



REPUBLIC OF MAURITIUS

NATIONAL AUDIT OFFICE

REPORT OF THE DIRECTOR OF AUDIT ON THE ACCOUNTS OF THE RODRIGUES REGIONAL ASSEMBLY FOR THE FINANCIAL YEAR 2019-20

FEBRUARY 2021

NATIONAL AUDIT OFFICE

REPORT OF THE DIRECTOR OF AUDIT

ON THE ACCOUNTS OF

THE RODRIGUES REGIONAL ASSEMBLY

FOR THE FINANCIAL YEAR 2019-20

NATIONAL AUDIT OFFICE

*Contributing to Strengthening Good Governance
in the Public Sector*



NATIONAL AUDIT OFFICE

My Ref: NAO/ADM/ARA/AUD

24 February 2021

Dr. the Honourable Renganaden Padayachy
Minister of Finance, Economic Planning and Development
Ministry of Finance, Economic Planning and Development
Government House
Port Louis

Honourable Minister,

Pursuant to the provisions of Section 110 of the Constitution of the Republic of Mauritius and Section 20 of the Finance and Audit Act, I am pleased to submit copies of the Annual Statements for the financial year 2019-20, submitted to me in accordance with Section 19 of the Act, together with the Certificates of Audit and the Reports upon my examination and audit of the Accounts of:

- (a) Government; and
- (b) the Rodrigues Regional Assembly.

Subsequent to the laying of the above documents before the National Assembly, they will be posted on the Website of the National Audit Office- <http://nao.govmu.org>.

Yours sincerely,

C. ROMOOAH
Director of Audit

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OVERVIEW

Section 110 of the Constitution provides that the Director of Audit shall audit the public accounts of Mauritius and of all courts of law and all authorities and officers of the Government.

The Island of Rodrigues is an integral part of the State of Mauritius. The Rodrigues Regional Assembly has been established under Section 3 of the Rodrigues Regional Assembly (RRA) Act and by virtue of Section 48 of the RRA Act, the accounts of RRA are public accounts of Mauritius for the purposes of Section 110 of the Constitution. As such, the Director of Audit is also the Auditor of the RRA.

Pursuant to the provisions of Section 110 of the Constitution of the Republic of Mauritius and Section 20 of the Finance and Audit Act, I am pleased to submit my report on the audit of the Accounts of the RRA for the financial year 2019-20.

This Report is submitted to the Minister of Finance, Economic Planning and Development to be laid before the National Assembly, in accordance with Section 20 of the Finance and Audit Act.

I am submitting this Report within the statutory time frame together with:

- a) Copies of the Annual Statements of the RRA for the financial year 2019-20, submitted to me in accordance with Section 19 of the Finance and Audit Act; and
- b) A Certificate of Audit on the Annual Financial Statements.

The above Report, Statements and Certificate will be posted on the website of the National Audit Office (NAO) after they are laid before the National Assembly.

Scope of Audit

The scope of my audit includes determining whether:

- (a) The Annual Statements of RRA present fairly the financial transactions of the RRA during 2019-20 and the financial position as of 30 June 2020; and
- (b) The RRA is managing and utilising its resources economically, efficiently and effectively, and laws and regulations are being complied with.

The Annual Statements of the RRA are prepared in accordance with Section 19 of the Finance and Audit Act. This 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.

Duly signed Annual Statements of RRA for the financial year ended 30 June 2020, were submitted within the statutory date limit to the NAO on 30 September 2020. These statements were prepared on a cash basis and comprised a Statement of Assets and

Liabilities and Other Statements as required under Section 19(6) of the Finance and Audit Act.

In accordance with Section 16 (1) of the Finance and Audit Act, I am required to provide reasonable assurance to the National Assembly that:

- (a) All reasonable precautions have been and are taken to safeguard the collection of public money;
- (b) All laws, directions or instructions relating to public money have been and are duly observed;
- (c) 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;
- (d) 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; and
- (e) Satisfactory management measures have been and are taken to ensure that resources are procured economically and utilised efficiently and effectively.

Section 20 of the Finance and Audit Act further provides that I shall send to the Minister (responsible for the subject of Finance) copies of the statements submitted in accordance with Section 19 together with a certificate of audit and a report upon my examination and audit of all accounts relating to public money, stamps, securities, stores and other property of the Regional Assembly relating to the Island of Rodrigues.

Responsibility of Accounting Officers

In accordance with Section 35(1) of the RRA Act, the Executive Council is responsible for the carrying out of the functions of the Regional Assembly and the Chairperson, acting on the advice of the Chief Commissioner, may, for that purpose, assign to a Commissioner the responsibility for one or more Departments of the Regional Assembly. The Island Chief Executive is the administrative head and is responsible for the efficient administration of the functions of the Executive Council.

The RRA comprises seven Commissions, each one under the responsibility of a Commissioner with defined responsibilities. Each Commission is under the administrative responsibility of one or more Departmental Heads who are responsible for ensuring, amongst others, that:

- (a) Funds entrusted to them are applied only to the purpose intended by the National Assembly and Rodrigues Regional Assembly which is to implement Government policy within the resources budgeted;
- (b) Adequate measures have been taken to safeguard the collection of public money and ensure judicious utilisation of resources; and

- (c) All laws, directions or instructions relating to public money have been and are duly observed.

It is the RRA's responsibility to maintain proper financial records.

The Judiciary, the Police Service and the National Land Transport Authority do not fall under the administrative control of the RRA. Revenues collected for the Mauritius Revenue Authority are remitted directly to the Government of Mauritius.

Public Accounts Committee

The RRA Standing Orders provide for the setting up of a Public Accounts Committee (PAC), to examine the audited accounts showing the appropriation of the sums granted by the Regional Assembly to meet the public expenditure, together with the report of the Director of Audit. The PAC is required to satisfy itself, amongst others, that the monies shown in the accounts as having been disbursed were legally available for, and applicable to, the services or purpose to which they have been applied or charged; that the expenditure conformed to the Authority which governed it; that every re-appropriation has been made in accordance with the provisions made in this behalf under appropriate rules; and that cases involving negative expenditure and financial irregularities are subjected to scrutiny.

Audit Process

NAO adopts a risk-based approach in order to identify units to be audited and for the conduct of individual audits. The 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 statements. 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. At the conclusion of the audit, an exit meeting is held whereby the Departmental Head of each Commission is given the opportunity to respond to audit findings, through discussions. The main findings are further discussed with the Island Chief Executive. A Management Letter is then issued and the Accounting Officer is given the opportunity to give his comments and explanations on the matters raised therein.

Audit findings which are considered significant and of a nature to be brought to the attention of the National Assembly, are communicated through "Reference Sheets" to the respective Accounting Officer. The latter is given the opportunity to comment on the truth and fairness of these findings and to give any additional explanations he/she deems necessary. A summary of the Accounting Officer's comments is included in the Report.


Based on explanations and/or any information provided by the Accounting Officer, I may retain, amend, or consider not including any of the audit findings in my report. Accounting Officers are notified that where I do not receive a reply within the time specified in the Reference Sheet, it will be assumed that they agree with the matters reported therein.

Audit Findings

This Report contains a summary of the significant findings which resulted from audit work carried out by NAO on the accounts of the RRA as well as other matters of importance that have come to my notice since my previous Audit Report. I am providing a Summary of my Audit Observations and a list of Key Audit Findings after this Overview.

Acknowledgement

I wish to express my sincere thanks to the staff of the NAO involved in the audit of the RRA for their contribution and commitment without which the submission of this Report would not have been possible. I would also like to take this opportunity to thank the Island Chief Executive, the Departmental Heads and all their staff.



C. ROMOOAH
Director of Audit

National Audit Office

22 February 2021

SUMMARY OF AUDIT OBSERVATIONS

The law requires that the Director of Audit shall within eight months of the close of every financial year audit the accounts of the Rodrigues Regional Assembly (RRA) and report thereon. The key observations for financial year 2019-20 are summarised below:

- (a) Weaknesses in financial and performance reporting;
- (b) Inadequate oversight mechanism;
- (c) Lapses in financial management;
- (d) Non-compliance with legislations;
- (e) Lapses in management of financial assistance granted to the needy; and
- (f) Poor project management.

Weaknesses in Financial and Performance Reporting

The Annual Financial Statements were prepared on a cash basis. Current assets and current liabilities were thus not recognised. Arrears of revenue were understated. Investments were overstated and share certificate was not received in respect of investment made in a Company.

The RRA has guaranteed loans under the new social housing scheme but this contingent liability was not disclosed in the financial statements.

An Annual Report on Performance was still not submitted to the Minister of Finance, Economic Planning and Development as required under the Finance and Audit Act.

Inadequate Oversight Mechanism

Several weaknesses were noted in the internal control system and the recommendations of the oversight authorities such as Independent Commission against Corruption and Procurement Policy Office were still not implemented.

The Internal Control Unit was understaffed and the audit plan did not cater for the audit of capital projects and core operation of the Commissions, amongst others. There was also high percentage of uncompleted tasks. Remedial actions were not always taken in respect of matters raised in the internal control reports.

Lapses in Financial Management

An excess expenditure of Rs 125 million was not sanctioned by the Regional Assembly, contrary to financial instructions.

Regulations for the setting up of companies in which RRA has made investments, were not always complied with.

The effectiveness of RRA's revenue management system was not satisfactory. Rates for lease rental and licence have not been reviewed since long. There was also inadequate follow up of arrears of revenue with respect to Trade Licence.

Non-Compliance with Legislations

In view of the construction of a new runway at Plaine Corail Airport, the project for the resettlement of Sainte Marie villagers was not done in compliance with applicable laws.

Procurement procedures in line with the Public Procurement Act were not followed in the selection of contractors for the new Social Housing Scheme.

Concerning Human Resource Management, allowances over and above salaries, were paid to five officers on interdiction for services not rendered, contrary to Human Resources Management Manual and PRB Report.

Lapses in Management of Financial Assistance granted to the needy

NAO found instances where financial assistance were disbursed by Commissions without ensuring that necessary safeguards were in place to ensure that public funds had been used effectively. For example, in the case of Casting of Roof Slab Scheme, the private service providers had provided misleading information to management for beneficiaries to obtain financial assistance. A Monitoring Committee was not set up to deal with cases where conditions of agreement were not complied with.

The new Social Housing Scheme was not properly managed as terms and conditions of agreement were not always complied with. The housing units were constructed with much delay, contrary to agreement.

The objective of providing subsidy to the lower income beneficiaries for constructing water tanks has not been achieved as they did not always use the fund for that purpose.

Poor Project Management

Every year NAO identifies deficiencies in the implementation of capital projects and corrective actions taken to ensure judicious use of public funds were inadequate. The implementation of projects has not improved compared to previous years. There were still various issues which included significant contract variations, non-compliance with conditions of contract, projects objectives not attained, considerable delays in the completion of projects and delay damages not applied.

The construction of the Rehabilitation Youth Centre (RYC) was not properly planned as there were several security lapses. As of October 2020, the RYC was not yet operational.

The construction of Social Security House at Mont Lubin which was scheduled for completion in November 2018, was still not completed as of October 2020. Delay damages were not yet applied. The Commission had to spend some Rs 2.8 million in 2020 to house its head office and different units.

As of June 2020, RRA had spent Rs 492 million on the construction of five desalination plant. However, less than 50 per cent of their production capacity of 4500 m³ was attained.

Although the e-Health project had been commissioned, most of the units of the hospitals, Area and Community Healthcare Centres were still running on a manual mode, one year after.

The coffee processing plant was constructed without any feasibility study and strategic direction. Completion of the project was inordinately delayed and was not yet handed over to the Commission as of October 2020.

The objectives of several Agricultural Schemes had not been attained as they were inadequately monitored and supervised.

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2– ANNUAL STATEMENTS

2.1 Annual Statements for the financial year 2019-20

The Commissioner responsible for the subject of finance is required, under Section 19(4) of the Finance and Audit Act, to sign and submit to the Director of Audit, within three months of the close of every fiscal year, Annual Statements showing fully the financial position of the Rodrigues Regional Assembly (RRA) on the last day of such fiscal year.

The Annual Statements of RRA for the financial year ended 30 June 2020 were submitted to the National Audit Office (NAO) on 30 September 2020, within the statutory date limit.

These Statements were prepared on a cash basis and comprised a Statement of Assets and Liabilities and Other Statements, as required under Section 19(6) of the Finance and Audit Act.

2.2 Statement of Assets and Liabilities - Accounting Basis and Policies not in line with Financial Statements of Budgetary Central Government (BCG)

Government has decided to gradually adopt accruals based International Public Sector Accounting Standards (IPSAS) in the preparation of the annual statements with effect from financial year 2016-17. Under the Finance and Audit Act, full compliance with IPSAS is required as from financial year 2022-23.

In my report on the Accounts of the RRA for the financial year 2018-19 issued in February 2020, I mentioned that the RRA needed to gradually adopt the accrual based IPSAS to be in line with Central Government and a time frame has to be set to that effect.

No action such as the recording of non-financial assets, including State Lands and buildings, amongst others, has yet been initiated at the level of the RRA to embark on this transitional phase.

The RRA stated that further to consultations held with the Ministry of Finance, Economic Planning and Development (MoFEPD), it was proposed that a Manager, Financial Operations and Financial Controller be recruited. A team from MoFEPD was expected to be on mission to Rodrigues to assist implementation of same in January 2021 and a dedicated accrual IPSAS project team would be set up accordingly.

2.2.1 Statement A - Statement of Assets and Liabilities – Rs 180.65 million

The Statement of Assets and Liabilities of the RRA for the financial year ended 30 June 2020 has been prepared on a cash basis and comprises five components, namely: Cash and Bank balances and Advances as Assets and Rodrigues Consolidated Fund, Deposits and Loan as Liabilities. As a result of not adopting IPSAS on an accrual basis, the following were not being recognised in Statement A:

- (a) Arrears of revenue totalling Rs 43.2 million.
- (b) Impairment on Investments of Rs 75.6 million.

- (c) Property, Plant and Equipment, including Donated Assets.
- (d) Current Liabilities such as pension, passage benefits and the monetary value of accumulated sick leave.
- (e) Interest and penalty fee of Rs 10,804,347, representing the difference between the amounts of loans from the Government of Mauritius accounted as Rs 14,694,000 in RRA's Annual Statements and as Rs 25,498,347 in the Treasury's accounts.

According to the RRA, the cost of pension and passage benefits are met from the Accountant-General's vote and funds are transferred whenever required.

Assets and liabilities showing the financial position of RRA at the close of each of the past three financial years are shown in Table 1.

Table 1- Assets and Liabilities of RRA for the Past Three Financial Years

	30 June 2020	30 June 2019	30 June 2018
	Rs	Rs	Rs
Assets			
Cash and bank balances	88,637,715	150,376,906	170,265,814
Advances	92,015,227	85,055,094	82,183,237
Total	180,652,943	235,432,000	252,449,051
Liabilities			
Rodrigues Consolidated Fund	12,749,245	37,624,197	55,313,766
Deposits	78,858,123	110,824,131	117,090,792
Loan- Government of Mauritius	89,045,575	86,983,672	80,044,493
Total	180,652,943	235,432,000	252,449,051

Source - Annual Accounts of the RRA

2.3 Rodrigues Consolidated Fund (RCF) - Transfer from RCF to cater for Shortfall

The Rodrigues Consolidated Fund (RCF) was established under Section 75D of the Constitution of the Republic of Mauritius. All recurrent revenue collected by RRA, money appropriated by the National Assembly and any other money properly accruing to the RCF under any other enactment, are to be credited to the RCF as per Section 42 of the RRA Act.

RRA received a grant of some Rs 3,898 million from the Central Government in 2019-20. Revenue totalling some Rs 38 million were collected by the RRA, bringing the total inflow to some Rs 3,936 million. Total expenditure for 2019-20 amounted to Rs 3,955 million. Some Rs 20.9 million were transferred from RCF to cater for the shortfall.

The transfer from RCF of Rs 20.9 million was not subject to any debate at the Regional Assembly. The balance under the RCF has decreased from Rs 55.3 million as of 30 June 2018 to Rs 12.7 million as of 30 June 2020.

Shortfall met from the RCF for the past three financial years is shown in Table 2.

Table 2 - Shortfall met from Rodrigues Consolidated Fund for the past Three Financial Years

	2019-20	2018-19	2017-18
	Rs	Rs	Rs
Government Grant	3,681,490,778	3,575,000,000	3,425,000,000
Additional Contribution	216,490,000	30,000,000	-
RRA revenue	38,366,145	46,381,947	32,065,954
Total Revenue	3,936,346,923	3,651,381,947	3,457,065,954
Expenditure	(3,955,421,875)	(3,669,071,516)	(3,475,976,130)
(Shortfall)	(19,074,952)	(17,689,569)	(18,910,176)
Transfer from Rodrigues Consolidated Fund	20,955,748	17,769,246	21,000,000

Source: Annual Accounts of the RRA

RRA informed NAO that:

- A proposal would be made to consider that excess expenditure be tabled for debates at the Regional Assembly in the amendments to be brought to the RRA Act 2001; and
- In the meantime, excess expenditure was being approved by the National Assembly which is the supreme Authority.

2.4 Revenue – Analysis of Total Revenue by Revenue Items - Inconsistent Accounting Treatment

An inconsistent accounting treatment of the item “Grant - Contribution from Central Government” in the 2019-20 accounts has been noted.

