Republic of Mauritius

NATIONAL AUDIT OFFICE

CERTIFICATE OF AUDIT &

REPORT OF THE DIRECTOR OF AUDIT

ON THE ACCOUNTS OF THE GOVERNMENT

FOR THE FINANCIAL YEAR 2022-23

FEBRUARY 2024

NATIONAL AUDIT OFFICE

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NATIONAL AUDIT OFFICE

Making a Difference to the Lives of Citizens

NATIONAL AUDIT OFFICE

My Ref: NAO/ADM/ARA/AUD

28 February 2024

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 2022-23, submitted to me in accordance with Section 19 of the Act, together with the Certificate of Audit and the Report upon my examination and audit of the Accounts of the Government of the Republic of Mauritius.

Subsequent to the tabling of the above documents at the National Assembly, they will be posted on the Website of the National Audit Office:- https://nao.govmu.org.

Yours sincerely,

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Director of Audit

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FOREWORD BY THE DIRECTOR OF AUDIT

I am pleased to submit the Certificate of Audit on the Annual Statements of the Government of the Republic of Mauritius for the financial year 2022-23, together with a Report on the accounts of Government.

It is my responsibility under Section 110 of the Constitution of the Republic of Mauritius to audit and report on public accounts of Mauritius and of all courts of law and all authorities and officers of the Government.

The Finance and Audit Act further requires me to submit 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 Government.

My audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs) issued by the International Organisation of Supreme Audit Institutions (INTOSAI).

According to INTOSAI-P12, *The Value and Benefits of Supreme Audit Institutions – Making a Difference to the Lives of Citizens*, the fundamental expectation from Supreme Audit Institutions (SAIs) is to make a difference to the lives of their citizens in their respective countries through demonstrating ongoing relevance to citizens, Parliament and other stakeholders.

As Director of Audit, it is my duty to provide the National Assembly and the general public with information whether value for money has been obtained concerning the essential services provided to the citizens, as every year Government spends billion of rupees on these services.

Despite some Rs 178 billion have been spent for the financial year 2022-23, there are delays in project implementation of essential services which caused harm to the population such as:

- 96 per cent of the number of drain projects at the National Development Unit have not yet been implemented during the financial year 2022-23; and

- the Internet Connectivity Project has not yet been implemented in secondary schools though initiated long ago.

Accountability in the Management of Public Funds

I wish to draw the attention of the National Assembly and those charged with public sector governance to the fact that an analysis of the major findings for the financial year 2022-23 has revealed that inadequate accountability mechanism at different levels in Ministries and Government Departments is the root cause of recurrence of same issues reported for the last three financial years.

To improve accountability in the public sector, the finance function must be professionalised and the performance management system need to be enhanced.

Challenge

In view of the continuous changes being brought to the financial reporting and auditing environment as well as the impact of climate change, National Audit Office (NAO) has to demonstrate ongoing relevance by responding appropriately to the expectations of different stakeholders.

With the increasing number of public sector bodies coupled with additional reporting responsibilities for the issue of consolidated audit reports on Statutory Bodies and Local Authorities as well as the forthcoming audit of Consolidated Financial Statements for the Public Sector, NAO must have the necessary financial and human resources to meet the challenge. Investment in capacity building and new technological tools are of paramount importance.

Acknowledgement

I wish to express my sincere thanks to all the staff of the NAO, Heads of Divisions and Deputy Directors for their unflinching continuous support. Without their contribution and commitment, the submission of this Report would not have been possible.

I would also like to take this opportunity to thank the Secretary to Cabinet and Head of the Civil Service, the Financial Secretary, the Secretary for Public Service, all the Senior Chief Executives, Permanent Secretaries and other Accounting Officers, the Accountant General, the Government Printer, the Clerk of the National Assembly and all their staff for their cooperation and collaboration.

DR D. PALIGADU
Director of Audit

28 February 2024

IMPROVING ACCOUNTABILITY IN MINISTRIES AND GOVERNMENT DEPARTMENTS

Executive Brief

Accountability is an important element of good governance. It is the process whereby public sector entities, and the individuals within them, are responsible for their decisions and actions, including their stewardship of public funds and all aspects of performance, and submit themselves to appropriate external scrutiny.

It is achieved by all parties having a clear understanding of those responsibilities, and having clearly defined roles through a proper organisational structure. In effect, accountability is the obligation to answer for a responsibility conferred.

There is an increasing need for accountability to help citizens understand how public funds are being managed and spent, decisions taken, as well as evidence and information to support the decisions.

Every year, Government spends significant amount of public money on a range of services and infrastructure development for the benefit of citizens. For the financial year 2022-23, a total sum of Rs 178 billion has been spent, consisting of Capital expenditure (Rs 20 billion) and Recurrent expenditure (Rs 158 billion).

As Director of Audit, it is my duty to report to the National Assembly on how public funds have been managed by the Accounting Officers.

Over the last three financial years, the National Audit Office (NAO) has repeatedly reported the following issues, amongst others, in Ministries and Government Departments:

- Weaknesses in Expenditure Control.
- Deficiencies in Project Management.
- Lapses in Procurement Management
- Deficiencies in Asset Management.
- Non-compliance with Applicable Laws.

.
A follow-up of 168 matters raised in the Audit Report for the financial year 2021-22 showed that as of February 2024 some 33 per cent have been resolved at the level of Ministries and Government Departments, hence leaving 67 per cent partially resolved/unresolved.

The issues highlighted in previous years have again been observed in the financial year 2022-23. An analysis of the findings has revealed that the root causes for recurrence of these issues are inadequate accountability mechanism and monitoring system at different levels in Ministries and Government Departments.

In this context, I have reported on the significant findings as well as proposals for reforms required in the public sector to improve accountability in the management of public funds.

Summary of Key Audit Findings

- 83 per cent of Ministries and Government Departments have not complied with Section 4B of the Finance and Audit Act in respect of the submission of their Report on Performance within statutory deadline, whilst 57 per cent of the Key Performance Indicator (KPI) targets set were not met.

- Inadequacy of the existing legal framework for effective control mechanism over grants of some Rs 28.2 billion disbursed to Parastatal Bodies, Local Authorities and Rodrigues Regional Assembly for the financial year 2022-23.

- Significant delays in the implementation of projects concerning the delivery of essential services, thus affecting the lives of citizens.

- Inadequate monitoring at the level of Ministries and Government Departments on the implementation of capital projects by other public sector bodies falling under their aegis, thus causing delays in completion of projects and poor contract management.

- Limitation in the scope of audit of NAO to ascertain whether public funds disbursed to private entities or special purpose vehicles are applied for the intended purpose set by National Assembly.

- Audit Committee was not achieving its objectives and Risk Management Framework was not developed.

Proposed Reforms to improve Accountability in Ministries and Government Departments

- Ministries and Government Departments should prepare their Annual Report including the financial statements prepared in accordance with International Public Sector Accounting Standards (IPSAS), and a Report on Performance Information and once audited, to be tabled at the National Assembly.

- The professionalisation of the finance function in Ministries and Government Departments.

- The development of a Code for Good Governance for Ministries and Government Departments which will improve trust and confidence in public administration.

Concluding Remarks

A strong emphasis on good governance can assist Public Sector Bodies in improving performance, while meeting demanding standards of accountability from the public.

To achieve this, however, governance must not be seen simply as a narrow compliance requirement, rather there must be commitment from all public officers.

Key Audit Findings, Recommendations and Proposed Reforms

Key Audit Findings

1. Report on Performance not submitted

In August 2018, an amendment was made to the Finance and Audit Act and a new subsection was added to Section 4B of the Finance and Audit Act, making it mandatory for Ministries and Government Departments to submit a Report on Performance. This addition to the Finance and Audit Act was made with a view to further strengthen the accountability of Ministries and Government Departments.

As of 12 January 2024, 83 per cent of Ministries and Government Departments have not complied with Section 4B of the Finance and Audit Act in respect of the submission of their Report on Performance for the financial year 2022-23 within statutory deadline of 31 October 2023.

2. Key Performance Indicators not achieved

KPIs are measurable metrics organisations use to track progress towards strategic objectives and in Ministries and Government Departments, they would be crucial for ensuring accountability and managing performance effectively.

Ministries and Government Departments differ from the private sector in that its ‘bottom line’ is not generating profits but delivering cost-effective services to meet the population’s needs. In the ever-evolving public sector, KPIs provide invaluable data that allow for optimisation of resources.

Presently, each Ministry and Government Department prepares a Strategic Overview for the medium term in the Budget document. In the Strategic Overview, KPIs are given for each delivery unit. The Treasury publishes the Statement DA, *Progress Report on Achievements and Performance* in the Annual Statements which contain the targets set in the budget and the achievements for the financial year.

My Office has reviewed the targets set and the achievements for the financial year 2022-23 for each Ministry and Government Department and there were 196 KPIs set for 147 Delivery Units.

Findings

- 57 per cent of the KPI targets set were not met.
- 19 Delivery Units had not set any KPI.

It was not clear on what basis the KPIs have been computed. Therefore, it could not be determined whether the KPIs set were realistic, based on the resources available at the level of the Ministries and Government Departments.

In some cases, it was observed that the Accounting Officers have not taken into account past achievements while setting targets for the future years. Hence, the achievements for these KPIs for the last three financial years from 2020-21 to 2022-23 largely exceeded the relatively low targets.

Root Causes

- There was no scientific basis for the preparation of KPIs.

- Inadequate monitoring to ensure that the KPI targets set is relevant and realistic.

Recommendations

- KPIs must be set for each Ministry and Government Department taking into consideration resources available for the achievement of the goal/objective with a deadline for delivery.

- Accounting Officers should monitor closely the KPIs and take necessary remedial actions.

3. Inadequacy of Legal Framework for Effective Control Mechanism over Grants

Public funds, by way of grants to statutory or other government bodies, are approved by the National Assembly through Annual Estimates. For the financial year 2022-23, some Rs 28.2 billion have been granted to Parastatal Bodies, Local Authorities and Rodrigues Regional Assembly. However, only a Grant Memorandum is entered into between Ministries and the receiving Public Sector Bodies as a means of control over grants.

During the financial year 2022-23, the Ministry of Youth Empowerment, Sports and Recreation has disbursed some Rs 107 million to Mauritius Multisports Infrastructure Ltd.

The actual legal framework does not cater for Government-Controlled Companies/State-Owned Enterprises, to table their Annual Report, audited Financial Statements and Audit Reports to the National Assembly, although they are benefitting public funds.

The Ministry providing the financial assistance needs to be held accountable as the funds are under its vote, and has to ensure that government receives value for money for the financial grant provided.

Root Cause

The existing legal framework is inadequate for control over the disbursement of grants to Government-Controlled Companies/State-Owned Enterprises.

Recommendations

- There is a need for an effective mechanism to allow for appropriate control to be exercised over grants to these bodies so as to ensure that the intended objectives for which public funds have been provided are duly achieved.

- Public funds disbursed to these bodies must be related to their key performance indicators.

- Consideration may be given for the audited accounts of these bodies to be subject to scrutiny by the Public Accounts Committee of the National Assembly.

4. Delays in Implementation of Essential Services Projects may cause Harm to the Population

I have observed that significant delays occurred in the implementation of projects concerning essential services, thus affecting the lives of citizens.

At the National Development Unit, out of 968 drains projects earmarked, only 34 projects were in progress, representing 4 per cent of the total projects. The slow implementation of projects implies that these projects were not made available to citizens on a timely basis, thus may cause harm to the population.

At the Ministry of Education, Tertiary Education, Science and Technology (MOETEST) there was time overrun in respect of 39 projects with a total contract value of Rs 838 million, due to poor planning and monitoring of the projects by the Infrastructure Management Unit of MOETEST and the Ministry of National Infrastructure and Community Development (MNICD). Students were being penalised as a result of the delays in the completion of these major school infrastructure projects, thus causing harm to the student population.

The three Magnetic Resonance Imaging (MRI) equipment installed at Dr AG Jeetoo Hospital, Victoria Hospital and Sir Seewoosagur Ramgoolam National Hospital catered for the whole population of Mauritius, encountered major breakdowns due to their non-replacement, resulting in an increasing number of patients awaiting MRI. As all the MRI equipment were out-of-order, the Ministry resorted to the services of private clinics as from July 2023. Their timely replacement should have been of utmost importance to avoid delays in the treatment of the patients, hence affecting their well-being.

Root Cause

Roles and responsibilities were not well defined, leading to lack of accountability for these delays.

Recommendation

Responsibilities must be well defined in project implementation by setting up of appropriate KPIs.

5. Inadequate Monitoring and Supervision by Ministries over Capital Projects Implemented by Agencies

MNICD has not been involved in the monitoring and supervision of the construction of the A1-M1 Bridge Project with a contract value of Rs 3.55 billion, revised to Rs 4.1 billion. The Road Development Authority was responsible for contract management. The completion of the project was substantially delayed due to significant changes in the scope of work and disputes with the Contractor. Significant amendments were made to the contract, leading to the extension of time granted and costs overrun.

The contract for the construction of a Training Centre at Beau Vallon for a sum of Rs 169.6 million was awarded by the Mauritius Institute of Training and Development since the Training Centre was under its purview. MOETEST did not actively oversee project implementation and enforce penalty clauses for non-compliance with contractual obligations. The project implementation, which was for a duration of 12 months, has already exceeded its scheduled completion date by some 13 months.

In respect of the construction of the Market Fair and Traffic Centre at Mahebourg that was being implemented by the District Council of Grand Port, the contractor abandoned the construction site in June 2022, after payment of Rs 41.7 million out of the of the contracted sum of Rs 83.7 million. The extent of work completed was around 35 per cent. In November 2023, the existing iron structure was found to be deteriorating through weathering. It was not known whether any legal action has been taken against the defaulting contractor. Also, attempts of the Ministry of Local Government and Disaster Risk Management to hand over the project to MNICD for the completion of the outstanding construction works were not conclusive.

Root Cause

There was inadequate monitoring at the level of Ministries on project implementation after funds had been disbursed from their budgets for capital projects to entities under their purview.

Recommendation

Ministries should monitor projects for which public funds have been disbursed under their Vote Items. The Ministry should not function merely as a disbursement agency.

6. Funds disbursed not subject to Audit

As per the Finance and Audit Act, I am required to ensure that all money appropriated or otherwise disbursed is applied to the purpose for which the National Assembly intended to provide and that the expenditure conforms to the authority which governs it. Also, the Statutory Bodies (Accounts and Audit) Act requires me to ensure that the Statutory Body has been applying its resources and carrying out its operations economically, efficiently and effectively.

However, in many instances, I have not been able to perform the above duties in respect of public funds disbursed to private entities or special purpose vehicles which are not audited by NAO.

During the financial year 2022-23, the Private Secondary Education Authority has granted some Rs 5 billion to private secondary schools. However, NAO was unable to confirm whether these public funds have been applied for the specific purpose intended by the National Assembly, and used economically, efficiently and effectively.

Root Cause

Limitations in the scope of audit of NAO to ascertain whether funds disbursed to beneficiary entities have been used for its intended purpose.

Recommendations

- Relevant legislations have to be reviewed to enable NAO to verify whether public funds have been applied for the purpose for which National Assembly provided funds and have been used economically, efficiently and effectively.

- Consideration to be given for the Public Accounts Committee of the National Assembly to hold these bodies accountable for the use of public funds granted to them.

7. Audit Committee not Achieving its Objectives and Risk Management Framework not Developed

An analysis of data received from 52 Ministries and Government Departments in respect of governance issues relating to Audit Committee and Risk Management Framework for the financial year 2022-23 was carried out.

Audit Committee

The principal role of Audit Committee is to provide oversight on financial reporting, risk management, internal control and governance processes.

Findings

- Ten entities out of 52 (19 per cent) did not have an Audit Committee.

- The frequency of Audit Committee meetings was not in line with paragraph 4.4 of the Audit Committee Handbook which states that a minimum of six meetings should be held annually, with at least one meeting per quarter. Out of the 42 entities which had an Audit Committee, 20 of them, representing 48 per cent, did not comply with the Handbook in respect of frequency of meetings.

- The Audit Committee of four entities did not review the findings and recommendations made by the Internal and External Auditors, and did not make recommendations on areas where improvements are needed.

- The independence of the Audit Committee was compromised as the Chairperson and members were still appointed from the same Ministries and Government Departments, and most of them were from the management team.

Risk Management

Risk management enables public sector organisations to become more proactive so as to make better decisions on how they can operate more effectively in the future, ultimately leading to better citizen outcomes and improved internal efficiency. A Risk Management (RM) Framework is crucial as it provides a structured approach to identify, assess risks and mitigate potential risks in various aspects of operations or projects.

On 28 December 2021, the Ministry of Finance, Economic Planning and Development (MoFEPD) issued Circular No. 8 on "*Guidelines for Establishment of Risk Management in the Public Sector*" to inform Accounting Officers of the process for putting in place a Risk Management Framework at the level of Ministries and Government Departments. This framework adopts the approach of setting the general principles, standards, models and practices proven to support and sustain effective risk management.

Findings

- Eighteen months have lapsed since MoFEPD issued the guidelines for the setting up of an RM Framework. As of June 2023, 18 entities had not yet developed an RM Framework and a Risk Management Register.

- As there was no time frame for the setting up of an RM Framework, some entities were taking unduly long time for its implementation.

Recommendation

The Office of Public Sector Governance (OPSG) should monitor the setting up an RM Framework.

Proposed Reforms to Improve Accountability

1. Preparation of Annual Report for each Ministry and Government Department

Accountability can only be effective with the provision of complete and appropriate information. Statutory Bodies, Local Authorities, Special Funds and State-Owned Enterprises presently prepare an Annual Report including audited Financial Statements, which is not the case for Ministries and Government Departments.

As taxpayers continue to demand better value for their money, Performance Information remains crucial. Thus, it is proposed that each Ministry and Government Department publish on a timely basis an Annual Report, including its financial position and performance as well as non-financial performance information.

The Annual Report should include:

- The Financial Statements prepared in accordance with International Public Sector Accounting Standards (IPSAS).

- Performance information on service delivery for the year with predetermined key performance indicators (KPI).

Many countries have shifted from the traditional forms of accountability towards those based on performance and the quality of services rendered by Government. The submission of Annual Reports by Ministries is current practice in United Kingdom, Australia, New Zealand, South Africa, Namibia, and other countries. The *OECD Journal on Budgeting - Improving Public Sector Efficiency: Challenges and Opportunities* revealed that OECD countries have reported several benefits from the use of performance information (PI).

- It generates a sharper focus on results within the Government.

- It provides more and better information on Government goals and priorities along with how different programmes contribute to achieving these goals.

- It promotes better planning and provides valuable feedback to key players with details on what is working and what needs improvement.

Moreover, the preparation of Financial Statements by Ministries and Government Departments will facilitate the task of the Treasury in the preparation of Consolidated Financial Statements for the Public Sector. This will help avoid issues highlighted in the Report of the Director of Audit for the financial year 2021-22, such as:

- difference of some Rs 1.4 billion between the stock value in the Electronic Inventory Management System at the Ministry of Health & Wellness and the figure provided to the Treasury in respect of the stock of drugs, consumables and other items as of 30 June 2022.

- Implementation of the Government Assets Register and Electronic Inventory Management System have not yet been completed. Non-financial assets are still not recorded in the Government Asset Register.

2. Professionalisation of the Finance Function in Ministries and Government Departments

A professionalised workforce within a finance function provides more than accounting information. They can also increase the effectiveness of financial management, maintain control over Government spending, revenues and borrowing, achieve long-term sustainable economic growth, and improve transparency, accountability and integrity of public finance information. Ultimately, this leads to trust and confidence in public spending.

For the above reforms to be implemented successfully, it is proposed that professional accountants be posted in each Ministry and Government Department.

Effective professionalisation is imperative as governments across the world undertake a drive to implement public financial management (PFM) reforms in the public sector.
Some examples are:

- Professionalisation has been part of the Tanzanian reforms including public sector finance.

- In response to an economic crisis in 2014, the Treasury in Cyprus took steps to professionalise the finance function.

- In May 2023 HM Treasury in United Kingdom published the document *Managing Public Money* which states that '*It is government policy that all departments should have professional finance directors reporting to the permanent secretary with a seat on the departmental board, at a level equivalent to other board members. It is good practice for all other public sector organisations to do the same, and to operate to the same standards*.'

3. All Ministries and Government Departments to become Self-Accounting

With the professionalisation of the finance function, all Ministries and Government Departments can become self-accounting, whereby the responsibility for making payments, collecting revenue and maintaining the accounts will be transferred from the Accountant-General to the Accounting Officer of the non-self-accounting Ministry/Department. This shift to self-accounting will reduce paperwork and improve efficiency in the processing of payments.

4. Introducing a Framework for Good Governance in the Public Sector

The Chartered Institute of Public Finance and Accountancy (CIPFA) and the International Federation of Accountants (IFAC) have jointly developed the International Framework: '*Good Governance in the Public Sector'*.

The aim of '*Good Governance in the Public Sector'* is to encourage better service delivery and improved accountability by setting standards for good governance, applicable to all entities that comprise the public sector. Some examples of countries where public sector bodies have to abide by governance principles are Jamaica, Ghana, Australia, United Kingdom and Hong Kong.

The public sector should develop a Code for '*Good Governance in the Public Sector'* to enhance trust and confidence in public sector administration while also improving accountability.

5. Audit of Performance Information

For the financial year 2022-23, NAO has noted that 57 per cent of the KPI targets set were not met and 19 Delivery Units did not set any KPI.

Performance information and reporting play a crucial role in directing the attention of the public and oversight bodies towards whether public entities are delivering value for money. It helps to compare their performance against their budgets and strategic plans. This information is essential for managers to make informed decisions and take corrective measures.

It is proposed that each Ministry and Government Department prepare a Report on Performance Information including KPIs and actual achievement on non-financial information.

The impact of measuring and reporting performance results is increased public confidence in public sector and how the taxpayer's money has been used. However, credibility in the reporting system is essential to achieve this impact.

NAO has an important role in ensuring the accuracy and credibility of the performance information, which will help establish trust in the performance information reports.

The audit of performance information will be an annual engagement, as part of the regularity audit process, to provide assurance to the National Assembly, the public, and other relevant parties that the reported performance information is both useful and reliable.

Supreme Audit Institutions worldwide have progressed from carrying out only financial audits to a wide range of value-for-money/performance audits.

In South Africa, it is mandatory for Government Departments to submit an Annual Report on the entity's performance against predetermined objectives.

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CERTIFICATE OF AUDIT

NATIONAL AUDIT OFFICE

CERTIFICATE OF AUDIT

TO THE NATIONAL ASSEMBLY

Report on the Audit of the Annual Statements of the Government of the Republic of Mauritius

Opinion

I have audited the Annual Statements of the Government of the Republic of Mauritius, submitted in accordance with Section 19(1) of the Finance and Audit Act, which comprise the statement of financial position as at 30 June 2023, and the statement of financial performance, the statement of changes in net assets or equity, the cash flow statement and the statement of comparison of budget estimates and actual amounts for the year then ended, other Statements as required under Section 19(3) of the Act, and notes to the accounts, including a summary of significant accounting policies.

In my opinion, the accompanying Annual Statements give a true and fair view of the financial position of the Government of the Republic of Mauritius as at 30 June 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSASs).

Basis for Opinion

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 Ministries and Government Departments in accordance with the INTOSAI Code of Ethics, together with the ethical requirements that are relevant to my audit of the Annual Statements of the Government of the Republic of Mauritius, 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 opinion.

Emphasis of Matter

I draw attention to the following:

- Note 2.1 to the financial statements concerning basis of preparation. The Government initiated accrual basis IPSASs on 1 July 2022 and elected to adopt the transitional exemptions in IPSAS 33, First-time Adoption of Accrual Basis IPSASs, that allows it a transitional period of up to three years. As a result, the Government is not able to make an explicit and unreserved statement of full compliance with accrual basis IPSAS.

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- Note 23 to the financial statements regarding liabilities in respect of the pension defined benefit plan of Rs 149.9 billion as of 30 June 2023.

- As per statement of financial performance, prepared in accordance with accrual basis, the deficit figure for the financial year ending 30 June 2023 amounted to Rs 25.6 billion.

- Note 51 in relation to an event after reporting date for an award made in December 2023 by an International Arbitration Tribunal in respect of a terminated contract whereby the State of Mauritius has been ordered to pay interest on an amount awarded.

My opinion is not modified in respect of the above matters.

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 the matter described below to be a key audit matter to be communicated in my certificate of audit.

Receivables from Non-Exchange Transactions - Rs 21.3 billion

As stated in Note 5, the total balance of Receivables from Non-Exchange Transactions as of 30 June 2023 amounted to Rs 21.3 billion. This figure excludes some Rs 31.8 billion representing disputed tax cases at the MRA. The outcome of such cases has not yet been determined.

The collectability of receivables is considered a key audit matter due to the significance of the amount involved, extensive audit tests involved, intensive discussions concerning accounting treatment of tax cases not yet settled and estimates and assumptions involved for measurement.

My audit procedures, among other matters, included the following:

- Evaluated the adequacy of the disclosures included in the financial statements in accordance with requirements of IPSAS.

- Checked the accuracy and completeness of receivables figures from returns submitted by Revenue Departments.

- Examined the accounting treatment of tax cases under objections and appeal in compliance with relevant IPSAS.

- Inspected the ageing profile of receivables to identify significant long outstanding balances.

Responsibilities of the Accountant General and Those Charged with Governance for the Annual Statements

The Accountant-General is required, under Section 19 of the Finance and Audit Act, to sign and submit Annual Statements within 6 months of the close of every fiscal year, and is responsible 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 in Ministries and Government Departments are responsible for maintaining proper accounting records and providing to the Accountant-General, for the purpose of the Annual Statements, information that are accurate.

Auditor's Responsibility for the Audit of the Annual Statements

I am required under Section 20 of the Finance and Audit Act to issue a certificate of audit on the Annual Statements of the Government of the Republic of Mauritius, submitted in accordance with Section 19 of the Finance and Audit Act, within 8 months of the close of every fiscal year.

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 a certificate of audit 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 Ministries' and Departments' 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 certificate of audit, 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 certificate 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

Management is responsible for controlling expenditure on any service in respect of which public funds have been appropriated and for collecting revenue and paying that revenue into public funds, as well as putting in place a sound system of internal control designed to provide reasonable assurance regarding, amongst others, the effectiveness and efficiency of operations, the safeguarding of assets and data, the prevention of fraud and irregularities, and the compliance with applicable laws, regulations and instructions, policies and established procedures.

Auditor's Responsibility

Finance and Audit Act

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, under Section 20 of the Finance and Audit Act, to submit a Report upon my examination and audit of the accounts of Government.

In my opinion, except for the matters mention in my Report for the financial year 2022-23, 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

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

In my opinion, except for the matters mention in my Report for the financial year 2022-23, the provisions of Part V of the Act have been complied with as far as it could be ascertained from my examination of the relevant records.

DR D. PALIGADU
Director of Audit

National Audit Office
Level 14,
Air Mauritius Centre
PORT LOUIS

28 February 2024

PART I

REPORT OF THE DIRECTOR OF AUDIT

ON

THE ACCOUNTS OF THE GOVERNMENT

2 - ANNUAL STATEMENTS - TREASURY

2.1 Audit Comments on Annual Statements

I Submission of Annual Statements

The Finance and Audit Act requires the Accountant-General to sign and submit to the Director of Audit, within six months of the close of every fiscal year, statements presenting fairly the financial transactions and financial position of Government on the last day of such fiscal year.

The accounts of Government were closed on 10 August 2023 and the Annual Statements of Government for the financial year ended 30 June 2023 were submitted by the Accountant-General on 29 December 2023. The main Statements comprising the Statement of Financial Position (Statement A), Statement of Financial Performance (Statements AA and AB) and the Statement of Changes in Net Assets or Equity (Statement AC) were received at the National Audit Office on 29 December 2023.

Other Statements, as prescribed under Section 19(3) of the Finance and Audit Act, not mentioned above, were submitted to my Office on 19 October 2023, 22 November 2023 and 12 December 2023.

Submission of Transitional IPSAS Financial Statements

To improve transparency, accountability and decision-making through the production and publication of internationally benchmarked financial statements, the Finance and Audit Act was amended in July 2017.

As such, since July 2017, Section 19(3A) (a) of the Act provides that the statements referred to in subsection (3) (a) to (ag) shall, as far as possible, be prepared in compliance with IPSAS.

According to Section 19 (3A) (b), the Statements shall, for the fiscal year 2022-2023 and onwards, be prepared in compliance with IPSAS.

First Transitional IPSAS Financial Statements

As disclosed in note 2.1 B (i), the first transitional IPSAS financial statements have been prepared in respect of the financial year 2022-23 and it is expected that the financial statements will be fully compliant with IPSAS as from the financial year 2025-26.

According to paragraph 9 of IPSAS 33 ‘First-Time Adoption of Accrual Basis IPSAS’, Transitional IPSAS financial statements are the financial statements prepared in accordance with this IPSAS (IPSAS 33) where a first-time adopter cannot make an explicit and unreserved statement of compliance with other IPSASs because it adopted one or more of the transitional exemptions that affect the fair presentation of the financial statements and its ability to assert compliance with accrual basis IPSASs. According to paragraph 135 of IPSAS 33, the first-time adopter should include a statement that the financial statements do not fully comply with accrual basis IPSASs.

According to Paragraph 136 of IPSAS 33, where a first-time adopter takes advantage of the transitional exemptions, the first-time adopter shall disclose:

(a) The extent to which it has taken advantage of the transitional exemptions that affect the fair presentation of the financial statements and its ability to assert compliance with accrual basis IPSASs and/or

(b) The extent to which it has taken advantage of the transitional exemptions that do not affect the fair presentation of the financial statements and its ability to assert compliance with accrual basis IPSASs.

Government has taken advantage of the transitional exemptions that affect the fair presentation of the financial statements in respect of the following:

(i) Property Plant and Equipment;

(ii) Employee Benefits;

(iii) Related Party Disclosures;

(iv) Impairment of Non-Cash Generating Asset;

(v) Intangible Assets;

(vi) Financial Instruments;

(vii) Leases; and

(viii) Revenue from Non-Exchange Transactions.

Issues regarding the Implementation of Accrual-Based IPSAS

Findings

Issues regarding the implementation of accrual-based IPSAS financial statements, which were previously reported, still needed to be fully addressed.

- The Secondary Ledger (SL), which was to cater for accruals accounting in the Treasury Accounting System (TAS), has been implemented since May 2017. After more than six years, the system was still not operational and the Treasury had to rely heavily on returns submitted by Ministries/Departments to prepare the Accrual IPSAS financial statements.

- The Government Asset Register (GAR) has been operational since August 2017 to record all Government assets and to substantiate the figures for Property, Plant and Equipment and Intangible Assets in the financial statements of the Government. However, after some six years, the entries in the GAR were still incomplete.

