 324,472,817 have never been repaid despite several reminders sent.

Note 3 - National Transport Corporation (NTC)

Of the 12 loans contracted during the years 1988 to 2010 and totalling Rs 196,022,528, the Corporation was effecting regular repayments of Rs 10,000 as interest in respect of only one loan contracted in year 2009 (Line of credit loan of Rs 41.6 million)

Note 4 - Loans to Small Scale Industries

Loans and interests in respect of Small Scale Industries totaling Rs 1.3 million have remained unpaid since year 1993.

Department's Reply

The Accountant General informed that action has already been initiated for the write-off of these loans.

Note 5 - MCCB Ltd (in liquidation)

MCCB Ltd is in liquidation and as per the order of priority set out in the schedule to the Act, Government is ranked at the 6th position to be repaid. The only outstanding case before payment to Government is a case lodged at the Supreme Court for an amount of Rs 45 million, excluding interest and other costs. The exact date of payment to the Government in respect of the outstanding balance is not known.

Note 6 - Bus Companies

Bus Companies still owed a balance of Rs 4,460,006 on a loan amount of Rs 25 million disbursed during 1978 to effect payments of end of year bonus and extra remuneration to

their employees. The company has not effected any repayment since 1995. The amount due could be considered as irrecoverable.

2.13.2 New Loans Disbursed during the financial year ended 30 June 2016

During the financial year ended 30 June 2016 Government disbursed new loans to the following five bodies as stated in Table 2-41.

Table 2-41 New Loans

Bodies	(Rs)
Central Water Authority	327,781,724
Waste Water Management Authority	401,909,462
National Housing Development Co Ltd	230,000,000
SPV/Knowledge Park Ltd	72,752,190
Private Individuals	24,283
Total	1,032,467,657

Loan to Central Water Authority (CWA) – Rs 327,781,724

Loans amounted to Rs 327.8 million were advanced to CWA during the financial year 2015-16 to carry out four projects namely Pailles Water Treatment Plant (Rs 44.9 million), Bagatelle Treatment Plant and Downstream Works (Rs 13.4 million), Midlands Dam /Piton du Milieu Project (Rs 25.0 million) and Non-Revenue Water Projects in Upper Mare aux Vacoas System (Rs 244.5 million).

The loan agreement was signed between the Government of Mauritius and Central Water Authority on 29 December 2015 to allow the Authority to carry out projects.

Loan to Wastewater Management Authority (WMA) - Rs 401,909,462

Loan agreements for the sum of Rs 3,174,372,616 were signed between the Ministry of Finance and Economic Development and WMA as shown in Table 2-42.

Table 2-42 Loans to WMA

Date of Loan Agreement	Amount of Loan (Rs)	Loan Repayment Period
6 May 2014	920,992,616	31 March 2018 – September 2027
19 August 2014	307,700,000	31 March 2019 – September 2028
14 November 2014	507,450,000	31 October 2019 – 30 April 2029
23 February 2015	200,000,000	30 April 2020 – 31 October 2029
25 May 2015	182,230,000	30 September 2020 – 30 April 2030
25 May 2015	1,056,000,000	30 September 2020 – 30 April 2030
Total	3,174,372,616	

As of 30 June 2016, loans disbursed to WMA amounted to Rs 2,307,053,409.

Interest was accrued as from the date the loans were disbursed. WMA was unable to pay the interest on their due dates. As of 30 June 2016, claims already issued in respect of interest due totalling Rs 190,270,043 have remained unpaid.

National Housing Development Co. Ltd – Rs 230,000,000

The loan agreement was signed between Government of Mauritius and National Housing Development Co. Ltd on 4 April 2016 to part finance the construction of social housing projects. The loan period is 25 years with fixed interest rate at five per cent per annum.

Loan arrears - Business Parks of Mauritius Ltd (BPML) – Rs 313,121,466

Loan agreement was signed on 24 June 2016 between the Government of Mauritius and BPML whereby it was agreed to proceed with a capital restructuring of the BPML by converting its existing loans of Rs 313,121,466, outstanding since 1997 - 2002, described as follows:

- Rs 150 million converted into equity in BPML (Capital Rs 54,171,600 and Interest Rs 95,828,400)
- Rs 163,121,466 converted into a fresh new loan with new terms and conditions.

The duration of the new loan of Rs 163,121,466 shall be for 10 years with a grace period on capital repayment of 5 years calculated from 31 May 2016 and interest payable shall be equivalent to the Key Repo Rate as published by the Bank of Mauritius.

2.13.3 Loan Disbursed not supported by duly signed Loan Agreements.

No loan agreements were signed for loans advanced to three organizations. The terms and conditions of these loans were not known. As a result, no repayments were being made and the capital and interest in arrears were not accounted as arrears of revenue. Details are shown in Table 2-43.

Table 2-43 No Loan Agreement

Organisation	Loan Amount (Rs)	Year Loan Issued
Mauritius Broadcasting Corporation (Note1)	18,000,000	2014
Mauritius Post and Cooperative Bank Ltd (now <i>MauBank Ltd</i>) (Note 2)	8,000,000	2011
SPV/Build Mauritius Fund (Note 3)	4,300,000,000	2013

Note 1 - Mauritius Broadcasting Corporation(MBC) – Rs 18 Million

In November 2014, Rs 18 million were advanced to MBC to cover expenses in connection with National Assembly Elections 2014 (December 2014). The advance was converted into a loan in December 2014.

Department's Reply

The Accountant General stated that the issue of loan agreement with the MBC in respect of the Rs 18 million will be addressed in due course in light of the debt restructuring of the organisation.

Note2 - Mauritius Post & Cooperative Bank Ltd (now MauBank Ltd) - Rs 8 million

On 14 October 2011, the Government disbursed Rs 8 million to the Mauritius Post and Cooperative Bank ltd (*now MauBank Ltd*) for which no details were available specifying the purpose and conditions of the loan amount.

Department's Reply

The Accountant General stated that the loan was made to the MPCB Ltd (now *MauBank Ltd*) for the purposes of implementing schemes under the Food Security Fund (FSF) programs under the aegis of the Ministry of Agro Industry and Food Security (MOA). A Memorandum of Understanding was signed between the FSF and the former MPCB Ltd.

Note3 - SPV/Build Mauritius Fund - Rs 4.3 Billion

In December 2013, Rs 4.3 billion were remitted to the Build Mauritius Fund in respect of the Road Decongestion Programme.

SPV/Build Mauritius Fund had already refunded Rs 2,300,100,000 to Government during financial year 2015-16.

Department's Reply

The Accountant General stated that the Build Mauritius Fund is a Special Fund established by the Government under the Finance and Audit Act. Thus, the question of a loan agreement between the Government and the Build Mauritius Fund does not arise.

2.14 Statement of Arrears of Revenue

Arrears of revenue totalled Rs 9,323,651,370 as of 30 June 2016. The Accountant General compiles the figures from returns submitted by all Ministries and Government Departments. The Financial Regulations require that officers responsible for collection of revenue should submit to the Accountant General a Statement of Arrears of Revenue as at 30 June and 31 December of the financial year.

Arrears of revenue for the past five financial periods are given in the Table 2-44.

Table 2-44 Arrears of Revenue for Past Five Financial Periods

Financial Period	Arrears of Revenue (Rs)
31 December 2012	6,927,931,061
31 December 2013	8,386,240,505
31 December 2014	8,471,499,677
30 June 2015	9,084,401,110
30 June 2016	9,323,651,370

Annual increases have been noted in the arrears of revenue figure. There was a significant increase of Rs 2,395,720,309 from 31 December 2012 to 30 June 2016.

63.3 per cent of the total arrears figure of Rs 9,323,651,370 related to the Mauritius Revenue Authority, that is Rs 5,896,971,324.

For the period 1 July 2015 to 30 June 2016, Government wrote off a total of Rs 39,523,144 being long outstanding and irrecoverable debts and an amount of Rs 241,640,617 were written off during the period 1 January 2015 to 30 June 2015 as shown in Table 2-45.

Table 2-45 Arrears of Revenue Written Off

Ministries/Departments	1 July 2015 to 30 June 2016 (Rs)	1 January 2015 to 30 June 2015 (Rs)
The Treasury	2,930,969	-
Registrar- General's Department	27,270,100	1,404,615
Ministry of Energy and Public Utilities	2,291,875	-
Judiciary	7,030,200	2,130,632
Ministry of Education & Human Resources		133,259,000
Companies Division		90,034,740
Civil Aviation		14,811,630
Total	39,523,144	241,640,617

2.14.1 Aged List of Debtors

Table 2-46 shows an aged list of debtors amounting to Rs 9,323,651,370 as of 30 June 2016. The aged list has been compiled from the Returns submitted by Ministries and Departments to the Accountant-General.

A sum of Rs 3,207,557,770 was outstanding for period prior to 1 July 2014. This represented 34 per cent of the total arrears figure.

Table 2-46 Aged List of Debtors as of 30 June 2016

Ministries/ Departments	Prior to 01.07.2014 (Rs)	01.07.2014 to 30.06.2015 (Rs)	01.07.2015 to 30.06.2016 (Rs)	Unallocated (Rs)	Total Debtors as of 30.06.16 (Rs)
A. Mauritius Revenue Authority					
Income Tax (Including Large Taxpayer)	1,438,010,887	917,016,529	343,599,187	-	2,698,626,603
Value Added Tax	1,430,609,238	653,505,489	496,067,371	-	2,580,182,098
Customs and Excise	12,361,719	34,067,511	4,872,719	-	51,301,949
Betting and Gaming	166,389,925	10,241,366	10,125,035	-	186,756,326
Sales Tax	2,007,014	-	-	-	2,007,014
Environment Protection Fee	6,331,266	9,094,240	1,102,295	-	16,527,801
Pay As You Earn Tax Deduction Scheme	58,035,057	58,801,175	48,038,364	-	164,874,596
	55,768,924	27,599,893	20,420,084	-	103,788,901
Others	19,820,519	44,235,064	28,850,453	-	92,906,036
Sub-total MRA	3,189,334,549	1,754,561,267	953,075,508	-	5,896,971,324
B. Other Ministries and Departments					
Civil Aviation Industry (Commerce Division)	-	-	2,265,934	12,718,854	14,984,788
Public Infrastructure (Land Transport Division.)	85,751	1,700	6,025	-	93,476
Fire Services	21,230	-	-	-	21,230
The Treasury	211,709	-	-	-	211,709
The Treasury : Loans	4,825,955	306,172	1,193,484	-	6,325,611
Registrar – General	-	-	372,998,897	1,867,148,514	2,240,147,411
Housing and Lands Companies Division	-	-	42,551,405	316,670,704	359,222,109
Education and Human Resources & TE	-	-	196,796,589	292,850,155	489,646,744
Social Integration, N S & R I	1,233,564	-	763,677	-	1,997,241
Agro-Industry and Food Security	-	-	539,674	3,930,795	4,470,469
	-	-	5,354,614	4,647,549	10,002,163

continued

Table 2-46 Aged List of Debtors as of 30 June 2016 (continued)

Ministries/ Departments	Prior to 01.07.2014 (Rs)	01.07.2014 to 30.06.2015 (Rs)	01.07.2015 to 30.06.2016 (Rs)	Unallocated (Rs)	Total Debtors as of 30.06.16 (Rs)
Tourism and External Communications	1,024,744	460,962	153,654	-	1,639,360
Public Infrastructure			160,137	1,370,379	1,530,516
Renewable Energy and Public Utilities	4,240,910	-	-	-	4,240,910
Health and Quality of Life	5,319,641	3,014,676	1,099,415	-	9,433,732
Police Force	643,782	-	345,795	-	989,577
Local Govt. and Outer Islands	235,620	-	18,710	-	254,330
Ocean Economy, MR-Fisheries, Shipping and OI	-	-	222,143	1,151,265	1,373,408
National Transport Authority	-	-	1,053,000	33,420,000	34,473,000
National Audit Office	-	-	1,511,000	-	1,511,000
Attorney General's Office	380,315	261,815	87,895	-	730,025
Ministry of Labour, IR & Emp. (Employment Div)	-	-	-	-	-
Ministry of Arts and Culture	-	-	37,500	-	37,500
Prime Minister's Office (Data Protection Office)	-	-	6,264,000	11,099,650	17,363,650
Mauritius Prison Service	-	-	-	154,400	154,400
Sub-total Other Ministries and Departments	18,223,221	4,045,325	650,684,948	2,695,046,265	3,367,999,759
A. Judiciary					
Curepipe Court	-	-	873,289	340,750	1,214,039
Flacq District Court	-	-	766,700	144,200	910,900
Grand Port District Court	-	-	705,122	528,700	1,233,822
Moka District Court	-	-	362,100	93,300	455,400
Pamplemousses District Court	-	-	1,713,300	716,660	2,429,960

continued

Table 2-46 Aged List of Debtors as of 30 June 2016 (continued)

Ministries/ Departments	Prior to 01.07.2014 (Rs)	01.07.2014 to 30.06.2015 (Rs)	01.07.2015 to 30.06.2016 (Rs)	Unallocated (Rs)	Total Debtors as of 30.06.16 (Rs)
Port-Louis Judicial Courts	-	-	2,516,250	26,005,053	28,521,303
Riviere du Rempart District Court	-	-	1,582,800	854,250	2,437,050
Rose Hill Court Savanne District Court	-	-	853,800	210,800	1,064,600
Industrial Court Intermediate (Criminal Court)	-	-	339,000	89,850	428,850
Intermediate (Civil Court)	-	-	147,800	57,900	205,700
Black River District Court	-	-	9,524,497	8,527,250	18,051,747
Commercial Court	-	-	4,900	165,536	170,436
Others	-	-	425,600	263,741	689,341
<i>Sub-total Judiciary</i>	-	-	19,876,658	38,803,629	58,680,287
Grand Total	3,207,557,770	1,758,606,592	1,623,637,114	2,733,849,894	9,323,651,370

2.14.2 The Treasury – Rs 2,246,473,022

Arrears in the books of The Treasury as of 30 June 2016 comprised mainly two items, as shown in Table 2-47.

Table 2-47 Treasury Arrears of Revenue as of 30 June 2016

	(Rs)
Loan	2,240,147,411
Accident and Claims	6,325,611
Total	2,246,473,022

The arrears of loan consisted of Rs 1,145,097,661 as capital repayment due and Rs 1,095,049,750 for interest due by nine Statutory Bodies and seven Private Bodies.

Of the outstanding balance for Accidents and Claims of Rs 6,325,611, there were claims of Rs 3,948,663 relating to accidents that occurred during the years 1986 to 2006 and considered time barred and irrecoverable. A sum of Rs 2,930,969 was written off during the financial year 2015-16 for arrears due for accidents.

Department's Reply

The Accountant General stated that claims are normally referred to the State Law Office for legal recovery. Claims are written off only when it is determined that they have become time-barred. Pending such determination it would not be appropriate to write-off the claims.

3 - THE JUDICIARY

3.1 Arrears of Revenue- Rs 58,680,286

At paragraph 3.1 of the Audit Report for the year ended 31 December 2014, I mentioned that Arrears of Revenue amounting to some Rs 55.6 million were written off due to delay in taking recovery action. As of 30 June 2016, arrears of revenue which represents mainly Court Fees and Fines amounted to some 58.7 million as compared to Rs 59.8 million for the year 2014. However, some 950 cases of irrecoverable arrears of revenue amounting to some Rs 14.5 million were written off during the 18 month period to 30 June 2016 and no improvement was noted in the recovery mechanism.

3.1.1 Unaccounted arrears of revenue

Arrears of revenue figure rose from Rs 3,719,149 as of 31 December 2014 to some Rs 24 million in respect one Court as of 30 June 2016. The significant increase was due to the fact that arrears of revenue totalling Rs 20,470,664, in respect of 162 cases were not accounted for and some of those cases have remained outstanding since 1998. Out of this figure, an amount of Rs 14,812,494 related to one case for which judgment was delivered on 7 August 2008. The Company went into liquidation as from 21 December 2010.

3.1.2 Inadequate records

A Cause Book is kept at each Court whereby all cases are recorded therein but the payment status of each case was not always updated. The arrears of revenue figures were therefore worked out from Court files. No revenue register was maintained whereby receivables were recorded. The completeness and accuracy of the arrears of revenue figures could, therefore, not be ascertained.

Despite the fact that instructions were given for the proper management of the arrears of revenue, follow up and monitoring of the arrears of revenue were not done in an efficient manner. Consequently, the arrears of revenue figures were significantly understated for the past 18 years due to oversight. As of 30 June 2016, most of these arrears of revenue were irrecoverable and would have to be written off, thus, resulting in loss of government revenue.

Recommendations

To ensure efficient management of arrears of revenue a proper management information system and a revenue register should be maintained to generate information regularly.

All courts should provide timely and accurate information concerning the recovery actions that were taken in respect of arrears of revenue on a monthly basis. It should also be ensured that all instructions issued are strictly complied with.

The Judiciary's Reply

The figures understated in the return for the previous years of arrears of revenue related to some old records which were kept in an armoire and through oversight those old records were not accounted for. These cases had already become irrecoverable in spite of prompt action taken at the relevant time.

A Manual of Instructions is being prepared to ensure proper management and follow up in the recovery exercise. Police are regularly requested to submit return of unexecuted warrants and to explain the delay in executing warrants for non-payment of fines/costs.

4 - PRIME MINISTER'S OFFICE

Rodrigues Regional Assembly

Financial Statements

Financial Statements for the Year 1 January 2015 to 31 December 2015

4.1 Submission of Financial Statements

The Finance and Audit Act requires the Commissioner responsible for the subject of finance to sign and submit to the Director of Audit, within three months of the close of every financial year, annual financial statements showing fully the financial position of the Island of Rodrigues on the last day of such financial year.

The financial statements of the Rodrigues Regional Assembly (RRA) for the year ended 31 December 2015, duly signed, were submitted to the National Audit Office on 29 March 2016, that is, within the statutory time limit. These statements comprise the Statement of Assets and Liabilities, and other Statements as required under Section 19 (6) of the Finance and Audit Act.

4.2 Estimates of the RRA

The estimates of expenditure for the financial year ended 31 December 2015, for a total amount of Rs 2.4 billion, were approved by the RRA on 26 September 2014 and were submitted to the Prime Minister's Office (PMO). Estimates of revenue for the same period were around Rs 24 million.

In March 2015, amendments were brought to the Finance and Audit Act, providing, inter alia, for a change in Government financial year, ending henceforth on 30 June instead of 31 December.

The estimates and financial statements of the RRA were prepared for a twelve month-period running from 1 January to 31 December 2015. Government financial years, on the other hand, were as follows: 1 January to 30 June 2015 (six months); then from 1 July 2015 to 30 June 2016 (12 months). Consequently, the RRA's Estimates were drawn from two budgets of the Government.

The estimates of the RRA, approved by the National Assembly, provided a total amount Rs 1,133 million for both recurrent and capital expenditure for the six month-period ending 30 June 2015, whereas provision for the year 1 July 2015 to 30 June 2016 totalled Rs 2,695 million.

4.3 Statement of Assets and Liabilities of the Rodrigues Regional Assembly

Included in the financial statements of the RRA, was Statement A: Assets and Liabilities of the RRA. Details thereof for the past three financial years are as shown in Table 4-1.

Table 4-1 Assets and Liabilities of RRA as at 31 December

	2015 (Rs)	2014 (Rs)	2013 (Rs)
Assets			
Cash and Bank balances	170,698,757	97,019,777	100,800,095
Advances	54,293,775	53,969,406	54,868,870
Total	224,992,532	150,989,183	155,668,965
Liabilities			
Rodrigues Consolidated Fund	24,290,485	19,739,195	43,166,517
Deposits	147,686,822	78,321,286	59,759,671
Loan: Government of Mauritius	53,015,225	52,928,702	52,742,777
Total	224,992,532	150,989,183	155,668,965

The accounts of the RRA were prepared on a cash basis. As such, current assets, such as arrears of revenue amounting to Rs 29,033,101 as of 31 December 2015; and current liabilities such as pension liabilities, passage benefits and the monetary value of accumulated sick leaves were not disclosed in the Statement of Assets and Liabilities.

4.3.1 Cash and Bank Balances - Rs 170,698,757

Cash and bank balances as at 31 December 2014 and 31 December 2015 were as in Table 4-2.

Table 4-2 Cash and Bank Balances as at 31 December

Details	2015 Rs	2014 Rs
Bank of Mauritius	94,359,675	81,335,541
State Bank of Mauritius Ltd (Main Account)	736,282	79,678
Barclays Bank	1,872	5,215
State Bank of Mauritius Ltd (Other Balances)	75,600,928	15,599,343
Total	170,698,757	97,019,777

State Bank of Mauritius (Other Balances)

Cash balance had increased significantly from Rs 15,599,343 as at 31 December 2014 to Rs 75,600,928 as at 31 December 2015. Funds received from the European Union and the Food Security Fund had not been used as of year-end and were still held on deposits. These funds were meant for implementing water projects across Rodrigues and for increasing the country's food self-sufficiency level respectively.

4.3.2 Advances - Rs 54,293,775

The above figure represents total outstanding balance on advances made to Members, Officers, Cooperative Societies and the Rodrigues Trading and Marketing Co. Ltd (RTMC), a company of the RRA, as at 31 December 2015, as shown in Table 4-3.

Table 4-3 Balance of Advances as at 31 December

Details	2015 (Rs)	2014 (Rs)
Advances to Members of the RRA	5,148,751	5,327,600
Motorcar loan to Officers of RRA	21,780,225	20,477,354
Motorcycle loan to Officers of RRA	9,852,029	10,606,682
Advances to Cooperative Societies for Fibre Glass Boats	14,802,000	14,847,000
Advance Account Personal	88,800	88,800
Advance to RTMC	2,621,970	2,621,970
Total	54,293,775	53,969,406

Advance to Members of RRA - Rs 5,148,751

A former Member of the RRA was granted an advance for an amount of Rs 1.6 million in September 2011. Repayment was effected up to January 2012, as she ceased to be a Member as from 6 February 2012.

Following legal action, the vehicle was seized and sold in November 2012 for Rs 1.5 million. The net proceeds of Rs 832,757 were remitted to the RRA, leaving a balance of Rs 743,976 as of 30 November 2012. The recovery of this amount, together with relevant interests, was initiated through legal proceedings. As of 30 June 2016, the decision of the Court was being awaited.

Advances to Rodrigues Trading and Marketing Co. Ltd (RTMC) - Rs 2,621,970

The advance of Rs 2,621,970 made to the RTMC in November 2013, was to be repaid in one instalment within three months of the date of agreement, that is, on 18 February 2014. At the Executive Council meeting held on 27 June 2014, it was decided to give one additional year up to February 2015 for the repayment of the advance.

No repayment was effected. In June 2015, the Executive Council approved that the RRA be granted a further period of one year, up to 17 February 2016, for the RTMC to refund the sum of Rs 2,621,970. RTMC had not been able to effect the refund within the set deadline.

On 25 June 2015, an amount of Rs 6 million was granted as equity participation to review its structure and activities to render it self-sustainable.

In June 2016, I was informed that the Executive Council had given its approval to the Commission for Trade and Licensing to look into the possibility of converting the advance into shares in favour of RRA. The Company has been informed of the decision and a reply is being awaited from them.

4.3.3 Deposits - Rs 147,686,822

The total amount of deposits held at the RRA as of 31 December 2015 amounted to Rs 147,686,822, under different Commissions and is as shown in Table 4-4.

Table 4-4 Balance of Deposits Held as at 31 December

Commission	2015 Rs	2014 Rs
Chief Commissioner's Office	65,121,377	56,892,273
Deputy Chief Commissioner's Office	356,660	259,453
Commission for Public Infrastructure, Land Transport, Housing and Water Resources	37,213,663	16,868,144
Commission for Social Security, Trade, Commerce and Licensing, Consumer Protection, Labour and Industrial Relations and Employment	17,699,868	451,482
Commission for Health and Sports	21,033,987	2,447,874
Commission for Environment, Tourism, Fisheries, Marine Parks and Forestry	5,968,047	1,368,784
Commission for Youth, Community Development, Library Services, Archives and Others	293,220	33,276
Total	147,686,822	78,321,286

Deposit Accounts: EU Funded Projects - Rs 62,114,498

The European Union (EU) and RRA contributed amounts of Rs 47,638,163 and Rs 14,476,335 respectively to implement four projects in the water sector in Rodrigues. Table 4-5 gives details of the EU and RRA contributions to these projects.

Table 4-5 EU and RRA Contributions to Four Projects in the Water Sector

Project Title	EU Contribution Rs	RRA Contribution Rs	Amount Disbursed Rs	Total Contribution Rs
Rainwater Harvesting School Level	4,670,210	2,037,240	-	6,707,450
Rainwater Harvesting Burying of Pipes	13,435,615	5,208,872	-	18,644,487
Rainwater Harvesting First Flush System	16,002,320	1,994,119	518,728	17,996,439
Improving Water Quality and Safety	13,530,018	5,236,104	-	18,766,122
Total	47,638,163	14,476,335	518,728	62,114,498

As per conditions of grant of the European Union, RRA transferred a total of Rs 14,476,335 during 2015 from the Programme: *Chief Commissioner's Office, Item: Water Sector Development across Rodrigues* to four Deposit Accounts.

EU's contributions, totalling Rs 47,638,163 were received in May 2015 and credited to the above mentioned Deposit Accounts, held under four different Commissions of the RRA.

As of 31 December 2015, only the contract for the 'Rainwater Harvesting First Flush System' project was awarded and payment of Rs 518,728 was made from the relevant Deposit Account.

The transferring of funds to deposit accounts has entailed the overstatement of expenditure in the Statement D1 "*Detailed Statement of Expenditure*" by an amount of Rs 14,476,335 which represented expenditure which has not actually been incurred by the RRA, but instead held in Deposits Account to finance the four water projects in Rodrigues

This practice may not be in line with financial instructions which stipulate that *Payments should not be made before they are due for the purpose of utilising an anticipated saving on an item, nor should the unexpended portion of any item be drawn from the Treasury for the purpose of keeping it on hand to meet impending payments, or to be carried to a deposit or suspense account to meet payments becoming due at a later date.*

RRA's Reply

The deposit account has been opened in parallel with the bank account for the monitoring of expenses by the RRA. In fact, the amount of Rs 14,476,335 has been credited to the bank account for each project at the State Bank of Mauritius Ltd and is not in the Consolidated Fund.

4.3.4 Rodrigues Consolidated Fund (RCF) - Rs 24,290,485

The Rodrigues Consolidated Fund (RCF) was established under Section 75D of the Constitution. Section 42 of the RRA Act stipulates that money appropriated by the National Assembly and all revenues collected by the RRA are to be credited to the RCF.

During the year 2015, funds were used to increase budgetary provisions so that payments could be made to meet expenditure not provided for in the Estimates. An amount of Rs 4 million was transferred from the RCF to Item: Block Grant to RCEA for the payment of performance grant. In this case, it was only on 29 January 2016 that the Executive Council gave its covering approval in respect of the transfer.

The transfer of funds to this item of expenditure increased the budgetary estimates of 2015 from Rs 2.4 billion to Rs 2.404 billion without the approval of the Regional Assembly. This is contrary to the provision of the Finance and Audit Act, which stipulates that *'The Regional Assembly in respect of Rodrigues, may, and shall be deemed always to have been empowered to, undertake such financial or other similar activities as it thinks fit'*.

4.4 Abstract Account of Revenue and Expenditure of the RCF

4.4.1 Financial allocation to RRA

The budgets of the RRA for the financial year 2015 were met, exceptionally, from two successive budgets of the PMO. Government approved a budget allocation to RRA for the sum of Rs 3,828 million comprising an amount of Rs 1,133 million for the six-month period 1 January to 30 June 2015 and Rs 2,695 million for the year 1 July 2015 to 30 June 2016 .

The actual amount of grant received was Rs 2,539,149,544, including an amount of Rs 180 million as additional contribution from the Vote 2-1 of PMO, sub head 2-112 Rodrigues.

Revenue collected from various sources by the RRA amounted to Rs 29,754,421, thus bringing total revenue to Rs 2,568,903,965

4.4.2 Revenue

Revenue collected by RRA during the past four years is as shown in Table 4-6.

Table 4-6 Revenue Collected by RRA during the Past Four Financial Years

Item	2015 (Rs)	2014 (Rs)	2013 (Rs)	2012 (Rs)
Taxes	2,686,499	2,850,524	2,237,875	2,263,250
Social Contributions	839,083	470,393	618,705	181,869
Other Revenue	26,228,839	22,035,125	27,285,671	24,653,891
Total	29,754,421	25,356,042	30,142,251	27,099,010

‘Other Revenue’ includes ‘*Property Income*’, which has remained almost stable over the past four years although there was high demand for state land for domestic, commercial and touristic purposes.

Management should review the existing regulations and mechanisms of revenue collection concerning all revenue items such as fees, licences and property income.

4.4.3 Expenditure

Total expenditure of the RRA during 2013-2015 is as shown in Table 4-7.

Table 4-7 Expenditure of RRA over the Past Three Financial Years

Financial Year	Recurrent Expenditure (Rs)	Capital Expenditure (Rs)	Total Expenditure (Rs)
2013	1,581,492,739	392,500,382	1,973,993,121
2014	1,706,610,735	485,324,928	2,191,935,664
2015	1,985,333,390	579,019,285	2,564,352,675
Total	5,273,436,864	1,456,844,595	6,730,281,460

During 2015, total expenditure amounted to Rs 2,564,352,675 and exceeded the budgetary provision of Rs 2,400,000,000 by Rs 164,352,675. The excess expenditure was financed from additional contribution/funds made available by the PMO to the tune of Rs 180,000,000 and Rs 4,000,000 from the RCF.

Total expenditure incurred during 2015 included an amount of Rs 4 million for which no provision was made in the budget, but which was transferred from the RCF to item ‘Block Grant to RCEA’.

4.5 Statement of Investments - Rs 58,639,590

Included in the above was a total amount of Rs 58,588,590 which was invested as equity in six private companies set up by the RRA. The position as of 31 December 2015 is shown in Table 4-8.

Table 4-8 Investment of RRA in Private Companies as of 31 December 2015

Company	Date of Incorporation	Total investment as of 31-Dec-15 (Rs)	Winding up in process since
Discovery Rodrigues Co. Ltd	15-Nov-06	2,000,000	
Rodrigues Water Co. Ltd	29-Oct-07	17,000,000	Aug-2012
Rodrigues Trading and Marketing Co. Ltd	30-Jun-06	10,000,000	
Rodrigues General Fishing Co. Ltd	08-Jun-07	6,400,000	
Rod Clean Co. Ltd	19-Sep-07	20,188,590	
Rodrigues Housing & Property Development Co. Ltd	12-Jan-10	3,000,000	Mar-2012
Total		58,588,590	

Five of the above companies are fully owned by the RRA whilst the Rodrigues Trading and Marketing Co. Ltd (RTMC) has the State Trading Corporation as a minority shareholder. In June 2015, an additional amount of Rs 6 million was invested as equity in RTMC for the implementation of its strategic plan with a view to ensure its sustainability, thus bringing total investment as at 31 December 2015 to Rs 10 million.

On 20 December 2015, an amount of Rs 10 million was invested as equity in Rod Clean Ltd for the purchase of vehicles. The fund was disbursed from item 'Protection of the Environment'. RRA has refunded operating costs of the company for 2015, totalling Rs 24,542,646, in addition to the cost of purchase of vehicles.

Winding Up of Two Companies

The process of winding up of two companies, namely Rodrigues Water Co. Ltd and Rodrigues Housing and Property Development Co. Ltd, which started since 2012 was not completed as of June 2016. RRA had invested some Rs 20 million in the shares of these two companies, as of 31 December 2015

4.6 Arrears of Revenue - Rs 29,033,101

Arrears of revenue as at 31 December 2015 totalled Rs 29,033,101 as shown in Table 4-9 and had exceeded the revenue of the RRA for the year 2015. Management of debts and recovery mechanism put in place may not be effective and need to be revisited.

Table 4-9 Arrears of Revenue

Division/Unit	2015 (Rs)	2014 (Rs)	2013 (Rs)
Fisheries	94,138	82,694	78,526
Judicial	1,128,500	302,700	153,600
Rental of Government Property	21,566,962	24,535,816	20,118,769
State Land - Old leases	1,469,834	1,469,834	1,469,834
Water Unit	2,473,604	2,245,404	2,021,972
Health and Sanitary	524,635	370,285	81,025
Rental of Snacks Stalls	594,203	594,203	594,203
Rental kiosk	-	-	19,000
NHDC Houses	1,132,145	1,123,340	881,025
Sand Removal	12,080	12,080	12,887
Tourist Enterprise	37,000	16,000	-
Total	29,033,101	30,752,356	25,430,841

The slow recovery of arrears could be due to ineffective enforcement measures. The following were noted:

- Claims in respect of water rates were not made on time;
- The issue of reminders and statement of accounts appear not to be effective in recovery of arrears;
- Reminders issued were returned to the Cadastre Section due to incorrect addresses and unknown whereabouts of lessees;
- The penalties and surcharges levied on claims did not serve as deterrent to default payment;
- Certain fees, rates, and dues were so low that they may not represent a priority for recovery.

4.6.1 Rental of Government Property - Rs 21,566,962

Claims are raised in advance for a period of six months, that is, twice yearly. However, claims generated did not include interests due on arrears as at date of claim. Although, the interest goes on accumulating daily on arrears, lessees were not informed of the total amount due as at date of claim. It was only at payment date that lessees were apprised of the total amount due, which comprised the lease payment and the interests due.

4.6.2 State land: Old lease – Rs 1,469,834

The above amount which represented irrecoverable arrears on old leases due by 5,524 lessees as of 30 June 2008 still appeared in the computerised accounting system, despite write off approval was sought and obtained in April 2013. To that extent, the statement of arrears of revenue was overstated.

RRA's Reply

Approval has been conveyed not to include the amount in the next Final Accounts.

4.6.3 NHDC - Rs 1,132,145

The above represents amount owed by 58 beneficiaries of the Low Cost Housing Unit project, in respect of the construction of 83 low cost housing units and which were delivered in financial year 2006-07.

No improvement was seen in the recovery of these arrears. Only an amount of Rs 109,180 was collected in 2015 from 26 beneficiaries and the rest did not turn up for payment. Measures need to be taken to enforce payment.

RRA's Reply

The Debtors have been informed in the reminders addressed to them that legal action will be initiated against them if they fail to settle the arrears.

4.6.4 Water Rates - Rs 2,473,604

Arrears of water rates had increased constantly over the years. Recovery of arrears is time consuming and involves much administrative work. It is to be noted that the same annual rate of Rs 22 is being applied for years, in spite of the fact that huge amounts of money had been invested in the water sector. The Rodrigues Water Rates Regulations of 1928 might no longer be appropriate in the actual context and may need to be reviewed.

RRA's Reply

It has been proposed that action be initiated to recover the arrears. The only recourse is legal action. However, the cost to be incurred to recover the arrears from one beneficiary may exceed the amount due.

4.6.5 Rental of Snacks - Rs 594,203

The arrears were not yet settled as the Rodrigues Housing and Property Development Company which was responsible for its collection, was still in process of winding up since 2012.

Financial Statements for the Six-Month Period 1 January to 30 June 2016

4.7 Submission of Financial Statements

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

Amendments were made in the Finance and Audit Act in March 2015 providing for the definition of a financial year to be restored from ‘a period of 12 months ending 31 December’ to ‘a period of 12 months ending 30 June’.

In September 2015, the Ministry of Finance and Economic Development (MoFED) required that the RRA’s financial statements be prepared and submitted in respect of the 12 month-period 1 January 2015 to 31 December 2015, and for the six month-period 1 January 2016 to 30 June 2016. The financial statements of the Government were, on the other hand, required to be prepared for the six month-period 1 January 2015 to 30 June 2015, and for the financial year 1 July 2015 to 30 June 2016.

The financial statements of the Rodrigues Regional Assembly (RRA) for the six month-period 1 January to 30 June 2016, duly signed, were submitted to the National Audit Office on 28 September 2016. These statements, prepared on a cash basis, comprise a Statement of Assets and Liabilities, and other Statements as required under Section 19(6) of the Finance and Audit Act.

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

- ensuring that public funds are used only to the extent and for the purpose intended by the National Assembly and the Rodrigues Regional Assembly and that value for money is obtained in the use of resources;
- the safe custody of assets and stores;
- the maintenance of a sound system of internal control;
- to follow and stand guided by financial instructions, circulars governing the Public Sector and to adhere to all applicable laws and regulations.

4.8 Annual Report

Section 33 of the RRA Act provides that the Chief Commissioner shall, not later than three months after the end of every financial year, forward to the Minister, for presentation to the President, a report reviewing the activities of the Regional Assembly during that financial year.

As at September 2016, the Annual Report with a review of the activities for the year 2015 had not yet been finalised.

RRA's Reply

The Annual Report for the year 2015 has been completed and is being sent for printing. Thereafter, the report will be approved and submitted to Prime Minister's Office.

4.9 Estimates of the RRA

On 30 October 2015, the RRA approved estimates of recurrent revenue and expenditure; and capital revenue and expenditure for the six month-period ending 30 June 2016. The total amount was Rs 1,271,655,000 for revenue, including Government grants; and Rs 1,270,182,000 for expenditure.

4.9.1 Recurrent and Capital Grant

Contribution for the six month-period 1 January to 30 June 2016 from the Central Government amounted to Rs 1,230,526,946 which comprised Rs 231,626,946 and Rs 998,900,000 being capital and recurrent grants respectively. The contribution was financed from the budget of the Prime Minister's Office (PMO) for the financial year 2015-16.

4.10 Statement of Assets and Liabilities

Statement A: Assets and Liabilities form part of the financial statements of the RRA. Details as at 31 December 2014 and 31 December 2015, together with the position as at 30 June 2016 are shown in Table 4-10.

Table 4-10 Assets and Liabilities of RRA

	As at 30 June 2016 (Rs)	As at 31 December 2015 (Rs)	As at 31 December 2014 (Rs)
Assets			
Cash and Bank balances	248,069,505	170,698,757	97,019,777
Advances	55,486,977	54,293,775	53,969,406
Total	303,556,482	224,992,532	150,989,183
Liabilities			
Rodrigues Consolidated Fund	29,124,920	24,290,485	19,739,195
Deposits	219,403,144	147,686,822	78,321,286
Loan: Government of Mauritius	55,028,418	53,015,225	52,928,702
Total	303,556,482	224,992,532	150,989,183

The accounts of the RRA were prepared on a cash basis.

4.10.1 Cash and Bank Balances - Rs 248,069,505

Cash and bank balances as of 30 June 2016 and 31 December 2015 are stated in Table 4-11.

Table 4-11 Cash and Bank Balances as at

Details	30 June 2016 (Rs)	31 December 2015 (Rs)
Bank of Mauritius	126,816,734	94,359,675
State Bank of Mauritius Ltd (Main Account)	365,549	736,282
State Bank of Mauritius Ltd (Other Balances)	120,868,028	75,600,928
Barclays Bank	19,194	1,872
Total	248,069,505	170,698,757

- The significant increase in the cash balance was attributed to the fact that additional funds of some Rs 53 million were received from the European Union during the six month-period ending 30 June 2016 to finance certain projects in Rodrigues, but which, as of 30 June 2016, were not yet utilized;
- The Commission for Health and Sports held a current account at the State Bank of Mauritius Ltd, with the bank statement showing a bank balance of Rs 6,945 as of 30 June 2016. This account was omitted in the financial statements. No bank reconciliation was carried out as at that date.

4.10.2 Advances - Rs 55,486,977

The total amount outstanding, on advances made to Members, Officers, Cooperative Societies and a Company of the RRA as at 30 June 2016, is as shown in Table 4-12.

Table 4-12 Balance of Advances as at

Details	30 June 2016 (Rs)	31 Dec 2015 (Rs)
Advances to Members of RRA	4,370,965	5,148,751
Motorcar loan to Officers of RRA	24,003,566	21,780,225
Motorcycle loan to Officers of RRA	9,807,676	9,852,029
Advances to Cooperative Societies for Fibre Glass Boats	14,694,000	14,802,000
Advance Account Personal	88,800	88,800
Advance to Rodrigues Trading & Marketing Co. Ltd	2,521,970	2,621,970
Total	55,486,977	54,293,775

Advance to Members of the RRA - Rs 4,370,965

At paragraphs 4.11.1 and 4.9.2 of the Audit Reports for the years ended 31 December 2013 and 31 December 2014 respectively, I reported that a former Member of the RRA, who was granted an advance of Rs 1.6 million in September 2011 for the purchase of a motor car, had ceased repayments in January 2012.

Legal action was initiated and the vehicle was seized and sold in November 2012 for Rs 1.5 million. The net proceeds of Rs 832,757 were remitted to the RRA and the advance account was credited accordingly, leaving a balance of Rs 743,976 as at 30 November 2012. The recovery of this amount, together with relevant interests, was initiated through legal proceedings.

I was informed, in January 2017, that the case was heard by the District Court of Rodrigues on 7 December 2016 and that the former Member has agreed to settle the amount due plus interests in twelve monthly instalments with effect from end of January 2017.

Advances to Cooperative Societies - Rs 14,694,000

Five fibre glass boats were acquired for an amount of Rs 54,208,250 in December 2011 under the 'Promotion of Outer Lagoon Fishing Development Scheme'. Each of the five Cooperative Societies was granted a loan of Rs 2,969,400 to purchase a fibre glass boat, satellite phones, hooks and other accessories.

At paragraph 4.9.2 of the Audit Report for the year ended 31 December 2014, I reported that no repayments had been made as of 30 April 2015 in spite of the fact that a new management plan had been set up for the recovery of the advances made to the five Cooperative Societies.

During the six month-period 1 January to 30 June 2016, only an amount of Rs 108,000 had been refunded. On this trend, the complete settlement of the advance would take a considerable number of years.

RRA's Reply

In a letter dated 4 August 2016 addressed to the Secretary, Home Affairs, approval had been sought from the Prime Minister's Office and the Ministry of Finance and Economic Development to finance under its capital grant, the purchase of the five fishing vessels by the RRA with the aim of renting them to cover running costs.

Advances to Rodrigues Trading and Marketing Co. Ltd (RTMC) - Rs 2,521,970

An advance of Rs 2,621,970, made to the RTMC in November 2013, was to be repaid by 18 February 2014. In June 2014, the Executive Council approved to grant an additional year up to February 2015 for the repayment of the advance. No repayment was made and the Executive Council granted the RTMC a further year, up to February 2016 to refund the amount advanced.

Only an amount of Rs 100,000 was refunded in March 2016, leaving an outstanding balance of Rs 2,521,970 as at 30 June 2016. This is not in line with the decision of the Executive Council.

As at September 2016, no improvement was noted in the performance of the company to enable it to have an adequate cash inflow to refund the loan.

I was informed in June 2016 that there was a possibility of converting the advance into shares in favour of RRA. This would imply that the advance would not be recovered; and would dispense with the need for the RRA to comply with the RRA Investments Management Regulations (IMR) 2008 which became effective as from 3 January 2009. The objective was to devise mechanisms for exercising control over the investments of the RRA before investment in shares is envisaged.

4.10.3 Deposits - Rs 219,403,144

The total amount of deposits held at the RRA as at 30 June 2016 amounted to Rs 219,403,144 under different Commissions, and is as shown in Table 4-13.

Table 4-13 Balance of Deposits Held as at

Commissions	30 June 2016 (Rs)	31 December 2015 (Rs)
Chief Commissioner's Office	79,221,558	65,121,377
Deputy Chief Commissioner's Office	367,355	356,660
Commission for Public Infrastructure, Land Transport, Housing and Water Resources	65,501,580	37,213,663
Commission for Social Security, Trade, Commerce and Licensing, Consumer Protection, Labour and Industrial Relations and Employment	23,175,908	17,699,868
Commission for Health and Sports	20,518,270	21,033,987
Commission for Environment, Tourism, Fisheries, Marine Parks and Forestry	30,441,994	5,968,047
Commission for Youth, Community Development, Library Services, Archives and Others	176,479	293,220
Total	219,403,144	147,686,822

Chief Commissioner's Office - Contribution from NSF - Rs 17,526,350

The Ministry of Social Security, National Solidarity and Reforms Institutions remitted an amount of Rs 14,044,779 and Rs 3,481,571 on 18 December 2012 and 11 April 2014 respectively to the RRA. These amounts were kept in a deposit account and no repayment had been effected as at September 2016. I had advised the RRA to enquire from the Ministry, the nature and purpose of these amounts so as to determine the future course of action.

RRA's Reply

These two amounts represent payments of contributory pension effected by the RRA which had been refunded by the Ministry of Social Security, National Solidarity and Reform Institutions. The RRA envisages to credit the abovementioned amount to Rodrigues Revenue.

Commission for Public Infrastructure: Deposit - Performance Bond - Rs 32,146,240

The performance bond submitted by a Contractor for an amount of Rs 15,610,161 was seized and credited to a deposit account instead of revenue. An amount of Rs 16,536,079 in respect of an advance payment guarantee recouped from the same Contractor and the underlying interest, was credited to the same deposit account in May 2016, thus bringing the total amount as of 30 June 2016 to Rs 32,146,240. These sums have been retained in a deposit account instead of being credited to revenue.

RRA's Reply

The amount in the deposit account will be credited to Rodrigues Revenue accordingly.

4.10.4 Rodrigues Consolidated Fund - Rs 29,124,920

The Rodrigues Consolidated Fund (RCF) was established under Section 75D of the Constitution. Section 42 of the RRA Act stipulates that revenue to be credited to the RCF, includes money appropriated by the National Assembly and all revenue of the Regional Assembly. Expenditures are also to be paid out of the RCF.

As at 30 June 2016, an amount of Rs 29,124,920 stood to the credit of the RCF after accounting for a surplus of Rs 4,834,434 arising in the six month-period ending June 2016. The balance of the RCF was understated to the extent that revenue of Rs 32,146,240 in respect of the desalination project, was credited to deposit accounts instead of to the RCF.

RRA's Reply

The amount of Rs 32,146,240 in respect of the desalination project will be credited to revenue. Therefore the balance on the RCF will show a value of Rs 61,271,159.

4.11 Abstract Account of Revenue and Expenditure of the RCF

The budget of the RRA for the six month-period 1 January to 30 June 2016 was financed from the 2015-16 budget of the PMO. An amount of Rs 1,230,526,946 was received as grant. Revenue collected by RRA amounted to Rs 14,653,957, thus bringing total revenue to Rs 1,245,180,903.

4.11.1 Revenue

Revenue collected by RRA during the past few accounting periods is as shown in Table 4-14.

Table 4-14 Revenue Collected by RRA

Item	Jan-June 2016 (Rs)	Year 2015 (Rs)	Year 2014 (Rs)	Year 2013 (Rs)
Taxes	1,909,508	2,686,499	2,850,524	2,237,875
Social Contributions	262,440	839,083	470,393	618,705
Other Revenue	12,482,009	26,228,839	22,035,125	27,285,671
Total	14,653,957	29,754,421	25,356,042	30,142,251

'Other Revenue' of Rs 12,482,009 included property income: *Rent of Government Property* of Rs 5,169,994, as detailed in Table 4-15.

Table 4-15 Rental of Government Property

Lease Type	6 months to 30 June 2016 Rs	Year 2015 Rs	Year 2014 Rs	Year 2013 Rs
Residential	2,671,965	4,982,905	3,992,070	4,593,266
Commercial	724,507	1,581,741	989,538	1,680,489
Industrial	1,756,466	5,092,130	5,284,835	7,326,932
Agricultural	17,056	27,181	43,505	29,339
Total	5,169,994	11,683,957	10,309,948	13,630,026

No major improvement was noted in the collection of rent. Procedures may need to be reviewed. Every year, the Cadastral Office was to issue claims in July, a first reminder in August and second one in September. However, for year 2015, no claims were issued in July. Reminders were issued only once during the period August to October 2015. Out of some 6,000 reminders issued, some 500 were returned to the Cadastral Office with remarks like 'gone away' and 'unknown address'.

RRA's Reply

In September 2016, 5,000 claims were issued to Residential Lessees and 360 have not been delivered. Out of 87 'Notice mise en demeure' issued to Commercial Lessees, 50 of them have effected payment and legal advice will be sought for the 37 leases which were not paid.

4.11.2 Expenditure

Total expenditure of the RRA, over the past three periods, is as shown in Table 4-16.

Table 4-16 Expenditure of RRA over the Past Three Periods

Financial Period	Recurrent Expenditure (Rs)	Capital Expenditure (Rs)	Total Expenditure (Rs)
Year 2014	1,706,610,735	485,324,928	2,191,935,664
Year 2015	1,985,333,390	579,019,285	2,564,352,675
Jan-June 2016	1,008,802,420	231,544,049	1,240,346,469
Total	4,700,746,545	1,295,888,262	5,996,634,808

Total expenditure for the six month-period 1 January to 30 June 2016 amounted to Rs 1,240,346,469 for both recurrent and capital expenditure. This exceeded the original estimates of Rs 1,230,182,000 after allowing for a new item of Rs 40 million which needed prior clearance from the MOFED, through the PMO (Rodrigues Division).

The initial contribution from Government of Rs 1,179,626,946 and the revenue generated by the RRA amounting to Rs 14,653,957 were not sufficient to finance the total expenditure. Hence, additional contribution of Rs 50,900,000 was made available from the PMO.

RRA's Reply

The new item of Rs 40 million is under the Contingencies Fund created as from the Financial Period January-June 2016.

4.12 Arrears of Revenue - Rs 32,937,633

Arrears of revenue as at 30 June 2016 totalled Rs 32,937,633, that is an increase of some 13 per cent as compared to the arrears as at 31 December 2015, as shown in Table 4-17.

Table 4-17 Arrears of Revenue

Division/Unit	As at 30 June 2016 (Rs)	As at 31 December 2015 (Rs)	As at 31 December 2014 (Rs)
Fisheries	106,335	94,138	82,694
Judicial	1,412,330	1,128,500	302,700
Rental of Government Property	26,226,861	21,566,962	24,535,816
State Land - Old leases	-	1,469,834	1,469,834
Water Unit	2,585,759	2,473,604	2,245,404
Health and Sanitary	793,535	524,635	139,585
Rental of Snacks Stalls	594,203	594,203	594,203
Rental kiosk	5,000	-	-
NHDC Houses	1,162,355	1,132,145	1,123,340
Sand Removal	12,080	12,080	12,080
Tourist Enterprise	10,500	37,000	16,000
Registration of Factory	28,675	-	-
Total	32,937,633	29,033,101	30,521,656

Rental of government property outstanding has increased by some 21 per cent as compared to previous year.

RRA's Reply:

- The RRA will envisage issuing reminders to the different lessees and licence holders to recover the amount owed by them.
- Necessary action is being taken to write off long outstanding arrears of water rates.
- A proper monitoring mechanism will be set up to monitor the payment of leases and fees due by stall holders and meat stall holders to ensure that payment is effected without delays.

Internal Control

4.13 General

The primary responsibility for the establishment of internal control at the Rodrigues Regional Assembly (RRA) rests with management.

Seven Commissions, under the responsibility of one or more Departmental Heads, have been set up by the RRA. Each Commission has an approved budgetary provision and Departmental Heads have the responsibility to ensure that a proper internal control structure is instituted, reviewed, and updated to keep it effective.

Expenditure of the RRA for the year 2015 and for the six month-period 1 January to 30 June 2016 totalled some Rs 2.56 billion and Rs 1.24 billion respectively. It is imperative that proper control systems are in place given that the budgetary provisions and actual expenditure are substantial.

Revenue collected by the RRA totalled some Rs 28.9 million and Rs 14.4 million respectively for the two above mentioned periods.

4.13.1 Internal Control Unit

The RRA has a permanent Internal Control Unit (ICU) which carries out the function of internal audit. The ICU is expected, amongst others, to assess whether the internal control systems are adequate to provide management with assurance to the effect that the objectives of the RRA have been met in an economic, efficient and effective manner.

The ICU was not adequately staffed. During a major part of the year 2015, the Unit was functioning with only one staff member, the Internal Control Officer, who was assisted by a Trainee. It was only in December 2015 that an additional staff of the Internal Control Cadre joined the ICU. As at September 2016, the staffing structure had not changed.

Due to the shortage of staff, most of the assignments earmarked to be carried out according to an agreed Plan of Work, was not covered. Expenditure incurred on capital projects had not been subject to any verification.

To ensure whether its recommendations had added value to the various Commissions of the RRA, the ICU had, in July 2014, carried out a follow up exercise on the nine reports it had issued during the period January 2013 to May 2014. It was stated that out of a total of 232 recommendations, only some 31 per cent had been implemented by Management.

In view of the increasing budget allocations and emerging challenges facing the RRA, it is essential that there is a reinforced team of experienced Internal Controllers to ensure an adequate coverage of risk areas and also to ensure compliance with laws and regulations.

RRA's Reply

An Annual Audit Plan has been revised taking into account critical business areas. Human Resource Planning has been carried out at strategic level, in consultation with the Director of Internal Control so as to ensure a proper structure.

Chief Commissioner's Office

4.14 State Lands in Rodrigues

The Island of Rodrigues has a total area of some 10,000 hectares (104 km²) of land, comprising some 1,000 hectares of private land and some 9,000 hectares of State lands.

All leases of State lands granted in Rodrigues were previously governed in accordance with guidelines issued by the Ministry of Housing and Lands (MHL) where the Minister was approving grant of leases on State lands.

Section 26 (2) of the RRA Act 2001 now empowers the RRA to do all such acts and take all such steps including, subject to the State Lands Act, the acquisition or disposal of any property or rights, as may be necessary for or which may be conducive to or incidental to the exercise of its powers and duties. Presently, State lands fall under the responsibility of the Chief Commissioner's Office.

4.14.1 State Land Information System

State Land Register

State lands are leased for residential, commercial, residential/commercial, industrial/commercial, agricultural, socio cultural/religious and tourist related purposes.

The parceling and extent of each and every plot of State land leased were available in the "AUTOCAD map" land system at the Cadastral Office. However, the total extent of State lands allocated and unallocated at any point in time could not be known in the absence of a Master State Land Register.

Database of Leases

Information on leases was not complete. The following shortcomings were noted:

- Vital information such as the date of Letters of Reservation/Intent issued, date cash deposited/reservation fee paid and validity of reservation period, amongst others, were not always recorded in the database of leases;
- Applications for leases of State lands, except for agricultural purposes, are made at the Cadastral Office. Since 2004, no distinction was made as to the type of lease of State land being applied for. As such, number of applications made for each type of lease was not readily available. Moreover, same information were requested from lessees irrespective of the type of lease applied for;
- In certain cases, dates of applications for State land for industrial purposes were recorded after the commencement of the leases;
- Status of projects for which land was granted on lease was, in several cases, not recorded as no follow up and site visits had been effected.

Recommendation

A Master State Land Register should be introduced so that information, such as the extent of land leased and available for lease, is known at any point in time. This will assist in land planning and ensure transparency in its allocation, and reliability of lease data.

RRA's Reply

The RRA is working on the setting up of a Land Management Information System which will capture all the weaknesses highlighted by Audit.

4.14.2 Lease of State Lands - Guidelines, Policies and Procedures

Contrary to Section 6(1B) of the State Land Act which stipulates that, for industrial/commercial leases, the particulars thereof and the guidelines referred to in subsection 6(1) (c) that is all leases of State Land shall '*be in accordance with guidelines issued by the Ministry, in terms of criteria, conditions and procedures to be adopted*', were neither available for consultation at the Commission nor posted on its website.

Recommendations

Guidelines, policies and procedures should be updated. The RRA's official website should be uploaded with all relevant information so as to ensure more transparency in the allocation of State Lands.

4.14.3 Revenue Collection

Revenue collected during the past four and a half years from the leasing of State land, is shown in Table 4-18.

Table 4-18 Revenue Collection for the Year/Period

Category	2012	2013	2014	2015	6 months to 30.06.16
	(Rs)	(Rs)	(Rs)	(Rs)	(Rs)
Residential	4,857,929	4,593,266	3,992,070	4,982,905	2,671,965
Commercial	1,264,268	1,680,489	989,538	1,581,741	724,507
Industrial	3,950,203	7,326,932	5,284,835	5,092,130	1,756,466
Agricultural	41,415	29,339	43,505	27,181	17,056
Total	10,113,815	13,630,026	10,309,948	11,683,957	5,169,994

Source: Statement D

No improvement was noted in revenue collection from lease rentals. The following could have impacted negatively on the amount of revenue collected.

➤ *Delay in Processing Applications for Leases*

There were delays in the processing of applications for state land. As per the lease database provided, 1,106 and 1,156 applications for lease of State lands, for various purposes, were received in 2014 and 2015 respectively. As of April 2016, only 677 cases representing 30 per cent of applications received, had been processed.

➤ *Delay in Regularising “Build-up” Cases*

4,484 ‘build-up’ cases (squatters) were identified during a survey carried out in 2008. As of April 2016, the number of leases signed and those awaiting for signature were not available for those cases which needed to be regularized. Delay in regularising these illegal ‘build-up’ cases results in a delay in the collection of rental fee on State lands, as no rent is claimed until a lease agreement is drawn.

➤ *Lease Agreement Not Signed*

As of April 2016, 474 lease agreements (all types of lease but excluding industrial lease), with letter of intent issued since October 2004, were not yet signed by the lessees. As such rent was not collectible.

➤ *Follow up of Arrears of Rent*

Arrears of revenue as at 30 June 2016 totalled Rs 26,226,861. There was no improvement in the recovery of arrears of rent. On average, arrears were some Rs 23.9 million at the end of each of the years 2012 to 2015.

Recommendations

Action should be initiated to clear all previous applications. ‘Build-up’ cases, where justified need to be regularized without delay. Lease agreements should be drawn and signed by the lessees within a reasonable agreed/specified time frame.

4.14.4 State Lands for Industrial Leases

It is the policy of Government to grant industrial/commercial leases of State lands to promote industrial and economic development. When an application is approved, subject to availability of land, a Letter of Reservation (LoR) is issued to the promoter subject to the following conditions:

- Reservation period of six months, revised to twelve months as from July 2011;
- A Reservation Fee to be paid within a period of one month as from date of the LoR;
- Submission of three copies of preliminary plans within a period of three months as from date of the LoR.

Failure to comply with the conditions of the LoR would entail the forfeiture of the reservation fee. Once the conditions mentioned in the LoR have been satisfied, the Chief Government Valuer (CGV) is requested to assess the rent to be claimed and a recommendation is then made to the Chief Commissioner for the grant of an industrial lease.

An examination of a sample of applications of industrial/commercial leases was carried out. In two cases, C1 and C2 the following were noted:

- (a) The reservation periods were renewed for a longer period than the six months' period allowed. The collection of annual rent was therefore delayed. Had a letter of intent been issued after the expiry of the reservation period initially granted, the RRA would have benefitted from the annual rent.
- (b) The reservation fees were not forfeited but were left on deposit accounts of the RRA.
- (c) The lessees had not yet developed the industrial lease although a LoR was granted more than 5 years back. These projects being considered major in terms of extent of land leased would have contributed to the economic development of the island.
- (d) Financial strength was not assessed. This factor is determinant in proving the capability of the promoters to complete their projects.
- (e) Lease agreement for C1 was signed some five years after LoR while in C2 this was not signed as of April 2016 although the LoR was issued on 6 May 2008, that is some eight years back. No terms and conditions were included in the Letter of Intent compelling a lessee to sign the lease agreement within a prescribed delay.
- (f) In case C1, the lessee submitted three sets of development plans of the proposed building well after three months from the LoR and in the case of C2, these were not submitted as at April 2016.
- (g) In the case C1, the lease period was stated to be from 23 December 2011 to 30 June 2031, contrary to the approval by the Commissioner which was up to 30 June 2029.

Recommendations

- The LoR and Letter of Intent need to be reviewed to include a clause requiring the lessee to sign the lease agreement within a specific period of time. The reservation period cannot be extended for unduly long period of time.
- Once the lease agreement is signed, action needs to be taken to ensure that conditions stated in the lease agreement are being complied with, failing which the RRA could consider the possibility of repossessing any undeveloped land.

4.15 Development Projects in the Education Sector

The Rodrigues Regional Assembly (RRA) is dedicated to promote quality education and lifelong learning at all levels to foster the socio-economic development of Rodrigues and to provide equal opportunities in education. In that respect, each year, the RRA undertakes a number of development projects in the education sector. Several projects for the construction of schools/colleges and upgrading of school infrastructure, for a total amount of some Rs 278.8 million, were undertaken by the Commission during the years 2014 and 2015 as per Table 4-19.