The total Grants figure was wrongly stated as Rs 3,918,936,526 in the “Analysis of total revenue by Revenue Items” – Statement B. This figure included the amount of Rs 20,955,748 transferred from the RCF, which is not a grant. In the comparative statement for 2018-19, the transfer from RCF was not included in the item “Grants - Contribution from Central Government”. The inconsistency is shown in Table 3.

Table 3 - Inconsistent Accounting Treatment for Grants

	2019-20	2018-19
	Rs	Rs
Contribution from Central Government	3,681,490,778	3,575,000,000
Additional contribution	216,490,000	30,000,000
Total contribution from Central Government	3,897,980,778	3,605,000,000
Transfer from Rodrigues Consolidated Fund	20,955,748	-
Total – Grants	3,918,936,526	3,605,000,000

RRA informed NAO that the chart of accounts did not have a code for Revenue from RCF.

2.5 Statement D - Detailed Statement of Revenue of the Rodrigues Consolidated Fund – Contributions of Members of the RRA Not transferred to Consolidated Fund

The contribution of Rs 615,152 for the Retiring Allowance Scheme, retained from emoluments of members of the Regional Assembly during the financial year 2019-20 was wrongly accounted for as a revenue item. It should have been accounted as Deposit for subsequent transfer to the Consolidated Fund as retired members of the RRA are paid allowances by the Central Government under Centrally Managed Expenses of the Government.

2.6 Statement of Advances – Advance to the Rodrigues Trading and Marketing Co Ltd – Inadequate Disclosure

Rodrigues Trading and Marketing Co Ltd (RTMC), a company wholly owned by the RRA, embarked on a project for the setting up of a Lemon Essential Oil Extraction Unit at Graviers. In July 2019, pending the approval of a loan from a bank, the RRA advanced an amount of Rs 5.8 million to RTMC. This sum represents 30 per cent of the cost of equipment to be purchased for the project. One of the conditions of the advance, as specified in the agreement dated 27 June 2019, was that the RTMC would repay to the RRA the funds advanced in one instalment within a period of one month from the date that the proceeds of the loan from the bank is credited to RTMC’s bank account.

In September 2020, that is some 14 months after the disbursement of the advance of Rs 5.8 million, the bank had not yet credited the company’s account. Subsequently, the Executive Council at its meeting held on 25 September 2020, approved that the RRA should finance expenditure for the above project totalling some Rs 32 million, representing the total cost of equipment and building.

The decision to finance wholly the cost of equipment and building amounting to Rs 32 million including the sum of Rs 5.8 million already advanced to RTMC, was not disclosed in the notes to the accounts as a post balance sheet event.

2.7 Statement of Deposits – Absence of Records

Deposits held by the RRA as at 30 June 2020 amounted to some Rs 78.8 million. NAO has repeatedly highlighted that individual balance of security deposits totalling Rs 10.9 million was not maintained. Hence, accuracy of the Security Deposit figure could not be ascertained.

2.8 Statement of Investments – Investments understated or not impaired

Audit of the Statement of Investments revealed the following shortcomings:

- (a) Incomplete records - Investments understated;
- (b) Overstatement of investments – Investments not impaired; and
- (c) Share Certificate not received.

2.8.1 Incomplete Records - Investments understated

The list of investments for a total value of Rs 75,699,940 was incomplete as a company, incorporated on 8 April 2019, bearing the name of Rodrigues ICT Development and Promotion Co Ltd was not included therein. The RRA is the sole owner of the 1,000 ordinary shares as stated capital of Rs 100,000 of the company.

2.8.2 Overstatement of Investments - Investments not impaired

Three companies in which the RRA held shares were removed from the Register of the Corporate and Business Registration Department due to their winding up in 2018. However, investments were still being accounted for in the Statement of Investments as at 30 June 2020 at the total amount of Rs 26.4 million.

As at October 2020, no impairment review was undertaken by the RRA to determine the extent of impairment of such investments.

2.8.3 Share Certificate not received

RRA refunded the cost of investment of a bank and an Investment Company of Rs 1.25 million each in the company Rodrigues Venture Capital and Leasing Fund (RVCLF).

No Share Certificate attesting that the RRA is the sole shareholder of the RVCLF was received by the RRA.

2.9 Loan from Government of Mauritius – Wrong Accounting Treatment

2.9.1 Rodrigues Trade and Marketing Company: Rs 5,800,000 – Wrong Accounting Treatment

An advance of Rs 5.8 million to RTMC by RRA was wrongly accounted for as a loan from the Government of Mauritius when in fact the RRA had not contracted such a loan. The Rodrigues Consolidated Fund has also been understated by an equivalent amount.

2.10 Non-disclosure of Loans of Rs 50 million Guaranteed by RRA

The RRA has signed agreements with three banks, whereby it guaranteed to pay on demand all sums due and payable by the beneficiaries of the new Social Housing Schemes.

The RRA has guaranteed loans for amounts ranging from Rs 150,000 to Rs 200,000 per beneficiary under two different Social Housing Schemes. As of June 2020, the total amount guaranteed was some Rs 50 million.

The contingent liabilities of Rs 50 million were not disclosed in the notes to the Annual Statements. Stakeholders were, hence, not apprised of the extent of RRA's potential liability.

2.11 Understatement of Arrears of Revenue – Rs 21.7 million

Trade Licences are issued on payment of the prescribed fee for the activities specified in the Eighth Schedule to the Local Government Act and also specified in the first column of the Third Schedule to the Rodrigues Regional Assembly (Licences) Regulations 2003.

Amounts owed by 2,241 Trade Licence holders, totalling some Rs 21.7 million, were not included in the Statement of Arrears of Revenue.

3 – ACCOUNTABILITY AND OVERSIGHT MECHANISM

3.1 Non-Submission of Annual Report – Rodrigues Regional Assembly Act not complied with

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

As of 30 October 2020, the Annual Reports reviewing the activities for the years ended 30 June 2018 and 30 June 2019 were not yet finalised.

RRA stated that these Reports were at the printing stage.

3.2 Annual Report on Performance - Finance and Audit Act not complied with

The Finance and Audit Act was amended to provide for every department to submit to the Minister, not later than 31 October in every year, a report on its performance in respect of the previous fiscal year and on its strategic direction in respect of the following three fiscal years. Furthermore, an implementation plan for remedial action and for preventing the recurrence of the shortcomings, including wastage of public funds referred to in the Report of the Director of Audit, has also to be included therein.

No such report was prepared in respect of the past three financial years ended 30 June 2020. The provision of the Finance and Audit Act was therefore not being complied with.

The RRA informed NAO that the Report on Performance for the year ended 30 June 2020 was being finalised.

3.3 Oversight Mechanism – Weaknesses in Internal Control System and Recommendations Not Implemented

3.3.1 Follow up of matters raised in Audit Report of 2018-19

At paragraph 3.3 of the Audit Report for the financial year 2018-19, the following were reported: weaknesses in internal control system, understaffed Internal Control Unit (ICU), deficient audit planning, high percentage of uncompleted tasks and the non-follow up of recommendations.

A review of the oversight mechanism in all the Commissions of the RRA revealed that no corrective actions were taken to deal with the weaknesses in internal control system as well as instances where recommendations of Oversight Authorities regarding lapses in procurement, contract management and project monitoring were not implemented.

3.3.2 Weaknesses in Internal Control System

According to the Internal Audit Policy Operating Manual (IAPOM) of the MoFEPD, both the Accounting Officer and the Director, Internal Control are required to sign the Internal Audit (IA) Charter, which provides a framework for the conduct of Internal Audit.

However, as of October 2020, an IA Charter has still not been signed by the Director, Internal Control, the Island Chief Executive (ICE) and respective Accounting Officer. Moreover, a Standard Operating Procedures Manual was not yet introduced and no risk assessment was made, despite the assurance given by the RRA in January 2019.

Internal Control Unit Understaffed

The ICU was still inadequately staffed to cope with the increased volume and complexity of transactions. As at October 2020, the ICU was functioning with only one Officer of the Internal Control Cadre (ICC) of MoFEPD and two Management Support Officers from the RRA. The tour of service of the said Officer ended on 20 December 2019. Subsequently, an acting Principal Internal Control Officer joined the ICU in December 2019 and was still in post as of October 2020. As such, there was no improvement in human resources to carry out the internal audit functions.

The RRA was responsible for a wide range of operations and incurred substantial expenditure financed mainly by the Central Government to the tune of some Rs 3.89 billion.

The budgetary provisions of the RRA have gradually increased over the years, to finance its expenditure. Revenue collected amounted to some Rs 38.36 million for the financial year 2019-20 while total expenditure for the same period amounted to some Rs 3,955 million. Furthermore, below the line accounts amounted to some Rs 92 million for Advances and some Rs 78 million for Deposits.

RRA stated that the requests for additional staff to the MoFEPD and the Prime Minister's Office during 2019-20 were not acceded to.

Deficient Audit Planning and High Percentage of Uncompleted Tasks

The ICU would not be able to cover a high percentage of the Audit Plan with the available work force. The audit areas planned for the years 2016-17 and 2017-18 were not completed. Similarly, for the year 2018-19, only 24 out of 70 auditable areas identified in the Audit Plan were covered, representing some 34 per cent. Only 10 out of the 46 planned audit areas were covered for the year 2019-20, representing some 22 per cent.

The core functions of the various departments falling under the purview of the different Commissions were again not included in the Audit Plan 2019-20. Furthermore, except for the capital project Rehabilitation of Youth Centre, other capital projects which were risky areas, were not covered by the ICU.

For the 2020-21 Audit Plan, out of the 24 auditable areas planned, 21 emanated from the ICE's request and the remaining three auditable areas arose as a result of the ICU assessment of risk using the key variables in methodology as prescribed in the Internal

Audit Standards Operating Procedures Manual. However, high risk areas as determined from this methodology, were not included in the Audit Plan 2020-21.

No Annual Internal Audit Report, indicating major audit findings and recommendations, and Commissions' responses were submitted to the Financial Secretary in compliance with the IAPOM.

NAO was informed that although several auditable units were identified as high risk, the Internal Audit Plan was prepared on available mandays of the current staff.

Internal Audit Reports – Non-follow up of Recommendations

Remedial action was not always taken by the different Commissions in respect of several matters raised in the reports. In a follow up exercise carried out on 22 July 2020, it was reported that 34 out of 65 recommendations made in year 2018-19, were not implemented.

The RRA stated that the Audit Committee will assist in reviewing the implementation of the recommendations made by the ICU.

3.3.3 Project Monitoring, Contract Management and Procurement – Recommendations of Oversight Authorities Not Implemented

Review by Procurement Policy Office – Poor Project Monitoring and Absence of Corrective measures

At paragraph 3.3.3 of the Audit Report for the financial year 2018-19, I mentioned that following an assessment of the status of ongoing projects and examination of the procurement process, the Procurement Policy Office (PPO) had recommended the review of the procurement structure, preparation of an Annual Procurement Plan with implementation schedule, continuous follow up of project and that major non-performing suppliers be referred to its office for appropriate action.

Several weaknesses were highlighted by the PPO. These included absence of formal procurement structure, central coordination through the setting up of a Project Implementation Unit and a focal point at Central Administration's level to resolve common issues. Corrective actions were still not taken by the RRA.

Corruption Prevention Review – Deficient Contract Management and No follow up

A review of some Corruption Prevention Reviews Reports on several aspects in the various Commissions in respect of project monitoring revealed that there was an absence of documentation of policies and procedures, and a Project Monitoring Unit to ensure precautionary measures and monitoring at both pre-bidding and post-bidding stages. There was also no Project Monitoring Plan and Methodologies for effective project monitoring after handing over of sites to Contractors.

No follow up was done at the level of the RRA and the Commissions.

4 – CHIEF COMMISSIONER’S OFFICE

4.1 Budget Management – Excess Expenditure

The RRA received a grant of some Rs 3,898 million from the Central Government in 2019-20. Revenue totalling some Rs 38 million was collected by the RRA, bringing the total inflow to some Rs 3,936 million.

Expenditure budget for 2019-20 as approved by both the Regional Assembly and the Ministry responsible for Rodrigues was Rs 3,830 million, whilst actual expenditure had reached Rs 3,955 million. There was thus an excess expenditure of some Rs 125 million. As of October 2020, the excess expenditure was not sanctioned by the Regional Assembly.

The NAO was informed that there was no provision in the RRA Act on how to deal with any surplus expenditure. However, the excess expenditure has been approved by the Executive Council which according to Section 35(1) of the RRA Act is “responsible for the carrying out of all the functions of the Regional Assembly”. This would be considered in the amendments to be brought to the RRA Act.

4.2 Detailed Statement of Revenue of the Rodrigues Consolidated Fund – Rates not reviewed and Non-compliance with Legislation

4.2.1 Revenue Management

Revenue of the RRA comprises principally of Grants/Contributions from the Central Government and internally generated revenue which consists of receipts from licence fees, social contributions, property income, sales of goods and services, incidental sales by non-market establishment, miscellaneous sales of goods and services, fines and miscellaneous revenue. Details of revenue and Government grant for the past three financial years are shown in Table 4.

Table 4 - Revenue for the past three financial years

Details	2019-20 Rs million	2018-19 Rs million	2017-18 Rs million
Revenue generated by RRA	38.37	46.38	32.06
Government Grant	3,897.98	3,605.00	3,425.00

Source: Annual Accounts of the RRA

Government Grant has been increasing over the past three financial years whereas revenue of the RRA has decreased in 2019-20 compared to 2018-19.

Revenue figures for the RCF excluded sums collected by cash offices and remitted to the Central Government. Examples include Road Tax collection and Registration/Transfer fee for immovable properties such as land in Rodrigues.

Rates applicable not reviewed

The different rates applicable for charges should be reviewed as these have not been revised since long.

- Lease rentals for residential lease which are at Rs 100 for lessees whose income are up to Rs 8,500 and Rs 1,000 for those above Rs 8,500. These rates have been in force since June 2011.
- Licence fees, as prescribed in the Rodrigues Regional Assembly (Licences) Regulations, have not been revised since 2003.

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

4.2.2 Non-compliance with Income Tax Regulations

Fringe benefits were not accounted for as emoluments for PAYE purposes, and thus PAYE was not applied thereon:

- (a) provision of either furnished quarters or refund of house rentals to staff posted at the RRA; and
- (b) interest benefit on staff car loans.

The provisions of the Income Tax Regulations 1996 should be complied with. Housing allowance and interest at subsidised rate should be taxed as fringe benefits.

NAO was informed by RRA that the Finance Section is currently liaising with the Treasury to remedy the situation.

4.3 Detailed Statement of Expenditure - Disbursements wrongly accounted as Contingencies

A total amount of Rs 32.5 million was reallocated from the item Contingencies, under which a provision of Rs 50 million was made to cater for any unforeseen expenditure, to items "Allowances" and "Grant to Private Secondary Education Authority" amounting to Rs 22.9 million and Rs 9.6 million respectively.

Both expenditures did not meet the definition of Contingencies under Section 5 of the Finance and Audit Act.

4.4 Investments – Lapses in Investment Practices and Non-compliance with Regulations

As at 30 June 2020, the RRA held investments totalling some Rs 75.6 million in ten companies. At paragraph 4.4 of the Audit Report for the financial year 2018-19, I reported on cases of non-compliance with regulations, annual reports not published by the Board of

Directors, audited financial statements not tabled. I also mentioned that the RRA Companies General Fund had not yet been established, contrary to the Rodrigues Regional Assembly (Investment Management) Regulations.

The following lapses in investment practices and non-compliance with regulations concerning companies owned by the RRA were still noted:

- (a) Rodrigues Venture Capital and Leasing Fund (RVCLF) was still not operational and no financial statements have been filed;
- (b) Rodrigues Business Park Development Company Ltd was regarded as a high risk investment;
- (c) Annual reports were not submitted by four companies; and
- (d) RRA Companies General Fund was not yet established.

4.4.1 RVCLF not Operational and no Financial Statements filed

The Company was set up in 1994 and had been providing loan facilities at concessionary rates to entrepreneurs from various sectors such as fishing, handicraft, agriculture and art.

The RVCLF had provided support to Rodriguan entrepreneurs. An amount of Rs 2.5 million has been paid to a bank and an Investment Company for the purchase of their shares previously held in the company. Thus, RRA is the sole shareholder of the company.

Following issues raised during the past years when there were the only two shareholders, the RRA now being the sole shareholder in the company, has considered revamping the RVCLF.

The RVCLF continued to guarantee loans granted by private commercial banks for several companies. However, a detailed list of loans and leases guaranteed, together with the status of these loans/leases were not available. The total amount guaranteed as at 30 June 2020 was thus not known. This might represent a significant potential liability as RRA is the sole shareholder of RVCLF. This liability was not disclosed in the Annual Statements of RRA.

- No Share Certificate attesting that the RRA is the sole shareholder of the RVCLF was seen.
- As of October 2020, financial statements were not filed at the Corporate and Business Registration Department since financial year 2009-10. Hence, the financial position of RVCLF was not known.
- Some Rs 494,000 were paid for providing accounting services by an Accountancy Firm for the years 2010 to 2019. The financial statements for the past 10 years ended 30 June 2019 were not complete, as details of trade and other payables, capital grants, trade receivables and other information such as contingent liabilities and pending litigations, were not disclosed therein. A proper understanding of the financial statements was not possible.