Recommendation

In view of the first transitional IPSAS financial statements in 2022-23 and full compliance in 2025-26, necessary measures must be taken to ensure that the Secondary Ledger is operational and all the Government assets are duly recorded in GAR.

Treasury's Response

- The strategy of the Treasury is to procure a proper system supporting accrual accounting after having acquired extensive experience in the preparation of accrual-based financial statements, including consolidation.

- The Treasury has issued reminders to Ministries/Departments to obtain the necessary data to be uploaded in GAR but still response was low.

II Employee Benefit Obligations - Liability in respect of the Defined Benefit Plan of Rs 149.8 billion

A sum of Rs 149.8 billion was accounted as a liability for the Defined Benefit Plan in respect of both financial years 2021-22 and 2022-23. According to paragraph 2.19 (ii) (b) of the notes to the financial statements, the calculation of defined benefit obligations is performed on a 3-yearly basis by a qualified actuary and the last valuation was carried out on 30 June 2022.

According to paragraph 60 of IPSAS 39 '*Employee Benefits'*, an entity shall determine the net defined liability (asset) with sufficient regularity that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the end of the reporting period.

Paragraph 61 of IPSAS 39, states that an entity may request a qualified actuary to carry out a detailed valuation of the obligation before the end of the reporting period. Nevertheless, the results of that valuation are updated for any material transaction and other material changes in circumstances up to the end of the reporting period.

Findings

▪ ***Valuation of Pension liability***

The pension deficit of Statutory Bodies and Local Authorities increased from Rs 33.3 billion as of 30 June 2020 to Rs 46 billion as of 30 June 2022, representing an increase of 38 per cent over two years.

Based on this analysis, if the actuarial valuation is carried out on a 3-yearly basis, the pension liability of the Government standing at Rs 149.8 billion as of 30 June 2023 may be understated.

- ***Inconsistent Accounting Policy - Consolidation***

According to Circular No. 4 of 2023 from the Ministry of Finance, Economic Planning and Development (MoFEPD), a Consolidated Financial Statement will be prepared for the Public Sector for the financial year 2022-23.

Actuarial review is carried out every year for Statutory Bodies and Local Authorities, whereas for the Central Government on a 3-yearly basis resulting in inconsistent accounting policies.

Recommendation

In view of the first transitional IPSAS financial statements for the financial year 2022-23 and full compliance for financial year 2025-26, it is recommended that for the Central Government, actuarial valuation be carried out at each reporting date to ensure compliance with IPSAS 39 and to show a true and fair picture of pension liability at the end of each reporting date.

Treasury's Response

Consideration is being made to have a yearly actuarial valuation of the pension obligation within the transitional period.

III Investments - Fair Value is based on net assets value, not reflecting current market conditions.

Finding

The fair values of Unquoted Shares and Equity Participation in Companies/ Government Bodies were based on Net Asset Figures from the latest audited financial statements of investees.

When the latest audited financial statements are not available, IPSAS 41-Financial Instruments (Implementation Guidance) recommends the net asset value from the last audited financial statements be adjusted to reflect current market conditions or another appropriate valuation technique should be used to calculate the fair value of unquoted equity investments.

In eight cases, investments costing Rs 21.5 billion were measured at a total fair value of Rs 31.6 billion based on Net Assets Values stated in financial statements dating back to the years 2014 to 2021, which is against IPSAS 41 guidance.

Recommendation

Investment should be valued in compliance with IPSAS 41.

IV Property, Plant and Equipment and Intangible Assets - Valuation and Existence of Assets

As of 30 June 2023, Property, Plant and Equipment (PPE) and Intangible Assets (IA) owned by the Government were recognised at Rs 536.1 billion and Rs 1.0 billion, respectively in the Statement of Financial Position.

Findings

- ***Useful Economic Lives of Fully Depreciated Assets still in Use not reviewed in line with IPSAS 17***

As of 30 June 2023, the cost of fully depreciated assets under PPE and IA amounted to Rs 8.7 billion and 1.9 billion respectively. These may include assets that are still in use.

According to Paragraph 71 of IPSAS 17, Property, Plant and Equipment, depreciation of an asset begins when it is available for use and ceases when the asset is derecognised.

According to Paragraph 67 of IPSAS 17, the residual value and the useful life of an asset shall be reviewed at least at each annual reporting date and if expectations differ from previous estimates, the change shall be accounted for as a change in an accounting estimate.

Recommendation

In view of the first transitional IPSAS financial statements in 2022-23 and full compliance in 2025-26, the useful economic lives of fully depreciated assets still in use should be reviewed regularly and their carrying values adjusted accordingly as per Paragraph 67 of IPSAS 17.

- ***Land – List of State Land not updated***

As of 30 June 2023, the value of Rs 382 billion reported in the Statement of Financial Position under PPE (Land) was not supported by an updated list of land from the Ministry of Housing and Land Use Planning (MHLUP) to include additions for financial years 2018-19, 2019-20, 2020-21 and 2022-23.

Addition to land totaling Rs 3.1 billion during financial years 2018-19 to 2020-21 and Rs 952 million for the financial year 2022-23 were therefore not supported by a physical list of land.

The Valuation Department carried out a valuation exercise as of 30 June 2022. However, the value of state lands identified as of 30 June 2018 was revised and additions during 2021-22 were considered.

Recommendation

In view of the first transitional IPSAS financial statements in 2022-23 and full compliance in 2025-26, necessary measures must be taken to ensure that all the additions since the financial year 2018-19 are adequately supported to ensure completeness and accuracy of PPE figure.

Treasury's Response

Several reminders have been sent to the Ministry of Housing and Land Use Planning and the matter is still pending.

- ***Incompleteness of Government Asset Register***

As of 30 June 2023, the recording of assets in the Government Asset Register (GAR) was yet to be completed as some Ministries/Departments were still not updating the register. For all classes of assets, differences were observed between the amount reported in the financial statements and the amount uploaded in the GAR at cost.

As of 30 June 2023, PPE (excluding Furniture, Fixtures and Fittings) and IA recorded in the GAR at cost stood at Rs 489.5 billion and Rs 130.9 million respectively, while PPE and IA at cost recognised in the Statement of Financial Position were Rs 576.6 billion and Rs 3.7 billion, respectively.

Since the GAR did not fully support the value of assets reported in the financial statements, the completeness and existence of PPE and IA reported in the financial statements could not be ascertained.

Recommendation

In view of the first transitional IPSAS financial statements in 2022-23 and full compliance in 2025-26, necessary measures must be taken to ensure that GAR duly supports assets recorded in the financial statements to ensure completeness and existence of those assets.

Treasury's Response

Necessary actions have been taken by this office since the implementation of GAR to ensure that Ministries/Departments record their Non-Financial Assets (NFAs) on the system. It is worth noting that commendable progress has been made in respect of NFAs value recorded in the system. However, the ultimate responsibility of recording and updating the NFAs on GAR rests with Ministries/Departments.

V Statement of Comparison of Budget Estimates and Actual Amounts

In the 'Statement AE/AF - Comparison of Budget Estimates and Actual Amounts,' information on original estimates, total provisions and actual amount is shown.

Variance calculation is based on the difference between budget estimates and actual amounts and related explanations is disclosed in the Notes to accounts.

Recommendation

Paragraph 17 of IPSAS 24 'Presentation of Budget Information in Financial Statements' also recommends the calculation of differences between the actual and final budget to focus on compliance with the final budget.

Along with differences between the actual and the original budget, differences between the actual and the final budget (provision) should also be disclosed with explanation of material differences.

VI Receivables in respect of Cases not yet Settled/Pending cases at the Mauritius Revenue Authority

Cases not yet settled or pending cases comprised mostly tax claims pending under objections at the Mauritius Revenue Authority (MRA) and cases being dealt under the Alternative Tax Dispute Resolution (ATDR) and Expeditious Dispute Resolution Tax Schemes (EDRTS). It also included cases lodged at the Assessment Review Committee (ARC). 'Sum Otherwise not Due' referred to those cases where assessments had been raised, but objections could still be lodged within the statutory time limit of 28 days.

Table 2-1 shows the original assessed amount for cases yet to be settled at MRA inclusive of Customs Department for financial years ending 30 June 2022 and 30 June 2023.

Table 2-1 Cases not yet settled as of 30 June 2022 and 30 June 2023

	30 June 2022	30 June 2023
MRA	**Rs**	**Rs**
Pending under Objection	2,318,081,765	3,330,755,049
Pending at ARC	20,348,479,809	20,587,855,118
Pending under ATL and EDL	612,958,589	607,441,624
Sum Otherwise not Due	2,278,487,408	6,950,631,065
MRA - Customs		
Cases Under Disputes	385,156,816	400,516,561
Total	**25,943,164,387**	**31,877,199,417**

Source: Returns of Arrears of Revenue as of 30 June 2022 and 30 June 2023

Findings

The Receivables (exclusive of loss allowance) figure of Rs 23.7 billion included in the Statement of Financial Position excluded any amount relating to cases not yet settled/pending at MRA.

MRA provided an analysis of some 1,620 cases determined during the financial year 2022-23. The analysis revealed that the revised/determined amount represented some 72 per cent of the original tax amounts assessed.

- ***IPSAS 23 Revenue from Non-exchange Transactions (Taxes and Transfers)***

According to paragraph 67 of IPSAS 23, *Revenue from Non-Exchange Transactions (Taxes and Transfers)*, assets arising from taxation transactions are measured at the best estimate of the inflow of resources to the entity and reporting entities must develop accounting policies for the measurement of assets arising from taxation transactions.

Furthermore, paragraph 68 of IPSAS 23 specifies that where there is a separation between the timing of the taxable event and collection of taxes, the entity may reliably measure assets arising from taxation transactions by using, for example, a statistical model based on the history of collecting the particular tax in prior periods.

The Treasury has adopted transitional provision for measurement of revenue from Non-Exchange Transactions

Recommendation

The Treasury should develop an appropriate accounting policy for the recognition of receivables in compliance with IPSAS regarding tax cases not yet settled.

- ***Receivables Accounted in Financial Statements – Rs 23.7 billion***

Total receivables before loss allowance (bad debts provisions) amounted to Rs 23.7 billion as of 30 June 2023 compared to Rs 20.6 billion as of 30 June 2022, representing an increase of 15 per cent.

Receivables from Non-Exchange and Exchange Transactions amounted to Rs 21.9 billion and Rs 1.8 billion, respectively for financial year 2022-23. Details are given in Table 2-2.

Exchange Transactions are transactions in which one entity receives assets or services or has liabilities extinguished and directly gives approximately equal value to another entity in exchange. Examples include licences, finance income, rent, royalties and sales of goods and services.

In a Non-Exchange Transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange or giving value to another entity without directly receiving equal value in exchange. Examples include taxes, fines, penalties forfeits and social contributions.

Table 2-2 Classification of Receivables into Non-Exchange and Exchange Transactions

Ministries and Departments	30 June 2022 Restated Rs	30 June 2023 Rs
Receivables from Non-Exchange Transactions		
Mauritius Revenue Authority	18,385,701,162	21,429,311,864
Registrar- General's Department	415,174,488	397,275,059
The Judiciary	31,985,842	50,211,580
National Land Transport Authority	38,064,000	38,064,000
Corporate and Business Registration Department	41,793,037	37,448,802
Ministry of Commerce and Consumer Protection	163,000	236,000
Ministry of Environment, Solid Waste Management and Climate Change	62,898,000	-
Subtotal	***18,975,779,529***	***21,952,547,305***
Receivables from Exchange Transactions		
Ministry of Housing and Land Use Planning	1,187,474,818	1,257,710,373
Treasury	209,166,465	322,274,727
Corporate and Business Registration Department	83,461,361	75,481,767
Police Service	37,209,380	32,858,641
Ministry of Health and Wellness	23,086,017	23,451,818
Civil Aviation	36,501,545	12,940,131
Ministry of Agro-Industry and Food Security	12,757,579	11,509,293
Others	19,795,662	27,722,699
Mauritius Revenue Authority	2,260,194	2,260,194
Subtotal	***1,611,713,021***	***1,766,209,643***
Total Receivables	**20,587,492,550**	**23,718,756,948**

Source: Returns from Ministries and Departments

The receivables for non-exchange transactions have increased by some 16 per cent and receivables from exchange transactions have increased by some 10 per cent for the financial year 2022-23. This increase is mainly due to increase in receivables for taxes on goods and services, taxes on income and profits, other taxes and fines, penalties and forfeits.

Findings

- ***Receivables - Age analysis***

Table 2-3 below shows an age analysis of receivables for non-exchange and exchange transactions after loss allowance of Rs 666 million and Rs 452 million, respectively.

Table 2-3 Age Analysis of Receivables for the Financial Year 2022-23

	Non-Exchange Transactions Rs billion	**Exchange Transactions** Rs billion	**Total** Rs billion	**Percentage of Total Receivables (%)**
Less than 1 year	12.26	0.25	12.51	55
Between 1 year to 5 years	5.67	1.00	6.67	30
Between 5 years to 10 years	2.02	0.05	2.07	9
Over 10 years	1.34	0.01	1.35	6
Total	**21.29**	**1.31**	**22.60**	**100**

Source: Notes 5 and 6 to the Financial Statements

Debt recovery was slow for debts over one year. Total receivables for more than one year accounted for some 45 per cent of the total debts, of which some six per cent related to receivables for over 10 years. Debts less than one year includes current due as per disclosure notes 5 and 6.

Recommendation

The Accounting Officer of each Ministry and Department should ensure prompt action is taken to recover receivables.

- ***Receivables Written-off***

Findings

- A total of Rs 241 million has been written off against total receivables for the financial year 2022-23, which includes Rs 200 million and Rs 41 million for non-exchange transactions and exchange transactions, respectively.

- Receivables written off for MRA totalled Rs 185 million, representing 77 per cent of the total write-offs of debts from non-exchange transactions and exchange transactions.

Recommendation

Government should put in place a mechanism that ensures prompt recovery of receivables to decrease write off.

2.2 Public Sector Debt

Debt management is the process of establishing and executing a strategy for managing the Government's debt to meet the borrowing needs of Government in a manner that avoids market disruption, to minimise the cost of the debt portfolio within an acceptable level of risk and to support the development of a well-functioning market for Government securities.

I Public Sector Debt as of 30 June 2023

Findings

- ***Public Sector Debt Stock***

The Public Sector Debt (PSD)as a percentage of Gross Domestic Product decreased by 4.8 per cent from 85.9 per cent in 2021-22 to 81.1 per cent in 2022-23.

Total Public Sector Debt Stock increased from Rs 449.3 billion as at 30 June 2022 to Rs 495.6 billion as of 30 June 2023, that is by Rs 46.3 billion, reflecting a rise of 10.3 per cent over the previous financial year. Details are given in Tables 2-4 and 2-6.

Table 2-4 Public Sector Debt Stock as of 30 June 2022 and 30 June 2023

Debt Category	**Nominal Value 30-Jun-22 Rs**	**Nominal Value 30-Jun-23 Rs**	**Variance over Previous Year %**
Budgetary Central Government (BCG) Debt			
BCG – Domestic	326,978,909,558	365,213,358,384	11.7
BCG – External	84,458,609,341	83,873,296,648	(0.7)
	411,437,518,899	***449,086,655,032***	
Guaranteed by Government			
Extra Budgetary Units	23,851,050	23,851,050	-
Public Corporations	36,463,335,684	39,027,192,189	7.0
	36,487,186,734	***39,051,043,239***	
Non-Guaranteed by Government			
Extra Budgetary Units	106,437,489	101,377,197	(4.8)
Public Corporations	16,775,961,883	25,597,066,119	52.6
	16,882,399,372	***25,698,443,316***	
Sub Total	**464,807,105,005**	**513,836,141,587**	**10.5**
Less Consolidation Adjustment	(15,512,334,188)	(18,270,105,025)	17.8
Total Public Sector Debt	**449,294,770,817**	**495,566,036,562**	**10.3**
Comprising:			
Total Domestic Public Sector Debt	336,123,628,530	380,298,821,659	
Total External Public Sector Debt	113,171,142,287	115,267,214,903	

Source: Statement J - Statement of Public Sector Debt as at 30 June 2022 and 30 June 2023

- ***Public Sector Domestic Debt***

Public Sector Domestic Debt accounted for 77 per cent of total PSD and was made up of short, medium and long-term debt from the issuance of Treasury Bills, Treasury Certificates, Treasury Notes, Government of Mauritius Bonds, Silver Bonds, loans from SIC Development Co Ltd and loans contracted by Extra Budgetary Units and Public Corporations, both guaranteed and non-guaranteed by Government.

As of 30 June 2023, Public Sector Domestic Debt obligations totalled Rs 380.3 billion. This represents an increase of 13 per cent (Rs 44.2 billion) over the previous year's debt stock of Rs 336.1 billion.

- ***Public Sector External Debt Constituted 23 Per Cent of Total Public Sector Debt***

Public Sector External Debt obligations stood at Rs 115.3 billion as of 30 June 2023, which is an increase of 2 per cent (Rs 2.1 billion) over the previous year's balance of Rs 113.2 billion.

Public Sector External Debts constituted some 23 per cent of total PSD and include Loans from Foreign Governments and Institutions, Government Securities held by Non-Residents and the International Monetary Fund (IMF) Special Drawing Rights (SDR) Allocations and debt of Public Corporations.

IMF SDR Allocations are obligations arising through the participation of the Republic of Mauritius in the SDR Department of the IMF, and are related to the allocation of SDR Holdings, which are international Reserve Assets created by the IMF and allocated to members to supplement reserves.

- ***Consolidation Adjustment Rs 18.3 billion.***

A consolidation adjustment of Rs 18.3 billion was made in accordance with the IMF Government Finance Statistics Manual, which requires that inter-sectoral and intra-sectoral transactions be netted off. As such, the PSD figure of Rs 513.8 billion was brought down by an amount of Rs 18.3 billion, representing investments held by Non-Financial Public Corporations, Statutory Bodies and Local Authorities in Treasury Bills, Government of Mauritius Bonds, Treasury Notes, and Treasury Certificates and a domestic loan from SIC Development Co Ltd already accounted in debts of Public Corporations. Accordingly, the PSD was reduced to Rs 495.6 billion.

- ***Public Sector Debt as a Percentage of Gross Domestic Product (GDP)***

Target set in Estimates 2022-2023 - Debt Management Strategy

Public Sector Debt as a percentage of GDP as per Debt Management Strategy (Estimates 2022-2023) and actual results are shown in Table 2-5.

Table 2-5 Public Sector Debt as a Percentage of GDP

	Debt Strategy Estimates 2022-2023	**Actual 2022-2023**	**Variance**
BCG Debt/GDP (per cent)	68.1	73.5	5.4
PSD Gross/GDP (per cent)	**78.0**	**81.1**	**3.1**
PSD Net/GDP (per cent)	72.9	70.0	(2.9)
PSD Gross (Rs billion)	449.6	495.6	46.0
PSD Net (Rs billion)	419.8	427.7	7.9
Gross Domestic Product (GDP) (Rs billion)	576.1	611.0	34.9

Source: Estimates 2022-2023, Statement J and Statistics Mauritius, Quarterly National Accounts, 3rd Quarter 2023

The percentage of Budgetary Central Government (BCG) Debt and Public Sector Gross Debt over GDP of 73.5 per cent and 81.1 per cent exceeded the percentage set in debt management strategy by 5.4 and 3.1 percentage points, respectively.

Public Sector Debt to GDP Ratio During Last Five Financial Years

The total PSD, its growth rate and GDP percentage during the past five years is shown in Table 2-6.

Table 2-6 Public Sector Debt as at end of Financial Years 2019 to 2023

	2018-19	**2019-20**	**2020-21**	**2021-22**	**2022-23**
Total PSD (Rs billion)	320.7	381.8	419.4	449.3	495.6
Rate of Growth of PSD (per cent)	6.8	19.1	9.8	7.1	10.3
GDP (Rs billion)	507.7	471.1	456.3	522.9	611.0
PSD (Gross)/GDP (per cent)	**63.2**	**81.0**	**91.9**	**85.9**	**81.1**
PSD Net (Rs billion)	N/A	322.2	345.0	385.5	427.7
PSD Net/GDP (per cent)	N/A	68.4	75.6	73.7	70.0

Source: Statements J – Statement of Public Sector Debt for financial years 2018-19 to 2022-23 and Statistics Mauritius and MoFEPD Website

A sustainable fiscal policy is one where the Debt-GDP ratio is stable or declining over a period. As of the end of June 2023, the PSD-to-GDP ratio (gross basis) registered a decrease of some 4.8 percentage points to reach 81.1 per cent compared to 85.9 per cent as of the end of June 2022.

With effect from 23 March 2020, the COVID-19 (Miscellaneous Provisions) Act 2020 revised Section 6(1A) of the Public Debt Management Act of 2008 requires that the public sector debt be calculated on a "net basis".

As of 30 June 2023, Cash and cash equivalents and equity investments of Rs 67.9 billion were deducted from the gross PSD figure of Rs 495.6 billion to reach a net PSD figure of Rs 427.7 billion.

As of 30 June 2023, the PSD-to-GDP ratio on a net basis decreased from 73.7 per cent in 2021-22 to 70 per cent in 2022-23.

Ministry's Response

- The sharp increase in public sector debt over the last five years is mainly due to the various measures taken by the Government in the wake of the COVID-19 pandemic.

- The Public Debt Management Act was amended in the Finance (Miscellaneous) Act 2023 to reinstate a public sector debt ceiling set at 80 per cent of GDP.

II BCG Debt Servicing over the last five Financial Years

The BCG debt servicing consisted of capital repayments, interest payments on BCG Domestic and External Debts and management service charges on these debts. Government debt servicing as per Statement D1 – 'Detailed Statement of Expenditure of the Consolidated Fund' for the past five financial years is shown in Table 2-7.

Table 2-7 Government Debt Servicing for Financial Years 2018-19 to 2022-23

	30.06.2019	**30.06.2020**	**30.06.2021**	**30.06.2022**	**30.06.2023**
Particulars	**Rs million**	**Rs million**	**Rs million**	**Rs million**	**Rs million**
Interests*					
External Debt	710.6	637.6	577.4	552.0	1,265.3
Domestic Debt	11,937.0	12,727.6	11,837.3	12,698.1	14,343.8
Management Service Charges	3.5	24.3	70.4	12.6	33.2
Sub Total	***12,651.1***	***13,389.5***	***12,485.1***	***13,262.7***	***15,642.3***
Capital Repayments					
External Debt	4,067.2	10,875.1	4,949.4	5,153.6	15,543.6
Domestic Debt**	66,857.6	66,363.1	92,979.1	109,829.5	96,741.5
Sub Total	***70,924.8***	***77,238.2***	***97,928.5***	***114,983.1***	***112,285.1***
Total Government Debt Servicing	**83,575.9**	**90,627.7**	**110,413.6**	**128,245.8**	**127,927.4**

Source: Treasury Accounting Systems

Note: GDP 2022-23 – Rs 610,986 million (source: Website – Statistics Mauritius, Quarterly National Accounts 3rd Quarter 2023)
** Interest is computed on an accrual basis*
*** The Treasury's policy before the financial year 2020-21 was not to include redemption of Treasury Bills, Treasury Certificates, Treasury Notes, Saving Notes and Saving Bonds in Government Debt Servicing (Statement D1). The capital repayments for domestic debt for 2018-19 and 2019-20 have been adjusted to include these redemptions.*

Findings

- ***Government Debt Servicing over the past five Financial Years***

Table 2-8 Interest Payments on BCG Debt

	2018-19	2019-20	2020-21	2021-22	2022-23
Recurrent Revenue (Rs million)	104,907	99,585	129,494	131,196	146,481
Interest Payments* (Rs million)	12,651	13,390	12,485	13,263	15,642
Total Government Debt Servicing	83,576	90,628	110,414	128,246	127,927
Total Recurrent Expenditure (Rs million)	111,922	134,916	138,797	139,494	158,110
Total Expenditure** (Rs million)	202,655	243,566	297,278	283,660	292,848
GDP (Rs million)	507,740	471,094	456,341	522,920	610,986
Interest Payments/GDP (per cent)	2.5	2.8	2.7	2.5	2.6
Interest Payments/Recurrent Revenue (per cent)	12.1	13.4	9.6	10.1	10.7
Interest Payments/Total Recurrent Expenditure (per cent)	11.3	9.9	9.0	9.5	9.9
Total Government Debt Servicing/Total Expenditure (per cent)	41.2	37.2	37.1	45.2	43.7

Source: Statement AF, D1, Statistics Mauritius and NAO workings

* *Interest includes management service charges*
** *The Treasury's policy before the financial year 2020-21 was not to include redemption of Treasury Bills, Treasury Certificates, Treasury Notes, Saving Notes and Saving Bonds in Government Debt Servicing (Statement D1). The total expenditure (Statement D1) for 2018-19 and 2019-20 has been adjusted to include capital repayments for the above-mentioned domestic debt.*

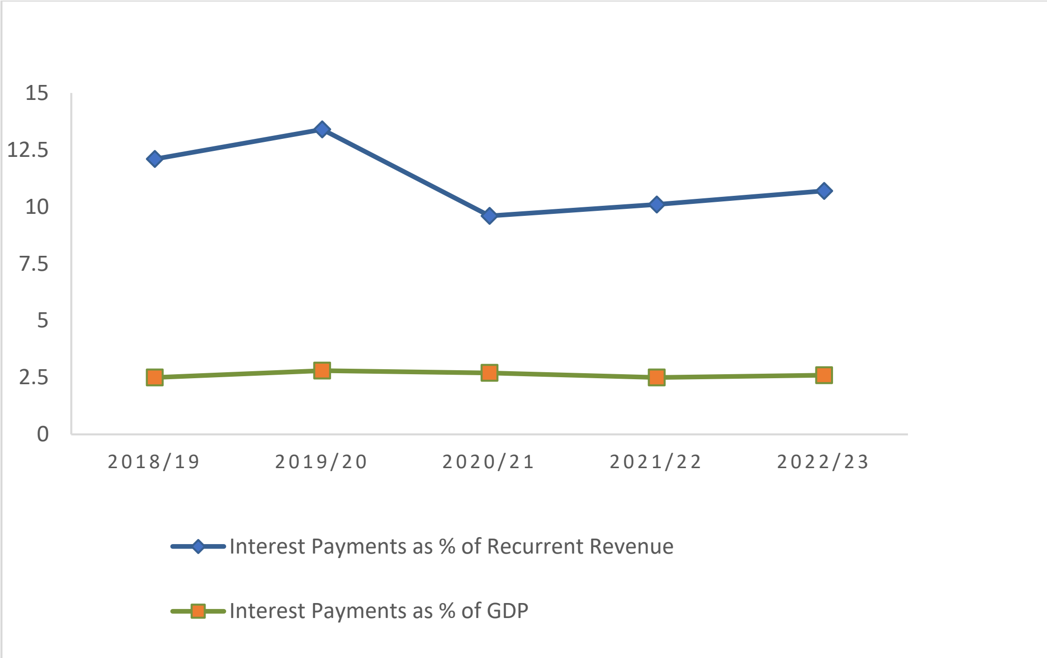
- Over the past five financial years, interest payments on BCG Debt have increased from Rs 12,651 million to Rs 15,642 million, reflecting an increase of 23 per cent.

- The interest payments on Government Debt to GDP ratio of 2.6 per cent for 2022-23 was above the target set of 2.3 per cent as stated in Estimates 2022-23. However, the ratio ranged between 2.5 to 2.8 per cent from 2019 to 2023, significantly below the 3.5 per cent limit set by the MoFEPD.

- The share of interest payments in revenue receipts declined significantly from the financial year 2019-20 to the financial year 2020-21 and it showed an increasing trend from 9.6 per cent in the financial year 2020-21 to 10.7 per cent in the financial year 2022-23 (Chart 1). Additionally, the actual interest payments as a ratio of recurrent revenue for the financial year 2022-23 were higher than the 8.8 per cent target specified in the Estimates 2022-2023 and the benchmark of 10.5 per cent.

- Total Government Debt Servicing increased from Rs 83,576 million in 2018-19 to Rs 127,927 million in 2022-23. The share of Government debt servicing in total Government expenditure (Statement D1 – Detailed Statement of Expenditure of the Consolidated Fund) was significant for the period 2018-19 to 2022-23 ranging from 37.1 per cent to 45.2 per cent.

Chart 1 Government Debt Cost Indicators



III BCG Debt – Amortised Cost Rs 445.1 billion (Nominal value Rs 449.1 billion)

As of 30 June 2023, BCG Debt at amortised cost totalled Rs 445.1 billion, consisting of Rs 366.6 billion BCG Domestic Debt and Rs 78.5 billion BCG External Debt.

(a) BCG Domestic Debt – Amortised Cost Rs 366.6 billion

BCG Domestic Debt comprised Government of Mauritius (GOM) Treasury Bills, GOM Treasury Certificates, GOM Treasury Notes, GOM Bonds, Silver Bonds and Loan from SIC Development Co. Ltd

BCG Domestic Debt with a nominal value of Rs 365.2 billion, was stated at an amortised cost of Rs 366.6 billion as of 30 June 2023. Amortised cost reflects the present value of the future cash flows of the debt, using the effective interest rate method. This method allocates the interest expense over the relevant period and adjusts the carrying amount of the debt accordingly.

Findings

- ***BCG Domestic Debt constituted 82 per cent of Total BCG Debt***

BCG Domestic Debt made up 82 per cent of the total Debt of BCG and increased from Rs 328.1 billion (at amortised cost) in the financial year 2021-22 to Rs 366.6 billion in the financial year 2022-23.

It is noted that Government Securities to the tune of Rs 11.3 billion (Nominal Value) as of 30 June 2022 provided as collateral by local banks to foreign institutions which were previously classified under BCG External Debt as 'Government Securities Held by

Non-Residents' are now being reclassified under BCG Domestic Debt as these are still held by local banks rather than foreign financial institutions.

- ***Loan from SIC Development Co Ltd***

Loan from Export-Import Bank of India to SBM (Mauritius) Infrastructure Development Company Ltd

In May 2017, SBM (Mauritius) Infrastructure Development Company Ltd (SBMIDC) entered into a Dollar Credit Line Agreement with the Export-Import Bank of India (EXIM) under which EXIM agreed to extend to the SBMIDC two Dollar Line of Credit (LOC) for US $ 500 million and US $ 190 million signed in May 2017 and January 2022 respectively.

On 17 October 2022, the First Amendatory to the Dollar Credit Line Agreement was signed between SBMIDC and EXIM to reflect a decrease in the two Dollar Line of Credit amount from US $ 500 million to US $ 375 million and from US $ 190 million to US $ 90 million.

The disbursements under the two Dollar Line of Credit as of 30 June 2023 are given in Table 2-9.