Table 4-19 Projects for the Construction of Schools/Colleges and other School Infrastructure

Projects	Contract Amount (Rs m)	Date of Award of Contract	Contractual Completion Date	Actual Completion Date
1. Construction of Secondary School - Terre Rouge phase II	39.7	12 May 2014	31 March 2015	25 October 2015
2. Construction of Community Govt. School at Montagne Goyaves (Phase I and II)	61.9	26 May 2014	10 May 2015 15 July 2015	16 Jan 2016 25 Jan 2016
3. Construction of two additional classrooms at Terre Rouge Primary School	2.5	16 October 2014	14 January 2015	14 January 2015
4. Construction of four specialized classrooms at Oyster Bay Govt School	8.5	2 February 2015	20 July 2015	23 February 2016
5. Construction of Community School at Anse Quitar	50.8	13 May 2015	21 June 2016	19 December 2016
6. Construction of Multi-Purpose Hall and Sport Complex at Le Chou College	27.0	22 May 2015	16 April 2016	3 November 2016
7. Construction of Secondary School at Pistaches (phases I and II)	88.4	24 August 2015	18 July 2016 4 January 2017	4 October 2016 In Progress
Total	278.8			

4.15.1 Financial Clearance

The Project Plan Committee of the Ministry of Public Infrastructure recommended the construction of a Community School at Anse Quitar for inclusion in the Public Sector Investment Programme (PSIP) for the sum of Rs 40 million. However, the cost estimates for the construction of the School were Rs 59.68 million, inclusive of earth works, retaining walls and ramps. The contract was awarded in May 2015 for an amount of Rs 50.8 million, inclusive of VAT while financial clearance was obtained for only Rs 40 million.

RRA's Reply

The Commission took note of the comment and will comply in future projects

4.15.2 Delays in handing over of sites and implementation of projects

Delays were noted in handing over of sites to Contractors in respect of projects 4 to 7 above. In the case of project 7, site was handed over more than two months after the award of the contract. Regarding the construction of Phase II of the Secondary School at Terre Rouge, the implementation of the project was delayed. The absence of the Contractor's Manager on site was being reported by the Project Manager. The Contractor was instructed to take necessary action to expedite works on site but delays were still noted.

4.15.3 Extension of Time

Extension of time was granted in six of the seven projects mentioned in Table 4-19. In some cases, extension of time was not applied/requested on time. On receipt of an application for an extension of time and submitting full supporting information, the Project Manager shall decide within 21 days, whether and by how much, to extend the intended completion date. For example, for Project 1, the Contractor applied for extension of time on 13 July 2015 and it was only on 10 September 2015 that the Contractor was informed by the Project Manager of the approved extension of time up to 6 August 2015. For Project 2, the Contractor applied for an additional extension of time on 12 July 2015 for phase I in connection with the construction of a leaching field. This extension of time was assessed and approved by the Project Manager for a period of 23 days on 10 November 2015, that is some four months later. As regards phase II of the same project, the Contractor applied for extension of time on 14 August 2015 and this was assessed only on 10 November 2015 by the Project Manager, that is some three months later.

4.15.4 Performance Security

Performance security guarantees the faithful performance by the Contractor of its obligations under the contract. In certain cases, performance security was not extended although works were still ongoing. For Project 1, the performance security which expired on 20 February 2015 was extended to 15 October 2016, on 22 September 2015. Had the Contractor defaulted within the period 21 February to 21 September 2015, the Commission would not have been in a position to forfeit the performance security.

As for Project 4, the initial performance security expired on 31 July 2016. This was not extended, taking into account that works were still ongoing until February 2016.

RRA's Reply

In respect of project 1, the Consultant had already written to the Contractor to extend the performance security within 28 days after the expiry of defects liability period.

4.15.5 Insurance cover

For Project 1, the insurance policy expired on 25 May 2016. Although works were completed in October 2015, the insurance policy cover was not extended to cover the maintenance period up to October 2016. As for Project 4, insurance policy which expired on 1 February 2016 was not extended up to February 2017, to cover the one year maintenance period following the completion of work in February 2016.

4.15.6 Completion of Works

Project 1 was completed and the client took possession of the site on 10 March 2016. All works were due to be completed by end of February 2016. As at September 2016, some minor works were still pending.

Concerning Project 2, Phase I was completed on 16 January 2016 and phase II on 25 January 2016 respectively. The substantial completion and taking over certificate was issued by the Project Manager on 12 April 2016. However as of September 2016, some minor works still remained to be completed.

As for Projects 6 and 5, works were to be completed by 16 April 2016 and 21 June 2016 respectively. However, works were still ongoing as of September 2016.

4.16 Food Security

At paragraph 4.14 of the Audit Report for the year ended 31 December 2014, I mentioned that one of the objectives of Government, in so far as ensuring food security is concerned, is to increase food crop production as well as livestock production. I had reported extensively on project financing and slow implementation of projects.

The Rodrigues Regional Assembly (RRA) had recognised the need to create the necessary environment/condition to modernise the agricultural sector, being given that it is the backbone of economic development. The need to shift from subsistence to cash crop farming and to give greater value-added to Rodriguan agricultural produce had been emphasized on various occasions. However, the sector did not appear to be progressing at a satisfactory pace. In that respect, successive plans were prepared, which included proposals to boost up production and to give a new dimension to the agro sector in general.

To enhance food security, the RRA had, at its disposal, funds provided for in the budget of the Ministry of Agro Industry and Food Security and which are channelled through a deposit account to the RRA. In addition, funds were also available under the RRA's own budget.

RRA's Reply

- Necessary support and facilities are being provided to the farming community, in terms of allocation of arable land, financial and technical assistance, and training for the take-off of the sector.

- Other schemes, such as the provision of a one-off grant for specified seed production, construction of commercial nurseries, purchasing of materials for the fencing of agricultural land, approved by the Executive Council are currently being processed.

4.16.1 Funds provided for in the RRA's Budget

For boosting agricultural activities, funds were provided under several items/programmes in the Estimates of the RRA. In respect of some of these items, amount provided exceeded by far the amount actually disbursed.

In the year 2015, only an amount of Rs 2.9 million was spent out of a budgeted amount of Rs 26 million in respect of the item 'Water Distribution for Irrigation'. Only some 23 per cent of the budgeted provision for the item 'Improvement of Livestock and Local Poultry Production' was spent. As for the control of stray dogs, only Rs 88,600 were spent whereas provision was made for an amount of Rs 1,000,000.

The same scenario applied for certain items in the six month-period ending 30 June 2016. For items 'Research and Development' and 'Water Distribution for Irrigation' where provisions of Rs 4 million and Rs 4.5 million were made in the RRA's budget, only some 58 and 31 per cent of the provisions had been spent respectively.

Most of funds had therefore been reallocated to other expenditure items.

RRA's Reply

The amount provided for 'Research and Development' was required for purchasing of mini laboratory solutions and equipment. Necessary procedures had not been completed on time to effect the acquisition of these items and the validity period had lapsed.

As for 'Water Distribution for Irrigation', provisions were made for three rain water harvesting structures at Baie Malgache, Batatran and Mt Goyaves. The draft estimates for each project were re-worked out by Consultant as the contract value was too high, thus explaining the delay in starting the projects. The three projects have now been awarded and works are under way.

4.16.2 Funds available under Food Security Fund Deposit Account

Some Rs 14.5 million were held in the Deposit Account in respect of the Food Security Fund as of 1 January 2015. An additional amount of Rs 4 million was received during the year 2015, bringing the total amount available for implementation of projects to Rs 18.5 million. Only some Rs 5.5 million had been disbursed therefrom, of which some Rs 4 million related to the acquisition of animals of improved breed. During the six month-period ending 30 June 2016, Rs 8 million were received from the Ministry of Agro Industry whilst an amount of some Rs 7.2 million was spent on various projects. As of 30 June 2016, an amount of some Rs 13.8 million was still held on deposit.

RRA's Reply

Lengthy procedures to be followed in the award of Agricultural Incentives Schemes (AIS) to beneficiaries and compliance with procurement procedures during the implementation of the projects were the root causes of delays. All the AIS's are now in progress. Most of them have reached 100% completion as at 14 February 2017.

4.16.3 Livestock Production

Officers in Charge of Livestock Production Units (LPU) are responsible, amongst others, to ensure that accurate records are kept, supervision of workers is adequate and that animals are being properly fed and treated.

Expenditure incurred in connection with Livestock Production for the year 2015 and for the six month-period ending 30 June 2016 totalled Rs 27.5 million and Rs 16.5 million respectively.

Livestock Production Units

The mandate of the Chief Commissioner's Office, Agriculture (Commission) includes the production of animal species of improved breed for sale to breeders, at an agreed price for fattening purposes. However, this objective was far from being achieved. Housing and feeding practices were not satisfactory.

St Gabriel Production Unit. The strength of animals at the St Gabriel LPU increased from 41 in March 2015 to 109 in March 2016. 77 heads were purchased and received in Rodrigues in August and September 2015, to in some way, attend to problems relating to poor body condition of existing livestock, decrease in genetic potential and old age of the existing stock. In September 2016, the strength of animals decreased to 95.

The following shortcomings were noted:

- (a) Breeders were not provided with young animals for breeding/fattening purposes. This was one of the main objectives of the Unit. Animals were left at the Unit for long, with the consequences that the RRA had to bear the costs of feeds and labour;
- (b) The poor quality of fodder due to immature pasture, lack of sufficient grazing area, and non-availability of concentrated feeds could impact negatively on animal growth rate and reproductive performance of the livestock;
- (c) There were poor housing conditions together with high stocking rate;
- (d) Ticks infestation had become more persistent at the Unit. De-pasturing was not done and the pasture area had been contaminated;
- (e) A breeding policy program was not available. For example, cows were crossbred with bulls haphazardly, resulting in a proliferation of local breeds of cattle;

(f) As at September 2016, out of the new stock of cattle and goats received in August and September 2015, 22 died, representing some 28 per cent.

RRA's Reply

- Animals were kept for persons who benefitted from training under the Employment Relief Programme. Surplus animals are being given to Trainees upon completion of their one year training.
- The Commission had already initiated procedures for the sale of animals in excess at St. Gabriel in July/August 2016. However, the Ministry for Agro Industry and Food Security imposed a ban on animal movement following the outbreak of Foot and Mouth Disease in August 2016. The ban on movement of animals has been partially lifted. Animals will be sold after completion of 3rd vaccination dose.
- The persistent drought prevented the establishment of new pasture areas. Nevertheless, the Commission harvested fodder from communal pastures around the island to feed animals on St. Gabriel LPU.
- The cattle and goat sheds have been completely refurbished. Other infrastructures will be refurbished and modernized. The infestation by ticks is now under control.
- The stock of animals had gone old and there was a need to bring in new bloods for traits improvement. Newly purchased animals were stocked at St. Gabriel immediately on arrival and the performance and adaptation of these animals needed to be monitored before they are set to breed. A new breeding program has been prepared and will be implemented as from 2017.

Crab Island Livestock Production Unit. The Crab Island Livestock Production Unit was meant for the production of sheep of improved breed for sale to breeders for their breeding requirements. The strength of animals was 212 as at August 2016.

The following shortcomings were noted:

- Out of the three sheds, only one was segregated into seven slots. Two of these sheds, including the segregated one, were in a deplorable state. Consequently, animals were left together in the open shed after grazing.
- Of the nine rams and 83 ewes received at the Unit on 9 August 2015 for production of animal species of improved breed, some 70 of them died as at August 2016;
- One of the main objectives of the Unit was to produce lambs which would be sold to breeders after weaning, which normally takes place within 40 to 45 days after birth for fattening and reproduction. At that point in time, the lambs would have an average weight of 15kgs. However, animals which were ready to be sold to breeders were kept at the Unit. During the year 2015 and up to August 2016, only eight animals whose weight ranged from 20 to 39 kgs were sold to breeders.

RRA's Reply

- Repairs of infrastructure on Crab Island have been delayed due to unallocated funds. An overall refurbishment plan has been submitted for funding.
- The high death rate in the imported stock of August 2015 was due to an adaptation problem.
- At the time the lambs were to be sold, pulpy kidney disease had hit Rodrigues and therefore could not be sold to breeders.

Baie Topaze Livestock Production Unit. The Baie Topaze Livestock Production Unit is responsible for the production of piglets, which are to be sold to breeders after weaning, which normally takes place within 40 to 45 days after birth, and having at that time an average weight of some 15 kgs.

127 animals were sold during the year 2015, of which there were adult pigs of around 100 kilos. This defeats one of the objectives of the Unit and imply additional costs in terms of feeds for the animals.

RRA's Reply

- The problem of pigs of 100 kg resulted from non-collection of animals at time of sale by selected farmers, on ground of insufficient funds to purchase animals applied for. Being given that pigs are fast growers, the weight increases rapidly between two sales intervals to reach the 100 kg.
- A new sales strategy has been prepared and is being implemented in 2017. RRA has also brought down the selling price of live pigs to encourage farmers to buy the animals reserved for them.

Stock of New Breed

For the purpose of improving the quality of livestock in the LPU's, the Executive Council, in January 2015, approved the purchase from the Ministry of Agro Industry and Food Security, of a new stock of improved breed of animals of different species.

The Commission, in February 2015, acknowledged that actions should be taken promptly prior to the acquisition of these animals. These included the following:

- Gradual culling of all dairy cows imported from Palmar LPU in view of their genetic degradation and replacement by the newly imported heifers;
- Transfer of beef/cattle and goat to Montagne Plate LPU;
- Boosting up of Saint Gabriel pasture;
- Gradual culling of 50 per cent of the sheep herd on the Crab Island Livestock Production Unit for their replacement by the imported one;

- Paddocking of the Islet with electric fence to ensure an improved and safe grazing system.

The purchase was done through the Mauritius Meat Authority for an amount of some Rs 4 million rupees. These animals arrived in Rodrigues in August/September 2015; however, none of the measures mentioned above had been attended to. The animals were left together with other local breed. As at September 2016, more than 50 per cent of the imported stock had died.

RRA's Reply

It is being envisaged that Rodrigues will purchase its breeding animals directly from breeders abroad in the future based on specific selection criteria that fits the conditions on the island.

4.16.4 Foot and Mouth Disease Infection

The first case of frothing in cattle was reported on 7 July 2016 and subsequently, more cases were reported in other regions of Rodrigues. Blood sample was collected and sent for laboratory analysis at the Animal Health Laboratory of the Ministry of Agro Industry and Food Security (MAIFS) on 19 July 2016. Laboratory results were reported negative. Another test was carried out on blood sample collected on 31 July 2016 from infected farms and the result indicated a Foot and Mouth Disease (FMD) infection.

There was, subsequently, an increasing trend in the number of reported cases and some of the infected animals died. To control the outbreak of the disease the 'modified stamping out' strategy was adopted and more than 2,300 animals were culled and disposed of. Given the widespread of the disease across the island and the large number of animals that needed to be culled the 'modified stamping out' strategy was stopped and the 'mass vaccination' strategy was adopted to achieve a certain herd immunity level. The Commission, having limited resources for the vaccination, had recourse to the services of other Commissions and the MAIFS staff to speed up the vaccination programme.

Following the mass vaccination campaign, the reported cases had followed a downward trend and the FMD infection was stated to be within control.

In the light of the above, the Commission needs to consider the following:

- Documentation of written policies, procedures and protocol that would help in future cases of any outbreak of disease;
- Enhancing stringent import and cross-border animal movement controls and strict quarantine control;
- Disseminate information about maintaining good handling, sanitation and sound biosecurity practices to livestock owners and producers to prevent as far as possible the introduction/spread of any virus;
- Policies for the disposal of dead carcasses.

RRA's Reply

The RRA is investing in a Recovery Plan for the livestock sector following the disease. Technical assistance has been sought to prepare an Action Plan for the review of the livestock sector in Rodrigues, as well as disease prevention and management.

Conclusion

Animal health and veterinary care are key elements that enable sustainable livestock production. To that effect, efforts have to be backed by a regular and reliable delivery of veterinary services, disease surveillance and preparedness to respond to alerts, as well as adequate disease control measures. The different units responsible for livestock production should work in close collaboration to ensure a better service delivery in terms of extension services, research and veterinary care.

RRA's Reply

To ensure an efficient and harmonized support service to the farming community, the Agricultural Research and Extension Services is being reorganized to operate a decentralized veterinary service in three strategic regions so as to be closer to the farming community.

Deputy Chief Commissioner's Office

4.17 Setting Up of an ICT/BPO Centre in Rodrigues

With a view to promote Information and Communication Technology (ICT) and to generate employment, the Rodrigues Regional Assembly (RRA) embarked on the above project, the objective of which is to encourage potential investors to develop the ICT sector as an emerging sector for job creation in Rodrigues

On 9 August 2014, a Request for Proposal for ICT Business Outsourcing in Rodrigues, was launched. On 14 October 2014, a letter of offer was issued to a private enterprise X, to set up and operate an ICT/Business Process Outsourcing (BPO) Call Centre. Certain terms and conditions were mentioned therein. The RRA undertook to, amongst others, provide a fully refurbished office space of some 560 m² rent free, for an initial period of two years as from the start of operation.

On 6 March 2015, the Executive Council was informed that an agreement had been signed between the RRA and private enterprise X for a period of five years as from the start of operation in Call Centre activities in Rodrigues. Certain terms and conditions of the agreement differed from those set in the letter of offer of contract dated 14 October 2014 and would entail additional cost to the RRA. Explanations thereto were not given.

4.17.1 Project Implementation

The RRA was to provide office space for the implementation of the project, which was carried out in two phases, namely:

- Refurbishment works at the location provided by the RRA;

➤ Fit out works for Call Centre

Award of Contract for Refurbishment Works

Prior to the launching of proposals for ICT Business Outsourcing, office space at Camp Du Roi was identified to set up the Call Centre. On 28 February 2014, the Executive Council approved that the Deputy Chief Commissioner's Office (Commission) proceeds with the refurbishment of the building to provide an operation centre for the ICT/BPO in Rodrigues.

Tenders for the refurbishment of the building were launched on 5 September 2014, through Open Advertised Bidding. The actual cost of the project totalled Rs 10,845,856 and exceeded the cost estimates of Rs 8,316,112 by some 30 per cent.

The Bid Evaluation Committee (BEC) was chaired by a Trainee Engineer, who was assisted by an Acting Senior Technical Design Officer and two other non-technical staff. The BEC met on five occasions to evaluate the bids; and on 28 October 2014, it recommended that tenders be re-launched as none of the bids received was responsive. Tenders were, however, not re-launched. In view of the urgency of the project, the Executive Council had decided that a High Level Technical Committee would review the Bid Evaluation Report.

Subsequently, the contract for the refurbishment of the building was awarded to a private Contractor on 26 November 2014 for an amount of Rs 8,703,545, including contingencies of Rs 1,500,000. The contractual completion period was 90 days from the start date of works on 9 February 2015, that is on 10 May 2015.

Handing Over of Site. The Contractor took possession of the site on 2 February 2015, that is more than two months after the award of contract. This was contrary to the contractual agreement, wherein it was stated that the site possession date should be within 14 days of the date of issue of the letter of acceptance, which was 26 November 2014.

Additional works. A Variation Order is an instruction given by the Project Manager to authorise variations made to the Contract. There were 28 Variation Orders for a total amount of Rs 3,362,879. According to the Final Accounts received at the RRA on 1 October 2015, the total amount paid to the Contractor was Rs 10,845,856 inclusive of VAT, whereas the contract sum was Rs 8,703,545 VAT inclusive. This represents an increase of some 24.6 per cent.

The General Conditions of Contract state that the Contractor shall provide the Project Manager with a quotation for carrying out the variations when requested to do so. Neither quotations nor the approval of the Department Head of the Commission was seen.

Liquidated Damages. Extension of time was approved by the Consultant, thereby bringing the contractual completion date to 22 August 2015. Works were completed on 28 August 2015. However, liquidated damages for an amount of Rs 90,000, that is at the rate Rs 15,000 per day, had not been charged on the Contractor.

Performance Bond and Insurance Policies. The performance bond, for a value of Rs 870,354, expired on 30 May 2016. It was not renewed so as to cover the defect liability period of 12 months after the date of completion of works. Similarly, the insurance policy, which provided for an insurance cover up to the date of completion of works, had not been extended to cover the defects liability period.

Operating and Maintenance Manual. The Particular Conditions of Contracts stipulate that the date by which as-built drawings and operating and maintenance manuals need to be submitted is 15 days after practical completion certificate has been issued. These documents, essential for the design of the fit out works, were not seen. An amount of Rs 100,000 should have been withheld from the payments as per the Particular Conditions of Contracts. This had not been complied with.

Fit Out Works for Call Centre

Following the refurbishment of the building, tenders for fit out works for the Call Centre were launched on 21 October 2015. Works comprised, amongst others, the following:

- Electrical works, including general lighting and installation of cabling works power sockets;
- Mechanical works, including installation of air conditioning system and generator;
- Installation of false ceiling;
- Provision of light weight partitioning.

The BEC submitted a report to the Departmental Bid Committee (DBC) on 17 December 2015, wherein it was stated that all the bidders had their bids exceeding the cost estimates by a minimum of 39 per cent. Thereafter, the Project Consultant revised its previous cost estimates of Rs 8,700,000 to Rs 15,476,950.

The contract for fit out works was awarded on 29 February 2016 to a private company for an amount of Rs 17,250,000, inclusive of VAT. The intended completion date was 90 days from the start date of works on 13 April 2016, that is on 12 July 2016.

Payment to the Contractor as at September 2016 amounted to Rs 3,776,744.

The following were observed:

Cost Estimates. The cost estimate was revised from Rs 8,700,000 in October 2015 to Rs 15,476,950 in December 2015, that is by more than 77 per cent. Explanations were not available for this major increase;

Approval of the DBC. The approval of the DBC to award the contract was not seen. Moreover, no Executive Council's decision was seen for the award of this contract.

Program of works. According to the General Conditions of Contract, the Contractor shall submit for approval a program of work within 21 days from date of the letter of acceptance. According to the notes of meeting of 27 May 2016, it was stated that the Contractor had not yet submitted a program of work. None was seen in the files produced for Audit.

Dismantling of Existing False Ceiling. The Contract for refurbishment works comprised the supply and installation of 600x 600 x15 mm thick moisture resistant, mineral fibre board, false ceiling. Subsequently, the fit out works contract required that these works should be dismantled and reinstalled with the salvage materials at a cost of Rs 1,312,000.

Bid Validity Period. On 25 February 2016, the Chairman of the BEC reported that the bid validity period of 90 days had expired on 24 February 2016 and that no request for extension of the validity period was issued to the bidders prior to the expiry of the original bid validity period.

The contract was awarded on 29 February 2016, after the expiry of the validity period. This is also not in line with the User Guide issued by the Procurement Policy Office which states that the evaluation shall be completed within the validity period so as to leave enough time for contract award.

Insurance Policy. Contrary to the Particulars of Contract, it was an Insurance broker which certified that the Contractor was insured under a Contractor All Risks and Third Party Liability insurance with an insurance company for the period 1 April 2016 to 1 October 2016 with a defect liability period of 12 months. In the absence of the actual policy, terms and conditions therein could not be confirmed. Besides, it could not be ascertained whether the policy was in the joint name of the RRA and the Contractor.

Delay in Project Completion. The Project was expected to be completed on 12 July 2016. However, as at September 2016, works were reported to be only 65 per cent completed and would be fully completed in October 2016. Since no extension of time was seen granted, the amount of Rs 60,000 charged on Payment Certificate No 2 as liquidated damages for delay of five days, needed to be recalculated.

Conclusion

The Project was undertaken in two phases. Had it been considered as a single project, the threshold of Rs 25 million would have been exceeded, in which case the project should have been referred to the Project Plan Committee (PPC) of the Ministry of Public Infrastructure and Land Transport for approval. This is a case of non-compliance with the Capital Project Process Manual which was issued in accordance with Section 22A of the Finance and Audit Act.

The project was delayed. Some 30 months after project identification, it has not been completed. The objective of attracting investors in the field of ICT/BPO in Rodrigues with a view to reducing unemployment has not yet been achieved as at September 2016.

RRA's Reply

- Fit Out works were done in another phase due to budgetary constraints.
- The objectives of attracting investors in the field of BPO in Rodrigues have been aroused as many companies are intending to implant in Rodrigues to boost up the sector.
- The BPO/Call Centre is actually screening applications for recruitment of Call Operators and other staff.

Commission for Public Infrastructure, Land Transport, Housing, and Water Resources

4.18 Construction and Rehabilitations of Roads and Bridges

The Road Section of the Commission for Public Infrastructure (CPI) is responsible, amongst others, for the survey, design, definition of the scope of work, estimation of cost, supervision of works and certification of claims from Road Contractors for payment. Effective control measures should be in place to ensure timely completion of projects, within the approved costs and available resources.

4.18.1 Project Monitoring Committee

A Project Monitoring Committee is an important tool in Project Management. Although several projects were on-going as at September 2016, the last meeting of the Committee was held on 9 March 2016, as evidenced by the relevant Notes of meeting.

RRA's Reply

Officers of the Commission are on site, on a daily basis, to monitor and approve ongoing works.

4.18.2 Financing of Projects

Amounts of Rs 93.2 million and Rs 54.9 million were provided for, in the year 2015 and for the six month-period ending 30 June 2016 respectively, for the construction and rehabilitation of roads and bridges. However, the total amount spent thereon amounted to Rs 202,799,482 and Rs 63,970,215 respectively. It is to be noted that the actual expenditure incurred in 2015 exceeded the original budget by more than 100 per cent. Additional funds were obtained from reallocations from projects earmarked for other Commissions.

4.18.3 Award of Contract - Rs 297,785,876

A Rate Contract was awarded by the CPI on 11 May 2015 to Contractor A for an amount of some Rs 298 million, inclusive of VAT for the construction, upgrading and maintenance of roads and bridges. The duration of the contract would cover a period of two years from 12 June 2015 to 11 June 2017.

Works Orders Issued in Excess of Contract Value.

The contractual sum for the two-year period June 2015 to June 2017 was for an amount of Rs 297,785,876. As at 31 July 2016, 44 Works Orders totaling Rs 370,909,175 had been issued under the contract, that is an excess of Rs 73,123,299. This represented an increase of 24.6 per cent of the contract value. For the past few years, the total value of Works Orders had consistently exceeded the respective contract value.

Given that the contractual sum had been exceeded prior to the end of the contract period, which was up to June 2017, another invitation for bids was launched in March 2016 and a new contract was awarded in June 2016.

4.18.4 Implementation of Projects

The following shortcomings were noted:

- All road projects and civil works were not subject to internal audit;
- Although extensions of time were requested and approved, several projects were completed beyond the intended/revised contractual period. Examples are as in Table 4-20.

Table 4-20 Completion of Projects beyond Contractual Period

Works Order No. of 2015	Project Name	Contract Sum (Rs m)	Intended Completion Date	Final Completion Date
3	Construction of road from Mt Cherie to Mourouk	48.7	30 October 2015	29 December 2015
5	Masonry stone facing works along main road Coromandel to Graviers	2.6	22 September 2015	30 May 2016
8	Handrails and miscellaneous works	2.7	31 October 2015	14 January 2016
13	Upgrading of road Le Chou to Port Mathurin – Phase I	78.8	20 November 2015	6 June 2016

Claim for Extension of Time. On 11 May 2016, the CPI was informed by the Contractor that the latter had submitted claims for extension of time in respect of several projects during the period January to April 2016; but no response had been received. As at September 2016, there was no evidence to the effect that the CPI made any requests for substantiation of claims, after receipt of same.

- In respect of several projects, test results obtained from the Contractors' own laboratory, were signed by the Contractor only and did not bear any signature or comments from the Project Engineer;
- Deflection tests were carried out by the Contractor. However, the Project Engineer did not certify whether, according to these tests, works had been satisfactorily performed. Moreover, in several cases there were over-writings on the tests results sheets;
- For the project '*Patching of Road*' for an amount of Rs 667,170, the original scope of work, as specified in Works Order no 7, was changed on two occasions. On 14 September 2015, the Contractor was requested by the Engineer to carry out additional works which were to be completed within 21 days; and two months later that is on 12 November 2015,

the Contractor was requested to carry out additional works such as demolition of masonry work, masonry structure/ concrete grade. These additional works were not related to patching of roads. No new Work Orders, with detailed description of works to be undertaken and estimated costs had been issued.

Conclusion

Execution of projects should be properly planned so that financial resources allocated are sufficient to meet all commitments. Requests for funds and financial clearance should be sought before launching of tenders and issue of Works Orders. Projects should be properly administered and completed on time, and contract terms and conditions must be strictly complied with.

RRA's Reply

- All laboratories and deflection tests are carried out in the presence of the representative of the Commission.
- Liquidated damage was applied, in accordance with the condition of contract, for all unjustified delays in project completion.

4.19 Construction of a New Market at Mt Lubin

The project for the relocation of the existing market and construction of a new one at Mt. Lubin was initiated in March 2014. In May 2014, the Consultant of the Rodrigues Regional Assembly (RRA) submitted cost estimates of Rs 25,461,000 for the construction of the market, a small activity centre to include food kiosks and green areas, and for bus lay-bys and parking slots.

The project was, thereafter, split into different phases. In October 2014, the Consultant submitted revised estimates for an amount of Rs 11,787,500, inclusive of VAT, to the Commission for Public Infrastructure (CPI) for the construction of the market and bus lay-bys.

4.19.1 Contract for Construction of Market

The contract for the construction of the market was entrusted to Contractor A on 29 April 2015 for an amount of Rs 12,354,481, inclusive of VAT. The contractual start date was 22 June 2015 and the construction was scheduled for completion on 6 December 2015.

Additional Works

In November 2015, the Contractor was required by the CPI to carry out certain additional works. These had cost a total of Rs 4,731,776, that is above the threshold prescribed in the Public Procurement Act for additional works.

Payments to Contractor

As at September 2016, a total amount of Rs 13,618,491 was paid to Contractor A, thus exceeding the original contractual amount of Rs 12,354,481. The excess payment was due to additional works carried out by the Contractor.

Payment to Contractor was not made promptly. An amount of Rs 9,521 was paid as interests for delay in payment in respect of Certificate No. 2 of October 2015.

Completion of Works

The project was delayed by some six months as the construction works were completed only on 15 June 2016. On three occasions, the Consultant had recommended extension of time for a total of 175 days to bring the new completion date to 9 June 2016. However, approval of the last two recommendations for a total of 146 days, was not seen.

As at September 2016, the pre-final certificate with deduction of liquidated damage for unjustified delays and penalties, as per conditions of contract, had not yet been received.

I was informed that the new market was inaugurated on 11 November 2016 and put to use on the following day.

4.19.2 Activity Centre

The contract for the activity centre, together with the parking area, was awarded to Contractor B for an amount of Rs 5,374,479, inclusive of VAT, on 25 July 2016.

4.20 Rehabilitation and widening of existing bridge at Anse aux Anglais.

The contract for the rehabilitation and widening of the existing bridge at Anse aux Anglais was awarded to Contractor C on 10 March 2015 for the sum of Rs 9,039,021, inclusive of VAT. Works were to start on 25 May 2015 and to be completed by 13 September 2015. However, the project was actually completed on 24 December 2015, that is, with a delay of 102 days

The Contractor carried out a number of additional works, for which the Consultant recommended extension of time for a total of 47 days. Approval for the variation/additional works was not seen.

A snag list was prepared and submitted to the Contractor for appropriate action on 11 February 2016. However, as at 26 September 2016, there was no indication in the relevant file that these defects had been made good.

4.21 Desalination Project

At paragraph 4.20 of the Audit Report for the year ended 31 December 2014, I had extensively reported on the problems encountered by the Rodrigues Regional Assembly (RRA) in connection with the supply and installation of four Reverse Osmosis Desalination

Plant, with designed production capacity of 1,000 m³/day each, in four different locations, namely at Pointe Venus, Caverne Bouteille, Pointe Cotton and Baie Malgache.

The contract awarded in October 2013, for an amount of Rs 156.1 million inclusive of VAT, was terminated on 5 February 2015 due to non-performance of the Contractor and failure to execute works as per terms and conditions of the contract. I reported, amongst others, that:

- Payments totalling some Rs 99.4 million had been disbursed to the Contractor;
- None of the four Desalination Plant had been commissioned. Two of them (Pointe Cotton and Baie Malgache) were not completely installed although some 35 per cent of the equipment procured had been delivered and were lying in the buildings constructed for housing these Plant. As for the other two Plant (Pointe Venus and Caverne Bouteille), they were operating at some 50 per cent of their capacity.

A review of the Project was carried out in September 2016 and the following were observed:

- An advance payment of Rs 31,220,322, made to the Contractor in November 2013, was to be recouped on successive interim payments based on the percentage of value of work certified. The bank account of the RRA was credited on 30 May 2016 with an amount of Rs 16,536,079, representing the balance of advance payment not yet recouped as at the date of termination of contract, together with interests accruing thereon;
- Since the termination of the contract in February 2015, the Commission has neither determined the value of works executed, nor worked out any sums due to or overpaid to the Contractor for work executed in accordance with the contract. Final accounts have not been received. According to the records of the Companies Division, the Contractor is under voluntary winding up;
- Action had been taken to launch tenders for the completion of the building and the installation of the Desalination Plant at Pointe Cotton and Baie Malgache; and for the rehabilitation of the Plant at Pointe Venus and Caverne Bouteille.

4.21.1 Completion of Works at Pointe Cotton and Baie Malgache

Building and civil works needed to be carried out prior to the installation and operation of the Desalination Plant at Pointe Cotton and Baie Malgache.

Building and Civil Works

Separate tenders were launched for building and civil works at Pointe Cotton and Baie Malgache respectively.

Building and Civil Works at Pointe Cotton. Following a tender exercise in March 2016 for the above mentioned works, two bidders submitted their quotes. These were evaluated by a Bid Evaluation Committee (BEC) which submitted its report on 21 April 2016, wherein it was stated that both bidders had made offers which were some 50 per cent higher than the cost estimates.

On 5 May 2016, a new tender exercise was carried out; and on 3 June 2016, the Project Consultant was requested to submit a revised estimated cost for the project. On 29 June 2016, a private Contractor was awarded the contract for an amount of Rs 18,995,735 inclusive of VAT. The handing over of site was made on 19 August 2016 and the construction period was 112 days as from the start of work. The following were noted:

- The principal cause of delay in the execution of this project was the cancellation of procurement proceedings. Cost estimates could have been unrealistically computed as both bids had to be rejected on the ground that they far exceeded the threshold of 15 per cent above the cost estimates. The amended cost estimates were about 60 per cent more than the original cost estimates;
- The implementation of the project was being delayed. Five months have elapsed from the date of the initial tender to the date of the actual handing over of the site to the Contractor.

Building and Civil Works at Baie Malgache. Tenders for building and civil works at Baie Malgache were also launched in March 2016. On 4 April 2016, the BEC recommended that the contract be re-launched for the following reasons:

- one of the two bidders' offer was not retained for further evaluation on the ground that it had submitted a bank certificate with the wrong procurement reference number. This had not been considered as a minor deviation;
- the other bidder had also not been retained for further evaluation as it had submitted an offer which was substantially above the estimated cost of Rs 20,471,155.

On 14 April 2016, the bidders were informed that the bidding exercise had been cancelled in accordance with Section 39 (1) (b) of the Public Procurement Act.

As of September 2016, the RRA had not yet launched new tenders. Any delay in building and civil works would directly impact on the date of commissioning and operation of the Reverse Osmosis Desalination Plant.

Reverse Osmosis Desalination Plant

In February 2016, bids were invited using the Open Advertised Bidding as method of procurement for a 'Design-Build and Turnkey' contract for Reverse Osmosis Desalination Plant and Equipment at Baie Malgache and Pointe Cotton, as a single project. The closing date for submission of bids was 27 April 2016.

On 20 June 2016, the Central Procurement Board (CPB) informed the Commission that the ten bids received had been evaluated and it had approved the award of the contract to a private company for an amount of Rs 103,010,469 inclusive of VAT.

On 24 June 2016, the award was challenged by one of the bidders on the ground that its bid was responsive and was lowest of the tender exercise. Its bid was for an amount of Rs 91,929,299 as compared to that of the successful bidder, which was for Rs 103,010,469.

On 5 July 2016, the bidder lodged the case with the Independent Review Panel (IRP) for review. After several hearings, the IRP ordered the annulment of the decision to award the tender to the successful bidder and also ordered the annulment of the procurement exercise.

In late September 2016, the contract for the installation of the Desalination Plant at both locations had not yet been awarded.

The following were noted:

- After the termination of contract in February 2015, bid documents, prepared by a firm of Consulting Engineer, were submitted to the Commission on 25 August 2015 for approval and vetting by the CPB. Bids received were evaluated and notification of award of contract was issued on 21 June 2016. The Commission spent some 300 days on these stages which exceeded the lead time of 120 days, as prescribed in Directive 13 issued by the PPO;
- The decision of the IRP was motivated by the fact that the bid documents had not been properly drafted and consequently had not yielded any positive results. Only two out of ten bidders passed the initial test of substantial responsiveness, and qualified for technical evaluation. Both of these bidders did not submit certain documents and information listed as mandatory in the evaluation criteria;
- The IRP also stated that, given that the bid documents required that tenderers have experience in design, manufacture, installation and operation of Reverse Osmosis Desalination Plant, it would be difficult to find all those requirements in only one entity. Hence, not even one of the ten tenderers passed all the evaluation and qualification criteria;
- Although the desalination project, scheduled for completion in April 2014, had been excessively delayed, the Commission, in a spirit of finding a rapid solution to the acute shortage of water in the two regions where the Plant had not been installed, did not find the need to issue a Certificate of Urgency, as had been done previously;
- As of September 2016, the Commission had not yet awarded the contract for the installation and commissioning of the Reverse Osmosis Desalination Plant, a project which would have solved the water scarcity problem in those regions.

4.21.2 Rehabilitation of Plant at Pointe Venus and Caverne Bouteille

Regarding the project at Pointe Venus and Caverne Bouteille, new tenders were launched for the rehabilitation of the two Plant, which did not produce the expected daily capacity of 1,000 m³ of water.

On 25 May 2016, the contract for the supply of materials to the two Plant was awarded to two suppliers for a total amount of Rs 3,691,000.

As of late September 2016, rehabilitation works had not yet started as the delivery of all material and spare parts had not yet been completed.

No improvement was noted in the daily production of water at both Plant, which as of September 2016, had a production rate of some 380 m³ and 480 m³ for Pointe Venus and Caverne Bouteille respectively.

Conclusion

The Project for the supply and installation of Reverse Osmosis Desalination Plant at the four above mentioned locations in Rodrigues was to initially cost some Rs 156 million in 2013. The contract was terminated in February 2015 for unsatisfactory performance of the Contractor. 18 months later, that is as at September 2016:

- The two Plant at Pointe Venus and Caverne Bouteille were still not operating optimally. The maximum capacity of water production was far from being reached. Rehabilitation works had not yet started although contract for the supply of materials had been awarded in May 2016 for an amount of Rs 3.7 million;
- The contract for building and civil works at Pointe Cotton has been awarded in June 2016 for an amount of some Rs 19 million, inclusive of VAT. As for Baie Malgache, estimated costs amounted to some Rs 20 million. The contract had not yet been awarded as tenders have to be launched again;
- As for the turnkey project for the installation and commissioning of the Desalination Plant at Pointe Cotton and Baie Malgache, contract for same had not yet been awarded. Same may cost around Rs 103 million, based on the contract awarded but thereafter challenged in June 2016.

Taking the above into account, and after allowing for the recoupage of the advance payment and performance bond seized in respect of the previous contract, the overall cost of the project could be around some Rs 210 million, compared to the original cost of Rs 156 million.

Further delays will not only inflate the cost, but will also deprive the population of the basic commodity. No time frame was set as to when all the four Plant would be operating at full capacity.

RRA's Reply

- The Consultant has submitted a draft final account which is being examined.
- *Completion of Work at Pointe Cotton and Baie Malgache* - It has been decided, in the first instance, to procure a Skid Mounted Containerised Desalination Plant of 1,000 m³ for Pointe Cotton. The bidding document has been referred to the PPO for clearance prior to resubmission to the CPB.

The decision to carry out separate procurement exercise for the Desalination Plant of Pointe Cotton and Baie Malgache has been reviewed in the light of the ruling obtained from the PPO. A single procurement exercise will be carried out for both sites.

- *Rehabilitation of Plant at Pointe Venus and Caverne Bouteille* - Most of the spare parts have been received and repairs of the two Desalination Plant are on-going and are expected to be completed by March 2017.

Commission for Health and Sports

4.22 Procurement and Supplies Management

An efficient procurement and supplies management is a pre-requisite for the proper functioning of a hospital. Total amount spent during the period 1 January 2015 to 30 June 2016 for the procurement of stores items and medical drugs, including pharmaceutical and surgical items amounted to some Rs 48 million.

A review carried out in the different stores of the Queen Elizabeth Hospital (QEH) revealed that the basic principles of stores management were not being observed.

4.22.1 Store Records

Store Ledgers are useful for tracking the current quantity of items on hand at any particular point in time. Items received and issued should be promptly recorded therein and the Store Ledgers should be complete and up-to-date. The following shortcomings were noted:

- In the General Store, issues made to the Catering Unit and other Wards/Units since October 2015 were not yet posted to their respective ledgers as at June 2016.
- In the Surgical Store, for the items ordered in December 2015 and received at the store in the months of January and February 2016, entries have not been made in the ledgers as at June 2016. Delivery notes were received late and it was time consuming to record from the manifests, as often the same items were received on various consignments and on various manifests. Moreover, blank lines were left in the Ledger to cater for future entries on receipt of delivery notes. This was not satisfactory.
- The Drug Ledgers in the Main Store of the Pharmacy were not up to date. The last entries for issues of expensive and non-expensive drugs dated as far back as December 2015. For example, delivery notes dating as far back as 23 June 2014, were received in April 2016.
- As the ledgers were not up to date, no physical survey could be carried out in any of the stores.
- Control over expensive drugs was not adequate. The system of control comprises the keeping of records in the Dispensing Unit on receipts of items from the Main Store and issues to patients and wards/units through Prescription Forms and Ward Sheets. No records of expensive drugs were kept at the Dispensing unit.

RRA's Reply

Needful has been done with the posting of one Intern under YEP Programme at each Procurement Sections at Queen Elizabeth Hospital to help with the updating of records and ledgers pending recruitment of staff.

4.22.2 Storage Conditions

The pharmaceutical and surgical items are to be stored under conditions that prevent contamination and, as far as possible, deterioration. The following shortcomings were noted:

- The two staff quarters used to accommodate the stock of surgical store had hardly space for access and to move around inside. Boxes of various items were stacked on the floor up to the ceiling. There was no emergency exit door in both quarters.
- In the store at the Pharmacy, boxes of drugs were stacked one on another up to the ceiling. Other boxes of drugs were stored in the corridors and even in the Offices. As there was only one entrance, all drugs were received and distributed through the same path, which was inconvenient for both patients and staff. There was no exit door. Further, two of the four air conditioners were out of order.
- Certain items were required to be kept at control temperatures in biomedical refrigerator, where only one was available. Four domestic refrigerators, in which there were no thermostats to control the temperature, were also used to keep such items.
- Large quantities of electrolytes, which were in boxes containing 24 flasks, were stored in a building. It is not known whether norms for the storing and handling of these items were adequate and respected.

RRA's Reply

Proposals are being worked out for the setting up of an Island Supply Department and Store to cater for delivery and storage of drugs.

4.23 Marechal Swimming Pool

In the Audit Report for the year ended 31 December 2014, I mentioned that the swimming pool, constructed in accordance with Olympic norms in the year 2005 at Marechal, had not been optimally used although some Rs 75.8 million had been spent thereon.

This situation was ascribed to inadequate water supply, the rapid drawdown of the water level in the swimming pool and the high running and maintenance costs. I also drew attention that the compound was not properly maintained, gutters which form part of the rain water harvesting system were not well maintained, two of the Filter Plant and the boiler system were out of order, amongst others.

I was, thereafter, informed that a Committee would be set up to look into the problems associated with the operation and maintenance of the swimming pool.

In September 2015, a contract for an amount of Rs 94,898 was awarded to a private company to carry out a complete survey at the swimming pool to determine its present state; and the upgrading/maintenance works required to be carried out so as to make it fully operational and to resume its normal activities.

The survey was carried out on 11 September 2015 and a report was duly submitted on 5 November 2015. The assistance of the Commission for Public Infrastructure was sought to

determine the scope of works and estimate the cost for the preparation of tender documents for the upgrading/maintenance of the swimming pool.

As of September 2016, the Commission for Health and Sports was still working on the renovation of the swimming pool, as well as finding a long term solution to have a regular supply of water so that swimming activities could resume. In the meantime, no benefit was being derived from the significant investment made for the construction of the swimming pool.

The Commission for Health and Sports should speed up the matter to make the swimming pool operational at the earliest, for the benefit of athletes and for the public in general.

RRA's Reply

- Following the survey carried out by Consultant for RRA in August 2016, a contract for the renovation of the plant and equipment of Marechal Swimming Pool has been awarded and works are expected to start early February 2017 once all formalities are cleared.
- Provision has been made for the continued employment of an Advisor Coach Swimming on a sessional basis for the next financial year and the recruitment of a Swimming Coach to ensure the smooth running of activities as soon as works are completed.

National Development Unit

4.24 General

For the period January 2015 to June 2016, the National Development Unit (NDU) had incurred total expenditure of some Rs 1.04 billion to finance its main activities, that is provision of community-based infrastructure and amenities, and implementation of land drainage programme. Such activities were undertaken in order to meet NDU's objectives, namely to improve the safety of inhabitants by providing an effective drainage system in flood prone areas, and to enhance community welfare.

4.25 Management of Funds

At paragraph 7.4 of the Audit Report for the year ended 31 December 2014, I mentioned that *prior to 2015*, NDU undertook more projects than initially planned and without having duly assessed the financing requirements, which resulted in significant outstanding commitments at year end. Further, the accuracy of the amount of outstanding commitments at particular year end could also not be ascertained given that the Contract Register was not updated and reconciled with the payments records at the Finance Section.

For the period 1 January 2015 to 30 June 2016, funds for the implementation of its activities provided under the approved budgets and under the "Build Mauritius Fund" totalled Rs 2.2 billion.

There was still no improvement in the management of the funds provided for financing its projects as mentioned below.

4.25.1 Total expenditure and amount unspent

Of the total expenditure of Rs 1.04 billion incurred as at 30 June 2016, some Rs 835.6 million were spent on capital projects, that is Rs 693.9 million on projects undertaken prior to 2015 and Rs 141.7 million on those during September 2015 to June 2016. Rs 1.16 billion representing about 53 per cent of the total provisions of Rs 2.2 billion had remained unspent.

4.25.2 Outstanding Commitments

The Contract Register was still not updated and reconciled with the payments records at the Finance Section. According to the Finance Section, commitments totalling some Rs 789 million were still outstanding as at 30 June 2016. As per the Contract Register, outstanding commitments as at 30 June 2016 were not available but amounted to Rs 962 million as at August 2016. The accuracy of the figures from both records, that is different amounts shown as at different dates, could therefore not be ascertained.

Further, it was noted that the Project Management Information System, of which some Rs 5 million had already been spent on developing the system, was never operational and was put aside.

Had regular reconciliation and updates been carried out between both records, it would have been easier for NDU to assess the claims for payment and also avoid any duplication of claims.

4.25.3 Processing claims for payment

Certifying claims

There was no proper coordination and follow up of the work orders issued and completed, and of amounts paid and any outstanding amounts. Hence, NDU was encountering difficulty in certifying claims for payment submitted either by the Contractors or by the Consultants.

- In May 2016, 362 claims of some Rs 496 million for 307 projects awarded prior to 2015 could not be certified for payment due to a few shortcomings on certain projects, that is value of works executed had exceeded the original project value without prior approval and without instructions for additional works being issued.
- Contractors and Consultants appointed prior to 2015 had submitted claims totalling Rs 462,704,554. In June 2016, Government agreed for the payment of 50 per cent of the amount claimed in exchange of bank guarantees pending the processing of the claims. A sum of Rs 231,352,277 was paid to them as at July 2016. However, the Project Managers had certified claims of some Rs 48.7 million only as at 31 October 2016.
- Prior financial approval for additional works performed under Emergency Rehabilitation Programme (ERP) was not sought most of the time. In similar situation, many claims were not processed and had remained outstanding although the projects were completed. For instance, six work orders of initial total contract value of some Rs 183.4 million were issued for the project at Bell Village under ERP following the flash flood of 30 March 2013. Additional works totalling Rs 73.6 million were performed without prior financial approval.

Status Report of the claims

No proper status report of the claims that were being processed was available as different outstanding amounts were noted. Consequently, each figure could not be ascertained as complete and accurate as shown below:

- On 8 November 2016, 249 claims amounting to some Rs 480 million for projects awarded prior to 2015 had still not been paid;
- 371 claims totalling some Rs 524 million received as at 30 June 2016 were still being processed and had not yet been certified correct by Project Managers as at November 2016.

Recommendations

For better management of funds, NDU should see to it that proper mechanisms are put in place that ensure funds are available prior to issues of any work orders/additional works/variation of works. There should be also proper reconciliation and updates of all records relating to capital projects so as to avoid over/under provisions of funds.

Given that NDU spent significant funds in projects, a Project Management Information System that is developed in accordance with the requirements of NDU, would facilitate keeping up to date records and centralized information, hence exercising proper control and effective monitoring of projects.

4.26 Planning and Managing Projects

Rate contracts for the construction/upgrading of roads, drains and amenities for the period 2015-2017 totalling some Rs 9.3 billion were awarded on a zone wise basis under the Framework Agreement, a newly developed procurement method for NDU.

The examination of 45 projects of a total contract value of some Rs 637 million for Works Orders (WOs) issued prior to 2015 and during the period September 2015 to June 2016 revealed more or less the same recurring weaknesses as mentioned at paragraphs 7.5.2 to 7.5.3 of the Audit Report for the year ended 31 December 2014.

4.26.1 Splitting of Projects and Approval of Project Plan Committee

Projects in the same region namely “*Drainworks, Pte aux Sables – initial Total Contract Value (iTCV) of Rs 78.6 million*”, “*Drainworks, Jouvance - iTCV of Rs 65.5 million*” and “*Cutoff drain, Mapou to Cottage to B Gaumont - iTCV of Rs 94.4 million*” were split into phases of less than Rs 50 million each, thus to avoid the following:

- referring the whole matter to the Central Procurement Board for approval of a project above the prescribed amount of Rs 50 million and considered as a major contract.
- seeking approval from the Project Plan Committee (PPC) for all projects whose value exceeds Rs 25 million as per requirement of the Investment Project Process Manual.

4.26.2 Non Compliance with Public Procurement Act (PPA) and Regulations (PPR)

Emergency Projects

Three emergency projects, namely “*Construction of 12 box culverts, L’Amitie – initial Contract Value (iCV) of Rs 18.9 million*”, “*Cutoff drain PII, Mapou to Cottage to B Gaumont - iCV of Rs 47.5 million*” and “*Drainwork Ph III, Bois Rouge - iCV of Rs 28 million*” and awarded in 2013/2014, were not yet completed as at June 2016. This was neither in line with the time frame of six months for completion set by NDU nor with Section 21 (2) of the PPA, which provides that ‘*the scope of the emergency procurement shall as far as possible be limited to the period of the emergency*’.

Additional Works

Additional works allocated to four projects of iTCV of some Rs 172 million ranged from 36 to 48 per cent of their respective initial contract values. These works exceeded the limit of 30 per cent prescribed in the PPA and the PPR.

4.26.3 Non Compliance with Conditions of Contracts

Program of Works (PoW)

According to General Conditions of Contract (GCC), the Contractor shall submit to the Project Manager (PM) for approval a PoW within 21 days from the date of letter of acceptance and within 30 days for any revised program. For any late submission, 25 per cent of the value of the payment certificate should be held by PM. It seemed that the PoW for four projects of initial Total Contract Value (iTCV) of Rs 75.4 million were not submitted as they were not seen in their respective files.

Extension of Time (EOT) and Liquidated Damages

According to GCC, if the Contractor failed to give early warning of a delay or has failed to cooperate in dealing with a delay, same shall not be considered in assessing the new Intended Completion Date.

In two projects of iTCV of some Rs 43.7 million, one of them of iTCV of Rs 18.9 million was not completed as at 30 June 2016. For the other one completed project of iTCV of Rs 24.8 million, approval for EOT of 245 days was neither seen nor were attached documents justifying any approved allowance for EOT.

Performance Security (PS) and Insurance Certificates

According to GCC, a PS shall be provided no later than 14 days from start date of WO. The PS shall be from a local commercial bank approved by the Public body and shall be valid up to 28 days after the issue of the Defects Liability Certificate.

In three projects of total iTCV of some Rs 139.5 million, their respective PS totalling Rs 13,953,550 was neither extended nor renewed to cover the Defects Liability Period. Further, these PS were from a private insurance company instead of from a bank.

Test Results

According to GCC, the Contractor shall submit to the PM, as and when required, test results for any part of the works executed/completed as to ascertain that they are in accordance with the contract. In four projects of iTCV of Rs 72.1 million, the joint measurements sheets/test results were missing in their respective files.

Certificate of Completion

As per GCC, the PM has to issue a Certificate of Completion once all works have been duly completed. The practical and final completion certificates were neither seen nor yet issued with regard to four projects of iTCV of Rs 55.4 million.

For the project '*Construction of Masonry Stone wall, Pont Blanc – initial contract value of Rs 21.6 million*', a certificate of completion/defects liability certificate was issued 17 months after completion date of 30 July 2014.

4.26.4 Avoidable Expenditure

Following complaints from the inhabitants with regard to drainworks, an amount of Rs 923,547 was approved to reinstate all track roads to their original condition. Had adequate planning and coordination between different stakeholders were undertaken, NDU could have avoided the expenditure of Rs 1,234,610 for the construction of 1.2 km of open trapezoidal drain for ‘*Drainworks at Pte aux Sables Phase B – initial contract value of some Rs 36 million*’.

4.26.5 Way leaves & Clearances

Way leaves and clearances from relevant authorities, private land owners and land acquisitions were not obtained prior to the issue of work orders for six projects of iTCV of Rs 143.2 million. These projects were on hold as at June 2016.

Recommendations

For better management of capital projects, NDU should urgently review its procedures and process relating to work orders/additional works/variation of works. Prior to issues of any works, NDU should ensure that proper authority is sought and obtained; the work orders are in compliance with the appropriate sections/clauses of the PPA, PPR and the Conditions of the Contracts; there are concrete evidences of all instructions given to Contractors/Consultants and any records maintained are regularly updated and reconciled.

NDU's Reply

As from the year 2015, there is an approved list of projects for implementation during each financial year. Projects are identified by the Parliamentary Private Secretaries in consultation with Local Authorities and other Stakeholders well before the start of a financial year. Once the list of projects is finalised, approval of Government is sought for the implementation of the projects after the Budget is approved. It is only then that projects are implemented.

There was a lack of technical capacity during the period January 2015 to June 2016 to cope with the high volume of works (both on-going projects and certification of outstanding claims). An exercise to strengthen the technical capacity has started and is ongoing. A new mechanism has been put in place by management to clear all outstanding claims.

Projects were formulated and implemented in a phased manner taking into consideration the complexity of the projects; the urgency to implement projects at specific sites because of risk to life and property; and the availability of funds.

It was not possible to complete these projects within the emergency period for various reasons.

Mauritius Police Force

4.27 Revenue Collection at Northern District Headquarters (NDH)

At paragraph 4.1 of the Audit Report for the year ended 31 December 2014, I mentioned that there was no documentary evidence that collections such as Passport Fees, Game Licence, Firearm Licence and Fees for Extra Duty and Certificate of Character amounting to Rs 14.8 million made during the period 1 January 2014 to 31 March 2015 were banked.

Several weaknesses were also reported such as no evidence of all collections being banked, receipts not posted to cash book, receipts books not made available for audit purpose, no prompt banking, absence of segregation of duties and no independent check carried out by Internal Control Unit.

4.28 Irregularities on Collections for the years 2009 to 2013

Following the weaknesses and control failures noted during the period 1 January 2014 to 31 March 2015, an audit exercise was carried out on the collections made during the years 2009 to 2013. The same weaknesses were again noted:

No evidence that all Collections were Banked.

According to the Cash Book maintained at the NDH, total collections for the years 2009 to 2013 amounted to Rs 54.5 million. However, for the same period, copies of Combined Remittance Voucher and Receipt certifying amount deposited to bank for the sum of only Rs 35.9 million were produced for audit purposes. As of March 2015, the difference increased to Rs 33.4 million after including the sum of Rs 14.8 million as mentioned above.

However, as of 30 November 2016, the MPF recovered Rs 10.7 million which brought down the unexplained difference to Rs 22.7 million as shown in Table 4-21.

Table 4-21 Collections Banked

Year	Amount Collected as per Cash Book (Rs)	Amount Banked as per Combined Remittance Voucher and Receipt (Rs)	Difference (Rs)
2009	12,315,306	11,970,126	345,180
2010	11,150,188	7,289,876	3,860,312
2011	11,683,629	7,644,840	4,038,789
2012	14,562,905	5,074,940	9,487,965
2013	4,767,771	3,947,733	820,038
Sub total	54,479,799	35,927,515	18,552,284
Jan 2014	-		
Mar 2015	20,261,249	5,363,544	14,897,705
Total	74,741,048	41,291,059	33,449,989
Amount recovered			(10,720,306)
Unexplained Difference			22,729,683

There was no documentary evidence to substantiate that the difference of Rs 22.7 million was banked. Moreover, the MPF also recouped 445 cheques for a total amount of Rs 3.4 million relating to period 2012 to 2014 which were already stale and this amount has not yet been recovered.

Receipts not posted in Cash Book

A total of 3504 receipts drawn during the year 2013 totalling some Rs 8.1 million were not posted in the cash book and there was no evidence that these collections were banked.

In addition, some 600 and 8,800 receipts taken on charge on Store Forms 5 from Main Cashier of the MPF for the years 2012 and 2013 respectively could not be produced for examination purpose and they were not posted in the Cash Book.

Hence, the total collections from these receipts could not be ascertained.

Missing Receipts.

Some 1,339 receipts for a total sum of Rs 3,222,278 posted in the cash book were not available for audit purpose, as detailed in the Table 4-22.

Table 4-22 Missing Receipts

Year	Number of Receipts	Amount (Rs)
2009	50	29,900
2011	431	646,500
2012	529	766,700
2013	329	1,779,178
Total	1,339	3,222,278

Hence, the accuracy of the figures posted in the Cash Book could not be ascertained.

Other Weaknesses

- Late posting of receipts was noted. For instance, some 101 receipts drawn during the period February to May 2013 were posted in the Cash Book only in September to December 2013.
- On 31 December 2012, 190 receipts in connection with Fire Arm licences were recorded in the cash book without the amounts collected being inserted. Consequently, the Cash Book was understated by Rs 190,000.

Impact

There is a case of serious irregularity in the revenue system at the NDH. Apart from the unexplained difference of Rs 22.7 million as mentioned above, the exact amount of collections not being banked could not be quantified due to lack of audit trail such as unavailability of receipts for audit purposes and receipts not posted in Cash Book.

Recommendations

- The MPF should further investigate on these irregularities in collaboration with the Internal Control Unit.
- Control measures should be strengthened and follow up actions taken.
- The MPF must take appropriate action to recover the substantial amount of money involved.
- Regular cash surveys should be carried out in all the cash offices of the MPF.

MPF's Reply

Following the audit trail carried out by the NAO for the years 2009 to 2013, as a considerable amount of money is involved, the weaknesses and the inputs are being referred to the CCID for investigation.

Concurrently, with a view to determining the extent of possible irregularities, the Manager of the Police Audit Squad is being requested to investigate the revenue collected for the period 2009 to 2013.

With regard to administrative procedures, the Manager Financial Operations has implemented and is monitoring a mechanism of internal check whereby his officers regularly called at the different cash offices to verify the amount of revenue collected.

4.29 Contract for Supply of Jet AI (Aviation Fuel)

The contract for the supply of 475,000 litres of Jet A1 fuel was awarded to an oil company on 29 October 2008 for the sum of Rs 14.7 million and at the rate of Rs 30.9418 per litre. The contract expired on 27 March 2010 after delivery of 475,000 litres.

However, even after expiry of the contract, the Mauritius Police Force (MPF) continued to take delivery of Jet AI fuel at the price of Rs 30.9418 per litre from the same supplier for a further period of 65 months until August 2015. Some 1.8 million litres were procured for a total sum of Rs 55.5 million. It was only in October 2015 that it was noted that the contract had already expired since March 2010.

The average transfer price charged to local oil companies by a Corporation ranged from Rs 17.83 to Rs 27.31 per litre during the years 2010 to 2015 due to price fluctuations in the market.

For the period September 2015 to January 2016, 130,947 litres of Jet A1 fuel was supplied at the same original price of Rs 30.9418 per litre. However, after the above state of affairs was noted, the price per litre was revised to Rs 19.1408 after negotiation with the supplier.

Following a new tender exercise, a contract was awarded on 29 February 2016 to the same supplier at Rs 14.0215 per litre.

Impact

Due to lack of monitoring of contract for Jet A1 fuel, the MPF paid an excess amount of some Rs 10.8 million during the period April 2010 to August 2015.

Recommendation

Contracts awarded to suppliers should be closely monitored by User Departments, the Procurement and the Finance Sections.

The MPF should consider the recoupment of the excess payment of Rs 10.8 million from the supplier.

MPF's Reply

- In order to facilitate monitoring of contract for Jet A1 fuel, contract has now been awarded for a predetermined period of time irrespective of quantity used contrary to the previous contract which was awarded on a quantity basis.
- A list of all ongoing contracts awarded for supply of works, goods, services and consultancy services has been drawn up and a database has been set up at the Procurement Division and Police Headquarters.