- It is not known whether the RVCLF would provide assistance in the form of loan or would operate as a loan guarantee fund to entrepreneurs. The practice of guaranteeing loans given by private banks to entrepreneurs could be risky to RVCLF in the long term.
- As at October 2020, the company was still dormant as no activities and transactions were made since the RRA became the sole shareholder of the company in financial year 2018-19.

The RRA stated that the RVCLF would soon be operational. An agreement is being finalised with a bank following its approval to act as Fund Manager.

4.4.2 Rodrigues Business Park Development Company Ltd as a High Risk Investment

The company was incorporated on 12 February 2019 to manage the project for the setting up of a techno park at Baladirou for promoting entrepreneurship and employment in the field of ICT in Rodrigues.

The financial plan was that RRA and a bank would contribute equally as equity, an amount of Rs 6.5 million. The RRA and the Central Government would borrow Rs 75 million and Rs 175 million respectively according to the financing mechanism from the MoFEPD.

The mode of financing the company through high debts would represent a high risk and the returns generated by the company would not match the high repayment of capital and interest.

The financing plan indicated that the sum of Rs 75 million was earmarked from the sale of Mont Venus Hotel. However, as of October 2020, no sale transaction had been effected although a Memorandum of Understanding has been signed. It was expected that the proceeds from the sale of Mont Venus Hotel would be received by 30 June 2020 at latest. However, on 22 October 2020, the purchaser agreed to revise downwards the initial offer from Rs 75 million to Rs 65 million due to the fact that the Hotel was left in an abandoned state, amongst others.

RRA informed NAO that the deed of sale of Mont Venus Hotel for Rs 65 million was being finalised with the Employees Welfare Fund.

4.4.3 Annual Reports not submitted by Four Companies

Section 20 of the Rodrigues Regional Assembly (Investment Management) Regulations require the Board of Directors of every company to publish a report, including the audited accounts, in relation to the company's functions, activities, affairs and financial position in respect of the previous financial year, and to submit same to the Commissioner who shall table it, not later than six months after the end of every financial year.

As of October 2020, Annual Reports incorporating the financial statements were not submitted to the RRA by the four companies listed in Table 5.

Table 5 - Annual Reports Not Submitted

Companies	Year
Discovery Rodrigues Co. Ltd	2017, 2018, 2019
Rod Clean Ltd	2017, 2018, 2019
Rodrigues Educational Development Co. Ltd	2017, 2018, 2019
Rodrigues Trading and Marketing Co. Ltd	Since 2014

The non-submission of financial statements is against the principles of good governance. The financial position of the companies could not therefore be ascertained.

The RRA informed NAO that action will be initiated to request companies to submit same for tabling at the Regional Assembly.

4.4.4 RRA Companies General Fund not established

The Rodrigues Regional Assembly Companies General Fund has not been established under the Rodrigues Regional Assembly (Investment Management) Regulations 2008. Dividends or returns on investment were to be credited to the Fund. Grants and advances to companies as well as other capital expenditure were to be met from this Fund.

The RRA informed NAO that a proposal will be made for an amendment to the RRA (Investment Management) Regulations 2008 so that all investments from RRA owned companies be accounted under RCF so as not to create several funds.

4.5 Statement of Advances – Outstanding Loan Not Recovered/Lien Not Incribed

4.5.1 Advance to member of RRA- Outstanding Loan Not Recovered

A loan of Rs 1.6 million was advanced in September 2011 to a member of the RRA for the purchase of a car. A lien of an amount equivalent to the loan advanced was inscribed in favour of the RRA on 10 October 2011. After ceasing to be a member of the RRA, the former member failed to settle the outstanding amount of the loan, despite several reminders sent by the RRA.

Legal action was initiated for non-payment of the outstanding amount and the vehicle was seized under a warrant to levy in November 2012. The vehicle was auctioned and the net proceeds was remitted to the RRA. As the whole amount of the loan was not recouped, the former member was ordered by the Court to pay a sum of Rs 950,000 in 12 equal instalments as from January 2017.

As no payment was effected by the former member, a case was lodged at the Supreme Court on 9 January 2020 for a sale by levy of her residential building standing on State Land of an extent of 535 m², estimated at Rs 1.5 million. As at 28 October 2020, the outcome of the case was still being awaited.

RRA has informed NAO that a sale by levy has been fixed on 3 June 2021

4.5.2 Advance to member of RRA - Lien Not Inscribed

A loan of Rs 588,100 was granted to another member of the RRA for the purchase of a car on 29 December 2015 and the repayment of the loan was scheduled for 60 months. He ceased to be a member of the RRA as from January 2017, after having settled 14 instalments. It was only in January 2019, that is after two years, that a first reminder was sent followed by a second one in February 2019. The former member repaid two instalments for the months of March and April 2017 on 11 September 2019.

No lien had been inscribed on the vehicle. The seizure and disposal of the car for the benefit of the RRA might be compromised.

RRA should be guided by the provisions of Financial Instructions No 1 of 2013 whereby a clear process has been laid out for recovery of advances.

4.6 Statement of Deposits – Donor Funded Projects - Implementation Issues

The financial contribution by RRA and the United Nations Office for Projects Service (UNOPS)/European Union (EU), and the amount disbursed for a sample of three projects are shown in Table 6.

Table 6 - Projects funded jointly by RRA and UNOPS /EU

Projects	UNOPS/EU Contribution	RRA Contribution	Amount disbursed	Amount Refunded	Closing Balance As at 30 June 2020
	Rs	Rs	Rs	Rs	Rs
Increase Capacity building of fishers community	8,166,615	2,161,220	6,105,236	-	4,222,599
Rehabilitation of Cascade Pigeon Dam	16,175,934	6,131,747	5,395,530	14,140,561	2,771,590
Improving Water Quality and Safety	13,530,018	5,236,104	5,710,477	-	13,055,645*

* EUR 243,023 has been refunded to EU

Increase Capacity Building to Fishers' Community – Rs 4,222,599

The objective of the project was to provide an opportunity for a sustainable activity to the fishers' community and to reduce over-exploitation of fishing in the lagoon, by building capacity through training on bio-cultivation of Combava Lime Plants and the production of chilli paste. The contractual start date of the project was 1 November 2015 and expected completion date was 30 October 2017. The RRA requested for extension of time of one year and this was approved by the EU. The project completion date was thus rescheduled for 30 October 2018.

As at 30 June 2020, the RRA had contributed an amount of some Rs 2.1 million. Disbursement by UNOPS amounted to some Rs 8.1 million. The total amount held on deposit as at 30 June 2020 amounted to Rs 4.2 million.

Forty fishermen were registered to follow the training. However, as at October 2020, there were only 31 fishermen who were following the programme.

During a site visit by NAO officers on 16 October 2020 at the orchard site at Montagne Goyaves, it was observed that the Combava plants were in a neglected state. The fencing securing the orchard had been stolen and hence, the plants were unprotected from animals and unauthorised persons.

As at October 2020, two years after the extended scheduled completion date, the project was still not completed. The construction of the building to house the processing unit and the procurement of agro processing plant were outstanding. The objective of the project would not be achieved in the near future as the processing and commercialisation of the product have not yet started.

RRA informed NAO that the rehabilitation of the orchard site was scheduled in January 2021 and that planting of Combava plants will start in March 2021. A Committee has been set up comprising the Commission of Environment, Invest Rodrigues and SME Mauritius for a close follow up of the activities.

Rehabilitation of Cascade Pigeon Dam and Upgrading Works at Creve Coeur – Rs 2,771,590

The objective of the project was to increase the production of potable water, reduce water leakage and improve water distribution in the northern regions of Rodrigues.

The project started on 21 January 2016 and the scheduled completion date of 21 July 2018 was extended to 21 July 2019.

In March 2016, EU had advanced EUR 415,333, that is some Rs 16.17 million, to the RRA for the project. However, the estimated cost of the project of EUR 630,028 exceeded the actual cost of the project of EUR 108,298 by more than 480 per cent. The excess contribution of EUR 334,110 (Rs 14,140,561), has remained unutilised as the scope of works was reviewed, and was therefore refunded to the EU during the financial year 2019-20.

The RRA informed NAO that the desilting of dam was not carried out as its storage capacity was adequate for the intended operation.

Improving Quality and Safety of Water – Rs 13,055,645

In May 2015, the EU made an advance payment of EUR 351,618 (Rs 13.5 million) for the project which consisted of securing boreholes in the central, southern and northern regions of Rodrigues and purchasing laboratory equipment. The project started on 22 April 2015 and was scheduled for completion on 8 April 2017.

The scheduled completion date was revised twice and extended by 18 months, that is, October 2018. As at October 2020, all the components were practically completed except for the purchase of equipment as a detailed list was not provided by the Consultant.

However, the estimated cost of the project of EUR 544,284 exceeded the actual cost of EUR 144,793, by more than 276 per cent.

The project was not completed on the extended completion date. RRA had to omit certain works as per the project schedules and hence, had to refund the excess contribution of EUR 243,023 (69 per cent) of the advanced amount to EU.

RRA informed NAO that the excess contribution of EUR 243,023 made by the EU was refunded on 13 October 2020.

4.7 Statement of Arrears of Revenue – Inefficient Management of Arrears

Arrears of revenue were mainly in respect of property income, particularly rental of State Lands. Out of the total reported figure of some Rs 43.2 million at the close of the financial year ended 30 June 2020, Rs 37 million, representing 85 per cent, related to amounts due by lessees for non-payment of lease rentals. Table 7 shows the arrears figure for the past three financial years.

Table 7 - State Lands - Arrears of Revenue for past three financial years

Arrears of Revenue	30 June 2018	30 June 2019	30 June 2020	% increase as compared to 30 June 2018
	Rs	Rs	Rs	
State Land Residential	20,424,382	21,196,965	22,396,795	9.6
State Land Commercial	2,851,166	2,726,520	3,027,550	6.2
State Land Industrial	6,458,362	8,474,488	10,851,595	68
State Land Agricultural	653,371	676,309	738,899	13
Total	30,387,281	33,074,282	37,014,839	

Source: Annual Statements of the RRA

- The above figures clearly show that the arrears figure for property income were on the increasing trend. The implementation plan for prompt recovery by the Commission as stated in the Audit Report for the financial year 2018-19, was not seen.
- The arrears of revenue consisted of long aged debts, which might be time barred and therefore irrecoverable.
- As of 28 October 2020, statements of claims for yearly lease rental for financial year 2020-21 were not yet issued to lessees. Such claims should have been issued before the start of every financial year, as the lease agreement stipulates that the yearly rental is payable in advance.
- Monitoring of arrears of revenue was practically inexistent despite recommendations made by the ICU. No systematic mechanism and follow up procedure were in place for issuing and monitoring of reminders.
- Financial Regulations provide for the Director, Internal Control to prepare and submit to the Financial Secretary, an Annual Internal Audit Report highlighting major findings and recommendations, including those relating to arrears of revenue. No such report was seen.

The RRA has not cancelled the leases in accordance with Article 13 of the Industrial Lease and Article 15 of Residential Lease Agreements. A lease is cancelled where the rental has remained unpaid for more than three months, and a written notice sent by registered post to the lessee requiring him to pay the rent within the specified period, has not been complied with.

4.8 Advisers and Interdicted Officers – Overpayments not recouped and payment effected contrary to Regulations

Records pertaining to payment of gratuity to Advisers and salaries/allowances to interdicted officers were examined. The following shortcomings were noted:

- (a) Gratuity of some Rs 85,000 were overpaid to an Adviser/Coach in Judo;
- (b) The name of the Adviser for the Commission for Youth and Sports was not in RRA's Payroll System; and
- (c) Salaries and allowances totalling Rs 5.7 million were paid to five officers since their interdiction, including overpayment of Rs 385,000.

4.8.1 Gratuity of Rs 85,000 overpaid to Adviser/Coach in Judo

An Adviser/Coach in Judo was employed on contract in the Commission for Youth and Sports as from April 2006. Among other terms and conditions of contract, the Adviser was entitled to a gratuity at the rate of 25 per cent of salary payable after every 12 months since his appointment. Despite the fact that a change in the gratuity formula has been recommended in the PRB Report 2008, effective as from 1 July 2008, gratuity equivalent

to 25 per cent of annual salary was continued to be paid instead of two months' salary. During the period 17 April 2009 to 16 April 2020, gratuity of some Rs 85,000 has been overpaid to the Adviser/Coach.

RRA informed NAO that the Commission was requested to initiate action to recover the amount overpaid.

4.8.2 Adviser's name not in Payroll System

On 30 September 2015, an Adviser/Coach was offered employment for the promotion of sports among disabled persons on a sessional basis. Her contract was renewed each year on the same terms and conditions, and the last one was revised for one year as from 5 October 2019 at the rate of Rs 605 per session of three hours.

Unlike other Advisers, her name and monthly fees were not recorded in the RRA's payroll system nor in the list of employees as at October 2020 submitted to NAO officers.

According to the Commission, the payroll system has no provision for employees who are paid on sessional basis since their salaries are not paid from item "Wages and Salaries", and such payments are input on the Treasury Accounts System of RRA.

4.8.3 Salaries and allowances of Rs 5.7 million paid to five officers since their interdiction including overpayment of Rs 385,000

As at October 2020, five employees were interdicted, and one as far back as May 2014, for periods ranging from 12 to 77 months. During their interdiction period, some Rs 5.7 million were paid to them for services not rendered, with monthly emoluments totalling some Rs 209,000.

In addition to payment of monthly salary, other allowances such as end of year bonus, incremental credit, PRB interim allowance, revised salary following PRB Report 2016, car allowance in lieu of duty free, refund of sick leave, phone card fees and even refund of bus fares, were paid to them during their interdiction periods, contrary to Human Resource Management Manual and PRB Report 2016.

As of October 2020, allowances totalling some Rs 385,000 were overpaid to these five officers from their respective interdiction dates, of which only some Rs 64,000 were refunded by three of them.

NAO was informed that as the interdicted officers were also required to exercise their option by a set deadline as per the Ministry of Public Service, Administrative and Institutional Reforms' (MPSAIR) Circular No. 6 of 2016, they were paid both the revised salary and interim allowance as per PRB Report 2016.

NAO's comments

The payment of revised salary and payment of interim allowance to interdicted officers as from January 2016 and January 2020 respectively, was not mentioned in the MPSAIR's Circular.

Follow up on matters raised in Audit Report 2018-19

4.9 Resettlement of Sainte Marie Villagers and Surroundings – Non-compliance with Legislations

Various issues with regard to the resettlement of the villagers of Sainte Marie such as absence of tender procedures for selection of Contractors and delays to start works, were highlighted at paragraph 4.8.4 of the Audit Report for financial year 2018-19.

In July 2018, discussions about the resettlement of villagers of Sainte Marie and surrounding areas were held by the RRA with 15 households, four fishing posts owners, one boat house owner and 10 non-residents having agricultural activities.

The resettlement was expected to start in early 2020. It was not only critical for the smooth running of the development of the Airport Project but also a requirement of two International Financing Organisations.

A review of the project revealed the following implementation issues:

- (a) The Compulsory Land Acquisition Act was not applied by the RRA;
- (b) Value Added Tax was paid to non-registered Contractors;
- (c) There was over commitment of funds; and
- (d) Loan agreement for the financing of the Airport Development was not yet signed.

4.9.1 Compulsory Land Acquisition Act not applied entailing additional expenditure of Rs 20.2 million

During financial year 2018-19, the RRA took possession of the plot of State Land, as well as the properties occupied by the inhabitants of Sainte Marie. At a meeting held on 10 January 2019 with the inhabitants, the latter requested for monetary compensation. As such, the Valuation Department of the Ministry of Housing, Land Use and Planning was called upon to conduct an assessment of their houses in February 2019.

Individual meeting was subsequently held, and the villagers had to decide between either to opt for payment of monetary compensation as per the assessment of Valuation Department or agree to the RRA's proposals. All the 15 inhabitants of Sainte Marie have agreed that RRA shall provide, amongst others:

- A new State Land lease as identified by both parties.
- A new house of the same surface area as their existing house.
- Any other facilities enjoyed by the individuals before relocation on a case to case basis; and
- Agricultural plot to the individual where the latter had such exploitation before relocation.

Eight Contractors were selected for the construction of 15 houses, four fishing posts and one boat house for the beneficiaries, at the rate of Rs 1,400 per ft², on State Land leased to them. The RRA had not enforced the Compulsory Land Acquisition Act, whereby the inhabitants were entitled to compensation for the value of their interest in land compulsorily acquired.

The 15 beneficiaries had not been compensated according to the market value of their houses which amounted to a total of Rs 8.6 million as determined by the Valuation Department. The proposed compensation for plantation and animal shed amounted to Rs 1.19 million and Rs 420,000 respectively. The RRA has, instead, signed agreements with the eight Contractors for the construction of 15 new houses for a total amount of some Rs 28.34 million. Due to the topography of the leased land, retaining walls and associated fillings had to be constructed for an amount of some Rs 2.11 million for all the 15 inhabitants. New fishing posts and boat houses for a total amount of some Rs 9.22 million, were also made available to the five other beneficiaries. Thus the non-recourse to compulsory acquisition has resulted in additional expenditure of some Rs 20.2 million.

4.9.2 Value Added Tax wrongly paid to Non-Registered Contractors

According to the Value Added Tax Act, no person shall charge VAT on any supplies of goods or services unless he is a registered person at the time the supplies are made. As at 30 June 2020, RRA had paid to five non-registered Contractors, three of which not being a company, for their value of works certified, including some Rs 2.5 million as VAT, contrary to the Value Added Tax Act.