Table 2-9 Disbursements under the LOC as of 30 June 2023

	LOC 1	**LOC 2**
	US $ million	**US $ million**
Original LOC	500	190
Amended LOC	375	90
Disbursement as at 30 June 2023	292	73

Source: MoFEPD Records

The disbursements under LOC 1 were made mainly to Metro Express Ltd (US$ 253.8 million) and National Housing Development Co Ltd (US$ 24.3 million) and the disbursement under LOC 2 were made to Metro Express Ltd.

Loan from SIC Development Co Ltd to the Government of Mauritius

SIC Development Co Ltd (SICDC) was to issue Redeemable Preference Shares to SBMIDC to finance projects to be implemented under the said Dollar Credit Line Agreement.

On 5 April 2019, a Financing Agreement was signed between the SICDC and the Government of Mauritius. Under the terms of the agreement, the SICDC agreed to extend to Government a loan of US$ 71 million from funds under LOC to finance projects to be implemented by different Ministries. The loan has a term of 20 years, with a moratorium period of seven years and an annual interest rate of 1.9 per cent.

On 28 November 2022, Addendum No. 1 to the Financing Agreement was signed between the SICDC and the Government of Mauritius to reflect an increase of US$ 9 million in the loan amount from US$ 71 million to US$ 80 million extended to the Government by the SICDC.

Total amount disbursed as of 30 June 2023 in respect of seven projects totalled US$ 9,507,907 (Amortised cost US$ 7,461,094, equivalent to Rs 346 million), including capitalised interests.

As a result of Addendum No. 1, the Government will have to bear an additional cost annually to SICDC of US$ 200 for maintenance fees and Rs 28,000 for management fees.

- ***Maturity Structure of Government Securities***

Debt maturity and repayment profile indicate a commitment on the part of the Government to repay the debt or service the debt. Table 2-10 indicates the maturity profile of the outstanding Government Securities as of 30 June 2023.

Table 2-10 Maturity Structure of Government Securities

Maturity Period	Treasury Bills	Treasury Certificates	Treasury Notes	GOM Bonds	Silver Bonds	Total	%
	Rs million	Rs million	Rs million	Rs million	Rs million	Rs million	
2023-24	23,353	16,258	19,799	18,186	-	77,596	21
2024-25	-	-	24,180	36,378	-	60,558	17
2025-26	-	-	18,567	32,607	-	51,174	14
2026-27	-	-	-	27,375	-	27,375	7
2027-28	-	-	-	21,802	-	21,802	6
2028-29 Onwards	-	-	-	120,022	6,246	126,268	35
Total	**23,353**	**16,258**	**62,546**	**256,370**	**6,246**	**364,773**	**100**

Source: Ledger of Respective Securities
Note: Excludes domestic loan of Rs 440.9 million from SICDC

- According to the maturity structure of Government Securities, some 21 per cent of the total debt will mature by June 2024, requiring Rs 77.6 billion to settle those debts.

- In addition, some 38 per cent of the outstanding debts, amounting to Rs 139.1 billion will be due for repayment between July 2024 and June 2027.

- The maturity profile of the outstanding debt as of 30 June 2023 also indicates that 65 per cent of the outstanding debt (Rs 238.5 billion) would be repayable within five years. The remaining 35 per cent (Rs 126.3 billion) would become due for servicing after five years.

- ***Annual Issue of Financial Instruments exceed Redemption, resulting in an Increase in Debt in the Financial Year 2022-23***

Table 2-11 shows the issues and redemptions of the main financial instruments, namely Treasury Bills, Treasury Certificates, Treasury Notes and Government Bonds for the past five financial years.

Table 2-11 Issues and Redemptions of Government Securities – Past Five Financial Years

	30 June 2019 Rs billion	**30 June 2020 Rs billion**	**30 June 2021 Rs billion**	**30 June 2022 Rs billion**	**30 June 2023 Rs billion**
Issues	90.3	115.8	107.4	127.9	122.9
Redemption	65.4	64.5	92.9	109.7	96.5
Excess Issues Over Redemption	**24.9**	**51.3**	**14.5**	**18.2**	**26.4**

Source- Reports of Director of Audit and Treasury Financial Statements

Table 2-11 shows that over the past five financial years, the repayments of financial instruments were less than the amounts issued.

In addition, Silver Bonds amounting to some Rs 207 million were redeemed during the financial year 2022-23.

(b) BCG External Debt – Amortised Cost Rs 78.5 billion

BCG External Debt comprises ‘Government Securities issued for meeting borrowing requirements and held by Non-Residents’, ‘External Loans’ and ‘IMF SDR Allocations’.

Findings

- ***BCG External Debt - Marginal Decrease in Financial Year 2022-23***

Total BCG External Debt was Rs 78.6 billion as of 30 June 2022, with a marginal decrease to Rs 78.5 billion as of 30 June 2023.

During the financial year 2022-23, loans for Rs 23.8 billion (at nominal value) were contracted by the Government from external financial institutions.

- ***External Debt - Bridge Loan Facility to manage Budgetary Financing Gap***

In Estimates 2022-2023, the Government anticipated revenue of Rs 22 billion from 'Equity Sale', of which an amount of Rs 12 billion was expected from the disposal of part of the shares held in Metro Express Ltd. In September 2022, as Government anticipated that the disposal process would not materialise, the assistance of the African Development Bank (AFDB) was sought for a budget Support Loan of US$ 250 million to finance the budgetary deficit.

Pending disbursement of the loan by the AFDB in May 2023, a bridge loan facility for an amount of US$ 250 million (Rs 10.8 billion) was contracted by the Government in November 2022 from Société Genérale, a Financial Services Company, to manage the budgetary financing gap.

The loan from Société Genérale was contracted for six months and had a higher annual interest rate of 6.554520 per cent compared to the loan from the AFDB, which had an interest rate of 5.78 per cent. As per clause 8.1 of the Bridge Loan Facility Agreement drawn between the Government and Sociéte Générale in November 2022, the interest rate was to be computed as the aggregate of an applicable margin and Terms Secured Overnight Financing Rate (SOFR) Reference Rate.

In May 2023, the full loan amount was reimbursed. The debt service cost to the Government was Rs 11.6 billion, which included Rs 11.3 billion for capital repayment (including a loss on foreign exchange of Rs 468 million) and Rs 365.3 million for interest payment.

Recommendation

The Government should carefully plan and estimate its sources of revenue when preparing the budget estimates to avoid incurring unnecessary expenditure.

- ***Commitment Fees – Rs 4.3 Million***

The Government must pay Commitment fees on the amount of loan remaining undisbursed from time to time as per the scheduled date specified in the Loan Agreement.

During the financial year 2022-23, a total amount of Rs 4.3 million was paid as commitment fees, of which Rs 1.8 million was paid to Japan International Cooperation Agency (JICA) in respect of the Grand Bay Sewerage Project and Rs 2.5 million to Hindustan Aeronautics Ltd in respect of procurement of defence items (Dornier Aircraft and Advanced Light Helicopter).

The total amount paid as commitment fees on the Grand Bay Sewerage Project from the year 2011 up to 30 June 2023 amounted to Rs 26.5 million.

Root cause

There was no proper project implementation planning**.**

Recommendation

Project implementation should be properly planned when taking external loans to avoid payment of commitment fees.

IV Contingent Liabilities - Debts of Extra Budgetary Units and Public Corporations guaranteed by the Government

Debts contracted by Extra Budgetary Units and Public Corporations from Local and External Sources guaranteed by Government form part of the PSD. These loans are contingent liabilities of Government in the event of default on the part of the Extra Budgetary Units and Public Corporations. As reported in Statement L - 'Statement of Contingent Liabilities including details of any Loans, Bank Overdraft or Credit Facilities Guaranteed by the Government as at 30 June 2023', the extent of the Government liability in respect of debts from External Sources and Local Sources totalled Rs 31.4 billion and Rs 7.7 billion, respectively.

The amount of those debts falling due at the end of a particular financial year is accounted as "Financial Guarantee Liability" in the Statement of Financial Position. As of 30 June 2023, the Financial Guarantee Liability was at Rs 3.2 billion.

Findings

- Government Guaranteed External Debt registered a consistent upward trend from Rs 20.5 billion as of 30 June 2020 to Rs 31.4 billion as of 30 June 2023 while Government Guaranteed Domestic Debt experienced a decline from Rs 14.2 billion as of 30 June 2020 to Rs 7.7 billion as of 30 June 2023.

- During the financial year 2022-23, fresh guarantees were provided by the Government with respect to new loans totalling Rs 4.5 billion.

V Non-Guaranteed debt contracted by Public Corporations

Public Corporations Domestic Non-Guaranteed Debt are included in Total Domestic Public Sector debt.

Findings

As of 30 June 2023, the outstanding balance of those debts stood at Rs 25.6 billion compared to Rs 16.8 billion as of 30 June 2022, registering an increase of 52 per cent. The main factors contributing to this increase were:

- New overdraft facilities and short-term borrowings on the Money Market Line being contracted by the Central Electricity Board (CEB) during the financial year 2022-23. As of 30 June 2023, the total outstanding loan balance of the CEB stood at Rs 4.6 billion compared to a balance of Rs 120.1 million as of 30 June 2022.

- An additional loan of Rs 634 million (US $ 13,800,000) was contracted by the Airport Terminal Operations Ltd during 2022-23.

- Increase in outstanding loans of the State Trading Corporation from Rs 7.1 billion as of 30 June 2022 to Rs 9.3 billion as of 30 June 2023.

2.3 Investment

I Investments as of 30 June 2023

Statement F – 'Statement of Investments' gives details of all investments made out of monies standing to the credit of the Consolidated Fund and Special Funds. As of 30 June 2023, investments comprised equity investments in 63 companies (15 quoted companies, 38 unquoted companies and equity participation in 10 public bodies/companies), redeemable preference shares in one company and other investments, including fixed deposits in Local Financial Institutions.

As of 30 June 2023, total investments costing Rs 110.1 billion were measured at fair value of Rs 138.6 billion. The movement of investments during the financial year 2022-23 is shown in Table 2-12.

Table 2-12 Investments as of 30 June 2023

	Quoted Shares	Unquoted Shares	Equity Participation/ Contributed Capital	Redeemable Preference Shares	Other Investments	Total
Fair Value/ Amortised Cost	**Rs**	**Rs**	**Rs**	**Rs**	**Rs**	**Rs**
1 July 2022	**717,819,495**	**81,835,154,830**	**31,464,327,805**	**200,000,000**	**19,526,009,121**	**133,743,311,251**
New investments		911,034,889	561,662,443	-	-	1,472,697,332
Capitalisation of Dividend	9,330	53,787,211	-	-	-	53,796,541
Exchange Difference	492	57,399,544	-	-	-	57,400,036
Redemption Of Fixed Deposit	-	-	-	-	(554,520,000)	(554,520,000)
Fair Value Gain/(Loss)	(44,882,468)	6,088,058,301	(2,300,330,075)	-	-	3,742,845,758
Movement in Interest Receivable	-	-	-	-	137,360,690	137,360,690
30 June 2023	**672,946,849**	**88,945,434,775**	**29,725,660,173**	**200,000,000**	**19,108,849,811**	**138,652,891,608**
Net Increase/ (Decrease) during the year	**(44,872,646)**	**7,110,279,945**	**(1,738,667,632)**	**-**	**(417,159,310)**	**4,909,580,357**
COST						
1 July 2022	**41,073,345**	**75,395,876,845**	**14,010,845,555**	**200,000,000**	**19,467,895,000**	**109,115,690,745**
30 June 2023	**41,083,167**	**76,418,098,488**	**14,572,507,998**	**200,000,000**	**18,913,375,000**	**110,145,064,653**

Source – Statement F: Detailed Statement of Investments as at 30 June 2023 and NAO workings

Findings

- ***Investments in Quoted Shares***

The fair value of quoted shares has decreased from Rs 717.8 million as of 30 June 2022 to Rs 672.9 million as of 30 June 2023. This was mainly due to a fall in the market price of one company's shares from Rs 4.80 to Rs 4.50, in which Government hold 149,526,150 shares, resulting in a fair value loss of Rs 44.9 million for investment in that company.

- ***Investments in Unquoted Shares***

As of 30 June 2022, the fair value of investments in unquoted shares which stood at Rs 81.8 billion increased by a net amount of Rs 7.1 billion to Rs 88.9 billion as of 30 June 2023, i.e. by 8.7 per cent. The increase was due to new investments totalling Rs 911 million in three companies, dividend totalling Rs 53.8 million capitalised in two other companies, a net exchange gain of Rs 57.4 million for shares held in foreign companies, a total fair value gain of Rs 7.8 billion for investments in 17 companies and a total fair value loss of Rs 1.7 billion for investments in 12 companies.

- ***Equity Participation***

The Government's equity participation decreased from Rs 31.5 billion as of 30 June 2022 to Rs 29.7 billion as of 30 June 2023. During the financial year 2022-23, new investment of Rs 561.7 million was made in one Government Body. Investments in six Government Bodies recorded a fair value loss totalling Rs 2.9 billion, while investments in two Government Bodies recorded a fair value gain totalling Rs 556.2 million.

- ***Other Investments***

Other investments totalled Rs 19.5 billion as of 30 June 2022 and decreased to Rs 19.1 billion as of 30 June 2023. The decrease was mainly due to the maturity of the Government's fixed deposits of Rs 4.5 million and the early redemption of one Special Fund's fixed deposits of Rs 550 million.

II New Investment

Findings

Government new investments during the financial year 2022-23 totalled to Rs 1.5 billion and included mainly investment in Côte d'Or International Racecourse and Entertainment Complex Ltd (unquoted shares), Wastewater Management Authority (equity participation) and Metro Express Ltd (unquoted shares) amounting to Rs 30 million, Rs 561.7 million and Rs 645.6 million, respectively.

As of 30 June 2023, the Government's total investments in Metro Express Ltd and Wastewater Management Authority, which cost Rs 13.9 billion and Rs 2.1 billion respectively, had experienced a decline in value and were worth Rs 9.9 billion and Rs 768.2 million respectively. Additionally, both these entities were loss-making and neither of them has ever given the Government a return on its investments.

III Valuation - Fair Value of Total Investments Rs 138.6 billion

Findings

- ***Net Gain in Fair Value of Investments of Rs 3.7 billion***

Fair value gains of Rs 8.3 billion were recorded with respect to investments in only 21 companies out of 52, while investments in 31 other companies had registered fair value losses totalling Rs 4.6 billion. Moreover, investments in another 11 companies showed neither gain nor loss in fair value since they either had negative net asset values or their most recent financial statements were unavailable, or their shares were insignificant.

As a result, during the financial year 2022-23, Government investments costing Rs 91.0 billion, in quoted shares, unquoted shares and equity participation, experienced a net gain in fair value of Rs 3.7 billion, representing only four per cent gain.

- ***Investment Measured at Zero Fair Value as at 30 June 2023***

Investments, costing some Rs 20.9 billion, were disclosed at zero fair value as at 30 June 2023. Details of these investments are shown in Table 2-13.

Table 2-13 Investments stated at zero Fair Value as of 30 June 2023

Unquoted Shares	**Year of Investment**	**Cost Price** **Rs**	**% Shareholding**	**Net Asset Value** **Rs**	**Net Asset Value as at**
MauBank Holdings	2001-2005, 2015-2016 and 2019	5,196,266,400	100	(1,286,598,428)	30 June 2022
National Property Fund Ltd	2020-2022	14,780,000,003	100	(852,696,950)	30 June 2022
The Mauritius Post Ltd	2001-2016	626,111,200	100	(1,229,464,832)	30 June 2022
Equity Participation					
National Transport Corporation	Prior 1.07.01-2018	267,887,202	100	(659,660,396)	31 December 2014
Total		**20,870,264,805**			

Source: Treasury Investment Register and Treasury Workings

The above Government-owned companies have been making losses and their net assets have been eroded completely, except for Maubank Holdings Ltd, which showed a surplus only for the year ended 30 June 2022 of Rs 85.6 million. Consequently, the entire investments of the Government, costing Rs 20.9 billion, have been wiped out by accumulated losses and were accounted at zero fair value in the Statement of Financial Position of the Government.

IV Return on Investments

Findings

- ***Decrease in Dividends Received***

As of 30 June 2023, the total cost of investments in Quoted and Unquoted Shares in Companies amounted to some Rs 76.5 billion.

Dividends received decreased by Rs 160.6 million (25 per cent), from Rs 652.4 million for the financial year 2021–22 to Rs 491.8 million for the financial year 2022–23. Details are given in Table 2-14.

Table 2-14 Dividends received during the Financial Years ended 30 June 2022 and 30 June 2023

	2022-23				2021-22
Details	**Investment at Cost Rs**	**Number of Shares**	**Dividend Received Rs**	**Dividend per Share Rs**	**Dividend Received Rs**
Quoted Shares					
Alteo Limited	1,140	462	9,533	20.63	346
Excelsior United Development Companies Ltd	37	37	33	0.89	11
IBL LTD	125	4	2	0.50	2
Medine Limited	300	30	71	2.37	-
SBM Holdings Ltd	41,058,573	149,526,150	29,905,230	0.20	29,905,230
The Bee Equity Partners Ltd	16	16	960	60.00	14
The Mauritius Development Investment Trust Co Ltd	2	21	3	0.14	3
The United Basalt Products Ltd	415	5	-	-	15
United Docks Ltd	9,600	960	960	1.00	672
Unquoted Shares					
AfrAsia Bank Limited	197	3	13	4.33	15
African Export-Import Bank	37,698,193	163	8,635,293	52,977.26	-
African Reinsurance Corporation	41,918,696	9,200	3,547,667	385.62	-
Airports of Mauritius Co Ltd	-	-	-	-	500,000,000
Eastern & Southern African Trade & Development Bank	900,726,545	3,800	53,635,024	14,114.48	26,755,652
Mauritius Housing Company Ltd	59,161,634	12,000,005	4,546,142	0.38	-
Mauritius Telecom Ltd	63,625,174	63,625,174	198,510,543	3.12	92,256,502
National Real Estate Ltd	500,000,000	5,000,000	65,000,000	13.00	-
PTA Reinsurance Company (ZEP-RE)	6,597,729	269,563	152,187	0.56	-
State Informatics Ltd	32,800,000	328,000	7,820,300	23.84	3,516,150
State Investment Corporation Ltd	85,000,000	8,500,000	120,000,000	14.12	-
Total			**491,763,961**		**652,434,612**

Source: Treasury Abstract– Item Code 1412: Dividends and Treasury Records

- ***Investments yielding no Returns during the Financial Year 2022-23***

Investments (at cost) totalling Rs 11.8 billion did not yield any return during the financial year 2022-23. Examples of some of these investments are given in Table 2-15.

Table 2-15 Investments yielding no Returns during 2022-23

	Year of Investment	Cost Price Rs
Unquoted Shares		
Cargo Handling Corporation Limited	1983-2019	943,600,000
Development Bank of Mauritius Ltd	Prior 2001 & 2005-2009	496,150,000
Mauritius Shipping Corporation Ltd	Prior 2001 and 2011	290,693,000
Shelter- Afrique	2013	5,239,837
Sugar Investment Trust	2007 and 2011	19,999,980
Equity Participation		
Bank of Mauritius	2005, 2011 and 2020	10,000,000,000
State Trading Corporation	Prior 2001	400,000

Source: Statement F – Detailed Statement of Investments as at 30 June 2023 and Investment Register

- ***Investments not Yielding any Return Since Acquisition***

Investments (at cost) totalling Rs 77.5 billion, representing some 85 per cent of the total cost of investments in Shares and Equity Participation, did not yield any return since they were acquired. These shares had a fair value of Rs 82.2 billion as of 30 June 2023. Details are given in Table 2-16 below.

The Government had more than 90 per cent shareholdings in 15 unquoted companies with total investments costing Rs 43.8 billion which did not yield any return. Of the 15 companies, six had accumulated profits, whilst seven had accumulated losses as per their latest financial statements (The audited financial statements of two remaining companies were unavailable). One of the companies had accumulated surpluses of Rs 11.2 billion as of 30 June 2022. The Government invested Rs 3 billion in that company and fair value as of 30 June 2023 amounted to Rs 20.6 billion.

Table 2-16 Investments not yielding any Return Since Acquisition

		Number of years of Investment*	Cost of Investment Rs	Fair Value of Investment Rs	% Shareholding
	Quoted Shares				
1	United Investment Ltd	23	48	4,608	Insignificant
2	Blue Life Ltd	11	1,976	302	Insignificant
3	Semaris Ltd	5	472	60	Insignificant
	Unquoted Shares				
4	African Development Bank	32	2,747,425,198	3,794,467,524	0.63
5	Mauritius Educational Development Co. Ltd	24	16,000,000	27,509,629	99.94
6	Multi Carrier Mauritius Ltd	23	219,000,000	159,123,131	100.00
7	MauBank Holdings Ltd	23	5,196,266,400	-	100.00
8	Rodrigues Educational Development Co.Ltd	23	29,000	5,175,700	29.00
9	The Mauritius Post Ltd	23	626,111,200	-	100.00
10	Industrial Finance Corporation of Mauritius (Equity) Ltd (formerly SME Equity Fund Ltd)	18	355,317,588	299,922,094	39.49
11	National Housing Development Company Ltd	17	200,000,000	453,462,795	99.50
12	Landscope (Mauritius) Ltd	15	3,040,370,633	20,607,852,721	98.92
13	Polytechnics Mauritius Ltd	11	299,937,111	1,450,052,685	100.00
14	National Property Fund Ltd	9	14,780,000,003	-	100.00
15	Mauritius Africa Fund Ltd	8	183,980,000	185,693,653	100.00
16	SME Mauritius Ltd	7	25,000	7,997,123	100.00
17	Mauritius Multisports Infrastructure Ltd	6	5,238,856,213	4,785,839,556	97.05
18	Metro Express Ltd	6	13,895,369,142	9,864,989,399	100.00
19	The Lux Collective	6	14	-	Insignificant
20	Industrial Finance Corporation of Mauritius Ltd (formerly Investment Support Programme Ltd)	4	1,000,000	618,437	0.06
21	Airport Holdings Ltd	3	26,000,100,000	25,038,273,049	51.00
22	Ekada Capital Ltd	3	1	-	Insignificant
23	ISM Ltd	3	5,000,000	5,000,000	100.00
24	National Fishing Company Ltd	3	100,000	100,000	100.00
25	Mauritius Institute of Biotechnology Ltd	2	100,000,000	96,095,808	100.00
	Equity Participation (Contributed Capital **)				
26	Rose Belle Sugar Estate Board	37	98,844,218	3,539,607,133	
27	Mauritius Livestock Marketing Cooperative Federation Limited	32	450,000	924,620	
28	Central Water Authority	31	1,862,250,913	10,025,618,526	
29	Economic Development Board	20	79,782,747	178,535,480	
30	Civil Service College	12	15,000,000	44,158,402	
31	Mauritius Cane Industry Authority	11	173,803,732	843,678,653	
32	National Transport Corporation	8	267,887,202	-	
33	Wastewater Management Authority	7	2,074,089,186	768,193,664	
	Total		**77,476,997,997**	**82,182,894,752**	

Source: Statement F – Detailed Statement of Investments as of 30 June 2023 and Investment Register
**The number of years of investments has been determined from initial investments in the company*
*** Contributed Capital does not involve the issue of shares. As per IPSAS, Contributed Capital means future economic benefits or service potential that has been contributed to the entity by the Government*

Recommendations

The Accounting Officer may consider the establishment of an Investment Committee or an Investment Management Unit with the following duties:

- Formulation and review of policies to improve investment management.
- Development of methodologies or tools for appraisal of investment.
- Analysis and appraisal of proposed investment.
- Management of investment portfolio in terms of performance and meeting financial objectives.
- Formulation of a dividend policy for payment of a reasonable returns from profit-making bodies.
- Close monitoring of the Government-owned companies' performance since huge public funds are being invested every year in these entities.
- Review the functioning of all loss-making Government-owned companies, including those whose networth had been completely eroded, and take necessary steps to improve their financial performance or to make recommendations on the future course of action.

Ministry's Response

Dividends are dependent upon the financial position of the institutions/enterprises concerned.

2.4 Outstanding Loans financed from Revenue as of 30 June 2023

The Government advances loans to Statutory Bodies, Private Bodies, Other Bodies and Private Individuals mainly to finance the implementation of capital projects. A review of the records about these loans has been carried out.

I Increasing trend in Outstanding Loans reaching Rs 10.6 billion (at amortised cost) as of 30 June 2023

Findings

The balance of outstanding loans at amortised cost has increased from Rs 10.0 billion as at 30 June 2022 to Rs 10.6 billion as of 30 June 2023, as shown in Table 2-17.

Table 2-17 Balance of Outstanding Loans

Name of Borrowers	30 June 2022 Amortised Cost	30 June 2023 Cost	30 June 2023 Amortised Cost	Percentage Increase/(Decrease) Amortised Cost over Previous Year
	Rs	Rs	Rs	
Central Water Authority	3,378,797,079	3,382,211,178	3,649,772,707	8
Wastewater Management Authority	3,230,963,350	3,305,243,928	3,651,367,212	13
Metro Express Limited	827,547,401	1,051,380,968	964,833,590	17
Cargo Handling Corporation Ltd	682,117,385	733,096,229	645,495,393	(5)
Airport Terminal Operations Ltd	486,355,195	633,940,210	544,476,998	12
Development Bank of Mauritius Ltd	327,156,834	438,408,223	352,958,746	8
National Housing Development Co. Ltd	329,595,099	356,474,876	321,856,607	(2)
Airports of Mauritius Co. Ltd	329,358,354	164,029,682	146,871,137	(55)
Mauritius Cooperative Central Bank Limited	168,067,674	-	-	(100)
Landscope (Mauritius) Ltd	108,256,251	81,560,733	78,888,717	(27)
Rodrigues Business Park Development Co. Ltd	64,423,211	145,000,000	100,719,670	56
Others (Note 1)	69,284,491	164,973,433	157,796,676	128
TOTAL	**10,001,922,324**	**10,456,319,460**	**10,615,037,453**	

Source: Treasury records

Amortised cost reflects the present value of the future cash flows of the debt, using the effective interest rate method.

Cost represents the balance of the loan outstanding as of 30 June 2023 (Statement M – Statement of all Outstanding Loans financed from Revenue as at 30 June 2023)

Note1: *Others include: The Municipal Council of Beau Bassin-Rose Hill, Rodrigues Regional Assembly, Mauritius Cane Industry Authority, Pamplemousses District Council, Rivière du Rempart District Council, Mauritius Housing Company Ltd, Repatriation Expenses and National Transport Corporation*

As shown in Table 2-17, the balance of loans outstanding as of 30 June 2023 has increased for all Statutory Bodies and Private Bodies compared to the previous financial years, except for Cargo Handling Corporation Ltd, National Housing Development Co. Ltd, Airports of Mauritius Co. Ltd and Landscope (Mauritius) Ltd which have declined. As for the Mauritius Cooperative Central Bank Limited, part of the loan was repaid and the remaining balance was written off upon liquidation.

II New Loans advanced during the Financial Year 2022-23

During the financial year 2022-23, new loans for Rs 558.2 million (at cost) were advanced to three Statutory Bodies, three Private Bodies, and Private Individuals, as shown in Table 2-18.

Table 2-18 New Loans disbursed during 2022-23

Organisations/Individuals	Rs
Wastewater Management Authority	217,908,675
Rodrigues Business Park Development Co. Ltd	50,000,000
Development Bank of Mauritius Ltd	46,691,262
Central Water Authority	33,513,398
Metro Express Ltd	110,000,000
National Transport Corporation	100,000,000
Individuals – Repatriation Expenses	135,414
Total	**558,248,749**

Source: Treasury records (at cost)

Findings

- Out of a total amount of Rs 558.2 million disbursed, Rs 348.1 million were used to fund the implementation of capital projects of four organisations, while two loans of Rs 110 million and Rs 100 million were advanced to Metro Express Ltd (MEL) and National Transport Corporation, respectively.

- As of 30 June 2023, MEL owed Rs 1.1 billion (at cost) inclusive of interest capitalised. However, as of November 2023, the company had not yet repaid the first instalment of Rs 43.8 million on loan contracted in the financial year 2019-20, due on 1 June 2023 after a grace period of three years.

III Significant Debts of Two Statutory Bodies – Rs 7.3 billion (at amortised cost)

Loans are granted to the Central Water Authority (CWA) to finance the implementation of water distribution projects, while the Wastewater Management Authority (WMA) has received loans from the Government since January 2013 for the implementation of sewerage projects. As of 30 June 2023, the outstanding debts of the CWA and the WMA stood at Rs 3.6 billion and Rs 3.7 billion, respectively, representing 68.9 per cent of the total outstanding loans of Rs 10.6 billion.

Findings

Central Water Authority

- *Outstanding Loans of Rs 3.6 billion (at amortised cost) as of 30 June 2023*

  Despite its inability for loan repayment, an amount of Rs 33.5 million (at cost) was advanced to the CWA during the financial year 2022-23 for the implementation of nine ongoing capital projects.

- *Arrears of Loan Capital, Interests and Penalties*

  As per Statement N – 'Statement of Arrears of Revenue as at 30 June 2023', the total amount due for payment by the CWA comprising principal, interests and penalties as of that date totalled Rs 1.5 billion representing 46.9 per cent of the total loan in arrears of Rs 3.2 billion.

  In January 2023, MoFEPD informed NAO that an Ad-Hoc Committee has been set up at the level of the CWA to develop strategies to increase revenue of the Authority and reduce its costs. The Committee would review the proposed price adjustments in User Fees and Charges regulated by CWA Regulations. It was expected that the first meeting would be held by the end of January 2023.

  However, as of 26 December 2023, information on current developments was still being awaited.

- *Expected Credit Loss Allowance*

  As of 30 June 2023, Rs 97.8 million was recognised as expected credit loss allowance in respect of the total outstanding loan balance of the CWA.

Wastewater Management Authority

- *Outstanding Loans of Rs 3.7 billion (at amortised cost) as of 30 June 2023*

  During the financial year 2022-23, a total amount of Rs 217.9 million (at cost) was advanced to the WMA to finance the implementation of sewerage projects. As at date, neither repayment of principal amounts due since 2018 nor payment of interests/penalties had been effected by the Authority due to financial difficulties.

- *Arrears of Loan Capital, Interests and Penalties*

  As of 30 June 2023, the total amount due for payment by the WMA comprising principal, interests and penalties as per 'Statement N – Statement of Arrears of Revenue as at 30 June 2023' amounted to Rs 1.6 billion, representing 50 per cent of total loan in arrears of Rs 3.2 billion.