- A Committee has been set up to review all current contracts with a view to setting up appropriate timelines for renewal or cancellation of award.
- The Finance Section has been instructed that before an invoice is examined, a copy of the valid contract should be attached therewith by user department. The latter should certify that the invoice is according to the contract and before payment is made, the Vote Control Section should verify whether the invoice is according to the contract in force.

4.30 Uniforms/Accessories and Catering

A total sum of Rs 168.7 million was spent on uniforms/accessories and catering during the period 1 January 2015 to 30 June 2016 as shown in Table 4-23.

Table 4-23 Cost of Uniforms/Accessories and Foodstuffs

	Uniforms/Accessories (Rs)	Catering (Rs)	Total (Rs)
January 2015 to June 2015	23,926,335	29,884,324	53,810,659
July 2015 to June 2016	38,546,153	76,306,562	114,852,715
Total	62,472,488	106,190,886	168,663,374

4.30.1 Catering Stores

A sum of Rs 106.2 million was spent on foodstuffs delivered to six catering stores. Records at catering stores of the Beau Bassin Training School and Line Barracks were examined.

- A physical survey could not be carried out at the catering store of Beau Bassin Training School. As of 30 November 2016, most of the issues of foodstuffs were not recorded in the catering store ledgers since July 2015. Receipts for some items were last posted in the ledgers between February to November 2015.

In addition, suppliers of foodstuffs were being paid with delay ranging from 6 to 16 months which resulted in irregular supplies of foodstuffs. For instance, payments for goods delivered by a supplier between March to May 2015 were effected in June 2016.

- A physical survey was carried out at the main catering store at Line Barracks on 7 October 2016. Out of 21 stores items surveyed, excess balances between ledger records and actual count were noted in nine cases and shortages in another eight items. For instance, there were excess of 603 kg and 235 kg of rice and sugar respectively while there were shortages of 376 kg of chicken breast and 121 boxes of cheese.

Conclusion

The risk of irregularities in respect of receipt and issues of foodstuffs could not be ignored. A substantial sum of Rs 106.2 million were spent on foodstuffs. The MPF must ensure that all store items are brought on charge as soon as received and records of transactions and balances should be up to date in order to ensure proper control over supplies.

4.30.2 Storage of Uniforms and Accessories

Uniforms and accessories included shirts, trousers, shoes, drill boots, caps, badges, raincoat and so on. These were stored in seven 40ft containers and a warehouse at Line Barracks. As of 30 November 2016, the value of uniforms and accessories totalled some Rs 31 million.

A site visit was carried out on 21 November 2016 and the following were noted:

- Physical stock count of the uniform and accessories items could not be carried out at the warehouse because the items were not neatly arranged. These items were kept in cartoon boxes which were lying on the floor and were stacked on each other rendering physical count difficult.
- The warehouse was also in a poor state. Termites had invaded the shelves and boxes where the uniforms and accessories items were kept. Some goods such as shoes, caps, tie, t-shirts cardigan and shorts were found damaged.

This represented a threat to the rest of the store items. The warehouse was not equipped with fire detection devices and emergency doors.

- Drill boots and training shoes kept in containers were in a deplorable condition as their heels were cracked due to lack of ventilation and the resulting high temperature. They are unlikely to be usable.

Conclusion

The containers and the warehouse are not appropriate to store items worth millions of rupees. The MPF must take measures to find suitable alternative storage facilities.

MPF's Reply

Catering Stores

Owing to shortage of staff and the increasing volume of work, it is indeed very difficult for the officer in charge alone to manage the store. Entries at the time of survey were not up to date. Action has been taken to update entries and to verify stock where shortages and excesses have been noted.

For Beau Bassin Police Training School, two officers have been officially designated to carry out a complete survey including verification of receipts, payment effected, issue of items and updating of ledger records.

Storage of Uniforms and Accessories

The building housing the warehouse section dates as far back as 1810. Over the years the volume of transactions have considerably increased due to expansion of the Force, however, the office space available has remained the same. Thus as a temporary measure, containers were used for stocking of items. Several attempts were made for the renting of office space, without success. Presently another bid exercise is in progress and is at evaluation stage.

4.30.3 Procurement of Frozen Headless Guttled White Fish

Contract for supply of 47,500 Kg of Headless Guttled White Fish (species: Capitaine, Cateaux, Dame Berri, Hake) for the period 1 May 2015 to 30 April 2016 was awarded on 2 April 2015 for the sum of Rs 7,025,250.

Irregular Supplies

The supplier has been very irregular in the supply of fish during the period May 2015 to April 2016. Out of 47,500 kg stipulated in the contract, only 29,100 kg were supplied.

Supplies not according to Specifications

The supplier had to deliver a minimum of 15 per cent of each species to each of the six catering stores according to the conditions of the contract. Supplies of fish of cateaux and Dame Berri species have been very low ranging from 2.5 to 9 per cent. On the other hand, supply of fish of Hake species ranged from 56 to 78.7 per cent.

For Beau Bassin Police Training School the supplier had, during May 2015 to November 2015 supplied fish of Hake species only. Moreover, no fish was supplied for a period of 10 months from December 2015 to September 2016.

New Contract

Another contract for supply of Headless Guttled White Fish for the period 2016-17 was awarded to the same supplier in July 2016 for the supply of 51,600 Kg for the sum of Rs 7,208,520.

Conclusion

It does not sound reasonable that a new contract was awarded to the same supplier despite the contract specifications were not complied with in the previous contract. The MPF should review past performance of Contractors before awarding new contracts.

4.31 Interdicted Officers

At paragraph 4.2 of the Audit Report for the year ended 31 December 2014, I mentioned that there were 201 interdicted officers as of 31 December 2014 and salaries paid to these officers up to that date amounted to Rs 160.3 million.

Follow up

Cost of Interdiction

Salaries paid to interdicted officers during the past seven years up to 30 June 2016 totalled some Rs 297.5 million. Out of the 201 interdicted Officers as mentioned above, 62 were removed from the list mainly due to reinstatement and there were 44 new cases bringing the total to 183 Officers as of 31 October 2016.

51 Officers were reinstated and these included 12 Officers who were interdicted for a period ranging from 100 to 180 months. Two Officers retired from the service after being interdicted

during a period of 51 and 188 months were paid a total sum of Rs 5 million as salaries during interdiction.

As of 31 October 2016, seven Officers who were interdicted since the year 2002 have been paid salaries during interdiction totalling to Rs 14.5 million.

Status of Cases of Interdiction

The 183 cases as of 31 October 2016 included 107 Officers awaiting Court judgement and another 37 were at Police enquiry level. There were nine cases awaiting court judgement over ten years and 26 between five to 10 years.

Conclusion

A sum of Rs 297.5 million was paid to interdicted officers over the past seven years. These officers were paid salary for services not rendered. The cost associated with interdiction was significant and keeps on increasing year after year.

Measures should be taken to reduce the time taken to finalise interdicted cases. Follow up meetings should be held with the Judiciary to ensure disposal of cases in an expeditious manner.

MPF's Reply

As of 16 February 2017, 173 Police Officers were interdicted from duty. The Master and Registrar has informed the Commissioner of Police that at their level also they are closely monitoring the disposal of such cases lodged before the various Courts and they have been issued appropriate instructions to all Magistrates.

On 2 July 2015, the Commissioner of Police issued a circular to all Divisional Commanders reiterating the request for early completion of enquiries involving Police Officers and at the same time to submit monthly returns of all enquiries to the Police Headquarters for close monitoring.

VIP Car Pool Unit

4.32 Operation, Maintenance and Disposal of VIP Vehicles

The responsibility to operate, arrange for maintenance and disposal of VIP vehicles has been conferred upon the VIP Car Pool Unit of the Police Department. As at 31 August 2016, the Pool had a fleet of 96 VIP vehicles of different makes and models and capacities, and had cost some Rs 163 million (Duty free price). They were of age ranging from 28 months to 12 years. These vehicles were previously acquired for use by eligible Members of the National Assembly and Senior Government Officials under the Official Car Scheme, and were sent to the Pool after use by these eligible beneficiaries. The Unit is also responsible for the operation and maintenance for 25 vehicles of make MG received as donation from a foreign state.

4.32.1 Key Tasks of VIP Car Pool Unit

Key tasks of the Unit include the following:

- Take on charge cars sent to the Pool by Members of the National Assembly and Senior Government Officials after four/ five years of use;
- Keep the cars in good running condition once they are returned from relieving and other duty services;
- Provide relieving cars to the above mentioned beneficiaries upon approval of the Prime Minister's Office;
- Allocation of a car of less than five years old from the VIP Car Pool to a beneficiary qualifying for an official car and who opts for same in lieu of a Car Allowance;
- Conveyance of VIPs during conferences and missions.

4.32.2 Maintenance of Cars in the Pool

Vehicles in the Pool are maintained and repaired at the Local Agents concerned, under the supervision of Engineers from the Mechanical Engineering Services Division of the Ministry of Public Infrastructure and Land Transport. The supervision is done in four phases, namely:

- Ascertaining the fault reported by the car users before referral to the Local Agents;
- Examining the estimate of repair prior to approval to ensure that it is fair, reasonable and relevant to the fault;
- Certifying the bill for payment after the repair has been effected to the satisfaction of the Engineers;
- Referring vehicles beyond economic repair to Board of Surveys for eventual disposal.

Findings

Main findings on the operation, maintenance and disposal of VIP vehicles, together with recommendations are as follows:

Usage of Vehicles in the Fleet

A sample of 67 vehicles was selected from the 96 vehicles of the fleet (70 per cent of fleet capacity). The use of each vehicle in good running condition from 1 January to 31 August 2016, that is, for a period of 244 days, was analysed. On a daily basis, out of the 67 vehicles sampled, an average of 56 vehicles was in a running condition, and an average of 18 was used for relieving or other duties. The remaining 38 vehicles (68 per cent) was unused, for more than on average, 170 of the 244 days (70 per cent) in the absence of requests for potential use.

According to the Unit, the excess capacity in the fleet was mainly to be used during national celebrations/ conferences/ seminars and workshops involving VIP's and dignitaries. It was also reported by the Unit that this excess capacity was insufficient to meet requests on certain occasions. During the period examined (January to August 2016), there were three such events (in March, May and August 2016) where an increased number of cars were used. In March 2016, during the period of Independence Day Celebrations, the number of unused cars dropped to 25 over that one week period, and in April 2016, during a one week conference, 20 cars were unused. There was a request for 20 cars for an international conference from 21 to 28 August 2016 from a Government Department. The Pool met the request partially, and still an average of 14 cars in the sample was not used over that period.

The option to explore the hiring of vehicles was considered by that Department when its request could not be fully met by the Pool. Though the Conference was scheduled in advance, the bid exercise was carried out on an emergency basis following the Unit's decision to meet only part of the request for 20 cars. On 14 July 2016, the Department requested selective bids from potential suppliers for hiring of 20 cars of not more than four years old of engine capacity between 1500 and 1900 cc to be driven by Police Officers for the conveyance of VVIPs during period 21 to 29 August 2016. The selected potential bidders were extracted from the telephone directory. Only one bid was received by the closing date of 25 July 2016. The bid was considered to be on the high side despite no comparative hiring prices were mentioned in the bid evaluation exercise. It was almost unlikely that a larger number of bidders had 20 cars to lease within short notice. Decision was taken to call for fresh quotations, but this exercise was not carried out.

The bid exercise was an appropriate opportunity to explore the possibility to hire VIP vehicles for specific events, instead of keeping a large number of unused vehicles in the Pool to meet such requirements. However, as the exercise was done within short notice, it did not maximize the potential of attracting more competitive bids.

Use of MG6 Cars Received as Donation

In September 2012, the Police Department received 25 cars of MG 6 model as donation from the Government of a foreign state through a grant scheme. Initially, the Department requested utility vehicles in its priority list for donation. This was subsequently revised to these passenger type cars of engine capacity 1796 cc. These cars were then added to the VIP Car Pool, with use similar to the VIP cars. Seven of the cars were subsequently allocated to other Ministries and Departments.

An analysis of the usage of 16 of the remaining 18 cars in the Pool during period January to August 2016 showed that 11 of the 16 cars were not used for over 220 days (90 per cent of the time). Also, the average number of kilometers run annually by each car during that period was some 5,340 kilometres.

Maintenance of VIP Vehicles

The VIP Car Pool Unit has to maintain the vehicles at all times, irrespective of whether they will or will not be used. Except in cases of permanent allocation, cars are removed from the Pool only when they are beyond economic repair and referred to a Board of Survey for disposal.

Maintenance Costs of Vehicles of the Fleet. The maintenance costs (excluding repairs following accidents) incurred by the respective Ministries and Departments since acquisition of 86 of the 96 vehicles (aged between 5 and 12 years) were some Rs 20.2 million, for some 5.6 million kilometers covered. The maintenance of these 86 vehicles were supervised by the Mechanical Engineering Services Division since their acquisition. For the remaining ten vehicles, complete maintenance costs were not available from the Ministry of Public Infrastructure and Land Transport's files. This represented an average maintenance cost of Rs 3.60 per kilometre. Once in the Pool, additional maintenance costs of some Rs 18.9 million (excluding repair costs following accident) were incurred on the vehicles as at 31 August 2016 to cover a distance of some 3.2 million kilometres, leading to an average cost of Rs 5.90 per kilometre. This indicated that the Pool had to spend some 63 per cent more in maintenance costs per km run to keep these vehicles in a running condition.

Table 4-24 shows examples of vehicles which have been maintained at high cost by the Pool, but still have low usage both in terms of mileage and number of days.

Table 4-24 Examples of Cars with High Maintenance Cost but Low Usage

Vehicle No	Costs incurred by Min/ Dept (Rs)	km run before getting into Pool	Costs incurred by Pool (Rs)	km run when in Pool	Not in use out of 244 days
3 RM 08	506,459	91,684	692,161	35,989	Not in sample
6 RM 08	269,638	64,499	301,835	28,271	Not in sample
19 RM 10	245,189	86,786	246,654	12,680	102
264 RM 08	199,090	105,938	220,811	11,028	115
79 RM 10	533,948	89,348	218,142	23,025	198
42 RM 10	401,519	113,085	204,246	10,547	90
167 RM 10	303,996	64,315	195,484	27,806	199
66 RM 08	803,046	130,886	194,576	18,045	Not in sample

Source: Vehicle Maintenance files kept at the Mechanical Engineering Services Division

For example, prior to joining the Pool, Vehicle 264 RM 08 covered 105,938 kilometres and was maintained at a total cost of Rs 199,090. Once in the Pool, it covered an additional 11,028 kilometres and was maintained at an additional cost of Rs 220,811. However, during period January to August 2016, it was not used over 115 days, though it was in a running condition.

Maintenance Issues Associated with Idle Vehicles. On a weekly basis, the engines of vehicles staying idle over several weeks are turned on and kept running for some five minutes. Also, these vehicles are run over several metres inside the Line Barracks Compound. These tasks are necessary to keep the battery and braking system in good running condition. However, these tasks are not sufficient to maintain appropriately all the other systems and components as confirmed by the Mechanical Engineering Services Division. There were several cases in our sample where cars were reported to be in running condition when they were returned to the Pool, but had to be referred to Local Agents for repairs after lying idle for several weeks.

Removal of Vehicles from the Fleet

Vehicles in the Pool which are involved in accidents and assessed to be beyond economic repair are immediately removed from the fleet, whereas the remaining vehicles which are in running condition are kept until further repairs will not be economical. The Mechanical Engineering Services Division considers the age, cumulative mileage, conditions, cumulative maintenance costs incurred and expected failure of other parts/ components before approval of a major maintenance cost. The cumulative maintenance cost per kilometre is also used as a guide by the Mechanical Engineering Services Division to approve repairs or refer to Board of Survey. So long the beyond economic repair point is not reached, the car is kept in the Pool despite being underused and increasing maintenance cost per kilometre.

Disposal of VIP Vehicles

On an “as and when basis”, vehicles identified as beyond economic repair in the Pool are parked in the open air of the Line Barracks Compound, together with those in running condition. These boarded vehicles are then surveyed, and respective information, authority and clearances are requested from National Transport Authority, Mauritius Revenue Authority and Accountant General’s Department. Auctions of these vehicles are held together with those for dormant, unserviceable and non-useable items of the Police Department. In respect of the last two auctions held in 2015 and 2016 respectively, the boarded vehicles remained grounded and exposed to inclemencies of the weather for over one year.

30 and 15 vehicles were sold respectively in 2015 and 2016 Auctions. Several vehicles could not be sold because potential buyers were not willing to pay the remaining proportionate duty on these cars. They had to be carried forward for Auction scheduled in January 2017. The average selling price of vehicles whose purchase prices were available was between Rs 245,000 and Rs 300,000, which was less than the average maintenance costs of the vehicles during their lifetimes, and hence, did not contribute toward recovering even part of the acquisition cost of the vehicle.

Conclusion

Our examination showed that the VIP Car Pool Unit is providing services as per the responsibilities conferred upon it. However, the present arrangement does not ensure that services are provided with the least number of vehicles, and the associated benefits of a relatively low fleet maintenance costs and higher disposal value of boarded vehicles.

The argument to keep sufficient number of vehicles for events, like conferences has led to a scenario that for some 70 per cent of the time, for every three vehicles in the Pool, two were lying idle instead of being put to beneficial use. An excess number of vehicles providing almost nil value in term of services leads to unnecessary high maintenance cost. The criteria to dispose of vehicles only when they have reached the beyond economic repair point do not enable the sizing of the fleet with the appropriate number of vehicles. Also, the grounding of vehicles beyond economic repair in the open air, for over at least one year, and continuously subject to impairment through the inclemencies of weather does not guarantee higher disposal proceeds.

Recommendations

The processes at the VIP Car Pool Unit have to be reviewed in order provide the same level of service, but at least cost. The following are recommended:

- The VIP Car Pool Unit should work out the number of vehicles it needs to provide relieving and duty services, plus a minimum spare capacity to cater for contingencies;
- As conferences/ seminars and workshops are usually planned in advance, Ministries/ Government Departments should request bids from car rental companies reasonably in advance if large numbers of vehicles are required for such events. This will enable a larger number of potential suppliers to bid and eventually more competitive hiring prices will be obtained;
- A cost benefit analysis should be carried out to assess whether it will be more beneficial to hire VIP cars as and when required rather than keeping excess capacity of vehicles in the Pool for such events. The beyond economic repair criteria will then be avoided to dispose of more vehicles with relative low age, better mechanical and physical conditions and less impairment caused by the inclemencies of weather. The overall effect will be lower fleet maintenance cost and potentially higher disposal value;
- Pending the carrying out of this cost benefit analysis, the VIP Car Pool Unit and the Mechanical Engineering Services Division need to re-examine the criteria for disposal of vehicles to avoid spending in maintenance of those which have low usage. Also, the option of carrying out auctions exclusively for VIP cars, say every six months, instead of an average of once yearly should be considered to reduce impairment of the vehicles due to age and continuous exposure to inclement weather, and hence, secure potentially higher disposal value.

MPF's Reply

- Since closure of the Company representing the MG6 Model cars in 2015 and up to August 2016, servicing and repairs could not be carried out, and hence, these cars could not be used.

- With regard to the maintenance costs of vehicles of the fleet, it was on the high side due to:
 - The age factor of the vehicles;
 - The servicing of these vehicles was carried out either based on their mileage covered or the automatic default indicator appearing on the dashboard directing the appropriate servicing of these vehicles whether they were used or remained idle.

- As for the removal of vehicles from the fleet, the Officer in Charge, Police Transport Branch had on 21 November 2016 requested the Chief Mechanical Engineer of the Ministry of Public Infrastructure and Land Transport to carry out a survey for the disposal of 25 vehicles which were in excess of requirement.

Mauritius Prison Service

4.33 Revenue Collection

Cash collections in respect of private cash remitted by detainees' relatives, payment of fines, sale of farm produce, furniture and handicrafts, breads, and other revenues which reach an average of Rs 30,000 daily were scrutinized at the following six prisons: Beau Bassin Central Prison; Eastern High Security Prison; Petit Verger Prison; Richelieu Open Prison; Grand River North West Prison and Women's Prison.

It was noted that at all prisons there was no segregation of duties in revenue collection. Only one officer was found to be collecting money, issuing receipts, updating the sub-cash book and E-Prison Management System and even lodging of money into bank or remitting same to the Finance Section at Beau-Bassin Central Prison. Further it was common practice to return all used receipt books to the Finance Section at Beau-Bassin before being audited. Consequently, at time of audit in August 2016, all the receipt books for the period under scrutiny were not available for verification at the prisons. Only a few tests could be carried out on site on those receipt books that were in use or were just completed. It was not possible to discharge all the used receipt books to the Register of Controlled Forms kept at each prison and to check for the postings of receipts to the sub-Cash Books during that period. It was also observed that cash collected were not being promptly banked or remitted to main cash office at Beau-Bassin. Delays of more than five days were noted.

4.34 Eastern High Security Prison at Melrose

At paragraph 4.5 of the Audit Report for the year ended 31 December 2014, I mentioned that the project for the construction of the Eastern High Security Prison (EHSP) at Melrose was practically completed on 30 October 2013 with a Defects Liability Period of one year which was subsequently extended to 31 December 2015 and the Certificate of Practical Completion was issued on 31 December 2015. Maintenance Contracts for various services [Intercom System, Fire Alarm System, Public Address System, Guard Alarm System and CCTV System] were signed between the Mauritius Prison Service (MPS) and the main Contractor. The cumulative payments made to the Joint Venture Contractors as at 30 June 2016 totalled Rs 2,125,598,435. As for the consultants (Engineers, Quantity Surveyors, and Security Advisers) and the Resident Project Manager, the allowances and missions, the total amount disbursed has reached Rs 86,408,125.

4.34.1 Adjudications

There were two adjudications. The first one was on the issue of conduits for electrical installations and the sum involved was Rs 1,915,056 which was progressively paid to the contractor. The second one, for an amount of Rs 22,193,000 (excluding VAT), was for eleven claims on the following issues: ASTM bars, Epoxy paint, Fire fighting pumps, Irrigation pumps, Irrigation Network, Valve Chamber Box, taps for Toilet, Control cables, Jockey Pump, installation of PLC Cold water pumps and amount paid in respect of fluctuation clause. The Adjudicator upheld a few of the claims made and the Consulting Quantity Surveyor recommended a total payment of Rs 22,193,421.51 (excluding VAT). However a

payment of Rs 16,230,000 in respect of the said total was settled on 30 June 2016. A further amount of Rs 9,292,437 was paid in July 2016.

4.34.2 Resident Project Manager

An Architect who was a former staff of the Ministry of Public Infrastructure was employed on a full time basis as Resident Project Manager (RPM) on a one year contract basis with effect from 5 July 2012 with a monthly salary of Rs 70,000. His contract was subsequently renewed as from 5 July 2013 to 31 October 2013 with a monthly salary of Rs 87,000 plus a monthly allowance of Rs 25,000. Then, he was employed on a part time basis from November 2013 to 31 October 2014 with a monthly all inclusive allowance of Rs 61,600. Thereafter, as from November 2014, he was employed on a month-to-month basis until the completion of the remedial works for final inspection by the Ministry of Public Infrastructure and Land Transport with an all inclusive allowance of Rs 70,850. As stated above, the Defects Liability Period ended on 31 December 2015 but the RPM was still employed at 30 September 2016 on contract on a month-to-month basis for a monthly all-inclusive allowance of Rs 42,275.

4.34.3 Defects noted during site visits made in July and August 2016.

Water leakage.

Water was found to be leaking at the following units: Geriatric unit, Carpentry Workshop, Kestrel, Paille en Queue, Ebony, Ravinale, Trochetia, Hibiscus, Alamanda, Educational and Vocational Training Unit, Medical Unit, Talipot/ Lotus Centre and the Mosque Minar.

Office Block-

Two Electromagnetic doors- one found at the back of the Office Block giving access to the Prison yard and the other one still at the same Office Block but giving access to it from outside- were defective and had to be operated manually.

Unit 4- Kestrel

The rendering (Crepissage) in the corridor had fallen off. The door leading to Dormitories No.1 and 2 could not be locked as the lock was defective.

Central Control Office

The main entrance door made of aluminium was broken as it did not have any pane.

Conference Room

There was one aluminium window that was broken and had to be tied with ropes to keep it closed.

Medical Unit

There was an aluminium window that was broken.

Bakery

One of the two Mixing equipment- one Mixture Kneader- was defective so that the only other one in good running order was put to constant regular daily use and if ever it would break down, the production of bread would be seriously compromised.

Defective flooring

Defective flooring was observed at the following places: Talipot, Alamanda and Kovil.

The Certificate of Practical Completion was signed and delivered on 31 December 2015. However, at the same date, the snag list that was prepared one year before was not cleared so that the sum of Rs 2,300,000 was deducted from the amount due to the contractor after the valuation of the defective items were worked out by the Consultant Quantity Surveyors as per the approved rates from the Bill of Quantities. Hence, it would be for the MPS to decide whether to remedy the defects in-house or to seek the services of other suppliers.

4.34.4 Broken Pipe in Service Yard No. 2

In early April 2016, it was reported that water was leaking from the wall and electrical socket at Ravinale Unit. The broken pipe was concealed in the wall. The Central Water Authority was informed and some officers called at the Prison on 17 June 2016 for a survey of the leakage. They reported that it was difficult to detect the leak as they were unable to search for the underground main water pipes. Representatives of a private contractor were also contacted and they subsequently called at EHSP for leak detection but to no avail.

The Officer in charge of EHSP noted that the consumption of water had increased from an average of 125 m³ to around 300 m³ per day since 4 May 2016, that is, from an average monthly consumption of 3750 m³ to 5522 m³ in May 2016 despite the fact that there has been no significant increase in the prison population. It was observed that the normal working pressure of the pump before the leakage was 4.5 Bar but after the leakage it stood at 7 Bar. As a preventive measure, the water pump was being switched off daily after 18.00 hours to 07.30 hours. However, this was causing some inconveniences to users of all dormitories, the Health unit, Central Control Office, Geriatric Unit, workshops, Educational Centre and Towers. The Mechanical Engineering Section of the Ministry of Public Infrastructure and Land Transport had advised as early as 3rd August 2016 that re-routing of the section of the cold water reticulation could be undertaken. As at 1st September 2016, water consumption at the EHSP was as follows:

March 2016	4098 m ³
April 2016	4748 m ³
May 2016	5522 m ³

By mid-September 2016, the broken pipe problem was still not solved.

4.35 Maintenance Contracts for CCTV cameras in different Prisons

The MPS operates CCTV cameras at seven prisons over the island and comprise a total of 1159 cameras besides the other accessories such as monitors, DVRs, fibre

transmitters/receivers and racks. Supplies of these cameras and accessories have been made by three different private firms and consequently, maintenance agreements have been signed with these firms. It is noted that maintenance costs for cameras vary from Rs 27,271 per camera for Beau-Bassin Prison to Rs 3,698 per camera for Petit Verger Prison.

I have recommended that it is high time that the MPS should try to build up a CCTV System technical team to undertake in-house repairs and maintenance of all CCTV network at the end of maintenance contract agreements. It would be in the interest of the MPS that cameras and other related equipment be of standard make and origin to facilitate their repairs and maintenance.

Commissioner of Prisons' Reply:

Revenue Collection

A circular has been issued in January 2017 to all Officers-in-Charge of the prisons institutions to ensure proper segregation of duties, that Receipt Books shall not be returned to Finance Section until they have been audited and that remittances should be done within 24 hours or the next working day.

Resident Project Manager

One of the duties of the Resident Project Manager (RPM) is to complete the Final Account for the Project. Once this is finalized, procedures for termination of the contract of the RPM will be initiated.

Defects noted during site visits

As for the water leakages, they are related to the roof waterproofing works which are covered by a decennial warranty. These have been attended to but leakages still persist at 5 of the 13 locations. The Contractor has been instructed to take urgent remedial action by attending to the leakages within seven days and to inform the Ministry of Public Infrastructure upon completion for verification under the decennial warranty. In February 2017, the remedial works were still being attended to by the Contractor. Concerning the two Electromagnetic doors, they have been repaired at the beginning of February 2017 and are functioning properly.

As for remedial works in the Kestrel Unit, Central Control Office, Conference Room, Medical Unit, Bakery Unit and the defective flooring, remedial works were being carried out by both the Mauritius Prisons Service and the Contractor, but were still not completed by mid February 2017.

Broken Pipe

In December 2016, a sectional valve was installed by the Prison Plumbing Section along the main pipeline. Additional section valves need to be placed to properly locate the underground leakages. A tentative period of three months has been targeted to detect the leakage.

Maintenance Contracts for CCTV Cameras

Attempt to recruit a Senior Officer Cadets in the field of Telecommunications Engineering or Electronic and Communication Engineering has been unsuccessful. A case will be made for creation of new posts for recruitment of technicians in the field of Electronics in the 2017-2018 Estimates.

5 – VICE PRIME MINISTER’S OFFICE, MINISTRY OF HOUSING AND LANDS

5.1 Arrears of revenue

The arrears of revenue at 30 June 2016 stated in the Return of Arrears of Revenue totalled some Rs 489,646,743. The figure comprised Rs 400,699,550 for lease rentals and Rs 88,847,193 being accrued interest on arrears. Details are given in Table 5-1.

Table 5-1 Arrears of Revenue as of 30 June 2016

Category of Lease	Lease Rental (Rs)	Interest (Rs)	Total (Rs)
<i>Campement Site leases:</i>			
Rent	7,725,892	1,357,047	9,082,939
Premium	47,195,937	16,130,147	63,326,084
<i>Other Land Leases</i>	329,888,959	62,074,668	391,963,627
<i>Ex CHA</i>	15,888,762	9,385,331	25,274,094
Total	400,699,550	88,847,193	489,646,743

The above figure did not include amounts owed by lessees of Other Land Leases who opted for the new 60 year leases and who did not sign the lease agreements. Those arrears totalled Rs 558,864,883, being lease rentals, of Rs 447,035,035 and accumulated interest of Rs 111,829,849.

As of 30 June 2016, the Ministry had already cancelled a number of leases. These lessees owed a significant amount in terms of lease rentals and accumulated interests, which could be considered as irrecoverable.

The Ministry must also write off a sum of Rs 424,859,998, representing lease rentals due by promoters at 31 December 2016 and who have not yet developed the sites due to the fact that those State lands were not yet serviced with infrastructure, such as access road, electricity and water.

In line with measures announced in the Budget 2016-17, a moratorium on rental was being granted to lessees who have been allocated State Lands without vehicular access.

The rent will therefore be payable upon completion of the access road. All computed arrears in rental will be written off and rent already paid will be offset against future rental liability. Rent will be claimed as and when the State land will have a vehicular access allowing construction works to start. The lessees will have to meet the cost of provision of access to the sites within a period of six months with effect from January 2017.

Ministry’s Reply

The Ministry is fully committed towards reducing the arrears of revenue and has adopted a series of measures in consultation with MoFED and the State Law Office.

5.1.1 Sample List of Arrears

From a sample of 28 cases examined, details of eight of them are given below:

Case 1

Three operating hotel companies that were managed under a management contract owed a total of over Rs 129 million as lease rentals and they have also not signed the lease agreements.

The Ministry explained that the three lessees had been granted payment facilities and had entered an agreement with the Ministry whereby the terms and payment would be included in the lease agreements. As of 31 December 2016, they have not signed the lease agreements.

Case 2

A Societe leased 5,149.46 m² of State land at Poste La Fayette Village. The lessee opted for the 60 year lease and signed the deed of lease on 31 October 2008. At 30 June 2016, the lessee owed a total of Rs 1,610,901 as lease rentals. The lessee also owed an amount of Rs 6,297,311 being premium of Rs 3,903,998 and cumulative interests of Rs 2,393,313 at 30 June 2016.

Case 3

The lessee obtained a lease of 2,669.12 m² of State land at Pointe aux Sables. The lessee opted for the 60 year lease but has not yet signed the deed of lease. As of 30 June 2016, she owed some Rs 870,427 as lease rentals.

Case 4

The lessee has a campement site lease of 2,224 m² at Pointe aux Sables PG and owed a sum of Rs 274,970 in respect of lease rentals. The lessee opted for the 60 year lease and signed the deed of lease.

The lessee also owed another amount of Rs 1,817,487 being premium of Rs 1,238,485 and cumulative interests of Rs 579,002 at 30 June 2016.

The Ministry granted payment facilities to the lessee in respect of both the rental and premium due by a letter dated 2 December 2016. The lessee was requested to enter an agreement for the payment of the arrears in rental and premium in instalments with accrued interest at the rate of 7.9 per cent per annum. Failure to comply with the mutually agreed terms and conditions would entail the termination of the Lease Agreement.

Case 5

The lessee has a campement site lease of 5,191.67 m² at Poste de Flacq village. He opted for the new lease and signed the deed of lease on 20 May 2011. He owed some Rs 1,378,105 as lease rentals at 30 June 2016. In addition, he also owed another amount of Rs 5,923,628 being premium and interest element of Rs 1,987,628.

Case 6

A company occupied Lot No 6 of Chaussee Burnt area of 821.2 m² for a lease period of 60 years, with effect from 1 October 2009. The company opted for the 60 year lease and has not yet signed the lease agreement.

At 30 June 2016, the company owed some Rs 17,129,373 representing lease rentals of State land for period 1 June 2009 to 30 June 2016.

Ministry's Reply

The lessee has entered an action in Court against the State, praying for the new 60 year industrial site lease to take effect as from 30 June 2018, (date of expiry of its running base) instead of 1 October 2009 as per policy. Case is still pending before Court.

Case 7

The company has an industrial site lease of 2,997 m² at Mont Choisy PG since April 1987. It obtained additional State land of 340m² in April 2008. The company has not paid rent since year 2006-07 and still owed some Rs 1,783,500 at 30 June 2016.

The Ministry has granted payment facilities to the lessee to settle the arrears.

Case 8

A company opted for the 60 year lease in respect of 7,386 m² of State land at Pointe-Aux-Sables PG. It has not yet signed the lease agreement. It owed the Ministry some Rs 3,355,576 at 30 June 2016 in respect of the lease rental.

Ministry's Reply

This Ministry carried out a fresh survey on 25 October 2016 which has revealed that the site is of the extent of 7043.90 m². The lessee will be informed of the exact extent of land leased and that it will have to settle all the rent due.

5.2 Campement and industrial site leases opted but not yet signed

Government is losing substantial amount of revenue annually as a result of non-payment of rental charges in accordance with The Finance (Miscellaneous Provisions) Act 2008.

The Act brought a number of amendments and changes to the State Lands Act whereby it is stipulated that a lease granted for industrial or commercial purposes shall be for a period not exceeding 60 years and be subject to payment of an annual rental corresponding to the zone specified in the Second Schedule.

Option forms were sent to all lessees to irrevocably opt to either enter into a new lease or to pay the existing rentals until the lease expires. The closing date was extended to 30 September 2009. The Ministry was still accepting late applications for the 60 year lease, upon advice of the Attorney General's Office.

From records kept at the Finance Section, 18 campement site lessees and 34 industrial/commercial lessees have not yet signed the new lease agreements and were therefore paying the old rentals, despite the fact that they had opted for the 60 year lease.

Ministry's Reply

At time of signature of the new lease agreements, lessees would have to settle new campement site rental and industrial site rental with interest as from 2008 and 2009 respectively following advice from the State Law Office.

Delay in signing the new lease agreement will, at expiry of current lease agreement, entail possession of site by the lessor.

As advised by the State Law Office, those who have signified their intention of reverting back to the original lease agreement will forego their right to opt for the 60 year lease.

Should the lessees fail to opt for the 60 year lease, the lease agreement will be terminated irrevocably at the end of the agreement.

5.3 Compulsory acquisitions of land for the Harbour Bridge Project

Government compulsorily acquired 64 plots of land that comprised acquisitions of 53 plots at Cassis and Les Salines and 11 plots at Roche Bois. Notices indicating Government's intention to acquire those plots of land were published in the Government Gazette in August 2011 and notices were served on the owners in September 2011.

As of 31 October 2016, the Ministry had already disbursed a total amount of Rs 223,463,458 to owners of 30 portions of land already acquired and interim payments of compensation to owners of another four portions who were in dispute. Owners of 18 portions of land have filed objections with the Board of Assessment.

Government is not going ahead with the project. In June 2014, the Ministry informed the owners that it proposed to sell back their lands which were already acquired under Section 31 of the Land Acquisition Act.

On 11 May 2015, the Ministry of Public Infrastructure (MPI) informed the Ministry that it was concurrently working on a new Road Decongestion Programme and on the modernisation of the Land Transport System. MPI requested that the lands compulsorily acquired by Government for the construction of the Harbour Bridge be retained. Accordingly, the Ministry pursued actions for the payment of compensation as provided by the Land Acquisition Act.

The portions of land acquired had already been vested with MPI in 2012 and 2013.

As at December 2016, no land bank has been set up. More funds would have to be disbursed for the plots not yet finalized. Government might not require all the plots acquired for the new project.

6 – VICE PRIME MINISTER’S OFFICE, MINISTRY OF ENERGY AND PUBLIC UTILITIES

6.1. Loan to Wastewater Management Authority for Construction of Wastewater Infrastructure

6.1.1 Financing of Wastewater Management Authority Projects

Prior to 2013, sewerage projects implemented by the Wastewater Management Authority (WMA) were financed by Government through grants under Item “Acquisition of Non-Financial Assets – Other Structures”. However, since 2013, WMA was granted loan by Government under Item “Acquisition of Financial Assets – Loans to Non-Financial Public Corporation – Loan to Wastewater Management Authority” of the Ministry to finance all its capital projects.

6.1.2 Loans to Wastewater Management Authority

At paragraph 5.1.1 of the Audit Report for the year ended 31 December 2014, mention was made that during the two financial years to 31 December 2014, three loan agreements for the sum of Rs 1,736,142,616 were signed between the Ministry of Finance and Economic Development (MoFED) and WMA.

Two other agreements for a total amount of Rs 382,230,000 to allow WMA to carry out its ongoing projects during the six month period January to June 2015 were signed on 23 February and 25 May 2015 respectively. A sixth one for an amount of Rs 1,056,000,000 to fund ongoing projects for the period July 2015 to June 2016 was signed on 25 May 2015. As at 30 June 2016, loans disbursed to WMA totalled some Rs 2.3 billion as shown in Table 6-1.

Table 6-1 Loans to Wastewater Management Authority

Date of Loan Agreement	Amount of Loan as per Agreement	Amount Disbursed as at 30 June 2016	Loan Repayment Period
	Rs	Rs	
16.05.2014	920,992,616	920,992,616	Mar 2018 to Sep 2027
19.08.2014	307,700,000	307,700,000	Mar 2019 to Sep 2028
14.11.2014	507,450,000	394,788,725	Oct 2019 to Apr 2029
23.02.2015	200,000,000	140,170,223	Apr 2020 to Oct 2029
25.05.2015	182,230,000	141,492,383	Sep 2020 to Mar 2030
25.05.2015	1,056,000,000	401,909,462	Sep 2020 to Mar 2030
Total	3,174,372,616	2,307,053,409	

Source: Loan Agreements

6.1.3 Interests and Penalties Not Yet Paid by Wastewater Management Authority

At paragraph 5.1.1 of the Audit Report for the year ended 31 December 2014, it was also reported that as at 31 December 2014, WMA was unable to pay the interests of some Rs 68.4 million accrued on the loans. No interest payment was effected during the period January 2015 to June 2016. As at 30 June 2016, though capital repayment was not yet due on any loan disbursed since 2013, claims already issued in respect of interests and penalties due thereon amounted to some Rs 190.3 million.

6.1.4 Monitoring of Projects

Mention was made at paragraph 5.1.1 of the Audit Report for the year ended 31 December 2014, that with the loan formula, monitoring, supervision of projects and approval of payments were carried out at the level of WMA. It was also stated that the Ministry was in the process of reviewing the two contracts, namely “Contrat de Delegation” and the “Contrat de Maitrise d’Ouvrage Delegué” between WMA and the Ministry to provide for more accountability of WMA and specific performance targets.

Since December 2015, projects were being followed up by the Project Monitoring Committee set up at the level of the Ministry.

As at June 2016, the two contracts were not yet reviewed. Regular consultations were being carried out with MoFED regarding ways and means to recover interest due on WMA loans.

The Ministry explained that it was difficult for WMA to repay the loans as its customer base was not sufficient to recover the capital investment costs. The Ministry had held several meetings with MoFED regarding financing of wastewater works. However, this was a highly complex subject, in view of policy implications and the impact on the public.

6.2 Bagatelle Dam Project

At paragraph 5.5 of the Audit Report for the year ended 31 December 2014, I mentioned that the value of the contract for the construction works of the “Bagatelle Dam Project” awarded to a foreign firm in July 2011 increased from Rs 3,332 million to Rs 5,654 million in July 2014 due to two major design changes, namely change of the design of the “Spillway” from an “Ogee” type to a “Morning Glory” type, and change in dam foundation from grouting to “Cut Off Wall” (COW). In May 2016, the contract value was further increased to Rs 6,100 million, that is an increase of some eight per cent, as a result of the increase in quantities of bill items, cost indexation and variation works.

As of 31 December 2016, payments under the construction contract totalled some Rs 5,888 million, including some Rs 1,929 million for COW.

6.2.1 Contract with First Consultant for Consultancy Engineering Services

The Ministry had terminated the contract with the Consultant for the provision of “Consultancy Engineering Services for the Detailed Design and Construction Supervision of the Bagatelle Dam” in February 2014 for having failed to perform the detailed design of the

Dam with the standard care and diligence expected from a Consultancy Firm of international repute.

In March 2014, the Ministry issued a Notification of Claim for losses and damages incurred from the design changes of Rs 930.7 million to the Consultant. This claim was disputed by the Consultant who submitted a counter claim for an amount of €908,270 and Rs 1,633,092 for additional consultancy services.

After several attempts to settle the dispute amicably, in April 2016, the Consultant referred the matter to LCIA-MIAC Arbitration Centre as per a “Compromis” signed between the Ministry and itself in October 2014. In June 2016, an amount of Rs 600,000 was paid by the Ministry to meet the Mediator’s fees and other expenses relating to the mediation.

In October 2016, on the basis of the advice tendered by the Attorney General’s Office, a “Settlement Agreement” was signed between the Ministry and the Consultant, whereby the latter agreed to pay to the Ministry an amount of € 3,400,000 (which was the maximum provided for in the contract) and the Ministry agreed to pay to the Consultant an amount of €1,400,000 (representing the amount retained by the Ministry). The Mediator was informed to suspend its activities temporarily.

In November 2016, Government received a net amount of €2,000,000 from the Consultant. The balance of Rs 496,650 after deducting costs of mediation incurred was refunded to Government by LCIA-MIAC in January 2017.

6.2.2 Appointment of Second Consultant

At paragraph 5.5.2 of the Audit Report for the year ended 31 December 2014, it was mentioned that following termination of the contract with the first Consultant in February 2014, the Ministry, on 25 March 2014, awarded the contract for the taking over of the consultancy services contract to the second lowest responsive bidder under the procurement exercise for the appointment of Consultant for a total amount of Rs 183.6 million. The expected completion date of the services was December 2016.

However, in May 2016, the contract amount was increased to Rs 226.7 million, that is, an increase of some 23 per cent, to cover the cost of increased scope of work, extension of the contract for the supervision of construction works from January to July 2017, and additional services in connection with assessment of claims submitted by the Contractor.

As at 31 December 2016, payments to the second Consultant totalled Rs 192,623,395.

6.2.3 Claims and Disputes with the Construction Contractor

As at October 2016, the Construction Contractor had submitted 28 claims for extension of time and additional costs totalling some Rs 2.7 billion to the Ministry. Claims 1 to 17 (excluding Claim 10), have been assessed by the Consultant for a total amount of Rs 359,793,733 out of which an amount of Rs 146,506,619 has already been paid to the Contractor. However, the Contractor disagreed with the assessment of those claims by the Consultant and had notified dispute to the latter.

As at 31 December 2016, Claims 18 to 28 were still being assessed by the Consultant with the exception of Claim No 20 which was withdrawn.

The Contractor also declared dispute with the Ministry on the Consultant's decision that there was no contractual obligation to issue the Taking Over Certificate for COW upon completion of works in May 2015 and that the remaining 50 per cent of the Retention Money would be paid at the time of the issue of Taking Over Certificate for the whole contract as per the terms and conditions of the contract.

Further, in June 2016, the Contractor gave notice of four other disputes which the Consultant did not acknowledge as disputes. However, the Contractor was not agreeable with the Consultant and claimed a cash compensation of Rs 265 million. The advice of the Attorney Generals' Office was obtained on 7 November 2016 which was in line with Consultant's decision.

As at end of December 2016, the Ministry was attempting to settle all the above mentioned disputes amicably with the Contractor.

6.2.4 Construction of the Bagatelle Water Treatment Plant

The Bagatelle Dam project, with storage capacity of some 14 million m³, was conceived to meet the demand of water for the District of Port Louis and the Lower Plaine Wilhems. The award of the contract for the "Construction of the Bagatelle Water Treatment Plant" initiated in April 2013 by the Central Water Authority (CWA) has been considerably delayed due to challenge made by two aggrieved bidders and legal procedures initiated by one of them.

The Letter of Acceptance for the "Construction of Bagatelle Water Treatment Plant" was finally issued to the successful bidder on 10 November 2016. Duration of the contract was 20 months and works were expected to start by 1 December 2016.

In its reply, the Ministry stated that pending the commissioning of the Treatment Plant, the Water Resources Unit and the CWA were making arrangements for:

- water to be released in the river to supply Port Louis through the Pailles Water Treatment Plant;
- using mobile Treatment Plant and laying of pipes downstream to supply water to lower Plaines Wilhems.

Accordingly, water from the Bagatelle Dam would be used until the commissioning of the Treatment Plant.

6.2.5 Progress of Work

Impoundment of the Dam started on 22 December 2016. As at date of a site visit on 12 January 2017, construction works were almost completed with some minor works at the Intake Tower being attended to by the Contractor, and other ancillary works, such as, construction of roads and landscaping works which were still in progress. Construction of the Cascade River Meanders Protection Works was almost 50 per cent completed.

In its reply, the Ministry stated that as of mid February 2017, the construction of Cascade River Meanders Protection works had been completed.

6.3 Rivière des Anguilles Dam Project

The Rivière des Anguilles Dam (RAD) Project was initiated as a priority project to meet the increasing demand of water supply for domestic and irrigation purposes and the tourism sector in the southern and part of western region of Mauritius by Government. The dam would have a capacity of 14 million cubic metres. In mid 2009, the project for the Dam construction was expected for completion by end of 2014 at an estimated cost of some Rs 2.5 billion, excluding the water treatment plant estimated at Rs 0.9 billion. As at end of December 2016, some Rs 174.8 million were spent on the Project.

6.3.1 Feasibility Study and Preparation of Detailed Design

As mentioned at paragraph 5.7 of the Audit Report for the year ended 31 December 2014, the contract for the Feasibility Study awarded to a foreign firm for the sum of Rs 22.5 million in March 2007 was completed in May 2009. In the same month, Central Procurement Board (CPB) approved the request for a variation of the contract for feasibility study for Rs 6.8 million for the production of basic design, cost estimate and economic and financial analysis. The firm submitted a basic design report and preliminary pre-qualification documents in October 2009 and May 2011 respectively.

6.3.2 Activities not yet Finalised

Mention was also made that some activities were yet to be finalised. As at December 2016, that is two years later, the same activities remained to be completed, namely

- Finalisation of a lease agreement with the Mauritius Broadcasting Corporation for a rock quarry of 13.4 arpents;
- Finalisation of an agreement for a rock haulage road with stakeholders;
- Land acquisition for the construction of a quarry site of some 6 arpents under negotiation since 2012. However, notice under the Land Acquisition Act has already been published in the Government Gazette in its issues of 28 November and 12 December 2015.

The Ministry explained that the lease agreement with the Mauritius Broadcasting Corporation and rock haulage road would be finalized after the detailed design which would determine the volume of rock material and exact extent of land required for the project.

6.3.3 Contract for the Design Review and Construction Supervision

I pointed out that the contract for the Design Review and Construction Supervision of RAD Project was awarded to the same firm, which was awarded the Consultancy Contract for the Bagatelle Dam Project, in March 2012. However, following problems encountered with the latter on the Bagatelle Dam Project, the consultancy contract for RAD project was terminated in August 2013. In November 2014, the Ministry invited a fresh Expression of Interest for “Consultancy Engineering Services for the Design Review and Construction Supervision” of RAD Project to shortlist qualified Consultancy Firms. Out of 15 applications received as at closing date, the CPB approved that nine applicants be shortlisted for the Request for Proposal (RFP) Stage in May 2015.

In October 2015, the draft RFP document was finalised by the Ministry and sent to CPB for vetting. In parallel, clearance of the Attorney General’s Office and Ministry of Finance and Economic Development was also being sought. The costs for Phase I Services – “Design Review” and Phase II Services - “Construction Supervision” were estimated at Rs 60 million and Rs 200 million respectively, that is a total of Rs 260 million.

However, on 19 October 2016, 12 months after, the Ministry informed CPB that in line with Directive issued by the Procurement Policy Office, it would proceed with an Open Advertised Bidding exercise for the procurement of the Consultancy Services instead of the RFP Method.

The estimated cost for the Consultancy Services for Phase I “Design Review” and Phase II “Construction Supervision” was revised to Rs 325 million.

As of end December 2016, the bidding documents were being finalised by the Ministry taking into consideration the comments from Attorney General’s Office before being sent to CPB for vetting.

Observations

- Delay in award of the contract for consultancy services due to finalisation of bidding documents and change in the procurement method would further delay the start of the construction works of the Dam. Implementation of RAD project starting from consultancy services to completion of construction works of the Dam was far behind its original schedule. In 2009, the completion date for the Dam construction which was expected by end of 2014 was rescheduled to February 2020 in March 2014, and further rescheduled to January 2021 as per a “Tentative Implementation Schedule” prepared by the Water Resources Unit in September 2015. As of August 2016, the completion date of the project was planned for end of 2021;
- The estimated cost for the consultancy services has increased from Rs 260 million in October 2015 to Rs 325 million in August 2016, an increase of 25 per cent over the original estimated cost;

- Similarly, the Dam construction cost originally estimated at some Rs 2.5 billion in 2009 (excluding cost of water treatment estimated at Rs 0.9 billion) was revised to some Rs 4.5 billion in March 2014, an increase of some 80 per cent over the initial estimated cost. However, this cost was expected to increase further by the time the construction contract would be awarded.

The Ministry explained that the procurement process could not start earlier as both the CPB and the Attorney General's Office requested for confirmation of financing for the whole consultancy services, that is, both Phase 1 (Detailed Design and preparation of Bidding Documents) and Phase 2 (Construction Supervision). MoFED confirmed funding in May 2016 and CPB was asked to complete the procurement procedures.

CPB gave its approval on 31 January 2017 for the launching of the RFP, which had been published. The closing date is 11 April 2017.

7 - MINISTRY OF FINANCE AND ECONOMIC DEVELOPMENT

7.1 Office Accommodation – SICOM Tower

7.1.1 Lease Agreement

A Lease Agreement was entered into between SICOM Ltd and Government of Mauritius, represented by the Ministry of Finance and Economic Development (MoFED), the lessee, for the renting of 161,036 square feet of office space at the SICOM Tower, a building situated in Ebene, comprising ground floor plus 14 others, to house Ministries/ Departments/ Government Agencies/ Institutions for an initial period of 10 years on 20 May 2015.

The agreed monthly rental was Rs 34 per square foot, inclusive of VAT, Syndic Fees and Amenities (including partitioning), and was being met from Vote 28.1: “Centrally Managed Initiatives of Government” – Item 22030 – “Rent”.

The Ministry explained that the lease agreement entered into between SICOM Ltd and the Government of Mauritius reflected the ‘new wholesale approach’ adopted by Government for long term renting of office space. Under this approach, instead of each Ministry having its own individual lease agreement and payment of rental, MoFED is acting as a fiscal agent on behalf of Government. That is why payment of rental is centralized and being met under Vote 28.1: “Centrally Managed Initiatives of Government” although the occupants may be another Ministry or Government Agency. This new concept enables Government to negotiate better terms including competitive rental rates over long term periods.

On 17 August 2015, MoFED signed a Memorandum of Understanding (MoU) with the Ministry of Financial Services, Good Governance and Institutional Reforms (MoFS) for the use of Floors 8 to 14 of the SICOM Tower. Ground Floor and Floors 1 to 7 were to be occupied by MoFED. Three of the floors, namely Floors 3, 4, and 5 were reallocated to MoFS upon their request on 11 October 2016, and a fresh MoU signed on 20 December 2016.

In March 2016, following changes in Ministerial portfolios, it was decided that MoFED would not move to SICOM Tower. The eight floors identified for its relocation were reallocated to other Ministries. As of 31 December 2016, the Ministry of Energy and Public Utilities was occupying part of the Ground Floor and Floors 1 and 2, whereas Floors 6 and 7 were being occupied by the Ministry of Technology, Communication and Innovation. The remaining 10 Floors were assigned to MoFS to house the Ministry and some of the institutions under its aegis, namely the Financial Intelligence Unit and Financial Services Promotion Agency. Three of the 10 Floors were still unoccupied.

7.1.2 Change in Ministerial Portfolios

With the change in Ministerial portfolios, the location of certain Ministries had to be reviewed. This has resulted in SICOM Ltd claiming from Government additional costs of some Rs 55.8 million, including some Rs 26.6 million for MoFS, as detailed below, for among others, revised partitioning works, accelerating works for early handing over, demolition works and interior design fee. As at 31 December 2016, some Rs 24.9 million had already been paid.

Ministry of Financial Services, Good Governance and Institutional Reforms

In January 2015, the newly created MoFS, as well as Statutory Bodies/ Institutions falling under its aegis had to be urgently accommodated and office space at the SICOM Tower in Ebene was identified. The agreed rental of Rs 40 per square foot, inclusive of VAT, Syndic Fees, amenities and furniture was given the green light by the Valuation Department. Thereafter, in May 2015, a Lease Agreement under new revised terms, excluding furniture, at the rate of Rs 34 per square foot was signed by MoFED on behalf of Government of Mauritius with SICOM Ltd.

Prior to the above, certain costs relating to revised partitioning works, improved furniture, vertical IT Cabling, Local Area Network and covered parking had already been incurred by SICOM Ltd on behalf of MoFS. In July 2015, SICOM Ltd submitted a claim amounting to Rs 24,159,850 for the abovementioned additional works, subsequently revised to Rs 21,903,309. A part payment of Rs 15 million had been effected by MoFS in September 2015.

Partitioning was done on Level 10 to accommodate the Internal Control Unit, supposed to function under the aegis of MoFS. Subsequently, it was decided that the Financial Intelligence Unit would be housed on that floor and partitioning had to be revised to meet its requirements. Additional costs of Rs 4,743,641 were incurred to meet variations due to changes in layouts. (Furniture - Rs 1,095,406 and Variations due to changes in layouts - Rs 3,648,235).

MoFED explained that it requested that Ministry to seek the assistance of an Architect, a Civil Engineer and a Quantity Surveyor from the Ministry of Public Infrastructure and Land Transport (MPILT), and an Engineer from the Energy Service Division (ESD) to verify the claim submitted by SICOM Ltd. In the meantime, a part payment was made by MoFS upon insistence on the request for payments, and it was agreed that the remaining payment would be effected only if the claim would be duly certified by MPILT and ESD.

SME Bank & One-Stop-Shop

As per the Budget Speech 2015-2016, the Small and Medium Enterprises (SME) Bank and the One-Stop-shop were to be initially located on the Ground Floor and the first three floors respectively at the SICOM Tower and were to be operational with effect from 15 July 2015. In June 2015, in view of time constraint, the project management, interior design and procurement of furniture were entrusted to SICOM Ltd.

In July 2015, MoFED decided that it would occupy the Ground Floor and Floors 1 to 7 at the SICOM Tower and a Stop Order was issued in respect of ongoing works. SICOM Ltd claimed an additional sum of Rs 9,732,174, representing costs of demolition works already undertaken and replacement of part of the existing partitioning works to suit the needs of MoFED.

MoFED explained that, Government later decided, for convenience sake, that the SME Bank and the One-Stop-Shop should be strategically located in Port Louis together with the Ministry of Business, Enterprise and Cooperatives for easier access from around the island. It was also found appropriate to accommodate all bodies dealing with financial matters under

one and the same roof, and thus the reason for the relocation of MoFED, as well in the SICOM Tower.

Other Partitioning Works

Similarly, partitioning works on other floors of the SICOM Tower had already started and were nearing completion when modifications were requested to meet new requirements of MoFED. These modifications in layout also brought changes to the provision of air conditioners in terms of size, resulting in additional claims of Rs 1,100,978 from SICOM Ltd.

MoFED explained that owing to representations made by some staff members and also taking into consideration the health and safety of staff, minor modifications had to be brought to some offices to enable them to work in a conducive and safe environment.

Acceleration Costs

Acceleration costs, for early handing over of certain floors to relocate MoFED to SICOM Tower without delay in order to avoid disruptions in the ongoing 2016-17 Budget exercise, were claimed by SICOM Ltd. The use of carpet flooring had already been agreed upon, ordered and received. At end October 2015, MoFED requested SICOM Ltd to change to laminated flooring, and for which an additional cost of Rs 3,756,336 was claimed. In order to meet the targeted delivery date specified by MoFED, the Contractor had recourse to increased labour force to work during the end of year break. Acceleration costs were hence charged. As at end October 2016, acceleration costs totalling Rs 947,319 were paid to SICOM Ltd for earlier handing over of certain floors.

MoFED explained that due to complaints received from staff members and taking into consideration their safety and health, SICOM Ltd was requested to change the carpet flooring to laminated one.

Fit Out and Other Additional Works

SICOM Ltd submitted claims totalling Rs 29,214,832 for fit out and other additional works (not included in the monthly rental fee) carried out on Ground Floor and Levels 1 to 7 of the SICOM Tower. Claims in respect of additional works undertaken solely on Floor 7, which was to accommodate the office of the Minister and other senior officers, amounted to Rs 13,678,025, including interior design fee of Rs 945,473.

7.1.3 Rental Charges Paid for SICOM Tower

A total amount of Rs 74,070,158, inclusive of a refundable deposit of Rs 5,475,224, in consideration of the lease of the ground floor plus 14 others of the SICOM Tower for period April 2015 to December 2016 had been paid to SICOM Ltd.

Following changes in Ministerial portfolios which resulted in MoFED's decision not to move to SICOM Tower, the eight floors (Ground + 1 to 7) identified for the relocation of MoFED and handed over during the period January to March 2016, had remained unoccupied for period ranging from three to 11 months. As at end December 2016, Floors 3, 4 and 5, subsequently assigned to MoFS on 11 October 2016, were still unoccupied.

Out of total rental amounting to Rs 68.6 million (Rs 74,070,158 less Deposit Rs 5,475,224) paid to SICOM Ltd up to December 2016, some Rs 32.9 million were for unutilized office space.

MoFED explained that following changes in Ministerial portfolios, in March 2016, the Ministry fell under the aegis of the Prime Minister's Office. Thus, for obvious reason, MoFED could not move to SICOM Tower. The eight floors were subsequently re-allocated to other Ministries and Institutions during the period July to December 2016. Moreover, in view of the delay for MoFS to occupy levels 3, 4 and 5, as of February 2017, MoFED was proceeding with the allocation of the vacant space to the Ministry of Technology, Communication and Innovation.

7.1.4 Payments for Fit Out & Other Additional Works Undertaken by SICOM Ltd

As of October 2016, only a part payment of Rs 9,947,021 in respect of fit-out and other additional works carried out at SICOM Tower had been effected at end of June 2016.

- No provision was made in 2015-16 Estimates under Capital Item "Improvement of Furniture, Fixtures and Fittings" to cater for above expenditure. Virement was made from Vote 6-1 Item 28212019 – "Decentralised Cooperation Programme for Socio Economic Empowerment" to a new Item: "Improvement of Furniture, Fixtures and Fittings – SICOM Tower".
- Out of the above amount paid, only Rs 8,054,229 had been certified by MPILT. The remaining amount paid (Rs 1,892,792) represented Interior Design Fees and Acceleration Costs.

In its reply, MoFED informed that the part payment made was in respect of claims assessed and certified by MPILT. As regards the outstanding claims, these were still under process, and funds have been earmarked in the 2016-17 Budget.

7.2 Expenses under Vote 28-1: "Centrally Managed Initiatives of Government"

7.2.1 Shares and Other Equity Purchase - MauBank Holdings Ltd

MauBank Holdings Ltd was incorporated on 3 September 2015 as a public company limited by shares with stated capital of Rs 100,000, fully subscribed by Government.

With the creation of MauBank Holdings Ltd, the existing Government's shareholdings (754,371,664 Ordinary Shares) in the Mauritius Post and Cooperative Bank (MPCB) Ltd, and in the National Commercial Bank (NCB) Ltd (70,000,000 Ordinary Shares of no par value, representing an investment of Rs 700,000,000, held by Government) were transferred to MauBank Holdings Ltd on 17 September 2015.

MauBank Ltd was created on 1 January 2016 to take over the merged activities of MPCB Ltd and NCB Ltd.

During financial year 2015-16, Government injected a total amount of Rs 1,600.1 million as Equity in MauBank Holdings Ltd:

- Rs 1,600 million as onward equity investment by the MauBank Holdings Ltd in MauBank Ltd to enable the latter to meet its Capital Adequacy Ratio; and
- Rs 100,000 as Stated Capital of MauBank Holdings Ltd.