4.9.3 Over-commitment of Funds

For financial year 2019-20, some Rs 43.6 million were budgeted under the item “Airport Development”. During the year, some Rs 21.6 million were paid to the eight Contractors, some Rs 26.1 million in connection with the new Land Based Runway and some Rs 300,000 to the Architect and Project Manager.

For the financial year 2020-21, some Rs 21.8 million out of the budget of Rs 23.4 million were earmarked for the provision of water tanks and solar water heaters, construction of a common fishing shed, payment to Contractors and fees to Project Manager, for the resettlement of the Sainte Marie Villagers. Hence, Rs 1.6 million not yet earmarked would not be sufficient to complete the relocation of agricultural activities, estimated at Rs 27 million.

4.9.4 Loan Agreement not Signed

The loan agreement between the local implementing agency and the International Financing Organisation for the financing of the Airport Development Project was not yet signed as of October 2020, although the Memorandum of Understanding and documented procedures for the acquisition, resettlement and actions to restore the quality of life of inhabitants, had already been submitted.

The Airport Development Project could be compromised since the loan agreement for its financing has not yet been signed as of October 2020.

5 – DEPUTY CHIEF COMMISSIONER’S OFFICE

5.1 Rainwater Harvesting – Objective of Providing Subsidies not Achieved

Householders were facing acute shortage of water supply as the distribution of water was very erratic, with interruption of water supply from the main pipes, ranging from three to 22 days in certain regions.

Rainwater Harvesting (RWH) is a short term solution to the acute water shortage in Rodrigues. It is a renewable, sustainable and high quality water source. During the past years, various approaches, as detailed below, have been adopted by both the Deputy Chief Commissioner’s Office (DCCO) and the Commission for Social Security for encouraging the harvesting of rainwater:

- Self-help basis for the construction of 2 m³ water tank, all materials being provided by the DCCO and the European Union.
- The award of contract to a single Contractor on an Island-wide basis for the construction of water tanks of 6 m³.

In 2018-19, a new Scheme was devised where the RRA granted financial assistance (subsidy) to low income households to construct water tank of less than 10 m³ capacity to promote rainwater harvesting.

During the past two years, a subsidy of Rs 10,000 or Rs 15,000 was granted to eligible households depending on their income, for the construction of a concrete water tank of 10 m³ with a view to storing rainwater collected from their houses’ roof so as to improve their livelihood and health status.

The eligibility criteria as approved by the Executive Council, comprised the following:

- (i) Beneficiary should not possess water tank of more than 2 m³;
- (ii) Time frame for the completion of construction being three months, the RRA has the right to request the beneficiary to refund the first instalment for unsatisfactory progress of work; and
- (iii) Payment of grant to be made in two instalments and last payment effected after it is certified that all blocks have been laid.

Total subsidies granted during the two financial years ended 30 June 2019 and 30 June 2020 amounted to some Rs 2.2 million and Rs 1.9 million respectively.

A review of the RWH Scheme has revealed the following:

- The DCCO did not have a complete database of beneficiaries in respect of the various RWH Schemes implemented by the RRA since 2013. Such database would help in identifying eligible beneficiaries, thereby reducing time and cost involved in surveys prior to approval of disbursement of funds.

- As at October 2020, the implementation of the RWH project was not effectively managed. Only 22 out of the 76 beneficiaries who received their grant in February 2019, that is some 18 months back, completed the construction of tanks. Almost the same situation was repeated with the successive batches of beneficiaries from March 2019 to February 2020. No action has been taken against the beneficiaries.
- Monitoring and supervision of works were poor. The RWH project in Rodrigues was not closely monitored and evaluated at regular intervals to ensure its success. According to the status report dated 8 August 2020, out of 389 beneficiaries, only 78 representing some 20 per cent, have completed the construction of their water tanks.
- The condition stipulated in the Contract signed between the RRA and the beneficiaries for the latter to complete the construction of water tank within three months of receipt of first instalment has not been complied with by the remaining 311 beneficiaries.
- The Contract mentioned that DCCO *“has the right to request the beneficiary to refund the first instalment for unsatisfactory progress of work.”* No refund was effected despite the fact that there were 39 beneficiaries who had not reached beam level and the time lag from granting of financial assistance ranged from seven to 18 months.
- There was no sanction clause in the contract concerning non-completion of construction of water tank after receipt of second instalment. Only 78 out of 230 beneficiaries who received the second instalments, have completed the construction of water tanks. In the absence of this clause in the Agreement, no action could be taken against the remaining 152 beneficiaries.
- In August 2020, six months after disbursement of financial assistance to the last batch of 37 beneficiaries, the RRA amended the modalities of the Scheme.

The RRA informed NAO that being given the difficulties encountered with the construction of water tanks by the beneficiaries, the RRA has decided to subsidise part of the labour cost as well. In August 2020, the modalities of the Scheme have been modified and beneficiaries will, henceforth, be provided with materials instead of cash grant and labour cost will be refunded after completion of the construction of water tank.

Follow up of matters raised in Audit Report 2018-19

5.2 Investments in Desalination Projects - Action for boosting water supply not effective

The desalination of water as an alternative to cater for the demand for domestic water consumption was envisaged in early 2012. The daily water demand estimated for farming, domestic and touristic sector ranged between 9,700 to 11,400 m³ in 2020. Water production in Rodrigues was estimated to range between 4,300 to 8,500 m³ per day. Hence, there is a deficit between demand and water produced.

To cope with the increasing demand of water, the RRA had spent some Rs 492 million since start of Desalination Projects up to 30 June 2020. However, only around 2,200 m³ (less than 50 per cent) of potable water were produced daily, instead of the maximum production capacity of 4,500 m³ at the five desalination plants found at Pointe Cotton, Baie Malgache, Pointe Venus, Caverne Bouteille and Songes. As of October 2020, the daily production was only about 700 m³ instead of the 2,000 m³ for both the desalination plant at Caverne Bouteille and Pointe Venus, despite remedial works costing some Rs 14.9 million.

The plant at Baie Malgache of a daily production capacity of 1,000 m³ could not be commissioned due to delay of the DCCO to sort out the issues that arose in a critically dependent project, that is “Construction of Sea Water Intake Structure and Associate Pipelines”.

RRA informed NAO that the desalination plant at Baie Malgache was operating for a test period of 30 days since December 2020 and would be commissioned thereafter. As such, the five desalination plants are producing 3,150 m³ daily.

5.2.1 Construction of Sea Water Intake Structure and Associate Pipelines – Lapses in project implementation

This project has a crucial role in the extraction of sea water for the desalination plant at Baie Malgache to produce potable water. However, as of October 2020, this has not materialised. At paragraph 5.1.4 of the Audit Report for the financial year 2018-19, I reported on the unsuitability of the site, undue delay in project completion, jetty damaged by cyclone and omission of major works as laid down in the contract.

On 1 March 2018, the contract for Sea Water Intake Structure and Associated Pipelines at Baie Malgache was awarded to a Contractor for an amount of Rs 20.17 million.

A review of the project revealed the following lapses in the contract management:

- (a) The views of the DCCO were not in line with that of the Project Consultant;
- (b) Delay damages have not been applied;
- (c) The jetty was not re-constructed as per contract following its destruction;
- (d) Alternative solution was implemented with delay; and
- (e) Materials supplied under the contract were not fully used and abandoned on site.

Conflicting Views between DCCO and Project Consultant

On 10 February 2019, the intake jetty, which had reached 77 per cent completion, was substantially damaged during a cyclone. As of November 2019, the Consultant was of the view that the damages that occurred to the jetty were not foreseeable by an experienced Contractor. According to the Consultant, a claim against the Contractor for delay damages or other general damages after the event which was a ‘*force majeure*’ would not be

successful under the contract. The Consultant advised that the Insurance Company was liable for the risk, and not the parties.

The DCCO was not of the same view of the Consultant that the event that destroyed the jetty was a ‘force majeure’ as this argument was in contradiction with the Particular Conditions of Contract.

The Consultant proposed two options, that is either to terminate the contract or to omit the outstanding works, such as the remaining pipe works for brine reject and reinstatement of the jetty. The DCCO chose the second option without assessing whether this course of action was in its best interest as opposed to that of termination of contract.

Project completion delayed but delay damages not applied

The Consultant issued a Taking Over Certificate on 20 January 2020 for the taking over of part of the works completed on 27 August 2019. The Commission did not accept the reconstruction of the damaged jetty and associated works, and these were therefore omitted at time of taking over.

As at October 2020, delay damages were not yet determined by the Consultant although it approved a Payment Certificate for an amount of some Rs 4.1 million on 13 December 2019.

RRA informed NAO that any delay damages will be recouped following the Consultant’s determination.

Jetty not re-constructed as per contract following its destruction

The Contractor claimed Rs 1.16 million as works performed prior to the damage of the jetty. According to the Commission, the jetty might not have been properly designed and/or constructed. As of October 2020, this dispute was not yet resolved and the jetty was not yet re-constructed. This had impacted on the finalisation of the project.

The RRA informed NAO that:

- The said cost of the jetty was not certified in the last interim payment certificate dated 13 December 2019 although claimed by the Contractor.
- The Commission has undertaken works with regard to the intake infrastructure and consequently, the installation of the plant has been completed at end of December 2020.

Alternative Solution Tardily Implemented

The DCCO proposed as an alternative the installation of four bases in reinforced concrete cylinder into seabed to accommodate pumps for extracting sea water. This work was done in-house using the expertise and knowledge of the Engineer of the DCCO.

On 29 September 2020, that is some 12 months after date of partial handing over, the Consultant was informed about the DCCO's proposals of pump installation, the laying of cable between brine dilution tank and intake pumps installation, and cylinder cover. However, as at 24 October 2020, the views of the Consultant were not yet known. Such delay had impacted on the completion of the project at Baie Malgache as sea water could not be extracted for the operation of the desalination plant.

RRA informed NAO that the pumps have been successfully installed and operational since December 2020.

Materials supplied under the contract not fully used and abandoned on site

During a site visit effected by NAO officers on 21 October 2020, it was observed that the following items were left in an abandoned state on the sea shore and could represent a hazard to the public and the environment:

- (i) 204 metres of HDPE pipes of 300 mm diameter; and
- (ii) 57 anchor cast cement blocks, each of size of 1.4 metre x 1.4 metre x 1.4 metre.

These materials were meant to be installed by the Contractor, but following the DCCO's decision to omit the outstanding works, these were left on site.

RRA informed NAO that part of the 300 mm diameter HDPE pipes and some of the anchor concrete blocks have been incorporated in the works carried out with respect to the intake infrastructure.

5.2.2 Supply of Desalination Plant at Pointe Cotton and Baie Malgache – Additional works awarded without competitive bids

On 9 April 2018, the contract for the supply, installation, testing and commissioning of Reverse Osmosis Desalination Plant and Equipment at Pointe Cotton and Baie Malgache was awarded for some Rs 122.2 million. Works started in May 2018 and completion date was re-scheduled from 22 February to 29 April 2019.

Desalination Plant at Baie Malgache not yet commissioned

As of October 2020, the Plant at Baie Malgache was not yet commissioned, pending the completion of the contract for Sea Water Intake Structure and Associated Pipelines awarded to another Contractor. This had prompted the Contractor for the installation of the Desalination Plant to state that the completion date was “*undefined*” in spite of the extended completion date of 29 April 2019.

RRA informed NAO that the installation of the plant has been completed in December 2020, and the Plant is currently operating for a test period of 30 days as stipulated in the contract.

Additional Works awarded without Competitive Bids

Pending the completion of the contract for the construction of Sea Water Intake Structure, the contract for the supply of Desalination Plant at Baie Malgache could not be finalised. Meanwhile, the Contractor was directly awarded three other works totalling some Rs 1.9 million without any competitive bids. These works were outside the scope of works of the contract.

6 – COMMISSION FOR WOMEN’S AFFAIRS, FAMILY WELFARE, CHILD DEVELOPMENT, INDUSTRIAL DEVELOPMENT, INFORMATION AND COMMUNICATION TECHNOLOGY, VOCATIONAL TRAINING, COOPERATIVES, TRADE, COMMERCE AND LICENSING AND PRISONS AND REFORMS INSTITUTIONS

6.1 Contract for the Upgrading of Rehabilitation Youth Centre at Oyster Bay - New dormitory for girls still not operational

The contract for the upgrading of the Rehabilitation Youth Centre (RYC) at Oyster Bay (2nd Phase) was awarded to a company on 20 July 2017 for the sum of Rs 13.7 million. Works started on 11 September 2017 and were scheduled for completion on 8 March 2018.

The initial scope of works consisted of the construction of a workshop and store at the ground floor with an approximate gross floor area of 176 m², services installation works, drainage installation and landscaping works, amongst others.

An examination of the project revealed the following shortcomings:

- (a) Covering approval of Executive Council was obtained after Commission approved change in scope of works;
- (b) The scope of works was changed after several variations;
- (c) There were several security lapses in the New RYC Block; and
- (d) Claim for extension of time was not yet determined.

6.1.1 Covering Approval of Executive Council obtained after Commission approved Change in Scope of works

On 10 April 2018, the Commission approved the conversion of the workshop room which was in progress, into a dormitory. It was only on 13 September 2018 that the Executive Council’s covering approval was obtained for the conversion of the wood workshop into a Rehabilitation Youth Centre (dormitory) for girls, pending the construction of another RYC for girls at another location. The amendments approved were as follows:

- To construct two additional bathrooms and one toilet for inmates and one bathroom/toilet for staff.
- To maintain the same design for the workshop for pastry/bakery.
- To construct a boundary wall to separate the RYC for boys from the RYC for girls so as to prevent communication.
- To maintain the playground that could be used by both boy and girl inmates.
- To construct an access path from the main gate post to the compound of the proposed RYC for girls to ensure that the two buildings are separate.

6.1.2 Change in Scope of Works effected after several variations

There was no proper planning in the implementation of the project. During the execution of the project, several changes were made in the scope of works. 23 variations works totalling Rs 5.1 million were carried out during the months of September 2018 to May 2019.

6.1.3 Security lapses in New RYC Block

On 8 April 2019, after the works had been practically completed, several security lapses were noted concerning the new dormitory for girls which included, amongst others:

- The fence around tarmac was not high enough, thus representing potential risks for the inmates.
- The height of the wall between the two toilets was too low.
- There was no separation between the RYC for boys and the new RYC for girls at the rear of both buildings.
- The separation between the RYC for boys and the new RYC for girls needed some elevation in order to avoid contact between male and female inmates.
- Tiles/granites were not laid on the kitchen table and the sink was not yet fitted.

According to the Consultant, the construction was as per the Commission's approval/agreement and as per approved drawings with the exception of the kitchen which would be taken care of during the defects liability period. Any works to be carried out to address the other issues would constitute a variation work, and would thus entail further cost.

The RRA informed NAO that following advice from the Consultant and the Commission for Public Infrastructure regarding minor additional works that needed to be carried out at the New RYC block, it was agreed that these works will be carried out in-house by the Maintenance Team.

6.1.4 Claims for Extension of Time (EOT) not yet determined

In February 2020, the Consultant recommended the Commission for Women's Affairs to proceed with the taking over of the works in line with the conditions of contract as the works were substantially completed since 14 March 2019. The works were taken over by the Commission on 19 May 2020.

As at October 2020, the Consultant had not yet proceeded with the determination of the Contractor's claims for EOT so that the Commission could proceed with a claim for delay damages for delays between the expected completion date of 8 March 2018 and the actual completion date of 14 March 2019.

A total amount of Rs 16.4 million was paid to the Contractor, representing the full contract value of Rs 13.7 million and net increase in variation works of Rs 2.7 million as at

27 October 2020. No delay damages were yet determined, and hence, could not be recouped from the contractual amount already paid.

The RRA informed NAO that:

- According to the Consultant, necessary consultation with the Contractor for determination of claims for EOT was in progress.
- No deduction could be recommended from amount paid as the procedure for issuing employer's claim for delay damages was still ongoing.

6.1.5 Site Visit

A site visit was carried out by NAO Officers on 26 October 2020. The following were observed:

- The access path from the main gate post to the compound of the New RYC for girls to ensure the separation of the buildings from the RYC boys was not yet constructed.
- The separation between the two buildings was in galvanised fencing which could allow communication between male and female juvenile offenders.

6.1.6 Status of Project – Dormitory for girls not yet operational

As of October 2020, the defects highlighted in April 2019 were not yet attended to, delay damages were not processed and the new dormitory for girls was still not operational since taking over in May 2020.

The NAO was informed that the RYC will be operational upon completion of necessary procedures and conditions.

6.2 Arrears of Revenue – Inadequate follow up of Arrears

Trade Licences are issued on payment of the prescribed fee for the activities specified in the Eighth Schedule to the Local Government Act and also specified in the first column of the Third Schedule to the Rodrigues Regional Assembly (Licences) Regulations 2003.

- The Commission for Women's Affairs has sent only 1,019 out of the 2,241 notice of claims to licence holders indebted with regard to Trade Licence fees.
- The Executive Council at its meeting held on 13 December 2019 decided that the Commission for Women's Affairs has to work out a repayment plan for trade licence holders who were indebted to the RRA and for those who were no longer operational, to be cancelled in the Licensing system. However, only 34 licence holders agreed to settle their dues in instalments, 116 holders agreed to cancel their licence and 289 reminders were returned.

- The Commission for Women's Affairs has initiated necessary action for the write-off of irrecoverable arrears of revenue with regard to 405 licence holders for some Rs 7 million. The status for the remaining 1,397 licence holders was not available.