In January 2023, MoFEPD informed NAO that an Ad-hoc Committee had been set up at the level of the WMA to examine a strategic plan with a view to improve the institution's financial situation. As short-term remedial measures, the Waste Water (Miscellaneous Waste Water Services) (Fees) (Amendment) Regulations 2022 was promulgated on 21 November 2022 whereby fees applicable for different waste water services provided by the WMA have been reviewed. In addition, the selling price of treated effluent has been increased. With regard to long term remedial measures, it was expected that the Ad-hoc Committee would submit its recommendations to the WMA Board in March 2023.

However, as of 26 December 2023, information on recent developments in the matter was still being awaited.

- *Expected Credit Loss Allowance*

As of 30 June 2023, Rs 97.9 million was recognised as expected credit loss allowance in respect of the total outstanding loan balance of the WMA.

Root Cause

Advances were granted to fund the implementation of essential services and projects where recovery was slow or remote due to the organisations' weak financial situation.

Recommendation

The Government should closely monitor the performance of the Ad-hoc Committees set up at the level of the CWA and the WMA and ensure remedial measures are devised to address these two organisations' financial situation.

IV Arrears for Rodrigues Regional Assembly – Rs 30.7 million

As per 'Statement N – Statement of Arrears of Revenue as at 30 June 2023', the Rodrigues Regional Assembly (RRA) owed a total amount of Rs 30.7 million to the Government comprising principal of Rs 14.7 million and interests/penalties of Rs 16.0 million. The loan was contracted in 2011 to finance development projects in the fisheries sector. Only part of the loan has been reimbursed in the financial year 2015-16.

Findings

- *Loan Balance in Arrears*

Loans were granted to five fishing cooperatives as a contribution towards purchasing fishing vessels to promote outer lagoon fishing in Rodrigues. In January 2023, NAO was informed that the matter was still at the level of MoFEPD and no decision has yet been made regarding the outstanding balance of the loan.

However, as of 26 December 2023, information on the stand to be taken by MoFEPD was still being awaited.

- *Expected Credit Loss Allowance*

As of 30 June 2023, an amount of Rs 604,034 was recognised as expected credit loss allowance in respect of the total outstanding loan balance of the RRA.

Ministry's Response

In January 2024, the RRA informed that even with the repossession of the fishing vessels, the outstanding loan balance cannot be recovered.

In light of the above, a policy decision will be taken in consultation with the RRA regarding the outstanding loans.

V Write off of the Mauritius Cooperative Central Bank Limited (Liquidated) outstanding loan - Rs 122.5 million

As per claims issued as of 31 December 2022, the total amount of loan due by the Mauritius Cooperative Central Bank Limited amounted to Rs 169.7 million, comprising principal of Rs 81.3 million and interest of Rs 88.4 million.

Findings

In March 2023, the Government decided that the remaining balance of Rs 47.2 million at the Bank of Mauritius Realisation Account be remitted to the Consolidated Fund to settle part of the principal amount due on the loan. Approval was also given to write off the remaining balance of Rs 122.5 million.

VI Write off of arrears of Airports of Mauritius Co Ltd – Rs 6.7 million

In the year 2011, the Airports of Mauritius Co Ltd contracted a loan of USD 19 million from the Government. The Company settled the loan amount falling due as of 31 March 2023 in April 2023.

Finding

On 28 April 2023, MoFEPD approved the write-off of the penalty fee amounting to Rs 6.7 million charged for the period March 2020 to March 2023 on the outstanding loan balance.

Overall Recommendation

The Government may review the functioning of all the Bodies with outstanding loans and take necessary steps to improve their financial performance.

In other cases, the Government may consider not overburdening the Bodies with fresh loans and finding alternative means of financing mechanisms.

2.5 Statement AE and Statement AF - Statement of Comparison of Budget Estimates and Actual Amounts for the Financial Year 2022-23

I Actual Deficit for the Financial Year 2022-23 totalling Rs 29.8 billion

The approved budget was for the financial year 2022-23, and it included estimates of revenue as well as estimates of recurrent and capital expenditure of the Government appropriated by votes. The original Estimates of revenue was Rs 150 billion. The National Assembly approved the original Estimates of expenditure of Rs 152 billion on 29 June 2022 and the Supplementary Estimates of Rs 5.4 billion on 11 April 2023.

A summary of the Comparison of Budget Estimates and Actual Amounts for the financial year 2022-23 is provided in Table 2-19.

Table 2-19 Comparison of Budget Estimates and Actual Amounts for the Financial Year 2022-23

Revenue Budget	Original Estimates Rs million	Total Provisions Rs million	Actual Amount Rs million	Variance Rs million
Recurrent Revenue	148,282	148,282	146,481	(1,801)
Capital Revenue	1,718	1,718	1,879	161
Total Revenue	**150,000**	**150,000**	**148,360**	**(1,640)**
Expenditure Budget				
Recurrent Expenditure	154,500	159,956	158,080	(3,580)
Capital Expenditure	18,392	21,781	20,061	(1,669)
Total Expenditure	***172,892**	**181,737**	**178,141**	**(5,249)**
Difference between Total Revenue and Total Expenditure (Budget/Actual Balance)	**(22,892)**	**(31,737)**	**(29,781)**	**(6,889)**
Budget/Actual Balance before Net Acquisition of Financial Assets as % of GDP	**(4.0) %**	**(5.5) %**	**(4.9) %**	**-**
Net Acquisition of Financial Assets	**19,179**	**20,085**	**(1,377)**	**(20,556)**
Adjustment for Difference in Cash and Accrual Interest	**510**	**510**	**1,199**	**689**
Government Borrowing Requirements	**3,203**	**11,142**	**29,959**	**(26,756)**
Government Borrowing Requirements as % of GDP	**0.6 %**	**1.9 %**	**4.9 %**	
Domestic Financing	8,049	20,688	21,538	(13,489)
Foreign Financing	(4,846)	(9,546)	8,421	(13,267)

Source: Statement AF, Statement of Comparison of Budget Estimates and Actual Amounts for the financial year 2022-23 (Classification of Expenses by Nature) and NAO workings

Note: Estimated GDP 2022-23 – Rs 576.1 billion (Source- Estimates 2022-2023) and GDP 2022-23 – Rs 611 billion (Source: Website – Statistic Mauritius, Quarterly National Accounts 3rd Quarter 2023)

**Estimate Total Expenditure – Rs 172,892 million comprised Original Estimates of Expenditure - Rs 152,000 million PLUS Expenditure Charged Statutorily (Public Service Pension PLUS Government Debt Servicing – Management Service Charges and Interests) – Rs 24,500 million LESS Acquisition of Financial Assets - Rs 3,609 million*

- Total Provisions are Revised Estimates

Findings

Actual Deficit Higher Than Estimates

The total revenue of the Government in the financial year 2022-23 was Rs 148.4 billion, which was Rs 1.6 billion less than the estimated figure of Rs 150 billion. On the other hand, Government expenditure was Rs 178.1 billion, which represented an increase of Rs 5.2 billion over the estimated figure of Rs 172.9 billion.

As a result, the budget deficit for the financial year 2022-23, which was estimated at Rs 22.9 billion, increased to Rs 29.8 billion. The budget deficit, as a percentage of GDP, estimated at 4 per cent, was actually at 4.9 per cent of GDP.

For the financial year 2022-23, a net receipt of Rs 19.2 billion was budgeted for movement in financial assets. However, since the Government could not sell its investments in shares as estimated for Rs 22 billion, a net acquisition of financial assets of Rs 1.4 billion was recorded.

II Borrowing Requirements and Debt to GDP Ratio

Due to Government's unprecedented fiscal policy response to the COVID-19 pandemic, the Budgetary Central Government (BCG) debt to GDP ratio, which was 57 per cent in the financial year 2018-19, increased to 74 per cent and 86 per cent in the financial years 2019-20 and 2020-21, respectively. The Government's borrowing requirements increased significantly in the financial years 2019-20 and 2020-21 and amounted to Rs 62.4 billion and Rs 45.8 billion, respectively.

Since the financial year 2021-22, the objective of the Government has been to reduce the debt-to-GDP ratio. The Government's borrowing requirements in the financial year 2021-22 were Rs 22 billion and the debt to GDP ratio decreased to 78.7 per cent from 86 per cent in the financial year 2020-21.

Details of the borrowing requirements for 2022-23 are provided in Table 2-20.

Table 2-20 Government's Borrowing Requirements for the Financial Year 2022-23

	Original Estimates Rs million	**Actual Amount Rs million**
Domestic Financing		
Government Securities		
Issues	96,881	122,923
Redemptions	(89,632)	(96,736)
Financing from SIC Development Co. Ltd		
Drawdown	800	80
Repayments	-	(6)
Financing from cash and cash equivalents	-	(4,723)
Sub-Total Domestic Financing	***8,049***	***21,538***
Foreign Financing		
Government Securities held by Non-Residents		
Issues	-	145
Redemptions	(6,694)	(99)
Foreign Loans		
New Loans	6,048	23,819
Repayments	(4,200)	(15,444)
Sub-Total Foreign Financing	***(4,846)***	***8,421***
Total Government Borrowing Requirements (Budget/Actual Deficit)	**3,203**	**29,959**
BCG Debt (Gross as of 30 June 2023)	**392,116**	**449,087**
GDP	**576,100**	**610,986**
BCG Debt to GDP	**68.1%**	**73.5%**

Source: *Estimates 2022-2023, Statement AF and Statement J – Statement of Public Sector Debt as at 30 June 2023.*

Source of GDP: *Estimated GDP 2022-23 – Rs 576,100 million (Source- Estimates 2022-2023) and GDP 2022-23 – Rs 610,986 million (Source: Website – Statistic Mauritius, Quarterly National Accounts 3rd Quarter 2023)*

Findings

- ***Increased Borrowing Requirements Over Estimates***

The actual Government's borrowing requirements for the financial year 2022-23 were Rs 29,959 million and were significantly higher than the estimated figure of Rs 3,203 million.

- ***Net Borrowings Higher than Net Borrowing Requirements/Actual Deficit***

The budget deficits are normally financed from borrowings as well as from the use of surplus funds in cash and cash equivalents. In the Estimates 2022-23, net borrowings of

Rs 3.2 billion were to be used to finance the fiscal deficit and no funds were to be disbursed from the Government's cash and cash equivalents.

However, as per the actual results, net borrowings of Rs 34,682 million (Net Government Securities – Rs 26,187 million, Net Financing from SIC Development Co. Ltd - Rs 74 million, Net Government Securities held by Non-Residents – Rs 46 million and Net Foreign Loans – Rs 8,375 million) were raised to finance the fiscal deficit of Rs 29,959 million and Rs 4,723 million was transferred to cash and cash equivalents.

- ***EstimatedBCG Debt target and Debt to GDP not achieved***

Actual borrowings required to finance the budget deficit increased BCG Debt from Rs 411.4 billion as of 30 June 2022 to Rs 449.1 billion as of 30 June 2023, exceeding the BCG Debt target of Rs 392.1 billion in the Estimates 2022-23.

The actual BCG Debt to GDP ratio of 73.5 percent was 5.4 percentage points higher than the estimate of 68.1 percent due to the higher BCG Debt as of 30 June 2023. The Government's aim to reduce the Debt Ratio, as stated in the Estimates 2022-2023, has not been achieved.

Furthermore, the BCG Debt-to-GDP ratio of 73.5 per cent as of 30 June 2023 remained still high compared to the 57 per cent recorded in 2018-19.

2.6 Statement B - Revenue and Expenditure of the Consolidated Fund

Section 3 of the Finance and Audit Act provides that the Consolidated Fund be:

(a) Credited with all revenues of the Government and any other money properly accruing to it; and

(b) Charged only with expenses on the authority of warrant issued by the Minister responsible for the subject of Finance.

The Government received revenue from 'taxes', 'social contributions', 'grants', 'property income', 'sales of goods and services', 'fines, penalties and forfeits', 'transfers', 'reimbursements of loans', 'International Monetary Fund Special Drawings Rights (IMF SDR', 'issue of Government securities' and 'loans from foreign Governments and International Organisations'.

Expenditure consists of expenses incurred on the functioning of Government Ministries and Departments, grants given to various public institutions, acquisition of property, plant and equipment for the Government, investments in shares, loans advanced to State-owned enterprises, debt servicing and public service pensions.

The Consolidated Fund reported a surplus of Rs 3.5 billion for the financial year 2022-23 compared to deficits reported for financial years 2018-19 to 2021-22, as shown in Table 2-21.

Table 2-21 Revenue and Expenditure of the Consolidated Fund - Past Five Financial Years

Financial Year	Revenue Rs	Expenditure Rs	Surplus/(Deficit) Rs
2018-19	136,132,378,988	147,154,358,137	(11,021,979,149)
2019-20	178,906,756,635	189,555,981,185	(10,649,224,550)
2020-21	289,103,836,427	297,277,874,464	(8,174,038,037)
2021-22	275,882,127,819	283,659,839,277	(7,777,711,458)
2022-23	296,372,270,693	292,848,110,615	3,524,160,078

Source: Statement B – Abstract Account of Revenue and Expenditure of the Consolidated Fund

I Revenue of the Consolidated Fund

Findings

- ***Increase in Revenue of the Consolidated Fund***

Revenue increased from Rs 275.9 billion in the financial year 2021-22 to Rs 296.4 billion in the financial year 2022-23, a net amount of some Rs 20.5 billion.

- ***Significant Decrease in Withdrawals from Income of Quasi Corporations***

Findings

The budgeted revenue and actual revenue received from Quasi Corporations for financial years 2021-22 and 2022-23 are shown in Table 2-22.

Table 2-22 Estimated and Actual Revenue Received from Quasi Corporations

	Year 2022-23		Year 2021-22	
Quasi Corporations	**Original Estimates of Revenue**	**Actual Revenue**	**Original Estimates of Revenue**	**Actual Revenue**
	Rs	**Rs**	**Rs**	**Rs**
Information and Communication Technology Authority	65,000,000	157,737,650	60,000,000	249,571,767
Financial Services Commission	1,200,000,000	490,851,411	2,350,000,000	2,220,680,025
Mauritius Ports Authority	300,000,000	150,000,000	1,150,000,000	2,974,543,440
State Trading Corporation	-	-	2,400,000,000	-
Central Electricity Board	-	-	3,500,000,000	3,000,000,000
Total	**1,565,000,000**	**798,589,061**	**9,460,000,000**	**8,444,795,232**

Source: Statement D – Detailed Statement of Revenue of the Consolidated Fund for Financial Years 2021-22 and 2022-23 – Item Code 1413 – Withdrawals from Income of Quasi Corporations

During 2021-22, 89 per cent of the estimated figure was received and the percentage was reduced to 51 per cent in 2022-23.

Out of estimated figure of Rs 300 million, a sum of Rs 150 million was paid by Mauritius Ports Authority in August 2022 and the remaining Rs 150 million in August 2023. The income from the Financial Services Commission of Rs 491 million was significantly lower than the estimated amount of Rs 1.2 billion.

II Expenditure of the Consolidated Fund

Finding

Increase in Expenditure of the Consolidated Fund

Expenditure increased from Rs 283.7 billion in the financial year 2021-22 to Rs 292.9 billion in the financial year 2022-23, a net amount of some Rs 9.2 billion.

2.7 Special Funds

Special Funds are established under Section 9 of the Finance and Audit Act. There are currently 25 Special Funds in operation, either regulated by an Act or Regulations made under the Finance and Audit Act.

The cash/bank/investment balances of eight of the 25 existing Special Funds were deposited with the Accountant-General and accounted for in the Financial Statements of Government.

I Significant Amounts appropriated through Supplementary Appropriations and disbursed to Special Funds near the close of the Financial Year

During the financial year 2022-23, grants of Rs 1.5 billion, Rs 417 million and Rs 5 billion were disbursed to the National Resilience Fund (NRF), the National Environment and Climate Change Fund (NECCF) and the COVID-19 Projects Development Fund (CPDF) respectively.

Findings

- No provision was made for Grants to the three Special Funds mentioned above in the Estimates 2022-23. A sum of Rs 1.5 billion was reallocated from several other Vote items and was disbursed to the National Resilience Fund on 29 June 2023.

  Grants amounting to Rs 5 billion and Rs 417 million for CPDF and NECCF, respectively, were approved by the National Assembly on 11 April 2023 through the Supplementary Appropriation (2022-2023) Act 2023.

- As in the preceding two financial years, in the financial year 2022-23 funds provided through Supplementary Estimates were transferred to the Special Funds near the end of the financial year. On 14 June 2023 and 29 June 2023, a total sum of Rs 5 billion was disbursed to CPDF, while Rs 417 million was disbursed to NECCF on 8 June 2023.

As of 30 June 2023, the Special Fund Cash Balances were Rs 9.1 billion, Rs 1.7 billion and Rs 2.9 billion for CPDF, NECCF and NRF, respectively, totalling Rs 13.7 billion. As of 30 June 2022, the respective balances were Rs 8.5 billion, Rs 2.4 billion and Rs 4.2 billion, totalling Rs 15.1 billion.

Total investments of these three Special Funds amounted to Rs 18.3 billion as of 30 June 2023

- As of 30 June 2023, CPDF's unspent balance of Rs 27.1 billion represented 77 per cent of the total grant of Rs 35 billion disbursed to the CPDF since its creation in April 2020.

II Accounting for Special Funds

Findings

During the financial year 2022-23, three of the eight Special Funds accounted for in Statement H, namely the NRF, NECCF and CPDF, received funds from Government to finance their operations. Funds disbursed to these Special Funds amounting to Rs 6.9 billion were accounted as expenditure under the item 'Grants' in the Statement of Financial Performance.

As of 30 June 2023, the Cash/Bank balances of the eight Special Funds totalling Rs 14.8 billion represented some 59.3 per cent of the Government's Cash and Cash Equivalents of Rs 24.8 billion and Investments balances included Rs 18.5 billion (amortised cost) in respect of four Special Funds. This makes a total of Rs 33.3 billion accounted as Assets in the Statement of Financial Position as of 30 June 2023.

The Asset figure was supported by Net Assets/Equity (Special Funds) of Rs 33.3 billion.

Therefore, funds already disbursed to the Special Funds at year end were accounted as Cash and Cash Equivalent of Government as of 30 June 2023.

3 – THE JUDICIARY

3.1 Incompleteness of Government Asset Register

The Government Asset Register (GAR) was developed in 2017 to enable the recording of Non-Financial Assets (NFAs) acquired by Ministries and Government Departments.

GAR is considered as a tool for ensuring efficiency and effectiveness in the management of NFAs acquired by Government.

Findings

- NFAs acquired as from 1 July 2017 up to 1 July 2022, recorded on the excel sheet template circularised by the Treasury, were still not recorded in GAR. As such, there is the risk of unauthorised modification/s, amendment/s or deletion/s of NFA records.

- Equipment, Software and IT System developed totalling some Rs 71.8 million were also not recorded in GAR.

Root Cause

The Accounting Officer has not yet developed a policy to ensure the proper implementation of GAR.

Recommendation

The Accounting Officer has to ensure that GAR is implemented.

Judiciary's Response

- Data has been recorded in GAR as from 1 July 2022. Arrangements are now being made to migrate data recorded on the Excel Sheet since 1 July 2017 to 30 June 2022 to GAR.

- As regards the Equipment, Software and IT System developed for a sum of Rs 71.8 million and not recorded in GAR, the data are actually being collected from the IT Section and relevant entries in GAR will be made accordingly.

3.2 Key Deliverables and Key Performance Indicators (KPI) do not include all the related activities of the Entity

The Annual Estimates of the Judiciary for financial year 2022-23, showed 'Delivery of Judgment' as its main service.

Finding

The KPI shown in the Annual Estimates related to cases lodged and held at the Supreme Court Division only.

Root Cause

The Accounting Officer has not devised a proper KPI system for the Judiciary as a whole.

Recommendation

The Accounting Officer has to work out KPI for the Judiciary as a whole.

Judiciary's Response

Arrangements have been made for the Annual Estimates to include henceforth cases lodged at all Courts.

3.3 Non-compliance with Regulation – Risk Management Framework not set up

As per the Budget Speech 2021-2022, a formal Risk Management (RM) Framework was to be set up at each Ministry/Department. The MoFEPD issued Circular No. 8 of 28 December 2021, to provide guidelines for RM Framework smooth implementation.

Finding

Evidence was not seen to effect that an RM Framework was set up.

Root Cause

The Accounting Officer did not initiate action to implement the RM Framework.

Recommendation

The Accounting Officer should ensure that RM Framework is implemented.

Judiciary's Response

The objective of the Judiciary is to hear cases and to deliver judgments and is not akin to other ministries and departments and the control of its achievement is totally different. There is already an effective risk management mechanism for effective risk management and the scheme is manned by a pool of Court Officers and Judicial Officers under the supervision of the Honourable Chief Justice.

4 – Prime Minister's Office, Ministry of Defence, Home Affairs and External Communications and Ministry for Rodrigues, Outer Islands and Territorial Integrity

4.1 Defence and Home Affairs

4.1.1 Upgrading Government House/Centre - Delay in Execution of Projects

In November 2020, the Secretary for Home Affairs applied for new fire certificates for the Old Government House (OGH) and the New Government Centre (NGC).

In February 2021, the Mauritius Fire and Rescue Service (MFRS) did not approve the applications, as both premises were not complying with the required fire safety measures and recommended, amongst others, the carrying out of upgrading works at OGH and NGC.

In this context, an amount of Rs 20 million was earmarked in the financial years 2021-22 and 2022-23 for carrying out the upgrading works at OGH and NGC. However, funds earmarked were not fully utilised in both financial years and the upgrading works became long overdue.

Findings

Under-utilisation of Funds Earmarked in Financial Year 2021-22

- In April 2022, an amount of Rs 10 million, out of the Rs 20 million earmarked was transferred to the Ministry of Health and Wellness, as approved by the Ministry of Finance, Economic Planning and Development (MoFEPD).
- As of 30 June 2022, only an amount of Rs 255,000 out of the remaining Rs 10 million, was expensed, while the remaining amount of Rs 9.7 million lapsed.

Under-utilisation of Funds Earmarked in Financial Year 2022-23

As of 30 June 2023:

- only some Rs 7.2 million out of Rs 20 million earmarked were spent, while the remaining Rs 12.8 million, representing 64 per cent of funds earmarked lapsed; and
- an amount of Rs 25 million earmarked for other upgrading works, namely, the waterproofing works at OGH and safety handrail on ledges of each floor at NGC was also unutilised and lapsed.

Root Cause

The non-obtention of specifications from the Ministry of National Infrastructure and Community Development (MNICD) for OGH and the non-responsiveness of bids for upgrading works at NGC delayed the implementation of the project.

Recommendation

The Accounting Officer should ascertain that funds earmarked are utilised for the intended purpose and project works are executed in a timely manner.

Division's Response

- Funds could not be spent due to cancellation of contracts.

- Delays in completion of works are due to several factors and unforeseen circumstances.

4.1.2 Upgrading of the New Government Centre – Significant Delay in Works Completion

The Defence and Home Affairs Division (DHAD) initiated actions for major repair works, consisting of civil, electrical and mechanical components to be carried out at NGC.

Lapses in the Bidding Exercise

In November 2021, DHAD launched a tender for the provision of "Fire Detection, Fire Fighting and Ancillary Works (Civil, Electrical and Mechanical) at NGC, Port Louis", estimated to cost Rs 13.6 million, inclusive of VAT. However, in January 2022, the bidding process was cancelled, as the bids received were non-responsive.

In March 2022, DHAD relaunched the tender exercise for the same project.

Findings

- In its report dated 18 May 2022, the Bid Evaluation Committee (BEC) recommended the award of the contract to a Grade D Contractor, who quoted the highest price of Rs 13.2 million, inclusive of VAT, despite the fact that the latter did not initially submit technical catalogues for some items as well as the registration of the proposed electrical engineer with the Council of Registered Professional Engineers and a signed Curriculum Vitae (CV) of the Contract Manager, as required in the bidding documents of March 2022.

- The Grade A+ Contractor, who quoted the lowest price of Rs 12.9 million, inclusive of VAT, was not retained as the latter did not submit key financial information, certified copies of financial statements or audited accounts for the last three years and evidence of liquid assets of Rs 1.5 million which BEC considered as major omissions to the requirements of the bidding documents of March 2022.

- During the preliminary examination of the bids, BEC noted that information as mentioned above, were not provided by both bidders.

  In line with Section 37(1) of the Public Procurement Act (PPA), BEC sought clarifications from the Grade D Contractor on 11 May 2023. However, BEC did not provide the opportunity to the Grade A+ Contractor to submit the missing information.

Root Cause

BEC did not evaluate the bids with due care.

Recommendations

BEC should

- fully comply with Section 37 of PPA; and
- evaluate bids with due care and ensure transparency and equity in the execution of its duties.

Division's Response

- BEC considers the non-submission of the Central Manager's signed CV and the registration of the Electrical Engineer by Bidder 2 as a minor deviation and requested Departmental Bid Committee to seek these documentary evidences from the latter.
- BEC considered the non-submission of evidence by Bidder 1 in respect of liquid asset of Rs 1.5 million to show its financial soundness for meeting its contractual obligations for the project as a major deviation.

Lapses at the Execution Phase of the Contract

The Contract for the Provision of Fire Detection, Fire Fighting and Ancillary Works at NGC was awarded to the Grade D Contractor on 14 June 2022 for the sum of Rs 13.2 million, inclusive of VAT.

The intended contractual completion date was initially fixed at 12 February 2023, but later extended to 15 February 2023.

As of end December 2023, DHAD effected payments of some Rs 7.2 million to the Contractor.

Findings

- The Contractor initially submitted insurance certificates on 7 July 2022, but these were not in accordance with Section 13.1 of the General Conditions of Contract.
- The insurance policies in due form were submitted to MNICD and DHAD on 30 August 2022, that is, two and a half months after the issue of the Letter of Acceptance (LoA).
- DHAD handed over the site of work on 2 September 2022. However, the Contractor started work on 4 October 2022, that is, after one month instead of 14 days after the handing over exercise, as stipulated in the LoA.

- In September 2023, the Contractor did not fix the leakage problem in the dry riser system promptly and in addition, removed a landing valve from the dry riser at level 3 without informing DHAD and MNICD.

- According to surveys carried out by a Technical and Mechanical Officer (TMO) in September 2023, the Contractor installed only 85 out of the 119 fire extinguishers (71 per cent). As of 11 October 2023, 113 out of the 119 fire extinguishers were installed.

- The TMO carried out surveys in September and October 2023 and reported that the fire hose reels were kinked at level 4 (east and west wings and lobby), level 5 (west wing), level 7 (lobby) and Sir Harilal Vaghjee Hall respectively.

- According to the TMO's Survey Report dated 16 October 2023, the manometer at level 3 (west wing) was not working and there was no screw to hold the wheel on the landing valve of the dry riser.

Root Causes

- MNICD did not adequately supervise and monitor the upgrading works at NGC.

- There was inadequate coordination between DHAD and MNICD.

- Officers in the rank of Management Support Officer and Office Management Assistant of the Accommodation Unit dealt with the Contractor regularly, instead of higher officials at DHAD.

Recommendations

- DHAD should take appropriate action to sanction the Contractor for breaching the conditions of the Contract Agreement.

- A Project Coordination Committee should be set up at the level of DHAD to oversee and coordinate the implementation of the project, monitor progress reports and attend to bottlenecks in project implementation.

Division's Response

- The Contractor did not comply with the several requests made by DHAD to start the works in time.

- The Ministry was not satisfied with the works of the Contractor and due to its poor performance, it was referred to the Performance Review Committee for necessary action.

Inadequate Monitoring of the Upgrading Works

The officers of MNICD were designated as the Project Manager for monitoring and supervising the upgrading works.

Findings

According to DHAD, works were still ongoing, but officers of MNICD scheduled the taking over of the site on two occasions:

- In August 2023, works pertaining to the dry riser were still not completed.
- In October 2023, the Civil Engineer, Electrical Engineer and Mechanical Engineer informed that works were completed to their satisfaction, despite the fact that the Contractor had to attend to several outstanding works relating to the hose reel, the door closet of the dry riser and the six missing fire extinguishers, amongst others.
- As of 22 December 2023, MNICD did not submit an updated status of work to DHAD.
- No practical completion and handing over certificates were seen in the files.

Root Cause

MNICD did not adequately monitor the upgrading works.

Recommendation

DHAD should ascertain that the representatives of MNICD fulfil their roles and responsibilities for overseeing and monitoring project works effectively.

Division's Response

All technical matters are dealt with by officers of MNICD and some project monitoring meetings were being held during the execution of the projects

4.1.3 Old Government House – Not complying with Fire Safety Measures

Pursuant to MFRS (Fire Safety Plan and Fire Certificate) Regulations 2018, any premises other than residential premises, exceeding seven storeys, commercial and industrial premises, to which the public has access, should hold a valid fire certificate.

Absence of a Fire Certificate

OGH which covers a total surface area of 3,585 square metres, has a strategic location next to the Chamber, National Assembly and Parliament House and accommodates around 80 occupants, mostly from MoFEPD.

Findings

- As of 22 December 2023, OGH did not comply with the said Regulations.
- DHAD applied for a fire certificate in November 2020 and October 2023. However, MFRS did not approve both applications, as OGH did not satisfy the fire safety norms.

- Despite funds were earmarked in both financial years 2021-22 and 2022-23, DHAD did not launch bidding procedures for the upgrading works, as recommended by the MFRS.

Root Cause

As of December 2023, MNICD did not submit the scope of works, technical specifications and drawings for upgrading works despite several requests from DHAD since January 2023.

Recommendations

The Accounting Officer should ascertain that:

- the bidding exercise for the upgrading works at OGH is launched promptly;
- challenges encountered in the execution of the upgrading works at NGC do not recur; and
- upgrading works at OGH, as recommended by MFRS are carried out without any further delay to enable compliance with the MFRS Act and Regulations.

Division's Response

- The National Assembly, NGC and the New Treasury Building have now obtained their fire certificates following upgrading works.
- This Office has initiated procedures for obtaining the fire certificate since November 2020 and is ensuring that OGH complies with the safety norms as required in the improvement notice submitted by MFRS. The delay in preparing the bidding documents by MNICD is due to the complexity of the building and difficulties in accessing same due to security levels.
- This Office is still following up with MNICD to obtain the technical specifications for the launching of tenders.

Expired Fire Extinguishers

The Fire Code requires that all portable fire extinguishers shall be charged, tested and maintained in fully operational conditions.

Findings

As of November/December 2023,

- ten fire extinguishers at OGH had already expired;
- the new fire extinguishers procured and received on 15 November 2023, were still not installed; and

- DHAD was still in the process of procuring brackets to securely wall mount the fire extinguishers.

Root Cause

Officers posted at the Accommodation Unit did not perform adequate inspections to ensure that the fire extinguishers were in fully operational condition.

Recommendations

Officers posted at the Accommodation Unit should

- conduct regular inspections to ensure that adequate fire extinguishers are installed at OGH; and

- ensure that the new fire extinguishers are installed without delay, while the expired ones are replaced.