In the absence of budgetary provisions, the total amount of Rs 1,600.1 million was provided to MauBank Holdings by way of Advances of Rs 300.1 million and Rs 1,300 million from the Consolidated Fund on 21 October 2015 and 6 January 2016 respectively.

The sum of Rs 1,300 million was transferred to the Consolidated Fund from the National Resilience Fund.

The Advances were cleared in June 2016. The National Assembly, through the Supplementary Appropriation (2015-16) Act 2016 voted a sum of Rs 1,600 million under Vote 28-1: “Centrally Managed Initiatives of Government” – Item: “MauBank Holdings Ltd” for the purpose of Equity Investment in that Company and provision was made for an additional amount of Rs 100,000 to be reallocated from Item: “Rent” under Vote 28-1: “Centrally Managed Initiatives of Government”.

In September 2016, an additional amount of Rs 6 million was injected in MauBank Holdings Ltd as equity to enable the Company to meet its operating expenses as no provision was made in the Budget Estimates 2016-17. Funds were reallocated from Vote “Contingencies and Reserves” to Item “Shares and Equity Participation - MauBank Holdings Ltd”.

7.2.2 Share and Other Equity Purchase - Unquoted Shares - Mauritius Post and Cooperative Bank Ltd

In view of the precarious financial situation of the Mauritius Post and Cooperative Bank (MPCB) Ltd, in June 2015, Government approved the additional equity injection of Rs 753 million in the Bank, as follows:

- Conversion of subordinated loan of €6,455,812.50 (equivalent to Rs 253 million)
- Cash Injection of Rs 500 million

In the absence of budgetary provisions in the six month Budget Estimates ending 30 June 2015, an Advance Account of Rs 500 million was opened to enable the above transaction in June 2015. The Advance Account was retrospectively cleared and the subordinate debt converted into Equity on 6 August 2015. A new Item of Expenditure, namely “Unquoted Shares - Mauritius Post and Cooperative Bank Ltd” was created under Vote 28-1: “Centrally Managed Initiatives of Government” for the six month period ended 30 June 2015, and the sum of Rs 753 million charged to it.

7.2.3 Shares and Other Equity Purchase - Unquoted Shares - National Commercial Bank

Following the revocation of the Banking Licence of Bramer Banking Corporation Ltd by the Bank of Mauritius, it was decided that a new Bank would be set up to take over the assets and liabilities of the ex Bramer Bank. The National Commercial Bank (NCB) Ltd was thus incorporated as a public company with Government as the sole shareholder on 6 April 2015.

Given that no provision was made for the above in the six-month Budget Estimates ending 30 June 2015, two Advance Accounts totalling Rs 700 million (Rs 200 million on 13 April 2015, and Rs 500 million on 30 June 2015) were opened in order for NCB Ltd to start its operations, as well as to partly meet its Capital Adequacy Ratio.

The Advances were cleared retrospectively on 6 August 2015 as equity injection in NCB Ltd, by charging to the newly created Item of Expenditure, namely “Unquoted Shares - National Commercial Bank” under Vote 28-1: “Centrally Managed Initiatives of Government” for the six month period ended 30 June 2015.

7.2.4 Shares and Other Equity Purchase - Unquoted Shares – National Insurance Co (NIC) Ltd and Unquoted Shares – NIC - General

On 15 April 2015, two new companies, namely the National Insurance Company (NIC) and the NIC General Insurance Company were set up under the aegis of the Ministry of Financial Services, Good Governance and Institutional Reforms, with the main objective to safeguard the interests of some 135,000 regular premium life insurance policy and health insurance policy holders of the ex-BAI Co Ltd. The Insurance Act provides that General Insurance activities and Life Insurance activities should be carried out under separate entities.

To enable the above two companies to start their operations and meet the Financial Services Commission’s insurance requirements, equity investments of Rs 30 million in each of them by Government were approved.

As the Budget Estimates 2015 (January to June) were not yet appropriated on 15 April 2015 by the National Assembly, two Advance Accounts of Rs 30 million each were opened on the following day. The Advances were cleared retrospectively on 6 August 2015 by charging the two newly created Items of Expenditure, namely “Unquoted Shares - National Insurance Co Ltd” and “Unquoted Shares - NIC General”, created under Vote 28-1: “Centrally Managed Initiatives of Government” for the six month period ended 30 June 2015.

7.2.5 Retrospective Virement

For the clearing of the five Advances totalling Rs 1,260 million mentioned above, and for the conversion of subordinate debt of Rs 253 million of MPCB Ltd into equity, three retrospective Virements were effected in August 2015 for a total amount of some Rs 1,499 million from many items under different Votes/Sub-Heads and a fourth one for an amount of Rs 15 million from Vote 29-1: “Contingencies and Reserves”.

Mauritius Revenue Authority

Taxes other than Customs and Excise

7.3 Arrears of Revenue

Collection of taxes, excluding Customs and Excise Duties by the Mauritius Revenue Authority (MRA) for the year ended 30 June 2016 totalled some Rs 53 billion.

As at 30 June 2016, arrears of revenue, that is collectible taxes other than Customs and Excise Duties, were Rs 5,845,669,373, details of which are shown in Table 7-1.

Table 7-1 Arrears of Revenue

Taxes	As at 31 December 2014 (Rs)	As at 30 June 2015 (Rs)	As at 30 June 2016 (Rs)
Income Tax (Including Companies & Body Corporate)	1,985,720,458	2,279,207,916	2,698,626,602
Value Added Tax	2,253,007,556	2,446,532,741	2,580,182,097
Betting & Gaming Taxes	234,163,589	210,853,007	186,756,326
Environment Protection Fee	26,705,536	29,824,374	16,527,801
PAYE	128,105,600	152,840,157	164,874,596
TDS	122,993,807	101,939,241	103,788,901
Others	60,354,588	76,869,266	92,906,036
Sub Total	4,811,051,134	5,298,066,702	5,843,662,359
Sales Tax	2,007,014	2,007,014	2,007,014
Total	4,813,058,148	5,300,073,716	5,845,669,373

Source: Annual Report of the Accountant General

In accordance with financial instructions, Returns of Arrears are submitted by the MRA to the Accountant General, for the figure of arrears to be included in the Annual Report of the Accountant General.

7.3.1 Age Analysis of Arrears

An ageing of arrears of taxes, excluding Sales Tax, is as shown in Table 7-2.

Table 7-2 Age Analysis of Arrears

Period	Arrears as at 30 June 2016 (Rs)
1984-1990	11,479,367
1991-2000	126,537,988
2001-2010	1,302,803,306
Sub Total	1,440,820,661
2011-2015	3,558,581,814
Jan - June 2016	844,259,884
Total	5,843,662,359

Source: Collectible Debt Report - Debt Management Unit

The following were noted:

- Value Added Tax was introduced in 1998 to replace Sales Tax. Since then, assessments in respect of Sales Tax had not been raised. As at 30 June 2016, a total amount of Rs 2,007,014 owed by five Sales Tax debtors was still outstanding. These debts related to as far back as 1993-94. Since 2013, no movement had been noted for these debts.
- Of the amount of Rs 5,843,662,359 outstanding as at 30 June 2016, Rs 1,440,820,661 representing nearly 25 per cent of the arrears, related to period prior to 2011, that is over six years.

7.3.2 Arrears of PAYE

The Income Tax Act provides that an employer shall pay the tax so withheld within 20 days from the end of the month in which the tax was withheld. However, of the amount of Rs 164,874,596 outstanding as at 30 June 2016, a total of Rs 125,187,041 representing some 76 per cent, was in respect of arrears aged more than 12 months.

Included in the amount of Rs 164,874,596 was a sum of Rs 44,144,111 owed by an organization over the period 2013 to 2016, and another sum of Rs 115,909 owed by a Statutory Body which had ceased operation since long.

MRA's Reply

The debt of Rs 44,144,111 has been settled on 23 January 2017.

7.3.3 Stratification of Debts by Amount

As at 30 June 2016, Rs 4,618,375,503, that is 79 per cent of the total amount due, were in respect of cases where the amount of tax due ranged from Rs 1 million to Rs 250 million. The number of taxpayers in this band totalled 788.

Table 7-3 Stratification of Debts

Range (Rs m)	Number of Taxpayers	Amount (Rs)	% of Total Arrears
1-5	584	1,271,149,364	21.75
5- 10	120	805,020,449	13.78
10 -50	76	1,513,795,563	25.90
50 - 250	8	1,028,410,127	17.60
Total	788	4,618,375,503	79

Source: Collectible Debt Report submitted by the Debt Management Unit

Table 7-3 shows that 84 taxpayers, with arrears of tax ranging from Rs 10 million to Rs 250 million, owed a total of Rs 2,542,205,690, that is nearly 44 per cent of total arrears.

7.3.4 Recovery of Arrears

According to the Return of Arrears submitted to the Accountant General, out of Rs 5,300,073,716 outstanding at 1 July 2015, Rs 472,709,375 or some nine per cent were recovered during 2015-16. There had been hardly any recovery in respect of tax due prior to 2011. Out of Rs 1,583,806,865 due up to 2010, only Rs 28,294,003 were recovered. For taxes totalling Rs 3,716,266,851 due between 2011 and 2015, Rs 444,415,372 were collected, as shown in Table 7-4.

Table 7-4 Recovery of Arrears

Period	Arrears as at 1 July 2015 (Rs)	Total Collections during 2015-2016 (Rs)	% of Total Arrears at 1 July 2015
Up to 2010	1,583,806,865	28,294,003	0.53
2011-2015	3,716,266,851	444,415,372	8.39
Total	5,300,073,716	472,709,375	8.92

Source: Returns of Arrears

7.3.5 Debt Management Module.

The responsibility for the collection of arrears rests with the Debt Management Unit, within the MRA's Operational Services Department. Although a Debt Management Module was available to assist the Unit in its function, it did not fully cater for its needs. In October 2016, the Unit contemplated to have the processes automated to, amongst others, be able to monitor the cases and to have appropriate reports to devise strategies to maximize debt collection.

Recommendation

Action needs to be taken so that outstanding taxes are dealt with at the earliest. The MRA also needs to investigate cases of long outstanding debts so that the Arrears figure in the Annual Report of the Accountant General includes, recoverable debts only.

Customs

7.4 Overlying Goods

As per Section 61(1) of the Custom Act “*Where any goods are landed and are not claimed or removed within 2 months of being landed, the Director-General may cause the goods to be sold by public auction or public tender, as the Director-General may determine, after giving public notice of the sale.*”

7.4.1 *Overlying Containers at New Container Terminal of Mauritius*

As of 7 November 2016, 140 containers were transferred from Cargo Handling Corporation Ltd (CHCL) to the New Container Terminal of Mauritius (NCTM). Examination of the list of 140 overlying containers submitted by CHCL to Customs revealed the following:

Some of the containers held valuable items, such as mixers and grinders, construction materials, printers, LED TVs, engine and auto parts, and foodstuff. Containers having foodstuff, namely juices, wines and beers were not kept under appropriate temperature for several years and some foodstuff were kept even beyond their expiry dates.

These containers had been overlying at CHCL for period ranging from one to 15 years, that is well beyond the period prescribed at Section 61(1) of the Customs Act. Goods that have become unfit for consumption would have to be destroyed at the expense of Customs.

Two overlying containers at NCTM were not recorded in the Customs Management System (CMS). Hence, details such as container numbers, dates received and contents were not known.

7.4.2 *Containers not in Customs Management System*

During a site visit effected by my Officers on 7 November 2016, 35 additional containers were seen overlying at NCTM.

It was reported that the containers were overlying at NCTM prior to 1996, that is, for more than 20 years. These containers were not recorded in the CMS. Hence, details of these containers, including their contents, were not known.

Three container numbers had faded out and their identification were difficult.

Inquiry revealed that some of the containers had been detained by the Police Department as Police exhibit. However, there was no such evidence at CHCL, NCTM and Customs.

No Customs seal was found on most of the overlying containers. There was high risk that the containers had been tampered with.

Recommendations

Section 61(1) of the Customs Act should always be complied with. The overlying containers at NCTM should be verified and transferred to Customs Warehouse (Auction Sales Unit) for early disposal, to maximize revenue and reduce destruction costs.

Customs should investigate on the status of the 35 detained/overlying containers and appropriate action taken for their disposal/destruction.

Management's Reply

44 per cent of the consignment of the 140 containers have already been cleared from Customs and the remaining is in the process of being disposed in a priority order depending on the value of the goods.

The two containers not in CMS have been earmarked for disposal as per legal provisions.

Regarding the 35 containers, all enforcement bodies and agencies have been convened to carry out a survey on 20 February 2017 and action will be taken as per legal provisions.

7.4.3 Overlying Liquor

As per Section 76 of the Customs Act “*goods may be warehoused for a period not exceeding 42 months from the date of their entry for warehousing*”.

During a site visit effected by my Officers on 24 February 2016 in a bonded warehouse, 49 drums containing some 10,200 litres of liquor such as vodka, gin and grain spirit were seen overlying.

The liquor, received on 8 November 2005, was not removed for distillation within the prescribed period of 42 months and had remained in the bonded warehouse for some 10 years.

It was only on 26 November 2013 that the Ministry of Health and Quality of Life informed that the 49 drums of liquor did not comply with the Food Regulations and should be destroyed. In March 2016, the Wastewater Management Authority (WMA) recommended that for the disposal of the liquor in the wastewater system, the liquid products should be compliant with the Fourth Schedule of the Wastewater Regulation. The costs of destruction were estimated by Customs at some Rs 284,000, excluding labour costs. However, as of 30 November 2016, the 49 drums of liquor have still not been destroyed.

Recommendations

Customs should dispose the 49 drums of liquor as recommended by the WMA.

Customs Act should be reviewed to incorporate penalties and to compel the importers who abandon their goods in bonded warehouse, to reimburse the costs of destruction.

Management's Reply

Actions have been initiated by Customs for the disposal of the condemned goods as per established procedures. The WMA has carried out sample analysis and has recommended that the products need to be diluted prior to disposal in the wastewater system.

Proposals for amendment to Customs laws will be made in next budget to cater for costs of destruction to be borne by the importer in case of abandoned goods.

7.4.4 Overlying Goods at Freight Stations

Overlying goods that had already expired and constituted a risk to the environment, were found during site visits effected by my Officers in October 2016 at three freight stations.

Batteries

Some 20 large boxes containing expired batteries were seen overlying at a freight station for more than 18 years. There was no record in the CMS in respect of those expired batteries. Timely action had not been taken in line with Section 61(1) of the Customs Act.

Industrial Cleaning Materials

A pallet of industrial cleaning materials received since December 2011, was still overlying at a freight station for the past five years. Some of the pails have cracked and the chemical substance was leaking.

Pharmaceutical Products

287 boxes, containing 100 paracetamol injections of 100 ml each and unstuffed on 29 June 2013, were still overlying at a freight station. These had already expired since March 2015 and no action was taken to transfer same to Customs Warehouse for destruction.

Expired Products in 'Pin Gras'

Large quantities of different products such as wines, medicines/syrups, garments and helmets were seen overlying in the 'Pin Gras' (an area for keeping detained goods) at a freight station.

These items were reported to have been detained by Customs since some 20 years back. They were kept in poor conditions and had expired since long. These detained goods were not recorded in the CMS. Hence, details such as container numbers, dates received, bill of entry numbers and description were not known.

A list of overlying goods kept in the "Pin Gras" was submitted by the freight station to Customs in October 2016. However, important details such as quantity and description of each product were not submitted.

Recommendations

Approval from appropriate Authority should be sought for the destruction of hazardous products and disposal of same be done according to established procedures.

The Customs Act needs to be amended to introduce penalties against importers who abandon their goods in freight stations that constitute a risk to the environment. They should also be compelled to reimburse the cost of destruction.

Management's Reply

Actions have been initiated for the destruction of the batteries.

Liquid medicine could not be destroyed due to incinerator breakdown. Priority is being given to high dutiable goods and perishable goods for disposal.

There is a mechanism put in place at Customs to ensure all overlying goods and goods found in "Pin Gras" are monitored.

7.5 Unlawful Removal of Garments

7.5.1 Consignment Unstuffed on 24 November 2015

A consignment of 30 packages of garments, unstuffed on 24 November 2015, was put on hold by the Commercial Fraud Unit (CFU) in a freight station.

On 5 January 2016, the CFU noticed that all the 30 packages of consignment were unlawfully removed without payment of excise duty and tax. The case was referred to Police on 14 January 2016 and as of 30 November 2016, almost 11 months after the incident, the Police enquiry was still ongoing.

There was no evidence that the camera footage had been viewed by Customs before being overwritten by the freight operator.

7.5.2 Consignment Unstuffed on 25 November 2015

A consignment of goods, declared as footwear in the House Manifest and unstuffed on 25 November 2015 at the same freight station, was put on hold by the CFU on 27 November 2015 on the ground that they consisted of garments instead of footwear. According to the Customs Tariff Act, there is no excise duty on footwear.

Some of the garments were unlawfully removed on 29 December 2015 without payment of excise duty and tax. The shortage was noticed only on 6 January 2016 when the CFU Officer effected a site visit.

The matter was reported to the Police on 7 January 2016, nine days after the event. As of 30 November 2016, some 11 months after the event, the actual quantity of garments

unlawfully removed from the freight station without payment of excise duty and tax, was not known.

Management reported that the consignment was a Police exhibit and that physical examination could only be carried out in the presence of Police. No joint survey had been carried out and the status of the case was still not known.

Since the CCTV camera in the freight station was owned and controlled by the freight operator, there was high risk that the consignment had been further tampered with and the cameras footage already overwritten.

Recommendations

Customs, in collaboration with the Police Department, should carry out a survey on the remaining packages of the garments so as to determine the actual quantity and value of goods unlawfully removed from the freight station.

Decision should be taken jointly by Customs and Police Department to transfer the remaining consignment to Customs Warehouse to prevent further tampering.

Management's Reply

Additional Customs Officer is posted to supervise delivery at freight stations. Regular visits are also effected by Supervising Officers, Port Surveillance and Enforcement Unit (PSEU), CFU and K9 team at all freight stations.

The case of missing footwear is still under investigations with the Police. The consignment is a Police exhibit and thus physical examination would be carried out only upon request and in the presence of Police. Letter has been forwarded to the Commissioner of Police on 26 December 2016, requesting the status of the case.

Regarding consignments unstuffed on 25 November 2015, Customs has secured the CCTV footage related to the incident.

7.6 Arrears of Revenue

7.6.1 Return of Arrears of Revenue as of 30 June 2016

Customs arrears of revenue consist of duties, taxes, penalties and interests payable in respect of claims issued for goods already delivered, not yet paid and Customs Offence Reports (CORs) raised for offences. The arrears are classified as collectible and non-collectible in the Statement of Return of Arrears of Revenue. Collectible debts are those where debtors have agreed to settle, while non-collectible debts are those where debtors have not agreed to settle.

The Statement of Arrears of Revenue as of 30 June 2016 showed a total figure of Rs 662.5 million, of which Rs 51.3 million (7.7 per cent) represented collectible debts while Rs 611.2 million (92.3 per cent) represented non-collectible debts. An age analysis of total arrears of revenue is shown in Table 7-5.

Table 7-5 Age analysis of total Arrears of Revenue as of 30 June 2016

Year	No. of cases	Duties & Taxes (Rs)	Interest (Rs)	Penalty (Rs)	Balance as at 30 June 2016 (Rs)
1998-2000	18	1,623,145	-	5,909,187	7,532,332
2001-2003	7	17,604,696	-	33,836,204	51,440,900
2004-2006	16	32,350,001	-	5,621,899	37,971,900
2007-2009	234	77,109,844	1,716	40,006,286	117,117,846
2010-2012	96	35,438,296	9,912,800	70,187,344	115,538,440
2013-2016	300	268,373,009	25,559,914	38,973,472	332,906,395
Total	671	432,498,991	35,474,430	194,534,392	662,507,813

Debt Management

An analysis of the non-collectible debts of Rs 611.2 million revealed that 208 debtors, with a total arrears figure of Rs 417.3 million (68.2 per cent), have been referred to Court, Legal Service Department (LSD), Police Department and Assessment Review Committee (ARC), as shown in Table 7-6.

Table 7-6 Status of Arrears of Revenue as of 30 June 2016

Status	No of Debtors	1998 (Rs)	1999 (Rs)	2000 (Rs)	2001 (Rs)	2002-2016 (Rs)	Total (Rs)
Court	55	737,614	15,133	5,869,284	47,005,482	24,725,552	78,353,065
LSD	72	Nil	Nil	298,043	Nil	200,488,955	200,786,998
Police	13	Nil	140,230	Nil	Nil	33,983,974	34,124,204
ARC	68	Nil	Nil	Nil	Nil	104,130,333	104,130,333
Total	208	737,614	155,363	6,167,327	47,005,482	363,328,814	417,394,600

Out of 361 cases referred to LSD as of 30 June 2015, only 72 cases were retained, while the remaining 289 cases with a total arrears figure of Rs 171.5 million, were referred to the Debts Management Unit (DMU) and were classified as “*pending review*” on the debtors’ list. However, according to Customs, the arrears could not be recovered as they were already time barred.

Of the 13 cases referred to the Police Department, 12 cases (Rs 26 million) were still under investigation. One of the cases was referred to the Police since 1999.

Long Outstanding Debts

The recovery process of overdue debts was lengthy. For the period 1998 to 2008, a sum of Rs 202.8 million due by 242 debtors was still outstanding. In one case, a COR which was raised in 2001 against a Company for the sum of Rs 47 million, was referred to the Office of the Director of Public Prosecutions (DPP) on 22 January 2010, 10 years after the offence. The case appeared before Court on 21 October 2014 but was postponed as the defendant had raised a point of law “*abuse of process*”. At November 2016, the actual status was not known.

According to Customs, out of the 242 long outstanding cases, 203 cases with an outstanding amount of Rs 127.3 million, inclusive of three debtors having significant arrears of Rs 75.1 million, were already time barred.

Recommendations

DMU should check the status of all cases referred to Police, LSD and ARC on a regular basis in order to provide accurate arrears of revenue figure at end of each financial year.

All avenues should be explored for the recovery of maximum debts within reasonable time to avoid the issue of “*abuse of process*” and debts being time barred.

A committee should be set up to reconsider all the time barred cases.

Management’s Reply

Relating to COR where the compounding amount is Rs 47 million, it is to be noted that the hearing of the case has been fixed for 10 July 2017 before the Supreme Court.

With regards to re-adjustments and time barred cases, MRA will put in place mechanisms to resolve these issues.

With the introduction of Section 14 (2A), Customs is exhausting all the powers conferred upon it prior to submission of cases to LSD.

7.6.2 Analysis of Debts

Company A

In January 2015, a COR was raised for the sum of Rs 48,922,714 against Company A for unlawful removal of goods from a bonded warehouse in August 2007. The matter was referred to LSD on 29 May 2008. However, no recovery could be initiated as the claim was time barred in 2014. In December 2016, almost nine years after the event, the case has been referred to the Office of the DPP.

Management's Reply

At October 2016, investigation was being completed and the file has already been referred to the DPP's Office for prosecution on 7 December 2016.

Company B

In March 2000, a COR for the sum of Rs 5,669,284 was raised against Company B for an offence committed under the Customs Act. The case was referred to the Office of the DPP on 28 January 2009, some nine years after the offence and it was taken up at the Intermediate Court on 21 February 2012. As of November 2016, 16 years after the offence, the case was still pending.

Management's Reply

The case has been postponed several times. An update on the actual status has been requested from the Intermediate Court on 20 December 2016. Given that the COR dated from the year 2000, it is difficult to know from records available why the case took nine years to be referred to the Court.

Imported Yacht

Following a post control review in February 2012, it was found that the HS Code of a yacht imported by a company was wrongly classified, resulting in an underpayment of VAT amount of Rs 11,405,620. As of 30 June 2016, the amount due totalled Rs 22,581,564, inclusive of penalties and interest.

On 29 April 2013, the company produced a documentary evidence that ownership of the yacht had been transferred to another company. However, before settling the debt, both companies had been dissolved on 14 June 2014 and 20 June 2015 respectively. The case was referred to the Attorney General's Office (AGO) and on 11 July 2016, the latter advised to reinstate both companies and to have a "*Saisie Conservatoire*" of the yacht. On 26 July 2016, the Attorney General was requested to reinstate the two companies, and to have a "*Saisie Conservatoire*" of the yacht.

As of November 2016, some four months after the request, the two companies have not yet been reinstated.

Recommendation

Customs should follow up with AGO about the reinstatement of both companies and "*Saisie Conservatoire*" of the yacht to be applied.

Management's Reply

A reminder has been sent to AGO on 19 December 2016 for an update on the status. In addition a request for a meeting with AGO has also been sent on 20 December 2016.

7.7 Patrol Boat – ‘Cobra 27’

Customs is responsible for the prevention of smuggling of illicit goods, drugs trafficking and control of goods entering, leaving and transiting the port. Surveillance is maintained on a twenty-four hourly basis.

‘Cobra 27’, a fibre glass boat, was acquired in June 2002 at the cost of Rs 1,390,000, to be used mainly for inner harbour patrol. The patrol boat was out of order since 14 January 2016 and was kept idle at Customs House. No regular patrol has therefore been effected in the inner Port Area since that date.

During period 1 January 2012 to 14 January 2016, the boat had undergone repairs and maintenance on several instances, amounting to Rs 399,390, as shown in Table 7-7

Table 7-7 Cost of Repairs and Maintenance

Year	Cost of repairs and maintenance (Rs)
2012	169,004
2013	84,611
2014	77,424
2015	34,771
1-14 January 2016	33,580
Total	399,390

As of 30 November 2016, some 10 months after the breakdown, no decision has still been taken either to repair the boat or to dispose of same and acquire a new one.

According to the log book for the year 2015, ‘Cobra 27’ had, on average, effected only one patrol of some 45 minutes daily in the Port Area and no patrol was effected on Sundays. Consequently, Custom surveillance in the inner harbour was limited.

Recommendations

Decision needs to be taken by management in respect of the ‘Cobra 27’ either to repair or to dispose of same and acquire a new one.

Alternative control mechanisms should be put in place for inner harbour patrol.

Management’s Reply

Decision has been taken to repair “Cobra 27” and acquisition of two additional Hull Interceptor Boats has already been taken by Management. These vessels will be used for the surveillance in the port.

Alternative control mechanisms have been put in place including Customs surveillance 24/7, CCTV coverage and Fast Interceptor Boat for focused surveillance based on intelligence.

7.8 Scanning

Customs has a cargo scanner at Plaisance Airport Terminal Services to effectively and efficiently assist the detection of prohibited goods, drugs, and other offences without physically examining the containers or packages.

According to statistics submitted, the number of consignments scanned during the past three years is shown in Table 7-8.

Table 7-8 Number of Scans

Year	Number of consignments scanned	Number of anomalies detected
2014	18,975	19
2015	15,172	4
2016	13,853	10

The number of consignments scanned has decreased from 18,975 in 2014 to 13,853 in 2016, that is, by 27 per cent.

Scanned images were of poor quality, not clearly visible and difficult for the image interpreter to make a proper assessment of the scanned consignments. The number of anomalies detected upon scanning had decreased drastically from 19 cases in 2014 to four cases in 2015 and 10 cases in 2016. It was reported that the scanner had been in use for more than 10 years. There was risk that the scanned images have been wrongly assessed.

According to statistics, the scanner had frequently broken down. In 2015 and 2016, it broke down 14 and 13 times respectively. The cost of spare parts acquired for its repairs in the year 2015 amounted to some Rs 1.5 million.

Recommendations

The scanner needs to be urgently replaced since scanning is a useful control mechanism in the detection of offences related to wrong/false declaration of goods, attempted revenue evasion, smuggled drugs, firearms, weapons of mass destruction and other offences.

Alternative control mechanisms such as sniffing and extensive physical examination should be put in place until replacement of the scanner.

Management's Reply

Procurement and installation of a scanner will be completed within one year.

Alternative control mechanisms have been put in place such as use of K9 and physical examination on risk management basis by other independent enforcement teams.

Corporate and Business Registration Department

7.9 Arrears of Revenue

The arrears of revenue in respect of registration/licence fees and fines of the Corporate and Business Registration Department totalled some Rs 167 million as of 30 June 2016. Arrears for the last six periods and the respective amounts of write off and recovered in the ensuing financial periods are given in Table 7-9.

Table 7-9 Arrears, Write Off and Recovered Amounts

Arrears as at	Arrears (Rs m)	Ensuing Financial Period			
		Write off (Rs m)	%	Recovered (Rs m)	%
31 December 2011	323	-	-	7	2.2
31 December 2012	364	164	45	40	11.0
31 December 2013	234	53	23	14	6.0
31 December 2014	229	90	39	11	4.8
30 June 2015	155	-	-	8	5.2
30 June 2016	167	-	-	-	-

The decrease in arrears was mainly due to the write off of a significant amount of arrears totalling some Rs 307 million in the years 2013 to 2015.

Recovery of arrears was slow. Only some Rs 8 million, that is, about 5.2 per cent of the Rs 155 million due at 30 June 2015 were recovered during the ensuing financial year ended 30 June 2016.

7.9.1 Debt Recovery System

At paragraph 6.3 of the Audit Report for the year ended 31 December 2013, I reported that the measures put in place to recover the arrears seemed inadequate and ineffective with the result that the rate of recovery for each of the last five periods was as low as 2.2 to 11 per cent of the total arrears.

Debt recovery mechanisms in place were restricted to issuing reminders prior to compounding of offences. Defaulting companies would thereafter be removed from register and verification and approval of list of arrears due for write off would be sought from the Internal Control Unit.

As at 30 June 2016, procedures for removal from lists had been initiated for 4,594 companies comprising private, Global Companies 1 and 2 amounting to some Rs 9 million. The amount to be written off has not yet been worked out.

It was also noted that there was delay in issuing reminders to defaulters. For instance, the deadline for payment of registration fees for 2016 was 20 January 2016. However, it was on 3 May 2016, that is more than three months after the due date of 20 January 2016, that 6,281 reminders were sent to domestic private companies informing them that some Rs 7 million were due by them. A sum of Rs 4.5 million was eventually collected as at 17 November 2016.

7.9.2 Age List of Debtors

An analysis of the arrears of Rs 167 million as of end of 30 June 2016 is given in Table 7-10.

Table 7-10 Analysis of Debtors

Debtors as at	Amount Outstanding (Rs m)		
	Fees	Fines	Total
31 December 2012	63.9	26.0	89.9
31 December 2013	7.1	3.5	10.6
31 December 2014	17.1	8.6	25.7
30 June 2015	14.0	6.8	20.8
30 June 2016	13.0	7.0	20.0
Total	115.1	51.9	167.0

As at 30 June 2016, arrears of revenue of some Rs 118 million, that is more than 70 per cent of the total outstanding figure of Rs 167 million were awaiting write off in addition to the Rs 307 million already written off.

Recommendations

The debt recovery mechanisms need to be urgently reviewed, establishing appropriate procedures for the timely follow-up, recovery and enforcement of outstanding amounts so as to ensure prompt recovery of the sums due from the debtors. All possible avenues to recover the debts should be explored prior to seeking authority for write-off.

Department's Reply

With the introduction of new regulations whereby on line payment system should be used, more time will be allocated to the clearing of cheques.

Procedures for debt recovery are well monitored and unless the law is changed, this office would have to comply with the strict procedures contained therein.

Registrar General's Department

7.10 Revenue Collection – Rs 8.2 billion

At paragraph 6.4 of the Audit Report for the year ended 31 December 2014, I reported a difference of Rs 793.1 million between the Revenue Collection Report of Registrar General's Department (RGD) and the net revenue reported in the Treasury Accounting System. Management reported a difference of Rs 174.3 million.

During the 18 month period ended 30 June 2016, RGD collected some Rs 8.26 billion. However, the Cash Book report and revenue transactions listing for the above same period could not again be produced for examination.

Department's Reply

The Cash Book Report will be prepared by the supplier for the 18 months to June 2016 for onward transmission to the Director of Audit.

7.11 Debtors – Rs 359.2 million

Arrears of revenue as at 30 June 2015 and 30 June 2016 were Rs 434 million and Rs 359.2 million respectively.

- The figure of 30 June 2015 was understated by some Rs 13.5 million due to arithmetic error.
- 1,449 cases of untraceable debtors owing additional tax or duty totalling Rs 46.2 million have been omitted in the list.
- Debtors' balances of Rs 0.4 million and Rs 15.8 million were not previously reported in the statement of arrears of revenue prior to January 2015. They were only recognized as debtors after the Ministry of Finance authorised their write offs in May 2015 and May 2016.

Department's Reply

- Henceforth all the computation of figures will be crosschecked by the Head of Section to prevent arithmetical error.
- As regards the 1,449 cases, the claims have not been served upon transferor and transferee and thus the claims are not considered to be final. In order to secure the amount to be paid by them, an inscription is enrolled on all their moveable or immoveable properties. At any time, the case can be reopened and discussed before the Objection Unit or the Assessment Review Committee (ARC).

7.12 Arrears of Revenue

Debtors' management is a risk area for the RGD. Out of the Rs 359.2 million of arrears of revenue as at 30 June 2016, Rs 339 million related to registration duties on land transactions, that is, 94 per cent. These debts arose when additional registration duties were claimed following assessments by the Government Valuer and the amount due was not settled. This is shown in Table 7-11.

Table 7-11 Movements of Arrears of Revenue over Period 1 January 2011 to 30 June 2016

	2011	2012	2013	2014	Jan 2015 to June 2016	Total for 2011 to 2016
	Rs m	Rs m	Rs m	Rs m	Rs m	Rs m
Balance at 1 January	196	213	290	331	440	196
Less Adjustment to Debits	5	14	40	24	135	218
Less Write Off	-	-	1	10	29	40
Less Collections	12	19	27	32	30	120
Sub total	179	180	222	265	246	(182)
New Debtors	34	110	109	175	113	541
Balance 31 December	213	290	331	440	359	359

Source: Return from arrears of revenue and audit reports

Observations

- Between 1 January 2011 and 30 June 2016, total debtors balances have increased from Rs 196 million to Rs 359 million and during these five years, an amount of Rs 120 million was recovered whereas a total amount of Rs 258 million was adjusted to the debtors figure either as write-off or as objections lodged.
- Arrears of revenue have decreased from Rs 440 million as at 31 December 2014 to Rs 359 million as at 30 June 2016. New debtors amounted to Rs 113 million whereas only Rs 30 million were recovered out of the Rs 440 million during the 18-month period ending 30 June 2016. The decrease was represented by an amount of Rs 29 million that was written off and also by two previous debtors' balances, totalling Rs 105 million at 31 December 2014 that were removed from the list following objections lodged to the ARC.
- Out of total debtors of Rs 302.6 million kept manually as at 30 June 2016, some Rs 137.3 million were long overdue for more than four and a half years.
- There has not been any significant change in the amount owed by Campement Owners. These debtors owed Rs 19 million as at 30 June 2016, of which some Rs 6.3 million were

outstanding for more than 10 years. Only Rs 386,500 were recovered during the 18 month period to 30 June 2016.

- At Paragraph 6.5.3 of the Audit Report for the year ended 31 December 2014, I mentioned that 22 companies and 16 individuals owed a total amount of Rs 223.3 million as at 31 December 2014. Two companies, assessed at Rs 105 million, raised objections at the ARC. A total amount of Rs 23.6 million was written off. A sum of Rs 92.5 million was still outstanding as at 30 June 2016. This included 17 companies and 15 individuals owing a total sum of Rs 55.2 million and Rs 37.3 million respectively. Of the above amount, only some Rs 870,250 were collected during the 18-month period ending 30 June 2016 which is on the low side.

Department's Reply

- For long overdue cases for more than four and a half years, action has been initiated to prepare "contrainte" and submit to State Law Office.
- This Office is investigating with the Ministry of Housing and Land on the number of the Campement Owners who have opted for the 60-year lease.
- An inscription has been enrolled on all the properties of the Campement Owners to secure the debt.
- Procedures are being initiated to refer all cases to the Mauritius Revenue Authority for recovery under Section 45B of the Registration Duty Act and Section 42B of Land (duties and taxes) Act.

7.13 Reassessment of Immovable Properties

13,024 cases with a total declared value of Rs 59.9 billion were referred to the Government Valuer for the reassessment of immovable properties during the period February 2015 to June 2016. 2,855 cases with declared value of some Rs 7.8 billion were reassessed. In 2,402 cases having a total declared value of Rs 3.6 billion were reassessed upwards for a total amount of Rs 6 billion.

- There were no reassessment values in the computerized system for the remaining 453 cases with a total declared value of Rs 4.2 billion though payments have been effected in 59 cases.
- 1,026 cases were settled as at 8 November 2016. No payments were received for 751 cases. 957 cases inter alia were lodged at the Objection Unit of RGD and the ARC during the period February 2015 to June 2016.
- For 1,353 reassessed cases, involving additional duties of Rs 62.8 million for both vendors and sellers, debtors balances totaling Rs 50.5 million were yet to be recovered. Only an amount of Rs 12.3 million was recovered.

7.14 Cases under Objections

The values of immovable properties declared and registered are subject to reassessment by the Valuation Department. The Valuation Unit of RGD then deals with collection of additional duties and taxes after reassessment of property by the Government Valuer.

- When the Vendor or Purchaser is dissatisfied by a notice of the RGD to pay additional tax or duty, he may make an objection within 28 days of the date of notice.
- Any person who is not satisfied with the decision of the Objection Unit may appeal to the ARC to determine the open market value of the property.
- Any person who is again not satisfied with the determination of the Committee on a point of law can make an appeal to the Supreme Court.

7.14.1 Objection Unit of RGD

The Objection Committee must deal with cases within four months for objection made after 1 June 2015 and previously within six months. Where the objection is not dealt within that period, the objection shall be considered to have been allowed by the Registrar-General.

- The total declared value of 167 cases arising during the period 1 January 2015 to 30 June 2016 amounted to Rs 684.4 million whilst their reassessed values totalled Rs 829.2 million. This could represent a potential loss of revenue to government of some Rs 14.5 million.
- There were 1,872 cases that were yet to be determined as of December 2016.
- No proper register was kept to record all objection cases together with their status.

7.14.2 Cases with the Assessment Review Committee (ARC)

A person who is aggrieved by the decision of the Objection Committee may lodge a written representation with the Clerk to the Committee in accordance with Section 19 of the Mauritius Revenue Authority Act.

- RGD's records showed that there were 923 cases that were yet to be determined by ARC as of December 2016. 627 cases totaling Rs 36.1 million dated back to April 2015.
- No proper record was kept to trace all the representations made to ARC together with their status.
- Two cases were under objection at the ARC since October 2014 that totalled Rs 105 million. No further outcome was known two years later.

Department's Reply

- An in depth analysis is required for the 1,872 cases.
- According to law there is no time limit for ARC to deal with cases.

7.15 Cases Referred to Judiciary – Contrainte

Contrainte is legal action to be taken against a debtor for non-payment of any amount due. After a Judge Order is received, debtors are expected to pay the amount owed by them. According to the Judge Order, if a person does not comply with the notice or does not appeal against it within 10 days, an order for seizure should be issued and to sell the movable and immovable property of the person.

During the period October 2013 to June 2016, 807 cases totalling some Rs 82.9 million were identified as Contrainte by the Valuation Unit of the RGD. 161 cases were settled and Rs 10.6 million were collected as at December 2016.

- Contrainte raised prior to October 2013 were not available.
- 631 cases involving Rs 70.9 million have not been settled.
- 137 cases totalling Rs 63.3 million were each above Rs 100,000, that is, 76.4 per cent of the total. No proper follow up on Contrainte cases were carried out by RGD Officers.
- Out of 807 cases, Judge Orders were still being awaited in 405 cases involving Rs 40 million. This included 198 cases for over four years.
- Out of the 402 cases for which Judge Orders were received, no service was effected for 185 cases totalling Rs 24.6 million and only 68 cases were sent to Attorney General's Office for seizure.

Recommendation and Conclusion

The process of valuation of immoveable properties is lengthy and costly to manage. Debt recovery has not yet proved to be satisfactory taking into consideration the level of debt recovered and debts being written off. The credit risk is high. I reiterate that the option of having valuation rolls where the value of immoveable property will be available prior to registration will improve the system.

RGD must put in place a management information system to generate information relating to arrears of revenue, objections and appeals.

Department's Reply

- The 137 cases of Contraintes, have already been referred to the State Law Office for further action.

- As regard to the 405 out of 807 cases, obtaining Judge's Order is not under the jurisdiction of this office.
- For 185 cases, where Judge's Orders were received, no service was effected as it is the prerogative of the State Law Office to serve the Judge's Order. Procedures for seizure may be carried out subject to cases where the Government is ranked "first" among the other debtors.

8 - MINISTRY OF TECHNOLOGY, COMMUNICATION AND INNOVATION

8.1 Information and Communication Technologies Authority (ICTA)

For the financial years 2011 to 2015, the ICTA has collected Rs 1.36 billion from licensed operators but has remitted only Rs 200 million into the Consolidated Fund as shown in Table 8-1.

Table 8-1 Revenue Collected and Amount Remitted into Consolidated Fund and Year's Surplus

Financial Year	Total Revenue (Rs m)	Year's Surplus (Rs m)	Remittance to Consolidated Fund (Rs m)
2011	131.7	33.8	40
2012	300.9	187.8	40
2013	295.6	133.8	40
2014	304.1	139.6	40
2015	332.2	144.9	40
Total	1,364.5	639.9	200

Source: Financial Statements of the ICTA

As from year 2012, total revenue of ICTA has more than doubled. Net surplus for the last five years totalled Rs 639.9 million. Between December 2011 and December 2015, ICTA's Cash and Bank balances have increased from Rs 306.3 million to Rs 876.9 million. There has been growth in liquidity ratio from 3:1 to 18:1. Net assets have increased from Rs 269 million to Rs 1,023 million.

- For the financial years 2011 to 2015, ICTA has collected significant funds from licenced operators but has remitted less than 15 per cent of the total revenue to Government.
- Unlike the Mauritius Revenue Authority Act and the Tourism Authority Act, the Information and Communication Technologies Act (ICT Act) is silent on the extent to which its revenues are to be remitted into the Consolidated Fund.

Recommendation

Government should revisit Section 20 and 21 of the ICT Act regarding management of its Fund. It may set a limit on its overall cash and bank balances as is provided in the Financial Services Act.

Ministry's Reply

The percentage has been based upon total revenue in General Fund and Universal Service Fund. Only the General Fund is concerned with surplus that may be remitted. Accordingly, ICTA has remitted more than 24 per cent of its revenue instead of 15 per cent over the past five years under review.

Action would be initiated as recommended by your office to review Sections 20 and 21 of the ICT Act regarding the quantum of money that should be transferred to the Government, taking into consideration amount required to fund the projects which would have to be implemented.

8.2 Disbursement of Funds of Rs 510 million by the Ministry and Ministry of Finance and Economic Development to Mauritius Post Ltd

In December 2015, the Mauritius Post Ltd (MPL) requested the Ministry of Finance and Economic Development (MOFED) for urgent injection of capital to the tune of Rs 510.2 million, on the ground that the MPL's investment valued at Rs 510.6 million in a financial institution had been impaired to only Rs 0.4 million.

On 8 January and 22 April 2016 Government was informed of the following:

- MPL had submitted a request for the injection of Rs 510.2 million to enable it to have a net positive equity and to operate as a going concern.
- MOFED had agreed to the above financial request subject to the MPL relinquishing its pre-emptive rights on its shareholding in the financial institution and finalising its restructure plan so as to ensure its long term financial sustainability.
- There would be a need to split the injection of the amount of Rs 510.2 million into part equity and part contribution that would be applied to reduce the unfunded pension liability and that a Technical Committee would look into the matter.

The Ex-Government employees effectively joined the MPL with effect from March 2004. Upon corporatisation, all Government Postal Services Department employees who were transferred to the MPL joined a Defined Benefits Scheme (DBS) managed by SICOM Ltd. This transfer was carried out under the Statutory Bodies Pension Fund Act.

MOFED requested MPL to increase its employer's rate of contribution to the Defined Benefit Pension Scheme from 9 to 12 per cent with immediate effect as from January 2016. On 10 June 2016, MOFED informed the Ministry that it had agreed to inject Rs 510 million in favour of the MPL.

The employer's contribution rate has been increased from 12 to 14 per cent as from July 2016 as per SICOM Actuarial report as at 30 June 2016. Employee's contribution of 6 per cent has remained unchanged being as per legal provisions. Hence, the total contribution as from July 2016 is 20 per cent.

On 22 June 2016, MOFED first reallocated Rs 255 million to the Ministry. On 28 June 2016, the Ministry then released the payment of Rs 255 million to MPL by way of an advance and as part contribution towards past service pension liability.

On 27 June 2016, MOFED released an additional amount of Rs 255 million to the MPL as investment in the form of equity participation.

In April 2004 SICOM Ltd reported that the excess of pension obligations over the fair value of plan assets, that is an IAS 19 liability, stood at Rs 139.3 million as at 30 June 2003 and Rs 241.7 million at 30 June 2006 after injection of Rs 330 million by Government in June 2006. The pension fund deficit reached Rs 617 million at 30 June 2016, excluding the above Government contribution of Rs 255 million.

- No Technical Committee was set up though it was recommended to the Government.
- No independent technical report was available.
- Government disbursed Rs 255 million as contribution towards past service pension liability though in July 2015 SICOM Ltd reported that the Pension Fund would be depleted by the year 2028.

Ministry's Reply

A Ministerial Committee will be set up to review the modalities of payment of pension accrued to former employees of Postal Services department.

8.3 School Net II Project

In 2013, Government decided that the Ministry of Education and Human Resources, Tertiary Education & Scientific Research (MOE) would distribute tablets to Form IV students and the Ministry would implement the School Net II project. In paragraph 13.3.2 of the Audit Report for the year ended 31 December 2014, I mentioned that MOE distributed 26,100 tablets in July 2014 to Form V students and Educators that were acquired for Rs 135 million. Another contract for supply and commissioning of 23,400 tablets for Rs 108.5 million was awarded in May 2015.

The School Net II project would provide high speed connectivity and would connect all secondary schools in Mauritius, Rodrigues, Public Libraries and Mauritius Institute of Education to the Government Online Centre (GOC). In September 2015 the Ministry awarded the contract for the sum of Rs 122.5 million for the School Net II project to a private contractor that provided for the following:

- Supply and commissioning of equipment and complete system which were to be made over three Phases for 163 different sites for an amount of Rs 88.5 million, and
- Rental cost for international internet connectivity for a period of two years for Rs 34 million.

The works were to be completed within 12 months and were split in three phases, each of four months and involving 54 or 55 sites. The supplier was expected to fix the School Net II, the wireless access points connectivity, next generation firewalls and international internet connectivity.

In September 2016 in its commissioning report, the Central Information Systems Division (CISD) has inter alia reported that telecommunications tests have failed for 23 out of 54 sites and that minimum 200 Mbps of international internet bandwidth has not been provided.

However, the Central Informatics Bureau (CIB) had no objection for the Ministry to proceed with the payment of the hardware element of Phase 1 amounting to Rs 22.1 million and of the variation thereof of Rs 0.9 million.

The advance payment of 15 per cent on signature of contract for the sum of Rs 13.3 million was already released at the end of April 2016. The Ministry then released payments for Phase I totaling Rs 23 million late in September 2016. The Ministry has also paid rental services for international internet connectivity to the same Contractor for the previous two months totaling to Rs 1.9 million in November 2016.

- It was noted that there was no Memorandum of Understanding (MOU) between the Ministry of Education and the Ministry.
- Despite the above mentioned pending issues raised by CISD, CIB had no objection for the Ministry to effect payment of Rs 23 million. The Ministry has not followed proper payments procedures for the payment of Rs 23 million for Phase I as the complete system was not successfully commissioned as per contractual terms. The issue of failure of telecommunication tests for Phase 1 was still pending in December 2016.
- As of 2 April 2016, the Contractor had not submitted any internet service spectrum licence though contractually required. However, the Ministry paid the Contractor Rs 1.9 million for rental of internet services.
- The fact that rental cost for international internet connectivity would cover 163 sites over two years, the rental cost payable for each month could not be ascertained as the terms of contract were not clear. Also there was no relation between the number of functional sites and payments effected. There was the risk of overpayments of rental costs.

Ministry's Reply

A Ministerial Committee will be set up to look into the implementation of the project in a holistic manner.

8.4 Renewal of Oracle Technical Support Licences- Rs 58.8 million

During the 18-month period ending 30 June 2016, Government disbursed Rs 58.8 million to Oracle Systems Ltd (OSL) for the renewal of Oracle Technical Support Licence as shown in Table 8-2.

Table 8-2 Payment to Oracle System Ltd for Renewal of Oracle Technical Support Licences

Date of Payment	Period covered in the Technical Support contracts	Amount (US \$)	Amount (Rs)
15 June 2015	17 May 2015 to 16 May 2016	560,471	19,450,017
29 June 2016	17 May 2016 to 16 May 2018	1,120,942	39,369,822
Total		1,681,413	58,819,839

CIB submitted to the Ministry details of the distribution of Oracle Licences in different Ministries /Departments in an “Oracle Distribution List” as at March 2016. On 29 June 2016, the Ministry disbursed Rs 39.4 million to OSL for two years effective May 2016. To enable the payment of Rs 39.4 million to be made, the Ministry reallocated an amount of Rs 21.5 million on 27 June 2016 from another vote item.

- No report of user managements to certify the existence and usage of licences previously allocated to them as included in the “Oracle Licenses Distribution List was made available.
- No Software Register was kept and maintained by the Database Administrators (DBA) posted in Ministries and Departments.
- The Ministry effected payment of Rs 39.4 million to OSL for renewal of Oracle Technical Support licences for two years though budgetary provision was made for only one year.
- The Ministry paid for renewal of 1,285 licences though the number of licences in the distribution list submitted by CIB totalled 1,209 licences, that is a difference of 76 licences.

545 Oracle licenses were allocated to four Ministries/Departments as per CIB’s list. We obtained confirmation for existence and usage for only 64 Oracle licences in use as shown in Table 8-3.

Table 8-3 Usage of Oracle Licences

Ministry/Dept	Computerisation Project	No. of licences as per CIB Distribution list	No. of users generated from system
Electoral Commissioner’s Office	ECO	97	59
Ministry of Youth and Sports	Transport	51	5
Registrar General’s Department	RGD	276	Not available
Civil Status Division	CSD	121	Not available
Total		545	64

- No formal confirmation and reports on the actual status and utilisation of the Oracle systems were seen from user management of different Ministries/Departments.
- 275 user licences for the Oracle system were renewed for period May 2016 to May 2018 at the Registrar General’s Department when the latter had already shifted to another computerised system (MeRP) as from May 2015. The actual number of licences fixed and being utilised in the old computerised system could not be ascertained.

Recommendation

There is need to improve IT governance taking into consideration the significant investments made in ICT by Government.

Ministry's Reply

The Ministry will carry out an assessment of the use of Oracle licenses in the Civil Service.

The Ministry will seek legal advice on the terms of the Oracle pricing policy following a reduction of licenses or support level and negotiate with Oracle for more favourable terms.

Renewal of licences is done for the batch of licences for which the contract has been initially signed, irrespective of whether a certain number of licences are being used or not. Further, Oracle does not allow for subsequently reduced number of licences unless a new contract is signed. Moreover, Oracle informed that this will not entail a decrease in support fees.

With the new system being used at the Registrar General's Department, some Oracle licences have become in excess. CIB will reallocate such excess for other projects and is making use of Oracle licences from the pool of unused ones whenever possible.

Action will be taken to ensure that each Ministry keeps a register of different types of licences to ensure that the lists both at CIB and Ministries tally.

8.5 Transfers to Private Enterprises – National Innovation Programme Rs 64.9 million

During financial year 2015-16, budgetary provision of Rs 125 million was made to fund the National Innovation Programme (NIP), that was meant to foster a new culture of research and development and to give a spur to the creation of new and innovative products and services. The Mauritius Research Council (MRC) screened and summarised the projects that were approved by the National Innovation Committee (NIC) on 22 June 2016. On 28 June 2016, the Ministry disbursed an amount of Rs 64.9 million to the MRC for 103 projects.

- (a) No memorandum of understanding was signed between the Ministry and the MRC for the funding and monitoring of the Innovation projects.
- (b) Contrary to financial regulations, no Grant Memorandum was produced to my officers for the release of grant of Rs 64.9 million to MRC.
- (c) No information paper on the different projects was available at the Ministry.
- (d) The whole amount of the innovation grants was released at one go instead of on a phased basis.
- (e) Out of 103 projects, agreements for three projects only between the Ministry and private enterprises totalling Rs 8.3 million were made available.

- (f) As at December 2016 no information was available on the extent that funds have been disbursed by MRC together with status of the projects.

8.6 Rental of Telecommunication Lines for Network System-Rs 119.4 million

The Ministry disbursed a total amount of Rs 119.4 million for the rental of telecommunication lines for network systems during the period January 2015 to June 2016. Further to paragraph 13.4 of the Audit Report for the year ended 31 December 2014, the following shortcomings were again noted:

- Out of the above amount, no contracts were made available for payments totalling Rs 112.7 million for GINS and GPON network systems for the period under review.
- The claims were not certified by the Technical staff of the Ministry.

Ministry's Reply

The GINS contract expired in June 2015 and is currently being renewed on a monthly basis whilst awaiting the procurement of data connectivity services through the SkyGovNet Project by the Ministry. The procurement exercise is under way and is currently at evaluation stage at the Central Procurement Board. A new contract under a framework agreement will be signed upon award.

9 - MINISTRY OF YOUTH AND SPORTS

9.1 Financial Assistance

Financial assistance and grants are provided to Sports Federations and Football Clubs/Committees for the promotion and development of sports. The Ministry prepared Guidelines for Assistance to National Sports Federations in 2012 to ensure greater accountability and transparency at all levels.

9.1.1 Sports Federations

As of 30 June 2016, 47 National Sports Federations were in operation, among which six were classified as multi-sport organizations and one as a statutory body. Out of the 47 Federations, 44 were provided with financial assistance and an amount of some Rs 80 million was disbursed for the 18 month period ending 30 June 2016.

In accordance with the Guidelines, the National Sports Federations were eligible for grants on condition that audited financial statements, insurance certificate covering all licensees and development plan were submitted to the Ministry annually.

The Sports Act stipulates that every National Sports Federation shall sign a Performance Agreement with the Ministry for funds put at its disposal and submit annual accounts to the Ministry not later than three months after the close of every financial year.

9.1.2 Performance Agreement

Funds provided to the Sports Federations as per the Performance Agreement (PA) amounted to some Rs 82 million for the 18 month period ending 30 June 2016.

As of 30 September 2016, nine beneficiaries to which, an amount of some Rs 14 million was granted as financial assistance did not sign the PA for years 2015 and 2016 while the signature of the Ministry was missing in respect of 33 PAs.

9.1.3 Submission of Financial Statements/ Insurance Policy

As of 30 September 2016, 17 Federations did not submit their audited financial statements for the year ended 31 December 2015 to the Ministry. The actual amount of financial assistance totalled some Rs 25 million. In addition, six Federations did not submit their audited financial statements for the year ended 31 December 2014. 42 out of the 44 Federations did not submit their insurance policy certificates for the 18 month period ending 30 June 2016.

Despite the fact that the Sports Federations were not complying with the requirements of the Sports Act and Guidelines set by the Ministry, they were still provided with financial assistance.

9.1.4 Football Clubs and Committees

The actual amount of financial assistance given to the Football Clubs and Committees for the 18 month period ending 30 June 2016 amounted to Rs 54.9 million.

The Ministry defined a new set of conditions during the year 2014, which the Football Clubs and Committees should comply together with the Sports Act, in order to be eligible for financial assistance. One of the conditions was that a formal agreement should be signed by the Ministry and the Clubs/Committees. However, no agreement was signed during the 18-month period ending 30 June 2016.

The Mauritius Professional Football League (MPFL) comprised ten clubs. The main conditions for the MPFL to be eligible for the financial assistance, were among others to submit a list of names of its female football and youth team, who would participate in the National League 2014/15 and proof of registration of the Clubs and Committees with the Registrar of Association.

In addition, Premier Leagues Clubs were also required to submit personal details of the female players including the bank account number, identity card number, and addresses to ensure proper control over disbursement of financial assistance.

Although, Football Clubs and Committees did not submit the required details to the Ministry and did not also comply with the new set of conditions, they still benefited from financial assistance.

Recommendations

For greater transparency and accountability, the Ministry should ensure that the conditions are complied with before the release of fund and funds disbursed had in fact been used for the promotion of sports. The requirements of the Sports Act should also be strictly followed.

Ministry's Reply

- At time of audit, the Performance Agreement Forms were not yet finalized and signed by either party. The Ministry had no alternative than to release funds for activities which were already programmed with a view not to penalize the athletes.
- Insurance Companies were either not willing to provide insurance cover or the premium claimed was significantly on the high side. The Ministry has, therefore, taken the initiative to negotiate with insurance companies for insurance cover for the licencees of federations. As from next financial year, funds for insurance cover will be retained at source from the budget of the federations.
- The procedures for the release of funds to Football Clubs and Committees have proved to be administratively heavy and cumbersome and were also not practicable. The Ministry is coming up with a new procedural agreement to facilitate the implementation of this measure.

9.2 Assets Management

During the past three and half years, the Ministry had acquired assets under Vote Item 'Acquisition of non-financial assets' and 'Office, Furniture and Equipment' to the tune of Rs 31.4 million.

Basic records, such as equipment registers and master inventory showing a complete list of all assets it owned and distributed to the 75 sports facilities were not up to date.

The Office of Public Sector Governance (OPSG) was mandated to implement a project for the development of a computerized and online fixed asset register in 2008. It was initially decided to apply the new System, Physical Asset Management System (PAMS) on a pilot basis at the Ministry as from November 2013.

However, as of November 2016, the level of inputs made in the PAMS could not be ascertained as some problems were encountered to log into the system and no report could be generated from the system. The last updated asset additions return produced was for period September 2013 to March 2014.

Physical surveys were carried out by my officers on 17 to 23 November 2016 based on a sample of 30 sports infrastructure selected which revealed that records kept were incomplete, not up to date and therefore, movement of assets could not be traced.

In several cases, various obsolete and unserviceable items were found dumped at the Centre. However, no unserviceable ledger was maintained.

Recommendation

Due to inadequate records kept, the completeness of assets held at the outstations could not be ascertained. Therefore, to ensure a sound asset management system within the Ministry, it is essential that adequate and up to date asset records are kept. Annual survey of assets should also be carried out to ensure the existence of assets.

Ministry's Reply

- In view of the number of outstations (78 scattered around the island) together with the numerous offices at the Head Office, this exercise is a very time consuming one. There has been a considerable delay in updating the master inventory and inventory sheets as the Ministry was shifting to its new premises. The posting of an Office Management Executive was only made available on 21 September 2016 to take charge of this assignment. The PAMS would also be updated.
- A special squad has been constituted and assigned the responsibility to carry out physical surveys of all obsolete and unserviceable items and make recommendations on their disposal. As at date, all outstations have already been visited and obsolete and unserviceable items are being disposed of, as required under prevailing regulations.

10 - MINISTRY OF PUBLIC INFRASTRUCTURE AND LAND TRANSPORT

10.1 Parking Coupons

The Ministry of Public Infrastructure and Land Transport (MPILT) is responsible for the sale of parking coupons while enforcement is carried out by the National Transport Authority (NTA) and the Mauritius Police Force (MPF). Parking Coupons are printed by the Government Printing Department (GPD) following requisitions raised by the MPILT. Revenue collected from sale of parking coupons during the period 1 January 2015 to 30 June 2016 amounted to some Rs 31.7 million.

10.1.1 Sale of Invalid Parking Coupons

My Officers carried out a physical survey of parking coupons on 24 November 2016. According to the Stock Book kept at the Cash Office of the MPILT, there were 40,750 unsold coupons of Rs 20 denomination bearing serial numbers 16/394251 to 16/435000.

The serial numbers of the most recent batch of coupons received from the GPD ranged from 16/420000 to 16/435000. Those of the latest sale of coupons by the MPILT ranged from 16/393001 to 16/394250.

On the date of the survey, my Officers purchased a batch of 10 parking coupons of Rs 20 denomination from a shop located at Port Louis bearing serial numbers 16/698731 to 16/698739 and 16/698720. However, these coupons were not yet printed by the GPD and hence not sold by the MPILT. Thus, these coupons were not valid at time of purchase. Moreover, the shop was not included in the list of authorised selling outlets of the MPILT.

Impact

Fake parking coupons are being sold on the local market. This represents a potential loss of revenue to Government.

10.1.2 Indenting of Parking Coupons

Requisitions for printing of parking coupons were sent by the MPILT to the GPD. According to Financial Regulations, the Accountant General is generally responsible for the registration and control of all receipt and licence books used in accounting for the receipt of public money, and he alone is authorised to indent on the Government Printer for the supplies of new books.

The MPILT did not comply with Financial Regulations as it was dealing directly with the GPD instead of through the Accountant General.

Recommendations

- To comply with Financial Regulations, requisitions for printing of parking coupons should be indented by the Accountant General instead of the MPILT.