RRA informed NAO that notice of claims were not sent for Trade Licences such as Consolidated Retailer and General Wholesaler since such types of Trade Licences no longer appear in the Rodrigues Regional Assembly (Licences) Regulations 2003.

NAO's Comments

Regulations should be made to enable the Commission to send "Notice of Claims" to such Licence holders.

7 – COMMISSION FOR HEALTH, COMMUNITY DEVELOPMENT, FIRE SERVICES, METEOROLOGICAL SERVICES, JUDICIAL SERVICES AND CIVIL STATUS

7.1 E-Health in Rodrigues – Lapses in Contract Management

In April 2017, RRA initiated the computerisation of the health services in Rodrigues. The contract for the supply, installation, commissioning and support services of an e-Health project was awarded for a total sum of Rs 19.7 million to an ICT company. It included the implementation of the six releases and technical support services. The duration of the project was 12 months as from the start date of 9 October 2018 and was to be completed by 10 October 2019. The e-Health system comprised the Patient Electronic Medical Records, Registry and Appointments, Outpatient, Emergency, Inpatient, Stores (Pharmacy), Ward Management, Nursing and Management Information.

A review of the project revealed the following shortcomings:

- (a) Notes of meeting of the Deployment Committee were not produced to NAO officers;
- (b) The project was split into three other contracts;
- (c) Departments/Units were still operating on manual mode; and
- (d) La Ferme Area Healthcare Centre was not yet connected to the system.

7.1.1 Notes of meetings of Deployment Committee not submitted

The implementation of the project was carried out by the Commission for Health with the ICT Manager, as the Project Manager. Three Committees were set up to monitor the project namely, a Steering Committee, an Implementation Committee and a Deployment Committee. The Director, Health Services was appointed the Chairperson of the latter Committee.

The notes of meetings for the Deployment Committee were not submitted to NAO officers despite several requests. Hence, decisions taken at the Committee were not known.

RRA informed NAO that the Committee had met on six occasions from February 2020 to September 2020 and matters discussed were noted by the Hospital Administrator for proper follow up and monitoring.

NAO's Comments

Duly approved notes of meeting by the Committee instead of summarised notes of meeting should be produced to NAO officers.

7.1.2 Project split into three other contracts

To implement the e-Health system, three other contracts for accommodation of server room at Queen Elizabeth Hospital (QEH), procurement of hardware for the end users and

networking, were awarded to other suppliers separately for a total amount of Rs 8 million. Hence, the total cost of the e-Health project amounted to Rs 27.7 million.

RRA informed NAO that it would have been either difficult to mobilise the appropriate service provider with the required capacity to execute the above activities within one contract, or the price would have been significantly increased and compromised the realisation of the project, and it had preferred not to take these risks.

7.1.3 Departments/Units were still operating on manual mode

The ICT Company submitted the project plan in October 2018. The project which started on 9 October 2018 was expected to be completed by 10 October 2019 and to be implemented in four phases. On completion and commissioning of the project, the e-Health system was to go live as from October 2019.

The project was completed and commissioned on the contractual date of 10 October 2019. However, as of October 2020, that is one year after the commissioning date, most of the departments and units of the hospitals, the Area Healthcare Centres (AHC) and the 14 Community Healthcare Centres were still running on manual mode.

RRA informed NAO that delay in the project implementation was due to the cropping up of issues with regards to in-patient module which could not be foreseen.

7.1.4 Site visit to La Ferme Area Healthcare Centre

During a site visit effected by NAO officers on 26 September 2020 at La Ferme AHC, it was observed that two Personal Computers (PCs) were kept idle in the Pharmacy. According to the Senior Dispenser, these PCs had not been used since their receipt in February 2020. Although the data cabinet was placed in the Area Healthcare Centre, installation and connection of data cable were not yet completed.

RRA informed NAO that being given the system was still at the soft launching stage at QEH, the system had not yet been extended to different AHCs. The extension is being targeted by August 2021 at latest.

7.2 Queen Elizabeth Hospital and La Ferme Area Healthcare Centre – Inadequate drug management and expired Fire Extinguishers not renewed

A review of the records pertaining to management of drugs at the QEH and a site visit effected by NAO Officers at La Ferme AHC on 26 September 2020 revealed the following shortcomings:

- (a) Expired drugs were awaiting write-off since January 2018 and 18 drugs were out of stock at QEH;
- (b) There were discrepancies in stock of drugs at QEH Pharmacy; and
- (c) Expired Fire Extinguishers were not renewed.

7.2.1 Expired Drugs awaiting write-off and Drugs out of stock at QEH

As at September 2020, several expired drugs totalling some Rs 200,000, were awaiting write-off, and 18 drugs were out of stock, four as far back as 2019. As these drugs were not available at the Central Supplies Division (CSD), they were purchased locally. During financial year 2019-20, drugs to the tune of Rs 3.5 million were purchased mainly from suppliers in Mauritius.

The RRA informed NAO that:

- The Pharmacy Department has disposed a batch of expired drugs on 9 September 2020, and is actually working on a new batch to be disposed of during February 2021.
- A proper recording and monitoring system has been set up to minimise stocking of expired drugs and to ensure timely write off procedures and disposal thereof.

7.2.2 Discrepancies noted during physical survey at QEH Pharmacy

Discrepancies were noted in the four drug items physically surveyed by NAO Officers on 21 September 2020 at the main Pharmacy Store of the QEH. Details are at Table 8.

Table 8 - Discrepancies in Stock of Drugs found during survey

Items	Quantity as per		Discrepancy
	Physical survey	e-Health System	
Metoclopramide inj 10mg	240 ampoules	200 ampoules	40 ampoules
Dexamethasone 8mg/2ml	2,400 ampoules	2,430 ampoules	30 ampoules
Telazine 5mg	13,600 tablets	None	13,600 tablets
Danazole 200mg	864 capsules	1,000 capsules	136 capsules

The Pharmacist informed that the 13,600 Telazine tablets (5 mg) were issued to the sub-Pharmacy Store (Dispensing Unit). However, there was no store form nor any transfer entries to support the transfer in the e-Health System.

The RRA informed NAO that it is practically impossible to have the accurate stock quantities of drugs available at the Pharmacy Department which operates on a 24-hour basis since drugs are continuously dispensed. The 13,600 Telazine tablets were issued to the sub-Pharmacy and the e-System was not finalised.

7.2.3 Expired Fire Extinguishers not renewed at La Ferme AHC

Fire-fighting appliances were not maintained in a serviceable condition and readily available for immediate use, contrary to financial instructions.

The 15 fire extinguishers of La Ferme AHC had already expired since as far back as 2016 and were neither renewed nor replaced since then. Although the date of checks made by the Fire and Rescue Services were recorded on some fire extinguishers, the new expiry dates were not recorded therein.

RRA informed NAO that necessary actions have been taken for the replacement of the expired fire extinguishers and a monitoring system for the extinguishers has been set up.

8 – COMMISSION FOR SOCIAL SECURITY, HOUSING, LABOUR AND INDUSTRIAL RELATIONS, EMPLOYMENT AND CONSUMER PROTECTION

8.1 Construction of a Social Security House (Administrative Block) at Mont Lubin still not completed

The objectives to decrease high rental costs of buildings and to provide office space to accommodate the Head Office of the Commission together with its various Units in its new building, have not been attained.

A review of the project revealed the following lapses:

- (a) There was delay in project completion;
- (b) Delay damages have not been applied; and
- (c) Rental of Rs 2.8 million was being disbursed annually.

8.1.1 Delay in project completion

The contract for the construction of a Social Security House (Administrative Block) at Mont Lubin was awarded on 3 July 2017 for some Rs 110 million. The site was handed over to the Contractor on 3 August 2017 and works started on 21 August 2017 with expected completion date of 14 November 2018. In September 2020, extension of time totalling nine calendar days was approved by the RRA, bringing the new completion date to 23 November 2018. As per the status report issued by the Consultant, the overall progress of works was 97.5 per cent as at September 2020, that is some 21 months from the extended completion date. As at October 2020, works were still not completed.

8.1.2 Delay damages not applied

As at mid-September 2020, some Rs 91.2 million, representing 82 per cent of contract value were already paid to the Contractor. Delay damages as per conditions of contract at the maximum rate of 10 per cent of the contract price, were not yet applied.

8.1.3 Rental of Rs 2.8 million disbursed annually

During the past seven years, the Commission for Social Security has been renting office spaces with an annual rental varying from Rs 2.1 million in 2013 to Rs 2.8 million in 2020, to house its Head Office and different Units/Divisions.

Further delay in the completion of the Social Security House (Administrative Block) would entail additional disbursement of significant amount of public funds for renting of private buildings.

8.2 New Social Housing Scheme – Lapses in the Implementation of the Scheme

The New Social Housing (NSH) Scheme is meant for the construction or extension of social housing units of floor area up to 50 m², valued up to a maximum of Rs 600,000 for the benefits of low income group families to improve their housing conditions. The project consists of four schemes of which two schemes for household with monthly income of less than Rs 5,000 and between Rs 5,001 to Rs 10,000 respectively were examined. For the financial years ended 30 June 2019 and 2020, some Rs 55.3 million and Rs 44.9 million respectively have been disbursed by the RRA under the NSH Scheme.

A review of the NSH Scheme revealed the following shortcomings:

- (a) Terms and conditions of agreement were not complied with;
- (b) Public Procurement Act was not complied with; and
- (c) Construction of most housing units were completed with much delay.

8.2.1 Terms and conditions of Agreement not complied with

Applications received under the NSH Scheme are assessed and a pre-selection letter is issued to each eligible applicant, specifying under which scheme the household had been selected. After acceptance of the terms and conditions of the pre-selection letter, a second letter conveying approval of grant with new conditions, is issued to the beneficiaries.

- The beneficiaries are informed in the second letter conveying approval of grant that in case the Contractors fail to complete the laying of the roof slab four months after the commencement date, the latter will have to face a penalty fee and the contract will be automatically terminated. However, the penalty and termination of contract clauses were not always applied although several cases where roof slabs had been cast after four months were noted.
- From a sample of 25 cases, requests to release payments to the Contractors were made by the Inspectors in all cases prior to completion of beneficiaries' beams and roof slabs, contrary to terms and conditions.

The RRA informed NAO that the penalty clause was applied against one Contractor.

8.2.2 Public Procurement Act not complied with

No tendering procedures were initiated by the RRA to choose the lowest responsive bidder for the construction of housing units for the beneficiaries selected under the NSH Scheme, contrary to Public Procurement Act. RRA was not involved in the selection of the Contractor for construction of beneficiaries' housing units. Instead, a pool of some 30 local Contractors registered with the Construction Industry Development Board and willing to participate in this project, was made available to the beneficiaries by the RRA. Agreement was thereafter signed between the selected Contractors and the beneficiaries. No Agreement was, however, made between the beneficiaries/Contractors and the RRA, although some Rs 100 million were disbursed under the Housing and Rehabilitation Programme during the past two financial years ended 30 June 2020.

RRA informed NAO that no Agreement could be signed between the Contractors and RRA as it is the beneficiaries who choose their Contractors and not the RRA.

NAO's Comments

Given that the NSH Scheme is being financed mainly by RRA, it is the latter's responsibility to select the Contractors for the construction of housing units through tendering procedures, and not that of the beneficiaries.

8.2.3 Construction of housing units completed with much delay

From a sample of 25 housing units selected, eight were completed within periods ranging from 12 to 40 months and the construction of four housing units, started in mid-2017, was still not completed as at October 2020, contrary to the conditions of Agreement, that is to complete construction within six months from the commencement date.

In certain cases, due to the lengthy time taken for the approval of change of Contractors as requested by beneficiaries, the completion of their housing units was delayed.

RRA informed NAO that the delay related mainly to the Contractor whose Manager had passed away. The beneficiaries have been contacted to select another Contractor to complete their houses.

8.3 Casting of Roof Slab Scheme – Lapses in the Implementation of the Scheme

The objective of the Casting of Roof Slab Scheme which was put in place since December 1997 is to provide financial support in the form of a grant to needy families having difficulties to cast the roof slab of their houses, whether situated on private land or State land leased from the Government and to meet the cost of demolishing old roof and casting new roof slab. Over the years, the ceiling of financial assistance has been revised upwards. As from 1 July 2019, the financial assistance were in the range of Rs 50,000 to a maximum of Rs 100,000, depending on the monthly family income.

The services of two private Service Providers were retained by the Commission since September 2018 for measurement of areas of residential buildings for the granting of financial assistance and effecting site visits. These tasks were previously performed by the Inspector of Works of the Commission.

A review of the Scheme revealed several cases where beneficiaries have not complied with conditions of the Casting of Roof Slab Agreement and no sanctions have been initiated by the Commission. A Monitoring Committee was not set up by the Commission to properly manage the Scheme.

8.3.1 New Roof slab not cast

In December 2018, the Engineer had recommended a beneficiary to demolish the existing roof slab prior to re-cast new slab and to cast new slab on the extension part. Financial assistance of Rs 41,025 was provided to the beneficiary in October 2019. Unlike in other cases, no undertaking was made by the beneficiary that the existing roof slab would be pulled down prior to re-cast of new one. Site visit effected by NAO Officer in October 2020 revealed that new roof slab on the extension part only was cast; the existing roof slab was not pulled down and re-casting of new roof slab was not done.

In early 2020, financial assistance of Rs 75,000 was provided to another beneficiary for casting of new roof slab. Following re-visit made by a Service Provider on 19 September 2020 (six months after payment date) and site visit effected by NAO officers in October 2020, the roof slab was still not cast.

RRA informed NAO that an extension of time was granted to the second beneficiary to complete the casting of roof slab.

8.3.2 Misleading information given by Service Providers

In six cases, the Engineer had recommended the demolition of roof slabs and casting of new ones. Financial assistance totalling some Rs 300,000 was granted to the five beneficiaries. The Service Providers had reported that all the roof slabs were cast by the beneficiaries. However, site visits effected by NAO officers in October 2020 accompanied by the Service Providers revealed that contrary to the recommendation of the Engineer, all the roof slabs were either repaired or not demolished to cast new one.

A Departmental Enquiry Committee should be set up to investigate into similar cases and to take appropriate action against the Service Providers and defaulting beneficiaries for non-compliance.

RRA informed NAO that a Committee will be set up to investigate into cases where roof slabs were reported as cast, when same were not cast or cast partly.

8.3.3 Financial Assistance not computed as per Building Permit and only half roof slab area cast

In August 2018, Rs 62,272 were granted to a beneficiary for re-casting of roof slab. The area of the building as per the Building Permit dated 5 November 2014 was 45 m². However, financial assistance was based on the actual area of 83 m². Building Permit for the additional area of 38 m² was neither requested nor obtained from the Deputy Chief Commissioner's Office.

During site visit effected by NAO officers in October 2020, only half of the total roof area was demolished and new slab was cast thereon. The remaining part was not demolished nor was new slab cast.

8.3.4 Existing Agreement needed to be amended

Among the five conditions specified in the Casting of Roof Slab Agreement, the beneficiary undertakes to cast the roof slab within a period of six months from payment date. However, no condition was included to compel the defaulting beneficiaries to refund the financial assistance granted if they failed to cast their roof slabs within the six-month period and where re-casting of roof slabs were not done as per Engineer's recommendation.

NAO was informed that necessary action will be taken for the amendment of Agreement to include such clauses.

8.3.5 No Agreement seen

Casting of Roof Slab Agreement between the representative of RRA and the beneficiaries was not always signed prior to release of grant.

Out of a sample of 13 beneficiaries' files examined, 12 Agreements for grant totalling Rs 580,635 were not seen.

RRA informed NAO that the Commission will liaise with the National Housing Development Co. Ltd to put in place a Policy of having Agreement signed prior to disbursement of funds.

8.3.6 No Monitoring Committee set up

No Monitoring Committee was set up at the Commission to follow up cases where conditions of the Agreement have not been complied with by the beneficiaries. No action was also taken by the Commission against the defaulting beneficiaries.

A Monitoring Committee should be set up to ensure that conditions of the Scheme and those set out in the Agreement are complied with and to report cases where the beneficiaries had defaulted.

RRA informed NAO that a Committee will be set up in that respect.

9 – COMMISSION FOR AGRICULTURE, ENVIRONMENT, FISHERIES, MARINE PARKS AND FORESTRY

9.1 Construction of a Coffee Processing Plant at Mon Plaisir – Lapses in Procurement process and start up issues for operation

The construction of a Coffee Processing Plant was motivated after several prospection missions of a Coffee Expert. Bids for the construction of a Coffee Processing Plant at Mon Plaisir were launched on 9 March 2018. The contract was awarded on 28 May 2018 for some Rs 20.5 million.

A review of the project revealed the following:

- (a) Feasibility study was not undertaken prior to the construction of the Coffee Processing Plant;
- (b) Delay of 547 days was noted and project was not yet handed over to the Commission as at October 2020;
- (c) Contract Manager was absent on site during the whole construction period;
- (d) Basic requirements were not provided in initial scope of works but accommodated as variation works; and
- (e) Issues with regards to the operationalisation of the infrastructure were not resolved.

9.1.1 Project Feasibility not undertaken prior to Construction of the Coffee Processing Plant

There was no project write-up or feasibility study prior to the construction of the Coffee Processing Plant. Hence, public funds had been spent without taking into consideration any analysis of the pay back or returns on investment.