The Accounting Officer should ascertain that annual servicing is carried out to keep the fire extinguishers in working order at all times.

Division's Response

- 22 Fire Extinguishers have already been serviced.

- Brackets will be installed in the coming weeks.

- Inspection of fire extinguishers at OGH has now been entrusted to MoFEPD as they mainly occupy OGH.

4.1.4 Removal, Supply, Installation, Testing, Commissioning and Maintenance of Lifts at the New Government Centre - Non-compliance to Condition of Contract

On 16 April 2021, DHAD awarded the contract for the removal of existing lifts, supply, installation, testing, commissioning and maintenance of three new lifts at NGC for the sum of Rs 15.2 million, inclusive of VAT.

The works started on 19 July 2021 and the intended completion date, initially scheduled for 16 March 2022, was extended to 26 April 2022.

The Defects Liability Period (DLP) which was initially scheduled to end on 15 March 2023, was extended to 30 June 2023.

As of 30 June 2023, some Rs 12.4 million were disbursed to the Contractor and liquidated damages of Rs 49,000 were applied for the delay of 58 days in supplying the Building Management System.

Pursuant to paragraph 24 of LoA, all works shall be closely supervised and monitored by the Energy Services Division (ESD) and representative(s) of the Prime Minister's Office.

Findings

- The site was handed over on 12 July 2021, that is, with a delay of eight weeks.

- The performance guarantee of Rs 1.5 million, covering the period February to June 2023, as well as the insurance policy covering the period February 2022 to June 2023 were not seen in files.

- Pursuant to paragraph 7 of LoA, a contract shall be signed within 28 days after the successful bidder received the LoA. However, no signed agreement was seen in files.

- In April 2023, DHAD informed ESD about the issues relating to the leakages emanating from the ceilings of the three lifts due to condensation, dysfunctioning of the control system of the lifts and the non-functioning of the air conditioning system. However, as of December 2023, the Contractor had not taken necessary action to address the issues.

- As of December 2023, DHAD had not entered into a new contract with the Contractor for the maintenance of lifts, after the DLP, as stated in the LoA.

Root Causes

- ESD did not perform a proper follow-up with the Contractor to ascertain that all defects in the works were addressed in a timely manner.

- The former Manager, Procurement and Supply did not ascertain that the contract was signed as required by the LoA.

- ESD did not draw the attention of DHAD to the fact that the performance security and insurance policy needed to be renewed upon expiry.

Recommendation

The Accounting Officer should ascertain that the Contractor takes remedial actions without further delay.

Division's Response

- The non-conformity of the insurance cover and performance security as per the tender document template, delayed the handing over of the site.

- The renewed performance guarantee and insurance covers were not received as per DHAD's records.

- The Procurement Section has been instructed to keep records and timely request to the Contractor to submit the necessary documents in due time.

- The Procurement Section will ensure that after obtention of all contractual documents from the Contractor, the agreement be prepared and signed by both parties within 7 days.

- The Contractor tried several solutions to the problems emanating from the ceilings of the three lifts but was unsuccessful. A final solution would be found by end of February 2024.

- The Maintenance Agreement will be signed, once the final payment is effected. In the meantime, the maintenance for the lifts is currently being undertaken by Contractor.

4.1.5 Risk Management Framework - Not yet developed

In December 2021, MoFEPD issued a circular regarding the establishment of Risk Management (RM) in the Public Sector.

To facilitate the process, MoFEPD developed Guidelines for establishing RM Framework in Ministries.

According to the Guidelines, the Accounting Officer is accountable for the overall governance and has the ultimate responsibility for RM.

Findings

As of December 2023, DHAD did not apply the principles of good governance regarding the development of:

- A RM Framework to identify and assess the overall potential risks that may affect its smooth running; and

- The RM policy which commits itself to identify, assess and mitigate risk, amongst others.

Root Cause

The Accounting Officer did not set up a RM Committee responsible for the establishment of a RM Framework and development of a RM Policy.

Recommendation

The RM Framework and the policy, guided by a strategy and implementation plan, should be developed and approved by the Accounting Officer without delay.

Division's Response

- The RM Framework is a new concept on which no training was initially given to the Audit Committee.

- A RM policy has already been developed and action is being taken for the setting up of a RM Committee under the guidance of Internal Control Unit.

4.1.6 Procurement – Non-compliance with Regulations and Circular

The National Audit Office has reviewed the procurement of goods and services for an amount of Rs 146 million that was launched during the financial year 2022-23.

Annual Procurement Plan - Shortcomings

Pursuant to Section 10 of the Public Procurement Regulations 2008, a public body shall, at the beginning of every financial year, prepare an Annual Procurement Plan (APP). It shall be published on its website, periodically updated and revised.

Findings

The Manager, Procurement and Supply did not fully comply with Section 10 of the Public Procurement Regulations 2008 as highlighted below:

- The APP for the procurement of goods and services for an estimated amount of some Rs 2.2 million was prepared in September 2022, almost three months after the beginning of the financial year.

- The APP was neither published on the Ministry's website nor periodically updated and revised. The last update made to the APP was in December 2022.

- The procurement of goods and services amounting to some Rs 144 million were not recorded in the APP.

Division's Response

- Due to oversight, the APP was not uploaded on the website.

- Remedial actions have already been initiated to record all procurement activities in the APP, quarterly updated and published on the website.

Return on Procurement Activities - Late Submission

Circular No. 11 of 2021, issued by the Public Procurement Office (PPO), requires Public Bodies to submit a Return on Procurement Activities (RoPA) on a half-yearly basis by 15 January for period July to December and 15 July for the period January to June.

Finding

The Acting Manager, Procurement and Supply did not comply with the Circular as the RoPA for the period 1 July 2022 to 30 June 2023 was submitted on 8 August 2023.

Root Cause

The Acting Manager, Procurement and Supply did not comply with the Regulations and Circular.

Recommendation

The Acting Manager, Procurement and Supply should comply with Section 10 of the Public Procurement Regulations 2008 and Circular No. 11 of 2021.

Division's Response

The Acting Manager, Procurement and Supply is ensuring that RoPA is submitted within the deadline.

4.1.7 Government Asset Register - Not updated

The Government Asset Register (GAR) was developed to enable the recording of Non-Financial Assets (NFAs) acquired by Ministries/Departments.

It is considered as a major tool for ensuring efficiency and effectiveness in the management of NFAs acquired by Government.

As from the financial year 2022-23, GAR users were required to record assets acquired directly in GAR System.

Findings

- Only acquisition of NFAs of some Rs 567,000 for the month of July 2022 were recorded in GAR system.
- As of November 2023, details of NFAs, excluding security equipment, acquired during the period August 2022 to November 2023, for a total amount of some Rs 51.7 million were neither recorded in the GAR nor in the Application Desktop Integrator.

Root Cause

The service provider of the GAR system was still working on splitting of the single asset book into separate books.

Recommendation

The Accounting Officer should ensure that all NFAs are recorded in GAR system in a timely manner.

Division's Response

DHAD is in the process of updating its assets in the newly created Asset Book.

4.1.8 Governance Issues – Non-compliance with Legislation

Provisions have been made in various legislations to impose a statutory responsibility on Accounting Officers and Boards of Statutory Bodies with the objective of strengthening accountability and transparency in the public sector.

Non-submission of Report on Performance

As of 18 December 2023, the Report on Performance of the Prime Minister's Office, and Government Information Service, Pay Research Bureau and Civil Status Division falling under its aegis of the Prime Minister's Office for the financial year 2022-23 had not yet been submitted to the MoFEPD, despite the statutory deadline being 31 October 2023.

Annual Reports not laid before the National Assembly

The Statutory Bodies (Accounts and Audit) Act requires a copy of the annual report and audited accounts of every Statutory Body to be laid before the National Assembly at the earliest opportunity.

As of 29 January 2024, the Information and Communication Technologies Authority, falling under the purview of the Prime Minister's Office, had not yet laid its audited Financial Statements for the financial year 2021-22 before the National Assembly, although it had been certified by NAO on 14 December 2023.

NAO is of the view that the Ministry should exercise control over Statutory Bodies operating under its aegis to ensure that they fulfil their statutory responsibilities regarding the preparation of financial statements, their submission for audit and tabling before the National Assembly.

4.2 CIVIL AVIATION

4.2.1 Risk Management Framework – Not yet developed

In December 2021, the Ministry of Finance, Economic Planning and Development (MoFEPD) issued a circular regarding the establishment of Risk Management (RM) in the Public Sector.

In view of facilitating the process, MoFEPD developed Guidelines for the establishment of a RM Framework in Ministries/Departments. According to the Guidelines, the Accounting Officer is accountable for the overall governance and has the ultimate responsibility for RM.

Finding

There was no formal RM policy in place and no risk assessments was carried out for the financial year 2022-23 as per Circular No. 8 of 2021 from MoFEPD.

Root Cause

The Accounting Officer did not initiate action to implement the RM framework as per Circular No. 8 of 2021.

Recommendations

- The Accounting Officer should establish a RM Framework and Strategy within reasonable time.
- The composition and the mandate of the RM Committee including roles, responsibilities and accountability should be clearly defined and approved by the Accounting Officer.

Department's Response

The RM Framework is being implemented.

4.2.2 Follow-up of Matters Raised in the Audit Report 2021-22

A follow up of matters raised in the Audit Report for the financial year 2021-22 was carried out. The Civil Aviation Department was requested to inform the National Audit Office of the actions that have been taken to address the findings and recommendations in the Report. The information along with evidence collected through review of files and documents were assessed and discussed with the Department.

The status on actions taken on findings since the publication of the Audit Report are summarised below. Out of the two findings, one has been resolved (50 per cent) and one has not been resolved (50 per cent).

SN	Findings	Department's Response – Status as of January 2024	NAO Comments
	Delay in Upgrading/construction of the Permit Office (Page 55)		
1	The Contract for consultancy services was awarded to a Service Provider for some Rs 1.1 million in December 2018 and terminated on 5 August 2022. The Ministry of National Infrastructure and Community Development was requested to take over the project on 24 August 2022. On 4 April 2023, the Department was informed that the design of the project may only be initiated as from the financial year 2023-24 as the technical sections of the Ministry are currently working on other fast track projects. As of June 2023, the construction work had not yet started, more than four and a half years after a decision was taken for its erection. *(Pg 55, Para. 4.1.1)*	Funds have been allocated for the financial year 2023-24 for consultancy services only and construction works will start during the next financial year.	**Not Resolved**
	Air Ground High Frequency Communication Equipment - Procurement and other Issues (Page 56)		
2	The existing equipment had already completed its service life since year 2020 and was reported by the Civil Aviation Department as obsolete. Spare parts were also not easily available and an urgent replacement of the equipment was needed. A review of the project for the replacement of the equipment revealed that cost estimates were unrealistic and that there was delay in the replacement of the equipment. *(Pg 56, Para. 4.1.2)*	The Site Acceptance Test Certificate was signed on 9 February 2023 as evidence that the equipment was successfully installed and commissioned. Payments have already been effected except retention money.	**Resolved**

4.3 POLICE SERVICE

4.3.1 Acquisition of Specialised Equipment for Rs 21.6 million - Nugatory Expenditure

The Report of the Commission of Inquiry on Drug Trafficking was published in July 2018, wherein it was recommended that the Drug Enforcement Agency be provided with sufficient electronic devices to probe into suitcases and to track telephone conversations.

In the Budget Estimates 2018-19, an amount of Rs 25 million was provided for the acquisition of modern specialised technological tools and equipment for the Anti-Drug and Smuggling Unit (ADSU) to enhance operations on all fronts.

In March 2019, procurement procedures were initiated for the acquisition of two equipment for ADSU and quotations were sought from a few companies. In April 2019, a letter of award was issued to a foreign company for the supply of Equipment 1, Equipment 2 and a training component for a contract amount of US$ 325,550, US$ 225,000 and US$ 10,000 respectively, that is a total of US$ 560,550 (some Rs 20 million). The delivery of all the items was scheduled for September 2019.

Findings

Equipment 1 Delivered in August 2019

Only Equipment I, costing US$ 325,550 was received in August 2019. An amount of Rs 21.6 million, representing 90 per cent of the contract sum of US$ 560,550 was already paid to the supplier in September 2019. Training on Equipment 1 was dispensed to ADSU Officers by representative of the supplier from 21 January to 24 January 2020.

Malfunctioning of Equipment 1

The Police Service reported to the supplier on 27 January 2020 that limitations were noted with Equipment 1. The Police Service also pointed out that Equipment 1 must be fully functional within the shortest possible delay.

On 30 January 2020, the supplier replied that issues identified on Equipment 1 during the training would be remedied. Due to COVID-19 pandemic and travel restrictions, other training sessions were delivered by the supplier from 14 to 18 November 2022. During the training, a malfunction was noted with a component in Equipment 1. On 20 November 2022, the trainer took the defective component to the supplier’s laboratory for repairs. The Police Service has been liaising with the supplier for the repair of the equipment.

Equipment 2- Not Delivered

Equipment 2 costing US$ 225,000 was to be delivered in September 2019. However, no delivery was made and the Police Service did not withhold payment for Equipment 2. Ninety per cent of the cost, that is, Rs 8.9 million (US$ 202,500) was effected.

Relevant Documents not Produced

Documents to the effect that, the procurement was undertaken by the most competitive method or that an assessment was made to ascertain that the contract price was fair and reasonable, was not made available. No signed agreement between Police Service and the supplier was seen.

Status as at October 2023

After more than four years since an amount of Rs 21.6 million was paid in September 2019 for the acquisition of Equipment 1 and 2, Equipment 1 has not yet been commissioned and used and Equipment 2 has not yet been delivered.

Root Cause

Inadequate planning and monitoring of the procurement and contract management by the Officer responsible for Procurement Unit.

Recommendation

The advice of the Attorney-General's Office should be sought for the way forward.

Department's Response

- On 8 January 2024, the representative of the supplier came to Mauritius with Equipment 1 with upgraded software technology and Direction Finder. He provided training to ADSU Officers between 8 to 12 January 2024. During the training, a malfunction in a component was encountered. The supplier concluded that the repairs would have to be undertaken abroad at its premises.

- The representative of the supplier left the country on 13 January 2024 taking along the defective component with the undertaking that:

  (i) After the repairs, the component would be brought back and connected to the system by the supplier;

  (ii) Training will be dispensed to ADSU Officers, once the component will be in good working condition; and

  (iii) Proper handing and taking over and commissioning of equipment will be effected in the presence and the satisfaction of both parties.

- The Overseas Procurement Section has already liaised with ADSU regarding a Technical Committee to be held to discuss the possibility of raising a claim against the supplier and advice of the Attorney-General's Office will be sought accordingly.

4.3.2 NCG Ships - Lapses in Fleet Management and Procurement Procedures

The National Coast Guard (NCG) is responsible for policing the territorial waters and Exclusive Economic Zone (EEZ) of the Republic of Mauritius. It has a fleet of five ships, namely CGS Guardian, CGS Observer, CGS Barracuda, CGS Victory, and CGS Valiant, used mainly for exercising EEZ surveillance, search and rescue operations and outer islands support.

For the financial year ended 30 June 2023, the total expenditure incurred on maintenance of these ships was Rs 47.1 million.

Findings

- **NCG ships not operating at full Capacity due to delayed Maintenance**

Only two out of five Ships in Normal Running Conditions

As of October 2023, only two ships were in normal running conditions, namely CGS Barracuda, procured at a cost of US$ 58.5 million and commissioned on 12 March 2015 and CGS Valiant, procured at a cost of US$ 18 million and commissioned in August 2017 respectively.

The refit of the two ships in normal running conditions, that is, CGS Barracuda and CGS Valiant was due for October 2023 and May 2020 respectively as per Manufacturer's requirement. As of November 2023, refit of both ships has not yet been undertaken.

Operational Status of three Ships not in Normal Running Conditions

CGS Guardian- Unavailability of Radar for Navigation and Scheduled Decommissioning in 2023

CGS Guardian, donated by the Government of India and commissioned in April 1993, was already 30 years old and was planned to be decommissioned in year 2023. The ship performed limited trips due to the unavailability of radar for navigation and defects attributed to aging equipment.

CGS Observer - Under Guarantee Defect Test

CGS Observer, acquired on a free lease from the Government of India, was commissioned on 21 April 2001, and was permanently transferred to the Government of Mauritius in March 2017. It has served NCG for more than 22 years. Since July 2023, the ship has been undergoing Guarantee Defect Tests at a local shipyard company.

CGS Victory-Refit in India

CGS Victory was commissioned in December 2016 and it has sailed to India in September 2023 for refit purposes. The refit, which was due since November 2019, is being carried out free of charge in India as from September 2023.

This impacted on service delivery of NCG as the surveillance of the territorial waters could not be effectively carried out due to unavailability of three ships out of five.

Root Causes

- There was no proper preventive maintenance plan by the Officer responsible for NCG.
- Maintenance of ships was not carried out in accordance with manufacturer's instructions.

Recommendation

A proper maintenance plan should be prepared and complied with in accordance with manufacturer's requirements.

Department's Response

- The tender for refit of CGS Victory and CGS Valiant to be undertaken in Mauritius was launched. However, due to non-responsive bids, the refit of the ships could not be undertaken locally and in time.
- The ship operates in a highly saline environment, which is exceedingly corrosive. The machinery and equipment fitted onboard ships must also be serviced and maintained regularly to ensure their operational status and achieve optimum performance at sea during deployments. However, due to a lack of infrastructure facilities, the scheduled maintenance requiring external assistance is delayed, resulting in an increased operational cycle of the ship that has often been prolonged beyond recommended maintenance schedules. With the upcoming Trident Project, the issue of delay in the maintenance of ships and equipment is likely to be resolved.

CGS Observer -Lapses in Procurement Procedures

Award of Initial Contract for Repair

The ship was reported defective in January 2020. Following tender procedures in August 2021, the contract for the ship's refit was awarded to a local Company for Rs 16.7 million (inclusive of VAT) on 7 September 2021. The works were scheduled for completion by 23 May 2022.

Additional Repair works

In August 2022, a Technical Committee reported the following:

- During the refit works, the Company informed that additional repair works were required on both the engines and waterjets.
- The Company quoted an amount of Rs 14.2 million (inclusive of VAT) for the additional works.

- It was not technically feasible to shift the ship to another shipyard company as the machinery was already dismantled and work was in progress**.**

A contract for the additional works was thus signed on 29 November 2022 with the same Company and the repairs were completed in June 2023.

Payments

Out of the total of Rs 30.9 million payable under the two contracts, that is Rs 16.7 million for the initial contract and Rs 14.2 million for the additional works, a total amount of Rs 29.4 million was paid as of 30 June 2023.

Findings

- The ship was defective since January 2020, but the contract for refit was awarded only in September 2021, that is, 19 months later.
- The ship was not available for use for more than three years.
- The additional repair works for Rs 14.2 million (inclusive of VAT), which represented an increase of 85 per cent over the initial contract sum, exceeded the prescribed limit of 50 % stipulated in the Public Procurement Act and Public Procurement Regulations.
- No proper due diligence exercise was carried out for the additional repair works to determine whether the price was fair and reasonable**.**

Root Causes

- The Officer-in-Charge responsible for maintenance of ships did not properly evaluate the amount of repairs to be carried out.
- The Officer-in Charge of Procurement did not adhere to the procurement laws.

Recommendation

The Officer-in-Charge of Procurement should ensure compliance with procurement legislation.

Department's Response

The delay in refit commencement is primarily because of non-responsive bids, the unavailability of spares in the local market and the absence of a Repair Facility with NCG for undertaking refits of ships.

4.3.3 New Automated Fingerprint Identification System - Lapses in Project Management

Shortcomings of Existing Automated Fingerprint Identification System

The existing Automated Fingerprint Identification System (AFIS) is an IT system that was implemented in the year 1999 to facilitate the submission of online fingerprint, matching of fingerprints, identification of suspects, producing evidence in Courts, vetting of names, certificates of character, and police clearance.

Since October 2017,

- the existing AFIS had reached its end of life and was no longer compatible with the latest version of Windows;

- there was no maintenance contract for the software; and

- deleting existing records and backing up the fingerprint system could not be made.

Given the absence of backup and the impending risk of a system crash, it was decided to acquire a new AFIS. Rs 77 million were provided in the Budget for each financial year 2020-21 and 2021-22, while Rs 40 million were provided in the financial year 2022-23.

Findings

- **Lapses in Project Monitoring**

Repeated Revision of Bidding Documents due to Inaccurate Specifications

- The specifications of the project were revised three times and the consequential cost estimate has escalated as follows: Rs 20 million in February 2018, Rs 80.5 million in August 2018, Rs 86.2 million in November 2019 and Rs 101.2 million in March 2022. The last amount represents an increase of 406 per cent over the initial cost estimate.

- Bidding exercises for the procurement of a new AFIS were launched three times. As of September 2023, six months after the cancellation of the third bidding exercise, the revised specifications were still not finalised.

Poor Planning of AFIS

- The new Automatic Fingerprint Identification System was classified as a project under risk due to delayed implementation as per the High-Level Progress Report for Implementing Capital Projects issued in May 2023 by the Ministry of Finance, Economic Planning and Development.

  According to the Report, the project was delayed as the Software Maintenance Contractor for Crime Occurrence Tracking System (COTS) failed to migrate data from Criminal Attribute Database (CADB) to COTS.

The Police Service decided to procure both AFIS and CADB as stand-alone systems. This required substantial modification of bidding documents.

- There needed to be more consistency in determining the specifications. In April 2018, it was decided that AFIS would be linked to COTS. However, in April 2023, the present AFIS was proposed to interface with CADB instead of COTS.

Budgeted Funds Not Utilised

Budgeted funds of Rs 77 million for each of financial year 2020-21 and 2021-22 and Rs 40 million for 2022-23 earmarked for the project were not spent.

Root Causes

- Inadequate project planning by the Police IT Unit and CIB before drafting specifications and lack of supervision by the Monitoring Committee.
- The Monitoring Committee did not set the timeframe for the finalisation of the project.
- There is no study carried out at the level of the Police Service before finalising the architecture and interfacing with other systems.
- The Police Service does not have adequate expertise for implementing this type of project.

Recommendations

- The Monitoring Committee should establish critical milestones for achieving different stages of the Project.
- Proper Project Monitoring should be carried out.
- The project should be planned appropriately, a proper market survey conducted, appropriate technical specifications and cost estimates determined.
- The Police Service should consider hiring a Consultant who is well-versed in the design of AFIS.

Department's Response

The Police Service envisages the inclusion of Biometrics in the New AFIS project and the matter has been referred to CIB for scrutiny and revision of specifications as applicable. Approval of CIB is still being awaited.

4.3.4 Follow-up of Matters Raised in the Audit Report 2021-22

A follow up of matters raised in the Audit Report for the financial year 2021-22 was carried out. The Police Service was requested to inform the National Audit Office of the actions that have been taken to address the findings and recommendations in the Report.

The information along with evidence collected through review of files and documents were assessed and discussed with the Police Service.

The status on actions taken on findings since the publication of the Audit Report are summarised below. Out of 30 findings, 14 (47 per cent) have been resolved, 9 (30 per cent) have been partially resolved and 7 (23 per cent) have not been resolved.

SN	Findings	Department's Response- Status as of 18 January 2024	NAO Comments
	Detention Centre at Piton-Potential Risk of Escape of Detainees not detected at Design Stage (Page 63)		
1	Potential risk of escape of detainees was detected at 85 per cent of construction stage instead of design stage. (*Pg 63, Para 4.3.1)*	The amendments brought to the design can be attributed to the upgrading and safety measures. Police Service will ensure that for such projects all security aspects will be agreed at the design stage with the Ministry of National Infrastructure and Community Development (MNICD).	**Resolved**
2	Delay in completion of works. *(Pg 63, Para 4.3.1)*	Remedial action taken by Contractor and work has been completed.	**Resolved**
3	Performance Security was not renewed. *(Pg 63, Para 4.3.1)*	Action will henceforth be taken for renewal of performance security.	**Resolved**
	New Divisional Headquarters at Abercrombie operating without Fire Certificate (Page 64)		
4	New Divisional Headquarters at Abercrombie operating without Fire Certificate. *(Pg 64, Para 4.3.2)*	The building has been issued with Fire Certificate covering period 18.04.23 to 17.04.26.	**Resolved**
5	Various defects to the building were observed and corrective measures had not yet been taken as of August 2022. (*Pg 64. Para 4.3.2)*	Remedial Action undertaken by the contractor and works have been completed.	**Resolved**
	Maritime Surveillance Operational Limitations (Page 65)		
6	Coast Guard Ship (CGS) Guardian which was due for decommissioning in April 2023 effected limited operations due to the defective rudder stock. Issues of water ingress was still prevailing as water ingress of about 20 litres per hour during sea sortie was noticed when the rudder was being used.(*Pg 65, Para 4.3.3)*	The Guardian Ship was deployed for short duration sorties to ensure optimal exploitation. Its decommissioning has been delayed pending acquisition of a new offshore patrol vessel schedule for year 2025.	**Not Resolved**

SN	Findings	Department's Response- Status as of 18 January 2024	NAO Comments
7	CGS Observer stranded for the past two years due to urgent repairs and Refit.*(Pg 65, Para 4.3.3)*	The Ship is undergoing Guarantee Defects Test since June 2023.	**Resolved**
8	Unavailability of CGS Barracuda for Eight Months due to Refit. *(Pg 65, Para 4.3.3)*	CGS Barracuda was unavailable due to refit in India. The ship reached Mauritius in October 2021.	**Resolved**
	Wheel Clamps Non-Compliance Issues and Control Weaknesses (Page 66)		
9	Delays in handing over of collections to Revenue Clerk ranging from five to 132 days noted for Police Stations falling under the jurisdiction of Southern, Central and Northern District Headquarters (DHQ) were noted. Delays still noted at Northern DHQ in December 2023. *(Pg 66, Para 4.3.4)*	Personnel have been briefed to strictly abide to guidelines of Administrative Order. The installation of Point of Sales (POS) Machine has been considered in lieu of cash handling by Police Officers. This project is being implemented on a pilot basis in 12 pre-selected Police Stations round the island and will be extended to the remaining ones.	**Partially Resolved**
10	No regular checks on records were effected by Station Managers to ensure that declamping fees collected tally with the number of Declamping Instruction Card (DIC) counterfoils used. No verification was effected by Internal Control Unit on a quarterly basis as required under the applicable Administrative Order. *(Pg 66, Para 4.3.4)*	Station Managers have been briefed to ensure that fees collected tally with DIC Counterfoils. The introduction of Point of Sale is being envisaged at Police Stations. Internal Control Unit has carried out an audit exercise on Declamping fees.	**Resolved**
11	The Immobilisation Device Register (IDR) was not kept as per format provided in Administrative Order. No IDR was produced at Northern Division Support Unit and seven Police Stations. *(Pg 66, Para 4.3.4)*	IDR maintained as per format of Administrative Order. IDR produced to Officer of NAO in December 2023.	**Resolved**
12	Unused and unnumbered Declamping Instruction Cards and Immovable Device Notice were still available at six Police Stations. *(Pg 66, Para 4.3.4)*	Unused and unnumbered Declamping Instruction Cards and Immovable Device Notice are no more in use.	**Resolved**
13	No Stock Book was maintained for Receipts Books and DICs. One Receipt Book was reported lost at Mahebourg Police Station. *(Pg 66, Para 4.3.4)*	Stock Book was introduced. Enquiry was initiated for the lost receipt.	**Resolved**

SN	Findings	Department's Response- Status as of 18 January 2024	NAO Comments
14	No crackdown operations were carried out by three Division Support Units for the past two years as the wheel clamps were defective. *(Pg 66, Para 4.3.4)*	New wheel clamps were procured and crack down operations were being carried out.	**Resolved**
	Police Stores-Lapses in Stores Management (Page 67)		
15	Limitations of the current Inventory System were noted in the absence of implementation of the Electronic Inventory Management System (EIMS). *(Pg 67, Para 4.3.5)*	EIMS has already been implemented in Furniture and Equipment, Accessories and Carpenter Store. It is in the process of implementation at Special Mobile Force Catering Store. EIMS is already operational in almost all stores, except for the Catering outlet Stores which are awaiting Technician from EIMS Section from MoFEPD for needful.	**Partially Resolved**
16	Shortages of Rs 1.1 million were detected during handing over exercise. *(Pg 68, Para 4.3.5)*	Proper handing over of stores is being required from outgoing officers. Write Offs were approved by Accounting Officer and records updated.	**Resolved**
17	Storage conditions for goods totalling some Rs 63.6 million were inappropriate. *(Pg 68, Para 4.3.5)*	All Goods have been rearranged and properly stacked.	**Resolved**
18	The ex-National Disaster Risk Reduction Management Centre (ex-NDRRMC) used for storage facilities has not yet been rehabilitated. *(Pg 69, Para 4.3.5)*	Tender was opened on 21 April 2022 but no responsive bid received. Fresh tender exercise is under process. The contract for structural consolidation has been awarded and the handing over of site is underway.	**Partially Resolved**
19	Stores items totalling some Rs 11.5 million were damaged during fire outbreak on 4 July 2022 at Line Barracks *(Pg 70, Para 4.3.5)*	Central Crime Investigation Department has undertaken an investigation. Enquiry completed and matter referred to the Office of the Director of Public Prosecutions (DPP) for advice. Reply of DPP is still awaited.	**Partially Resolved**
20	As of October 2022, seventy per cent of buildings, that is 180 out of 256 buildings occupied by the Police Service did not have a Fire Certificate. (*Pg 70, Para 4.3.5)*	Fire Certificates already allocated to 218 of 256 Police Buildings. 38 Police Buildings are awaiting Fire Certificate.	**Partially Resolved**

SN	Findings	Department's Response- Status as of 18 January 2024	NAO Comments
		Renovation works for the remaining 38 buildings being carried out as recommended by Fire Services.	
	Interdicted Officers-Nugatory Expenditure (Page 71)		
21	During the financial year 2021-22, 147 officers were under interdiction and had drawn salaries totalling some Rs 49.6 million. In several cases, interdiction periods lasted for several years and upon determination of their case, the officers concerned were either dismissed from the service or reinstated in their post. *(Pg 71, Para 4.3.6)*	During financial year 2022-23, 162 Officers were under interdiction and had drawn salaries totalling Rs 49.2 million. For financial year 2022-23, six officers were dismissed and a total of Rs 769,625 was paid to them. 91 cases are under police enquiry for the FY 2022-23.	**Not Resolved**
22	Fast track measures envisaged since year 2008 were not yet implemented. Instructions released in years 2015 and 2020 to expedite matters were not applied. *(Pg 71, Para 4.3.6)*	In view to provide solution to this issue, an Inter-Ministerial Committee was set up in September 2020 under the Chairmanship of the Deputy Prime Minister. The Police Service has established an Ethics Guide for Police Officers. As of 19 September 2023, no decision was yet taken by the Committee set up to look into the matter.	**Partially Resolved**
	Safe City Project (SCP) not fully Operational two years after Scheduled Completion Date (Page 72)		
23	Details of advance payment effected for the Supply of electricity not available. *(Pg 72, Para 4.3.7)*	The Central Electricity Board will submit a final invoice on the detailed expenses upon completion of the 2,000 Intelligent Video Surveillance (IVS) sites and 130 Intelligent Traffic Surveillance (ITS) sites. The remaining balance will be known after the reception of the final invoice. Eventually Treasury will be apprised accordingly.	**Not Resolved**
24	SCP not fully Operational and Maximum benefit not derived. *(Pg 72, Para 4.3.7)*	Face Recognition has been installed and tested. However, to go live, amendments in the present legislation is required. On completion of the installation of all IVS Cameras, tender procedures for Independent Security Audit will be initiated.	**Partially Resolved**

SN	Findings	Department's Response- Status as of 18 January 2024	NAO Comments
	Procurement of Automatic Fingerprint Identification System not finalised since more than Three Years (Page 72)		
25	Procurement of Automatic Fingerprint Identification System not finalised since more than Three Years. *(Pg 72, Para 4.3.7)*	The tender exercise has been cancelled as the system requires some substantial modification in the specification. The Police Service envisages the inclusion of Biometric in the new AFIS project and the matter has been referred to CIB for scrutiny and revision of specifications.	**Not Resolved**
	Delay in Procurement Impacting on Service Delivery (Page 72)		
26	Non-Compliance with Procurement Policy Office Directive- Procurement Lead Time Exceeded. *(Pg 72, Para 4.3.7)*	A proper procurement planning will be carried out and remedial actions will be initiated where applicable. User departments would be urged to submit proper and precise specifications, updated cost estimates after actual market survey has been undertaken.	**Not Resolved**
	Irregularity in Revenue Collection - Enquiry still Ongoing after more than six years (Page 72)		
27	Irregularity in Revenue Collection- Short remittance of some Rs 14.8 million was noted at Northern District Headquarters in April 2015. An enquiry was initiated by Central Crime Investigation Department in April 2015 and a Police Officer was interdicted from duty. The balance of advance account has increased to Rs 31.8 million since 30 June 2020. Enquiry still ongoing after more than six years. *(Pg 72, Para 4.3.7)*	As advised by the DPP, the Internal Control Unit has been taken on board to scrutinise and analyse all documents. On completion of enquiry, the findings will be submitted to DPP for advice. Enquiry still ongoing since more than eight years.	**Not Resolved**
	Asset Management-Objectives of Coastal Surveillance Radar System (CSRS) not attained (Page 72)		
28	Three out of the eight radars were not operational. *(Pg 72, Para 4.3.7)*	The radar at St. Brandon is not operational. Final technical specifications are awaited from Consultant for acquisition of new CSRS being funded by Japanese Government.	**Partially Resolved**

SN	Findings	Departments Response – Status as of 18 January 2024	Nao Comments
	Remotely Operated Vehicle costing Rs 14 million defective since receipt in June 2014 (Page 72)		
29	Rs 12.8 million were paid for the Remotely Operated Vehicle, a defective equipment supplied but which has not yet been put to use. Claim for liquidated damages was made in 2014. In June 2018, an Arbitrator was appointed to settle dispute regarding liquidated damages applied. (Pg 72, Para 4.3.7)	Arbitration Case Ongoing. Hearing in September and October 2023 postponed.	**Not Resolved**
	Non-repayment of Advances Motor Car/Motor Cycle (Page 72)		
30	Irregular repayments were not properly monitored resulting in non-recovery of outstanding balances. *(Pg 72, Para 4.3.7)*	Five cases of outstanding balances are still pending. These cases refer to three officers who have left for unknown address and two who are abroad according to what have been gathered by enquiry.	**Partially Resolved**

5 – DEPUTY PRIME MINISTER'S OFFICE, MINISTRY OF HOUSING AND LAND USE PLANNING AND TOURISM

5.1 HOUSING AND LAND USE PLANNING

5.1.1 High Demand and Inadequate Supply of Social Housing Units

The Housing Division of the Ministry of Housing and Land Use Planning (MHLUP) is responsible for the formulation of strategies and policies related to the Social Housing Sector and the implementation of Government social housing programmes through, its executive arm, the National Housing Development Co. Ltd (NHDC Ltd).