- The Road Traffic Act should be amended so that action could be taken against those selling fake parking coupons.
- Security features in parking coupons should be reviewed. For instance, the seal of the Accountant General could be affixed on the parking coupons as a measure of control.
- The NTA and MPF are responsible for the enforcement of Road Traffic (Paid Parking) Regulations. The MPILT should improve coordination with both NTA and MPF. For instance, there was no evidence that the MPILT informed NTA and MPF of the serial numbers of parking coupons on sale which would enable them to detect fake coupons.

Ministry's Reply

Actions have been taken as follows:

- The matter has been reported to the Police for investigation and action taking.
- The NTA will be requested to strengthen measures to effect checks on serial numbers of parking coupons alongside the check of illegal parking.
- Meetings will be held by the Police Department on proposed amendments to the Road Traffic Act and also on security measures to be adopted.
- Consideration will be given to make public the authorised sales points of parking coupons.
- The recommendation to indent the parking coupons on Accounts F.259 to the Accountant General will be implemented as soon as possible. Meetings with the Accountant General's Department, National Transport Authority and this Ministry will be held shortly for the implementation of the recommendation of the Director of Audit.

National Transport Authority

10.2 Changes in Engine Capacity of Vehicles

During the period January to March 2016, various cases were reported at the National Transport Authority (NTA) whereby the cylinder capacity of engine of vehicles did not correspond with that recorded in the Registration Book of vehicles and with the database kept at the NTA. Thus, owners of these vehicles did not pay the appropriate road tax.

During the period March to June 2016, on request of the NTA, a total of 7,159 vehicle owners voluntarily disclosed modifications made to their vehicles. That included 5,163 cases which related to modifications in engine. It implied that in most of those cases, the engine changes had remained unnoticed or had not been queried during issue of new fitness certificates.

Impact

This has resulted in a significant shortfall in revenue collected by the NTA as payment of road tax is based on the engine capacity of vehicles. The shortfall in revenue could not be quantified as these cases were under investigation by the Mauritius Police Force.

10.2.1 Control Mechanism at the NTA

Control mechanism should be reviewed and improved as follows:

Reporting Change in Engine Capacity

According to instructions stated in the Registration Book of vehicles, owners should seek the authorisation of the Commissioner before making any change in the vehicle details listed in the Book. In general, owners of vehicles did not comply with this requirement and prior authorisation was barely sought.

The NTA should devise ways and means to ensure that this instruction is complied with by vehicle owners.

Examination of Vehicles

Prior to November 2016, any change in the engine capacity of vehicle was recorded in the form 'Amendments to particulars of vehicle in Registration Book/Carrier's Licence', which was signed by a Vehicle Examiner and approved by a Senior Vehicle Examiner. However, physical examination of vehicles was carried out by the Vehicle Examiner only.

The amendment forms were not sequentially numbered. Thus, it was difficult to ensure whether all those forms were processed and changes made in the database of vehicles.

Amendment to Database of Vehicles

Database of vehicles is maintained electronically. There is no evidence that amendments made to the database in respect of changes in engine capacity were reviewed.

Daily reports detailing changes made should be extracted from the system. These reports should then be verified by Officers other than those involved in input.

Recommendation

Though examination of vehicles has been privatised, the NTA as a regulatory body should monitor and strengthen control measures.

The database of vehicles should reflect information which is accurate and complete to enable transactions to be processed in compliance with Road Traffic Act.

NTA's Reply

Changes in Engine Capacity of Vehicles

Regarding the apparent shortfall in revenue collected it is to be noted that 5,163 cases had been referred to Police for enquiry and the remaining 1,996 cases are actually being processed through consultation with Police Officers.

Control Mechanism at the NTA

Since the privatisation of the Fitness Centres on 3 November 2016, amendment forms are serially numbered. The Road Traffic Regulations under sections 123 and 190 of the Act provide for the areas which the private operators have to abide by. Three Vehicle Examiners of the NTA have been posted at each of the three Vehicle Examination Centres in order to ensure adherence of the operators to legislations both in operation and in documentation, records and returns.

10.3 Supply of Student Identity Cards

Following introduction of Free Travel Scheme, a company was awarded the contract for supply of about 90,000 student identity cards annually at the rate of Rs 20 per card for the period 1 September 2005 to 31 August 2008.

In February 2009, the Ministry of Finance and Economic Development requested the National Transport Authority (NTA) to seek advice from the Public Procurement Office (PPO) regarding renewal of the agreement for a further period of three years at the rate of Rs 30 per card. The PPO advised that 'a service contract for an initial period of three years renewable for an additional period of three years is too long a period for a contract with the same service provider. The NTA was requested to consider an extension of the contract for either six or twelve months on the same terms and conditions thus allowing sufficient time for a fresh bidding exercise.

10.3.1 Further Extension of Contract

In spite of the advice from PPO, a new agreement was signed in May 2009 with the same supplier for the supply of about 90,000 student identity cards annually for the period 1 September 2008 to 31 August 2011 at the rate of Rs 25 per card. The agreement was further

extended for the supply of about 120,000 cards annually for periods 1 September 2011 to 31 August 2014 and 1 September 2014 to 31 August 2017 respectively.

According to Treasury Abstract, some Rs 16.1 million were paid to the supplier during the period 1 January 2013 to 30 June 2016 including some Rs 7.1 million for the 18-month period ending 30 June 2016.

Impact

In the absence of competitive bids, it could not be ascertained whether a fair and reasonable price had been obtained over the years 2009 to 2017.

10.3.2 Data Protection

In compliance with the Agreement, the NTA provided the supplier with a database containing personal data of students. According to the Data Protection Act, the NTA and the supplier fall under the definition of Data Controller and Data Processor. Section 34(1) of the Data Protection Act requires that every Data Controller and Data Processor should apply for registration in writing to the Commissioner of the Data Protection Office (DPO). There was no evidence that the NTA and the supplier were registered with the DPO.

Recommendations

- The NTA should invite fresh tenders to obtain more competitive bids.
- Regarding the security of data, measures must be taken to ensure compliance with the Data Protection Act.

NTA's Reply

Fresh tenders will be invited through open tendering procedures prior to the expiry of the current agreement so that the issuing of student identity cards is not disturbed. The NTA shall immediately start working on the tender documents to be floated.

The advice of the Commissioner of the DPO has been sought accordingly and action has been initiated by the NTA to apply for registration as a Data Controller and the supplier concerned as Data Processor.

11 - MINISTRY OF EDUCATION AND HUMAN RESOURCES, TERTIARY EDUCATION AND SCIENTIFIC RESEARCH

11.1 Ex-Dr O. Beugeard Government School

The ex-Dr O Beugeard Government School (GS) consisted of a dressed stone/timber building. Owing to the hazardous nature of the building, the Ministry of Education and Human Resources, Tertiary Education & Scientific Research (MoE) decided to demolish parts that were not structurally sound and renovate the building, after obtaining approval from the Ministry of Arts and Culture (MAC) on 28 July 2003. At the same time, MAC stated that action was being initiated to remove the site from the list of National Monuments.

11.1.1 First Contract

The MoE started procedures for demolition/renovation works in 2006 and awarded the contract in October 2006. Through oversight, the Ministry did not inform the Contractor that demolition was to be in such a way that materials could be re-used in the new construction. The National Heritage Fund Board (NHFB) objected to the demolition works as it was classified as a 'historical building'. A court injunction was issued in November 2006. Eventually, the contract was terminated in July 2007 after an amount of Rs 1.34 million was disbursed as payment for preliminaries, mobilisation and removal of roof and openings.

The Ministry maintained its request for declassification in December 2006 and asked MAC to complete procedures for removal of the building from the National Monuments List. The NHFB did not pursue this option due to the heritage value of the building.

11.1.2 Second Contract

New designs were worked out by the Ministry of Public Infrastructure & and Land Transport (MPI) after consultation with the NHFB, the MAC and other Ministries. The designs were approved by the NHFB in May 2008 and the decision conveyed to the Ministry by the MAC on 24 June 2008.

Tenders were floated in December 2009 on the basis of the new designs. For technical reasons, no award was made. Documents were updated and new tenders floated in April 2012. Award was made on 3 April 2013 to Company A for the renovation, construction and extension works to the school for the sum of Rs 45.77 million inclusive of VAT. Work started on 8 July 2013.

On 22 November 2013, three non-government organisations, lodged a case against the MoE, the MPI and Company A to stop construction works immediately at ex-Dr O Beugeard GS as the building had been declared a National Heritage Building. The interim order obtained in November 2013 was made interlocutory on 7 February 2014.

The Contractor himself wrote to put an end to the contract as from 31 July 2014 after having removed part of the materials and demobilised. An amount of Rs 266,910 was paid to the Contractor as compensation for the materials remaining on the site of work. In July 2014, MPI proposed that 'salvable materials (steel and blocks) may be accounted and removed

from site and the assessed cost be deducted from money due to the Contractor in order to mitigate cost, an option that was finally not retained.

Some Rs 12.4 million had been paid to Company A from 15 August 2013 to October 2014. Out of the last payment of Rs 4,591,656, some Rs 3,690,000 related to compensation for 246 days at Rs 15,000 per day, payable to the Contractor from stop order to determination of contract.

11.1.3 Audit site visits

A visit was carried out on 26 July 2016. The building was in a dilapidated state with iron bars exposed, a few cement bags on a bench, aggregates, and blocks.

According to the list of materials on site at determination of contract, obtained subsequently at MPI, there should have been more than 1700 blocks of different sizes, 5 tonnes reinforcement, seven cement bags, 20 tonnes aggregates, 10 tonnes rock sand and eight metal windows 600 x 600 mm, all with an estimated value of Rs 266,910. In addition, there were also 98 dressed stones (pierres taillées) on the site.

Another joint visit was made on 23 August 2016 to ascertain the existence of the materials left on site. A lot of materials was no longer on site, amongst which steel column, blocks and metal windows. Of the 98 dressed stones, only two were seen. Wood and planks that made up the flooring and roof structure were mostly missing and only a few pieces were seen rotting on the ground.

11.1.4 Security at the site

The Zone Directorate was requested to provide security service to the site as from August 2014. An amount of Rs 24,725 was paid monthly for watchmen on a 24-hour basis.

A complete survey of all items present was not carried out by the Ministry and the Contractor so that any missing items may be more easily determined and responsibility ascertained.

No control was exercised on the presence of the watchmen. On several occasions, no one was seen present on site. From details in payment vouchers, the same watchman was working the night shift and another one doing the day shift for all the days of the month.

The key to gain access to the premises was with the Security personnel only. None was available at the Ministry. The premises could be accessed by another make shift gate that was not well secured. As there was no electricity on the premises, the risks of theft at night were high especially in the absence of watchman.

Implications

The historic building was but a stone facade in ruins bearing no resemblance to the building as it originally was. All the columns and the veranda with its canopy have been demolished. Dressed stones worth a fortune have disappeared as well as wood which have high market value.

The Ministry has failed to safeguard not only Government property but items of historical value. Appropriate measures have not been taken to ensure that all the items were stored properly to prevent deterioration and prevent theft.

Payments to Contractors amounted to some Rs 13.74 million at 30 June 2016 could be considered as nugatory. Most ‘salvable’ materials paid for have disappeared and those still on site were mostly no longer usable.

Ministry’s comments

- The Ministry of Education has already informed the Ministry of Arts and Culture, that given the heritage value of the building, it would be more appropriate that it is vested in them.
- As regards the security services and the materials not found on the site, action has been initiated to report the matter to the Police.

11.2 Project for the Construction of New University Campuses - Rs 760 million

The ex-Ministry of Tertiary Education Science, Research and Technology (MTESRT) was established in the year 2010 with the vision of the Government of Mauritius to transform Mauritius into a knowledge based economy by 2025. In line with its Programme 2010 -2015, to increase access and to provide equal educational opportunity, the then Government decided to set up new university campuses in different regions to accommodate some 8,000 students. The project included provision of additional space to existing public universities which were facing acute shortage of space.

In order to speed up the project, Government approved the setting up of a company to own and manage the new university campuses that would be constructed. Knowledge Parks Limited (KPL) was incorporated in May 2013 as a limited company wholly owned and controlled by Government.

The Ministry of Finance agreed to fund the project to the tune of Rs 810 million by way of a loan amounting to 60 per cent of the project cost and the remaining 40 per cent as equity.

The contracts for the construction of three new university campuses were awarded by KPL in the year 2014. Details of the campuses were as in Table 11-1.

Table 11-1 Floor Area for Campus

Campus	Area of land (Acres)	Floor Area (Square metres)	Capacity (students)
Pamplemousses – 7 floors	50.0	7,000	2,000
Montagne Blanche – 7 floors	50.0	7,000	2,000
Reduit – 3 floors	23.7	1,100	450

The total project value for the construction of the three campuses including consultancy and management fees was Rs 760,191,096. As at 31 December 2016, total payments amounting to Rs 676,449,889 were disbursed by the then MTESRT and the Ministry of Education, Human Resources, Tertiary Education and Scientific Research. Payments totalling Rs 83.2 million including retention money and consultancy services were due as at 31 December 2016.

In the context of the Budget 2015-16, Government had decided to use the buildings of the three campuses being set up at Reduit, Montagne Blanche and Pamplemousses to house Polytechnics for courses in ICT, Tourism and Hotel Management and Health Care courses.

Observations

- (a) All three buildings have been substantially completed in the year 2016 and provided with associated equipment, amenities and infrastructure. Mechanical and electrical equipment, kitchen equipment, air-conditioning, projectors and sound systems in lecture theatres, internet servers and CCTV system have already been installed. Nearly a year has lapsed since two campuses have been taken over by KPL and were nearing the defects liability period. However, none of these state of the art facilities were in use at end December 2016.
- (b) The waste water treatment plant and rain water harvesting systems constructed at Pamplemousses and Montagne Blanche were not commissioned as the campuses were not operational.
- (c) KPL as a state owned company was mandated to set up and manage university and other higher education premises and invest in projects for the development of the tertiary education sector. The campuses were built with a view to attracting foreign students as well as foreign top ranked universities and promoting Mauritius as a knowledge hub. These objectives relating to enhancement of tertiary education have not been attained. Foreign universities which have opened branch campuses in Mauritius in financial year 2015-16 have either invested in their own new campus or have settled as a private campus.
- (d) In the year 2015, Government announced that the buildings of the three campuses would be used to house polytechnics instead of universities. Consultations with foreign polytechnic institutions concluded that several issues needed to be considered for the successful implementation of the polytechnic project. Structural changes are also necessary to all three existing facilities including provision of additional infrastructure and equipment to cater for teaching and learning suitable for polytechnic education. As per the first estimate worked out in June 2016, capital investment to the tune of Rs 75 million would be required in the first year for the phased setting up process of the polytechnics in addition to staff and other costs of Rs 140 million.
- (e) After a preliminary study by a Consultant from the World Bank in October 2015, a Framework of the Polytechnic Sector in Mauritius was proposed. The Consultant has proposed among others, that partnership with Industry and foreign leading polytechnic systems is crucial for the establishment of the sector. However, as at 31 December 2016, no partnership agreement with any institution has been finalized.

Government agreed in August 2016 to retain KPL as a legal entity but with amendments to its appellation, objects and shareholding structure. The main objective of the new company, Polytechnics Mauritius Ltd, will be to set up, manage and put up the necessary facilities for the development of polytechnic education. It is not known how long it will take for polytechnic institutions to start operating at the campuses.

- (f) It is to be pointed out that some 15,100 square metres campus space are being unutilised when public universities were facing space capacity problems.

Implications

- Government has invested around Rs 760 million in infrastructure, equipment and facilities which were lying dormant for almost a year and from which no benefits have been derived.
- The project value which has already reached some Rs 760 million will require additional funds of some Rs 75 million to make them operational as polytechnics.

Recommendations

- The Ministry should speed the process of implementing the new projects so that these expensive facilities are put to use.
- Proper planning should be made for the successful implementation of the new projects.
- The Ministry should also address the problems of lack of infrastructure at the public tertiary education institutions.

Ministry's Reply

- Consultations with foreign partners through diplomatic channels take time.
- The successful implementation of the new polytechnic projects would be the responsibility of the new company Polytechnics Mauritius Limited.
- The Ministry has been acting upon the Strategy Framework elaborated by the World Bank Consultant to set up the polytechnic sector.

11.2.1 Absence of Parliamentary Control

I wish to draw the attention of the oversight body that Knowledge Parks Limited, being incorporated as a private company, is beyond parliamentary control despite public funds to the tune of Rs 800 million have been used. The same would apply to Polytechnics Mauritius Limited, which would replace KPL.

11.3 Printing and Supply of School Textbooks

Expenditure incurred on the cost of printing and supply of primary and pre-vocational school textbooks for the period January to June 2015 and the financial year 2015-16 amounted to some Rs 19.1 million and Rs 54.6 million respectively. Due to pedagogical considerations, the textbooks have been organised into two parts. The first part of the textbooks for primary curriculum was expected to be completed by mid-May or at the beginning of June at the latest, after which the second part would be started.

There was a Textbook Committee at the Ministry which has the responsibility of setting the time frames for the timely provision of the necessary materials to private printers or the Government Printing Department (GPD), for the printing of the textbooks, the delivery of the completed textbooks to the Central Supplies Division (CSD) of the Ministry and the final distribution to schools.

11.3.1 Orders placed late and books delivered to schools with considerable delays

- (a) Due to poor planning, the procurement exercises were carried out late in 2016. Several bids were therefore launched through restricted bidding on a fast track basis with six to 10 days allowed for submission of bids. Hence, reasonable time was not allowed for bidders to submit quotations. Deliveries were to be made within five to 15 days of award of contract.
- (b) The delay in the awards of contracts for the year 2016 was more consequent than the previous year. 37 titles were received at schools more than four weeks after the beginning of the academic year (11 January 2016). Various textbooks and teachers' guides were received at the CSD in March 2016. These books were delivered in schools some 12 weeks after resumption of classes in 2016.
- (c) The delay in printing and supply of Part 1 textbooks to schools in 2016 was mainly attributed to late delivery of materials for the different manuals by the Mauritius Institute of Education (MIE). Since early 2015, the Ministry decided that MIE would submit new materials for Standards I, II and III for 2016. CDs of some new textbooks were submitted by MIE at the end of December 2015 and February 2017 only. There was a lack of monitoring and coordination between MIE and the Ministry regarding submission of materials for new books and the subsequent clearances for printing.
- (d) In 2015, the pupils of pre-vocational classes and in Special Education Needs schools received their books at schools with considerable delays. ICT manuals for Pre-Voc Year IV, which should have been made available at schools at the start of the academic year, were procured in July 2015.
- (e) Pupils in Agalega received their books with far more delays as ships go there every three months. Except for Part 1 books for Standard IV and VI which were shipped to Agalega in November 2015, most of the remaining textbooks were sent on 14 February 2016, more than one month after resumption of school and the remaining in May 2016. Part 1 of History and Geography, Health Education and Art for Standard V, received in March 2016 were sent to Agalega at the end of May 2016 and were thus available to pupils during mid-second term. Eight Teachers' Guides for Standard III and V were also despatched on the same date.

- (f) 36 titles for Part 2 were available at schools in August 2016 at the beginning of the third term instead of about end of May/beginning of June when Part 1 is completed. Only Part 2 of textbooks for Standards IV and VI and French and English for Standard V were delivered on time at schools. This has resulted in Part 2 of the curriculum starting much later than programmed; in the third term for several subjects.
- (g) For many textbooks substantial variations were noted in the number of pages to be printed. Hence, after the award of contracts the prices had to be revised but also sometimes entailing delays in delivery.

Implications

- Short bidding periods and tight delivery schedules also usually limit response from bidders, thus reducing competition so that best price may not have been obtained.
- Contracts were also awarded on different dates and deliveries were thus obtained piecemeal over several weeks. Numerous trips were made to Zone Directorates and then from there to schools in Mauritius for the distribution of textbooks.
- Despatch of books to Rodrigues had to be made by air via 18 flights with more than Rs 1.4 million paid as compared to some Rs 27,000 for 2015.
- Delays in deliveries have disrupted the school programmes to a large extent as pupils of lower classes write in their workbooks while those of upper classes do exercises in the textbooks themselves to save copying time.
- Part 2 curricula have started much later than programmed and could not be completed. The Ministry decided to exclude a few topics in all subjects in the end of year national examination for Standard V.

Recommendation

As delays had become a recurrent feature, the whole process of printing of textbooks has to be completely reviewed. Planning and coordination between the different parties involved, especially the timely submission of materials from the MIE has to be improved so that set deadlines at each level are met to ensure the timely availability of textbooks to pupils.

Ministry's Comments

- The Ministry has taken corrective measures for academic year 2017 and has launched bids and award tenders earlier. Ultimately, the delivery of textbook for the resumption of January 2017 was satisfactory in general.
- Compared to previous years, the number of bidding exercised has also decreased considerably.
- The MIE subject panel Coordinator has been requested to ensure proper vetting and timely submission of materials for printing of textbooks.

11.3.2 The new National Curriculum Framework for Standard V - Textbooks printed twice

The order to reprint Standard V textbooks for 2016 was placed with the Government Printing Department (GPD) in April 2015. In August 2015 the Ministry decided that new curriculum would be used as from January 2016 due to the Nine Year Schooling project. The order with the GPD was cancelled. By that time, some 128,000 copies for all the subjects for Standard V had already been printed and some already bound. A sum of Rs 2,138,578 was eventually paid in respect of costs of paper and plates.

Due to the transition to the new Primary Curriculum Framework, the Standard V textbooks for 2016 had to be printed again, based on new material worked out by the Mauritius Institute of Education. More than Rs 2 million could have been saved if proper discussions had been held before deciding to reprint Standard V as Government had already signified its intention to implement the Nine Year Schooling project.

11.4 Multipurpose Halls Project: Rs 177 million

Four contracts for the design-build/turnkey and completion of new energy efficient multipurpose halls for the following secondary schools were awarded in February and May 2014 for Rs 177 million as shown by the Table 11-2.

Table 11-2 Contracts Details

Secondary School	Bids Launched on	Closing date for Bids	Award date	Contract Amount (Rs)
Pailles SSS	20.06.2013	13.08.2013	05.02.2014	40,980,000
S Virasawmy SSS	19.06.2013	13.08.2013	05.02.2014	41,670,000
Bon Accueil SSS	17.06.2013	13.08.2013	05.02.2014	42,903,532
GMD Atchia SC	19.06.2013	13.08.2013*	02.05.2014	51,619,562
			Total	177,173,094

Note *: Extended to 27.08.2013

At the financial evaluation stage, bidder A was ranked first in all the three state secondary schools (SSSs) and accordingly the three contracts were separately awarded to him in February 2014 for the sum of Rs 125.5 million. With regard to GMD Atchia SC, bidder D was awarded the contract for Rs 51.6 million.

11.4.1 Procurement Method

Observations

Despite being of the same nature, complexity and of almost the same estimated costs, the bids were separately launched through Open Advertised Bidding (OAB), when in fact a single bid with four lots could have instead been launched as advised by the Procurement Policy Office (PPO) in May 2012. Proceeding with each project separately was more time consuming for the procurement process and might be perceived as being split on purpose. If this advice was followed, the bids would have been evaluated and approved by the Central Procurement Board (CPB).

Ministry's Reply

The advice tendered by the PPO was not followed in view of the scarcity of contractors on the market. Further, after lengthy discussion within the Ministry and with MPI, they considered it more practical to have different exercises as the contracts were to be carried out concurrently. Hence, the decision was not aimed at splitting the tender and avoid going through CPB.

11.4.2 Evaluation of Bids

Two evaluation teams were set up with one responsible for the evaluation of bids for the three projects at S. Virahsawmy, Bon Accueil and Pailles State Secondary Schools (SSSs) and the other for GMD Atchia State College (GMD). Each bidder submitted the same technical proposal for the four schools.

Observations

The technical evaluation report for Pailles SSS was submitted after more than eight weeks from the closing date while for GMD it took some six weeks. It took unduly long periods of time to undertake the financial evaluations with reports submitted from 11 to 18 weeks after completion of the technical evaluations although those exercises were fairly simple as compared to technical evaluations. Further, notifications of award were issued after some four weeks for the first three SSS while for GMD, it was issued after some six weeks from the date of the final financial evaluation report.

Due to the delay, bidders were requested to extend the bid validity four times for GMD and twice for the other three schools. The final bid validity for Pailles SSS was 290 days (almost 10 months) and 207 days (almost seven months) for the other three SSSs.

Ministry's Reply

In view of the complexity of the projects, the technical evaluations were more time consuming as additional clarifications had to be sought from bidders. As for the financial evaluation, the delay was attributed to several supplementary technical reports that had to be submitted to the Departmental Tender Committee.

11.4.3 Technical Evaluation

The technical and financial marks of each responsive bidder were to be lumped in the ratio of 75 per cent for technical and 25 per cent for the financial proposals.

This report relates to the three secondary schools other than GMD except where the latter is mentioned.

Technical and Financial Evaluations for Pailles, Bon Accueil and S Virahsawmy SSSs

After Technical Evaluation, only three bidders qualified for financial evaluation for all three secondary schools. A summary of the final marks and rank for Pailles SSS after financial evaluation is given in the Table 11-3.

Table 11-3 Pailles SSS

Bidder	Technical marks	75% of Technical	Financial Bid (Rs)	Financial marks	Total marks	Rank
A	82.60	61.95	40,980,000.00	25.00	86.95	1
B	83.35	62.51	44,729,251.85	22.90	85.42	3
C	84.40	63.30	44,669,718.00	22.94	86.24	2

In fact, if bidder C had obtained 0.5 additional marks and bidder A had obtained 0.6 marks less in the Technical Evaluation, the final ranking order would have changed with bidder C ranking first for Pailles SSS.

As a relatively small mistake could change the ranking order and hence the selected bidder, my Officers reviewed the technical evaluation of ‘Site Planning’ and ‘Functional Aspect’; two of the six criteria in more detail for the technical proposals of bidders A, B and C.

Observations

Some inconsistencies and subjective ratings were noted in the marks allocated for the three bids. In respect of R Virahsawmy SSS, other errors were noted in the Detailed Technical Evaluation Criteria. For Criteria A: Site planning, the sub total of one bidder was stated at 18 marks when it should have been 17.5 marks when summed up. For Criteria B: Functional aspect, the sub total of one bidder was 19.1 marks when same should have been 18.6 marks. For Criteria E: Mechanical and Technical proposal, although a total of 15 marks was supposed to be allocated, the sum of all the nine sub items was only 13 marks. Further, for sub item “Ventilation”, four bidders were allocated two marks when only one mark was available.

11.4.4 Acoustic Treatment/False Ceilings

Although the bidder did not quote any amount for ‘Acoustic Treatment’, it was assumed at evaluation stage that this item was included in the financial proposal as confirmed in the

Letter of Acceptance. During project implementation, the Contractor submitted a report according to which there was no need to have acoustic treatment to the ceiling. This departure was nevertheless agreed to on the condition that the relevant acoustic test certificates were submitted regarding the reverberation levels.

Observations

Neither acoustic treatment nor any other standard false ceiling was provided to the three halls. At time of audit in November 2016, there was no evidence that test certificates had been submitted. Despite the fact that materials for false ceilings costing some Rs 885,000 had been paid for each of the three halls, false ceilings had not been provided. With the same bidding requirements, at GMD both false ceilings and acoustic treatment have been provided by the other Contractor.

Ministry's Reply

The payment for false ceilings and acoustic treatment was made on the basis of certification by the MPI

11.4.5 Energy Efficiency of the Multipurpose Halls

The buildings were to be eco-friendly with the best aesthetic appearance and designed on the Maurice Ile Durable (MID) concept. Energy efficient and eco-friendly design proposals were awarded a maximum of 15 marks at evaluation stage.

Observations

Several issues noted tend to suggest high energy consumption and inefficient use of energy. For instance, daylight in the halls was insufficient so that artificial lighting was always required when the hall was used and that T5 fluorescent tubes and Compact Fluorescent Lamps (CFLs) had been used in the main hall area, toilets and storage areas instead of more energy efficient LED lights. In addition, the two in-line mechanical extractor fans for the hall consume more energy when compared with the initially proposed hybrid/stack effect roof ventilation. With regard to the building architecture/construction, there was no thermal insulation in and on the walls and roof. Furthermore, there was absence of solar reflective paints on the walls of the hall, for example, those facing north and west at Pailles SSS.

High Electricity Bill at Pailles SSS

Due to the high electricity consumption during the first five months of operation, an investigation was carried out. It revealed that the major electricity consumption component was the centralised mechanical extractor system, until its use was discontinued since April 2016 when consumption dropped.

Conclusion

The main audit findings especially the absence of insulation in the walls and roof, use of less efficient fluorescent tubes, main hall requiring artificial lighting, centralised mechanical

extractor system consuming a lot of electricity were all found to be factors going against energy efficiency.

Ministry's Response

The energy efficiency of the multipurpose halls being a technical issue, the Ministry acted upon the advice and technical expertise of the MPI and the ESD.

11.5 Security Service in Primary, Secondary Schools and Institutions

Some Rs 76.4 million were spent by the Ministry of Education and Human Resources, Tertiary Education and Scientific Research from January 2015 to June 2016 to pay six service providers for security services in some 300 schools/institutions, consisting of the following:

- Night security services in every school/institution consisting of general guarding, including frequent patrol in compound, access control, securing all exterior doors and gates among others.
- Provision of day-time security services in some 75 schools/institutions comprising among others, safety of school personnel and pupils, controlling vehicles in the school compound and directing visitors to offices, in addition to those of night security services.
- Monitoring of alarm system in 26 schools/institutions installed in 2008.

Observations

My Officers have examined the relevant documents at the Ministry/Zone Directorates and performed site visits at 12 schools, with information sought from six others and the following were noted:

- (a) Unsatisfactory features noted in the past still recurred as corrective measures were not taken for an efficient security service in the school premises/institutions. Several schools visited were not satisfied with the security service provided.
- (b) A tender for day-time security service in 52 schools was awarded in August 2015. The rejected bids were not available for audit examination. Minimum criteria for qualification such as financial capability and past experience as well as non-submission of documents such as financial statements by the bidders, were not considered during evaluation.
- (c) For another daytime security tender awarded in 2013, contract was renewed in 2014 and 2015 despite the same service provider was not being found technically responsive in a different tender launched in 2014. I was informed that the tender awarded in 2013 could not be cancelled.
- (d) Tenders were not launched on time, resulting in contracts already expired being renewed on a month to month basis albeit schools not being satisfied with the service provided.
- (e) As the important sections in the bidding documents such as scope of service and performance specifications were not always forwarded to the schools, the Head of

Schools (HOSs) could not ensure that the service provided and records were maintained as per contract terms.

- (f) Site visits effected by my Officers, revealed that the Contractors did not comply with contract conditions such as security guards (SGs) should not be over 65 years old, be literate, wear uniforms, keep attendance and occurrence book. Further, there was no proper supervision, monitoring as well as training and screening for security guards by the service providers.
- (g) Details concerning the SGs posted at schools were not submitted to HOSs prior to start of service and the latter could not determine whether the staff and any replacements were effectively employees of the service provider. The Ministry had informed the service providers that there were cases where the SGs employed were people already in service or employed by another company whereby 24 hours of work is against the labour provisions and regulations.
- (h) Replacement of SGs was not always made in case of absence and HOS were also made aware that the SG was not always present on site. Liquidated damages or deduction in respect of absences were not always applied and payments were effected for service not delivered.
- (i) Attendance registers of the SGs were kept with them and submitted to the School Clerks when the latter prepared their returns. Various cases were noted where the attendances of SGs were not properly recorded in the registers.
- (j) There were cases where the SGs reported late to schools and left premises early. The HOSs also pointed out that sometimes the SGs reported to school drunk.
- (k) One of the general duties of the daytime security personnel was to complete the shift form before handing over school premises to Night Security Guard. This was never done and it was reported that conflicts often arose when daytime guards companies differed from night shift ones. It was also gathered that the duties of daytime security guards was limited to entry access control only contrary to list of duties stated in the contract documents.
- (l) In the past, the Ministry had set up a monitoring squad to carry out surprise checks at school premises after school hours and week-ends to ensure that security services were in accordance to contract agreement. However, in November 2016, I have been informed that the Monitoring Squad has been dismantled.
- (m) The contract for alarm system which expired in 2013, was renewed on a month to month since then. The criteria for schools to take advantage of an alarm system were not established as several schools found in the vicinity of the 24 schools benefited from only night security service. Several of these twenty four schools had 24 hours security service as well.
- (n) Meetings between the Ministry and the service provider were not always held in accordance with the contract terms, that is, once every three months or as often as necessary to review the performance of the services provided with a view to ensuring quality standard in the services. Further, performance contract evaluation report that

reflected the service level to be prepared after completion of the contract period, was not seen at the Ministry.

Implication

- The Ministry did not obtain value for money for security service. Payment was also effected for services not provided.
- In the absence of scope of service and performance specifications at school level, the HOSs were not aware of the profile and duties of the SGs; hence could not ensure compliance with contract terms.
- In the absence of performance contract evaluation reports, feedback from Zones and surprise checks carried out, the Ministry could not properly evaluate the security service delivered.

Ministry's Comments

- A reminder has been issued on 15 February 2017 to ensure that HOSs are made aware of the terms and conditions of the contract and to enable proper contract management and monitoring of performance. They have been requested through the Zone Directors to report, among others on any negative performance, lateness, non-wearing of uniforms, absences and non replacement of SGs on the part of the service provider.
- Delay in launching of tenders was due to revision of the bidding documents, introduction of the e-procurement system and late presentation of the budget.
- The performance of the Monitoring Squad which was set up by the Ministry in the past was not performing to satisfaction. Due to shortage of staff and financial implications, the Ministry has not been able to set up another monitoring squad.
- The Ministry is not being informed of changes in SGs and the attention of the service providers will be drawn to that effect. As regards the other conditions of the contract, the Ministry has already initiated action to look into the possibility of including a penalty clause in case of non-compliance with any terms and conditions of the contract.

12 - MINISTRY OF HEALTH AND QUALITY OF LIFE

12.1 Procurement of Drugs and Medical Disposables

Expenditure for the procurement of drugs and that of medical disposables for the period January 2015 to June 2016 totalled some Rs 1.3 billion and Rs 800.1 million respectively. There has been an increase of some 46.4 and 10.2 per cent in the procurement of drugs and medical disposables respectively in the fiscal year 2015-16 over that for the year 2014 as detailed in Table 12-1.

Table 12-1 Procurement of Drugs and Medical Disposables

Year/Period	Drugs (Rs)	% increase over previous year	Medical Disposables (Rs)	% increase over previous year
2012	554,292,749		389,789,417	
2013	605,942,077	9.3	454,236,731	16.5
2014	672,708,900	11.0	480,431,746	5.8
Jan-Jun 2015	367,467,598		270,897,370	
Jul 2015-Jun 2016	984,887,097	46.4	529,215,972	10.2
Jan 2015-June 2016	1,352,354,695		800,113,342	

12.1.1 Local Purchases

During the periods 1 January 2015 to 30 June 2015, and 1 July 2015 to 30 June 2016, local purchases of drugs amounted to Rs 13.3 million and Rs 26.3 million respectively and those of medical disposables totalled Rs 63.6 million and Rs 153.2 million respectively.

During 2015-16, there has been a decrease of 70 per cent in local purchases of drugs (from Rs 88.5 million to Rs 26.3 million) but a similar increase in that of medical disposables (from Rs 90 million to Rs 153.2 million) at hospital level as compared to those of 2014.

12.1.2 Public Procurement and Distribution Management of Drugs and Medical Supplies.

In September 2014, a Committee comprising Officers of the Policy Procurement Office, the Office of Public Sector Governance and the Ministry of Health and Quality of Life was set up to make an assessment and identify weaknesses in the procurement system of drugs and pharmaceutical products as from year 2010, including local purchases and to make recommendations as appropriate. Assistance was sought by the Ministry of Finance and Economic Development under the European Aid to hire Consultancy Services for the ‘Evaluation of the Public Procurement and Distribution Management of Drugs and Medical Supplies for Developing a Monitoring and Evaluation Framework’ which would assist the Ministry in improving its procurement processes.

The Committee and the EU Consultants submitted their reports in February 2015 and February 2016 respectively. The studies have highlighted weaknesses in the Ministry’s own

management structures and other factors which included among others, delays in submission of annual requirement from hospitals, lengthy procurement cycle, lack of monitoring of stock levels and lack of coordination between the CSD and the Ministry's Procurement Unit. An Absence of Standard Operations Procedures (SOPs) was also noted.

These shortcomings were affecting the overall system quality, efficiency and effectiveness at all stages. The EU Consultants recommended a constant Monitoring and Evaluation Framework covering the whole procurement and distribution cycle.

In October 2015, two training workshops were carried out to facilitate the development of SOPs for public procurement and distribution management of drugs and medical supplies. However, it has not been possible to ascertain whether procedures for the stores/warehousing/distribution/prescription were under preparation or have been completed.

Meetings were held with the stakeholders and 33 tasks, based on the recommendations made, were identified. Officers of the Ministry were given a time frame to complete the assigned tasks. As of December 2016, a number of the tasks was either not yet implemented or was still under consideration by the Ministry while progress achieved in respect of other tasks could not be ascertained in the absence of proper documentation.

12.1.3 Issues at Central Supplies Division and Dispensing Units

At paragraph 19.1.1 of the Audit Report for the year ended 31 December 2014, I reported that controls over issues at the Central Supplies Division (CSD) and at the Dispensing Units of hospitals were not satisfactory. Verifications carried out during the period January 2015 to June 2016 at the CSD, Regional and District Hospitals and at two Area Health Centres (AHCs) and one Mediclinic, showed that controls were still deficient.

Central Supplies Division (CSD)

Financial Instructions were still not being complied with. Stock take has not been carried out in the different Sections at the CSD. Many cases were noted where blank lines of Requisition Forms were not barred and the names of the Issuing Officers and those receiving medical disposables at the Health Institutions and Outstations were missing. Delivery notes were not always attached to the respective Requisition Forms.

In 2015, issues totalling some Rs 1.5 million were treated as adjustments but no supporting documents were produced to Audit to justify the adjustments.

Hospitals and Other Dispensing Units

Controls at hospitals and other Dispensing Units were poor.

- Prescription Forms were not properly filled in. In many cases, the names of Medical Health Officers/Senior Medical Health Officers' (MHOs/SMHOs) were illegible, and they were not always using their personal seals.
- The official list of Medical Officers was not always available at the Pharmacies.

- Cases were noted where the signatures of Requisitioning, Issuing and Receiving Officers were missing in Pharmacy Request Forms.
- At Brown Sequard Hospital (BSH) and Jawaharlal Nehru Hospital (JNH), there was no confidentiality over quotations sought for local purchases as the fax machine was in the Pharmacist's Office.
- There was backlog in postings in the Stores Ledgers at JNH, Sir Seewoosagar Ramgoolam National Hospital (SSRNH), Victoria Hospital (VH), Long Mountain Hospital (LMH) and Quartier Militaire Area Health Centre (AHC). Discrepancies were noted during surveys carried out by Audit.

Controlled (Dangerous and Expensive) Drugs.

In August 2015, the Ministry reviewed the list of controlled drugs to 80. Controls were not being properly exercised over the issue of these drugs.

- Postings in ledgers were not up to date at SSRNH, VH and LMH. Discrepancies were noted between ledger and physical balances including shortages in psychotropic and expensive drugs in Stores or at dispensing points.
- Some wards at JH and VH were not keeping an Expensive Drug Book. In other wards, Patient Unit Number was not always recorded. Discrepancies were noted during surveys carried out by Audit at the Dispensing Units and Wards at these two hospitals.
- Administration of dangerous drugs at some units at JH, VH and Goodlands Mediclinic was not properly documented. Patient admission was not always recorded in the Admission/Occurrence Book.
- At Flacq Hospital (FH), out of 42 files of patients who have undergone surgery for bipolar prosthesis or total knee replacement or were prescribed Expensive/Controlled drugs, 22 were not produced to Audit.

12.1.4 Dispensing of Methadone.

Weaknesses were noted over the distribution of methadone at the dispensing points at VH and JH. Patient attendance was not properly recorded and the correctness of quantity dispensed and returned could not be ascertained. The Nursing and Dispensing Officers were not recording their names and signing the Daily Attendance Sheets and the Distribution Lists.

Recommendations

Following discussions with the Chairperson of the Committee and scrutiny of the EU Consultants' Report and in the light of audit observations at the CSD, the Regional Hospitals and Dispensing Units, the following are recommended:

- Streamlining the processes for the compilation of the Annual Requirements by the use of IT, data downloading and analysis.

- Development of SOPs at all levels where control procedures are clearly highlighted and responsibilities are duly assigned.
- Review the procurement method for bulk items by streamlining the process to reduce time and overhead costs as well as the number of contracts by adopting the Framework Agreement.
- Enhancing controls over drugs and medical disposables by ensuring that regular stocktake is carried out, issues are properly supported, Pharmacy Request Forms and Prescription Forms are properly filled. Records should be properly kept and updated. Administration of dangerous drugs should be documented.
- Reinforcing of the Internal Control Unit for increased checks at both distribution and user level

Ministry's Reply

- (a) Since the year 2016, the CSD is making use of soft copies of annual drugs requirements submitted by user departments for compilation of total requirements for the quantification process. The Ministry has reverted to the Consumption method for the quantification of drugs
- (b) As from financial year 2015-16, a new system has been devised to minimize local purchases and ensure that drugs are purchased for a definite time period.
- (c) SOPs regarding the evaluation of medications have been drafted and are being implemented and those for the issue, storage and inventory of medications and medical disposables are being drafted.
- (d) A Committee of Needs will be set up prior to the launching of bids for 2017-18 and will review its work methods.
- (e) Appropriate action has been taken for the rationalisation of antibiotics. Specific and expensive drugs are prescribed under the strict supervision of the Consultant/Specialist of each medical field
- (f) The Internal Control Unit will carry out regular checks at both distribution and user level.

12.2 Expired/Deficient Items

At paragraph 19.1.7 of the Audit Report for the year ended 31 December 2014, I reported that the value of expired items awaiting write off and/or disposal at the Central Supply Division (CSD) totalled Rs 108.9 million. During the period August 2015 to February 2016, drugs worth some Rs 44.3 million from Section A (Pharmaceutical Products) were disposed on a piece meal basis by a Service Provider but Certificates of Disposal were not signed.

As of 30 June 2016, the value of items awaiting write off and/or disposal at the CSD totalled some Rs 102.3 million (Rs 24.7 million relating to the period 1 January 2015 to 30 June 2016 and Rs 77.6 million in respect of previous years) as shown in Table 12-2

Table 12-2 Expired Items Awaiting Write Off and/or Disposal

Section	Description	Up to 31 Dec 2014 (Rs)	Jan-Dec 2015 (Rs)	Jan-Jun 2016 (Rs)	Total (Rs)
A	Pharmaceutical Products	34,137,326	11,916,017	6,725,014	52,778,358
B	Medical Disposables	14,149,580	1,479,791	1,013,701	16,643,072
C	Solutions, Solvents, Syrup etc	21,039,139	3,174,134		24,213,273
F	Family Planning	2,738,388	75,824		2,814,212
V	Ayurvedic	5,495,856	191,003	202,523	5,889,382
Total		77,560,289	16,836,770	7,941,238	102,338,297

Source: CSD Data

Moreover, expired reagents, at the Central Health Laboratory (CHL), to the value of some Rs 19 million were recommended for write off in June 2013. Other expired ones were found in the Stores of the CHL and at Yves Cantin, Flacq and ENT laboratories. The procedure to be adopted for the disposal of expired reagents has not been defined. As of December 2016, these items have not yet been transferred to the Deficient Stores Ledger and were occupying considerable space in the Stores. Items were also kept in containers. Further, the expired items were not labelled and segregated from new items, contrary to Financial Instructions.

As of December 2016, several drugs/medicines were found expired at Stores A and C at Victoria Hospital. A list of expired items was not available and these have not been transferred to the Deficient Stores Ledger.

12.3 Procurement of Equipment

At paragraph 19.2 of the Audit Report for the year ended 31 December 2014, I reported several shortcomings relating to asset management and procurement exercises. In January 2016, the Ministry issued a circular containing guidelines on procurement of equipment for hospitals and an updated one was circulated in January 2017.

12.3.1 Asset Management.

During the period 1 January 2015 to 30 June 2016, some Rs 206 million were disbursed for procurement of equipment, furniture and vehicles. These were not being accounted for as per Financial Instructions. A Central Register and a Distribution Register were again not kept. A list of biomedical equipment for each of the five Regional Hospitals, which was being worked out by the Bio Medical Unit, has still not been finalised. Inventories of office equipment and furniture were either not being maintained or not updated at Hospitals.

The Ministry of Health and Quality of Life (MoH) is one of three Ministries selected in the development and testing for the implementation of the Physical Assets Management System

(PAMS). The objective of the project which went live since November 2013 was to build up an electronic register of all assets belonging to Government.

In October 2016, assistance of the International Monetary Fund was sought for the development of an Asset Register which would contain information such as physical identification of assets, their value and establishing their ownership. Assets would need to be revalued at current market cost. As of that date, 500 items of assets comprising office equipment and furniture of the Ministry's Headquarters and vehicles had been input in the system.

Recommendations

The PAMS should be implemented at all Units of the Ministry to ensure accountability of all assets owned by Government.

There is need to ensure completeness and accuracy of data input into the PAMS.

Ministry's Reply

On 27 January 2017, a working session on PAMS was held at the Accountant General's Office. The project has been relaunched and would be effective as from 1 July 2017.

12.3.2 Shortcomings in Procurement Exercises.

During the period under review, cases were again noted where there were delays in the invitation and evaluation of bids as well as in the award of contracts. Instances were also noted where specifications were not properly set and bid prices largely exceeded the estimated costs. As a result, bid exercises were cancelled, bids were reinvited and bid validity periods were extended. There were delays in the receipt of equipment by user departments and some items were not received up to nearly two years after approval of requirements.

Equipment for Government Analyst Division (GAD).

A review of bidding exercises carried out for the procurement of equipment for the GAD has shown the following:

Supply, Installation and Commissioning of Medical Equipment - Rs 10 million. On 30 September 2013, bids were invited for 13 items of medical equipment for the GAD for a total estimated amount of Rs 10 million with closing date 6 November 2013. The bid prices of two items exceeded the estimated costs by over 55 and 200 per cent respectively and the bid validity periods were extended on five occasions. The contracts for eight items were awarded on 21 August 2014 for an amount of Rs 8.5 million. Hence, the time taken from invitation of bids to award of contract was more than ten months.

On 20 May 2015, new bids were invited for the five items not awarded, with revised specifications and updated estimated costs.

Supply, Installation and Commissioning of one PC Controlled Gas Liquid Chromatograph-Flame Ionisation Detector - Rs 2.9 million. Bids for the supply, installation and commissioning of one PC Controlled Gas Liquid Chromatograph-Flame Ionisation Detector

at an estimated cost of Rs 3 million, were invited on 10 April 2014. Six bids were received by the closing date on 21 May 2014. The evaluation exercise started on 8 July 2014.

Two bids were rejected as the bidders were reported to be in a position of conflict of interest.

The evaluation exercise for the other four bids was cancelled because the Bid Evaluation Committee (BEC) held on 18 February 2015 comprised only two instead of three Officers, contrary to Public Procurement Regulation. The BEC was reconstituted with new members but not all the members attended the meetings convened on 8 and 17 June 2015. The BEC was finally held on 7 July 2015 and the recommendations of the Equipment Committee for award of bids were approved by the Accounting Officer on 16 July 2015.

The letter of award for an amount of Rs 2.9 million was issued on 17 August 2015, that is, some 16 months after the launching of bids.

Supply, Installation and Commissioning of Dental Equipment for Dental Clinics - Rs 4.3 million.

Bids were invited for the supply, installation and commissioning of nine items of Dental Equipment for a total estimated cost of Rs 4.3 million on 22 January 2015 with closing date on 25 February 2015. The Bid Declaration Form wherein declaration of parental relation, financial interest and conflicts of interest have to be disclosed, was not signed by the Secretary.

Contracts were awarded for five items for the sum of Rs 3.7 million in June 2015. The Commissioning Certificates for four items were not signed concurrently by the Supplier and Responsible Officers from the Ministry. These were signed one to two months after delivery. The effective dates of commissioning and start of warranty period could not be ascertained.

On 27 May 2015, bids received for the remaining four items were cancelled in view of the significant price deviations from estimated costs. On 24 September 2015, revised estimates were submitted and bids were reinvited on 10 November 2015. The first meeting of the BEC was to be held on 26 January 2016 and had to be reconstituted on 3 March 2016 as one of the members selected was not qualified to form part of the BEC.

The contract for the procurement of two items was awarded on 7 April 2016 for Rs 104,875 and Rs 163,000 respectively, that is, nearly 14 and five months after bids were first invited in January 2015 and relaunched in November 2015 respectively. The bidding exercise for the other two items was cancelled.

As per letter of award, the equipment has to be maintained after the warranty period for an initial period of one year, renewable after satisfactory performance on a yearly basis for a period of four years. The maintenance cost for the five-year post warranty period would amount to Rs 336,000 and Rs 242,000 and would represent more than three, and one and half times the cost of equipment respectively.

Installation and Commissioning of Medical Equipment for Cardiac Centre - Rs 13.6 million.

Requirements of 12 items of Medical Equipment for the Cardiac Centre for a total estimated cost of Rs 13.6 million for the year 2014 were approved on 13 August 2014. Bids for the

supply, installation and commissioning of these items were invited on 7 October 2014 and 14 bids were received as at closing date on 12 November 2014.

On 9 April 2015, approval was obtained for setting up of three BECs for evaluation of the three groups of items. However, only one file was kept and was thus not available to the three BECs simultaneously and the meetings were therefore delayed. Further, some members were not available and there were several changes in the setting up of BECs. The Bid Validity Period was extended on eight occasions. Some bidders were not willing to extend their offer and the bids proposed did not cover all the items.

As of 6 October 2015, only one BEC submitted its report for the evaluation of one item only. A Management Support Officer (MSO) who was appointed as Secretary, acted as member of the BEC. The Technical Adviser, one of the members of BEC did not sign the Bid Declaration Form. The contract for the supply of only one of the 12 items was awarded for an amount of Rs 2.2 million on 19 October 2015, that is, 11 months after the closing date.

On 13 May 2016, approval was conveyed for the relaunching of bids for the 11 items with same specifications and updated estimated costs. Hence, the Cardiac Centre was still not provided with these items nearly two years since the requirements were approved by the Ministry.

Ministry's Reply

A circular which was issued in January 2016 to ensure a shorter lead time for the delivery of equipment, adequate transparency in the procurement proceedings and value for money for each equipment procured, was updated on 11 January 2017.

Secretaries of BECs are now fully aware that they have to insert their names and signatures in the Declaration Forms of the BEC Reports.

Measures are being taken to launch bids once proper specifications have been obtained and availability of funds is cleared with the Finance Section. The attention of the Procurement Section has been drawn to avoid delay in the evaluation of bids by BEC.

As the Ministry is embarking on E-Procurement, it is expected that there will be improvement in the procurement process.

12.4 Supply of Medical Gas.

12.4.1 Liquid Oxygen - Dr A G Jeetoo Hospital

At paragraph 19.4.1 of the Audit Report for the year ended 31 December 2014, I reported that controls over supplies of medical gas and payments to suppliers were not satisfactory. There was an overpayment of Rs 1,886,000 for the supply of liquid oxygen at Dr A. G Jeetoo Hospital (JH) during the period June 2013 to February 2015

Payments for medical gas for the periods 1 January to 30 June 2015 and 1 July 2015 to 30 June 2016 totalled some Rs 54.7 million and Rs 118.7 million respectively.

Overpayment - Rs 1.4 million and Depressurisation Loss – Rs 1.7 million.

Out of the sum of Rs 1,886,000, the amount over paid for the period January to February 2015 was adjusted on the subsequent claims. In August 2015, a claim of Rs 1,412,830 overpaid for the period June 2013 to December 2014 was issued to the Supplier. The overpayment arose due to discrepancies in the conversion of kilograms into litres. The overpayment was not yet recouped as of 31 October 2016. The amount over claimed relating to the period 24 September 2013 to 13 January 2014, and 15 April 2014, was not computed in the absence of delivery notes from the Supplier and opening and closing readings.

According to the Supplier, the hospital tank had to be decompressed before refilling, thus resulting in a percentage loss of the liquid oxygen. In November 2015, the Ministry agreed to bear the depressurisation loss amounting to Rs 496,961 and that the balance of Rs 915,868 be refunded by the Supplier. The loss was not duly substantiated. There was no clause in the contract concerning depressurisation loss. The loss borne by the Ministry from 29 April 2015 to 30 June 2016 totalled some Rs 1,276,448 and represented some five per cent of supply amounting to Rs 25,785,760 during that period.

Outstanding Payment for May 2013 - Rs 740,600.

The delivery of liquid oxygen to JH started on 12 December 2012. The contract for the supply of liquid oxygen was awarded on 29 May 2013 at Rs 107.42 per litre. Prior to award of the contract, procurement of medical liquid oxygen being a lifesaving item was made through the Emergency Procurement Method from the sole Supplier.

On 15 December 2015, the Supplier claimed an amount of Rs 740,600 in respect of an outstanding invoice dated 31 May 2013 for the supply of 4,600 litres on same day, that is, two days after the award of the contract. The price charged as per invoice was Rs 161 per litre (price during emergency period) as compared to Rs 107.42 per litre being the price as per contract awarded on 29 May 2013, hence a difference of Rs 246,468.

According to the Stores Section of JH, out of the amount of Rs 740,600, Rs 91,931 were settled in May 2014 which resulted in an outstanding amount of Rs 648,669 which could not be settled through Goods Form No 1 as it exceeded Rs 100,000. The following were noted:

- As per Log Book kept at the Gas Room, 4,582 litres of liquid oxygen were delivered on 31 May 2013.
- There was no delivery note (Liquid Filling Form) indicating the opening and closing stock of liquid oxygen duly signed by the representatives of the Supplier and Ministry.
- The date of delivery was not recorded on the invoice.

Hence, the quantity of liquid oxygen delivered on 31 May 2013 and the correctness of outstanding payment, if any, could not be ascertained.

In June 2016, the Supplier proposed an exchange of cheques between the Ministry (Rs 740,600) and from the Supplier (Rs 915,868).

Ministry's Reply

The issue of overpayment to the Supplier and exchange of cheques is being dealt with by the Ministry.

Invoices were submitted directly and no delivery notes were issued by the Supplier. Readings for opening and closing stock were not stated on the invoices during that particular period. The contract for the supply of liquid oxygen has been reviewed concerning the units of delivery which is now in kilogram instead of litres.

12.4.2 Gases - Cylinders

At paragraph 19.4.2 of the Audit Report for the year ended 31 December 2014 it was reported that controls over deliveries at the Regional Hospitals were not satisfactory. Verification carried out during 2016 revealed that controls were still deficient at the Regional Hospitals.

- (a) At Victoria Hospital (VH), comparison of records kept by Gas Attendants, with the Supplier's claims for period February to June 2016 showed that an amount of some Rs 5 million was overclaimed.
- (b) Deliveries at hospitals were still not verified by authorized personnel. At VH, the Ward Managers/Charge Nurses at the Intensive Care Unit (ICU) D4 and Cardiac Unit, were only recording the number of empty and refilled cylinders but exchange and delivery were not being verified. Although only six cylinders of Oxygen 300 cu ft should be replaced at one time in the basement of the Accident & Emergency Department (AED), the number of cylinders replaced as per Attendant Records was 12 on several occasions. This would imply that the cylinders were being replaced before being emptied
- (c) At SSRNH, newly delivered cylinders were mixed with the existing stock at the Medical Intensive Care Unit (MICU). On 27 September 2016, it was observed that stock of full and empty cylinders for the Cardiac ICU and Operation Theatre (OT) were kept in the open air where the public had free access. Hence, there was the risk of loss/theft of cylinders.
- (d) At Flacq Hospital (FH), records were not properly kept. The stock of the gas cylinders was either not updated or the items were mixed up at time of exchange.
- (e) At SSRNH, JNH and FH, issues were not always supported by documentary evidence.
- (f) The names and designation of Officers acknowledging receipt on invoices after each delivery at hospitals could not be identified.

Recommendations

- The contract for the supply of liquid oxygen should be reviewed concerning the units of delivery, conversion rate to be applied and depressurisation losses.
- Action should be taken to recover overpayment for supply of liquid oxygen at JH as per Financial Instructions. Control over delivery and replacement of gas cylinders, payments and recording should be strengthened at all hospitals.
- Independent verification of cylinders contents should be carried out periodically.

Ministry's Reply

At VH, audit recommendations have been implemented since August 2016. Registers are being kept and proper recordings are being done. Exchange and delivery is being done in the presence of the Nursing Officer in Charge and is being verified by PSO/SPSO of the Surgical Unit. In order to rectify the loopholes and avoid situations where attendants have to exchange twelve cylinders at a time, attendants have been instructed to verify gauge in the gas room twice daily and twice every night and to exchange cylinders.

Some discrepancies have been noted at VH regarding the record book of the Senior Attendants. On some dates, cylinders exchanged were not recorded. As from November 2016, same is being closely monitored on a daily basis by the Hospital Administrative Assistant.

Corrective action is being taken at all hospitals for monitoring of receipt/delivery, keeping of records for monitoring of gas level in gas rooms and securing of stock.

Instructions would be issued regarding the supervision on the replacement gas cylinders and invoices. Access to the Gas Room will be restricted.

12.5 Overtime and Allowances - Rs 1.7 billion

At paragraph 19.5 of the Audit Report for the year ended 31 December 2014, I reported on the lack of controls over payment of overtime and allowances and uneven distribution of overtime performed among the staff in general and in the different grades in the five regions. In January and April 2016, the Ministry issued instructions for the control and monitoring of attendances, bank sessions and for verification of claims before submission for payment.

Staff costs for the periods 1 January to 30 June 2015 and 1 July 2015 to 30 June 2016 totalled Rs 2.85 billion and Rs 6.3 billion respectively. These included overtime and allowances amounting to Rs 518.4 million and Rs 1.2 billion representing 18 and 19 per cent of the staff costs for these two periods respectively.

There were 76 different staff cadres/grades serving the Ministry and the hospitals and 14,279 employees on the Ministry's establishment out of which 12,417 staff members were in post as of June 2016. Different types of allowances such as on call, bank, night duty, extra duty were paid to staff members to ensure a smooth delivery of service round the clock.

Several of the shortcomings previously reported still prevailed as of 30 June 2016.

12.5.1 Payments

An analysis carried out revealed the following:

- 2,961 employees, that is, 24 per cent of the staff (all grades) have drawn Rs 714 million, that is, 61 per cent of the overtime/allowances paid by the Ministry during the year 2015-16.

- 726 employees, that is, six per cent of total staff among the different grades have drawn overtime/allowances amounting to Rs 250.8 million. This represented up to 463 per cent of their basic salaries earned during the year 2015-16. In nine cases, overtime/allowances paid exceeded Rs 1 million and included two cases where the amount paid exceeded Rs 2 million.
- In 11 grades, above 60 per cent of the staff were drawing overtime/allowances ranging from 50 to 463 per cent of their annual basic salaries while in nine grades, 19 to 39 per cent of the staff were drawing overtime/allowances ranging from 40 to 260 per cent of their annual basic salaries. In the grade of Nursing Officers, 418 out of 2,147 staff, that is 19 per cent drew overtime/allowances totalling Rs 119.8 million and ranging from 75 to 260 per cent of their basic salaries.

The above would again indicate that there was an uneven distribution of overtime/allowances among the different grades of staff.

12.5.2 Control over Overtime and Allowances

Sample checks carried out at four Regional Hospitals, three District Hospitals, two Area Health Centres (AHCs), and one Mediclinic showed that instructions issued on the control and monitoring of attendance and claims were not being complied with.

- (a) The Attendance Registers for the Pharmacy Unit at VH for the period 12 February to 4 May 2016 were not produced to Audit. The Attendance Registers and Rosters for the year 2015 as well as the Roster for the year 2016 for Senior Hospital Care Attendants (SHCA) and Gatekeepers were also not produced.
- (b) A roster was not prepared for work allocation for minor grade staff at Dr. A.G Jeetoo Hospital (JH) and Victoria Hospital (VH). Work was allocated every morning by the Hospital Executive Assistant (HEA).
- (c) Absences at some health institutions like at Long Mountain Hospital, Goodlands Mediclinic, and the AHCs were not supported by leave applications. Absences were not recorded in the Attendance Register as per instructions issued under the Human Resources Management Manual.
- (d) Cases were noted where employees were working continuously for twenty four hours over consecutive days. These included two telephonists working continuously on the same dates on several occasions at Brown Sequard Hospital (BSH) and overtime paid to them amounted to some Rs 1.46 million and Rs 1.4 million respectively during the year 2015-16. This represented 462.8 and 456.8 per cent respectively of their basic salaries.
- (e) Separate records for overtime were not kept at hospitals in accordance with Financial Instructions. Overtime was computed from the normal Attendance Register where the Officer was recording his time of arrival and departure. At Jawaharlal Nehru Hospital (JNH), Specialists/Senior Specialists were not recording their arrival and departure time when called for duty outside normal working hours.
- (f) Claims for overtime at hospitals such as at VH, JH, BSH were submitted with delay resulting in delayed payment and back log of outstanding claims. Claims were not always

duly signed by the employee, Preparer and Examiner. The latter was only initialling the Recapitulation Sheets.