NAO was informed that a brief regarding the construction of Coffee Processing Plant was submitted to the Economic, Planning and Monitoring Unit for discussion and inclusion in the RRA budget.

9.1.2 Delay of 547 days and Project not yet handed over to the Commission

The construction of the Coffee Processing Plant started on 25 September 2018 and was due to be completed on 22 April 2019. The project was still not handed over to the Commission as of 21 October 2020, accumulating delay of 547 days. There was no indication in relevant file as to the allowable quantum of delay damages to be charged to the Contractor.

As of 21 October 2020, the Commission for Agriculture had already disbursed Rs 20.5 million to the Contractor.

RRA informed NAO that adverse factors such as cyclones, heavy rainfall and the closure of site of work during lockdown period, amongst others, have caused delays in the timely completion of the project. A final assessment was being carried out by the Consultant

regarding the claim for extension of time by the Contractor. In the event of accumulated delays, penalties will be applied.

9.1.3 Absence of Contract Manager on site during whole construction period

The Consultant had repeatedly reported in site meetings about the absence of the Site Manager since initiation of the project. The main reason that could be attributed to the long delay in the completion of the project was the continuous absence of such key personnel on the site of work.

9.1.4 Basic requirements not provided in initial scope of works but accommodated as variation works

The Commission for Agriculture had approved four variation orders to the tune of Rs 4.4 million. This had led to an increase in contract value from Rs 20.5 million to some Rs 24.9 million.

Basic infrastructural facilities like construction of 310 metres track road to the tune of Rs 1.3 million and erection of a wind screen to protect and consolidate the openings against gust and rain were amongst the various additional works carried out. These were not considered at the project inception stage.

The RRA informed NAO that the construction of track road was decided at a later stage when another project under the purview of the Commission was underway.

9.1.5 Issues regarding the operationalisation of the infrastructure not resolved

Forecasted low harvest of Coffee beans

The area at Saint Gabriel, of an extent of 5.2 hectares, accommodated some 7,300 coffee seedlings/plants. It was originally expected that the production would turn out to be 12 tons of dry beans as from year 4, from which 1,500 kg of coffee could be obtained. Additionally, plantation would be extended to Le Choux and L'Union and the total production would be in the range of 25,000 - 30,000 plants, out of which 6-20 tons of coffee beans could be produced.

As per information gathered, only some 70 kg of coffee beans would be available for processing by the end of December 2020. Plantation of coffee at Le Choux and L'Union has not yet started.

RRA informed NAO that necessary actions have been initiated for the plantation of coffee seedlings at the two additional sites.

Absence of strategic direction on the operationalisation of the Plant

As at October 2020, decision had still not been taken as to whether the Commission for Agriculture or the Cooperative Society which was producing the coffee beans or a Private Company under the Public Private Partnership Scheme, would be called upon to manage and operate the Coffee Processing Plant.

RRA informed NAO that the Co-operative Society is being involved in the production of coffee only on a site that has been leased since 2014. A policy decision will be taken regarding the operationalisation of the Coffee Plant.

RRA should prioritise its resources. Investment in slow or non-performing activities tantamounts to capital being tied up and therefore not providing any benefits to the Rodriguan economy. The success of the project is dependent on both the quality and quantity of coffee beans available on the market for processing and other added value services such as the development of Agro-Tourism activity.

9.2 Agricultural Schemes – Objectives not attained

The Commission for Agriculture has launched and sponsored several Schemes since 2015 in an attempt to boost the agricultural sector in Rodrigues. As at October 2020, 18 Schemes were put at the service of the local community with incentives varying from Rs 160,000 to Rs 1.7 million per beneficiary. As at 30 June 2020, some Rs 40 million had already been disbursed to those beneficiaries.

The various Agricultural Schemes put in place had not attained the expected results. There was inadequate monitoring and supervision by the Commission regarding the implementation of these Schemes.

For a sample of five Schemes examined by NAO, some Rs 34 million were disbursed to 107 beneficiaries as detailed in Table 9.

Table 9 - Details of payment effected to Beneficiaries

Schemes	No. of Beneficiaries	Disbursement as at 30 June 2020 Rs
Model Orchard Scheme	5	8,122,117
Goat/Sheep Integrated Farm Scheme	22	10,653,719
Local Poultry Integrated Farm Scheme	24	3,601,916
Black Pig Integrated Farm Scheme	13	4,101,290
Chilli Farm scheme	43	7,909,000
Total	107	34,388,042

Source: Detailed Listings from Commission for Agriculture

9.2.1 Issues Hampering the Performance of the Schemes

Model Orchard Scheme

The Scheme consists of the installation of a modern irrigation system, including water reservoir, construction of a model shelter of 50 m², installation of suitable wind break, and purchase of support materials for the production of fruits, among others. Five beneficiaries were entitled for grant of Rs 1.7 million each.

During site visits effected by the officers of the Commission for Agriculture in June 2020, it was noted that the overall progress was around 85 per cent regarding construction of the model shelter. However, as regards fruits plantations, limited number of plants was seen on sites.

Goat/Sheep Integrated Farm Scheme

This Scheme is meant to promote professional production of goat/sheep in an ideal environment. The overall objective is to sustain the livestock sector using the 'cut and carry' concept. The following were reported by the officers of the Commission during site visits in June/July 2020:

- Shed construction was not yet completed in almost all cases, and there was not much progress since 2018.
- Pasture management, which was mandatory under the 'cut and carry' concept, was not carried out in several cases.
- Of the 20 animals donated to the beneficiaries for reproduction purpose since start of the Scheme, only 10 were on sites. Complaints made by breeders were that the donated animals did not adapt to being bred in captivity, and thus died due to stress.
- Furthermore, one of the 22 beneficiaries who was granted some Rs 580,000, subsequently abandoned the Scheme due to taking employment in the Public Service.

Local Poultry Integrated Farm Scheme

The purpose of the Scheme is to promote large scale commercial production of local free range poultry. However, the progress was slow since its launching in 2015. The observations made by the Commission in June 2020 were as follows:

- In most cases, construction of the henhouses were not yet completed.
- No progress was made by the beneficiaries in terms of number of hens on site.
- Sales of poultry as reported by farmers were low.

Black Pig Integrated Farm Scheme

The purpose of the Scheme is to provide assistance to eligible entrepreneurs for the setting up of black pig model farms with a view to reviving and professionalising the production of black pigs in Rodrigues and for the production of processed products, like hams and sausages, among others. However, one beneficiary who was granted some Rs 385,000 had emigrated to another country and left the site in an abandoned state.

According to Commission, the situation at June 2020 was as follows:

- Four of the 13 beneficiaries had not completed the construction of pigsty.
- Production rate was low and did not meet the expected results of the Commission.

Chilli Farm Scheme

The purpose of this Scheme is to provide facilities to local entrepreneurs for the setting up of chilli farms on 10 acres of land so as to promote chilli production for local and tourist markets, and to provide material for the agro-processing sector.

Only seven of the 43 beneficiaries had attained the objectives set. The other 36 beneficiaries were growing vegetables other than chilli, because of diseases, bacterial wilt, land left for regeneration and plots of land invaded by wild “acacia” plant.

The RRA should rescind the agreements as per the Special Conditions for non-performing beneficiaries. As performance indicators were not set for expected outputs, the Commission could not assess the extent to which the different Schemes had attained their objectives.

The RRA informed NAO that:

- The Executive Council has conveyed approval to recover Schemes where beneficiaries had abandoned their project. Actions have already been initiated accordingly.
- A new set of criteria has been devised for the selection of Schemes. There would be a better monitoring by a dedicated team, comprising Scientific Officers.

10 - COMMISSION FOR YOUTH AND SPORTS, ARTS AND CULTURE, LIBRARY SERVICES, MUSEUM, ARCHIVES AND HISTORICAL SITES AND BUILDINGS

Follow up of matters raised in Audit Report 2017-18

10.1 Upgrading of Camp du Roi Stadium – Lapses in Contract Management

The contract for the upgrading of Camp du Roi Stadium was awarded on 12 July 2017 to a Contractor for the sum of Rs 33.3 million and comprised the destruction of existing boundary wall, demolition of existing seating area and construction of new stand, and installation of associated services. The contractual period was 180 days and the intended completion date was scheduled for 25 February 2018.

Various issues such as insignificant mobilisation of labour and plant, absence of key personnel, slow progress of work, outdated programme of work and non-application of delay damages were highlighted at paragraph 10.2 of the Audit Report for the financial year 2017-18.

The following lapses in contract management were again noted:

- (a) Stadium was taken over with outstanding works;
- (b) Delay damages were not applied;
- (c) Contractual documents were not renewed; and
- (d) Submission of certain documents was still outstanding.

10.1.1 Taking over of stadium with outstanding works

On 23 July 2019, in view of the organisation of the Indian Ocean Island games, the Commission for Youth and Sports had no option than to take over the site despite the fact that works were outstanding, major defects were not remedied and overall progress of works being at 82 per cent.

According to the Consultant for the project, the eventual use of the stadium could have contractual implications. However, it advised the Commission to take over the site with the omission of outstanding works instead of terminating the contract on ground of non-performance as the Commission would be using the stand on 26 July 2019. The works outstanding from the Contractor's initial scope of works amounting to some Rs 6.48 million, VAT exclusive, were included among other works in a separate contract which was launched on 27 February 2020.

In October 2019, the Consultant signed the Taking Over Certificate, attesting that the stand had been used by the Commission and thus deemed to have been taken over on 26 September 2019 except for some major and minor defects, and various omissions. The major defects were waterproofing works at the VIP stand not done according to specifications and incorrect height of risers to stands and stairs.

The Taking Over Certificate was issued for the works as per contract, with some reservations, thereby relieving the Contractor of its contractual obligation to complete the works. These comprised fixing of granites and tiles to worktop, installation of water closets and urinals, tiling works, and mechanical, electrical and plumbing works.

The RRA informed NAO that with regards to major defects, matters were being taken up with the Consultant to ensure appropriate course of action.

10.1.2 Delay damages not applied

Works were not completed by the contractual date of 25 February 2018. Extension of time of 27 days was granted by the Consultant for which covering approval was given by the Commission for Youth and Sports on 5 September 2018. The completion date was thus extended to 24 March 2018.

Delay of 551 days was noted in the deemed completion of the contract. Hence, the maximum amount of delay damages, that is 10 per cent of contract value, was applicable. No deduction for delay damages was retained on interim payment made to the Contractor though the contractual completion date had already been exceeded.

It was only on 20 November 2019 that the Commission informed the Contractor for application of delay damages up to a maximum amount of Rs 2.25 million, as the contract value was revised downwards to Rs 22.5 million, VAT exclusive, after adjusting for omission of works of some Rs 6.48 million, VAT exclusive. As at June 2020, a total amount of some Rs 24.5 million was already paid to the Contractor without the retention of delay damages.

10.1.3 Non-renewal of contractual documents

The Commission had not ensured that the performance security was valid and enforceable until the Contractor has executed and completed the works and remedied all defects. The performance security of some Rs 3.33 million which expired on 31 August 2020 was not renewed until all works were completed and up to end of the maintenance period of 26 September 2020.

Moreover, the insurance policy which expired on 31 August 2019 was also not renewed up to the end of the defects liability period of 26 September 2020.

The RRA informed NAO that the Contractor has failed to comply with its obligation to extend the contractual documents despite being instructed by the Consultant.

10.1.4 Outstanding Documents

The Contractor did not submit the As-built drawings and the Guarantee Certificate for anti-termite at time of submission of the Practical Handing Over Certificate.

RRA informed NAO that the Contractor has been instructed to submit outstanding documents and same are being awaited.

APPENDIX

Appendix

NATIONAL AUDIT OFFICE OVERVIEW OF MANDATE AND AUDIT PROCESS

1.1 Introduction

The National Audit Office (NAO) is an independent public body established by the Constitution of the Republic of Mauritius. The Director of Audit is the head of the NAO and his appointment, independence, security of tenure, as well as his authority are spelt out in the Constitution while his duties and powers are laid down in the Finance and Audit Act.

In the international forum, NAO is referred to as the Supreme Audit Institution (SAI) of Mauritius. SAIs around the world are affiliated to the International Organisation of Supreme Audit Institutions (INTOSAI), an autonomous, independent and non-political organisation, which operates as an umbrella organisation for the external government audit community.

NAO forms an integral part of the governance system of Mauritius, promoting accountability, transparency and contributing to the improvement in the management of public funds. Public sector entities are accountable to the National Assembly for the use of public resources and powers conferred on them. It is the responsibility of NAO to give independent assurance to the National Assembly and other oversight bodies that the public sector entities are operating and accounting for their performance in accordance with the purpose intended by the National Assembly. NAO, thus, plays a vital role in the accountability cycle.

1.2 NAO in the Accountability Process

The demand for public accountability on the part of the persons or entities managing public resources has become increasingly prominent over the years, such that, there is greater need for the accountability process in place to operate effectively. In Mauritius, the key stakeholders exercising financial control over public resources are:

- National Assembly
- Government Executives (Accounting Officers)
- Accountant-General
- National Audit Office (Director of Audit)
- Public Accounts Committee

The part played by these stakeholders in the accountability process is briefly described below:

National Assembly

The only authority for the expenditure of public funds and for the raising of revenues by public bodies is that which is given by Parliament through the National Assembly. The National Assembly approves the Government Annual Estimates and this approval is given statutory force by the passing of an Appropriation Act each year, whereby the amount allocated for each Government service is set out under a series of “Votes”. Subsequently,

the Appropriation Act is assented by the President of the Republic of Mauritius and gazetted.

Accounting Officers

The Accounting Officers of Ministries and Government Departments are mainly the Senior Chief Executives, Permanent Secretaries and Administrative Heads. They are responsible for the efficient and effective management of funds entrusted to them, the collection of revenues falling under their responsibility and the delivery of services, as well as for the maintenance of an effective accounting and internal control systems. As such, they are accountable to the National Assembly for the management of public resources and for the performance of their departments.

Accountant-General

The Accountant-General is the administrative head of the Treasury. He maintains the accounts of Government and ensures that accounting systems respond to Government's needs for the proper processing, recording and accounting of financial transactions and for financial reporting. The Accountant-General prepares Annual Statements showing the financial transactions and financial position of the Republic of Mauritius and these are submitted to the Director of Audit. The statements give consolidated financial information on Ministries and Government Departments.

National Audit Office

NAO plays an important role in the accountability process, providing a key link between the Legislature and the Executive. NAO gives an independent assurance to the National Assembly that Government entities are operating and accounting for their performance in accordance with the National Assembly's purpose. Statutory responsibilities and powers have thus been conferred to the Director of Audit to enable him to fulfil his obligations. NAO examines the Annual Statements of the Republic of Mauritius, as well as the underlying records. The audit function and the submission of annual Audit Reports to the National Assembly by NAO is the first step in the process of oversight. After the Audit Reports are tabled, other important mechanisms are in place to ensure proper accountability.

Public Accounts Committee

The Public Accounts Committee (PAC) represents Parliament and is one of the main stakeholders of the Report of the Director of Audit. It is a sessional Select Committee, appointed under the Standing Orders of the National Assembly, and consists of a Chairperson appointed by the Speaker and not more than nine members nominated by the Committee of Selection.

As per the Standing Orders, the function of the Committee is to examine the audited accounts showing the appropriation of the sums granted by the Assembly to meet the public expenditure and such other accounts laid before the Assembly as the Assembly may refer to the Committee together with the Director of Audit's report thereon. The Committee has the power, in the exercise of its duties, to send for persons and records, to take evidence, and to report from time to time.

Also, the Rodrigues Regional Assembly (RRA) Standing Orders provide for the setting up of a PAC comprising a Chairperson and not more than four other members to examine the audited accounts showing the appropriation of the sums granted by the Regional Assembly to meet the public expenditure and other accounts laid before the Assembly together with the Report of the Director of Audit thereon.

1.3 Mandate of the NAO

1.3.1 Audit Portfolio

The Director of Audit has the responsibility to audit the accounts of:

- All Ministries and Government Departments
- All Commissions of the Rodrigues Regional Assembly
- All Local Authorities
- Most Statutory Bodies
- Special Funds
- Other Bodies and Donor-funded Projects
- A few State-owned Companies

1.3.2 Types of Audit

The NAO carries out two main types of audits, namely **Regularity Audit** and **Performance Audit**, to fulfill its audit mandate and to provide assurance to the National Assembly on the proper accounting and use of public resources.

Regularity Audit involves:

- Examination and evaluation of financial records and expression of opinions on financial statements
- Audit of accounting 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 Supreme Audit Institution considers should be disclosed

Performance Audit 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. It seeks to provide new information, analysis or insights, and where appropriate, recommendations for improvement.

1.3.3 Legal Framework

The legal framework within which NAO exercises its public-sector audit function is spelt out, primarily, in the following legislations:

- The Constitution
- Finance and Audit Act
- Statutory Bodies (Accounts and Audit) Act
- Local Government Act
- Public Procurement Act
- Financial Reporting Act

Agreements with several institutions/donor-funded agencies also empower the Director of Audit to audit their accounts.

Constitution

Section 110(2) provides that the public accounts of Mauritius and of all courts of law and all authorities and officers of the Government shall be audited and reported on by the Director of Audit. In the case of any body corporate directly established by law, the accounts of that body corporate shall be audited and reported on by the Director of Audit provided it is so prescribed.

Section 110(3) provides that the Director of Audit shall submit his reports to the Minister responsible for the subject of Finance, who shall cause them to be laid before the National Assembly.