NHDC Ltd was incorporated in March 1991 and some Rs 1 billion were transferred from MHLUP to NHDC Ltd during the financial years 2020-21 to 2022-23 for the construction of social housing units.

The New Social Living Development Ltd (NSLD) is also involved in the construction of social housing. NSLD was incorporated on 16 May 2019 as a wholly owned Special Purpose Vehicle of NHDC Ltd.

NSLD has been designated as the implementing agency for the construction of 12,000 residential units across the island. As from the financial year 2021-22, grant was released by MHLUP to NSLD to meet its operating and administrative expenses. Grants totalling some Rs 113.5 million were released by MHLUP for the financial years 2021-22 and 2022-23.

Findings

- The demand for social housing units increased from 29,033 in the financial year 2020-21 to 39,566 in the financial year 2022-23. NHDC Ltd completed and delivered a total of 2,192 housing units from the financial years 2020-21 to 2022-23.
- As of June 2023, NSLD has not yet delivered any housing units out of the 12,000 units.
- MHLUP did not achieve its targets with respect to the provision of social housing units for the financial year 2022-23, as shown in Table 5-1.

Table 5-1 Status of Indicators

Indicators	Target	Actual Result	% Achieved
Percentage of Housing Programmes Completed (4,082 on-going and 12,000 new residential units)	15%	14%	93
Number of housing units completed under the on-going Programme and New Housing Programme	485	282	58
Award of contract for 49 sites (12,000 residential units)	Dec 2022	Letter of Award issued from April to June 2023 for 32 sites.	_

Source: MHLUP Records

- The 485 housing units that had to be completed in the financial year 2022-23 consisted of:

  - 282 housing units at Wooton; and
  - 203 housing units at Mare D'Albert

  The contract for the construction of social housing units at Mare D'Albert had to be terminated in August 2021, due to the failure of the contractor to comply with the "Notice to Correct". The bidding process started again in March 2022 with an expected completion date of May 2023. However, no bid was received and the bidding process started anew during the financial year 2022-23.

- 49 sites were earmarked for the construction of the 12,000 residential units by NSLD. In February 2023, Government approved that the project be implemented in two phases:

  - Phase I - 8,000 units
  - Phase II- 4,000 units

  The award of the contract for Phase I for 32 sites was on a 'Design and Build' mode.

NAO Comment

At the current pace of implementation of social housing programmes, there is a risk that the growing demand for social housing units will not be met in the medium term.

Root Cause

MHLUP did not have a strategic plan on how to meet the growing demand for the social housing sector.

Recommendation

MHLUP should develop a social housing strategy that clearly sets out its vision to meet the increasing demand for the social housing sector.

Ministry's Response

- Currently, the construction of 12,990 housing units is in the pipeline. Upon completion of the project, the housing demand would be reduced to 26,576, which would still pose a significant backlog.

- MHLUP has embarked on the preparation of a National Housing Strategy. To this end, funds have been earmarked in Budget 2023-24 for Consultancy Services.

  Accordingly, MHLUP is working in collaboration with NHDC Ltd for the procurement of Consultancy Services for a "Comprehensive Survey on existing NHDC and Ex-CHA Housing Estates."

  Moreover, MHLUP has approached the World Bank, for undertaking a study on "Resilient and Affordable Housing in Mauritius." The main objective of this study is to assess the affordable housing eco-system in Mauritius and to develop a sustainable, inclusive and resilient development roadmap to ensure access to affordable housing for the low and middle-income segment of the population.

- The Key Performance Indicator (KPI) could not be met mainly due to the non-completion of the housing project at Mare D'Albert (203 units) as a result of procurement issues encountered in the appointment of new contractor(s), which is beyond the control of MHLUP and NHDC Ltd as the latter could not foresee the duration and outcome of the new bidding exercise, whereby no responsive bid was received.

- NSLD encountered several challenges during the procurement exercise which resulted in excessively high and unaffordable prices for the housing units. Accordingly, NSLD had to change its procurement method to a "Design and Build" with a fixed unit cost not exceeding Rs 2.7 million.

- It is the objective of MHLUP to always set realistic KPIs. However, some delays (procurement, contractual dispute and adverse weather conditions) are beyond the control of MHLUP.

5.1.2 Inefficient Management of State Lands

As per the State Lands Act, "*all leases of State Lands shall be by public auction or by private contract upon such terms and conditions, not inconsistent with this Act, as the Minister may approve."*

One of the missions of MHLUP is to have an efficient land planning system for the effective management, use and release of lands for development and conservation.

Findings

- ***State Lands Coordinating and Monitoring Committee not Operational***

With a view to ensuring that MHLUP provides a quality service to all stakeholders and members of the public at large, Government approved the setting up of a State Lands Coordinating and Monitoring Committee (SLCMC) in year 2016.

The terms of reference of the SLCMC are, *inter alia*, to take cognizance of all applications received, Letters of Reservation/Letters of Intent/Lease Agreements in respect of State Lands, to follow up and monitor progress on major issues/projects and ensure that follow-up in respect of compliance to all the terms and conditions are effected by the Divisions of MHLUP and that all uncommitted State Lands are used in a judicious manner.

The last meeting of the SLCMC was held on 14 July 2020. For more than three years, no meeting was held.

- ***Uncommitted State Lands - Details not readily available***

NAO had constantly reported that MHLUP did not have a comprehensive database of State Lands, inclusive of all uncommitted State Lands.

MHLUP informed NAO that this issue will be resolved with the introduction of the Digital State Lands Register (DSLR).

As of September 2023, only State Lands under leases were uploaded in the lease module of the DSLR.

In the absence of an uncommitted State Lands database, there is the risk that the release of State Lands was not effected in a fair and transparent manner. Most of the leases of State Lands are by private contract with terms and conditions approved by MHLUP.

- ***Incomplete Records of Vested State Lands***

The Survey Division of MHLUP is responsible for meeting the demands for land from other Ministries. Lands are vested in the Ministries for the implementation of specific projects.

The lists of State Lands vested in three Ministries namely the Ministry of Blue Economy, Marine Resources, Fisheries and Shipping, the Ministry of Education, Tertiary Education, Science & Technology and the Ministry of Health and Wellness, were compared with the records kept by MHLUP.

It was observed that plots of land for 72 sites with a total area of 424,392 m^2 were vested in the above-mentioned three Ministries but were missing from the records of MHLUP.

- ***Occupation of Campement Sites without Renewal of Lease***

Amendment was brought to the Pas Geometriques Act in year 2007, whereby lessees of campement sites had the option to enter into a new lease for a period of 60 years with revised rental or for those who did not opt for the new 60-year lease, no renewal option was available.

Furthermore, provision was made in the lease agreement, "*At the expiry of the term of these leases or upon its cancellation, the lessee shall yield up the lands hereby leased nowise deteriorated in value as they stand without any claim whatever for indemnity other than permission to remove the buildings belonging to the lessee. Such buildings shall be removed within a period to be fixed by the lessor, and failing their removal within such period the buildings shall become the property of the lessor*".

From the records of MHLUP it was noted that:

- in 32 cases, the campement site leases had expired and the lessees did not opt for the new 60-year campement site lease;

- these lessees are occupying the campement sites without a formal agreement; and

- no rent or premium are being paid by the lessees.

The revenue forgone by Government worked out to some Rs 56.7 million, without considering Consumer Price Index and Sea Frontages, if MHLUP had taken possession of these campement sites and leased them to interested parties.

Root Causes

- Following the transfer of the Chairperson of SLCMC, no officer was assigned the responsibility of scheduling meetings.

- The Accounting Officer had not yet initiated action to compile a comprehensive list of all uncommitted State Lands.

- There was no proper follow-up on vested land by the Accounting Officer.

Recommendations

- Given the fundamental role of the SLCMC, MHLUP should ensure it is functional.

- For efficient and effective release of State Lands for development, detailed information about uncommitted State Lands should be compiled.

- The record/database of MHLUP should be reconciled with the records of the Ministries in which the State Lands are vested.

- A survey should be carried to identify State Lands vested in other Ministries.

Ministry's Response

- The SLCMC was discontinued as it involved heavy procedures which could not be followed in practice. MHLUP is working on a new framework with clear guidelines that are implementable for the allocation of State Lands and will maintain the principles of transparency and accountability.

- The DSLR is being updated with leased parcels as well as uncommitted ones as and when cases are being processed. While MHLUP is not sparing efforts to have a complete record, additional resources would be required for MHLUP to undertake a systematic approach.

- All new vesting are being recorded in the DSLR. Updating of records for former vesting is being done as and when files are being processed.

- MHLUP is in consultation with MoFEPD on the way forward for expired campement site leases for which lessees have not opted for the new 60-year lease.

5.1.3 Revamping and Enhancement of LAVIMS not yet achieved

In year 2011, the Land Administration and Valuation Information Management System (LAVIMS) became operational. Some Rs 1 billion have been spent from years 2011 to 2023, consisting of an initial cost of some Rs 618 million and some Rs 456 million in respect of the associated hardware maintenance and support, and software maintenance.

Since the financial year 2016-17, NAO has been highlighting the drawbacks of the current LAVIMS. The valuation module of LAVIMS could not produce an updated and complete valuation roll. Moreover, there was sub-optimal use and high maintenance costs due to ageing of LAVIMS.

In year 2018, MHLUP decided on the:

- enhancement of the Valuation Module; and

- revamping of the current LAVIMS to LAVIMS 2.0.

Enhancement of the Valuation Module

The Valuation Module Enhancement contract was awarded for a fixed lump sum price of US$ 727,500, exclusive of VAT, on 6 December 2019. As of September 2023, US$ 718,808 equivalent to Rs 28.8 million, were paid.

Findings

- As of September 2023, the Valuation Module could not "*go live*" as:

  - a Valuation Roll had not yet been published. The Valuation Roll will follow after the final Cadastral Database is populated and generated for the Municipal Council of Quatre Bornes (MCQB);

- ➢ data collections for MCQB were incomplete; and
- ➢ Case Type F (Publication of Valuation Roll) was still at User Acceptance Testing stage. An amount of US$ 8,691 has been retained for this outstanding task.

The LAVIMS Enhancement Monitoring Committee, established in respect of the enhancement of the Valuation Module, met in January 2023 and the next meeting will be scheduled when User Acceptance Testing of Case type F is completed.

No formal mechanism has been established to monitor the progress of the survey of MCQB.

Revamping of LAVIMS to LAVIMS 2.0

In order to ensure effective management of land transactions, MHLUP would develop a new digital geospatial data sharing platform (LAVIMS 2.0) for land transfer, ownership and registration.

Prior to the tendering exercise, the appointed Consultant recommended the setting up of a Programme Steering Committee. The Programme Steering Committee will be the key body within the governance structure. In addition the authority for decision-making will be responsible for providing overall leadership, direction and management of the project.

In September 2019, the Consultant recommended that MHLUP replaces the existing system with a Blockchain Based System.

Findings

- As of October 2023, a Programme Steering Committee had not yet been established.
- Tender for the Supply, Installation, Testing, Commissioning and Maintenance of LAVIMS 2.0 was launched in March 2023. The closing date was initially set for 25 May 2023, but was extended three times due to queries from potential bidders. Bids were finally opened on 1 September 2023 and were at the Central Procurement Board for evaluation.
- For the financial year 2022-23, 20 per cent of the implementation LAVIMS 2.0 was targeted. However, as of September 2023, the project was still at bid evaluation stage.

Root Causes

- The Programme Steering Committee was not yet set up.
- Undue delay in the survey of properties for MCQB due to inadequate monitoring by MHLUP.

Recommendations

- The Programme Steering Committee should be set up.

- The Accounting Officer should ensure that there are no further delays in upgrading LAVIMS.

- A formal monitoring mechanism should be established to expedite the survey at MCQB.

Ministry's Response

- Case Type F (Publication of Valuation Roll) is under User Acceptance Testing and will be finalised by the end of December 2023, subject that all changes are carried out by the contractor to meet VD requirements.

  A first version of the Valuation Roll is also under User Acceptance Testing and will be submitted to the Municipal Council once the Case Type F goes live.

- Progress of the Valuation Roll is sent on a regular basis through email to all members of the Monitoring Committee.

- As regard LAVIMS 2.0, the bid exercise is at evaluation level at Central Procurement Board.

- A Programme Steering Committee will be set up as soon as a contractor is selected to implement the project.

5.1.4 No Value for Money on Land Acquired

On 5 October 2016, NHDC Ltd launched an expression of interest to identify suitable land from private land owners who were willing to sell their plots of land to the Government for the construction of social housing units. By the closing date of 19 October 2016, 31 proposals were received.

Following an assessment by the authorities concerned, the Planning Division of MHLUP recommended six sites. Subsequently, only one site of an extent of 2.39 Arpents at Highlands was retained.

MHLUP acquired the portion of land for Rs 16 million in October 2018. In January 2019, Rs 110,312 were paid in respect of notarial fees and for the deed of acquittance.

On 14 July 2021, the land was put at the disposal of NSLD by MHLUP for the construction of 80 housing units.

Findings

The land acquired was not retained by NSLD as it was found not buildable.

The Project Management Consultant in Construction of NSLD recommended not to proceed with the construction of social housing units on the site due to constraints highlighted in its feasibility report dated June 2022.

The major issues pertaining to the site were:

- the Land Drainage Authority identified two natural drainage paths crossing the site, which cannot be relocated as it would disturb the natural pathway downstream;

- as per the topographical survey, the site was in a flood-prone area and the construction of housing units would pose a threat to the adjoining properties;

- as per a preliminary geotechnical assessment, on-site stormwater drainage and wastewater disposals were not possible; and

- some Rs 62.5 million were estimated to be spent in respect of off-site works for the provision of sewerage disposal and water supply.

As of October 2023, the land was not used for any other purpose.

Root Cause

The required preliminary topographical survey and geotechnical investigations were not performed prior to the acquisition of the land as per the Handbook of Procedures/Guidelines (February 2017).

Recommendation

Prior to acquisition, all necessary investigations should be carried out to ensure the suitability of the land for its intended use.

Ministry's Response

- On 31 March 2017, a policy decision was taken to expedite land acquisition under the Government/MSPA agreement by initiating acquisition procedures after the Planning Division has found a site to be suitable for housing development.

- Moreover, it was also agreed that concurrently, NHDC Ltd would appoint Consultant(s) who would subsequently carry out necessary geotechnical investigations. The same principle was applied for acquisition of Private Lands through Expression of Interest.

- Following Preliminary Geotechnical Assessment, it was found that any social housing development on the 2A39 site at Highlands would entail massive investment on basic infrastructure (e.g. sewage disposal system, water reticulation, access road, etc.) which would inevitably render the cost of a housing unit unaffordable to the target group, that is, households earning up to Rs 30,000 per month. Consequently, the site at Highlands (2A39) has been kept in the land bank of this Ministry for any future development.

Governance Issues

5.1.5 Audit Committee Not Functional

Audit Committee (AC) plays a key role in public accountability by providing independent oversight of the organisation's governance, risk management and internal control practices, thus providing confidence in the integrity of these practices.

In August 2022, the Office of Public Sector Governance (OPSG) developed an updated AC Charter to provide guidelines on the setting up and operations of AC.

In October 2022, the AC was set up and a Performance Agreement between the Accounting Officer and members of the AC was drawn.

Finding

No AC meeting was held during the financial year 2022-23.

Root Cause

High mobility of members of the AC.

Recommendations

- The Accounting Officer should ensure compliance with the provisions of the AC Charter and the Performance Agreement.
- The Chairperson should ensure that the AC holds a minimum of six meetings annually, with at least one meeting per quarter, as required in the Performance Agreement.

Ministry's Response

Due to the mobility of staff, no meeting of the AC could be held. On 1 July 2023, the AC was reconstituted and four meetings were held. The Performance Agreement, Action Plan and Quarterly Status Report as of September 2023 have been submitted to OPSG.

5.1.6 Risk Register not yet developed

In December 2021, MoFEPD issued a circular regarding the establishment of Risk Management Framework in the Public Sector.

In view of facilitating the process, MoFEPD developed guidelines for putting in place a Risk Management Framework in Ministries.

According to the guidelines, the Accounting Officer is accountable for the overall governance and has the ultimate responsibility for Risk Management.

Finding

On 4 September 2023, MHLUP approved a Risk Management Policy. However, a Risk Register was not yet developed.

Root Cause

The Accounting Officer did not designate relevant officials with the responsibility for developing the Risk Register.

Recommendations

- The Accounting Officer should ensure that a Risk Register is developed within a reasonable time.

- The composition and the mandate of the Risk Management Committee including roles, responsibilities and accountability should be clearly defined and approved by the Accounting Officer.

Ministry's Response

The Internal Control Department was, on 27 September 2023, requested to hold a working session with the risk management team to facilitate the establishment of the Risk Management Framework. However, due to their unavailability, same has been rescheduled for January 2024.

5.1.7 Report on Performance - Non-compliance with Legislation

The Finance and Audit Act, Section 4B(1) provides that "*every department shall, not later than 31 October in every year, submit to the Minister, a report on its performance in respect of the previous fiscal year and on its strategic direction in respect of the following 3 fiscal years.*"

Finding

The provision of the Finance and Audit Act was not complied with. Reports on MHLUP's performance for the financial years 2021-22 and 2022-23 were not yet submitted.

Root Cause

Lack of monitoring and coordination by the Accounting Officer resulted in a delay for input from the different Sections of MHLUP.

Recommendation

MHLUP should comply with the legal requirements.

Ministry's Response

The draft Annual Report on Performance for the financial year 2021-22 is being finalised. As regards the draft Annual Report for the financial year 2022-23, it is being prepared and expected to be finalised by end of February 2024.

5.1.8 Government Assets Register - State Lands not captured

The Government Assets Register (GAR), a computerised system, has been developed by the Treasury to assist Ministries/Departments to record Non-Financial Assets (NFAs) which include State Lands and Government buildings.

As per Treasury Circular No. 16 of 2017, Supervising Officers were requested to ensure that NFAs under the control of their respective Ministry/Department are recorded in GAR in a timely manner.

Furthermore, according to MoFEPD's Circular No. 6 of 2020, all theses NFAs, including State Lands, were targeted to be captured by the end of June 2021.

Findings

As of October 2023, State Lands which are under the responsibility of MHLUP were not yet captured in GAR.

Root Cause

There was inadequate supervision by the Accounting Officer in respect of the recording of State Lands in GAR.

Recommendation

The Accounting Officer should ensure that State Lands are promptly recorded in GAR.

Ministry's Response

Information in respect of leased land and land vested available in MHLUP's digital record has already been forwarded to the Treasury.

Efforts are being put by MHLUP to digitalise existing records in paper format. However, additional resources will be required to capture these data in a systematic and timely manner.

5.1.9 Absence of Standard Operating Procedures Manual for Valuation Department

It is the responsibility of the Accounting Officer to ensure the preparation of a Standard Operating Procedures Manual (SOPM) on operational procedures for their respective Ministry/Department (Financial Management Manual Kit Volume I).

SOPM sets out the policies and procedures regulating the operations of the Ministry/Department, as well as the systems and mechanisms put in place to implement the policies and procedures.

SOPM aims at achieving efficiency, quality output, and uniformity of performance, while reducing miscommunications and failure to comply with regulations and instructions.

According to the scheme of service, the Deputy Director is to be responsible for the preparation and updating of "Chapters of Instructions". The "Chapters of Instructions" was required to bring consistency in valuation and set standards and guidelines for the valuers to carry out their valuations.

NAO had been informed that all the valuers at Valuation Department (VD) are Chartered Valuation Surveyors and Registered Valuers with Royal Institution of Chartered Surveyors (RICS). As such, the "Chapters of Instructions" has been replaced by the RICS 'Red Book' which contains mandatory procedural rules, best practice guidance and related commentary for all RICS members undertaking valuations.

Findings

- VD did not develop its SOPM that integrates the policies and procedures adopted for valuation purposes.

- Examination of 13 and five files in connection with "valuation of properties for rental" and "acquisition of land by Government" respectively, revealed the absence of written guidance and procedures. No standard working sheet for valuation purposes was found in these files.

Root Cause

The Accounting Officer did not give due consideration for the preparation of SOPM.

Recommendation

To improve VD's governance, the Accounting Officer should ensure that all policies and operational procedures are documented and communicated across VD.

Ministry's Response

Action has been initiated for the preparation of SOPM and updating the 'Chapters of Instructions'.

5.1.10 Follow-up of Matters Raised in the Audit Report 2021-22

A follow-up of matters raised in the Audit Report for the financial year 2021-22 was carried out. MHLUP was requested to inform NAO of the actions that have been taken to address the findings and recommendations in the Report. The information, along with evidence collected through a review of files and documents, were assessed and discussed with MHLUP.

The status of actions taken on findings since the publication of the Audit Report are summarised below. Out of three findings, one (33 per cent) has been resolved, one has been partially resolved (33 per cent), and one (34 per cent) has not been resolved.

SN	Findings	Ministry's Response Status as at 30 January 2024	NAO Comments
	Asset Management-Inadequate Controls over Survey Equipment (Page 75)		
1	Unmanned Aerial Vehicle/Drone Not Being Utilised *(Pg 75, Para 5.1.1)*	Some officers were provided training by the supplier. As regards the Pilot Training Certificate, Polytechnics Mauritius proposes to conduct a course in collaboration with Garuda Aerospace (India) and modalities are being worked out. Thereafter, procedures will be initiated for the insurance cover.	**Partially Resolved**
2	Unutilised Total Stations and GPS Not Working Properly. *(Pg 76, Para 5.1.1)*	Total Stations and GPS are being used.	**Resolved**
	Long Outstanding Debtors- Ineffective Recovery of Debts (Page 77)		
3	Some 47 lessees were not settling their rentals totalling some Rs 301 million, excluding interest, due as at 30 June 2019. As at 30 June 2022, the arrears figure for these lessees increased to Rs 485 million, excluding interest. *(Pg 77, Para 5.1.3)*	In the Annex to Budget Speech 2022/23, it was announced that a Central Debtors Management Unit (CDMU) would be set up at the Treasury Department. The said Department is still working on the modalities. In the meantime, MHLUP is issuing reminders to lessees who are in arrears in rental. DSLR will not resolve the issue of debt recovery. It will only be a tool which can be used by the CDMU.	**Not Resolved**

5.2 TOURISM

5.2.1 Governance Issues – Non-compliance with Legislation

Provisions have been made in various legislations to impose a statutory responsibility on Accounting Officers and Boards of Statutory Bodies with the objective of strengthening accountability and transparency in the public sector.

Findings

Non-submission of Report on Performance

As of 5 January 2024, the Report on Performance of the Ministry of Tourism for the financial years 2021-22 and 2022-23 had not yet been submitted to the Ministry of Finance, Economic Planning and Development, despite the statutory deadline being 31 October every year.

Annual Reports not laid before the National Assembly

The Statutory Bodies (Accounts and Audit) Act requires a copy of the annual report and audited accounts of every Statutory Body to be laid before the National Assembly at the earliest opportunity.

As of 5 January 2024, the Mauritius Tourism Promotion Authority, falling under the purview of the Ministry of Tourism had not yet laid its audited Financial Statements for the financial year 2021-22, before the National Assembly, although they had been certified by NAO on 2 May 2023.

NAO is of the view that the Ministry should exercise control over Statutory Bodies operating under its aegis to ensure that they fulfil their statutory responsibilities regarding the preparation of financial statements, their submission for audit and tabling before the National Assembly.

5.2.2 Follow-up of Matters Raised in the Audit Report 2021-22

A follow up of matters raised in the Audit Report for the financial year 2021-22 was carried out. The Ministry of Tourism was requested to inform the National Audit Office of the actions that have been taken to address the findings and recommendations in the Report. The information along with evidence collected through review of files and documents were assessed and discussed with the Ministry.

The status on actions taken on findings since the publication of the Audit Report are summarised below.

SN	Findings	Ministry's Response – Status as at January 2024	NAO Comments
	Illegal Occupation of Government Property – Le Batelage – (Page 79)		
1	The property was leased to a private individual in 1993. The lessee was irregular with his payment of the monthly lease rental of Rs 25,109. In February 2013, the Ministry initiated legal action through the Attorney General's Office for the eviction of the lessee and for the recovery of arrears, which amounted to some Rs 450,000 at that time. The unpaid rentals had reached some Rs 3.2 million in June 2022 and was increasing every month as the lessee was not making any payment. *(Pg 79, Para 5.2.1)*	Since the matter was still in a court of justice, the Ministry was awaiting the outcome of the court case. The court case has been postponed to February 2024.	**Not Resolved**

6 – VICE-PRIME MINISTER'S OFFICE, MINISTRY OF EDUCATION, TERTIARY EDUCATION, SCIENCE AND TECHNOLOGY

6.1 Lapses in Capital Project Management and Procurement Procedures

A review of a sample of 39 projects of the Ministry of Education, Tertiary Education, Science and Technology (MOETEST) for a total contract value of Rs 838 million revealed the following lapses in the management of the capital projects:

- There was inadequate supervision and monitoring of capital projects by the Infrastructure Monitoring Unit (IMU) of the Ministry. The IMU is responsible for ensuring timely completion of infrastructural projects and is comprised of Civil Engineers, Architect and Technical Design Officers.

- Considerable contract time overrun due to several factors, such as late handing over of site to contractors, amendments in designs, delays to respond to queries from contractors, variations in contract, and poor-quality workmanship by contractors.

- Suspension of works by contractors and abandonment of sites prior to completion of projects due to delays in assessing extension of time.

- Additional claims from contractors regarding losses and expenses due to extended stay on site.

- New projects were awarded to contractors notwithstanding their poor performance in previous contracts of MOETEST.

- In several projects, bidding exercises were cancelled due to discrepancies and missing information in bid documents.

Details of a few projects where lapses were observed in effective contract/project management, are outlined below.

I. Construction of Training Centre at Beau Vallon on a Design-and-Build basis - Delay in Completion of Project

The contract for the construction of a Training Centre at Beau Vallon was awarded on a design-and-build basis on 10 November 2020, for a sum of Rs 169.6 million. The project was awarded by the Mauritius Institute of Training and Development (MITD). The Centre will be taken over by the Institute of Technical Education and Technology (ITET) after proclamation of Section 31 of the ITET Act and would accommodate around 1,000 students for technical courses.

Findings

Delay in Completion of Project

- Construction works started on 27 September 2021. The completion date of 27 September 2022 was extended by 144 days to 17 February 2023 due to COVID-19, bad weather conditions and delays in approval of aluminium colours by MITD. As of October 2023, 96 per cent of works have been certified.