Recommendations

- To strengthen control over overtime, management should assign the responsibility of monitoring the attendance of officers of all cadres to someone of the Administration or HR cadre.
- Separate attendance records should be kept for overtime and bank sessions and should be subject to periodical checks.
- Proper rosters taking into consideration available resources should be prepared for all cadres.
- Overtime/allowances claims should be promptly submitted by all Officers.
- Claims should also be subject to independent verification against Attendance and Roster.

Ministry's Reply

- An Electronic Attendance System is being implemented in Regional Hospitals, whereby the time of arrival and departure of all staff will be recorded, including those working on roster and shift. The HR Section in Regional Hospitals will be requested to closely monitor absences of staff and submission of appropriate application for leave.
- A circular has been issued on control of overtime on 5 January 2017. An another one will be issued to all Regional Hospitals on the need for overtime claims to be submitted within one month to the Finance Section to ensure prompt payment.
- The Finance Section has been requested to exercise control on budget provisions for overtime. The Ministry has initiated necessary action for the filling of all funded vacancies in several grades so as to curb payment of overtime arising from staff working continuously over long hours.

12.6 Construction of New Operation Theatres and Wards at Victoria Hospital

At paragraph 19.7 of the Audit Report for the year ended 31 December 2014, I reported that as of May 2015, the New Operation Theatres and Wards at Victoria Hospital were still not operational although seven months had elapsed since the handing over of the building in October 2014. Four items of medical equipment were not yet supplied while others already commissioned were not yet put to use. Bid exercises for seven items of equipment were cancelled and new tenders had to be re-launched.

Most of the furniture and equipment received in October 2014 were found packed in boxes in the New Operation Theatres on 31 May 2015. A comprehensive list showing details of items issued to other units and their location was not available.

12.6.1 Background

The objectives of the project for the construction of New Operation Theatres and Wards at Victoria Hospital are to improve the quality of care and to provide timely and specialised medical and surgical services by reducing congestion and waiting time for surgeries.

The design and construction of the building which were executed by foreign Contractors, were financed through three interest free loans and one grant.

12.6.2 Construction Contract

In May 2012, the contract for the construction of a building of about 8,190 m² comprising a basement floor, a ground floor and four additional floors, was signed between the foreign Contractor and the Ministry for Rs 435 million (excluding VAT). The building was planned to accommodate six Operation Theatres (OTs), two Recovery Rooms, one Autoclave Room, one Intensive Care Unit, one Post-Operative Emergency Room and four wards with a total bed capacity of 120 beds.

Final Handing Over Certificate

The construction works were completed on 15 July 2014 and the building was handed over to the Ministry on 16 October 2014. A number of defects such as corrosion of chrome hand rail near main entrance door, metal waste pipes of bed pan washers, aluminium door frames at ground floor, were noted during the Defects Liability Period (DLP) which expired on 15 October 2015. Contrary to Financial Instructions, a Final Handing Over Certificate was not signed by the Ministry of Health and Quality of Life and Ministry of Public Infrastructure (MPI).

Payments to Contractor

Total payments amounting to Rs 462.8 million were made to the Contractor. (The difference of Rs 27 million between payments and the contract sum represented fluctuations in exchange rate). These excluded Rs 69.4 million being VAT remitted to the MRA. The fifth and last settlement amounting Rs 23.9 million paid on 31 March 2016 was supported by the Handing Over Certificate signed by the Contractor and Ministry on 16 October 2014, that is, as of date of practical completion. However, the Letter of Acceptance as required under the Contract was not signed by the Contractor, the Ministry and the MPI to the effect that all defects noted during the DLP had been remedied.

12.6.3 Works to be executed by the Ministry

Bids for the construction of a covered passage to connect the New Major Operation Theatre (MOT) Block to the other existing blocks, estimated at Rs 14 million, were invited on 8 June 2016. The Evaluation Report had been submitted to the Departmental Bid Committee for approval. The contract was not yet awarded as of 28 September 2016.

Pending the construction of the Covered Passage, patients from the existing OTs were being wheeled to the new wards in the New MOT Block on the uncovered concrete access.

12.6.4 Operation Theatres not yet Operational.

The new MOT Block was inaugurated on 4 December 2015 but no target date was set for it to become operational. The four wards in the new MOT Block were operational as from 12 April 2016, that is, four months later. However, the four new OTs on the first floor were not yet operational as of 8 February 2017 although more than two years have elapsed since the building was handed over on 16 October 2014.

According to the Ministry, the four wards could not be opened due to a lack of Attendants (Hospital Services) but decision was taken to open the wards on 12 April 2016 inspite of staffing constraints. As of that date, the four OTs could not be opened since the Anaesthetic Machines were not yet received and there was a lack of Senior Attendants (Hospital Services). The Anaesthetic Machines were delivered on 7 August 2016.

12.6.5 Allocation of Ground Floor to the Trust Fund for Specialised Medical Care (TFSMC),

On 7 January 2016, the management of VH informed the Ministry that the ground floor of the New MOT Block comprising two OTs and an ICU, had already been allocated to the TFSMC so as to improve service delivery to cardiac patients needing open heart surgery. They became operational as from 12 January 2017. An agreement setting out the terms and conditions for the allocation was not yet signed as of 8 February 2017.

I am informed that action is being initiated.

12.6.6 Assets Management

Items of equipment and furniture worth over Rs 25 million were received from the foreign Contractor for the New MOT Block during the period June to October 2014. As of 28 September 2016, nearly two years later, several items comprising furniture, computer equipment, two OT Specialised Sterilisers and eight Patient Warmers were kept on the second floor of the New Outpatient Department (OPD) Block, some of which were still packed in boxes.

The second floor of the New OPD Block, which was used as a General Store, was not suitable for storage of the above items. The room was filled with dust as all the openings were closed to prevent pigeons from entering therein.

Several items of biomedical equipment costing some Rs 13.4 million purchased by the Ministry, were not put to use.

Ministry's Reply

Final Handling Over Certificate and Payments to Contractor

Following a request made by the Ministry, the MPI has already carried out a survey in respect of all defects observed/reported in the building. Procedures are under way to effect necessary repairs and to attend to snag works. This Ministry has, on 17 August 2016, written to the

Embassy concerned to impress upon the Contractor to sign and submit the Letter of Acceptance which will thereafter be co-signed by the Ministry and the MPI.

Works to be executed by the Ministry

The contract for the covered passage was awarded on 11 November 2016. The site has been handed over to the Contractor on 2 December 2016 and the completion date for the work is set for 15 June 2017. Works are in progress.

Operation Theatres not yet operational

The exercise for the recruitment of Senior Attendant (Hospital Services) is under way and with the enlistment of staff, the four Operation Theatres on the first floor will be opened.

Asset Management

The biomedical equipment has not been put to use since the OTs were not yet operational.

Furniture, such as metal cupboards, platform trolleys, dressing trolleys and food trolleys have already been issued. 12 computers have also been issued. Five patient warmers are in stock

12.7 Procurement of Equipment for New Operation Theatres/Wards and New OPD Wards at Victoria Hospital

In May 2013, the Procurement Policy Office (PPO) issued a Directive on Key Performance Indicators (KPIs) for Procurement Lead Time (PLT) with the aim to improve the various stages of the bidding process. The PLT is defined as the interval in calendar days between the preparation of bidding documents and the issue of award of contract excluding the time taken for challenge and appeal procedures. The PLT takes, inter-alia, into account the bid submission period allowing sufficient time for bidders to prepare and submit their bids and reasonable time for examination, evaluation, approval and award of contracts. The PLT proposed for Non Major Contracts for goods (except pharmaceuticals) is 75 days.

At paragraph 19.7.4 of the Audit Report for the year ended 31 December 2014, I reported on a number of shortcomings relating to the procurement of equipment and furniture for the New Operation Theatres/Wards (New MOT Block) at VH. These included items of equipment which had not yet been supplied and bids exercises, which were cancelled, had to be re-launched.

During 2014, the Procurement Unit of the Ministry invited nine bids for a total estimated cost of Rs 103.6 million (inclusive of VAT) for the procurement of 42 items of equipment for the New MOT and New OPD Blocks at VH. Contracts totalling Rs 63.9 million (inclusive of VAT) were awarded for 34 items in 2014 and 2015. Four bids for an estimated cost of Rs 18.1 million (inclusive of VAT) for eight items for which bids were invited in 2014, were reinvited in 2015 and 2016.

An examination of five contracts of a total value of Rs 28.9 million (inclusive of VAT) awarded in 2014 and 2015 and the four bids reinvited in 2015 and 2016 for a total estimated value of Rs 18.1 million (inclusive of VAT) has shown a number of shortcomings which are summarised below.

- (a) A time frame was not set for the bidding process for the different stages of the bidding process. The time between invitation of bids to award of contracts ranged from 180 to 328 days and was well beyond that of PLT of 75 days proposed in the Directive issued by the PPO.
- (b) Delays were noted between the preparation and invitation of bids, and constitution of the Bid Evaluation Committee (BEC). The appointment of BEC members were first recommended by the Equipment Committee (EC) for Medical Equipment and Non-Medical Products Committee (NMPC) for Non Medical Equipment. The EC and NMPC are sub committees of the Departmental Bid Committee (DBC). The constitution of the BEC was then vetted by the DBC and approved by the Accounting Officer (AO). The setting up of BECs took 22 to 43 days. In one case, the evaluation was postponed due to unavailability of an appointed member and the BEC had to be reconstituted thus delaying the bidding process.
- (c) Bids were opened on the closing dates but were not promptly evaluated. The time taken between opening of bids and evaluation ranged from 69 to 225 days. The recommendations of the BEC for award of contracts as per Evaluation Report were first reviewed by the EC/NMPC, vetted by the DBC and approved by the AO. The evaluation process was a lengthy procedure and the time taken from evaluation of bids to award of contracts ranged from 55 to 209 days.
- (d) Bids for six items of Medical Equipment and two items of Non-Medical Equipment invited in 2014, were reinvited in 2015 and 2016 due to non-responsive bids, lowest bid price exceeding estimated costs or specifications were not properly set. Approval of the EC/NMPC, DBC and AO had to be sought and fresh bids were re-invited 285 to 514 days after evaluation of bids. Revised specifications and updated estimated costs were submitted by VH to the Procurement Unit at the Ministry after which the same process for constitution of BEC and approval of the Evaluation Report was carried out.

Bids for three of the six items of Medical Equipment (six Anaesthetic Machines, ten ICU Ventilators and one Portable Ventilator) were opened in July 2015 but contracts were awarded in May 2016, that is, some ten months later. The Anaesthetic Machines were delivered on 7 August 2016 and were commissioned on 7 September 2016. The Ventilators were received on 11 and 13 August 2016. Contracts for one Blood Gas Analyser and six X Ray Viewer Negatoscopes were awarded five months while that for six Infusion Pumps three months after the closing dates for bids submission respectively.

Contracts for the two items of Non Medical Equipment (twenty Dressing Trolleys and ten Hot Air Sterilisers) were awarded on 31 March 2016. The delivery was to be effected within 12 weeks. The Sterilisers were received on 5 July 2016 while the Trolleys were delivered on 24 January 2017 but were not commissioned as of 8 February 2017.

- (e) Bid Validity Periods were extended from 93 to 198 days.

- (f) Delays of up to 245 days and 243 days were noted in the delivery and commissioning of equipment respectively.

Ministry's Reply

- (a) A Time Frame for bidding process is possible only where there is a proper yearly procurement plan. This was not the case for the sample mentioned. A consolidated procurement plan is being implemented for financial years 2016-17 and 2017-18. Target dates for each major process have now been introduced for invitation and opening of bids, constitution of BEC, evaluation and award of contract.
- (b) One of the measures approved by the Senior Chief Executive to reduce the PLT is to merge the EC into the DBC. This will eliminate unnecessary intermediaries.
- (c) One of the main problems in procurement of equipment is the writing of specifications. This has led to bids being rejected at the evaluation stage. The same goes for cost estimates. Training is being given in the writing of specifications and improved communication among all stakeholders. Some 100 standardized specifications have been completed.
- (d) Solicitation of extension of the bid validity period from bidders had to be made as evaluators and evaluation rooms were not available every day. The Ministry will shortly get extra office space. As for evaluators, training will soon be given to them on a more expeditious evaluation technique in line with the Public Procurement Act (PPA).
- (e) Setting up of BEC rests on the availability of qualified evaluators at the required time. This is not always the case. Measures are now being taken to preselect a list of potential evaluators from which final evaluators will be chosen.
- (f) Usually equipment is commissioned and put to use right away. In the above case, it was not possible since the whole New MOT Block was not yet operational.
- (g) There have been inherent weaknesses in the procurement of equipment. The Bio-Medical Engineer, Medical and Hospital staffs have been called upon to devote attention to work out proper specifications.
- (h) On submission of the recommendation of the BEC, arrangements will be made for the Departmental Bid Committee (DBC) to give the relevant approval within an acceptable timeframe.
- (i) On award of contract, there will be follow-up so that there is no delay in the delivery of equipment. Measures will be taken thereafter for verification and counterchecking. There will be procedures for installation in order that the equipment will be ready for use.

12.8 Upgrading of Electrical Installation at Sir Seewoosagur Ramgoolam National Hospital, Pamplemousses

12.8.1 Background

In October 2003, a contract for the provision of consultancy services (Consultancy Contract) for the Upgrading and Renewal of Mechanical and Electrical Works (M&E) at SSRNH was awarded to a private firm of Consultants, at a fee of 4.7 per cent of the total cost (excluding VAT) of the works. The Consultancy Contract was signed between the Ministry of Public Infrastructure and Land Transport (MPI) and the Consultants in March 2008.

12.8.2 Phasing of Project.

In April 2004, the Consultants submitted the project plan for the Renewal and Upgrading of Electrical and Mechanical Works at SSRNH. These works were estimated at Rs 144 million. However, due to lack of funds, the Ministry did not go ahead with the project and decided to proceed with the urgent works only, which comprised the replacement of the main low voltage panels, cabling works (Phase I) based on a budget of Rs 28 million. In February 2007, the scope of works was reduced to Rs 26.4 million (excluding VAT) and works were scheduled to start in June 2007.

12.8.3 Change in Ministry's Policy for implementation of Whole Project.

In April 2010, the Ministry found that no full beneficial use would be made of the new electrical installation as several items had been excluded and decided that the works should be reviewed to incorporate all the different components into one project. In July 2010, the cost of the whole project was estimated at Rs 117 million. In February 2011, the Ministry decided to implement the project at one go in view of the fact that the electrical system could not cater for additional needs. The system was found to be old and did not comply with electrical norms and might collapse at any time.

12.8.4 Revision of Project Estimate and Re-phasing of Project

In April 2012, the estimate of the project comprising mainly the replacement of the Main Distribution Board was revised downwards to Rs 74 million. In March 2014, bids were invited for Phase I of the project which was estimated at Rs 78.9 million (excluding VAT).

12.8.5 Implementation of Phase I

On 31 July 2014, the contract for the Upgrading of Electrical Installation at SSRNH (Phase I) was awarded for an amount of some Rs 80.4 million to an M & E Contractor. The contract (Works Contract) between the Ministry and the Contractor was signed in 18 September 2014. The works comprised the supply, installation, testing and commissioning of low voltage distribution panels and cabling, containment services, uninterruptible power supplies as well as associated building and civil engineering works.

Certification of Payments – Rs 71 million

As of 31 October 2016, payments totalling Rs 71 million were made to the Contractor while a sum of Rs 3.5 million was paid to the Consultants.

As per Works Contract, the Electrical Services Division (ESD) of the MPI was the representative of the Ministry for the M & E Works and as per letter of acceptance, the works were to be closely monitored by the Project Manager of the Consultancy team and the ESD Engineer posted at the SSRNH. However, the duties and responsibilities of the ESD Engineer pertaining, among others, to variations, extension of time and certification of payments with respect to the SSRNH Project, were neither defined in the Consultancy nor in the Works contracts.

Payments to the Contractor were made solely on the basis of certificates issued by the Consultants without the recommendations of the ESD. In March 2015, the ESD stated among others that:

- “its role is only to oversee the technical issues and report to your Ministry on any technical issues that are important and
- ESD cannot vet the payment certificates since they do not only deal with technical issues but also with various contractual issues which are not in the scope of ESD”.

On the other hand, the Architecture Division of the MPI stated that “as the technical arm of the Ministry, it was in order that the representative of the ESD, responsible for the electrical works to duly give its views and confirm that the works had been accomplished as certified by the Consultant of the project”. According to the Resident Manager of the Ministry, this procedure was being done for the Dr A. G. Jeetoo Hospital (JH) whereby he was recommending payment that had been certified by the Consultant of the JH project.

Non Compliance with Contract Conditions.

The works under Phase I of the project were practically completed on 25 November 2015 and the Defects Liability Period (DLP) expired on 25 November 2016.

Performance Security and Insurance Policy. As per the Contract, the Performance Security shall be valid for 28 days after the end of the DLP, that is, 23 December 2016. However, the security submitted by the Contractor expired on 10 September 2016. On the other hand, the Insurance Policy expired on 1 September 2016 and did not cover fully the DLP as required in the Standard Bidding Document for works.

Non Renewal of Performance Security and Insurance Policy to cover the periods specified in the contract would indicate that Government’s interests were not properly safeguarded.

Practical Completion Certificate

Contrary to Financial Instructions, the Practical Completion Certificate issued on 25 November 2015 was not signed by both the Contractor and the ESD Engineer representing the Ministry.

Electrical Faults after implementation of Phase I

On 26 November 2015, one day after the practical completion, electrical faults were noted in several departments of the hospital which were deprived of electricity. According to the ESD, this occurred because the new installation has been connected to the old installation which was defective at various locations.

The Consultants reported that the loads in several wards were not properly balanced which might cause nuisance tripping. They also stated that the above issues had been expected since the existing final circuits in the different wards were still connected in a haphazard manner and without any proper circuit segregation.

In January 2016, an electrical fault at the Main Operation Theatre resulted in a power cut at the hospital and disrupted the whole system. The ESD again stated that defects which had been observed in the old installations were causing frequent trippings in the system. These were likely to occur until the implementation of Phase II.

12.8.6 Implementation of Phase II

In January 2016, the Ministry decided to go ahead with Phase II of the project on a fast track basis so as to eliminate all faults concerning electrical wirings. In February 2016, the ESD proposed to design Phase II of the project. The total contract price was estimated at Rs 55 million. The design and contractual periods were estimated to be around 10 and 60 weeks respectively.

In April 2016, the Consultants submitted an estimate for the works under Phase II. The ESD found that the estimate was on the high side and the project was overdesigned.

The ESD recommended that the Consultants carry out an in-depth survey in line with the requirements of the hospital and resubmit a revised estimate. They also proposed that either the Ministry reconsiders the consultancy services of the ESD or approves the appointment of a project management team of the ESD to assist the Consultants.

In July 2016, the Ministry submitted the views and comments of the ESD to the Consultants and requested them to submit a fair proposal taking into consideration the financial implications. A reminder was issued on 9 August 2016 but as of 31 October 2016, no development was noted.

In November 2016, the objectives set for the Renewal and Upgrading of the Electrical and Mechanical Works at SSRNH were not yet achieved although the Contract for the Provision of Consultancy Services was awarded since October 2003. Inordinate delays in the implementation of the project have a negative impact on the delivery of services and recurring electrical faults constitute safety hazards for both the patients and personnel of the hospital.

Recommendations

Financial Instructions, Conditions of Contract and requirements as per Bidding Documents should be complied with.

The Ministry, which did not have the required know-how and competency, relied on ESD for Mechanical and Electrical Works as its representative, as far as compliance with technical and contractual requirements are concerned. Hence, payments to the Contractor should be made upon the recommendations of the ESD, notwithstanding the fact that the Consultants assume full responsibility for the certificate of payment.

The duties and responsibilities of MPI Officers who were assigned to projects contracted out should be clearly defined in the Consultancy and Works Contracts.

The management at the Ministry/ hospital, the MPI and Consultants should discuss, agree and finalise with the hospital requirements, project design and estimates so as to speed up the implementation of Phase II in view of the associated risks.

Ministry's Reply

Certification of Payments

Henceforth, arrangements will be made with the MPI so that the duties and responsibilities of the Technical Staff (Architect and ESD Engineer) are defined in relation to checking the project in conjunction with the Consultancy Firm.

Performance Security and Insurance Policy

Henceforth, the Ministry will ensure that the Performance Security and Insurance Policy cover the periods specified in the contracts so as to safeguard Government's interest.

Practical Completion Certificate

Henceforth, the Practical Completion Certificate will be signed by the Contractor, the ESD Engineer and other appropriate Technical Staff of the MPI associated with any of the Ministry's Projects.

Electrical Faults

The Ministry has taken necessary steps by constituting a standby team of Officers of the ESD at the SSRNH to follow up on the frequent interruption of power supply.

Implementation of Phase II

A revised cost estimate has been worked out with the collaboration of the technical staff of the ESD and the MPI. The finalization of the plan is being awaited from MPI to proceed further with Phase II.

12.9 Rental of Space for Warehousing

At paragraph 19.8 of the Audit Report for the year ended 31 December 2014, I reported that the conditions prevailing in the building at Coromandel were not suitable for the storage of medical supplies. Part of the stock was kept in two rented buildings namely the Ex-Tobacco Board at Plaine Lauzun and another one at Coromandel.

In addition to the above rented buildings, there was an agreement between the MOH and the Agricultural Marketing Board (AMB) since August 2010 for storage of drugs.

Rental paid from January 2015 to June 2016 for the storage of medical supplies totalled some Rs 13.7 million out of which Rs 8.6 million were paid for the building at Coromandel.

12.9.1 Relocation of Stores to Ex-Tobacco Board Building

In September 2015, MOH obtained approval from the Ministry of Agro Industry and Food Security for the leasing of an additional space of some 4200 m² at the Ex -Tobacco Board. The Ministry expected to relocate the stores from Coromandel to the Ex-Tobacco Board building by December 2015.

In May 2016, the representatives of the MOH, the Ministry of Finance and Economic Development (MOFED) and the Ministry of Public Infrastructure (MPI), agreed that

- Medical disposables stored at CSD and Coromandel and items like solution and solvents would be moved to the Ex-Tobacco Board building and that the space released by these sections would be re-organised to accommodate pharmaceutical products and other items.
- The CSD would be requested to submit specifications and cost estimates for the installation of racks.
- The MPI and the Energy Services Division (ESD) would work out scope of works, specifications and cost estimates for upgrading of the store rooms and electrical and air conditioning works respectively.

As of November 2016, ESD had not yet submitted details and cost estimates for electrical works.

12.9.2 Storage Conditions of Medical Items.

During site visits effected by Officers of the NAO on 26 January 2016, 31 October 2016 and 24 January 2017, the building at Coromandel was found to be in a deplorable state.

Leakages were noted through the roof of Section A and B. Lumps of concrete falling from the roof were found on the floor. The warehouses were poorly ventilated and the floors were covered with dust at several points.

On 14 July 2015, members of the Public Accounts Committee (PAC) visited the medical store at Coromandel and noted with much concern the dilapidated state of the warehouse, poor ventilation, cracks in the ceiling, resulting in water leakages. On 27 July 2015, the Ministry expected to vacate and relocate the stores from Coromandel to the Ex-Tobacco Board Building by the beginning of December 2015. The transfer of the stores from Coromandel to Ex-Tobacco Board building started on 1 September 2016 but was not yet completed as of 24 January 2017.

Medical items were also stored in poor condition at the CSD. The building was also not properly maintained.

Excess stock of several items occupying considerable space was noted at the above locations.

Recommendation

The works at the Ex Tobacco building should be completed so that medical items which are stored in poor conditions at Coromandel can be transferred thereto

Ministry's Reply

The upgrading works at the Ex Tobacco Board Building have not yet been completed and only 1990 m² out of 4200 m² has been made available to the MOH. Since the MOH is occupying 5265 m² at Coromandel Building, it is quite obvious that moving from Coromandel Building to accommodate in the storage space at Tobacco Board is quite impossible. Necessary action is being taken by the Ministry.

12.9.3 Consultancy Services for Feasibility Study for the construction of a Modern Warehouse

At paragraph 19.9 of the Audit Report for the year ended 31 December 2014, mention was made for the hiring of a Company for the Consultancy Services to undertake a Feasibility Study on the Construction of a Modern Warehouse of International Standard for Rs 5 million (exclusive of VAT). A portion of land, at La Tour Koenig, was vested in the Ministry for this project. According to the Consultant, this site could not be considered as a potential site for reasons such as ambient temperature was not ideal.

A decision as to whether the project for the Construction of a Modern Warehouse of International Standard would be implemented was still being awaited.

Ministry's Reply

No decision was taken yet by the Ministry as the project was estimated at Rs 600 million.

13 - MINISTRY OF LOCAL GOVERNMENT

13.1 Fleet Management System and GIS Solution for Local Authorities

The project implemented at the level of the Ministry for the benefit of ten Local Authorities (LAs), consisted of two components namely the supply, fixing and commissioning of:

- A *Global Positioning System* for LAs' vehicles, which would enable the management, live tracking and control of the activities of all scavenging and street lighting vehicles in LAs.
- A *Global Information System (GIS)* for LAs' other immovable assets, which would locate exactly LAs' existing assets such as roads, drains, street lighting and also provide exact location of sites relating to Building and Land Use Permit (BLUP) applications on digital maps. The GIS would thereafter integrate with the existing BLUP module of LAs.

Two LAs, namely Moka and Flacq District Councils, were not included in the project.

The Ministry had recourse to Restricted Bidding with proposals for IT solutions, including the supply of the hardware and software, sought from preselected suppliers. The contract was awarded in January 2015 to the lowest evaluated responsive bidder for the sum of Rs 22,221,834 inclusive of VAT. The duration of the contract was nine months and the contract was scheduled for completion by November 2015.

During the implementation stage, the Contractor proposed three changes with regards to original specifications under the contract. These changes were accepted by the Ministry upon advice from the Central Informatics Bureau.

Payments under the contract as of July 2016 totalled some Rs 21.1 million, representing 95 per cent of the contract value.

13.1.1 Procurement Process

The approval of the Project Plan Committee was not sought for the Project as it was initially estimated to cost around Rs 12.5 million, excluding maintenance cost.

Bids received ranged between Rs 20 million to Rs 80 million.

The procurement exercise was not cancelled as per guidance received from the Procurement Policy Office, which advised the Ministry to set up an independent team to review the cost estimates of the project based on the updated scope of services in the bidding document.

The cost estimates were revised to Rs 28.2 million on account of omissions in the original estimates for important components of the project such as the application software, the database system, GPS coordinate readers and training cost.

13.1.2 Late Completion of the Project

The contract was implemented in two stages. Initially the systems were introduced at a LA and went live in October 2015 after User Approval was obtained thereof. Thereafter, the systems were deployed in the remaining nine LAs.

The project was considered ‘practically’ completed in April 2016, that is, five months after the scheduled completion date. As of December 2016, the integration of the GIS module with the BLUP module of LAs was yet to be effected. Also coordinates’ readings of immovable assets of the ten Councils on the digital maps were still in progress.

No liquidated damages of some Rs 2.2 million were preferred onto the Contractor as the delay in completion was said to be due to LAs inability to submit promptly Software Requirements Specifications (SRS) and Software Design Document (SDD).

13.1.3 Maintenance Charges under the Contract

Maintenance Agreement fees under the contract were on the high side. The Ministry had agreed to the Contractor’s proposal for a five year Maintenance Contract covering the hardware and software of the systems with annual fees, after the warranty period of one year, increasing from Rs 3,558,629 to Rs 4,427,244 during the four year period.

Total maintenance fees under the contract for the four year period, exclusive of the warranty period of one year, amounted to Rs 15,792,156, representing 71 per cent of the total contract value. Maintenance fees in connection with the software component totalled Rs 11,143,450, representing 109.5 per cent of the cost of software under the contract of Rs 10,182,145.

Management Reply

- The validation of the SRS and SDD by LAs was a lengthy and very detailed exercise that took two to three months to complete.
- The supplier is having some technical problems for the integration of the GIS module with the BLUP module. Settlement boundaries documents in the appropriate format are not available.
- Coordinates’ readings of immovable assets are a lengthy and cumbersome process, and will take some time to be completed.

13.2 The Field Services Unit of the Ministry

During 2015-16, there were 377 manual employees in the Field Services Unit (FSU) of the Ministry. Funds for the payment of salaries and allowances to these employees were earmarked under two Sub Head estimates of the Ministry, and averaged some Rs 84 million for the period 2014 to 2018.

The activities of the FSU included amongst others:

- Cleaning of Motorway and some public beaches

- Execution of minor infrastructural projects for various Authorities
- Landscaping and embellishment works across the island, including the maintenance of a nursery and a greenhouse for stock of plants.

13.2.1 Labour Force for Beach Management

During 2015-16, the Beach Management Unit of the Ministry was transferred to the Ministry of Environment. The 146 FSU workers formerly involved in the cleaning of beaches were seconded to the Ministry of Environment, Sustainable Development, and Disaster and Beach Management while their salaries, amounting to some Rs 32.1 million for the year 2015-16, were borne by the Ministry of Local Government. The employees on secondment were under the administrative control of the former Ministry.

As of December 2016, these employees were still on the payroll of the Ministry. The permanent transfer of these employees had not been made.

13.3 Asset Management in Local Authorities

Assets are important strategic resources which are expensive to procure, build, maintain and manage through time. Local Authorities manage a significant number of assets, including buildings, roads, bridges, land, drainage networks and parks and gardens which support the delivery of a wide range of important services. As of June 2016, costs of assets reported in the financial statements of one City Council, four Municipal Councils and seven District Councils, amounted to some Rs 7.5 billion. The way assets are managed has direct implications on the services provided by the Local Authorities.

13.3.1 Audit Opinion on Asset Figures in Financial Statements

In the Audit Reports on the financial statements of the City Council, Municipal Councils and District Councils for the years 2010 to 2014, persistent issues on assets were highlighted. As of December 2016, out of 37 financial statements for these years certified by the Director of Audit, in 19 cases, the opinion was modified, because, among others, proper accounting records for assets were not kept and existence and completeness of these assets could not be ascertained. For instance, over the years 2010 to 2014, the audit opinion on the Financial Statements of the Municipal Council of Beau Bassin-Rose Hill had been consistently modified because of issues on assets, and in 2013, after splitting, the opinions on the financial statements of both the District Councils of Pamplemousses and Riviere du Rempart were modified also because of issues on assets, among others.

A copy of the certified financial statements and the Audit Report were sent to the Minister to whom responsibility for the subject of local government was assigned and to the Local Authorities concerned in accordance with the Local Government Act.

13.3.2 Monitoring Mechanisms

Different mechanisms, as described below, have been set up at both the Ministry of Local Government and the Local Authorities to monitor the activities, including managing the assets, and to enhance accountability.

Monitoring Mechanisms at Ministry of Local Government

According to Financial Instructions, the Ministry has to ensure that the Local Authorities achieve or maintain a reasonable standard of efficiency and progress in the discharge of their statutory obligations. The Ministry also provides general policy guidance to them in respect of local government matters, including financial matters to ensure optimum and efficient use of public funds put at the disposal of Local Authorities.

To ensure that the above instructions are met, the Accounting Head of the Ministry regularly holds meetings with the Chief Executives of the Local Authorities.

Local Authorities Governance Unit. Following Budget Speech 2012, the Ministry set up a Local Authorities Governance Unit with the objective to improve planning, efficiency, management and transparency at the level of Local Authorities. The Terms of Reference of the Unit, among others were to follow up on Internal Control report of Local Authorities and to ensure that each Local Authority has a Fixed Asset Register.

Since its setting up, no Internal Control report has been received at the Unit.

According to Financial Instructions, a central Register which contains information on the cost, condition of each asset, the date of purchase and its replacement cost, as well as details regarding maintenance and economic life of the assets, should be kept at the Head Office by the management of the Local Authorities.

In spite of the fact that the Unit has to ensure that each Local Authority has a Fixed Asset Register, in nine of the 19 Financial Statements for years 2012, 2013 and 2014 certified, the audit opinion was modified on ground that physical existence and completeness of assets could not be ascertained.

The Unit was to be manned by three officers of the Analyst Cadre from the Ministry of Finance and Economic Development and two support staff. It is required to report to a Steering Committee, chaired by the Permanent Secretary of the Ministry, on a monthly basis to ensure good governance and optimize the use of resources by the Local Authorities. The composition of the Committee was established, but there was no evidence that any meeting was held.

In its reply, the Ministry stated that a request has been made to the Ministry of Finance and Economic Development to consider providing additional staff to strengthen the Unit.

Monitoring Mechanism at Local Authority Level - Audit Committee

Financial Instructions provide that an Audit Committee should be established in each Local Authority. The Audit Committee supports the Accounting Officer in monitoring the corporate governance and control systems in the Local Authorities. It plays a key role for the governing body in carrying out its legal and fiduciary responsibilities, especially with respect to the

integrity of the Local Authorities' financial information, system of internal control and legal and ethical conduct of management and employees. Moreover, the Audit Committee is required to discuss its recommendations, opinions or findings with the Accounting Officer of the concerned Local Authority before reporting quarterly to the Ministry, with copy to the Director of Audit and the Accounting Officer.

Attempts have been made by the Ministry since 2010 to set up an Audit Committee in each Local Authority. Initially, the Committee was set up in a few City/Municipal Councils and District Councils. However, as from 2012, after a few meetings, it ceased functioning although there was a requirement to hold quarterly meetings. In December 2015, the Ministry reiterated the setting up of the Audit Committees. According to the Ministry, all the City/Municipal Councils and District Councils had established the Audit Committees.

As of December 2016, except for the City Council of Port Louis, the Municipal Councils of Vacoas-Phoenix and Curepipe and the District Council of Grand Port, no Audit Committee report was submitted to the Ministry. Only the reports of the Municipal Council of Vacoas-Phoenix were received by the Director of Audit.

In its reply, the Ministry stated that the Local Authorities have been requested to submit a copy of their Audit Committee Reports to the Local Authorities Governance Unit and to ensure compliance with Financial Instructions.

Despite all the control mechanisms existing at the level of the Ministry and the Local Authorities, as of December 2016, several of the issues on assets reported upon by the Director of Audit were not addressed, including the following:

13.3.3 Reporting of Assets

The Local Government Act 2011 provides that “the Financial Statements shall be prepared in accordance with, and comply with, Accounting Standards which should be in convergence with International Accounting Standards, as determined by the Minister to whom the responsibility for the subject of finance is assigned”. The Ministry has been contemplating to use the International Public Sector Accounting Standards for Local Authorities. However, as of December 2016, some five years after the coming into operation of the Act, the Accounting Standards to be used have not yet been determined.

Hence, the Local Authorities continued to use Generally Accepted Accounting Principles (GAAP) for accounting of assets. However, there was no uniformity among the Authorities in using GAAP. In the financial statements for the year ended 31 December 2014, different accounting policies were used by different Local Authorities. For example, the Municipal Council of Quatre Bornes was using historical cost basis, whereas the Municipal Council of Curepipe was using historical costs basis in accordance with GAAP and the Local Government Act 2011.

13.3.4 Unrecorded Assets

Over the years, the Local Authorities have been vested with different types of assets from other public bodies, such as the National Development Unit (NDU). According to records available at the Ministry, several of these assets were not recorded in the Fixed Asset Register

of the respective Local Authority. This was attributed to the fact that assets were directly handed over to the Local Authorities without any information regarding, among others, the cost, location and title deed of the asset.

The Ministry has informed my Office that the Local Authorities have been advised that they would, henceforth have to ensure that, while accepting the handing over of an asset to them, the value thereof was duly communicated to them officially by the project implementation agency.

Conclusion

While efforts have been made with the establishment of mechanisms, such as Local Authorities Governance Unit at the Ministry and Audit Committees in Local Authorities, much remain to be done to improve the system in areas, such as asset management. The monitoring mechanisms have not been effective in addressing issues highlighted by the Director of Audit, and over time, this has led to the weakening of the accountability of Local Authorities.

Recommendations

- The Ministry should foster an environment that supports and demands improved performance and accountability of Local Authorities. This should be accompanied by strengthening the monitoring mechanisms at the level of the Ministry and the Local Authorities. This will involve a review of the current monitoring systems, identifying the factors affecting their effectiveness and thereafter take corrective actions. An improved monitoring system will help Local Authorities to effectively address issues, particularly relating to assets, and regularly reported upon by the Director of Audit.
- The Local Authorities Governance Unit needs to exercise stringent control at the level of Local Authorities to ensure effectiveness in the service delivery by ensuring compliance with its terms of reference, such as:
 - Ensure that Local Authorities Accounts are prepared in line with International Accounting Standards;
 - Ensure each Local Authority has a Fixed Asset Register, Plant Register, Vehicle Register and Infrastructure Register and other registers where necessary;
 - Follow up on Internal Control Reports of Local Authorities, and of Audit Committees set out at Local Authorities and on implementation of recommendations made by the National Audit Office.
- As stated in the Financial Management Manual for Local Authorities, the objective of the Manual is to provide the appropriate tool to Financial Managers to effectively manage the finances of Local Authorities. Hence, the latter should stand guided by the Financial Instructions set out in the Manual.

Ministry's Reply

The Ministry has taken note of the content of the report and has no further comments to offer.

Fire Services

13.4 Vehicle 9RM13: Articulated 32 Metre Turn Table Ladder – Rs 35 million

At paragraph 16.1 of the Annual Report for the year ended 31 December 2014, I reported that the contract for the supply of the above vehicle, consisting of an articulated 32 metre ladder mounted on a vehicle with an engine capacity of 6871cc, was awarded to a local supplier in October 2011 for the negotiated price of Rs 35 million, inclusive of VAT. The maintenance component of the supplier's bid consisting of five years maintenance service at the total fee of Rs 2,244,432, VAT inclusive, was not retained. The vehicle was delivered on 14 January 2013 and was under warranty for two years until 13 January 2015.

The equipment had met with frequent breakdown since the end of the warranty period and had been off the run for nearly 20 months in the 23 month period January 2015 to November 2016, as detailed hereunder. Some Rs 1.8 million were paid as maintenance charges for two repair works carried out.

- On 10 February 2015, less than one month after the end of the warranty period, the ladder was reported defective due to a problem with the battery charging system of the Control Panel. Confusion regarding the terms of the 'Certification' clause in the Contractor's bid, namely with regards to the responsibility of the supplier for repairs during the 'certification' periods, resulted into the vehicle remaining under repairs for a period of nearly thirteen months.

The Charging System was ultimately repaired by the Mauritius Fire and Rescue Services (MFRS) at the cost of Rs 414,828 and the vehicle was returned to the Coromandel Fire Station on 24 February 2016.

- On 7 April 2016, during a drill operation, the offside pivoting arm of the vehicle got cracked, preventing the turret seat cover to retract to its original stow position. The vehicle was sent to the local supplier for repairs on 11 April 2016. A work order was accordingly issued to the supplier for the replacement of the damaged parts, and for the refurbishment of the slightly cracked sheeting, at the quoted sum of Rs 1,266,612, inclusive of VAT. The vehicle was returned to the MFRS seven months later in November 2016. Cost of the actual repairs amounted to Rs 1,360,864.

A Departmental Enquiry Committee was set up on 15 April 2016 to investigate into the cause of the damage. The interim findings submitted by the Committee on 11 May 2016 were not conclusive. The Committee, however, submitted seven recommendations with the view to enhancing control over the utilization/ manipulation of the vehicle. Final findings of the Committee were not available.

Department's Reply

The supplier had altered his Certification from a period of three years, quoted at time of bidding, to two years sometime after the bid award, unilaterally. The supplier refused to carry out the repairs to the Control Panel on the ground that the Certification had lapsed. The issue could not be resolved by a committee comprising officers of the Attorney General Office (AGO) and the Ministry of Public Infrastructure – Mechanical Division. Advices tendered by the AGO were not conclusive. Ultimately, the Ministry of Local Government instructed the MFRS to carry out the repairs.

As regards the damage sustained by the Turret, the matter has been referred to the Police and outcome is awaited.

13.5 Vehicle: 201RM13 - Airport Crash and Fire Fighting Vehicle – Rs 15.7 million

I mentioned, at paragraph 16.2 of the Annual Report for the year ended 31 December 2014, that the Outer Island Development Corporation, operating under the aegis of the Ministry of Local Government (MOLG), purchased this specialised vehicle for air crash fire fighting at the cost of Rs 15.7 million in June 2013 from a local supplier. The vehicle was meant to be used in the Island of Agalega. The acquisition was wholly financed by a special capital grant from MOLG.

The vehicle was not transferred to Agalega because of too few air traffic to the Island and the absence of a fire station and a proper air strip on the Island. This resulted into the vehicle remaining under the custody of the local supplier for seven months. A decision was thereafter taken by the MOLG in December 2013 to transfer the vehicle to the MFRS and same was done in January 2014.

Government has not obtained value for money from the purchase of this high value equipment:

The specialized vehicle meant to be used in airports for air crash fire fighting had been deployed at the Coromandel Fire Station and was being used in land fire operations.

Since its acquisition in June 2013, the vehicle was available for effective use for only 24 months during the 42 month period up to December 2016. The vehicle had been under repairs for nearly ten months after being transferred to the MFRS. Mileage covered by the vehicle during the 42 month period was 12,000 kms.

- In February 2014, that is, one month after the receipt of the vehicle at the Coromandel Fire Station, while being under warranty, it was sent to the supplier for repairs at no cost as air was leaking during operations and several parts were found rusted and corroded. The vehicle was returned in April 2014, after repairs.
- In December 2014, the vehicle was again sent to the supplier because of defects in the pump accelerator and faulty oil light indicator. The vehicle remained at the supplier for almost nine months till September 2015 and maintenance charges of some Rs 388,000 were claimed and paid, though the vehicle was still under warranty. It was explained that the original supplier had gone into special administration and the agreement with the original supplier was not readily enforceable.

As of 15 January 2017, the vehicle was off the run due to ‘damaged’ windscreen, which occurred on 3 December 2016.

Department’s Reply

The internal problems of the local supplier could not be foreseen and no other alternative could be resorted to as the vehicle was under warranty.

As regards the damaged windscreen, the item is being procured through a tendering exercise.

14 - MINISTRY OF AGRO-INDUSTRY AND FOOD SECURITY

14.1 Construction of New Slaughter House

In the previous Audit Reports for the financial years 2004-05 to 2006-07, mention was made that the project for the modernisation of the Central Slaughter House (CSH) contemplated since 1989 has yet to be implemented.

The following main events occurred:

- Study carried out during in 1990 – 1992 for the rehabilitation of the CSH.
- Appointment in 1996 of a Consultant for a fee of some Rs 2.3 million for a feasibility study.
- Provision of Rs 85 million made by Government in 1998-99 for phased implementation of the project over a period of five years, subject to completion of Consultant report.
- Appointment of another Consultant in July 2004 for a fee of some Rs 3.1 million following failure of former Consultant to submit a complete report. The project cost, estimated at Rs 125 million in 2005-06, could not materialise due to lack of funds.

14.1.1 Award of Contract for Consultancy Services

On 23 September 2013, contract for Consultancy Services for the upgrading of the Roche Bois Slaughter House was awarded to EU Consultants. Option 4, as proposed by the Consultants in their report of 30 October 2013, that is construction of a modern Slaughter House, located in a different area having the same production capacity as the existing one but with equipment and construction materials complying with EU standards and HACCP, with the addition of a cutting line for anatomic beef cuts, was selected by Government. The total cost of the project was estimated at Rs 223 million.

The EU Consultants further reported on the non-compliance of the existing abattoir with the EU norms and standards, and serious environmental hazards related to the abattoir operations.

The Expression of Interest (EOI) relating to Consultancy Services for project management and supervision of works and installations, preparation of detailed design and preparation of complete tender document for the construction of a New Slaughter House was launched in September 2014. However, no responsive bid was received.

On 14 July 2015, the launching of another EOI for Global Consultancy Services for the management, design and supervision of a New Slaughter House was again unsuccessful.

On 28 March 2016, Consultancy Services for the management, design and supervision of a New Slaughter House was launched through Open Advertised Bidding. As of October 2016, the bids were still at evaluation stage at the Ministry.

14.1.2 Delay in Project Implementation

Almost 26 years since the inception of the project, the construction of a New Slaughter House has still not materialised.

14.1.3. Project Funding

For the period 1 January 2015 to 30 June 2017, funds totalling Rs 140 million have been budgeted for the implementation of the project, as shown in Table 14-1.

Table 14-1 Amount Budgeted

Financial Year	Budgeted Amount (Rs)
January to June 2015	15,000,000
2015-16	100,000,000
2016-17	25,000,000
	140,000,000

As of October 2016, no disbursement has been made.

Conclusion

The environmental hazards, as enumerated by the EU Consultants in their report of October 2013, would still prevail at the existing abattoir, the further the delay in the construction of the New Slaughter House.

Delay in the implementation of the project would most likely bring further escalation in project costs.

Ministry's Reply

As from 2015, serious consideration has been given to this project to ensure its implementation by the end of 2018, at latest. An appropriate plot of land has already been secured at Five Ways, Wooton. A tender procedure is under way for the selection of a Consultancy Firm. However, an unsuccessful bidder has challenged the decision of the Departmental Bid Committee.

14.2 Agronomy and Horticulture Divisions

14.2.1 Seeds Production

One of the objectives of both the Agronomy and Horticulture Divisions is to contribute towards national agricultural production through the provision of vegetable seeds to the farming community.

The Agronomy Division is involved in the production of seeds and assists the Horticulture Division in the implementation of its annual vegetable seeds production, plants propagation and seeds sales programme. The Horticulture Division deals mainly with seeds production of certain vegetable crops and plant propagating materials either by traditional processes or by tissue culture.

Seeds Production Activities

Production of seeds has been decreasing over the past years. For the year 2015, the quantity of 3,240 kg of seeds produced was far from satisfying the national seeds requirements of 69,044 kg. The trend of seeds production for the past three years ended 31 December 2015 is shown in Table 14-2.

Table 14-2 Trend of Seeds Production

Year	Seeds produced (kg)	Annual Seeds requirements (kg)
2013	4,508	51,734
2014	3,541	52,744
2015	3,240	69,044

No strategy was put in place to increase demand for seeds. Growers relied on imported seeds and on production of their own seeds. Self-sufficiency in seeds production and reduction of dependency on imports have therefore not been attained.

The efficiency of seeds production activities was not satisfactory. Seeds were produced at high cost while human resources and land were under-utilised. For the year 2015, total basic salary of the Agronomy and Horticulture Divisions amounted to some Rs 53.5 million while revenue collected from sales of seeds and plants amounted to some Rs 13.3 million.

Land under Seeds Production Programme has been decreasing year by year. Vegetable crops for seeds were grown on an extent of some 22.77 hectares of land in year 2015 as compared to 27 hectares in year 2014.

The total operating costs, inclusive of basic salary, travelling and transport costs, and overheads for the year 2015 of the six Experiment Stations falling under the two divisions, amounted to some Rs 65.5 million. However, revenue of Rs 13.3 million derived from the sales of local seeds and plants was largely insufficient to cover the operating costs.

14.2.2 Seeds Act 2013

Although the Seeds Act was assented in June 2013, it was not yet proclaimed as of November 2016. In the absence of the National Plant Varieties and Seeds Office (NPVSO) which was to be set up under the Seeds Act for regulating the cultivation, production, trade, exportation

and importation of seeds of any variety, the Ministry could not ensure that high quality seeds were being supplied to growers.

For the implementation of the Seeds Act, the Ministry has to incur costs such as consultancy fees, studies and surveys. Amount budgeted for the period 1 January 2015 to 30 June 2016, totalled some Rs 23 million, that is, Rs 10 million for Consultant's fees and Rs 13 million for surveys. As of 30 June 2016, no expenditure has been incurred since no concrete action has been taken by the Ministry.

14.2.3 Proposed Merging

In February 2014, Government approved the salient recommendations of a report prepared by the Food and Agricultural Organisation (FAO) on '*Reorganisation and Strengthening of the Governance Framework of the Agricultural Services of the Ministry*'. One of the proposed institutional changes included a review of the activities of both the Agronomy and Horticulture Divisions as there were lots of duplications and inefficiencies in their activities.

It was proposed that the activities of the Agronomy Division be entrusted to the Food and Agricultural Research and Extension Institute (FAREI) and the sales of seeds and plants be undertaken by the Small Farmers Welfare Fund (SFWF). The Horticulture Division was to phase out its seeds production and plants propagation activities. Seeds production activities were to be entrusted to private growers.

Following the submission of the FAO Report in January 2014, a Committee was set up to study the report, to look at the implications and to come up with an Implementation Plan. The Implementation Plan was not seen.

Consultations were still being held with the stakeholders, namely the Trade Unions and representatives of each Division and Department of the Agricultural Services in view of the far reaching implications of the recommendations made on the functioning of the Ministry. As of 30 November 2016, both the Divisions of Agronomy and Horticulture, were still operating separately.

Recommendations

It is vital to regulate the seeds business in order to introduce and develop varieties of crops with improved yield and of high quality, to be able to achieve future production target.

Reorganisation of the activities of the two Divisions should be finalized in an endeavour to maximizing efficiency and effectiveness.

Ministry's Reply

The low amount of revenue collected from sales of seeds was due to the price of seeds being highly subsidised.

The decrease in seed production was directly attributed to the closure of some stations and non-replacement of labour force who had retired from the service.

Ten regulations needed to be worked out to enable the Seeds Act to become effective. The regulations being of highly technical nature, the assistance of experts in this matter had to be sought. The Regulations are under preparation and will be finalised in the course of this year.

14.3 Land Use Division

The Land Use Division (LUD) of the Ministry manages 4,501 plots of agricultural State Land of a total extent of 9,307 arpents as of October 2016. It is responsible, amongst others, for the drafting of agricultural lease agreements, ensuring that terms and conditions set out therein are complied with and for prompt collection of rents.

14.3.1 Digital State Land Register

In the Budget Speech 2015-16, the Government announced that in order to promote “*Greater transparency in the allocation of State Lands, a Digital State Land Register will be compiled and made public.*”

As of September 2016, the Digital State Land Register has not been set up at the Ministry’s level.

14.3.2 Illegal Construction of Buildings on State Lands Leased for Agricultural Purposes

At paragraphs 11.4.4 and 11.1.5 of the Audit Reports for the year ended 31 December 2013 and 2014, attention was drawn that 12 lessees had illegally constructed concrete buildings of an extent of 90 to 1,140 m² on land leased to them at Petit Sable, Grand Sable, Pointe aux Feuilles, Elysee and Terre Rouge. The LUD had ceased to renew their lease agreements since 2002, except for that of Terre Rouge which will expire in 2029. As of September 2016, these lessees were still occupying the lands on which illegal construction have been made.

The Ministry had sought the views of the Ministry of Housing and Lands (MHL) as to the course of action to be followed.

Recommendations

- The lease agreement should be amended to include penalties and fines as deterrent factors against illegal construction. The advice of the Attorney General’s Office should be sought to that effect.
- Site visits should be planned to cover plots which had not been inspected for several years and plots where tenants had been reported for illegal activity.

14.3.3 Squatting on State Lands Reserved for Agricultural Purposes

16 plots of State Land of areas ranging from 4,221 to 50,650 m² leased at Beemanique, Jagreety, Raffray (Ex-Tea Belt) and Roche Brunes have been squatted over several years by five squatters.

There were no records available at the LUD in respect of these squatters.

One squatter has been occupying 12 plots of land of an extent of 50,650 m² at Raffray for several years. Two site visits were effected by Officers of the Ministry in September 2013 and January 2016. However, no follow-up action was seen taken after their site visits.

As of October 2016, the five cases of illegal occupation of State Lands were still not regularised by the Ministry.

14.3.4 Non-Compliance with State Lands Act

At paragraph 11.1.4 of the Audit Report for the year ended 31 December 2014, mention was made that contrary to the requirement of the State Lands Act and Cadastral Survey Act, the majority of lease files kept at the LUD did not have an individual descriptive survey plan, but there were instead, layout plans and site plans that dated as far back as 1980. Since October 2012, reference to an individual descriptive survey and Parcel Identification Number (PIN) is mandatory for all new lease agreements.

To cater for the lack of Surveyors, a tender exercise was launched on 4 November 2015 to carry out a mass survey of State Lands and to assign PIN to each plot. Contract for the sum of Rs 15,164,245 was awarded to a private Land Surveyor on 19 April 2016.

On 12 September 2016, authorisation to carry out survey over State Lands was conveyed to the private Surveyor in accordance with the Land Surveyor Act. However, the approval was valid only for a period of six weeks as from date of the letter, that is, up to 24 October 2016. The LUD could not determine whether the approval was valid for surveys carried out for period prior to 12 September 2016.

Recommendation

The Ministry needs to clarify with the MHL about the ambiguity in the approval letter so that survey report and PIN Code could be assigned to plots of land already surveyed and same allocated to respective beneficiaries.

14.3.5 Delay in Allocation of Agricultural State Lands

As of June 2016, only 201 plots (4 per cent) out of the 4,501 plots of Agricultural Land were assigned with PINs as stipulated in the Cadastral Survey Act.

410 applications for Agricultural Land have remained pending for over two years due to PINs not being assigned to plots which had been committed to tenants. The land surveying exercise

and assignment of PIN on Agricultural Land have remained pending for several years due to lack of Land Surveyors at the LUD.

Recommendations

The LUD should ensure that the private Land Surveyor prioritise surveys on plots of State Lands which have already been committed to applicants.

State Lands should be leased to tenants only after the plots had been duly assigned with individual PIN, in compliance with the Cadastral Survey Act.

14.3.6 Mauritius Sugar Producers Association (MSPA) Lands Scheme

At paragraph 11.1.2 of the Audit Report for the year ended 31 December 2014, I reported that an agreement was signed in April 2008 between the Government and the MSPA whereby sugar cane land of an extent of 2,000 arpents would be granted to Government by Corporate Planters who are members of the MSPA. Land would be released as and when required during the period of the lease, which is valid up to 31 December 2017.

Following Government decision in March 2013, the responsibility for the acquisition of MSPA land was transferred to the Ministry. However, 62 per cent of the extent of land to be allocated for agricultural projects have not yet been finalised.

As of 31 August 2016, out of the 1,153 arpents to be allocated for agricultural projects and 847 arpents for housing and other social projects, only an extent of 867 and 321 arpents of land for the respective projects, representing 60 per cent of land have so far been acquired. Procedures have been engaged for the acquisition of another 416 arpents, representing 21 per cent of quota and proposals were under consideration for the remaining 19 per cent.

Recommendation

The Ministry should ensure that the acquisition of land as agreed between Government and MSPA be finalised and completed by the due date of the agreement.

14.3.7 Revision of Annual Rental

At paragraph 11.1.7 of the Audit Report for the year ended 31 December 2014, I drew attention that undue delay had been noted in revising the annual rental of the 33 beneficiaries of State Land at Arsenal and Bois Marchand who were still paying an annual rental of Rs 120 instead of the prescribed rate of Rs 1,500 for Irrigation Land and the nine beneficiaries who were leasing some 4,700 m² of concrete buildings within the 141 arpents of Agricultural State Land allocated to them.

As of September 2016, new rental for Irrigation Land has been approved on 25 November 2015 while the rental for Agricultural State Land having Government building thereon was still not revised.

14.3.8 Non-Compliance with Lease Agreement

Land Settlement at Terre Rouge – Illegal Construction on Agricultural State Land

At paragraph 11.1.5 of the Audit Report for the year ended 31 December 2014, I pointed out that a lessee was granted two plots of land whereby site visits effected by LUD in April 2014 and March 2015 were not possible as both plots were fenced with rock wall and heavy duty gates.

During another site visit effected by the LUD on 21 January 2016, the same situation prevailed. As of October 2016, the two plots of Agricultural Land were not yet retrieved by the Ministry although the lessee had not complied with the lease agreement. There was also no evidence that the State Lands had been transferred to the MHL for follow up.

State Land at Roches Brunes – No Poultry Breeding Activities

On 20 March 2008, a lessee was granted lease of two arpents of land forming part of Lot 2A and 2B at Roche Brunes for mixed farming, that is for poultry breeding, vegetables and fruits cultivation activities. The lease granted for a period of seven years was further renewed on 09 July 2015 for another period of seven years, up to 28 February 2022.

As per the lease agreement, the lessee should start poultry breeding, vegetables and fruits cultivation on the land within a period of six months as from the date of signature of the lease.

During a site visit carried out on 27 January 2016 by LUD, no poultry breeding activities were seen on both plots.

As of November 2016, no action has been taken by the Ministry against the lessee for non-compliance with the lease agreement.

State Land at Belle Mare – Abandoned Land

Ten arpents of land were leased to a Company at Belle Mare Land Settlement for the cultivation of onions and vegetables for a period of 20 years, ending 24 January 2030.

The lease was cancelled on 5 April 2011 and a new lease agreement was signed on 8 June 2011 for the same plot for a period of 20 years, up to 4 April 2031 with another Company having the same Director.

Following a site visit effected by LUD on 6 January 2016, it was reported that the land was in an abandoned state. No action has been taken by the Ministry to retrieve the abandoned land.

State Land at Nouvelle Decouverte – Abandoned Land

On 30 March 2010, land of an extent of 42,246 m² at Nouvelle Decouverte was granted to a lessee for a period of 20 years ending 24 January 2030, for the setting up of a Dairy Farm. The lease agreement was amended on 1 July 2011 by inserting the words “*and poultry production*”. Since the land was found to be unoccupied, the Ministry cancelled the lease agreement as from 19 March 2014.

Following an appeal made by the lessee, a new lease agreement was signed on 18 August 2014 for the same extent of land and the same purpose, for a period of 15 years ending 24 January 2030 on the condition that the leased land would be retrieved outright without any further notice in the absence of any concrete development.

On 20 May 2016, the Ministry informed the lessee that the plot of land would be cancelled and retrieved as same was still abandoned. However, on 14 June 2016, the lessee made another appeal despite the Ministry had considered the first appeal on the condition that same would be retrieved outright without any further notice.

As of November 2016, the outcome of the appeal was still not known.

Recommendation

The terms and conditions of all lease agreements should always be enforced and in case of non-compliance, action should be initiated to retrieve the land.

Ministry's Reply

Digital State Land Register. It is the understanding of this Ministry that the Digital State Land Register will cater for state lands allocated by the MHL. A decision will be taken in due course as to whether allocation of agricultural lands by this Ministry need to be included in the Register or not.

Illegal Construction of Buildings on State Lands. All cases of illegal construction have been referred to the MHL for appropriate action under the State Lands Act. A committee has been set up to review the conditions of lease agreements and to include penalties for non-compliance with the lease conditions

Squatting on State Lands. Out of the five cases of illegal squatting, four are under process of being regularized. The Ministry is presently enquiring on the remaining one case.

Non-Compliance with State Lands Act. Necessary authorization from the MHL has been obtained for the survey of the 6,500 arpents of lands by the private land surveyor.

Delay in Allocation of Land. In April 2016, the Ministry awarded a contract to a private surveyor to survey about 6,500 arpents of State Agricultural Lands. As at date, some 2,000 arpents of State Lands have already been surveyed on a priority basis and the exercise is expected to be completed by April 2018. PINs are being assigned to the surveyed lands.

MSPA Lands Scheme. The matter rests with the Ministry of Housing and Lands to finalise the assessment and the acquisition procedures.

Revision of Annual Rental. A survey exercise is being carried out presently and the actual rental will be determined after consultation with the Chief Government Valuer.

14.4 Division of Veterinary Services

The Division of Veterinary Services (DVS) of the Ministry comprises five main Units namely, the Animal Welfare Unit, Control of Stray Animals Unit, Reproduction Unit, Animal Disease Surveillance Unit and Ambulatory Veterinary Services.

14.4.1 Follow up of previous Audit Report

Ambulatory Veterinary Services

At paragraph 11.2.1 of the Audit Report for the year ended 31 December 2014, mention was made about the importance of an evaluation of the services provided by the DVS, absence of a list of Registered Breeders and inadequate control over veterinary drugs and products.

Evaluation of Services Provided. There was no evidence that feedbacks from breeders had been sought to improve the quality of services offered to them and to the public in general, and an evaluation of the services provided by the DVS had still not been carried out.

During period 1 July 2008 to 30 July 2016, some Rs 27.8 million have been spent on veterinary drugs and products.

Animal's Health Cards. In March 2014, 6,000 Animal Health Cards were printed to be distributed to breeders so as to record the health status, problem encountered, treatment provided and drugs administered to each animal.

As of 30 September 2016, the DVS could not ascertain the number of cards that had been distributed as a list of Registered Breeders was still not available.

Control over Veterinary Drugs and Products. The control weaknesses such as non-authorisation of issue of drugs and products, non-verification of Drug Books and Clinical Sheets by Senior Officers and lack of segregation of duties at DVS Store still prevailed as of September 2016.

Recommendation

The internal control system over the request and distribution of drugs to Veterinary Officers should be enhanced.

14.4.2 Reproduction Unit

At paragraph 11.2.2 of the 2014 Audit Report, mention was made that the Artificial Insemination (AI) Laboratory has not been operating for a number of years. Most of the laboratory equipment found therein were not being used and were not maintained as well.