1.4 Audit of Ministries and Government Departments - Finance and Audit Act

The duties of the Director of Audit are spelt out at Section 16 (1) of the Act.

This subsection states that the Director of Audit shall satisfy himself –

- (a) that all reasonable precautions have been and are taken to safeguard the collection of public money;
- (b) that all laws, directions or instructions relating to public money have been and are duly observed;
- (c) that 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;
- (d) that 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; and

- (e) that satisfactory management measures have been and are taken to ensure that resources are procured economically and utilised efficiently and effectively.

Section 16(1A) further requires the Director of Audit to carry out **Performance Audit** and to report on the extent to which a Ministry, Department or Division is applying its resources and carrying out its operations economically, efficiently and effectively.

Section 16(2) provides that the Director of Audit shall not be required to undertake any examination of accounts partaking of the nature of a **pre-audit** and involving acceptance by him of responsibility which would preclude him from full criticism of any accounting transactions after those transactions have been duly recorded.

Section 19 provides that the **Accountant-General** shall within six months of the close of every fiscal year, sign and submit to the Director of Audit **statements** presenting fairly the financial transactions and financial position of Government on the last day of such fiscal year.

For the **Rodrigues Regional Assembly**, the Commissioner responsible for the subject of Finance must submit the respective statements within three months of the close of every fiscal year.

Section 20 provides that the Director of Audit shall send to the Minister (responsible for the subject of Finance) **copies of the statements** submitted in accordance with Section 19 together with a **certificate of audit** and a **report upon his examination and audit** of all accounts relating to public money, stamps, securities, stores and other property –

- (a) of Government;
- (b) of the Regional Assembly relating to the Island of Rodrigues,

and the Minister shall as soon as possible thereafter lay those documents before the National Assembly.

1.5 Audit of Special Funds - Regulations under Finance and Audit Act

The preparation of Financial Statements in respect of Special Funds and the audit thereof are regulated by the regulations (issued under the Finance and Audit Act) or such legislations under which such Special Funds are established.

1.6 Audit of Statutory Bodies - Statutory Bodies (Accounts and Audit) Act

Section 5 provides that every Board shall, every financial year, with the approval of the Minister to whom the responsibility for the statutory body concerned is assigned, appoint an **auditor to audit the financial statements** of the statutory body. This does not apply where the enactment establishing the statutory body provides that the Director of Audit shall audit its financial statements.

Section 7 provides that after approval by the Board (of a Statutory body), the chief executive officer shall, not later than four months after the end of every financial year, submit the **annual report** to the auditor.

The Director of Audit shall, within six months of the date of receipt of the annual report, submit the **annual report** and his **audit report** to the Board.

Section 8 prescribes matters on which the Director of Audit should report.

As per Section 8, the Director of Audit shall report to the Board whether -

- (a) he has obtained all the information and explanations which to the best of his knowledge and belief were necessary for the purpose of the audit;
- (b) in his opinion, to the best of his information and according to the explanations given to him, the financial statements give a true and fair view of the financial performance of the statutory body for the financial year and of its financial position at the end of the financial year;
- (c) this Act and any directions of the Minister, in so far as they relate to the accounts, have been complied with;
- (d) in his opinion, and, as far as could be ascertained from his examination of the financial statements submitted to him, any expenditure incurred is of an extravagant or wasteful nature, judged by normal commercial practice and prudence; and
- (e) in his opinion, the statutory body has been applying its resources and carrying out its operations fairly and economically.

Section 9 provides that, 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 to whom responsibility for the Statutory Body is assigned, such reports and financial statements. The latter shall, at the earliest available opportunity, lay a copy of the annual report and audited accounts of every statutory body before the National Assembly.

1.7 The Public Procurement Act

Section 42 of the Public Procurement Act provides that the auditor of every public body (in our case the Director of Audit) shall state in his annual report whether the provisions of Part V of the Act on the Bidding Process have been complied with.

1.8 Audit of Local Authorities - Local Government Act

As per **Section 136**, the Chief Executive of every Local Authority, shall, within four months of the end of every financial year submit the approved financial statements to the Director of Audit.

As per **Section 138**, 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 on every Local Authority audited by him.

Section 138 also prescribes matters on which the Director of Audit should report:

- (1) *The Director of Audit shall make a **report to the Council** on the financial statements which have been audited.*
- (2) *The report shall state –*
 - (a) *the work done by him;*
 - (b) *the scope and limitations of the audit;*
 - (c) *whether he has obtained all information and explanations that he has required;*
 - (d) *any item of account which, in his opinion, is contrary to law;*
 - (e) *any loss or deficiency which, in his opinion, is wholly or partly due to the negligence or misconduct of any person;*
 - (f) *any sum which, in his opinion, ought to have been so brought to account but which, due to willful default or negligence, has not been brought into account;*
 - (g) *any failure to recover any rate, fee or other charge in the manner specified in section 101;*
 - (h) *whether, in his opinion, the financial statements give a true and fair view of the matters to which they relate, and where they do not, the aspects in which they fail to do so, and whether the financial statements have been prepared in accordance with the Accounting Standards approved by the Minister to whom responsibility for the subject of finance is assigned.*
- (3) *A report under subsection (1) shall state whether the instructions of the Minister, if any, in regard to the financial statements have been complied with.*

Sections 138 and 139: The Local Authority shall consider the report of the Director of Audit at its next ordinary meeting or as soon as practicable thereafter and shall cause the certified financial statements and the report of the Director of Audit to be published in the Government Gazette within 14 days of their receipt by the Local Authority.

1.9 Audit Methodology

NAO conducts its audits in accordance with International Standards of Supreme Audit Institutions (ISSAIs) except for the audit of State-Owned companies (assigned to the Director of Audit) which are carried out in accordance with International Standards of Auditing. The audit approach of the NAO may be summarised as follows:

- (a) NAO adopts a risk based approach by which audit resources are directed towards those areas of the financial statements that are more likely to contain material misstatements as a consequence of the risks faced by the client. We identify and assess the risks of material misstatement, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a

basis for our opinion. (*ISSAI 1315 Identifying and assessing the Risks of Material Misstatements through Understanding the Entity and Its Environment; ISSAI 1330 The Auditor's Responses to Assessed Risks*)

- (b) We do not test all transactions but use sampling methods to select transactions and balances for testing. It is not cost effective to seek absolute certainty and therefore we look for reasonable assurance. Additionally, examining all data may still not provide absolute certainty because some data may not have been recorded. Audit sampling enables us to obtain and evaluate audit evidence about some characteristics of the items selected in order to form or assist in forming a conclusion concerning the population from which the sample is drawn. (*ISSAI 1530 Audit Sampling*)
- (c) The primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management. Our objective as auditors is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error. Owing to the inherent limitations of an audit (e.g. Client may provide incomplete information or falsify documents and use of sampling by audit), there is an unavoidable risk that some material misstatements of the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the standards. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Consequently, fraud might remain concealed to us even if a thorough audit is conducted. (*ISSAI 1240 The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements*)
- (d) Similarly, the primary responsibility for preventing and detecting corruption rests with the administrative or law enforcement authorities, such as the Police and the Independent Commission Against Corruption.

1.10 Current Reporting Practices

1.10.1 Audit Report on Ministries/ Government Departments

A Report is issued upon examination and audit of the accounts of **Government** (i.e. Ministries and Government Departments) and the **Rodrigues Regional Assembly** – the Report is submitted to the Minister responsible for the subject of finance in accordance with Section 20 of the Finance and Audit Act.

The NAO also issues reports on performance audits carried out in accordance with Section 16 of the Finance and Audit Act – these reports are submitted to the Minister responsible for the subject of finance.

Summary of Audit Report Process

- Audit findings discussed with officers responsible for the matters audited
- Draft management letter issued to the Accounting Officer

- Matters raised discussed at an Exit Conference
- Final management letter issued – auditee given opportunity to comment on matters raised
- Findings deemed to be of significance communicated to the Ministry through “Reference sheet”
- Ministry has the opportunity to comment on the truth and fairness of the audit findings
- A summary of comments of management is included in the report, where appropriate
- The Audit Report is submitted to the Minister responsible for the subject of Finance

1.10.2 Audit Report on Statutory Bodies, Special Funds and Local Authorities.

An audit report is issued in respect of each **Statutory Body** (SB), **Special Fund** (SF) and **Local Authority** (LA) upon examination and audit of its annual report/financial statements. The audit report is submitted to the Board of the SB or the management committee of the SF, as the case may be, in accordance with Section 7 of the Statutory Bodies (Accounts and Audit) Act or relevant SF Regulations respectively. In the case of a LA, the audit report is submitted to the Council and the Minister responsible for the subject of local government in accordance with Section 138 of the Local Government Act.

The audit reports focus mainly on the financial statements of Statutory Bodies, Special Funds and Local Authorities. The Director of Audit expresses an opinion on whether the financial statements show a true and fair view of the financial position of the entity as at the end of the financial year and of its financial performance and its cash flows for the year then ended in accordance with the relevant accounting framework. The Director of Audit also expresses an opinion on whether the activities, financial transactions and information reflected in the financial statements are, in all material respects, in compliance with the laws and authorities which govern them.

When there are material misstatements in the financial statements, limitation on audit scope or non-compliance with laws, these are disclosed in our audit report and our opinion is then termed as “modified”. We may also state certain matters, such as fraud, abuse or losses, significant internal control deficiencies and ineffective and uneconomical use of public assets in the audit report.

Prior to the issue of the audit report, all audit findings are reported in a management letter (ML) which is addressed to management. The ML includes shortcomings relating to the financial statements as well as findings on the economy, efficiency and effectiveness of operations.

Summary of Audit Report Process –Statutory Bodies and Local Authorities

- Audit findings discussed with officers responsible for the matters audited
- Draft management letter issued to the Chief Executive Officer
- Matters raised discussed at an Exit Conference

- Final management letter issued – auditee given opportunity to comment on matters raised and, if necessary, to amend financial statements
- Following response to Management Letters and submission of amended financial statements (if applicable), the Audit Report is issued to the Board
- The Report gives an opinion on whether the financial statements show a true and fair view
- May include matters of importance that need to be brought to the attention of users

For Local Authorities, a copy of the Audit Report should be submitted to the Minister responsible for the subject of Local Government.

In accordance with Section 139 of the Local Government Act, the Chief Executive shall cause the financial statements, as certified, and the Report of the Director of Audit, in respect of those financial statements, to be published in the Gazette within 14 days of their receipt by the Local Authority.

**AUDIT CERTIFICATE
AND
ANNUAL STATEMENTS**



NATIONAL AUDIT OFFICE

CERTIFICATE OF THE DIRECTOR OF AUDIT ON THE ANNUAL STATEMENTS OF THE RODRIGUES REGIONAL ASSEMBLY

Report on the Annual Statements

Qualified Opinion

I have audited the Annual Statements of the Rodrigues Regional Assembly, submitted in accordance with Section 19(4) of the Finance and Audit Act and which comprise the statement of assets and liabilities as at 30 June 2020, and the abstract account of revenue and expenditure of the Rodrigues Consolidated Fund for the year then ended, other statements as required under Section 19(6) of the Act, and notes to the accounts, including a summary of significant accounting policies.

In my opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of my report, the accompanying Annual Statements give a true and fair view of the financial position of the Rodrigues Regional Assembly as at 30 June 2020, and of its financial performance for the year then ended in accordance with accounting principles generally accepted in Mauritius.

Basis for Qualified Opinion

Investments – Rs 75,699,940

In the Statement of Investments, this figure was overstated by Rs 26.4 million, representing investment impaired in respect of three companies which were wound up in September 2018.

Loan - Government of Mauritius – Rs 89,045,574

The above figure included an amount of Rs 5.8 million which was wrongly accounted for as a loan from the Government of Mauritius when in fact no such loan was received from the Central Government. The Rodrigues Consolidated Fund has also been understated by an equivalent amount.

Loans Guaranteed – Rs 50 million

Loans taken by beneficiaries and guaranteed by the RRA under the Social Housing Scheme for a total amount of some Rs 50 million were not included in a Statement of Contingent Liabilities or in a note to the accounts.

I conducted my audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Annual Statements* Section of my report. I am independent of the Rodrigues Regional Assembly in accordance with the INTOSAI Code of Ethics, together with the ethical requirements that are relevant to my audit of the Annual Statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

Key Audit Matters are those matters that, in my professional judgment, were of most significance in my audit of the Annual Statements of the current period. These matters were addressed in the context of my audit of the Annual Statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters. I have determined that there are no Key Audit Matters to communicate in my report.

Responsibilities of the Commissioner responsible for the subject of Finance and Those Charged with Governance for the Annual Statements

The Commissioner responsible for the subject of finance is responsible for the preparation and fair presentation of these Annual Statements in accordance with accounting principles generally accepted in Mauritius, and for such internal control necessary to enable the preparation of Annual Statements that are free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the financial reporting process in the Rodrigues Regional Assembly.

Auditor's Responsibility for the Audit of the Annual Statements

My objectives are to obtain reasonable assurance about whether the Annual Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Annual Statements.

As part of an audit in accordance with ISSAIs, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the Annual Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one

resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Rodrigues Regional Assembly's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure and content of the Annual Statements, including the disclosures, and whether the Annual Statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the Annual Statements of the current period and are therefore the Key Audit Matters. I describe these matters in my auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Management's Responsibility for Compliance

In addition to the responsibility for the preparation and presentation of the Annual Statements described above, management is also responsible for ensuring that the activities, financial transactions and information reflected in the Annual Statements are in compliance with the laws and authorities which govern them.

Auditor's Responsibility

In addition to my responsibility to express an opinion on the Annual Statements described above, I am required under Section 16 of the Finance and Audit Act to satisfy myself that:

- (a) all reasonable precautions have been and are taken to safeguard the collection of public money;
- (b) all laws, directions or instructions relating to public money have been and are duly observed;
- (c) 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;
- (d) 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; and
- (e) satisfactory management measures have been and are taken to ensure that resources are procured economically and utilised efficiently and effectively.

I am also required to state whether the provisions of Part V of the Public Procurement Act regarding the bidding process have been complied with.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Finance and Audit Act

I have obtained all information and explanations I have required for the purpose of my audit.

Based on my examination of the accounts and records of the Rodrigues Regional Assembly, except for the matters mentioned in my Report for the financial year 2019-20, nothing has come to my attention that causes me to believe that the financial management principles laid down at Section 16 of the Finance and Audit Act have, in all material respects, not been adhered to.

Public Procurement Act

In my opinion, the provisions of Part V of the Act have been complied with as far as it appears from my examination of the relevant records.



C. ROMOAH
Director of Audit

National Audit Office
Level 14, Air Mauritius Centre
Port Louis

22 February 2021

Statement of Assets and Liabilities as at:

ASSETS	NOTE	30 June 2020	30 June 2019
		Rs	Rs
Cash and Bank balances	6	88,637,715.37	150,376,905.70
Advances	7	92,015,227.58	85,055,094.66
		<u>180,652,942.95</u>	<u>235,432,000.36</u>
LIABILITIES			
Rodrigues Consolidated Fund	8	12,749,245.10	37,624,196.93
Deposits	9	78,858,123.16	110,824,130.85
Loan - Government of Mauritius	10	89,045,574.69	86,983,672.58
		<u>180,652,942.95</u>	<u>235,432,000.36</u>

The accompanying notes 1 to 10 form part of these accounts.



Louis Serge CLAIR, GCSK
Chief Commissioner

29 September 2020

NOTES TO THE ACCOUNTS

1. GENERAL

The Statement of Assets and Liabilities and other Annual Statements of Rodrigues Regional Assembly (RRA) are prepared in accordance with Section 19 of the Finance and Audit Act.

2. ACCOUNTING POLICIES

The accounts of the RRA are Public Accounts of Mauritius for the purposes of Section 110 of the Constitution as specified at Section 48 of the RRA Act. The accounts are prepared on a cash basis. Transactions are recorded only when monies are received and are paid within the given period, whether or not the receipts and payments are in respect of goods supplied or services rendered during that period and whether they relate to expenditure or revenue. The Statement A - Assets and Liabilities as at 30 June 2020 does not include Non-Current Assets and Investments which are reflected at Statement F.

3. Reporting Entity

The accounts are for the RRA which include Office of the Clerk and Commissions.

4. Reporting Period

The accounts cover the financial year 01 July 2019 to 30 June 2020.

5. Reporting Currency

The accounts are denominated in the currency of Mauritian Rupee (Rs) which is also the functional currency.

6. CASH AND BANK BALANCES

These include cash in hand and cash balances with banks.

Details	30 June 2020	30 June 2019
	Rs	Rs
Bank of Mauritius	49,586,148.27	72,343,622.60
State Bank of Mauritius	360,704.35	214,861.80
Barclays Bank	87,223.97	8,144.81
State Bank of Mauritius	38,603,638.78	77,810,276.49
Total	88,637,715.37	150,376,905.70

7. ADVANCES

This represents balances outstanding as at year end in respect of:

	30 June 2020	30 June 2019
Details	Rs	Rs
RRA Members	5,869,497.19	7,831,574.73
RRA Officers	65,651,730.39	62,529,519.93
Fibre Glass Boat	14,694,000.00	14,694,000.00
Advance RTMC	5,800,000.00	-
Total	92,015,227.58	85,055,094.66

8. RODRIGUES CONSOLIDATED FUND

This represents the accumulated surplus of money appropriated to the Rodrigues Consolidated Fund (RCF) by the National Assembly, together with all recurrent revenue of the RRA (established by Section 42 of the Rodrigues Regional Assembly Act) over the expenditure incurred by the RRA for the period under review.