However, handing over of the Training Centre has not been completed due to documents such as test sheets and drawings not yet submitted by the Contractor.

The project, which was for a duration of 12 months has already exceeded its original completion date by some 13 months.

- The maximum delay damages applicable under the contract, amounting to some Rs 14.8 million were not applied at time of audit in September 2023. The representative from MOETEST who attended site meetings reported that the delays in works were due to the Contractor's fault.

- MOETEST did not actively supervise project completion, approve extension of time and enforce penalty clauses for non-compliance with contractual obligations.

Root Cause

Over and above MOETEST, other stakeholders namely MITD and ITET were involved in the project and there were no clearly defined responsibilities among the stakeholders concerned.

Recommendation

The Accounting Officer and MITD should take appropriate measures to expedite completion of the construction project so that the Centre becomes operational.

Ministry's Response

- The Contractor has submitted two applications for the extension of time on 29 September 2023 and 11 October 2023. The Consultant has issued the relevant assessments on 15 November 2023, whereby he has concluded that the Contractor may be granted further extension up to 22 August 2023.

- The fire certificate process is still ongoing at the level of the Fire Services.

- Regarding delay damages, the process is different as opposed to regular project and is being looked into by the Consultant.

II. Construction of New Ramsoondar Prayag SSS

The contract for the Construction of the New Ramsoondar Prayag SSS at Rivière du Rempart was awarded in March 2020 for the sum of Rs 392.9 million. The initial completion date of 25 January 2022 for Phase 1 was extended to 10 March 2022. As of 21 April 2022, disbursements to the Contractor totalled Rs 149.5 million.

Findings

Notice of Termination by Contractor and Abandonment of Site in May 2022

In May 2022, the Contractor gave notice of termination of contract and abandoned the site and only 40 per cent of the works were completed. Based on the advice of the Ministry of National Infrastructure and Community Development (MNICD) and the Attorney General's Office (AGO), MOETEST proceeded with the termination of the contract on 11 January 2023.

Advance Payment and Performance Security from Bank not released

On 12 January 2023, eight months after the contractor abandoned the works, MOETEST requested the encashment of the Advance Payment Guarantee and Performance Security of Rs 57 million from the Contractor's Bank. However, the bank did not effect any payment as of September 2023. The Advance Payment Guarantee expired on 29 January 2023 and the Performance Security was valid up to 25 January 2024.

Estimated Damages of Rs 393.7 million for Breach of Contract

On 20 January 2023, MOETEST requested AGO to lodge a case against the Contractor for damages for breach of contract. MNICD revised the estimated Contractor's potential liability for damages to Rs 393.7 million as at 14 July 2023.

Estimated Costs to complete the Contract – Rs 467 million

MNICD estimated the costs of completing the outstanding 60 per cent of the works at Rs 467 million, compared to the project's initial contract price of Rs 392.9 million. A new contract for the completion of outstanding works has not yet been awarded. Due to the delay in the completion of the project, the students are being deprived of the new school infrastructure and facilities.

Debarment of the Contractor kept in abeyance

MOETEST made requests to the Procurement Policy Office (PPO) for the debarment of the Contractor in February 2023 and again in August 2023. On 13 October 2023, PPO informed MOETEST that the matter was being kept in abeyance until the case is deliberated by the Court.

Root Causes

- The IMU did not monitor the project properly.
- MOETEST did not set up a Performance Review Committee (PRC) to report the performance of the Contractor to PPO.

Recommendations

- Necessary actions should be initiated by the Accounting Officer for the completion of the outstanding works and for the recovery of the loss and amount due from the Contractor.

- A Project Steering Committee (PSC) should be set up to ensure proper project monitoring.

Ministry's Response

Actions have already been taken by MNICD to work the bidding documents for the outstanding works.

III. Réunion Road Government School - Additional Claims from Contractors due to Extended Stay resulting from Late Instructions by MNICD.

The project for the construction of a new classroom block and other facilities at Réunion Road Government School was awarded on 9 January 2020 for a sum of some Rs 51.8 million. Works started on 3 November 2020 with an intended completion date of 3 November 2021.

Findings

Abandonment of Site on 20 June 2022 and Additional Claims of Rs 39.8 million from Contractor

- On 20 June 2022, the Contractor issued a notice of suspension of works and abandoned all works on site due to MNICD's failure to assess extension of time and payments.

- A total amount of some Rs 16.9 million was already disbursed to the Contractor.

- On 24 May 2022, the Contractor submitted a claim of Rs 29 million for extended stay. After six months, MNICD assessed the claim at Rs 2.9 million. However, the Contractor was not agreeable to the compensation proposed and on 8 August 2023 claimed an increased compensation of Rs 39.8 million.

- During a site visit by Officers of NAO to the Reunion Road Government School on 18 September 2023, it was observed that the surrounding land was covered with dense and unpleasant vegetation. The Ministry of Health and Wellness had apprised MOETEST of the risk of proliferation of mosquitoes and rodents, which might cause severe hazards to the school population occupying the old blocks adjacent to the abandoned construction. The photos taken during the site visit are shown below:

Photos taken at Reunion Road Government School on 18 September 2023

Failure to assess the Performance of Contractor by the Performance Review Committee

The PRC did not evaluate the performance of the Contractor and did not make recommendations regarding any action to be taken against the Contractor. As of September 2023, MOETEST has not taken any steps to terminate the contract. Consequently, procurement procedures for the completion of the outstanding works could not be initiated.

Additional Works of Rs 1.7 million for Remedial Works to Existing School Blocks

As the students were being penalised due to leakages in classrooms and deplorable sanitary conditions of the toilets in the old school compound, MOETEST disbursed an amount of Rs 1.7 million to a private contractor for remedial works in the existing blocks on 30 June 2023, under a minor contract.

Root Cause

Poor project management by MNICD and IMU.

Recommendations

- The Accounting Officer should initiate action for the completion of the outstanding works at the new block.
- Performance of contractors should be closely monitored by the PRC, in line with Section 9 of PPO Regulations and Directives.
- A PSC should be set up to ensure proper project monitoring.

Ministry's Response

The works are still suspended and MNICD has not yet recommended the termination of the contract. The course of action by the Ministry will depend on the recommendations of MNICD and AGO.

IV Conversion and/or Construction of Specialist Rooms

With the Educational Reforms initiated in 2018, MOETEST decided to provide 57 Specialist Rooms in Academies and Regional Secondary Schools for technology studies. As at time of audit in August 2023, only 31 Specialist Rooms projects were completed.

Findings

- There were significant delays in the implementation of the conversion and/or construction of Specialist Rooms in 17 schools and 9 Academies. The conversion of Specialist Rooms in Academies was a priority project for the Ministry.

  Two years had lapsed since the Academies became operational in July 2021. Substantial delays were noted in the award of contracts.

  As of October 2023, contracts for Specialist Rooms in two Academies and eight Regional Secondary Schools were still not awarded.

  As a result of the delay in implementation, students and educators were deprived of proper facilities at these schools for the holding of practical classes.

- There were 12 ongoing Specialist Rooms projects with contract value totalling Rs 103.7 million. Delays of up to 195 days were observed in respect of 11 projects.

  Nine of these projects, with total contract value of Rs 75.7 million were awarded to one particular Contractor, within a period of six months.

  As of September 2023, none of these contracts were completed within the expected completion date.

Root Causes

- Considerable time taken in the finalisation of the preliminary designs and bidding documents of the above projects by MNICD.

- Contractors failed to adhere to their initial programmes of work as there was no proper supervision.

- MOETEST did not perform a proper due diligence exercise to assess if the Contractor had the necessary resources to carry out several projects simultaneously.

Recommendations

- The Accounting Officer should ensure that MNICD submits timely information for the proper management of projects.

- A PSC should be set up to ensure proper project monitoring.

Ministry's Response

- All the remaining Specialist Rooms projects have reached an advance stage in the preparation of bid documents. Nine Specialist Rooms were expected to be completed by end of December 2023.

- Main reasons for time taken for preparation of bids included extra time needed to review activity schedule on e-Procurement System and priority are given to other urgent projects.

- It is a lack of diligence combined with poor performances from the Contractor, that has led to non-adherence to the initial programme of work.

V Construction of Swimming Pools

Projects for the Construction of four Swimming Learning Pools were initiated as a budgetary measure announced in the financial year 2017-18. Only three contracts for a total value of Rs 103.5 million have been awarded between March 2020 and March 2023 for Plaine Des Papayes Government School (GS), Permal Soobrayen GS and Cascavelle GS.

Findings

- Substantial delays in the implementation of the projects due to amendments in design after award of contract, relating to the provision of a Service Gallery for the operation of the swimming pool.

- Lapses in bidding process and procurement procedures:

    - For the project at Permal Soobrayen GS, the contract was awarded on 3 March 2023 for Rs 34.7 million. However, the contract between MOETEST and the Contractor had still not been signed and handing over of site was not effected as of October 2023.

    - Only the swimming pool, at Plaine Des Papayes GS was completed on 25 August 2023.

      A total of 754 days, instead of 300, were taken to complete the works. Extension of time of 289 days was granted to the Contractor, out of which 256 days were without costs.

      The Contractor submitted an additional claim for reimbursement of direct loss and/or expense of Rs 15.3 million on 6 September 2022, following instructions from MNICD to put on hold current tasks due to a change in the scope of work. On 19 September 2023, the Contractor reiterated his claim to MOETEST.

Root Cause

Poor planning and monitoring of projects by the officer responsible of the IMU.

Recommendations

- Performance of contractors should be closely monitored by PRC in line with Section 9 of PPO Regulations and Directives.

- The Accounting Officer should ensure that MNICD submits timely information for the proper management of projects to prevent additional claims from the Contractor.

- A PSC should be set up to ensure proper project monitoring.

Ministry's Response

It is not only the IMU which is responsible for a project. Other units/departments of MNICD are equally responsible for the realisation of the project.

VI Upgrading of Science Laboratories

Funds were provided for the construction, rehabilitation and upgrading of Science Laboratories in the financial years 2021-22 and 2022-23 in secondary schools as shown in Table 6-1.

Table 6-1 Science Laboratories Projects

	Project	**Project Value Rs Million**
1.	Upgrading of Laboratories at Queen Elizabeth College	49.2
2.	Rehabilitation of the Chemistry Laboratories at France Boyer de la Giroday SSS	28.2
3.	Renovation of Laboratories at Sookdeo Bissoondoyal State College	15.0
4.	New Science Block at John Kennedy College	116.1

Source: Ministry's Records

Findings

- Some of the laboratories in the State Secondary Schools (SSS) were in a deplorable state and had deficiencies in terms of norms of equipment and furniture, and did not meet all the criteria required for the Cambridge International Examinations.

- More than two years have lapsed since requests for refurbishment of laboratories were made. However, the projects were still at preliminary stage. Bid documents, bill of quantities and drawings were still under preparation at MNICD level.

- Further delay in the bidding process of the laboratories would ultimately lead to an increase in the cost of the refurbishment projects.

Root Cause

Considerable time in the finalisation of the preliminary designs and bidding documents of the above projects at MNICD.

Recommendations

- MOETEST should improve its planning and performance management processes for better achievement of its objectives, in accordance with the Risk Management Policy.

- The IMU should actively monitor the implementation of projects.

Ministry's Response

- All the projects have reached an advanced stage in the preparation of bid documents.

- Maintenance works are being carried out at Zone level, pending implementation of the capital projects to ensure that students are able to make use of existing laboratory.

- Projects are monitored in real time by the Ministry through the platform of the Project Management Information system.

6.2 Extended Programme

The Nine-Year Continuous Basic Education (NYCBE) Reform in the education system is aligned with the United Nations Sustainable Development Goal 4 on Education, which is to '*ensure inclusive and equitable quality education and promote lifelong learning opportunities for all*'.

The primary objective of the program is to ensure that all students get the opportunity to access basic education as a foundation for future learning and to make provision for all students to successfully complete nine years of basic schooling.

The Extended Programme (EP) was introduced in year 2018 to support slow learners. The programme was designed for students who did not meet the required criteria of the Primary School Achievement Certificate (PSAC) examination.

In year 2018, a first batch of 3,291 students registered for EP, for a four-year lower secondary programme culminating in the National Certificate of Education (NCE). Out of these, 1,118 were admitted to regional SSS, and 2,173 opted for Private Secondary Schools (PSS).

Findings

- ***High Failure Rate and High Level of Dropout in the Extended Programme for Cohort Year 2018***

Table 6-2 provides an overview of Extended Programme Cohort Year 2018:

Table 6-2 Extended Programme Cohort Year 2018

Particulars		No. of Students
Enrolment of Students		**3,291**
Dropouts during		
Year 2019	105	
Year 2020	208	
Year 2021-2022 (including students not registered for NCE).	575	888
Sat for NCE Assessments in Year 2022		**2,403**
Passed NCE Assessments		71
Failed NCE Assessments		2,332

Source: Statistic Mauritius -Education

- The EP is normally for a duration of four years. However, due to the COVID-19 lockdown, the programme was completed in five years. A total of 888 young learners dropped out of the programme without acquiring a basic educational qualification. A majority of the drop-outs was below the age of 16, which is the mandatory age for compulsory education.

- Out of the 2,403 students who sat for the examinations in the academic year 2022, only 71 students, that is some three per cent, successfully passed the NCE.

- Of the 2,332 EP students who did not succeed at the NCE assessments, 423, that is, 18 per cent, had opted to re-sit for the examinations after one year and 487 students were enrolled for a training under MITD.

- Only 54 of the 423 EP students who retook the exams in year 2023, after completing six years under the EP, passed. Thus, 96 per cent of the first cohort from year 2018 could not successfully achieve the fundamental NYCBE Programme.

- As of December 2023, information was not available at the Ministry regarding the 2,310 EP students, representing 70 per cent, who left the education system without an educational or vocational qualification

- A remedial educational programme to support these 2,310 students was not put in place.

- ***No Key Performance Indicator was set for EP***

One of the Key Performance Indicators (KPIs) of the Ministry on NCE relates to the '*Percentage of students who have successfully completed the 9-year basic education*'. However, for EP, there was no specific KPI to assess the effectiveness of the program, identify areas for improvement and ensure accountability in achieving the educational goals.

- ***Absence of Comprehensive Review of EP***

There was no evidence that a comprehensive review of EP had been carried out by the Ministry after the end of Assessment Year 2022 for the first cohort.

- ***Detailed Programme Cost of EP not available***

53 per cent of the Ministry's budget, amounting to Rs 9.8 billion was allocated to secondary education. However, the detailed costs of EP were not available to assess its cost effectiveness.

Root Cause

The low success rate of EP can be attributed to:

- a high level of absenteeism;
- significant dropout rate;
- insufficient facilitators; and
- a lack of comprehensive review of the program.

Recommendations

- A comprehensive assessment of the extended education program should be conducted to identify specific challenges and shortcomings.
- Feedbacks and insights from students, parents, educators, facilitators and other stakeholders should be gathered on the program's effectiveness for future enhancements.
- A suitable indicator should be designed exclusively to measure the performance of EP.

Ministry's Response

- With the COVID-19 induced disruption, the first cohort of EP did not benefit the enhanced support as planned and this had adversely affected these students.
- The Ministry has a student tracking mechanism for secondary school students which follows up on the progression of students within the system. The Ministry also works

with National Social Inclusion Foundation and its Family Support Unit to recover students from the EP who may be at risk of dropping out of school.

- The major root causes remain that the particularities of the students who are not engaged in learning, have socio-emotional difficulties and need specialised support.

- The NYCBE Reform is grounded by the philosophy of inclusiveness and EP forms part of the NYCBE where the KPI is the percentage having achieved the NCE.

- There is no dedicated specific vote item under the budget of this Ministry for EP. Necessary consultation will be effected with the Ministry of Finance, Economic Planning and Development (MoFEPD).

6.3 Institute of Technical Education and Technology still not fully operational

The setting up of the Institute of Technical Education and Technology (ITET) was announced in Government Programme 2020-2024, in line with the Education Reform Policy to create opportunities and pathways for students to pursue studies in technical and technology education.

ITET Act 2021 was enacted on 24 July 2021 (Act No 13 of 2021) and came into force on 28 January 2022, except for Section 31 which provides for the vesting of the six Mauritius Institute of Training and Development (MITD) training centres with ITET.

Findings

- As of 10 August 2023, the Institute was not yet fully operational. ITET is administered and managed by a Council which was constituted in January 2022. The Director and staff have not yet been recruited for the effective functioning of the organisation. Courses and programmes to be delivered, recruitment and/or redeployment of academic staff were not finalised as of October 2023.

- In October 2023, Section 31 of the ITET Act was still not proclaimed.

- During the financial year 2022-2023, recurrent and capital grants totalling Rs 20 million were provided for ITET. Only an amount of Rs 3.6 million was utilised since the Institute was not fully operational.

Root Cause

Due to the Council's delay to appoint a Director and required personnel, ITET cannot fulfill its mandate.

Recommendations

- Timely action needs to be undertaken to render ITET operational.

- ITET should be properly staffed to meet its objectives, as set out in the Act.

- MOETEST should take appropriate action for the proclamation of Section 31 of the ITET Act.

Ministry's Response

- ITET, being a newly set up Statutory Body, has to undertake a series of processes in line with established government procedures prior to its full operation. Delays which occur are beyond the control of the Institute.

- An Officer-In-Charge has been appointed since February 2023 and he is backed by a Manager Procurement and Supply recruited on a contract basis since November 2023 and two officers on full time-basis.

- The operation plan already embarked upon by ITET will be boosted up with the recruitment of the Director and staffs shortly.

- The taking over of the centres is dependent on the readiness of ITET from various perspective including human resource, legal, infrastructural, marketing and operational.

6.4 High-Speed Internet Connectivity in Secondary Schools – Lapses in Project Implementation

The Vision paper on Information and Communication Technology (ICT) in Education, dated February 2021, emphasizes the significance of connectivity in strengthening the deployment and usage of technology in education in a 21st-century globalised and hyper-connected environment. In this context, a Project Steering Committee, co-chaired by MOETEST and Ministry of Information Technology, Communication and Innovation was set up to ensure the implementation of the High-Speed Connectivity project.

School Net II Project

Government has been investing to improve internet access in schools through high-speed fibre optic cables to secondary schools.

The School Net II project did not materialise since the supplier failed to complete the contract, though a total disbursement of Rs 81.7 million was made.

None of the 164 secondary schools were connected to the Internet, and the infrastructure put in place under the previous project became obsolete.

It is to be noted that in its Audit Reports for the financial years 2015-16 to 2020-21, NAO highlighted issues relating to the failure to provide high-speed internet connectivity to 164 secondary schools.

High-Speed Internet Connectivity in Secondary Schools

Following the non-operalisation of the School Net II project, Government announced, as per Budget Speech 2020-21, that it would invest Rs 100 million in the deployment of a wireless area network in 155 secondary schools in Mauritius and Rodrigues.

In the financial year 2021-22, the project value for the whole connectivity project was reviewed to Rs 170 million. Funds for 'High-Speed Connectivity in Secondary Schools' were allocated under the Ministry of Information Technology, Communication and Innovation (MITCI) budget.

Provision of Rs 60 million was allocated in the financial year 2020-21, followed by subsequent budgetary allocations of Rs 40 million for each of the financial years 2021-22 and 2022-23 for the implementation of the connectivity project.

The project aimed to deploy a wireless Local Area Network at each secondary school to enable fast and reliable Wi-Fi through the Government Online Centre. The Central Procurement Board launched a tender for High-Speed Internet Connectivity in Secondary Schools in March 2022. None of the two bids received were responsive.

Government Intranet System Connectivity

As the implementation of the High-Speed Connectivity project was pending, provisions were made in the MITCI Budget Estimates 2022-23 to take on board the connection of 160 secondary schools under the Government Intranet System (GINS) Framework. It was decided that, in the first instance, this new framework would provide internet connectivity (20 Mbps) to the Computer Laboratory only. Subsequently, MITCI would launch another tender for the WIFI-LAN within secondary schools.

Findings

- As at date of audit, August 2023, after nearly a decade, the long-awaited Internet Connectivity project in secondary schools has not yet been implemented. Funds for a total amount of Rs 140 million allocated in the budget for the financial years 2020-21 to 2022-23 remained unutilised. The delay in the project execution may result in a considerable increase in project cost.

- Internet connectivity at secondary schools is crucial for students and educators for the timely submission of projects by students taking part in IT examinations, for harnessing online material for research projects as well as for administrative tasks and for seamless operation of digital initiatives, such as the Library Management System and the Registry System which are dependent on consistent internet connectivity.

- In June 2022, the decision was taken to connect 162 secondary schools to the GINS network. The scope of the project was substantially modified. Initially, it aimed to provide high-speed internet access for the entire school. However, as of August 2023, connectivity was successfully deployed only in the computer rooms of 47 secondary schools through the GINS Network.

- A memorandum of understanding was not seen between MOETEST and MITCI, clearly defining the roles and responsibilities of each stakeholder, the expected completion date, and the cost to be subsequently incurred by the Ministry. Also, a definite timeframe was not set for the remaining 115 sites.

- As of August 2023, the new tender for WIFI-LAN was not launched.

Root Causes

- Lack of project planning and monitoring by the Project Steering Committee (PSC) which comprises representatives of MOETEST and MITCI.

- The PSC did not prepare a detailed roadmap for the implementation of the project.

Recommendations

- MOETEST should finalise the milestones and timelines for establishing high-speed connectivity in order to implement the WIFI-LAN, which will enable internet connectivity across the secondary schools for an effective educational technology strategy.

- The initiatives of MOETEST to deploy a wireless area network in 162 public and private secondary schools in Mauritius and Rodrigues should be implemented for the benefit of students in this digital era.

- The PSC should prepare a detailed roadmap for the implementation of the project.

Ministry's Response

- According to MOETEST, the root causes remain the complexity of the projects, financial constraints and interdependency of Ministries for implementation of the project (MOETEST, MITCI and Ministry of Finance, Economic Planning and Development).

- Regarding the School Net II Project, the matter is being followed at the level of MITCI and legal procedures thereto have been initiated by the Attorney General's Office.

- No funds were provided in the budget 2023-24 for the WIFI-LAN project.

- The tender for WIFI-LAN is ready at the MITCI and may be launched as soon as funds are made available.

6.5 Procurement and Supplies Management - Central Supplies Division

The Central Supplies Division (CSD) of the Ministry of Education, Tertiary Education, Science and Technology (MOETEST) is responsible for the procurement of:

(i) goods and services;

(ii) capital works; and

(iii) major contracts for Zone Directorates.

Procurement of school requisites is an annual exercise and the procurement planning is done a year in advance. The lists of school requisites were collected from Zone Directorates in October 2021 so that these requisites would be procured at the latest by mid-June 2022, prior to the resumption of academic year 2023. During the financial year 2022-23, an amount of Rs 181.2 million was disbursed under the above item.

Findings

Delay in the implementation of Projects or Acquisition of Goods due to several Cancellations of Bidding Exercises

- During the financial years 2021-22 and 2022-23, there were 83 and 143 bidding exercises carried out by the CSD respectively. However 28 and 36 of these bidding exercises were cancelled during these two financial years.

- Eleven bidding exercises for the same procurement were cancelled twice and a bid for the procurement of furniture in secondary schools was cancelled thrice. Recurrent cancellation of bidding exercises resulted in unnecessary delays in the realisation of projects and wastage of valuable resources in terms of time, costs, and manpower.

- New bidding exercises were not yet finalised as at September 2023 in respect of 10 bids which were cancelled in the financial years 2021-22 and 2022-23.

- Major projects such as the construction of additional classrooms and New Specialist Rooms in schools were significantly delayed due to multiple cancellations, thus penalising the students.

Delays in Procurement of Chemicals

Tenders for the procurement of chemicals were launched on three occasions during the financial year 2022-23. However, as at end of September 2023, the procurement has not yet been finalised. State Secondary Schools (SSS) have not received any supply of chemicals for both biology and chemistry laboratories for more than three years.

Expired Chemicals

At paragraph 6.1 of Audit Report 2021-22, mention was made regarding the use of non-hazardous expired chemicals. It was again noted that in the absence of fresh chemicals, expired non-hazardous chemicals were being used in schools for practical classes in laboratories.

The unavailability of some reagents has resulted in a limited variety of practical classes being carried out in schools for Grade 12 and Grade 13 classes, and also, the use of expired chemicals for practical experiments may not give accurate results.

Delayed Deliveries of Textbooks and non-receipt of Dictionaries due to lapses in Procurement Exercises

- Two bidding exercises for additional textbooks were launched on 18 and 28 November 2022. Contracts for the delivery of textbooks for the academic year 2023 were awarded to seven suppliers on 30 December 2022 and 12 January 2023 for the total sum of Rs 16.6 million. The delivery of textbooks was made between two to seven weeks after the resumption of school.

- 43 textbooks printed in 5,849 copies, including 125 enlarged copies for special needs children of Grades 1 to 5, could not be awarded on time due to incomplete specifications, high price and differences in the number of pages between the bidding documents and the corresponding CD submitted to the suppliers.

- Bids for these textbooks were relaunched on four occasions from January to April 2023. Consequently, a total of 5,774 textbooks, including 100 enlarged copies for special needs children, were delivered to schools from April to July 2023.

- In addition, 50 Performing Arts textbooks for Extended Programme classes and ICT textbooks for 25 special needs children could not be procured.

- Tender for the procurement of 1,580 copies of Kreol Rodrige textbooks for the academic year 2023 for Grade 6 was launched on 19 January 2023. Contract was awarded to two suppliers on 21 March 2023. The pupils and teachers' textbooks were delivered on 03 April 2023 and 14 April 2023 respectively. These textbooks were received in Rodrigues during the second term.

- Tenders for the supply and delivery of 12,500 units of Usborne English Dictionary New Edition for Grade 4 were launched and cancelled on three instances as the bidders did not meet all the mandatory and technical requirements. Students of Grade 4 were not provided with the Dictionary during the academic year 2023.

Root Causes

- Poor planning by the officer responsible for the Planning and Budgeting Directorate, leading to the late start of procurement proceedings for textbooks and school requisites.

- Lack of monitoring over the use and disposal of chemicals by Zone Directors.

Recommendations

- A proper procurement plan that outlines timelines, responsibilities and budget for each procurement project should be developed.

- The Director, Primary Education and Director, Secondary Education must ensure that the specifications in bidding documents correspond with those submitted for printing in order to avoid delays in the delivery of textbooks.

Ministry's Response

- Reasons for cancellation of bids were most often beyond the control of the Procurement Section such as:

  - no/non-responsive bids received;

  - there are no registered bidders on the e-procurement system for some exercises; and

  - the bidder does not fulfil requirements in terms of performance security, insurance cover and tax clearance certificates.

- All chemicals have been procured except for some items of biology where bids were not responsive. A new procurement exercise has been launched for the biology items.

- The procurement process for textbooks is lengthy as it involves some 1,618,000 textbooks for around 377 different titles in respect of more than nine grades.

- An officer at the Procurement Section has been tasked with the specific responsibility to follow up on evaluation of bids and also bidding documents for textbooks. Better coordination will be effected between the Procurement Section, MIE and MGI to ensure the accurateness of the number of pages in specifications and CDs.

- The previous procurement exercises of Usborne English Dictionary New Edition were unsuccessful due to non-responsiveness of bids.

- The function of the Textbook Committee will be strengthened so as to ensure that all textbooks are procured in a more timely and effective manner.

Lease of Office Space for Central Supplies Division – Office Spaces not being utilised for intended purpose

At paragraph 7.2 of the Audit Report for 2020-2021, it was reported that the CSD was accommodated in two buildings with different lease terms and conditions.

Findings

- The lease agreement for a surface area of 588 square metres located at Phoenix Central was signed on 22 October 2020 on a shell and core basis for the period 1 November 2020 to 31 October 2023. The building was handed over back on 17 April 2023. The rented space was not optimally used from November 2020 to 13 April 2023, resulting in nugatory expenditure of Rs 8.1 million as rental payments.

- The Ministry entered into a new lease agreement for an area of 722 square metres for an initial period of one year starting 15 July 2023 with the current lessor of the building housing the CSD at Pont Fer for a sum of Rs 4.5 million. As of October 2023, an amount of Rs 1.1 million has been paid as rent.

However, the office space was not fully occupied as data points and electrical works were still ongoing. It was only in November 2023, that the contract was awarded for the outstanding works.

Root Causes

- Lack of thorough assessment of requirements by the Manager (Procurement and Supply) prior to award of lease.

- Poor planning by the Manager (Procurement and Supply) regarding the award for data points and electrical works at the newly leased premises.

Recommendation

There should be a proper planning mechanism in place to assess requirements, identify additional works that need to be carried out and evaluate the corresponding financial implications prior to finalising lease agreements.

Ministry's Response

The staff of the Procurement Section have already moved to the new office as from end of November 2023.

6.6 Key Performance Indicators

The Ministry has established in its Budget Estimates 2022-23, Key Performance Indicators (KPIs) to evaluate the performance in the education sector. KPIs serve as critical indicators to optimise resources with clear deliverables.

Findings

- The benchmarks set were derived based from historical data without taking into consideration the mission statement and the goals of the Ministry. Although substantial budget to the tune of Rs 18 billion was provided for education, the Ministry has set low levels of performance indicators. The outcome indicator and delivery unit were not set at a level to achieve the Ministry's goal which was to provide a quality education and promoting lifelong learning opportunities and employability for all.

- For the financial year 2021-22, KPI for the completion of the nine-year basic education was targeted at 73 per cent. However, the actual result was 71.6 per cent, that is 1.4 per cent lower. The KPI for the financial year 2022-23 was adjusted to 71.7 per cent which was based on the actual results of the financial year 2021-22 and was expected to reach 75 per cent by the year 2030.

- Targets for the financial year 2022-23 were set at a lower level for two metrics namely 'Percentage of students who have successfully completed the nine years basic education' and 'Percentage of students taking at least two STEM (Science, Technology, Engineering and Mathematics) subjects for HSC due to non- achievement of the KPIs for the financial year 2021-22. More than 60 per cent of students chose not to pursue STEM subjects. These were inconsistent with the Ministry's mission statement and United Nations Sustainable Development Goals.

- The KPIs for the financial years 2021-22 and 2022-23 were compared with the actual results and it was noted that for both financial years, the targets were not achieved. Table 6-3 refers.