As of 30 September 2016, the laboratory was still not operational and equipment still kept dormant. No action has been taken to dispose of the equipment.

Since semen was no longer produced by the AI Laboratory, same were being acquired from both overseas and locally.

Recommendation

The Ministry must take a decision to dispose of all the equipment of the laboratory at the earliest since they may deteriorate further with the passage of time.

Ministry's Reply

Ambulatory Veterinary Services. The Internal Control Section of the Ministry will be entrusted the assignment to evaluate the services provided by the DVS and to propose remedial actions including proper control over veterinary drugs and products. As regards the Animal Health Cards, as of 14 February 2017, some 1000 cards have been distributed to cow breeders.

Reproduction Unit. The AI Laboratory is presently not fully operational. Some equipment are out of use as costs of repairs and maintenance are excessive. The Ministry is considering the possibility to contract out the whole insemination facilities. A decision on the future use of the laboratory and the disposal of the equipment will soon be taken.

15 - MINISTRY OF ARTS AND CULTURE

15.1 Land and Capital Grant to some Statutory Bodies falling under the aegis of the Ministry

In September 2004, Government approved the reservation of State Land in the Redit Triangle and Trianon in favour of three Cultural Centre Trusts and two Speaking Unions falling under the aegis of the Ministry for an extent of 1 acre 50 perches each. The reserved lands for the three Cultural Centre Trusts were vested in 2007, under leases of determined periods, at the nominal rent of Rs 150 per annum.

In June 2009, the Ministry released an amount of Rs 1 million to each of the three Cultural Centre Trusts as special capital grants to be used strictly for their construction projects.

15.1.1 Vesting of Land

The reserved land for a Cultural Centre Trust has been vested in a Socio Cultural organisation. Currently, the Cultural Centre Trust is not the owner of any plot of land and it is unlikely that the Trust would be able to utilise the special capital grant of Rs 1 million.

15.1.2 Construction Projects

One of the other two Trusts has specifically informed in its financial statements for the year 2015 that it had abandoned its construction project for a Culture House. The capital grant will hence remain unutilised.

As of November 2016, none of the statutory bodies had embarked on a construction project and their activities were being conducted in rented office spaces. Annually, some Rs 1.2 million were being paid as rent for the five organisations.

Management Reply

The views of the Ministry of Housing and Lands have been sought regarding the vesting of the reserved land in the private organisation instead of the Cultural Centre Trust.

The Trust, that had initially abandoned its construction project, has now informed that the project has been revamped. As for the third Trust, its new Board has now taken cognizance of the existence of the land lease and of the special capital grant.

The vesting of the land in the two Speaking Unions is still being processed by the Ministry of Housing and Lands.

16 - MINISTRY OF GENDER EQUALITY, CHILD DEVELOPMENT AND FAMILY WELFARE

16.1 On Call and In Attendance Allowances

The Ministry of Gender Equality, Child Development and Family Welfare (The Ministry) provides a 24 hour service on three hotlines in relation to cases of child neglect and abuse, domestic violence and family issues respectively. Officers of the Ministry operating the three hotlines either tender advice on the spot and/or refer the case to outstations the following day, or in case of emergency situations, make arrangements with other officers on call for immediate intervention.

As per PRB Reports, On-Call and In-Attendance Allowances are payable to Officers in particular grades on a rotational basis, for the provision of an emergency service after office hours and to attend to people in distress at night, during weekends and Public Holidays.

During the period January 2015 to June 2016, On Call Allowance totalling some Rs 5,401,000 were paid to 45 officers, consisting of seven Coordinators, 12 Psychologists, 17 Family Welfare and Protection Officers (FWPOs), six Care Workers and three Drivers on a daily basis. In Attendance Allowance paid during the same period amounted to some Rs 822,000. These two Allowances accounted for more than fifty per cent of total allowances paid by the Ministry during the period.

16.1.1 Number of Cases

Only 24 cases warranting immediate intervention were recorded in the three hotline registers for the period January to June 2015, representing an average of 4 such cases per month. In view of the small number of cases warranting immediate intervention, the number of officers being on call everyday and the amount of On Call and In Attendance Allowances paid were excessive.

16.1.2 Records of Actions Taken

Hotline registers were not maintained in a proper manner. Entries regarding actions taken were inadequate and vague. In most cases where immediate intervention was warranted, names of officers, including those of drivers, attending to the cases were not stated. Also, when advice or counselling was being provided by the hotline Operator, this was not clearly mentioned.

16.1.3 Claims for On Call Allowance

Claims for On Call Allowance were certified after verification against rosters. The rosters of FWPOs for the period January 2015 to June 2016 showed the following:

Roster Preparation:

Rosters for FWPOs operating the hotline for domestic violence during the period January to June 2015 were prepared after the end of the relevant months.

Rosters for FWPOs posted at three outstations on the other hand were prepared with delays of up to six months after the end of the relevant months.

Submission of Claims for On Call Allowance

Claims relating to On Call Allowance were submitted with much delay.

16.1.4 Claims for In Attendance Allowance

The following shortcomings were noted with regards to In Attendance Allowance paid in July 2015 for the month of April 2015:

Independent Validation of Claims

Claims for In Attendance Allowance were not independently confirmed against the Hot Line Registers or Log Books of drivers conveying claimants. Instead they were checked against a 'Return of Cases Attended after office hours' by the claimant during the month, which is a document prepared by the same claimant.

Cases attended

None of the cases mentioned by the claimants could be traced to the Hotline Registers. All the cases attended to were in fact normal cases not completed during office hours or follow-up cases, rather than emergency cases.

Ministry's Reply

Appropriate actions have been taken and as from September 2016, on a rotational basis, only three teams at the Child Development Unit and the Family Welfare and Protection Unit respectively are responsible to provide emergency services and to attend to people in distress after office hours and on non-working days.

16.2 Residential Care Institutions / Shelters

The Ministry, through the Child Development Unit (CDU) ensured the placement of children in distress in 21 locations known as Residential Care Institutions (RCIs) or Shelters. The conditions and circumstances in which a child may be removed from his family and sent to a place of safety are stipulated in the Child Protection Act 1994.

Financial assistance was provided by the Ministry to the 21 RCIs as follows:

- Four shelters namely La Cigogne, La Marguerite, La Dauphinelle and L'Oiseau du Paradis, through Management Service Contracts ;
- Two shelters, La Colombe and L'Oasis, run by the National Children's Council through Fixed Annual Grants;
- One shelter run by a private Trust Fund through Fixed Annual Grant;

- 14 shelters run by Non Governmental Organisations (NGOs), by way of Capitation Grants at the rate of Rs 378.27 per child per day. One of the shelters was closed in February 2016.

For the period 1 January 2015 to 31 August 2016, 10,352 cases were referred to the CDU for intervention and more than 180 children were placed under safety in the RCIs.

Amount disbursed, as per Treasury Abstract, for running of the Centres for the custody of children for the period 1 January 2015 to 30 June 2016 totalled some Rs 110.2 million, as detailed in Table 16-1.

Table 16-1 Amount disbursed for running of Centres

Vote Item	Description	Amount (Rs)
22900911	Running Expenses of Drop-In Centre	3,614,746
22900912	Running Expenses of Shelter for Children	42,081,705
28211004	Transfer to Charitable Institutions	61,277,695
28211010	Shelter for Women/Children in Distress	3,200,000
	Total	110,174,146

16.2.1 Regulation for the Management of RCIs.

While early childhood institutions such as day care centres, kindergartens and nurseries are governed by the Institutions for Welfare and Protection of Children Regulation 2000, there was no legal framework surrounding the management of shelters. Shelters are required to comply with the terms and conditions set by the CDU.

16.2.2 Place of Safety

A place of safety, as applicable to RCI's, is defined in Section 2 of the Child Protection Act No.30 of 1994, as amended, as a place designated by the Minister having met certain criteria pertaining to fitness of premises in terms of sanitation and security, adequacy of skilled carers, their moral character and those of managers, provision of schooling facilities and proper support to the children.

Seven of the 20 Residential Care Institutions / Shelters have been declared as places of safety. Only L'Oasis as government owned shelter has obtained the designation.

Children placed at RCI's may not be benefitting from the required standard of care, services and support.

16.2.3 Shelters financed under Management Services Contracts

Status in respect of Contract Agreements

The management services contract for three of the four Government owned shelters had long expired and they were being managed on a month to month basis over periods ranging from 13 to 33 months.

Number of Residents Accommodated at Cap Malheureux - L'Oiseau du Paradis Shelter

According to the contract agreement the shelter was to accommodate a maximum of 40 residents. The financial quote of the service provider was also based on the same number of residents. However, it was noted that a maximum of 27 residents could be accommodated in the dormitories of the shelter and yet the Ministry was paying the full amount of the financial quote of Rs 5,430,500 annually.

Non-compliance with Terms and Conditions Set in the Memorandum of Understanding

A Memorandum of Understanding (MOU) was signed by the Ministry with each of the three private entities which were awarded the contract for the management of Government owned shelters.

The terms and conditions of the MOUs were not being complied with.

Article II – Management of the Institution. In accordance with part (b) of the Article, RCIs should submit to the Ministry a monthly report on residents, giving details of their health condition, behaviour and any other matter such as schooling and extracurricular activities.

Of the four shelters financed under management services contract, two shelters complied with the condition and were providing the above information to the Ministry.

Article II – Staffing. The MOU provided for the services of sufficient child caregivers to be made available at all times to ensure adequate and proper care of residents. However during visits effected the number of caregivers present was well below the required number stated in the MOUs. Details are given in the Table 16-2.

Table 16-2 Number of Visits Effected/Caregivers Present

Government shelter	Date of Site Visit	No of Caregivers in attendance during visit	No of Caregivers to be present as per MOU	No of Residents at time of visit
L'Oiseau du Paradis	18/10/2016	4	6	27
La Dauphinelle	04/11/2016	-	3	8
La Marguerite	01/11/2016	2	6	29
La Cygogne	07/11/2016	3	4	14

Article II –Sanitary and Clothing. In accordance with the MOUs, residents should always be provided with clean and ironed clothing. However, during various visits effected at one shelter, almost all the residents were wearing dirty clothes and were bare footed.

16.2.4 Shelters Managed by the National Children Council

Shelter La Colombe

The shelter housed babies up to three years old, girls from 4 to 18 years old and boys from 3 to 11 years old. At date of audit on 15 November 2016, the number of residents totalled 57, consisting of 9 babies, 28 girls and 20 boys.

Residents. Three categories of children, namely babies, teenage boys and teenage girls/mothers were being housed in the same building. This is considered inappropriate.

Caregivers. The number of Caregivers available to cater for a 24 hour service totalled 23, with eight caregivers in the Boys Section, eight in the Girls Section and seven in the Babies Section. Information gathered from the Roster for the month of November 2016 is shown in Table 16-3.

Table 16-3 Number of Caregivers as per MOU and Duty Roster of November 2016

SN	Number of Caregivers	Babies Section <i>9 babies</i>		Girls Section <i>28 girls</i>		Boys Section <i>20 boys</i>	
		Day	Night	Day	Night	Day	Night
1	<i>As per MOU</i>	2	3	6	7	4	5
	<i>As per Roster – Number to be on Duty</i>						
2	1 caregiver on duty– Days/Nights	5	8	3	2	2	12
3	2 caregivers on duty– Days/Nights	21	17	24	27	25	14
4	3 caregivers on duty– Days/Nights	4	5	3	1	3	4

On average, according to the Roster, only two Caregivers were to be on duty at any given time in the month of November 2016 in each section, as shown in row 3 of the above table.

Also, one Caregiver was to be on duty during five days and eight nights to cater for nine babies. Similarly, the 20 boys were entrusted to the care of one Caregiver during 12 nights.

Safeguarding of Assets. There was no store room at the shelter. The store items were kept below the staircase.

In line with the MOU, a Commodities Book was maintained to record quantity purchased, quantity used and balance remaining. However, the entries were not correctly made, in the sense that all commodities purchased were recorded together on one sheet and all issues recorded on other sheets on a daily basis. Thus the balance available in stock was not readily available.

There was no inventory sheet or other record of asset items.

Shelter L'Oasis

This shelter constructed at the cost of Rs 25.4 million in 2012, and meant only for girls, was made operational in May 2016 that is after some four years. During a site visit carried out on 14 November 2016, the following observations were made:

- There were only six caregivers to cater for 22 children on a 24 hour basis. According to roster for the month of November 2016, the maximum number of caregivers to be on duty at any time was two. At date of audit on 14 November 2016, there was only one caregiver on duty to cater for the 22 children.
- Entries in the Commodities Book kept for the recording of stock of food and consumables were incorrectly made. The balance of stock available could not be readily ascertained.
- An industrial wash basin for the cleaning of big utensils donated by the All China Woman Association and transferred from the National Women Development Centre was left idle in the yard.
- The backyard was in a deplorable state with bushes and creepers.

Ministry's Reply

Government shelters are abiding with safety criteria laid down by the Ministry and the CDU ensures through monitoring visits on a weekly basis that care and support are provided up to the standard required.

Bidding exercises for the management of four government owned shelters were launched twice since October 2015 and both exercises resulted in 'non-award'. The Ministry is currently bringing some amendments to the bidding documents before the re-launching of bids.

Regarding the Cap Malheureux Shelter, the workings of the service provider was based on provision for 30 residents and it was agreed in February 2011 that payments would be made in 12 equal installments, upon evaluation of the quality of services offered by the service provider.

Monthly reports are prepared by Enforcement Officers on shelter residents and are processed at the level of the Ministry.

The attention of Directors of Shelters under management contract has been drawn to strictly abide by the ratio child/caregiver. As for shelters managed by the NCC, the Oasis Shelter was made operational in May 2016 and the child/ caregiver ratio was disturbed with the transfer of caregivers of La Colombe Shelter to the Oasis Shelter.

The infrastructure at La Colombe Shelter would be upgraded soon and a proper store room provided.

17 - MINISTRY OF FINANCIAL SERVICES, GOOD GOVERNANCE AND INSTITUTIONAL REFORMS

17.1. Heritage City Project

Government had, on 9 October 2015, agreed to Ministry of Financial Services, Good Governance and Institutional Reforms (MFS) chairing the meeting on the new Highlands Administrative City Project to be known as the Heritage City Project (Project). The Project was comprised of landmark iconic buildings to accommodate Parliament, Prime Minister's Office and other Ministries/Departments on a plot of land of 336 acres at Bagatelle.

17.1.1 Heritage City Company

On 18 December 2015, Government has agreed to the setting up of the Heritage City Company, a wholly State-Owned Public Company, for the implementation of the Project. The Company incorporated on 4 January 2016, has as Chairperson the Deputy Permanent Secretary of MFS. On 15 March 2016, MFS had disbursed Rs 55 million to the Company.

Observations

- Of the Rs 55 million, some Rs 47.2 million were spent leaving a balance of Rs 7.8 million as at August 2016.
- On 5 August 2016, Government agreed that the Project be put on hold and in October 2016, same was abandoned. As at mid December 2016, no decision has yet been taken on the future of the Company.

17.1.2 Appointment of Consultant

On 2 March 2016, Government approved the recommendation of the High Powered Committee to procure the professional services of a Consultant from Dubai under the Government to Government arrangement for a '*Detailed Master Plan and Engineering Design for infrastructure Works*' and for the '*Government Offices Schematic Designs*' for the sum not exceeding US \$ 4.34 million.

An agreement was signed by the Chairperson of the Company with the Consultant, effective on 17 April 2016 and expiring on 12 March 2018 for the detailed Master plan/Engineering design and the Government offices schematic designs for the amounts of US \$ 1,840,000 and 2,500,000 respectively.

Payment to the Consultant

US \$ 1,102,795/some Rs 40 million had already been paid to the Consultant as at end of August 2016.

In the absence of information at MFS, it was not known whether the Consultant had completed the works as per agreement and also whether he had submitted any other claim for payment due.

Ministry's Reply

Action is being taken for the winding up of the Company.

As regards the master plan and schematic design, the relevant stakeholders responsible for any future project on construction of administrative building will be consulted.

17.2. Rental of Office Accommodation

Following its creation, MFS had in January 2015 sought for the rental of office accommodation at SICOM TOWER in Ebene. On 21 January 2015, SICOM had submitted a draft lease agreement to MFS for approval. On 26 January 2015, the latter had sought financial clearance of Ministry of Finance and Economic Development (MOFED) for the rental of seven floors of total area of 65,676 ft² at rate of Rs 40 per ft² with *amenities and furniture* as proposed by SICOM.

17.2.1 Lease Agreement

On 31 July 2015, MOFED informed MFS that it had on 20 May 2015 signed a lease agreement for the rental of the ***whole building*** for a period of ten years at a monthly rental fee of Rs 34 per ft² with *amenities but without furniture*.

Contrary to the intention of MFS to rent office space with amenities and furniture also, the lease agreement signed by MOFED included amenities only. Consequently, MFS, which was not involved in the procurement exercise, was entrusted additional responsibility for certifying claims from SICOM in respect of additional amenities and furniture that MFS had requested earlier.

17.2.2 Discrepancy in area rented

As per the lease agreement, office spaces rented for the whole building are of total floor area of 161,036 ft². The total floor area mentioned in the 'Memorandum of Understanding (MOU)' signed on 17 August 2015 between MFS and MOFED for the assignment of the lease for Levels 8 to 14 was of total floor area of 6,310.92 m²/approximately 67,930 ft².

According to the Valuation Department and SICOM, total floor areas assessed/claimed for Levels 8 to 14 were 65,676 ft² and 72,532 ft² respectively.

Differences noted in total floor areas in the lease agreement, MOU, claim from SICOM and also assessment of the Valuation Department need to be investigated and cleared.

17.2.3 Office space unoccupied

MOFED had effected payment of the monthly rent for the whole building. For Levels 8 and 11, which were occupied by Financial Services Institute since July 2016 and Integrity Reporting Services Agency since June 2016, their monthly rent paid was since October 2015

and July 2015 respectively. Consequently, office spaces at these two floors had remained unoccupied for 9 and 11 months respectively for which rent paid by MOFED totalled some Rs 7.6 million.

17.2.4 Claim of Rs 24,159,850

On 31 July 2015, MOFED requested MFS to certify a claim of Rs 24,159,850 including VAT in respect of furniture and additional amenities submitted by SICOM on 21 May 2015 for Levels 8 to 14. Following enquiry by MFS, SICOM had revised its claim to Rs 21,903,309. Meanwhile, upon request of MOFED, payment of Rs 15 million was effected by MFS pending certification.

MFS was called upon to certify above claim although it was not involved in the procurement of the works/goods. Absence of appropriate documents such as copy of letter of awards, approved cost estimates for additional/variation works requested and invoices from suppliers rendered the certification difficult. As at November 2016, that is more than 15 months after receipt of the claim, MFS was still unable to certify same in respect of:-

- *Furniture.* Out of Rs 8,427,727 claimed, only Rs 7,472,556 could be certified. Moreover, unit price of each item could not be verified in the absence of appropriate documents.
- *Addition/variation to amenities.* Despite revised claims of Rs 11,639,347 submitted, MFS was still unable to certify Rs 10,359,341.

Recommendations

Both Ministries should ensure that there are proper coordination and communication between them so as to avoid such similar situation and also paying rental fees on office spaces that were unoccupied.

Discrepancy in the total floor area of office space in documents mentioned above should be enquired into and appropriate action taken accordingly to avoid any overpayment in rent.

MFS should obtain additional documents as mentioned above to be able to certify the amount claimed by SICOM and also resolve matters where there are still discrepancies.

Ministry's Reply

The MOU has been reviewed so that this Ministry is responsible for only the floor areas that it actually occupies namely levels 5,9,13 and 14.

SICOM has based its evaluation of the space rented on a gross area, i.e it has included other spaces in the common areas such as the lobby, lifts and terraces whereas the assessment done by the VD covers only the net internal area measurements. It is to be noted that, the option adopted includes fees for syndic services to which MOFED was agreeable.

In the absence of the recommendations of the Electrical Services Department, the Ministry of Infrastructure and the Central Informatics Bureau, the claim in respect of the addition/variation to amenities, as appropriate, could not be certified.

18 - MINISTRY OF BUSINESS, ENTERPRISE AND COOPERATIVES

18.1 *Mauritius Business Growth Scheme (MBGS)*

18.1.1 *Overview of the Scheme*

This Scheme initially financed by the World Bank in 2010, was taken over by Government in 2011 and implemented through the National Resilience Fund.

Two forms of support were initially proposed to enterprises, as follows:-

- Grant Scheme, with assistance on a cost sharing basis in the ratio of 50:50, along with free mentoring/business coaching. This grant is non-refundable.
- Payback Scheme, where Government contributes 90 per cent of the project cost (up to a maximum of Rs 3 million) and the remaining 10 per cent by the enterprise. This scheme is an interest free but royalty-based one.

The Grant Scheme was phased out in May 2011 and a new Scheme, the Start-ups Entrepreneurship Scheme (SES) was introduced in 2012 with the objective to pay a basic monthly salary replacement allowance of Rs 20,000 to creative entrepreneurs to jump start an innovating company up to a maximum of 12 months. The beneficiaries have up to a maximum period of eight years including moratorium time as from signature of agreement, to refund the loan and any royalties due.

The beneficiary was required to sign a 'Letter of Agreement' which embodied all the conditions of the loan inter alia disbursement of funds, repayment, confidentiality clauses.

18.1.2 *MBGS Database*

As at 30 June 2016, total disbursements under the different Schemes/Grant amounted to some Rs 177.8 million as detailed at Table 18-1.

Table 18-1 Amount Disbursed under the Schemes/Grant

Period	90/10 Loan Rs	SES Rs	50/50 Grant Rs	Total Rs
2010	360,599	-	5,040,087	5,400,686
2011	48,683,756	-	8,712,070	57,395,826
2012	36,572,256	3,560,000	-	40,132,256
2013	36,430,210	3,320,000	-	39,750,310
2014	15,355,273	3,080,000	-	18,435,273
2015	7,218,138	1,880,000	-	9,098,138
Jan-Jun 16	7,146,449	480,000	-	7,626,449
Total	151,766,681	12,320,000	13,752,157	177,838,840

Recovery of loan amount

Reports from the Ministry of Finance and Economic Development and the latest one from the Consultant in 2014 highlighted, among others, the following with regard to the MBGS:

- No personal or collateral guarantee required to be submitted; and
- No other penalty clause except for ineligibility for other financial assistance from DBM or from Ministry.

As at November 2016, that is more than two years since the issue of reports by the Internal Control and the Consultants, it was not known what further action BED intended to take, whether legal or otherwise, to recover the outstanding loan amount from beneficiary companies, which had either registered no growth even after lapse of eight years or ceased operations or defaulted in reimbursement.

Beneficiaries reported as no longer in operation

A total loan amount of some Rs 14.6 million was disbursed to 22 beneficiary companies, which were reported as being no longer in operation as of November 2016. As at mid January 2017, there was still an outstanding balance of some Rs 14.3 million to be recovered as reimbursement of only Rs 264,780 were obtained.

There was no clause in the agreement that catered for the manner in which the loan amount would be recovered in case the beneficiary companies ceased operation, that is whether the whole amount would either become payable or beneficiary would still have eight years to reimburse same.

Loan recovered

Claims amounting to some Rs 49.4 million were issued to 86 beneficiary companies having registered growth. However, only some Rs 23.1 million, that is about 47 per cent of the total amount due, were recovered as at 30 June 2016. For defaulting beneficiary companies also, no clause had been included in the agreement on how to recover same other than ineligibility for future loans.

Recommendations

Ministry needs to ensure that the mechanism for the recovery of the loans and the royalties is reinforced and operates efficiently for prompt recovery of the loan amount and the royalties due.

Ministry also needs to take appropriate action and contemplate all avenues to recover the outstanding loan amounts where companies had ceased operations/had not registered any growth after the period of eight years/defaulted in reimbursement.

Ministry's Reply

All debtors who fail to pay the amounts claimed are automatically listed on the Mauritius Credit Information Bureau

As at January 2017, amount of loan recouped totalled some Rs 26.7 million, that is about 54 per cent of the Rs 49.4 million claimed.

18.2. Rent of Office Accommodation

18.2.1 Lease Agreement

In January 2010, a Lease Agreement was signed by Ministry for Consumer Protection and Citizens Charter now known as Ministry of Business, Enterprise and Cooperatives (BED), for rental of office space of a total floor area of 6,660 ft² at Level 16 of Newton Tower building with parking facilities at a monthly rent of Rs 420,601 inclusive of VAT. Deposit of Rs 841,202 representing two months' rent and refundable on expiry of the agreement, was paid to the lessor.

At the expiry of the lease in January 2015, BED started negotiations with lessor for renewal of the lease. Pending negotiations, the agreement was renewed on a month to month basis as from February 2015.

18.2.2 Total floor area overstated

In February 2015, following a request for assessment of the said premises, the Valuation Department (VD) informed BED that the net useable floor area was 6,265 ft² and not 6,660 ft² as mentioned in the expired lease agreement. Moreover, attention of BED was drawn to the fact that VD had already communicated the details on 30 October 2009. It appeared that at time of signature of the lease agreement in 2010, Ministry had overlooked the assessment of the VD. The total floor area was thus overstated by 395 ft² in the agreement signed. Further, on 22 October 2015, VD had assessed the new monthly rental at current market value of Rs 43.20 instead of Rs 51.50 per ft².

Based on the recommendations of VD, BED had adjusted the monthly rent as from September 2015 to January 2016. However, upon advice from the Attorney General's Office (AGO), BED had to readjust the rent to Rs 420,601 for that said period. As at November 2016, it was noted that BED paid monthly rent of Rs 337,407 based on floor area of 6,265 ft² at rate of Rs 43.20 as from February 2016.

Rent paid in excess

Due to the above overstatement in floor area, total rent paid in excess thus amounted to some Rs 1,620,000 for the period April 2010 to January 2016. The rate of Rs 43.20 was not considered in the computation for rent paid in excess as it was not agreed by the lessor.

18.2.3 Notice served and forfeiture of deposit

Following expiry of the lease agreement, negotiations with the lessor on the new conditions of the lease like the correct floor area of 6,265 ft² instead of 6,660 ft² as proposed by BED, had failed. On 19 August 2016, the lessor served a Notice to quit, leave and vacate the premises.

BED was given up to end of February 2017 to vacate the premises and to settle the amount of Rs 1,601,273 for rent due for the period February 2015 to November 2016. On 17 November 2016, the lessor also informed BED that after forfeiture of the deposit of Rs 841,202, an amount of Rs 760,071 would still be outstanding.

According to the advice of the AGO, BED was bound to pay monthly rental fee as per the prevailing lease agreement during period of occupation, that is Rs 420,601 per month unless a new fee had been agreed by both lessor and lessee, which was not the case. Moreover, he also advised that BED informed the lessor that it was not agreeable to the amount claimed given that such amount was inclusive of increase in rent to which it was not agreeable.

Recommendations

BED should take prompt action for the procurement of alternative acceptable accommodation to vacate the actual premises as soon as possible.

Advice of the Valuation Department on the recommended floor area and market value should be sought prior to issue of any letter of intent to any bidder to avoid dispute in the future.

Ministry's Reply

Upon expiry on 31 January 2015, the lease agreement was renewed on a month to month basis as from February 2015 in view of

- the Ministry was proposing to move to SICOM Tower;
- it was not in a position to accede to the request of the lessor for an increase in the rentals wef 1 February 2015
- an agreement could not be reached with the lessor on the renewal of the lease on the new terms and conditions, as advised by the AGO.

Following advice received from the AGO, the Ministry has, on 26 December 2016, informed the lessor that

- the Ministry had never agreed to any increase in rentals as from February 2015;
- the arrears claimed were unwarranted;
- the deposit of Rs 841,202 should be refunded.

All the necessary clearances would be sought before the award of the contract to the most responsive bidder.

19 - MINISTRY OF SOCIAL SECURITY, NATIONAL SOLIDARITY AND REFORM INSTITUTIONS

19.1 Construction of Recreation Centre at Pointe aux Piments

The Project for the construction of a Recreation Centre at Pointe aux Piments was contemplated since August 2009. The aim was to provide recreational facilities to enhance the quality of life of Senior and Disabled Citizens. Delay in handing over of the Recreation Centre by the Contractor, late arrangement by the Ministry of Social Security, National Solidarity and Reform Institutions (Ministry) for amenities followed by budgetary constraints to render it operational might have denied those Citizens of the opportunity to benefit from objectives of that Centre at an earlier date.

As mentioned at paragraph 9.1 of the Audit report for year ended 31 December 2014, the contract for the construction of the Recreation Centre was signed in March 2012 for a sum of some Rs 156 million excluding some Rs 1.94 million paid to other parties for the preparation, on a fast track basis, of drawings and cost estimates. The construction works started in April 2012 and were to be completed in July 2013. For various reasons, the completion date was extended up to October 2013. However, as at 31 December 2014, the Recreation Centre was partly completed, with first intake of residents in June 2014. The Day Care Centre comprised in the Project and completed in December 2013 was not yet operational due to budgetary constraints.

The Day Care Centre subsequently became operational in September 2016, that is, two and a half years after its completion.

Final payment was made in September 2016. Total amount of Rs 150 million was paid to the Contractor. That excluded some Rs 5.7 million retained in respect of liquidated and ascertained damages. Final Accounts were, however, not submitted. These were signed by the Contractor on 10 January 2017 but with a disagreement proviso by the Contractor regarding liquidated damages. The final costs of the Project have therefore yet to be determined.

Ministry's Reply

Despite lengthy procedures for land acquisition, preparation of drawings, bid documents, procurement procedures, the Ministry realised the Project in less than four years.

Regarding liquidated damages, discussion was held, but the Contractor was still in disagreement, hence, the disagreement proviso.

19.2 Overpayments of Pensions

Overpayments of pensions increased from Rs 72.2 million to Rs 88.6 million from 31 December 2014 to 30 June 2016 despite the written off of an amount of Rs 10.5 million in March 2016.

Overpayments due to errors increased from Rs 8.1 million to Rs 10.9 million. There was a need to maintain rigid Internal Check system to avoid such overpayments.

Out of the Rs 10.5 million written off, Rs 3 million were in respect of "Death of Beneficiaries" and Rs 5 million regarding "Departures."

Amendments were brought to the Acts of two Public Bodies for the sharing of information in May 2015. However, that information was not yet made available by one of them despite the change in legislation.

An Internal Control exercise carried out prior to the writing off of Rs 10.5 million in March 2016 in respect of 1,450 cases of overpayments revealed the following:

- Absence of files in most cases; the exercise was mainly based on computerised system;
- Records were not available on that system for some 874 cases to be written off;
- 519 cases were found to be dormant;
- Most of the cases were “beyond 10 years”; and
- 27 cases out of those “less than 10 years” were reported “dead beneficiaries”.

However, it was pointed out by the Internal Control Unit that further write off would not be entertained unless:

- there was a clear procedure manual for recovering and monitoring of overpayments;
- centralization of all overpayments (Social Aid and Benefits); and
- proper and reliable ways were devised to maintain files.

Write off was recommended to the Ministry despite the above findings.

No investigations were seen carried out to ascertain reasons for “absence of files” and “beneficiaries not being on the computerised system”.

Write off might not be in order and in the best interest of the Ministry regarding the safekeeping of Government Funds.

Strict control over pensions would thus be paramount to avoid overpayments.

20 - MINISTRY OF OCEAN ECONOMY, MARINE RESOURCES, FISHERIES, SHIPPING AND OUTER ISLANDS

20.1 Bad Weather Allowance (BWA) and Close Season Allowance (CSA)

Government provided assistance to all registered professional fishermen through BWA and CSA when fishermen were unable to go out fishing during bad weather conditions and period of closure of net fishing. The BWA was introduced in the year 1965. One of the criteria for the eligibility of the allowance was that fishing should be the sole source of living of the beneficiary. In accordance with established criteria and following the exercise for stamping of fishermen's cards, BWA was paid to fishermen at approved rate.

Net fishermen were eligible for CSA during the close season period of Large and Gill net fisheries, from October to February of the following year. Large and Gill Net licences were issued to registered net fishermen provided that the net fishery should effect at least 15 Sorties per month. CSA was paid to fishermen provided that the requirement of 50 percent of attendance on the total number of Sorties for the whole net fishing season was met.

20.1.1 Bad Weather Allowance – Rs113,446,838

During the past seven and half years, Government had disbursed Rs 465.62 million to some 2,000 beneficiaries in respect of BWA as shown in Table 20-1.

Table 20-1 Payments of BWA

Year	Daily Rate (Rs)	Range of beneficiaries during the year	Total Amount (Rs)
2009	200 – 210	2063 - 2235	53,601,880
2010	217	2039 - 2187	56,446,271
2011	224	1938 - 2021	47,067,328
2012	239	1879 - 2112	59,865,437
2013	249	1944 – 2088	66,115,974
2014	258	1810 – 2052	69,082,338
2015	275	1687 - 1996	68,951,850
January to June 2016	282	1722 - 1853	44,494,988
Total			465,626,066

Disbursement in respect of BWA for the 18 month period ending 30 June 2016 amounted to Rs 113,446,838. However, pay lists were available for only five months at the Ministry.

Despite, the fall in the number of beneficiaries by 239 (2235- 1996) from 2009 to 2015, the allowance had increased by some Rs 15.3 million.

20.1.2 Close Season Allowance– Rs 5,881,907

Out of 125 Net fishers regrouped under 21 Associations, 123 fishers were paid CSA amounting to Rs 5,881,907 for the 18 month period ending 30 June 2016. However, no pay lists were available for the close season period, from October 2015 to February 2016.

In the absence of adequate records at the Ministry, the accuracy and completeness of the allowances paid to eligible fishermen could, therefore, not be ascertained.

20.1.3 Fishermen with Trade Licences

In June 2015, the Ministry started the exercise of updating the Fishermen Register and to determine the genuineness of fishers. District Councils/other institutions were requested to provide details on registered fishers owning trade licences. However, the date of issue of trade licences which was an essential element of control was not submitted, only the date of cessation of business was provided. Some fishermen, therefore, had benefitted from BWA and CSA although they were not eligible for these allowances. Consequently, due to inadequate information, the overpayment could not be quantified.

20.1.4 Supervision at the Fish Landing Stations

The Ministry operates 14 Fisheries Posts and 60 Fish Landing Stations. Each Fisheries Post is responsible for two to 10 Fish Landing Stations. Hence, an average of four Fish Landing Stations falls under the responsibility of a Fisheries Post. The Fisheries Posts function on a 24-hour basis with four shifts of work and three Officers on each shift. The number of fishermen registered at each Fisheries Post ranged from 58 to 265.

In most cases, only one Officer visited the Fish Landing Stations to take account of the day's catch and the number of Sorties per fisherman. Subsequently, the stamping of cards was effected and the list of active professional fishermen was compiled, which was then sent to the Ministry for payment.

As the level of supervision at the Fish Landing Stations was inadequate, the accuracy and reliability of the list sent to the Ministry could therefore not be ascertained. Consequently, the risks of non-compliance with the criteria set, payments made to fictitious fishers and overpayment of allowances were high.

Recommendations

The information requested from the District Councils/other institutions should be relevant to ensure compliance with criteria set for eligibility of allowances.

The Fisheries Posts should be provided with adequate resources to ensure close supervision over all Fish Landing Stations before stamping of cards at Fisheries Posts.

Ministry's Reply

Only those fishermen who derive a living from their fishing activities are benefitting from bad weather allowance. Arrangements are being made with Local Authorities to ascertain the dates of issue of trading licences to fishermen for an eventual recovery of any overpayment.

With the recruitment of 24 additional Fisheries Protection Officers, supervision in Fisheries Posts and Fish Landing Stations has been reinforced.

Surprise visits are being made by officers of the Ministry to ensure attendance and compliance.

20.2 Construction of Blue Bay Marine Park and Visitor's Centre (BBMPVC) - Rs 32.5 million

The Blue Bay Marine Park and Visitor's Centre was constructed mainly to ensure the effective management and monitoring of the Blue Bay Marine Park as well as the provision for an ecological observation room for the conservation and preservation of the marine biodiversity assets.

On 7 November 2012, the Project Plan Committee (PPC) approved the revised estimated costs of the project in the sum of Rs 30.5 million for the construction of the BBMPVC and Rs 5 million for the purchase of equipment.

The contract for the construction of the Centre was launched on 5 February 2013 through open advertised bidding and awarded on 30 May 2013 for the sum of Rs 32,572,025. The start date of the project was scheduled on 28 June 2013 with expected completion date on 24 February 2014. The contact period was estimated at 240 days and defects liability period was agreed at 365 days from completion date.

The Ministry of Public Infrastructure (MPI) supervised the project. The site was handed over to the Contractor on 13 June 2013. The total payments effected to the Contractor as of 30 June 2016 amounted to Rs 32,487,500. The Centre was inaugurated on 29 June 2016.

20.2.1 Extension of time

The date of completion was extended on three occasions by 237 days as shown in Table 20-2.

Table 20-2 Revised Expected Date of Completion

Details	Expected date of completion	No of days
Initial expected date of completion	24-Feb-14	
1 st Extension	5-May-14	71
2 nd Extension	19-Jul-14	76
3 rd Extension	16-Oct-14	90
Date of handing over of keys – from 16/10/2014	09-Jan-15	86
Total		323

On 30 July 2014, MPI gave its approval for extra works and the Contractor submitted the quotation on 7 October 2014, after two months, instead of seven days. The expected completion date was subsequently revised to 16 October 2014.

20.2.2 Performance Security, Advance Payment Guarantee and Insurance Policy

The performance security expired on 30 July 2015 while the advance payment guarantee was valid up to 80 per cent of the certified contract value or on 30 June 2014 whichever was the earlier. The ‘All Risks Insurance Policy’ covered the contract and the defects liability period which was valid up to 31 July 2015.

However, the performance security and insurance policy were not extended to cover the revised defects liability period of 9 January 2016 although the Contractor was requested to do same.

20.2.3 Liquidated damages

Liquidated damages of Rs 50,000 per calendar day up to a maximum of Rs 3 million for 60 days should be charged for delays in completion. An amount of Rs 450,000 was charged against the Contractor representing nine days of delay only. The 86 days could be considered as unapproved delays for which the amount of Rs 4.3 million as liquidated damages could be charged. However, the maximum amount of liquidated damages as per the contract agreement should have been applied.

20.2.4 Taking Over

The final taking over of the BBMPVC was done on 9 January 2015. Three months later, on 1 April 2015, the completion certificate was issued. The taking over of the sites was done at the

actual completion date instead of seven days after the issue of the completion certificate which was contrary to the contract agreement.

MPI accepted the final taking over of the BBMPVC despite the fact that some defective works were still outstanding.

20.2.5 Defective Works

One month after taking over of the BBMPVC, on 15 February 2015, it was reported that some defects still persisted and hence, the Ministry even questioned whether it was in order to accept the final taking over certificate.

However, on 6 January 2016, nearly a year later, at the expiry of the defects liability period, some of the discrepancies reported were still not attended to.

Although the Contractor was requested to extend the defects liability period until all defects have been remedied to the satisfaction of the MPI and the building was fully functional, same was not done.

20.2.6 Site Visit

Site visits were carried out by my Officers on 24 February and 28 October 2016 which revealed that the building was not fully operational. The building was being partly occupied by staff of the Fisheries Protection Section (FPS).

Recommendations

Nearly two years after the completion of the project which had cost Rs 32.5 million, the Centre was still not operational. The time taken for completion of the project was 563 days as compared to the expected contract period of 240 days. Therefore, the total additional time taken was 323 days.

Hence, in order to ensure timely completion of the project, terms and conditions of the contract should be strictly complied with and the penalty clause applied. Works should be properly supervised and closely monitored.

The Ministry should ensure that the building is fully operational with the aim of achieving its objectives.

Ministry's Reply

The Management Plan of the Marine Park has been finalised and is being implemented gradually with the breeding of new corals and introduction of new varieties.

Tenders have been floated for the procurement of equipment which is required at the Marine Park.

20.3 Supply, Mounting and Floating of Cage Structures – Rs 8,803,900

At paragraph 14.1 of the Audit Report for the year ended 31 December 2014, I mentioned that, due to inadequate planning, the Ministry was not able to take delivery of the ten floating net cages on the revised expected date of 30 November 2014 and therefore had the delivery of the cages postponed until March 2015. However, as of 17 November 2016, more than two and half years after the award of the contract, the floating net cages had not yet been installed at the proclaimed sites.

20.3.1 Additional Costs

On 21 May 2015, the Supplier informed the Ministry that after studying the sites and the additional equipment needed to do the extra work, an additional sum of Rs 2,220,815 would be claimed, which represented 25 percent of the initial contract cost of Rs 8,803,900.

20.3.2 Advice from the Attorney General's Office

On 1 July 2015, the Ministry sought advice from the Attorney General's Office (AGO). On 20 August 2015, the AGO advised that the additional costs of some 25 percent of the successful bid price would be considered as being significant enough to be a major deviation. The AGO, therefore, strongly advised that a new tender exercise should be done in case the Ministry intended to implement the additional services.

20.3.3 Setting up of Diligence Committee

A Diligence Committee (DC) was set up to examine the additional cost. The additional works were, subsequently, awarded to the same Supplier on 14 December 2015 through direct procurement without competition, at the revised price of Rs 1,938,650, representing 22 per cent of the contract cost. Therefore, the revised contract cost amounted to Rs 10,742,550.

20.3.4 Delivery and installation of the floating cages

Four months later, on 2 May 2016, the Supplier informed the Ministry of the expected date of start of the mounting works which was scheduled on 10 May 2016 and would end on 10 July 2016.

20.3.5 Installation of the floating net cages

The authorization to use part of the beach near four of the prescribed sites for the mounting of the floating net cages lapsed on 28 July 2016 as the Contractor had not completed the works.

The Engineer from China was expected to arrive in Mauritius by end of September 2016 to complete the main part of the works and to commission the net cages. Only preliminary works had started at Grand Gaube and Poudre D'Or sites. The handing over of the floating cages to the Fishermen Cooperative Societies was expected to be around 15 December 2016.

In accordance with the revised planned schedule of activities, the placing of six cages at sea should have been completed by 29 October 2016 while the remaining four cages and commissioning, by 20 November 2016. However, as of 17 November 2016, these cages had not yet been installed.

The Contractor had failed to respect his contractual obligation. The revised completion date for the installation and commissioning of the ten cages had not been submitted to the Ministry. No penalty clause was mentioned in the letter of award for delays in implementation. The risk, therefore exists that the Ministry may have to bear additional costs in case the installation is considerably delayed.

20.3.6 Allocation of the floating net cages

The letter of intent was issued to seven fishermen cooperatives on 15 February 2016 and two cooperatives on 27 September 2016 following Expression of Interest (EOI) launched on 15 April 2015 and 3 March 2016.

However, as of 17 November 2016, the contract agreement has not yet been drawn and signed by the Fishermen Cooperatives whereby the terms and conditions, guidance, capacity building and provision of fingerlings attached to the fish farming on small scale should be properly defined on the allocation of the cages.

Recommendation

The Ministry should ensure compliance with Public Procurement Act. The procurement should be properly planned and all procedures followed in order to avoid unnecessary delays in implementation of the project and consequently, avoid additional costs.

Ministry's Reply

As of mid February 2017, all cages have already been mounted and placed at designated locations at sea. Four cages have already been allocated to Fishermen Cooperative Societies and are operational. The remaining cages are in the process of being allocated.

21 - MINISTRY OF ENVIRONMENT, SUSTAINABLE DEVELOPMENT AND DISASTER AND BEACH MANAGEMENT

21.1 Mare Chicose Landfill

At paragraph 16.3 of the Audit Report for the year ended 31 December 2014, I mentioned that on 26 December 2013, that is twenty months after the pre-qualification exercise, the contract for the Construction of cell 7 and Operation and Maintenance of Cells at Mare Chicose Landfill site was awarded to a Contractor, a Joint Venture (JV) which comprised two companies, a local and a foreign one, for the sum of Rs 1,590,414,152 for a duration of five years.

The contract agreement was signed on 13 January 2014 and the contractual period would end on 30 November 2018. As of 30 November 2016, payments amounting to Rs 829,238,576 representing more than 50 per cent of the total contract value was made to the Contractor and some Rs 19 million for Consultancy services.

21.1.1 Delay in completion

The construction works were scheduled to be executed in two Phases. The revised completion dates of Phase I and Phase II were 3 August 2014 and 25 September 2015 respectively. However, as per the Work Completion Certificates, Phase I was completed on 8 September 2014 with a delay of 36 days and the Sub-Phases of Phase II were substantially completed on 7 December 2015, 18 March 2016 and 1 February 2016 respectively with an overall delay of 175 days.

On 14 March 2016, liquidated damages claimed for delays in completion of Phase I and II amounted to Rs 18,181,586. However, the Contractor disputed the amount of liquidated damages claimed. On 5 January 2017, the Consultant informed the Ministry that a third party resolution would be required.

21.1.2 Legal and financial status of the Contractor

On 15 April 2016, 27 months after the award of the contract for the Construction of Cell 7, Operation and Maintenance for Cells, the Ministry was informed that the foreign company of the JV was insolvent. On 3 May 2016, the Ministry then enquired about the legal and financial status of both companies in the JV. On 10 May 2016, the local company informed the Ministry that the foreign company had been restructured but no details of the financial position of the company were provided.

On 11 May 2016, the Ministry was informed that the insolvency proceedings had started as from 1 July 2013, some five months before the award of the contract to the JV. According to the Insolvency Administrator, the insolvency plan was finalised on 22 December 2014 and the insolvency proceedings were finally closed on 23 March 2015. The company no longer operated wastes management activities and all works regarding waste disposal sites were ultimately stopped.

On 13 May 2016, the Ministry sought legal advice from the Attorney General's Office which concluded, on the basis of the FIDIC Conditions, that even though the foreign contractor was inactive, the JV was still composed of the local and foreign company and unless the Ministry has any information to the contrary, the Contractor has not altered its composition or legal status.

Moreover, it could not be ascertained whether, during post-qualification proceedings, the eligibility of the pre-selected bidder was again screened before the award of the contract as required by the Public Procurement Regulations.

Consequently, the award of the contract was not done in a fair manner as the local contractor was aware that the whole contractual obligations would be undertaken by itself as the foreign company had ceased its operation in connection with waste disposal. Therefore, the award of the contract could have caused prejudice to other bidders.

21.1.3 Additional Landfill capacity

The existing Landfill is expected to reach saturation by end of 2018. The Ministry had identified its short, medium and long terms measures for additional wastes disposal capacity namely creation of wedges, acquiring 25 to 30 hectares of land for which an Expression of Interest had been launched on 16 January 2017 and further extension of Mare Chicose Landfill on the adjoining land. As of 27 January 2017, the terms of reference of the "Wedge Works" had been prepared and additional space capacity would be available for a period of only 12 months up to end of 2019. Following Government approval of the above measures, the Ministry has initiated procedures for the acquisition of the adjoining land.

In view of the rapid pace at which the landfill void space is being filled, it is vital for Government to invest in an additional landfill to ensure sufficient wastes disposal capacity is available over a long term period.

The fact that around 60 per cent of the solid wastes is organic that is, recyclable, it is recommended that necessary steps be taken for the composting and recycling of these wastes to be consistent with an eco-friendly environment.

Ministry's Reply

Regarding the legal and financial status of the Contractor, the Ministry stated that the contract was allocated on the basis of the approval of the Central Procurement Board (CPB) and it is not privy as to whether this element was taken into consideration by the CPB at the evaluation and approval stage.

The Agence Française de Development (AFD) has recently agreed to provide funding to Government to undertake a study for the Development Strategy and Action Plan for a new Solid Waste Management and Resource Recovery System. A Request for Proposal was launched on 11 August 2016. The Consultant is expected to be appointed in February 2017.

22 - MINISTRY OF CIVIL SERVICE AND ADMINISTRATIVE REFORMS

22.1 Interdiction of Public Officers Rs 278 million

In the previous Audit Reports, my Office had repeatedly reported on the time taken to finalise cases of Interdicted Public Officers (IPOs) and the substantial salaries being paid to them by 18 Ministries and Departments during their interdiction.

There were 284 IPOs as per records of the Ministry of Civil Service and Administrative Reforms (MCSAR) as of 31 August 2016. Government has already paid Rs 278.7 million to these IPOs since their date of interdiction as shown in Table 22-1.

Table 22-1 Number of Interdicted Public Officers and Cumulative Salaries as at August 2016

Ministries/Departments	No. of IPOs	Cumulative Salaries (Rs)
Police Department	191	194,618,780
Mauritius Prisons Service	24	18,272,291
Rodrigues Regional Assembly	16	12,406,751
Ministry of Health and Quality of Life	9	3,731,725
Ministry of Social Security	8	12,168,816
Ministry of Public Infrastructure	8	6,981,902
Ministry of Education and Human Resources, Tertiary Education and Scientific Research	7	5,063,604
Other Ministries and Departments	21	25,476,235
Total	284	278,720,104

Source: List submitted by MCSAR

Three Departments, namely the Police Department, the Mauritius Prisons Service and the Rodrigues Regional Assembly registered 231 IPOs that is 82 per cent.

Movements in the number of IPOs, between January 2014 and August 2016 are shown in Table 22-2.

Table 22-2 Movements in Number of IPOs between 1 January 2014 and 31 August 2016

Month/ Year	2014	2015	Period January 2016 to 31 August 2016
1 January	295	314	297
Settled cases	29	73	27
New cases	48	56	14
31 December/31 August	314	297	284

Source: List submitted by MCSAR

22.1.1 Ageing analysis of IPOs

The ageing analysis in Table 22-3 shows that there were 78 Public Officers interdicted during the years 2006 to 2010 and 14 IPOs between 2002 and 2006. They have already been paid some Rs 155.4 million since their interdiction. 175 public officers were interdicted between 2010 and 2015 and have been paid salaries of Rs 120.4 million.

Table 22-3 Age analysis of IPOs

Years	Number of years of interdiction	Number of IPOs as at August 2016	Amount disbursed (Rs m)
2015-2016	≤ 1 year	17	2.9
2010-2015	2 to 5	175	120.4
2006-2010	6 to 10	78	126.7
2002-2006	11 to 14	14	28.7
	Total	284	278.7

Source: List submitted by MCSAR

New Cases

During the period 1 January 2014 to 31 August 2016, there were 118 new cases of IPO's as shown in Table 22-2 above. Of the 48 and 56 new cases arising in years 2014 and 2015, 24 and 51 cases were still pending as of August 2016 respectively.

Settled Cases

During the period 1 January 2014 to 31 August 2016, 129 cases were settled as shown in Table 22-2 and Table 22-4.

Table 22-4 Courses of Action Taken Regarding the 129 Cases Settled

Action Taken	2014	2015	31 August 2016	Total
Dismissed	3	5	5	13
Retired in public interest	3	3	0	6
Passed away	2	3	2	7
Retired (age limit)	2	3	1	6
Reinstated	16	59	19	94
Departmental action	3	0	0	3
Total	29	73	27	129

Source: List submitted by MCSAR

Out of the 129 settled cases, 46 cases were settled between six and 15 years and 68 others, between two and five years after their date of interdiction. 13 cases were settled within one year of interdiction. Regarding the remaining cases, information was not available for length of interdiction. Table 22-5 refers.

Table 22-5 Length of Interdiction

Period of interdiction / Year of settlement	2014	2015	Jan- Aug 2016	Total
≤ 1	3	6	4	13
2 to 5	19	39	10	68
6 to 10	6	22	6	34
>10	1	5	6	12
Unknown	0	1	1	2
Total	29	73	27	129

Source: List submitted by MCSAR

Dismissed Cases

Five of 19 Public Officers who were dismissed or who had retired in public interest were interdicted between four to 12 years for offences such as possession of stolen and prohibited articles, bribery, damaging monument.

Reinstated Cases

94 Public Officers were reinstated between January 2014 and August 2016 after several years of interdiction. On a sample of 18 cases of IPOs, it was noted that the offences related to abuse of authority, possession of stolen goods, threatening arson, embezzlement and for bribery cases. These 18 Public Officers were interdicted between three and 12 years.

Further, it was noted that 42 Police Officers were reinstated on 'conditional reinstatement' in December 2016. 18 of them were interdicted for long periods ranging from three to seven years.

22.1.2 Management of the Control Environment

The Fast Track Mechanism (FTM) at Government Level

Following several adverse comments made in the previous Audit Reports, a Fast Track Mechanism (FTM) was introduced in October 2008 with a view to expediting cases involving IPOs. To that effect, several measures, as mentioned below, were initiated by the Prime Minister's Office (PMO) to ensure the speedy trials of criminal and disciplinary cases involving IPOs on full pay as follows:

- At the level of the DPP's Office, instructions have been issued for advice in criminal and disciplinary cases involving Public Officers to be tendered within one week of receipt of the request for advice;
- The Attorney General's Office (AGO) has issued instructions to all Law Officers for speedy handling of disciplinary cases involving Public Officers;
- The Commissioner of Police has been requested to make similar arrangements at the level of the Police Department.

In November 2014, the PMO invited the AGO to request the Judiciary to remind Magistrates of the need to expedite and prioritize the hearing of cases involving IPOs and to issue similar instructions to Law Officers requesting them to deal with such cases expeditiously.

In addition, the MCSAR was required to work out and propose a new mechanism with proper criteria, after consultation with the AGO to guide Supervising Officers in future.

However, the following shortcomings were noted:

- The database of IPOs was not complete. A difference of Rs 12.3 million was noted between cumulative salary compiled by my Officers and the cumulative salary recorded in the database for a sample of 13 IPOs. File reference as used at the Police Department, DPP's Office and the Judiciary for IPOs were not recorded in the database in order to track the status of each case.

- The Judiciary has not submitted status of the 140 IPOs to my Office. 83 cases had been at the Court for periods ranging from two to eight years.
- The Ministry has not yet set up a Central Monitoring Committee.
- The Ministry has not prepared the Guidelines on the FTM which would be of use to the Supervising Officers and other Stakeholders.

Recommendations

- In view of the fact that a significant number of IPOs have been reinstated after several years, management can set up an independent committee of professionals with mixed abilities, to examine judiciously any new cases.
- The severity of conditions leading to interdictions should be revisited.
- Relevant stakeholders should provide updated information to the Central Monitoring Committee for monitoring of progress made and costs implications.

Ministry's Reply

- This Ministry is reactivating the Fast Track Mechanism to make it more effective and deliver according to expectations. An appropriate Protocol will be established as regards action to be taken by relevant institutions, namely the Police Department, the Attorney General's Office, the Office of the Director of Public Prosecutions and the Judiciary.
- A Central Monitoring Committee will be set up in this Ministry, which will coordinate with all Ministries/Departments concerned so as to ensure that action is taken within the agreed timeframe.
- A common template will be drawn to elicit information for the putting in place of a comprehensive database of IPOs.
- For future cases of interdiction, guidelines will be issued to Responsible Officers as to the circumstances in which a public officer may be interdicted. It is believed that these guidelines will act as a deterrent to prevent Responsible Officers from interdicting Public Officers on relatively weak grounds. This would help to reduce costs incurred by Government on interdicted officers.
- It is further proposed to submit the above strategies to the High Level Ministerial Committee for its endorsement.

23 - MINISTRY OF LABOUR, INDUSTRIAL RELATIONS, EMPLOYMENT AND TRAINING

23.1 Employability Enhancement Programme

Some Rs 124 million out of Rs 160 million budgeted for financial year 2015-16 were spent under the Employability Enhancement Programme. The programme was transferred from the Ministry of Finance and Economic Development to the Ministry of Labour, Industrial Relations, Employment and Training (Ministry) in 2015.

The Employability Enhancement Programme comprised three programmes, the “Youth Employment Programme” (YEP), the “Women Back to Work Programme” and the “Dual Training Programme” with the objectives to respectively: provide training to youths after their education through placement with employers and employment possibility; enable unemployed women above 30 years old to take up employment; and provide a mix of practical on the job training with classroom studies to address skills mismatch in labour market.

The efficiency and effectiveness of YEP would require the measurement of:

- obtention of core skills by those under YEP placement ;
- subsequent employment by same employer or others during or after placement.

There was no proper feedback mechanism to assess the efficiency and effectiveness of YEP.

The option for employers to take on placement ‘any other unemployed Mauritian Youth’ would not ensure:

- that priority of placement is given to those already on the Unemployed Register;
- fair practices regarding placement.

This might thus defeat the objective of YEP.

Funds were regularly provided by the Ministry to a Public Body to effect payment of contributions to employers, and control thereof, in respect of stipends or training fees to those under the YEP. For these purposes, the Public Body was to submit on a monthly basis a detailed report of all transactions to the Ministry. Such detailed reports were not being submitted to the Ministry, except for the month of July and August 2015. A detailed report was however, stated to have been received by the Ministry in late November 2016 for the financial year 2015 - 2016 upon the Ministry’s request following audit queries.

Non-submission of that report on a monthly basis did not allow for proper control over payments and over YEP.

Ministry’s Reply

The Ministry stated that action has been taken to increase staff level at the Unit so as to increase monitoring visits to workplaces, to exercise optimum control over disbursements and to ensure the efficiency and effectiveness of YEP.

23.2 Enforcement of Labour Laws

The Ministry of Labour, Industrial Relations, Employment and Training was to enforce the Labour laws and ensure adherence to other Labour Convention through its 17 Labour Offices and by maintaining a system of Inspection of workplaces and for prompt settlement of complaints.

Over the last three years, the number of complaints from workers have increased from some 12,600 in 2013 to 16,500 in 2015 while, the number of inspections have experienced a decreasing trend from some 1,200 in 2013 to 450 in 2015.

For the half year January to June 2016, as many as 9,000 complaints were received. 1,275 inspections were carried out during the period. Inspections were not being carried out on a regular basis to places of work. Time gap of more than 5 to 10 years had been noted since they were last inspected.

30 per cent of complaints were settled in each month. These were made up of complaints waiting for settlement at end of previous month and of those received in the following month. 70 per cent of complaints received therefore awaited settlement at end of each month.

The absence of a ‘centrally updated database’ of all workplaces did not allow for an assessment of the Ministry’s plan to meet its objectives of regular inspections and prompt settlement of complaints and of whether efficient use of resources was being made or of adequacy thereof.

The staffing level of Inspectorate Section has barely increased over the last ten years to allow the Ministry to cope with the increase in workforce (local or migrants), new sectors of employment, complexity of labour laws and additional programmes and their intricacies like the Workfare Programme.

There is a need for the Ministry to review the efficiency of its resources and to secure the necessary additional resources and also to ensure compliance with the relevant laws and avoid any adverse reporting nationally or internationally.

Ministry’s reply

I have been informed by the Ministry that necessary actions would be taken to re-engineer and to make optimum use of available resources for the prompt settlement of complaints, that a new Inspection Strategy Plan would be put in place and that a “centralised database” of workplaces would be introduced for effective monitoring of inspection visits.

24 - STATUTORY BODIES, LOCAL AUTHORITIES AND OTHER BODIES

The Director of Audit is empowered, in addition to the audit of all Ministries/Departments and the Rodrigues Regional Assembly, to audit the accounts of all Local Authorities, most Statutory Bodies, several Special Funds and several other bodies including donor-funded projects as per provisions made in the Finance and Audit Act, the Local Government Act, the Statutory Bodies (Accounts and Audit) Act, and various legislations/agreements of institutions/donor-funded projects.

24.1 Statutory Bodies

A statutory body is a body created by statute and it is 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, there is need to ensure that taxpayers' funds allocated to the operations of statutory bodies are spent in an efficient, effective and economic manner.

Statutory bodies are subject to varying degrees of Ministerial control which are specified in the legislation establishing them. 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 as subsequently amended in 2015 provides that every statutory body shall cause to be prepared an annual report. The annual report shall consist of:

- the financial statements in respect of the financial year to which the report relates
- a report on the activities of the statutory body during the financial year
- a corporate governance report in accordance with the National Code of Corporate Governance.

Provisions made in the Act regarding the timelines to be respected are as follows:

- (a) The Chief Executive Officer of every statutory body shall, not later than three months after the end of every financial year, submit to the Board for approval the annual report in respect of that year. (The previous deadline was two months, applicable for financial years prior to 2011)
- (b) After approval by the Board, the Chief Executive Officer shall, not later than 30 April after the end of every financial year, submit the annual report to the auditor. (The previous deadline was three months, applicable for financial years prior to 2011)
- (c) The auditor shall, within six months of the date of receipt of the annual report, submit the annual report and his audit report to the Board.

- (d) 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.
- (e) 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.
- (f) 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 106 Statutory Bodies. Appendix IIIA refers.

38 Statutory Bodies have not yet submitted a total of 96 financial statements. Appendix IIIB refers.

286 financial statements in respect of 84 Statutory Bodies have been certified but have not yet been laid before the National Assembly. Appendix IIIC refers.

24.2 Local Authorities

The Local Government Act (LGA) 2011 provides that the Chief Executive of every local authority, other than a Village Council, shall, within three months after the end of the financial year submit financial statements to the Council. The LGA 2011 also provides that the approved annual financial statements shall be audited by the Director of Audit and that

- they shall be submitted for audit within four months of the end of every financial year;
- the Director of Audit shall address to the Minister to whom responsibility for the subject of local government is assigned and to the Local Authority concerned, a copy of the certified financial statements and his report.
- the Chief Executive shall cause the certified financial statements and the report of the Director of Audit to be published in the Gazette within 14 days of their receipt by the Local Authority.