	30 June 2020		30 June 2019	
	Rs	Rs	Rs	Rs
Balance of the Rodrigues Consolidated Fund at start		37,624,196.93		55,313,766.24
Transfer to Capital and Recurrent		* <u>(26,755,748.15)</u>		<u>(17,769,246.36)</u>
		10,868,448.78		37,544,519.88
Contribution from Government	3,681,490,778.00		3,575,000,000.00	
Additional Contribution	216,490,000.00		30,000,000.00	
Total Contribution	<u>3,897,980,778.00</u>		<u>3,605,000,000.00</u>	
Transfer from Rodrigues Consolidated Fund	20,955,748.15		17,769,246.36	
Revenue - RRA	<u>38,366,145.36</u>		<u>46,381,946.98</u>	
Total Revenue	<u>3,957,302,671.51</u>		<u>3,669,151,193.34</u>	
Total Expenditure		<u>(3,955,421,875.19)</u>		<u>(3,669,071,516.29)</u>
Surplus of Revenue over Expenditure		1,880,796.32		79,677.05
Balance of the Rodrigues Consolidated Fund at end		<u><u>12,749,245.10</u></u>		<u><u>37,624,196.93</u></u>

* An amount of Rs 20,955,748.15 was transferred from Rodrigues Consolidated Fund to Recurrent, Capital Revenue and to meet recurrent expenditure as approved by the Executive Council during Financial Year 2019-2020 and Rs 5.8M to Advance Account RTMC

9. DEPOSITS

These are monies deposited with the Rodrigues Regional Assembly by individuals and organisations under Section 8 of the Finance and Audit Act.

	30 June 2020	30 June 2019
Commission	Rs	Rs
Chief Commissioner's Office	35,744,348.34	42,117,745.87
Deputy Chief Commissioner's Office	3,084,985.69	20,601,785.38
Commission for Women Affairs, Family Welfare, Child Development, Industrial Development, Information and Communication Technology, Vocational Training, Cooperatives, Trade, Commerce and Licensing and Prisons and Reforms Institutions	1,770,448.43	1,107,278.33
Commission for Health, Community Development, Fire Services, Meteorological Services, Judicial Services and Civil Status	13,959,635.01	13,626,112.77
Commission for Social Security, Housing, Labour and Industrial Relations, Employment and Consumer Protection	17,033,823.26	20,885,536.99
Commission for Agriculture, Environment, Fisheries, Marine Parks and Forestry	6,916,570.73	11,865,985.63
Commission for Youth and Sports, Arts and Culture, Library Services, Museum, Archives and Historical Sites and Buildings	348,311.70	619,685.88
Total	78,858,123.16	110,824,130.85

10. LOAN - GOVERNMENT OF MAURITIUS

This represents loan made to Rodrigues Regional Assembly for the issue of advances to Members and Officers of the Rodrigues Regional Assembly and to other bodies.

	30 June 2020	30 June 2019
	Rs	Rs
RRA Members	5,587,141.61	8,662,659.65
RRA Officers	62,964,433.08	63,627,012.93
Fibre Glass Boats	14,694,000.00	14,694,000.00
RTMC	5,800,000.00	-
Total	89,045,574.69	86,983,672.58

**Abstract Account of Revenue and Expenditure of the Rodrigues Consolidated Fund
for the financial year 2019 - 2020**

REVENUE

Analysis of total revenue by Revenue Items

Code	Description of Revenue Items	Jul 19-Jun 20 Estimates Rs	Jul 19-Jun 20 Actual Revenue Rs	Jul 18-Jun 19 Actual Revenue Rs
11	TAXES			
114	Licence Fees	2,700,000.00	3,089,083.20	3,207,787.30
	TOTAL - TAXES	2,700,000.00	3,089,083.20	3,207,787.30
12	SOCIAL CONTRIBUTIONS			
122	Other Social Contributions	700,000.00	615,152.52	621,537.00
	TOTAL - SOCIAL CONTRIBUTIONS	700,000.00	615,152.52	621,537.00
13	GRANTS			
131	Contribution from Central Government *	3,800,000,000.00	3,918,936,526.15	3,605,000,000.00
	TOTAL - GRANTS	3,800,000,000.00	3,918,936,526.15	3,605,000,000.00
14	OTHER REVENUE			
141	Property Income	14,179,000.00	13,196,470.79	19,436,580.31
142	Sales of Goods and Services	7,521,000.00	13,151,906.78	11,323,080.80
143	Fines, Penalties and Forfeits	4,300,000.00	4,616,841.91	5,270,485.00
145	Miscellaneous Revenue	600,000.00	3,696,690.16	6,522,476.57
	TOTAL - OTHER REVENUE	26,600,000.00	34,661,909.64	42,552,622.68
	TOTAL-REVENUE	3,830,000,000.00	3,957,302,671.51	3,651,381,946.98

N.B : 1. Contribution from Central Government Rs 3,897,980,778.00.

N.B : 2. Transfer from Rodrigues Consolidated Fund (RCF) - Rs 20,955,748.15



29 September 2020

Louis Serge CLAIR, GCSK
Chief Commissioner

**Abstract Account of Revenue and Expenditure of the Rodrigues Consolidated Fund for the
Period July 2019 to June 2020**

EXPENDITURE

Analysis of Expenditure by Sub-Heads

Sub-Head	Description	Original	Total	Actual	(Over) / Under	(Over) / Under
		Estimates	Provisions after virement	Expenditure	Estimates	Provisions
		(a) Rs	(b) Rs	(c) Rs	(a-c) Rs	(b-c) Rs
1-1	OFFICE OF THE CLERK	21,630,000.00	18,969,295.82	18,864,155.32	2,765,844.68	105,140.50
1101	Parliamentary Affairs	21,630,000.00	18,969,295.82	18,864,155.32	2,765,844.68	105,140.50
2-1	CHIEF COMMISSIONER'S OFFICE	1,048,296,000.00	1,059,323,954.94	1,045,251,422.04	3,044,577.96	14,072,532.90
	CENTRAL ADMINISTRATION	265,382,000.00	235,128,099.14	226,663,190.47	38,718,809.53	8,464,908.67
2101	Central Administration	255,762,000.00	223,937,526.56	215,561,657.60	40,200,342.40	8,375,868.96
2102	Registration of Deeds and Conservation of Mortgages	2,066,000.00	2,024,558.63	1,995,995.76	70,004.24	28,562.87
2103	Transport	7,416,000.00	9,047,566.28	9,015,753.11	(1,599,753.11)	31,813.17
2104	Companies Division	138,000.00	118,447.67	89,784.00	48,216.00	28,663.67
	STATE LAND	112,952,000.00	106,850,797.65	101,593,939.80	11,358,060.20	5,256,857.85
2201	Management of State Land	24,430,000.00	24,838,149.84	21,558,319.92	2,871,680.08	3,279,829.92
2202	Civil Aviation	51,277,000.00	57,150,188.69	56,936,913.26	(5,659,913.26)	213,275.43
2203	Tourism Development	24,245,000.00	22,748,711.40	21,504,144.06	2,740,855.94	1,244,567.34
2204	Marine Services	13,000,000.00	2,113,747.72	1,594,562.56	11,405,437.44	519,185.16
	EDUCATION	669,962,000.00	717,345,058.15	716,994,291.77	(47,032,291.77)	350,766.38
2301	General	20,087,000.00	21,464,555.11	21,408,809.74	(1,321,809.74)	55,745.37
2302	Pre-Primary Education	26,005,000.00	27,824,583.82	27,823,229.82	(1,818,229.82)	1,354.00
2303	Primary Education	278,500,000.00	288,154,823.21	287,874,866.74	(9,374,866.74)	279,956.47
2304	Secondary Education	345,370,000.00	379,901,096.01	379,887,385.47	(34,517,385.47)	13,710.54
2305	Marine Services	-	-	-	-	-
3-1	DEPUTY CHIEF COMMISSIONER'S OFFICE	430,206,000.00	490,725,695.75	477,123,174.73	(46,917,174.73)	13,602,521.02
3101	General	15,406,000.00	15,129,383.81	15,083,996.43	322,003.57	45,387.38
3102	Maintenance of Buildings and Other Assets	60,412,000.00	57,751,486.39	56,234,272.36	4,177,727.64	1,517,214.03
3103	Maintenance of Vehicles	21,159,000.00	19,329,044.24	19,312,029.88	1,846,970.12	17,014.36
3104	Construction and Rehabilitation of Roads and Bridges	99,217,000.00	158,149,871.79	157,244,074.60	(58,027,074.60)	905,797.19
3105	Maintenance of Roads and Bridges	13,859,000.00	13,065,163.80	13,063,776.71	795,223.29	1,387.09
3106	Land Transport Services	10,808,000.00	17,198,342.29	17,198,342.29	(6,390,342.29)	-
3107	Improvement of Public Infrastructure in Villages	39,733,000.00	64,440,621.35	64,433,295.49	(24,700,295.49)	7,325.86
3108	Water Production	129,682,000.00	106,226,640.87	95,156,076.75	34,525,923.25	11,070,564.12
3109	Water Distribution	39,930,000.00	39,435,141.21	39,397,310.22	532,689.78	37,830.99

**Abstract Account of Revenue and Expenditure of the Rodrigues Consolidated Fund for the
Period July 2019 to June 2020**

EXPENDITURE

Analysis of Expenditure by Sub-Heads

Sub-Head	Description	Original Estimates	Total Provisions after virement	Actual Expenditure	(Over) / Under Estimates	(Over) / Under Provisions
		(a) Rs	(b) Rs	(c) Rs	(a-c) Rs	(b-c) Rs
4-1	COMMISSION FOR WOMEN'S AFFAIRS, FAMILY WELFARE, CHILD DEVELOPMENT, INDUSTRIAL DEVELOPMENT, INFORMATION AND COMMUNICATION TECHNOLOGY, VOCATIONAL TRAINING, COOPERATIVES, TRADE, COMMERCE AND LICENCING AND PRISONS AND REFORMS INSTITUTIONS	235,148,000.00	227,873,930.68	220,790,065.74	14,357,934.26	7,083,864.94
4101	Women's Affairs, Family Welfare and Child Development	35,156,000.00	32,990,720.38	30,371,902.18	4,784,097.82	2,618,818.20
4102	Industrial Development and Handicraft	8,349,000.00	7,955,280.00	5,416,644.05	2,932,355.95	2,538,635.95
4103	Information and Communication Technology	97,803,000.00	88,462,280.31	88,426,230.16	9,376,769.84	36,050.15
4104	Development of Human Resources	43,672,000.00	51,823,930.81	50,819,650.49	(7,147,650.49)	1,004,280.32
4105	Promotion and Development of Cooperatives	4,457,000.00	4,202,877.65	4,153,159.48	303,840.52	49,718.17
4106	Trade, Commerce and Licensing	1,800,000.00	1,744,706.15	1,690,154.51	109,845.49	54,551.64
4107	Management and Maintenance of Prison	39,005,000.00	34,705,353.58	34,045,102.57	4,959,897.43	660,251.01
4108	Probation and Social Rehabilitation	4,906,000.00	5,988,781.80	5,867,222.30	(961,222.30)	121,559.50
5-1	COMMISSION FOR HEALTH, COMMUNITY DEVELOPMENT, FIRE SERVICES, METEOROLOGICAL SERVICES, JUDICIAL SERVICES AND CIVIL STATUS	563,942,000.00	637,309,532.05	613,149,400.71	(49,207,400.71)	24,160,131.34
5101	General	80,047,000.00	93,514,021.52	89,657,443.42	(9,610,443.42)	3,856,578.10
5102	Curative Services and Primary Health Care and Public Health	395,566,000.00	450,998,937.63	444,589,187.36	(49,023,187.36)	6,409,750.27
5103	Treatment and Prevention of HIV and AIDS, Non-Communicable Diseases and Proliferation of Drugs	795,000.00	769,936.81	769,920.81	25,079.19	16.00
5104	Promotion of Community Development	6,812,000.00	6,570,205.67	4,531,661.18	2,280,338.82	2,038,544.49
5105	Firefighting, Rescue and Fire Prevention	58,313,000.00	60,243,605.16	48,388,407.71	9,924,592.29	11,855,197.45
5106	Meteorological Services	10,594,000.00	11,557,471.81	11,557,458.99	(963,458.99)	12.82
5107	Judicial Services	7,838,000.00	9,787,093.36	9,787,084.99	(1,949,084.99)	8.37
5108	Civil Status	3,977,000.00	3,868,260.09	3,868,236.25	108,763.75	23.84
6-1	COMMISSION FOR SOCIAL SECURITY, HOUSING, LABOUR AND INDUSTRIAL RELATIONS, EMPLOYMENT AND CONSUMER PROTECTION	977,005,000.00	1,093,826,773.66	1,077,661,399.62	(100,656,399.62)	16,165,374.04
6101	General	83,892,000.00	57,704,982.40	56,306,025.38	27,585,974.62	1,398,957.02
6102	Social Protection	757,449,000.00	939,254,462.06	939,248,206.99	181,799,206.99	6,255.07
6103	Housing	95,511,000.00	81,828,766.47	67,284,866.05	28,226,133.95	14,543,900.42
6104	Labour and Industrial Relations	4,908,000.00	4,141,962.20	4,126,691.73	781,308.27	15,270.47
6105	Empowerment and Placement of Job Seekers	31,045,000.00	7,515,460.53	7,440,742.25	23,604,257.75	74,718.28
6106	Consumer Protection	4,200,000.00	3,381,140.00	3,254,867.22	945,132.78	126,272.78

**Abstract Account of Revenue and Expenditure of the Rodrigues Consolidated Fund for the
Period July 2019 to June 2020**

EXPENDITURE

Analysis of Expenditure by Sub-Heads

Sub-Head	Description	Original	Total	Actual	(Over) / Under	(Over) / Under
		Estimates	Provisions after virement	Expenditure	Estimates	Provisions
		(a)	(b)	(c)	(a-c)	(b-c)
		Rs	Rs	Rs	Rs	Rs
7-1	COMMISSION FOR AGRICULTURE, ENVIRONMENT, FISHERIES, MARINE PARKS AND FORESTRY	364,305,000.00	408,774,371.66	379,335,145.38	(15,030,145.38)	29,439,226.28
7-1	AGRICULTURE	162,188,000.00	149,198,587.70	122,994,584.81	39,193,415.19	26,204,002.89
7101	General	18,102,000.00	23,578,830.95	20,796,729.70	2,694,729.70	2,782,101.25
7102	Crop Production	78,602,000.00	65,873,609.33	53,235,755.45	25,366,244.55	12,637,853.88
7103	Livestock Production	41,085,000.00	40,950,188.10	33,047,815.40	8,037,184.60	7,902,372.70
7104	Extension and Marketing Services	24,399,000.00	18,795,959.32	15,914,284.26	8,484,715.74	2,881,675.06
7-2	ENVIRONMENT	202,117,000.00	259,575,783.96	256,340,560.57	(54,223,560.57)	3,235,223.39
7201	General	9,664,000.00	11,026,909.46	11,026,369.54	(1,362,369.54)	539.92
7202	Environment Protection and Conservation	55,794,000.00	79,961,106.65	79,948,975.24	(24,154,975.24)	12,131.41
7203	Sustainable Fisheries Development	88,638,000.00	119,823,987.04	117,802,916.45	(29,164,916.45)	2,021,070.59
7204	Marine Parks	10,509,000.00	12,451,623.22	12,377,515.51	(1,868,515.51)	74,107.71
7205	Reafforestation and Protection of Endangered Species	37,512,000.00	36,312,157.59	35,184,783.83	2,327,216.17	1,127,373.76
8-1	COMMISSION FOR YOUTH AND SPORTS, ARTS AND CULTURE, LIBRARY SERVICES, MUSEUM, ARCHIVES AND HISTORIAL SITES AND BUILDINGS	139,468,000.00	138,964,114.95	123,247,111.65	16,220,888.35	15,717,003.30
8101	General	15,979,000.00	15,346,684.58	15,335,678.38	643,321.62	11,006.20
8102	Youth Empowerment, Youth Recreational and Community Based Programmes	22,319,000.00	28,883,648.00	26,826,689.57	4,507,689.57	2,056,958.43
8103	Promotion of Sports and Sports for All	67,806,000.00	61,688,864.03	52,400,043.76	15,405,956.24	9,288,820.27
8104	Promotion of Arts and Culture	22,948,000.00	22,691,082.51	20,940,018.96	2,007,981.04	1,751,063.55
8105	Library Services	7,820,000.00	7,891,046.24	6,861,700.88	958,299.12	1,029,345.36
8106	Museum, Archives, Historical Sites and Buildings	2,596,000.00	2,462,789.59	882,980.10	1,713,019.90	1,579,809.49
9-1	CONTINGENCIES AND RESERVES	50,000,000.00	-	-	50,000,000.00	-
9101	Contingencies *	50,000,000.00	-	-	50,000,000.00	-
	TOTAL EXPENDITURE	3,830,000,000.00	4,075,767,669.51	3,955,421,875.19	(125,421,875.19)	120,345,794.32

* The amount appropriated under 'Contingencies' has been reallocated to expenditure items under different Sub Head of expenditure.



**Louis Serge CLAIR, GCSK
Chief Commissioner**

29 September 2020

National Audit Office

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