The Director of Audit is responsible for the audit of all Local Authorities. Appendix IV refers

24.3 Other Bodies

The Director of Audit is responsible for the audit of 29 Other Bodies including donor-funded projects. Appendix VA refers. 13 of these organisations have not yet submitted a total of 38 financial statements to my Office for audit purposes. Appendix VB refers.

APPENDICES

APPENDIX IA

Ministry of Tourism**Performance Audit on “Implementation of Sustainable Tourism Strategies”****Executive Summary**

Government took a laudable initiative to commission the preparation of the Tourism Sector Strategy Plan (TSSP) 2009-2015 to sustain the tourism sector. The audit objective was to assess whether strategies adopted to sustain the sector were efficiently and effectively implemented and whether tourism infrastructure was adequately maintained.

Key Findings*Use of the Tourism Sector Strategy Plan 2009-2015*

Government spent € 34,520 (some Rs 1.3 million) in the preparation of TSSP 2009-2015. The responsibilities for implementing the strategies were assigned to the Ministry, its agencies and other stakeholders. However, the Plan was instead used by the Ministry as guidance for Programme Based Budgeting purposes. As regards other stakeholders, there was no indication as to whether the Plan was being used by them. An assessment was not carried out to identify the constraints and challenges that prevented the full implementation of the Plan.

Country Brand

The objective for developing the Country Brand was to give Mauritius maximum international recognition and to better project its image as an established tourist destination. Some Rs 46.8 million were spent on the project. A marketing strategy to aggressively promote its use as a Mauritian Label was not undertaken. A brand assessment was also not carried out to evaluate the strength of the brand.

Procurement Procedures

Some projects proposed in TSSP 2009-2015 were adopted for implementation by the Ministry. As of June 2016, the Port Louis Heritage Trail and the Development of the Citadel Projects were still in progress, whereas the Hotel Classification System was completed with delay. The three projects had procurement issues, such as difficulties to hire services of Consultant and in enlisting the services of an Engineer, and inappropriate specifications.

Maintenance of Tourism Infrastructure

The Ministry spent some Rs 12.1 million on the installation of tourism signage panels. However, this was not accompanied by maintenance activities. It also spent some Rs 44.8 million on the purchase and fixing of buoys. In October 2015, the responsibility for the implementation of the project, including the maintenance of buoys was transferred to the Tourism Authority. It was requested to create a maintenance and surveillance unit, to procure appropriate equipment, and to resort to the services of private divers. However, as of June 2016, all the measures proposed were not implemented.

Blue Flag Programme

Following the recommendation made in TSSP 2009-2015, the Ministry embarked on a Blue Flag Programme at the Albion Public Beach on a pilot basis. Various works at a cost of some Rs 8.1 million were undertaken to meet the criteria for the award of the Blue Flag Status. However, the Ministry faced difficulties to meet the criteria, and as of June 2016, it had not been successful in obtaining Blue Flag Status.

Coordination and Monitoring Mechanisms

Given the crosscutting nature of the sector, the implementation of strategies requires the collaboration, cooperation and commitment of stakeholders which are vital to drive the strategy forward and to sustain it. It is also equally important for the Ministry to review and monitor progress during implementation of strategies. In this respect, coordination and monitoring mechanisms were proposed in the Plan. However, these were not set up.

Conclusion

TSSP 2009-2015 has not been used as intended. The coordination mechanisms proposed to facilitate implementation of the strategies among stakeholders were not put in place. In the absence of a monitoring mechanism at the level of the Ministry, some of the strategies adopted were either not initiated or were completed with delay or were not pursued to completion. Tourism infrastructure created was also not regularly maintained to ensure its usefulness for a longer period of time.

Key Recommendations

Review of the Strategy Plan

The Ministry has to review the Plan to identify circumstances which prevented it to be implemented as intended. The recommendations of the Consultant have to be reassessed to make them feasible in view of the dynamic nature of the sector.

Improving Project Management

For the Ministry and its agencies to more efficiently and effectively manage their projects, improvements are required in a number of areas, such as procurement processes, monitoring and evaluation mechanisms to measure the real impact and benefits of the projects delivered, and formulating timescale for the implementation of the different strategies.

Maintenance Programme

Tourism infrastructure created should be accompanied by maintenance activities, with objective to extend the service life thereof by delaying or minimizing damage and obsolescence. In this respect, the Ministry, in collaboration with its agencies and other stakeholders, should develop and implement maintenance programmes to preserve the functionality of the tourism infrastructure.

Coordination and Monitoring Mechanism

There should be coordination mechanisms and the Ministry should assess the relevance of the strategies proposed in the Plan and thereafter take appropriate actions. Further, it should set up a monitoring mechanism so that progress on the implementation of strategies and the achievement of targets are reported regularly.

Summary of Ministry's Reply

TSSP 2009-2015 was not submitted to Cabinet for approval and not all the recommendations were adopted in view of the intricacies and volatility of the tourism sector.

A survey of panels installed on part of Routes No. 1 and 2 has been carried out in December 2016 and the bidding procedures for the enlistment of a Civil Engineer were underway. As regards Zoning of Lagoons Programme, it would reassess the situation and take an appropriate decision regarding its implementation and maintenance.

A policy decision has been taken not to go ahead with the Blue Flag Project because of budgetary implications and the lack of support from other authorities. However, Albion Public Beach has been uplifted with amenities of international standards resulting in a more secure and pleasant environment for beach users.

APPENDIX IB

Ministry of Health and Quality of Life –**Performance Audit on “Computerisation of Patient Health Records”****Executive Summary**

Government identified the computerisation of Ministry of Health and Quality of Life (MoHQL) as a priority area to improve the quality of health services provided to the public. Several initiatives were taken to computerise the operations of Public Health Institutions. In 1994, the Integrated Hospital Management and Patient Care System (IHMPCS) was implemented on a pilot basis at Jawaharlal Nehru Hospital (JNH). An Integrated Patient Care System (IPCS) at two Medi Clinics and five Area Health Centres (AHCs), and an Integrated Health Management System (IHMS) at the Trust Fund for Specialised Medical Care (Cardiac Centre) were also implemented.

Health records are central to all patient healthcare activities and form a key component in all computerisation initiatives. The audit objective was to assess whether initiatives taken to computerise patient health records by the Ministry were successfully implemented and the different systems developed to generate these records were used as intended.

Key Findings***IT Readiness***

Most of the initiatives taken by the Ministry to move towards computerisation of patient health records were not successfully implemented and the different systems developed to generate these records were not used as intended. MoHQL was not ready and prepared to implement the different initiatives.

Computerisation System at JNH

IHMPCS had not been fully implemented or used. The main reasons advanced were insufficient planning and inadequate implementation approach, insufficient training dispensed to certain Sections and the correction of errors in the System was time consuming and often incomplete. The System was mainly used as an administrative tool.

IHMPCS had not been replicated to other Regional Hospitals as planned, and an assessment had not been made to ascertain whether the System was reliable to be replicated.

Computerised System at Cardiac Centre

As of May 2016, patient health records were predominantly paper based. Out of the 18 modules developed for the IHMS, only one module, namely the Patient Manager and Appointment Scheduling, was being used.

Computerised System at Medi Clinics and Area Health Centres

As of May 2016, the Administration and Clinic Modules at Lady Sushil Ramgoolam Medi Clinic were partially used. The Pharmacy Module was not used. This resulted in some patient health information being kept manually and others electronically. At Dr H Nakajima Medi Clinic, the System was not being used. Patient health records were kept manually. At Bel Air and Triolet AHCs, in May 2016, no IPCS was in place. All the hardware that supported the System was stacked in the store of the AHCs.

Policy on Patient Health Records

The Ministry did not have a Retention Policy on patient health records to ensure that records which were no longer needed or were of no value were discarded at the proper time.

Conclusion

Over the past 23 years, most of the initiatives towards taken by MoHQL towards the computerisation of patient health records have not been successfully implemented and the different systems developed so far to generate these records have not been used as intended.

Key Recommendations

MoHQL should carry out an IT readiness assessment to ensure that it is ready and adequately prepared before undertaking a large scale computerisation project in the future.

For any initiative to computerise patient health records, once the project is fully implemented, MoHQL should set up a post implementation monitoring mechanism to ensure that the different systems developed to generate these records are being used as intended. It should also have a support service to provide continuity in operations.

As MoHQL has invested significantly on the initiatives to computerise patient health records, it is important to evaluate them. The evaluation will help the Ministry to identify issues and learn from constraints and challenges which prevented the different systems developed to be used as intended.

MoHQL should develop a retention policy that provides for the retention and destruction of patient health records. This will help the Ministry to avoid storing records longer than needed and save costs directly related to storing them.

Summary of Ministry's Reply

The Health Records, Physiotherapy and Radiology Departments were the main users of the IHMPCS. The project did not start at some Departments or was later dropped because of lack of staff commitment.

IHMS was not functioning from the very start mainly because of camouflaged low user acceptability and readiness, lack of commitment, and inadequate IT support.

IPCS was not functioning mainly because of lack of leaders to drive the project, user resistance, insufficient training, and hardware and software problems.

The Ministry was working on a Health Information Act which would take into account the retention periods of all paper documents used by our health institutions.

Ministry of Agro-Industry and Food Security

Performance Audit on “Boosting Food Crop Production”

Executive Summary

Mauritius is a net importing country as it does not have competitive advantage in foods, such as rice, cereals, meat and milk, and it will continue to depend on importation of these foods. It is also vulnerable to climate change. Government took initiatives 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. This was done through the development of Food Security Strategic Plans (FSSPs) wherein several measures were proposed for the crop sector with a view to increasing total food crop production.

The audit objective was to determine whether the measures taken by the Ministry of Agro Industry and Food Security to increase production of food crops (excluding fruits) as stated in FSSP 2013-2015 have been effective.

Key Findings

Production of Food Crop

In spite of the measures taken, total food crop production (excluding fruits) had decreased from 96,790 tonnes in 2012 to 83,004 tonnes in 2015, that is, by 14 per cent.

Developing Schemes and Subsidies

There was no data to support whether the Ministry had investigated extensively on the interest and commitment of small farmers/ group of farmers before coming up with the various Schemes to boost crop production. Moreover, no target had been set in respect of the number of beneficiaries under each Scheme.

The Ministry contended that informal meetings with the farmer’s community were regularly carried out, and that it was difficult to set targets as the agricultural sector is dynamic.

Budgeted and Actual Expenditure of Schemes and Subsidies

For the period January 2013 to June 2016, total provisions made available for the Schemes and Subsidies were some Rs 278.8 million, whilst accumulated expenditure was some Rs 132.3 million, that is, some 47 per cent. In five Schemes, the amount paid out of the voted provisions was less than 50 per cent.

Response to the Schemes

- *Sheltered Farming Scheme, Crop Nursery/ Curing Units Scheme and Rainwater Harvesting Scheme*

The number of planters who took advantage from these Schemes during the period 2013 to 2015 stood at 32. Compared to the total number of planters in the country, estimated at 11,717 by the Food and Agricultural Research and Extension Institution (FAREI) for the three years 2013 to 2015, the percentage of planters who took advantage from the above Schemes was relatively low.

In June 2016, the number of beneficiaries for these three Schemes stood at 33, five and 31 respectively.

- *Post-Harvest Facility*

In 2013, the Ministry constructed the first post-harvest facility at Rouge Terre at a cost of some Rs 2.6 million on land acquired under the 1200A Mauritius Sugar Planters Association (MSPA) Scheme. From January 2014 to June 2016, FAREI incurred some Rs 1.2 million towards maintenance of the building, electricity bills and security services. During meetings of the Food Security Fund Management Committee held in November 2014 and June 2015, it was reported that the facility was not being extensively used by planters of Rouge Terre and that they were not interested to use the facility.

Consequently, the budgeted amount of Rs 3.5 million for 2014 and Rs 1.75 million for the period January to June 2015 for the construction of additional post-harvest facilities were not spent.

- *Purchase of Agricultural/ Processing Equipment (Crop Sector) Scheme*

Planters are encouraged to acquire farm machinery/ equipment to mechanise their production system and also venture in food processing or other value-added activities. However, the Ministry did not have any strategy on mechanisation. Also, no separate budget was provided for this Scheme with respect to food crops. As at June 2016, some three and a half years after the development of FSSP 2013-2015, 83 farmers had taken advantage of the Scheme, and grant amounting to some Rs 3.4 million was disbursed by FAREI.

- *Compost Subsidy Scheme*

The Compost Subsidy Scheme was launched on 30 January 2013. As at 31 December 2013, 434 applications were received though the number of registered planters was 5,137, representing eight per cent only. Out of the Rs 40 million budgeted in 2013, only Rs 9.44 million were spent, that is some 23.6 per cent

The Scheme was thus reviewed and launched in May 2014 to render it more accessible to planters. As at 31 December 2014, the number of applications received increased to 2,858. For the period January to June 2015, only the pending applications of 2014 were being entertained due to production constraint of compost on the supplier's side. During period 2014 to June 2016, a sum of Rs 52.5 million was budgeted, and Rs 34.5 million spent,

representing some 66 per cent. During the same period, 4,668 tonnes of compost were delivered to 3,461 planters.

The last survey on the efficiency of the Compost Subsidy Scheme carried out in 2016 by the Small Farmers Welfare Fund highlighted that, overall, the compost performed well. However, due to lack of information about the content and usage of the compost, farmers encountered certain difficulties, such as burnt seeds and crop growth ceased at seedling stage, which ultimately discouraged them from using it.

- *Seed Purchase Scheme*

The Seed Purchase Scheme, which comprises the Seed Potato Purchase Scheme, the Onion Seed Purchase Scheme and the Garlic Seed Purchase Scheme, aims, among others at boosting the production of potatoes, onions and garlic. For the period January 2009 to June 2015, some Rs 47 million were injected in a Revolving Fund managed by the Agricultural Marketing Board (AMB). In 2014, two of the Schemes pertaining to onion and garlic were reviewed whereby a grant element of 10 per cent was introduced. Planters were also eligible to a subsidy of Rs 50/kg on the selling price of local garlic seeds. Despite the fact that the Scheme was made more attractive to planters, their response with respect to the lifting of seeds was still low. For instance, the volume of potato seeds lifted decreased from 748 tonnes in 2012 to 458 tonnes in 2015, and that of onion seeds also showed a declining trend from 363 kg in 2012 to 271 kg in 2015.

Mauritius Sugar Producers Association (MSPA) Land

Government signed an agreement with the ex-MSPA in 2008, whereby corporate planters who were members of the Association were to provide land in favour of the State over the period 28 April 2008 to 31 December 2017. The land would be used for the needs of the State for agricultural, housing and other social purposes.

In 2008-2009, 727 arpents (some 248 hectares) of the land were earmarked for food crop farming. However, as of June 2016, some 18 months prior to the expiry of the MSPA agreement, about 333 arpents (114 hectares) of land for food crop have yet to be obtained. The delay in obtaining land for onward distribution to planters, among other factors, was having a negative impact on production.

We were made to understand that, all the MSPA land earmarked for agricultural purposes would be obtained by end of December 2017.

Land Preparation

Government provides assistance and empowers planters through a programme of land consolidation/ preparation, such as clearing, ripping, harrowing, tilling, derocking (fine and coarse) on State Land. For the period January 2013 to June 2016, Rs 140 million were provided for, and only some Rs 60 million, that is, 43 per cent, were spent.

Strategic Crops: Potato, Onion and Garlic

The self-sufficiency level for potato was not stated in FSSP 2013-2015. However, it stood at 58 per cent in 2015 compared to 95 per cent in 2012. An additional production of 5,000

tonnes of potato was targeted in 2015. However, the production showed a decline of 20 per cent, that is, from 20,442 tonnes in 2012 to 16,427 tonnes in 2015.

As for onion, a production target of 8,000 tonnes, representing a self-sufficiency level of 50 per cent for 2015 was set in FSSP 2013-2015. However, this target was not achieved as production reached only 6,898 tonnes in 2015.

The self-sufficiency level for garlic stagnated at 5 per cent during the same period, compared to the target of 10 per cent, equivalent to a production of 200 tonnes.

Conclusion

Weaknesses in the measures, along with the effect of the changing climatic conditions hindered the attainment of food crops production target set.

During the period 2013-2015, the Ministry spent some Rs 110 million on Subsidies, Schemes and Research, and some Rs 189 million revolved in the Seed Purchase Scheme. Despite these investments, the actual production of food crops (excluding fruits) showed a decreasing trend from 2012 to 2015.

Panoply of measures was proposed for food crops, including strategic ones. These measures had varying response rate during 2013-2015, and thus impacted on the achievement of the stated objectives, leading to, in most cases, funds provided in the Budget for the measures earmarked to be underspent.

Various Schemes and Subsidies have not been adequately formulated in terms of targets and indicators. This did not facilitate the monitoring and reviewing of their implementation.

Key Recommendations

Developing Schemes

Prior to developing new schemes and incentives to boost local production, the Ministry has to investigate extensively on the interest and have the commitment of small planters/ group of planters so that realistic objectives and budget are set.

Developing Indicators and Targets

The Ministry should develop indicators and targets, taking into consideration the specificity of the agricultural sector, to be used as benchmark for measuring the output for each proposed actions in a strategic plan. This will facilitate close monitoring, review and evaluation of the measures in the Strategic Plan.

Land Availability

Land, as a factor of production, is of great importance for the planting community. In addition to the ex-MSPA land, other sources of land should be explored. As far as the ex-

MSPA land is concerned, the Ministry should ensure that all agricultural lands earmarked under the agreement between Government and ex-MSPA are obtained by 31 December 2017.

Summary of Ministry's Reply

The Ministry has taken cognizance of the amended draft Performance Audit Report and has no further comments to make thereon.

**Ministry of Social Security, National Solidarity and Environment and
Sustainable Development**
(Environment and Sustainable Development Division)

**Performance Audit on “Moving Towards Renewable Energy
– Solar Water Heater Grant Scheme”**

Executive Summary

In 2009, the then Ministry of Renewable Energy and Public Utilities developed a Long Term Energy Strategy (LTES) 2009-2025 and its related Action Plan with a view to promoting sustainable development in the energy sector. LTES emphasised on the development of renewable energy, reduction of our dependence on imported fossil fuel and promoting energy efficiency. The Renewable Energy Development Strategy of LTES provides a roadmap for the use of solar energy, whether for water heating or electricity production. Solar water heating was not sufficiently tapped though the potential is high. A Solar Water Heater Grant Scheme (SWHGS) was set up to encourage householders to use solar energy and for Government to achieve its long-term strategic goals. During period 2008 to 2016, the Scheme was implemented in four Phases.

For the first three Phases, Government granted some Rs 573 million as subsidy for the purchase of Solar Water Heaters (SWHs) to some 57,000 householders. In July 2015, Phase 4 of the Scheme was launched to provide grant of some Rs 140 million to an additional 16,480 householders.

The audit objective was to assess whether the SWHGS was appropriately planned, designed, implemented and evaluated to support the achievement of the objectives of the Scheme.

Key Findings

SWHGS had to be supplemented by a range of complementary policies and incentives as enunciated in the LTES Action Plan. Allocation of grants along with such policies and incentives was expected to achieve a target of 50 per cent households and businesses using SWHs by end of 2012. Under Phases 2 and 3, only 22 per cent were achieved. As of March 2016, no such policies and incentives were yet developed.

Phases 2 and 3 did not link the grants disbursed to the LTES Action Plan. No target was set for promoting the use of SWHs when the LTES Action Plan was updated in April 2014. Phase 4 was launched in July 2015 without any reference to the LTES Action Plan, and there was no alternative target to be achieved through the Rs 175 million grant (including administrative expenses) provided for this Phase.

Promoting use of SWHs was exclusively dependent on cash grants under the SWHGS. As grants were not budgeted and allocated evenly over financial years during period 2009 to 2016, householders would buy SWHs only on receipt of grant. This uneven allocation and reliance on grants did not contribute to stabilise the SWH market and eventually to its maturity.

Though the objectives of SWHGS were linked to renewable energy policy and strategy, there was no indication as to which entity consistently owned the Scheme as the implementation of

the Phases was entrusted to four distinct entities, namely the then Ministry of Renewable Energy and Public Utilities, Maurice Ile Durable (MID) Fund, National Habitat Fund and the Ministry of Environment, Sustainable Development, Disaster and Beach Management (MESDDBM), with different mandates.

A report commissioned by MID Fund identified that costs savings on Liquefied Petroleum Gas and oil (fossil fuel) imports were higher when gas and electric water heaters were replaced by SWHs. According to the report, householders using these devices had to be targeted in priority. Under Phase 4, only 18 per cent of the grant was allocated to householders with income higher than Rs 25,000. These householders were more likely to own an electric or gas heater and greater benefit was expected in these cases.

In January 2013, MID Fund considered the necessity to carry out a full-fledged study on past Phases to provide input into a process on how to support and accelerate dissemination of SWHs, and identify savings on electricity or Liquefied Petroleum Gas through the allocated subsidies. However, no action was initiated to carry out this full-fledged study.

Though improvements were brought during successive Phases, issues in respect of quality of SWHs, implementation and post implementation reviews arising during past Phases were not appropriately addressed in Phases 3 and 4. This led to their recurrence which undermined the achievement of the objectives of the Scheme.

Government has to ensure that beneficiaries received good quality products by prescribing standards for SWHs and that there are necessary testing facilities at the Mauritius Standards Bureau (MSB). In October 2010, MSB prescribed a standard for SWHs which was not adopted by MID Fund. Instead, it prescribed quality criteria which were not stipulated in the Standard and their suitability were not confirmed by MSB. This set of criteria used for Phases 3 and 4 also, did not ensure safety and reliability with an acceptable lifetime and performance of SWHs. Though local testing of these criteria was available, no test was carried out.

The due diligence exercise to select potential suppliers of SWHs assessed the financial and legal standing of the suppliers rather than their ability to provide SWHs which satisfied the minimum criteria, and their capability to provide quality installation and after sales services.

In the contract between the Development Bank of Mauritius (DBM) Ltd and the registered supplier, there was an ambiguity on the obligation of the registered SWH suppliers as to whether the warranty was on the whole device for seven years or only on major components. The effect was that beneficiaries were being charged for repairs of defective parts within the warranty period.

During Phase 2, a mechanism was in place within three months of the start of the Scheme to oversee its implementation. This included survey on the compliance of installed SWHs to criteria set, registration and investigation of complaints and follow up with suppliers. However, these practices were not followed properly during Phase 3. In respect of Phase 4, an ad hoc Technical Committee was set up in September 2015 to oversee its implementation. A Complaint Centre for the monitoring of complaints was recommended to be set up as from September 2015. Some Rs 98.4 million have been disbursed for 9,840 SWHs already installed as at March 2016. Neither the Complaints Centre has been set up, nor random checks were carried out for quality control purposes.

Performance Securities submitted by suppliers were not adequate. In case of default, the amount of the securities held would be insufficient to compensate the beneficiaries adequately. Fees were paid to DBM Ltd in respect of potential enforcement of performance securities without ensuring that there was proper mechanism at the Bank to monitor the performance of suppliers in respect of Phases 2 and 3.

Neither DBM Ltd nor MESDDBM was a party to any dispute that may arise between SWH suppliers and the beneficiaries. Any dispute had to be resolved through other legal provisions, such as those enforced by the Consumer Protection Unit (CPU) of the Ministry of Industry, Commerce and Consumer Protection. As CPU had not been included in the operation of the Scheme, it was unable to handle complaints effectively.

The performance of SWH suppliers in respect of after sale services during the warranty period was not assessed as the Scheme did not provide for such assessment. Information obtained from entities involved in consumer protection showed that in several cases, the suppliers took between one to three months to address complaints relating to leaking tanks, rusting parts, SWHs not heating, defective floating device, and overflowing tanks.

It is important to assess whether installed SWHs were being maintained and were performing effectively. As of March 2016, no such assessment had yet been carried out.

Conclusion

SWHGS has been successful in increasing the percentage of householders using solar energy for domestic water heating. During the initial Phase, the Scheme was not appropriately planned, designed and implemented. Improvements were made in subsequent Phases, but these were not sufficient to support the achievement of its objectives. Current practices are not adequate to address critical issues, such as the capability of suppliers to provide quality SWHs, installation and after sales services. The Scheme as it is, does not guarantee that beneficiaries obtain a quality SWH which has been properly installed and commissioned, as well as satisfactory after sales service. Since its inception, Government has disbursed some Rs 670 million to about 67,000 beneficiaries of the Scheme. The extent to which the objectives of the Scheme have been achieved and the resulting associated benefits have not been assessed.

Key Recommendations

There is a need to have an arrangement that provides for a structure which owns the Scheme consistently, with clearly defined objectives, and appropriate mechanism to implement each forthcoming Phase effectively. This structure will be responsible to plan, design and manage each Phase. Benefits in terms of enhanced accountability, reprioritised objectives, capacity building to implement and follow up forthcoming Phases will be ensured.

Planning should align forthcoming Phases with the policies and objectives of the revised LTES Action Plan. Also, the target for each Phase should be linked to LTES overall target. Complementary policies and incentives to promote SWHs should be developed by respective stakeholders as recommended in the Action Plan. Alternatives to direct subsidies to householders, as operated in other countries, should be considered.

Pending the implementation of a SWH Standard, the adequacy of the current quality criteria for SWH, particularly in relation to health aspects and cyclonic conditions, needs to be re-assessed. The minimum criteria currently being used should be vetted by MSB and testing of same should be carried out as local testing facilities are available.

The due diligence exercise should focus on the ability of suppliers to provide quality SWHs, properly installed and commissioned, as well as after sales services rather than solely on legal and financial standing.

Complaints monitoring and random checks should be an integral part of the implementation process. Recourse to the services of CPU to provide a mechanism whereby post-implementation complaints are attended effectively. This will also provide an independent and reliable feedback for enforcing Performance Securities against defaulting suppliers.

MESDDBM needs to establish an appropriate post implementation review mechanism to obtain feedback for planning of forthcoming Phases. This will help to assess the deliverables. It also needs to evaluate the Scheme to ascertain to what extent the objectives of the Scheme have been achieved, and what changes are needed to improve it.

Ministry's Reply

The Ministry had taken note of the key recommendations, and as an immediate measure arrangements were being made to carry out a post implementation survey.

APPENDIX IIA

List of Special Funds audited by the Director of Audit

- 1 Build Mauritius Fund
- 2 Cooperative Development Fund
- 3 Curatelle Fund
- 4 Food Security Fund
- 5 Local Development Fund
(Ceased operation on 3/10/2015)
- 6 Lotto Fund
(New Audit Effective date 01/10/2016)
- 7 Maurice Ile Durable Fund
(Ceased operation on 8/10/2015)
- 8 Morris Legacy Fund
- 9 National Environment Fund
- 10 National Habitat Fund
(Previously Social Housing Development Fund - Ceased operation on 18/05/2015 and then Social Housing Fund-Ceased operation on 12/03/2014)
- 11 National Parks and Conservation Fund
- 12 National Pensions Fund
- 13 National Solidarity Fund
(Also listed as Statutory Body)
- 14 National Recovery Fund
(New Audit Effective date 01/10/2016)
- 15 National Resilience Fund
(Previously Saving Jobs and Recovery Fund - Ceased operation on 31/12/2010 and then Business Growth Fund - Ceased operation on 31/12/2011)
- 16 Non Government Organisation Trust Fund
- 17 Permanent Resident Investment Fund
- 18 President Fund for Creative Writing
- 19 Prime Minister's Cyclone Relief Fund
- 20 Prime Minister's Relief Fund
- 21 Recovered Assets Fund
- 22 Residential Care Homes Fund
- 23 Special Fund for the Welfare of the Elderly
- 24 Students Relief Fund
- 25 Sugar Industry Labour Welfare Fund
(Also listed as Statutory Body)
- 26 Treasury Foreign Currency Management Fund
- 27 Trust Fund for the Social Integration of Vulnerable Groups

APPENDIX IIB

Special Funds - Financial Statements not yet Submitted

Sn	Special Funds	No of Financial Statements	Period	Statutory date Limit
1	National Pensions Fund	2	2014	31.03.2015.
			01.01.2015-30.06.2016	30.09.2016
2	National Resilience Fund	1	01.01.2015-30.06.2016	30.09.2016
3	President Fund for Creative Writing	3	2013	31.03.2014
			2014	31.03.2015
			01.01.2015-30.06.2016	30.09.2016
4	Prime Minister Cyclone Relief Fund	1	01.01.2015-30.06.2016	30.09.2016
5	Recovered Assets Fund	1	01.07.2015-30.06.2016	30.09.2016
6	Residential Care Homes Fund	2	2014	31.03.2015
			01.01.2015-30.06.2016	30.09.2016
7	Special Fund for the Welfare of the Elderly	1	01.01.2015-30.06.2016	30.09.2016
8	Students Relief Fund	2	2014	31.03.2015
			01.01.2015-30.06.2016	30.09.2016
9	Trust Fund for the Social Integration of Vulnerable Groups	6	2010	31.03.2011
			2011	31.03.2012
			2012	31.03.2013
			2013	31.03.2014
			2014	31.03.2015
			01.01.2015-30.06.2016	30.09.2016
Total		19		

APPENDIX IIC

**Special Funds - Financial Statements Certified
but not yet Laid before National Assembly**

Sn	Special Funds	No of Financial Statements	Period	Date Certified
1	Business Growth Fund	1	2011	27.06.2014
2	Curatelle Fund	1	01.01.2015-30.06.2016	17.11.2016
3	Food Security Fund	6	20.06.08-30.06.09	14.05.2010
			01.07.09-31.12.10	23.04.2012
			2011	04.09.2012
			2012	05.12.2013
			2013	23.10.2015
			2014	03.03.2016
4	Maurice Ile Durable Fund	3	2012	04.12.2013
			2013	08.01.2015
			2015	27.01.2016
5	Morris Legacy Fund	1	01.01.2015-30.06.2016	24.11.2016
6	National Environment Fund	1	2012	07.11.2013
7	National Parks and Conservation Fund	3	2012	24.09.2013
			2013	14.11.2014
			2014	22.01.2016
8	National Pensions Fund	2	2011	05.02.2016
			2012	21.09.2016
9	National Resilience Fund	2	2012	02.12.2016
			2013	02.12.2016
10	Non Government Organisation Trust Fund	2	2013	29.10.2014
			01.01.2015-30.06.2016	15.11.2016
11	Permanent Resident Investment Fund	1	2014	08.06.2015
12	President Fund for Creative Writing	3	2005-06	29.03.2007
			2006-07	21.04.2008
			2007-08	08.10.2009
13	Recovered Assets Fund	1	01.02.2012-31.12.2013	24.03.2015

Continued

**Special Funds - Financial Statements Certified
but not yet Laid before National Assembly (Continued)**

Sn	Special Funds	No of Financial Statements	Period	Date Certified
14	Residential Care Homes Fund	3	2011	09.10.2012
			2012	17.10.2013
			2013	29.10.2014
15	Saving Jobs and Recovery Fund	1	01.07.2009-31.12.2010	10.02.2014
16	Social Housing Development Fund	4	26.06.2008-30.06.2009	04.01.2011
			01.07.2009-31.12.2010	30.04.2012
			2011	23.10.2012
			01.01.2012-17.05.2013	07.07.2014
17	Social Housing Fund	1	18.05.2013-31.12.2013	22.09.2014
18	Special Fund for the Welfare of the Elderly	1	2013	25.08.2014
19	Students Relief Fund	1	2013	26.02.2014
20	Treasury Foreign Currency Management Fund	12	2002-03	20.01.2004
			2003-04	03.12.2004
			2004-05	29.12.2005
			2005-06	23.11.2007
			2006-07	30.11.2007
			2007-08	10.03.2009
			2008-09	24.02.2010
			01.07.2009-31.12.2010	10.10.2011
			2011	19.09.2012
			2012	30.08.2013
			2013	19.01.2015
2014	20.08.2015			
Total		50		

APPENDIX IIIA

List of Statutory Bodies audited by the Director of Audit

- 1 Apravasi Ghat Trust Fund
- 2 Agricultural Marketing Board
- 3 Beach Authority
- 4 Bhojpuri-Speaking Union
- 5 Board of Investment
- 6 Bus Industry Employees Welfare Fund
- 7 Central Electricity Board
- 8 Central Water Authority
- 9 Chagossian Welfare Fund
- 10 Chinese Speaking Union
- 11 Civil Service Family Protection Scheme Board
- 12 Competition Commission
- 13 Conservatoire de Musique François Mitterand Trust Fund
- 14 Construction Industry Development Board
- 15 Creole-Speaking Union
- 16 Early Childhood Care and Education Authority
- 17 Employees Welfare Fund
- 18 Fashion and Design Institute
- 19 Financial Reporting Council
- 20 Fishermen Investment Trust
- 21 Fishermen Welfare Fund
- 22 Food and Agricultural Research and Extension Institute
(Previously Food and Agricultural Research Council - Ceased operation on 14/02/2014)
- 23 Gambling Regulatory Authority
- 24 Hindi Speaking Union
- 25 Human Resource Development Council
- 26 Information and Communication Technologies Authority
- 27 Islamic Cultural Centre Trust Fund
- 28 Law Reform Commission
- 29 Le Morne Heritage Trust Fund
- 30 Mahatma Gandhi Institute
- 31 Malcome De Chazal Trust Fund
- 32 Manufacturing Sector Workers Welfare Fund
- 33 Mauritius Broadcasting Corporation

List of Statutory Bodies (*Continued*)

- 34 Mauritius Cane Industry Authority
(Farmers Service Corporation, Mauritius Sugar Authority, Mauritius Sugar Terminal Corporation and Sugar Planters Mechanical Pool Corporation merged w.e.f 19/03/12)
- 35 Mauritius Council of Registered Librarians
- 36 Mauritius Examinations Syndicate
- 37 Mauritius Ex-Services Trust Fund
- 38 Mauritius Film Development Corporation
- 39 Mauritius Institute of Education
- 40 Mauritius Institute of Health
- 41 Mauritius Institute of Training and Development
(previously Industrial and Vocational Training Board - Ceased operation on 15/11/2009)
- 42 Mauritius Marathi Cultural Centre Trust
- 43 Mauritius Meat Authority
- 44 Mauritius Museums Council
- 45 Mauritius Oceanography Institute
- 46 Mauritius Qualifications Authority
- 47 Mauritius Renewable Energy Agency
(New Audit effective date 26/02/2015)
- 48 Mauritius Research Council
- 49 Mauritius Revenue Authority
- 50 Mauritius Society for Animal Welfare
- 51 Mauritius Sports Council
- 52 Mauritius Standards Bureau
- 53 Mauritius Tamil Cultural Centre Trust
- 54 Mauritius Telugu Cultural Centre Trust
- 55 Mauritius Tourism Promotion Authority
- 56 Media Trust
- 57 National Adoption Council
- 58 National Agency for the Treatment and Rehabilitation of Substance Abusers
(Ceased operation on 01/07/2016)
- 59 National Art Gallery
- 60 National Children's Council
- 61 National Computer Board
- 62 National Council for the Rehabilitation of Disabled Persons
- 63 National Economic and Social Council

List of Statutory Bodies (*Continued*)

- 64 National Heritage Fund
- 65 National Human Rights Commission
- 66 National Institute for Cooperative Entrepreneurship
- 67 National Library
- 68 National Productivity and Competitiveness Council
- 69 National Solidarity Fund
(*Also listed as Special Fund*)
- 70 National Transport Corporation
- 71 National Wage Consultative Council
(*New Audit effective date 01/09/2016*)
- 72 National Women Entrepreneur Council
- 73 National Women's Council
- 74 National Youth Council
- 75 Nelson Mandela Centre for African Culture Trust Fund
- 76 Open University of Mauritius
- 77 Outer Islands Development Corporation
- 78 Private Secondary Education Authority
(*Previously Private Secondary Schools Authority name changed w.e.f 01/10/2016*)
- 79 Professor Basdeo Bissoondoyal Trust Fund
- 80 Public Officers' Welfare Council
- 81 Rabindranath Tagore Institute
- 82 Rajiv Gandhi Science Centre Trust Fund
- 83 Rights Management Society
- 84 Road Development Authority
- 85 Seafarers' Welfare Fund
- 86 Senior Citizens Council
- 87 Sir Seewoosagar Ramgoolam Botanical Garden Trust
- 88 Sir Seewoosagar Ramgoolam Foundation
- 89 Small and Medium Enterprises Development Authority
- 90 Small Farmers Welfare Fund
- 91 St Antoine Planters Cooperative Trust
- 92 State Trading Corporation
- 93 Sugar Industry Labour Welfare Fund
(*Also listed as Special Fund*)
- 94 Sugar Insurance Fund Board
- 95 Tertiary Education Commission

List of Statutory Bodies (Continued)

- 96 Tourism Authority
- 97 Tourism Employees Welfare Fund
- 98 Town and Country Planning Board
- 99 Trade Union Trust Fund
- 100 Training and Employment of Disabled Persons Board
- 101 Trust Fund for Specialised Medical Care
- 102 Université des Mascareignes
- 103 University of Mauritius
- 104 University of Technology Mauritius
- 105 Vallée D'Osterlog Endemic Garden Foundation
- 106 Wastewater Management Authority

Sugar Cane Planters Trust - Ceased operation as from 24/07/2010

Financial statements for the financial year 2007-08 to period 01.07.2009-24.07.2010 have not yet been submitted for audit and the financial statements for financial year 2006-07 were certified on 20.10.2008, but not yet laid before the National Assembly.

Tea Board - Ceased operation as from 27/11/2013

Financial statements for the period 01.01.2013 to 26.11.2013 have not yet been submitted for audit

Technical School Management Trust Fund - Ceased operation as from 15/11/2009

Financial statements for the period 01.07.2009-15.11.2009 have not yet been submitted for audit and financial statements for the financial year 2007-08 and 2008-09 were certified on 19.08.2016 and 30.08.2016 respectively, but not yet laid before the National Assembly.

APPENDIX IIIB

Statutory Bodies - Financial Statements not yet Submitted

Sn	Statutory Bodies	No of Financial Statements	Period	Statutory Date Limit
1	Construction Industry Development Board	1	2015	30.04.2016
2	Fishermen Investment Trust	2	2014	30.04.2015
			2015	30.04.2016
3	Food and Agricultural Research and Extension Institute	2	14.02.2014-31.12.2014	30.04.2015
			2015	30.04.2016
4	Hindi Speaking Union	2	2014	30.04.2015
			2015	30.04.2016
5	Information and Communication Technologies Authority	1	2015	30.04.2016
6	Islamic Cultural Centre Trust Fund	2	2014	30.04.2015
			2015	30.04.2016
7	Le Morne Heritage Trust Fund	1	2015	30.04.2016
8	Malcom de Chazal Trust Fund	4	2012	30.04.2013
			2013	30.04.2014
			2014	30.04.2015
			2015	30.04.2016
9	Mauritius Broadcasting Corporation	1	2015	30.04.2016
10	Mauritius Marathi Cultural Centre Trust	1	2015	30.04.2016
11	Mauritius Meat Authority	1	2015	30.04.2016
12	Mauritius Museums Council	1	2015	30.04.2016
13	Mauritius Oceanography Institute	1	2015	30.04.2016
14	Mauritius Renewable Energy Agency	1	26.02.2015-31.12.2015	30.04.2016
15	Mauritius Society for Animal Welfare	1	2015	30.04.2016
16	Mauritius Tamil Cultural Centre Trust	2	2014	30.04.2015
			2015	30.04.2016

Continued

Statutory Bodies - Financial Statements not yet Submitted (*Continued*)

Sn	Statutory Bodies	No of Financial Statements	Period	Statutory Date Limit
17	Media Trust	6	2010	01.04.2011
			2011	30.04.2012
			2012	30.04.2013
			2013	30.04.2014
			2014	30.04.2015
			2015	30.04.2016
18	National Adoption Council	6	01.07.2009-31.12.2010	31.03.2011
			2011	30.04.2012
			2012	30.04.2013
			2013	30.04.2014
			2014	30.04.2015
			2015	30.04.2016
19	National Agency for the Treatment and Rehabilitation of Substance Abusers	1	01.01.2016-30.06.2016	31.10.2016
20	National Art Gallery	2	2014	30.04.2015
			2015	30.04.2016
21	National Children's Council	1	2015	30.04.2016
22	National Economic and Social Council	2	2014	30.04.2015
			2015	30.04.2016
23	National Heritage Trust Fund	4	2012	30.04.2013
			2013	30.04.2014
			2014	30.04.2015
			2015	30.04.2016
24	National Institute for cooperative Entrepreneurship	10	2005-06	30.09.2006
			2006-07	30.09.2007
			2007-08	30.09.2008
			2008-09	30.09.2009
			01.07.2009-31.12.2010	31.03.2011
			2011	30.04.2012
			2012	30.04.2013
			2013	30.04.2014

Continued

Statutory Bodies - Financial Statements not yet submitted (Continued)

Sn	Statutory Bodies	No of Financial Statements	Period	Statutory Date Limit
	National Institute for cooperative Entrepreneurship (Continued)		2014	30.04.2015
			2015	30.04.2016
25	National Transport Corporation	2	2014	30.04.2015
			2015	30.04.2016
26	National Women Entrepreneur Council	1	2015	30.04.2016
27	Nelson Mandela Centre for African Culture Trust Fund	2	2014	30.04.2015
			2015	30.04.2016
28	Professor Basdeo Bissoondoyal	10	04.04.2005-30.06.2006	30.09.2006
			2006-07	30.09.2007
			2007-08	30.09.2008
			2008-09	30.09.2009
			01.07.2009-31.12.2010	31.03.2011
			2011	30.04.2012
			2012	30.04.2013
			2013	30.04.2014
			2014	30.04.2015
			2015	30.04.2016
29	Rajiv Gandhi Science Centre Trust Fund	1	2015	30.04.2016
30	Rights Management Society	2	01.08.2014-31.12.2014	30.04.2015
			2015	30.04.2016
31	Sir Seewoosagur Ramgoolam Botanical Garden Trust	8	2007-08	30.09.2008
			2008-09	30.09.2009
			01.07.2009-31.12.2010	31.03.2011
			2011	30.04.2012
			2012	30.04.2013
			2013	30.04.2014
			2014	30.04.2015
			2015	30.04.2016

Continued

Statutory Bodies - Financial Statements not yet submitted (*Continued*)

Sn	Statutory Bodies	No of Financial Statements	Period	Statutory Date Limit
32	Sir Seewoosagur Ramgoolam Foundation	2	2014	30.04.2015
			2015	30.04.2016
33	Small and Medium Enterprises Development Authority	2	2014	30.04.2015
			2015	30.04.2016
34	Sugar Cane Planters Trust	3	2007-08	30.09.2008
			2008-09	30.09.2009
			01.07.2009-24.07.2010	25.10.2010
35	Tea Board	1	01.01.2013-26.11.2013	27.03.2014
36	Trade Union Trust Fund	1	2015	30.04.2016
37	Université Des Mascariques	3	06.09.2012-31.12.2013	30.04.2014
			2014	30.04.2015
			2015	30.04.2016
38	Vallée D'Osterlog Endemic Garden Foundation	2	2014	30.04.2015
			2015	30.04.2016
Total		96		

APPENDIX III C

**Statutory Bodies - Financial Statements Certified
but not yet Laid before National Assembly**

Sn	Statutory Bodies	No of Financial Statements	Period	Date Certified
1	Aapravasi Ghat Trust Fund	2	2014	24.09.2015
			2015	23.08.2016
2	Agricultural Marketing Board	1	2014	16.03.2016
3	Beach Authority	2	2014	26.10.2015
			2015	05.10.2016
4	Bhojpuri Speaking Union	2	01.10.2013-31.12.2014	31.10.2016
			2015	31.10.2016
5	Central Electricity Board	1	2014	25.05.2016
6	Chinese Speaking Union	1	2015	19.07.2016
7	Competition Commission	3	2013	08.09.2014
			2014	14.08.2015
			2015	23.11.2016
8	Conservatoire de Musique François Mitterrand Trust Fund	2	2012	21.10.2013
			2015	31.10.2016
9	Construction Industry Development Board	5	01.02.2009-31.12.2010	22.09.2016
			2011	22.09.2016
			2012	22.09.2016
			2013	22.09.2016
			2014	22.09.2016
10	Early Childhood Care and Education Authority	1	2015	31.10.2016
11	Farmers Service Corporation	2	2011	28.12.2012
			01.01.2012-18.03.2012	21.07.2014
12	Fashion and Design Institute	3	01.07.2009-31.12.2010	04.04.2014
			2011	04.09.2014
			2014	01.04.2016
13	Financial Reporting Council	2	2014	21.09.2015
			2015	27.09.2016
14	Fishermen Investment Trust	1	2012	31.10.2013

Continued

**Statutory Bodies - Financial Statements Certified
but not yet Laid before National Assembly (Continued)**

Sn	Statutory Bodies	No of Financial Statements	Period	Date Certified
15	Fishermen Welfare Fund	1	2015	26.07.2016
16	Human Resource Development Council	3	2013	28.10.2014
			2014	19.08.2016
			2015	28.11.2016
17	Industrial and Vocational Training Board	1	01.07.2009-15.11.2009	11.07.2014
18	Information and Communication Technologies Authority	2	2013	07.08.2015
			2014	03.06.2016
19	Islamic Cultural Centre Trust Fund	9	2005-06	26.07.2011
			2006-07	26.07.2011
			2007-08	26.07.2011
			2008-09	07.02.2014
			01.07.2009-31.12.2009	07.02.2014
			2010	07.02.2014
			2011	12.07.2016
			2012	12.07.2016
			2013	12.07.2016
20	Le Morne Heritage Trust Fund	8	2004-05	30.03.2010
			2005-06	30.03.2010
			2006-07	30.03.2010
			2007-08	10.10.2014
			2008-09	10.10.2014
			01.07.2009-31.12.2010	10.10.2014
			2011	10.10.2014
			2012	12.11.2015
21	Mahatma Gandhi Institute	2	2014	11.04.2016
			2015	02.12.2016

Continued

**Statutory Bodies - Financial Statements Certified
but not yet Laid before National Assembly (Continued)**

Sn	Statutory Bodies	No of Financial Statements	Period	Date Certified
22	Malcom de Chazal Trust Fund	8	2003-04	04.07.2013
			2004-05	14.10.2014
			2005-06	14.10.2014
			2006-07	14.10.2014
			2007-08	14.10.2014
			2008-09	14.10.2014
			01.07.2009-31.12.2010	14.10.2014
			2011	14.10.2014
23	Manufacturing Sector Workers Welfare Fund	1	2015	01-12-16
24	Mauritius Broadcasting Corporation	2	2007-08	20.10.2009
			01.07.2009-31.12.2010	07.02.2013
25	Mauritius Cane Industry Authority	2	2014	23.11.2015
			2015	31.10.2016
26	Mauritius Council of Registered Librarians	2	2012	03.12.2014
			2013	02.07.2015
27	Mauritius Ex-Services Trust Fund	1	2015	14.10.2016
28	Mauritius Examinations Syndicate	5	2011	23.10.2012
			2012	08.10.2013
			2013	25.09.2014
			2014	18.05.2016
			2015	31.10.2016
29	Mauritius Film Development Corporation	3	2012	20.10.2014
			2013	14.05.2015
			2014	25.05.2016
30	Mauritius Institute of Education	1	2015	10.10.2016
31	Mauritius Institute of Training and Development	4	16.11.2009-31.12.2010	11.07.2014
			2013	16.06.2015
			2014	16.03.2016
			2015	14.12.2016

Continued

**Statutory Bodies - Financial Statements Certified
but not yet Laid before National Assembly (Continued)**

Sn	Statutory Bodies	No of Financial Statements	Period	Date Certified
32	Mauritius Marathi Cultural Centre Trust	3	2012	16.06.2015
			2013	16.06.2015
			2014	14.01.2016
33	Mauritius Meat Authority	2	2012	04.02.2014
			2013	09.10.2014
34	Mauritius Museums Council	4	2008 - 09	06.09.2010
			01.07.2009-31.12.2010	04.06.2012
			2011	03.09.2014
			2012	09.10.2014
35	Mauritius Oceanography Institute	2	2013	24.02.2015
			2014	31.10.2016
36	Mauritius Research Council	5	2011	27.12.2012
			2012	06.12.2013
			2013	30.12.2014
			2014	13.05.2016
			2015	31.10.2016
37	Mauritius Sports Council	5	2008-09	09.09.2013
			01.07.2009-31.12.2009	09.09.2013
			2010	09.09.2013
			2013	02.12.2014
			2014	04.11.2016
38	Mauritius Standards Bureau	1	2015	31.10.2016
39	Mauritius Sugar Authority	6	2006-07	03.12.2009
			2007-08	13.12.2011
			2008-09	13.12.2011
			01.07.2009-31.12.2010	29.03.2013
			2011	31.05.2013
			01.01.2012-18.03.2012	21.07.2014

Continued

**Statutory Bodies - Financial Statements Certified
but not yet Laid before National Assembly (Continued)**

Sn	Statutory Bodies	No of Financial Statements	Period	Date Certified
40	Mauritius Sugar Terminal Corporation	1	01.01.2012-18.03.2012	02.09.2014
41	Mauritius Tamil Cultural Centre Trust	6	2004-05	24.10.2012
			2005-06	24.10.2012
			2006-07	21.11.2012
			2007-08	21.11.2012
			2008-09	23.12.2013
			01.07.2009-31.12.2010	23.12.2013
42	Mauritius Telugu Cultural Centre Trust	6	2004-05	13.05.2011
			2005-06	07.10.2011
			2006-07	21.05.2012
			2007-08	21.05.2012
			2008-09	21.05.2012
			2015	10.06.2016
43	Mauritius Tourism Promotion Authority	1	2015	31.10.2016
44	Media Trust	3	2006	31.12.2015
			2007	07.07.2016
			2008	29.11.2016
45	National Agency for the Treatment and Rehabilitation of Substance Abusers	2	2012	21.08.2013
			2013	22.08.2014
46	National Art Gallery	2	2012	17.10.2014
			2013	02.12.2014
47	National Children's Council	8	2006-07	28.01.2013
			2007-08	30.07.2013
			2008-09	13.02.2014
			01.07.2009-31.12.2010	13.02.2014
			2011	12.05.2014
			2012	22.09.2014
			2013	07.10.2014
			2014	17.05.2016

Continued

**Statutory Bodies - Financial Statements Certified
but not yet Laid before National Assembly (Continued)**

Sn	Statutory Bodies	No of Financial Statements	Period	Date Certified
48	National Computer Board	4	2007-08	05.12.2014
			2008-09	30.12.2014
			01.07.2009-31.12.2010	30.12.2014
			2011	20.01.2015
49	National Council for the Rehabilitation of Disabled Persons	4	01.07.2009-31.12.2010	18.11.2011
			2011	04.10.2012
			2013	16.10.2014
			2015	28.09.2016
50	National Economic and Social Council	1	2013	17.03.2015
51	National Heritage Trust Fund	4	2007-08	19.11.2012
			2008-09	19.11.2012
			01.07.2009-31.12.2010	28.01.2013
			2011	17.02.2014
52	National Library	3	2013	16.02.2015
			2014	07.04.2015
			2015	29.09.2016
53	National Productivity and Competitiveness Council	2	2013	16.01.2015
			2015	05.10.2016
54	National Solidarity Fund	2	2015	31.10.2016
55	National Transport Corporation		2013	18.11.2015
56	National Women Entrepreneur Council	5	2006-07	19.04.2011
			2007-08	19.04.2011
			2008-09	01.08.2012
			01.07.2009-31.12.2010	07.12.2012
			2011	08.10.2013

Continued

**Statutory Bodies - Financial Statements Certified
but not yet Laid before National Assembly (Continued)**

Sn	Statutory Bodies	No of Financial Statements	Period	Date Certified
57	National Women's Council	7	2006	14.05.2013
			2007	26.07.2013
			2008	05.12.2013
			2009	24.04.2014
			2012	20.01.2016
			2013	04.05.2016
			2014	04.05.2016
58	National Youth Council	15	1999-00	12.11.2001
			2000-01	26.03.2002
			2001-02	13.03.2003
			2002-03	16.02.2004
			2003-04	05.07.2006
			2004-05	21.06.2007
			2005-06	21.06.2007
			2006-07	02.07.2008
			2007-08	05.05.2009
			2008-09	24.06.2011
			01.07.2009-31.12.2010	23.10.2012
			2011	09.09.2013
			2012	09.09.2013
			2013	21.07.2014
2014	29.09.2015			
59	Nelson Mandela Centre for African Culture Trust Fund	17	1996-97	21.07.2001
			1997-98	12.05.2003
			1998-99	12.05.2003
			1999-00	12.05.2003
			2000-01	08.07.2004
			2001-02	08.07.2004

Continued

**Statutory Bodies - Financial Statements Certified
but not yet Laid before National Assembly (*Continued*)**

Sn	Statutory Bodies	No of Financial Statements	Period	Date Certified
	Nelson Mandela Centre for African Culture Trust Fund (<i>Continued</i>)		2002-03	08.07.2004
			2003-04	07.04.2009
			2004-05	08.10.2010
			2005-06	24.04.2012
			2006-07	24.07.2014
			2007-08	24.07.2014
			2008-09	10.08.2015
			01.07.2009-31.12.2010	10.08.2015
			2011	10.08.2015
			2012	16.02.2016
			2013	16.02.2016
60	Open University of Mauritius	3	12.07.2012-31.12.13	29.10.2015
			2014	31.03.2016
			2015	11.11.2016
61	Outer Islands Development Corporation	5	01.07.2009-31.12.2010	31.07.2013
			2011	31.07.2013
			2012	11.12.2013
			2013	31.10.2014
			2014	30.11.2015
62	Rabindranath Tagore Institute	3	2013	31.10.2014
			2014	11.04.2016
			2015	31.10.2016
63	Rajiv Gandhi Science Centre Trust Fund	5	2006-07	23.06.2009
			2007-08	11.03.2010
			2008-09	11.03.2010
			01.07.2009-31.12.2010	13.04.2012
			2012	21.04.2014

Continued

**Statutory Bodies - Financial Statements Certified
but not yet Laid before National Assembly (Continued)**

Sn	Statutory Bodies	No of Financial Statements	Period	Date Certified
64	Road Development Authority	8	2007-08	28.06.2012
			2008-09	12.07.2013
			01.07.2009-31.12.2010	12.07.2013
			2011	19.11.2013
			2012	19.11.2013
			2013	13.08.2015
			2014	28.03.2016
			2015	31.10.2016
65	Seafarers' Welfare Fund	1	2014	30.10.2015
66	Senior Citizens Council	1	2015	14.12.2016
67	Sir Seewoosagur Ramgoolam Botanical Garden Trust	8	05.06.1999-30.06.2000	28.02.2014
			2000-01	28.02.2014
			2001-02	28.02.2014
			2002-03	02.05.2014
			2003-04	13.05.2014
			2004-05	13.05.2014
			2005-06	27.05.2014
			2006-07	25.06.2014
68	Sir Seewoosagur Ramgoolam Foundation	7	2006-07	20.10.2015
			2007-08	20.10.2015
			2008-09	20.10.2015
			01.07.2009-31.12.2010	20.10.2015
			2011	20.10.2015
			2012	20.10.2015
			2013	20.10.2015
69	Small Farmers Welfare Fund	2	2013	10.10.2014
			2014	29.10.2015

Continued

**Statutory Bodies - Financial Statements Certified
but not yet Laid before National Assembly (Continued)**

Sn	Statutory Bodies	No of Financial Statements	Period	Date Certified
70	St Antoine Planters Cooperative Trust	1	2015	14.10.2016
71	State Trading Corporation	1	2014	06.11.2015
72	Sugar Cane Planters Trust	1	2006-07	20.10.2008
73	Sugar Planters Mechanical Pool Corporation	1	01.01.2012-18.03.2012	28.07.2014
74	Sugar Industry Labour Welfare Fund	2	2013	27.10.2014
			2015	24.11.2016
75	Technical School Management Trust Fund	2	2007-08	19.08.2016
			2008-09	30.08.2016
76	Tertiary Education Commission	1	2015	31.10.2016
77	Tourism Authority	4	2011	03.10.2014
			2012	11.11.2014
			2013	11.11.2014
			2014	23.05.2016
78	Tourism Employees Welfare Fund	3	2013	28.10.2014
			2014	23.05.2016
			2015	30.09.2016
79	Town and Country Planning Board	1	2015	15.09.2016
80	Trade Union Trust Fund	8	2006-07	04.12.2014
			2007-08	04.12.2014
			2008-2009	04.12.2014
			01.07.2009-31.12.2010	17.03.2015
			2011	07.08.2015
			2012	08.10.2015
			2013	08.10.2015
2014	14.10.2016			
81	Training and Employment of Disabled Persons Board	2	2013	11.04.2016
			2014	11.04.2016

Continued

**Statutory Bodies - Financial Statements Certified
but not yet Laid before National Assembly (Continued)**

Sn	Statutory Bodies	No of Financial Statements	Period	Date Certified
82	University of Mauritius	3	2013	30.10.2014
			2014	20.11.2015
			2015	26.12.2016
83	University of Technology Mauritius	8	2001-02	13.11.2008
			2002-03	13.11.2008
			2003-04	13.11.2008
			2004-05	16.01.2012
			2005-06	25.06.2012
			2006-07	25.06.2012
			2007-08	25.06.2012
			2008-09	25.06.2012
84	Wastewater Management Authority	1	2015	28.11.2016
Total		286		

APPENDIX IV

List of Local Authorities audited by the Director of Audit

- 1 The City Council of Port Louis
- 2 The District Council Black River
(Including 13 Village Councils)
- 3 The District Council of Flacq
(Including 23 Village Councils)
- 4 The District Council of Grand Port
(Including 24 Village Councils)
- 5 The District Council of Moka
(Including 17 Village Councils)
- 6 The District Council of Pamplemousses
(Including 18 Village Councils)
- 7 The District Council of Rivière Du Rempart
(Including 19 Village Councils)
- 8 The District Council of Savanne
(Including 17 Village Councils)
- 9 The Municipal Council of Beau Bassin/Rose Hill
- 10 The Municipal Council of Curepipe
- 11 The Municipal Council of Quatre Bornes
- 12 The Municipal Council of Vacoas /Phoenix

APPENDIX VA

List of Other Bodies audited by the Director of Audit

- 1 Association of District Councils
- 2 Association of Urban Authorities
- 3 Centre for Development Corporation in Fisheries-NORAD
- 4 Discharged Persons Aid Committee
- 5 Financial Intelligence Unit
- 6 Global Fuel Economy Initiative
- 7 Independent Commission Against Corruption
- 8 Indian Ocean Rim Association for Regional Cooperation
- 9 Institute For Judicial and Legal Studies
- 10 Lottery Committee
- 11 Mental Health Care Accounts Committee
- 12 National Archives Research and Publication Fund
- 13 National Committee on Corporate Governance
- 14 National Empowerment Foundation
- 15 National Savings Fund
- 16 Parole Board
- 17 Postal Authority
- 18 Roman Catholic Diocese of Port Louis Religious Subsidy Act
- 19 Statutory Bodies Family Protection Fund
- 20 University of Mauritius Trust
- 21 World Diabetes Foundation

International Donor Agencies

- 1 Middle Income Countries Technical Assistance -Grant For Debt Management Capacity Building Projects
- 2 Middle Income Countries-Technical Assistance- Grant For Outline Planning Scheme
- 3 Middle Income Countries-Technical Assistance Grant For Sewerage Master Plan Study
- 4 Middle Income Countries Technical Assistance- Grant For Statistical Capacity Building Programme
- 5 Plaines Wilhems Sewerage Project
- 6 Third National Communication of the Republic of Mauritius under the UNFCCC
- 7 UNFPA Improved Quality of Life of Population
- 8 UNFPA Strengthening Reproductive Health for Youth

APPENDIX VB

Other Bodies - Financial Statements not yet Submitted

Sn	Other Bodies	No of Financial Statements	Period
1	Centre for Development Corporation in Fisheries NORAD	1	01.01.2015-30.06.2016
2	Financial Intelligence Unit	1	2015
3	Institute For Judicial and Legal Studies	1	01.01.2015-30.06.2016
4	Mental Health Care Accounts Committee	13	2002-03
			2003-04
			2004-05
			2005-06
			2006-07
			2007-08
			2008-09
			01.07.2009-30.06.2010
			2011
			2012
			2013
			2014
			01.01.2015-30.06.2016
5	National Archives Research and Publication Fund	6	01.07.2009-31.12.2010
			2011
			2012
			2013
			2014
			01.01.2015-30.06.2016
6	National Committee on Corporate Governance	2	2014
			2015
7	National Empowerment Foundation	3	2013
			2014
			01.01.2015-30.06.2016

Continued

Other Bodies - Financial Statements not yet Submitted *(Continued)*

Sn	Other Bodies	No of Financial Statements	Period
8	National Savings Fund	3	2013
			2014
			01.01.2015-30.06.2016
9	Plaines Wilhems Sewerage Project	1	01.01.2015-30.06.2016
10	Postal Authority	1	01.01.2015-30.06.2016
11	UNFPA Strengthening Reproductive Health for Youth	1	01.01.2015-30.06.2016
12	University of Mauritius Trust	3	2013
			2014
			01.01.2015-30.06.2016
13	World Diabetes Foundation	2	2014-15
			2015-16
Total		38	

National Audit Office

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