Table 6-3 Variances between Target and Actual figures for the following KPI

KPI	**Target 21/22** %	**Actual 21/22** %	**Variance** %	**Target 22/23** %	**Actual 22/23** %	**Variance** %
Students who have successfully completed the 9 years basic education	73.0	71.6	(1.4)	71.7	65.4	(6.3)
Higher education Enrolment	48.5	50.0	1.5	50.6	48.4	(2.2)
School Certificate pass rate	72.0	85.7	14.3	86.0	78.5	(7.5)
Students taking at least 2 STEM subjects for Higher School Certificate	41.5	36.1	(5.4)	38.0	22.4	(15.6)
No. of research articles/internationally refereed/peer reviewed publications	400.0	345.0	(14)	425.0	351.0	(17.0)

Source: Budget Estimates 2022-23

- The percentage of students who have successfully achieved the nine years basic education dropped from 71.6 per cent to 65.4 per cent when compared to the previous financial year 2021-22. Also, there has been a decrease in the pass rate at School Certificate level by 7.5 per cent in academic year 2023 compared to the previous year. No increase was also noted in enrolment for higher education. Lower levels of access to higher education and technical education may create inequalities in the community, affect career, employability and not foster an inclusive society.

Root Causes

- There was no proper monitoring by the Ministry to enhance the performance of students.

- Appropriate corrective measures have not been taken to improve performance.

Recommendations

- Target setting should focus on improving performance of teachers and students.

- Targets should be monitored and the causes for non-achievement of goals should be addressed.

- Goals and indicators should be set towards education for sustainable development in national education policy and school curriculum.

Ministry's Response

- The Ministry prepares the indicators according to the guidelines issued. The proposed KPIs are discussed with Sector Ministry Support Team (SMST) and agreed upon prior to finalisation at the level of the MoFEPD for inclusion in Budget Estimates.

- The KPIs should be constant over the period to enable appropriate comparison and effective monitoring of performance.

- The majority of students under the Extended Programme could not attain the required assessment level. This impacted on the overall pass rate for the whole batch.

- There have been several developments over the past years resulting into multi pathway approaches to Tertiary Education and Technical Education.

6.7 Government Assets Register

The Government Assets Register (GAR) was introduced in July 2017 to keep track of assets from their acquisition to disposal, and ensure their efficient and effective management. Prior to July 2022, records of non-financial assets were submitted to the Treasury in the prescribed Application Desktop Integrator template. Following instructions from the Treasury, as from July 2022 records were uploaded directly by MOETEST and Zone directorates on GAR system. Examination of records revealed shortcomings in the updating procedures relating to non-financial assets.

Findings

- Capital expenditure incurred during the financial years 2020-21 to 2022-23, in connection with construction in progress, extension and upgrading of schools, totalling some Rs 1 billion were not uploaded in GAR.

- Acquisition of non-financial assets, such as Other Machinery, Furniture & Fittings, IT Equipment, amongst others, amounting to some Rs 394 million, were also not uploaded on GAR by MOETEST since August 2022.

  The accuracy and completeness of assets owned by MOETEST could not be ascertained as GAR was not updated.

Root Cause

The Director Zone 4 did not put in place a proper system for input of data in GAR.

Recommendation

The Accounting Officer should ensure timely postings are made in GAR in accordance with Treasury Circular No. 16 of 2017.

Ministry's Response

- The Ministry is having difficulties at the level of one particular Zone which is impending on the effective recording of GAR system. Moreover, the Ministry is one of the largest owners of assets, having more than 280 schools under its responsibility, making the process challenging and time consuming.

- There is a lack of human resources at all levels of the Ministry and resources are allocated to priority areas which are directly linked to the main objectives of the Ministry, that is, teaching and learning, management of schools and welfare of students.

- The Ministry is expecting to complete the update on GAR for financial year 2022-23 by February 2024.

6.8 Governance Issues – Non-compliance with Legislation

Provisions have been made in various legislations to impose a statutory responsibility on Accounting Officers and Boards of Statutory Bodies with the objective of strengthening accountability and transparency in the public sector.

Findings

Non-Submission of Report on Performance

As of 18 December 2023, the Report on Performance of MOETEST for the financial year 2022-23 had not yet been submitted to the Ministry of Finance, Economic Planning and Development, despite the statutory deadline being 31 October 2023.

Non-Submission of Financial Statements for Audit

The Statutory Bodies (Accounts and Audit) Act requires the Chief Executive Officer of a Statutory Body to submit the Annual Report to the auditor not later than four months after the end of every financial year.

As of 14 December 2023, the following Statutory Bodies falling under the purview of MOETEST, have not submitted their Financial Statements for audit as shown in Table 6-4.

Table 6-4 Financial Statements not submitted to NAO for Audit

Statutory Body	Financial Year	No of Financial Statements	Remarks (Accounts under Audit)
Early Childhood Care and Education Authority	2020-21 to 2022-23	3	
Private Secondary Education Authority	2022-23	1	
Rajiv Gandhi Science Centre Trust Fund	2020-21 to 2022-23	3	
Sir Seewoosagur Ramgoolam Foundation	2017-18 to 2022-23	6	
Université Des Mascareignes	2021-22 to 2022-23	2	Financial Statements for 2020-21 was submitted on 21 September 2023.
University of Technology Mauritius	2021-22 to 2022-23	2	Financial Statements for 2018-19 were submitted on 06 July 2023
Special Education Needs Authority	2022-23	1	

Source: NAO records

Annual Reports not laid before the National Assembly

The Statutory Bodies (Accounts and Audit) Act requires a copy of the annual report and audited accounts of every Statutory Body to be laid before the National Assembly at the earliest opportunity.

As of 14 December 2023, Annual Reports of four Statutory Bodies had not yet been laid before the National Assembly as shown in Table 6-5.

Table 6-5 Annual Reports including audited Financial Statements not laid before the National Assembly

Statutory Body	Financial Year/ Period	Date Certified	No of Financial Statements
Mauritius Examinations Syndicate	2021-22	24.04.2023	1
Private Secondary Education Authority	2021-22	05.04.2023	1
Quality Assurance Authority	2021-22	25.04.2023	1
Sir Seewoosagur Ramgoolam Foundation	2014 2015	03.11.2022 03.11.2022	2

Source: National Assembly records

NAO is of the view that the Ministry should exercise control over Statutory Bodies and other entities operating under its aegis to ensure that they fulfil their statutory responsibilities regarding the preparation of financial statements, their submission for audit and tabling before the National Assembly.

Ministry's Response

- The Annual Report for the Ministry for Financial Year 2022-23 has already been sent to the Ministry of Finance, Economic Planning and Development on 15 January 2024.

- The Mauritius Examination Syndicate has submitted its Annual Report 2021-22 to the Ministry on 29 January 2024 and same is being processed to be tabled at the National Assembly.

6.9 Follow-up of Matters Raised in the Audit Report 2021-22

A follow up of matters raised in the Audit Report for the financial year 2021-22 was carried out. MOETEST was requested to inform the National Audit Office of the actions that have been taken to address the findings and recommendations in the Report. The information along with evidence collected through the review of files and documents were assessed and discussed with the Ministry.

The status on actions taken on findings since the publication of the Audit Report are summarised below. Out of nine findings, two (22 per cent) have been resolved, four (45 per cent) have been partially resolved, and three (33 per cent) have not been resolved.

SN	Findings	Ministry's Response – Status as of February 2024	NAO Comments
Non- issue of Chemicals and use of Expired Chemicals for Practical Classes (Page 82)			
1	Requisites of chemicals for Biology and Chemistry Laboratories were not issued for the academic years 2020 to 2022. *(Pg 82, Para 6.1)*	Chemicals procured under the procurement exercise initiated for the Academic Years 2020-22 are being delivered to schools for use in Academic Year 2024.	**Resolved**
Inadequate Monitoring of the Supplementary School Feeding Programme in Zone D'Education Prioritaires (ZEP) Schools (Page 83)			
2	For 14 ZEP schools under Zone 1, it was observed that contracts awarded to two suppliers for the provision of meals to six ZEP schools were renewed on a term or monthly basis for at least two years since August 2020. *(Pg 83, Para 6.2)*	A bid exercise was launched on 14 March 2023. However, the procurement could not be concluded as a challenge was received from a bidder regarding bid rigging. The case has been concluded by the Competition Commission and referred back to PPO since the Commission did not raise any issue of collusion. In view that the Ministry cannot stop the provision of meals, contracts are being renewed on a monthly basis.	**Not Resolved**
Non - Compliance with Fire Prevention and Fire Safety Requirements – Schools Operating without Fire Certificates (Page 84)			
3	According to records of MOETEST, as of September 2023, all the schools were operating without a fire certificate. The Mauritius Fire and Rescue Services (MFRS) had informed the Ministry, since 2017, to take necessary actions to be fire compliant.*(Pg 84, Para 6.3)*	Out of the 286 educational buildings, 10 already have their fire certificates. The applications of fire certificate for the remaining schools will be dependent on the completion of installations of fire alarms systems and construction of emergency staircases.	**Partially Resolved**
4	There was no evidence that fire drills were carried out, fire plans were prepared and training was provided to school staff in case of an emergency fire outbreak on school premises as required under Section 75 of the Occupational Safety and Health Act 2005 and Section 19 of the MFRS Act 2013.*(Pg 84, Para 6.3)*	Fire drills have already been carried out in 46 schools and the drills are being planned for the remaining schools. 49 training sessions have been carried out for school staff in fire safety awareness.	**Resolved**
5	Construction of emergency staircase were still outstanding in 18 schools. *(Pg 84, Para 6.3)*	Emergency staircase completed for two schools (Pamplemousses SSS & P Shibchurn GS). The Ministry is dependent on the MNICD for implementation of works. Additionally, certain schools face space constraints and other technical issues.	**Partially Resolved**

SN	Findings	Ministry's Response – Status as of January 2024	NAO Comments
6	Fire Alarms Systems were not operational in eight schools and 47 schools were operating without Fire Alarms Systems. *(Pg 84, Para 6.3)*	Fire alarm installed in two schools (M. Foogooa & Bambous SSS). The Ministry is processing with a survey of the defective alarms to identify the scope of services for repairs. The exercise is expected to be completed by the end of February 2024.	**Partially Resolved**
Lapses in Execution and Management of Capital Projects (Page 86)			
7	***Construction of the New Ramsoondar Prayag SSS*** Delay in completion of project due to breach of contract by the Contractor. *(Pg 86, Para 6.4)*	The contractor has served a Mise en Demeure to the Ministry in May 2022. The case is at court level. Moreover, the AGO has been requested to sue the contractor for damages.	**Not Resolved**
8	***Reunion Road Government School*** – Works suspended by Contractor due to delay by MOETEST in resolving issues. *(Pg 86, Para 6.4)*	AGO advised that the MOETEST may proceed with termination of contract in the event the contractor is not agreeable to compensation and resumption of works. However, contractor is not agreeable to the proposal and the advice of the MNICD is still awaited on the way forward since November 2023.	**Not Resolved**
9	***Provision of Specialist Rooms in Academies and Regional State Secondary Schools*** – Significant delays in the implementation of projects due to procurement issues. *(Pg 86, Para 6.5)*	34 Projects have been completed, 13 are ongoing and 10 not yet awarded.	**Partially Resolved**

6.10 Follow-up of Matters Raised in the Performance Audit Report 2022

Title of Report: "Use of Information and Communication Technology in Enhancing Teaching and Learning"

Date Issued: June 2022

A follow up of matters raised in the abovementioned Performance Audit Report was carried out. The Ministry of Education, Tertiary Education, Science and Technology was requested to inform the National Audit Office of the actions that have been taken to address the findings and recommendations in the Audit Report. The information along with evidence collected through review of files and documents were assessed and discussed with the Ministry.

The status on actions taken on key findings and recommendations since the publication of the Audit Report are summarised below. Out of 20 recommendations, eight (40 per cent) have been implemented, nine (45 per cent) have been partly implemented and three (15 per cent) were not implemented.

SN	Findings	Recommendations	Ministry Response – Status as of January 2024	NAO Comments
1	No clarity on the use of ICT in teaching and learning for grades at the upper secondary level and in the tertiary education sector. *(Pg 20, Para A.2.1)*	To improve ICT policy to include all educational sectors. *(Pg 47, Para 5.1(i))*	A policy paper for a coherent approach to implementing online teaching in schools has been developed and is being finalised. The strategy is already implemented in the tertiary sector.	**Partly Implemented**
2	The draft ICT in Education Strategy 2019-2021 had not yet been finalised and approved. *(Pg 20, Para A.2.2)*	To develop an appropriate strategic plan for ICT for education. *(Pg 47, Para 5.1(ii))*	Development of an EdTech strategy is in progress. The Strategy will be finalised by June 2024.	**Not Implemented**
3	No approved ICT strategic plan for the tertiary sector. *(Pg 21, Para A.2.3)*	The ICT strategic plan should include a strategy for Higher Education Institutions (HEIs). *(Pg 47, Para 5.1.1(i))*	All public HEIs have developed their respective Technology Enabled Learning Policy/ Strategy and Action Plan.	**Partly Implemented**

SN	Findings	Recommendations	Ministry Response – Status as of January 2024	NAO Comments
4	The Ministry did not carry out a review of the initiatives taken by the different HEIs with respect to the integration of ICT in teaching and learning to identify inefficiencies and ineffectiveness. *(Pg 22, Para A.2.4)*	To encourage co-operation among HEIs through the establishment of a mechanism that fosters mutual collaboration among them and avoids duplication. *(Pg 47, Para 5.1.1(ii))*	Initiatives have been embarked upon for common platforms. The Open Educational Resources (OER) has been implemented in May 2023 and a common admission platform is in the pipeline.	**Partly Implemented**
5	Absence of guidelines on the usage of tablets. *(Pg 24, Para B.2.2.1(i))*	Minimum and maximum durations for using Early Digital Learning Programme (EDLP) devices for teaching and learning in the classroom need to be worked out. *(Pg 47, Para 5.2.1(i))*	A minimum and maximum screen time policy has been implemented.	**Implemented**
6	The replication of the textbooks materials on the digital medium was not satisfactory as they did not help to cultivate new skills as reported by zone directorates and educators. The Ministry did not specify the requirements and qualities for the digital content to be prepared for the EDLP. *(Pg 25, Para B.2.2.2)*	▪ Ministry needs to carefully plan and set the characteristics for the type of digital learning resources it requires for teaching and learning through ICT tools. ▪ Digital learning resources need to be adequately designed, tested and evaluated before their use. *(Pg 47, Para 5.2.2 (i&ii))*	• The Ministry stands guided by Mauritius Institute of Education (MIE) for curriculum development and training. • Feedback obtained from users are addressed prior to rolling out.	**Partly Implemented**
7	An evaluation of the EDLP was not done. *(Pg 26, Para B.2.2.3)*	A proper evaluation of the EDLP is recommended. *(Pg 48, Para 5.2.3)*	A systemic evaluation by an external party is planned by 2024, after completion of the primary cycle. In the meantime, a national survey on the state of devices, usage and level of training has been carried out by the e-Education Directorate in collaboration with the Primary Directorate in October 2023.	**Partly Implemented**

SN	Findings	Recommendations	Ministry Response – Status as of January 2024	NAO Comments
8	School administrators, the inspectorate cadre and educators did not carry out continuous evaluation of digital content. *(Pg 28, Para B.2.2.4)*	There should be continuous evaluation of digital content made available for the EDLP. *(Pg 48, Para 5.2.2(iii))*	Amendments as improvement are brought to the contents based on the feedback from users.	**Partly Implemented**
9	Head Masters/Deputy Head Masters and school inspectors were not trained on the use of the Classroom Management System (CMS) software. *(Pg 28, Para B.2.2.5)*	School management and the inspectorate cadre need to be trained on how to measure and evaluate the impact of digital technology on teaching and learning. *(Pg 48, Para 5.2.4)*	Training on the CMS Dashboard analytics for inspectors was carried out in December 2023.	**Partly Implemented**
10	No evaluation of the Student Support Portal (SSP) was carried out. *(Pg 32, Para C.3)*	The SSP needs to be evaluated. *(Pg 48, Para 5.4)*	Evaluation of the SSP has been completed and the report was submitted in December 2023.	**Partly Implemented**
11	The evaluation tools used by Quality Assurance and Inspection Division did not cover teaching and learning through ICT use. There were no procedures for school self-evaluation and for external evaluation on the use of ICT for teaching and learning. *(Pg 32, Para C.4)*	The quality assurance framework and handbook for quality assurance need to be revised to include education through ICT and, necessary training dispensed to school personnel and quality assurance officers to assess the quality of education provided. *(Pg 48, Para 5.5)*	▪ The Quality Assurance Framework and Handbook have been reviewed in May 2023. ▪ Capacity building of Quality Assurance officer completed.	**Implemented**
12	Learning Management System used by HEIs were not customised to meet their requirements. *(Pg 33, Para D.2.1)*	A national platform supporting online learning could be developed. *(Pg 48, Para 5.6(i))*	The Ministry is working towards a Common Teaching and Learning Management System.	**Not Implemented**
13	A gap analysis on training needs to conduct online courses was not carried out to identify the new skills and knowledge required for effective online teaching by academics. *(Pg 34, Para D.2.2)*	A training needs gap analysis needs to be undertaken. *Pg 49, Para 5.6(ii))*	The gap analysis has been carried out in October 2022.	**Implemented**

SN	Findings	Recommendations	Ministry Response – Status as of January 2024	NAO Comments
14	Inadequate internet connection still remained a major challenge for HEIs to carry out online teaching. *(Pg 35, Para D.2.3)*	Internet bandwidth should be strengthened. *(Pg 49, Para 5.6(iii))*	Each HEI ensures that adequate bandwidth is available and is regularly reassessed and upgraded.	**Implemented**
15	Adequate facilities and resources were not available at HEIs to minimise the digital divide. *(Pg 36, Para D.2.5)*	HEIs should ensure proper mechanisms are in place for students to acquire the digital skills required to engage effectively in their learning process. *(Pg 49, Para 5.6(iv))*	All university students have a minimum of IC3 certification. Any specific digital skills required for a particular course are integrated in the course content module.	**Implemented**
16	As of December 2021, a national Open Educational Resource (OER) policy had still not been developed. *(Pg 37, Para D.3)*	A national OER policy should be developed. *(Pge 49, Para 5.7)*	OER policy approved by Government in December 2022 and is being implemented.	**Implemented**
17	The Ministry did not sufficiently explore ways to make teaching and learning via TV more interactive. It also, neither provided support to students, parents/caregivers and educators nor enabled two-way communication and feedback that could help to make TV programmes impactful. *(Pg 38, Para E.2)*	▪ Consider the possibilities to make TV education more interactive; ▪ Put in place mechanisms for communication between teachers and students (and their parents) and for sending feedback; and ▪ Provide necessary support to all the parties. ▪ *(Pg 49, Para 5.8(i))*	Budgetary, manpower and technological constraints prevent the implementation of the recommendations.	**Not Implemented**
18	No survey among students, parents and teachers was carried out to assess the availability of ICT facilities at both the dispensing and receiving ends, and the extent of education continuity through the different modes of learning proposed. *(Pg 40, Para E.3)*	Necessary surveys need to be done to measure the proportion of students who miss out on education as a result of not having access to ICT facilities. *(Pg 49, Para 5.8(ii))*	A draft questionnaire has already been prepared and is being finalised. The MoETEST is planning to survey the students, teachers and home environment of the students as from February 2024.	**Partly Implemented**

SN	Findings	Recommendations	Ministry Response – Status as of January 2024	NAO Comments
19	No guidance was provided to teachers and learners on screen time, health and wellbeing so that education can be pursued in the best possible way. *(Pg 41, Para E.5)*	Need to consider preparing guidelines for the overall well-being of students when they continue their education outside of the classroom. *(Pg 50, Para 5.9)*	A minimum and maximum screen time policy has been implemented with Health and Wellness Directorate.	**Implemented**
20	The Ministry did not formulate and offer guidelines to parents for the continued and effective learning of their children. *(Pg 42, Para E.6)*	To consider developing appropriate guidelines for parents for the effective learning and overall wellbeing of their wards. *(Pg 50, Para 5.10)*	The Ministry held brainstorming sessions with key stakeholders for design of an e-brochure. A pamphlet has been prepared for parents in connection with healthy tips in using ICT equipment.	**Implemented**

7 – VICE-PRIME MINISTER'S OFFICE, MINISTRY OF LOCAL GOVERNMENT AND DISASTER RISK MANAGEMENT

7.1 LOCAL GOVERNMENT AND DISASTER RISK MANAGEMENT

7.1.1 Follow-up of Matters Raised in the Audit Report 2021-22

Construction of Market Fair and Traffic Centre at Mahebourg – Rs 83.7 million: Construction Site in an Abandoned State

At paragraph 7.1.1 II of the Audit Report 2021-22, it was reported that the Contractor had abandoned the construction site with 65 per cent of the works remaining to be completed. Payments already made to the Contractor totalled some Rs 41.7 million.

The District Council of Grand Port (DCGP) had terminated the Contract and the Performance Security of some Rs 8.4 million was encashed in December 2022. The Ministry of Local Government, and Disaster Risk Management (MoLGDRM) decided to request the Ministry of National Infrastructure and Community Development (MNICD) to take over the project, but with a revised scope of work to accommodate an everyday market on the first floor of the building.

In August 2023, the existing iron structure was found to be deteriorating through weathering. Tests were needed to determine whether it was solid enough to accommodate a floor.

It was also not known whether DCGP has taken legal action against the defaulting Contractor.

Root Cause

Proper assessment of the Contractor's credentials in relation to public contracts, its ongoing contracts at the time of award and its ability to undertake additional construction contracts against its available resources was not done by the relevant authority.

Ministry's Response

- MoLGDRM and DCGP were not involved in the evaluation of bids. Proper assessment of the Contractor's credentials was hence not possible at the level of the Council and Ministry. The Contract was awarded following approval of the Central Procurement Board (CPB).

- Only about 35 per cent of works was completed by the Contractor.

- MoLGDRM has approached MNICD to consider taking over the project for completion.

- PPO Circular No. 5 of 2020 which provides extension of time without cost during COVID-19 Pandemic was one of the main reasons for the Contractor for stoppage of work.

NAO Comments

DCGP and residents in the Council's area are being deprived of the intended benefits of the new Market Fair, whose completion was long overdue.

Also, there is a risk that delay in taking actions to resume and complete the construction of the Market Fair may render the expenditure incurred to-date nugatory.

7.1.2 Procurement of 7 Lorries Mounted with Crane and 17 Tipper Lorries

At paragraph 7.1.2 II of the Audit Report 2021-22 and in the follow up section of the Report, it was pointed out that the delivery of the 7 lorries mounted with Crane and 17 Tipper Lorries, procured for Local Authorities, was still pending three and half years after the award of the contracts in July 2019.

The vehicles proposed by the Supplier were not technically compliant with specifications in bid documents. Multiple commissioning exercises had been carried out in respect of these two types of vehicles. The contracts were not terminated as per advice from the Attorney-General's Office (AGO).

As of July 2023, the delivery of these vehicles was still awaited and no payment has yet been made to the Supplier.

The status of the procurement was reviewed for the period up to July/August 2023 and the following were noted:

Lorries Mounted with Crane - Rs 25.7 million

Four commissioning exercises, with different commissioning teams, were done up to September 2022.

In October 2022, a new proposal was received from the Contractor pertaining to the manufacture of a prototype of the lorry according to the technical specifications in the bid. MoLGDRM agreed to the proposal.

In May 2023, the fourth Commissioning Team informed that the prototype, as well as the other lorries accordingly constructed, had been examined in February and March 2023 respectively, and were found to be tender compliant.

As of July 2023, that is four years after the award of the contract, the lorries were still not delivered as the '*Mise en Route'* formalities relating to registration, fitness and licensing were not yet completed.

Ministry's Response

- The seven lorries mounted with crane were duly commissioned in the presence of Engineers of MNICD and were found to conform to tender requirements.

- MoLGDRM has initiated necessary action for the delivery of the lorries and accessories from the Supplier for onward distribution to Local Authorities concerned, after completing all *Mise en Route* formalities.

Tipper Lorries – Rs 42.3 million

The 17 Tipper Lorries were said to be urgently needed by Local Authorities in 2018.

The non-conformance to tender specifications that related to the Power Take-off and Tipper Mechanism of the Lorries, which were required to be factory fitted, was not resolved.

The foreign manufacturer informed in November 2022 that the outline of the truck and the sub-frame assembly had been assembled as per proper engineering design, taking into consideration the weight of the rear body and the total payload.

In January 2023, as per recommendations of the Technical Team comprising three mechanical engineers, MoLGDRM requested the Supplier to arrange for necessary tests to be carried out by the foreign manufacturer to confirm whether the lorries were technically fit and proper for its designated use and that safety standards and efficiency requirements were met. The tests were done in June 2023.

Compliance certificates and a detailed test report from the foreign manufacturer were still awaited as of end of July 2023.

Ministry's Response

- The Ministry has set up a Technical Committee to advise on the safety standards and efficiency requirements of the 17 Tipper Lorries.

- In June 2023, necessary tests, as recommended by the Technical Team, were carried out in the presence of the official local representative of the foreign manufacturer as well as an independent registered mechanical engineer.

- Upon completion of the tests, compliance certificates were circulated to the Technical Team. The Team has submitted its report in August 2023, which is under consideration.

NAO Comment

Overdue delivery of the lorries/equipment is precluding the concerned Local Authorities from providing an improved quality of scavenging and other services to their inhabitants.

7.1.3 Interests paid to the Contractor for the Construction of the Market Fair at Rivière du Rempart - Rs 522.1 million

The District Council of Rivière du Rempart (DCRDR) refusal to pay valid claims for works carried out by the Contractor for the Construction of the Market Fair at Rivière du Rempart, as well as the ill-advised decision taken by the Local Authority had resulted into dispute totalling some Rs 24 million being finally settled for Rs 632 million, as shown in the Table 7-1 and 7-2.

Table 7-1 Awards paid to the Building Contractor

	Rs million
Capital: Value of Works Certified plus VAT	90.5
Interest on Late Payments of Claims for Works Certified	522.1
Legal Charges	19.7
Total	**632.3**

Source: NAO Workings

The above amount did not include legal charges borne by the Attorney-General's Office in connection with the case at the Privy Council.

Findings

In March 2010, the Contractor informed MoLGDRM that it had taken the case for unpaid claims by the Council to Supreme Court. The Supreme Court had appointed an Arbitrator to determine the disputed amounts:

Table 7-2 Amounts in Dispute

Description	**Amount Rs**
Phase I	5,767,102
Phase II	5,817,129
Phase III	7,081,298
Retention Money	2,251,084
Liquidated Damages	3,075,000
Total	**23,991,613**

Source: Letter from the Contractor

The Arbitrator had issued three interim awards totalling Rs 10.35 million, of which Rs 7.25 million represented interest on claims of Rs 3.1 million up to July 2013.

In February 2015, a new Arbitrator was appointed with new terms of reference, as the previous one had withdrawn from the case. The new Arbitrator had to resolve a claim of Rs 118 million as demanded by the Contractor.

In August 2015, the new Arbitrator granted an interim award of Rs 3.5 million to the Contractor, representing refund of liquidated and ascertained damages (LAD) of Rs 3.1 million plus VAT. The Arbitrator awarded the interest claimed on the LAD for the period September 2005 to September 2015 at the rate of 15.33 per cent in the sum of Rs 11.2 million in July 2016. These amounts were paid by the Council out of its own funds.

In May 2016, following advice from its Legal Adviser, DCRDR requested MoLGDRM to arrange for the release of Rs 75.98 million to effect a part payment to the Contractor. With regard to the issue of interest, arbitration cost and legal expenses, these would be subject to the decision of the Arbitrator at a later stage. MoLGDRM was of view that it could not be party to any decision which the Council might take in the arbitration as it was not a party to any agreement with the Contractor.

On 23 September 2016, the Arbitrator granted an interim award of Rs 72.9 million plus VAT, in full and final satisfaction of the capital claimed and to be paid within 60 days of the date of award.

The Council made a request to MoLGDRM for a special grant-in-aid to settle the award but was advised to consider taking a loan from a commercial bank.

In December 2016, this interim award of Rs 72.9 million plus VAT was made executory by the Supreme Court.

In February 2017, Government decided that the Council should not effect any payment until further notice. The AGO was requested to explore action to prevent execution of the award, as it was against public interest. The distress warrant was not executed after intervention of the Council's Legal Advisers.

The amount of Rs 83.9 million awarded in September 2016 was paid on 30 April 2018, after unsuccessful attempts before the Supreme Court to set aside the award.

In May 2018, a final award was granted to the Contractor regarding compound interest on the amount of Rs 72.9 million for the period 10 October 2005 to 3 May 2018, and simple interest of 3.5 per cent thereafter till date of payment. The interest worked out amounted to some Rs 412 million as at 9 January 2019.

The ruling of the Arbitrator was however annulled by the Supreme Court because the signed award of the Arbitrator was delivered on 3 January 2019, whereas the mandate of the Arbitrator ended on 31 December 2018.

The Contractor then appealed to the Privy Council on the validity of the annulment by the Supreme Court.

In June 2023, the Privy Council ruled in favour of the Contractor and was of view that the signed award delivered on 3 January 2019 was valid and enforceable. Council had to pay the outstanding amount and all the interest accrued till date of payment.

The interest element of Rs 503.7 million as per the final award was ultimately paid on 15 June 2023.

Root Cause

Deficient contract management by DCRDR had cost the Treasury more than Rs 600 million.

Ministry's Response

It is difficult to situate responsibilities on the matter, unless a full-fledged independent enquiry is conducted.

NAO Comments

The inclusion of a clause specifying the rate of interest applicable for any late payment of amounts due under Specific Conditions of Contracts be considered.

7.1.4 Unpaid Stall Fees at Victoria Urban Terminal - Rs 21.1 million

Government assumed a constructive obligation in relation to the letting of stalls at the Victoria Urban Terminal. Unpaid stall fees totalling some Rs 21.1 million remittable by the City Council of Port Louis (CCPL) to the Victoria Station Ltd was settled by Government in June 2023. The expenditure, which was not budgeted for in 2022-23 Estimates, is likely to become a recurring expenditure of MoLGDRM.

Findings

On 13 November 2019, CCPL signed an agreement for 60 years with Victoria Station Ltd (VSL) to accommodate 1,000 hawkers in the hawker's area of the Victoria Urban Terminal. The fees payable monthly by the stallholders to CCPL was Rs 4,000, of which an amount of Rs 3,500 was to be remitted to VSL. 594 hawkers were to be accommodated on the first floor of the Victoria Urban Terminal and 406 on its second floor. VSL was guaranteed a monthly income of Rs 3.5 million, irrespective of the level of occupancy and rental fees collected from stallholders.

As at 30 June 2022, only 680 stallholders had signed their lease agreement.

During the financial year 2022-23, many stallholders surrendered their stalls. As at 30 June 2023, there were only 476 occupied stalls. Many of the stallholders did not pay the monthly rental, resulting in CCPL owing VSL some Rs 21.1 million.

In June 2023, MoLGDRM disbursed a special grant-in-aid to CCPL to clear the debt of Rs 21.1 million.

Given the high number of non-paying stallholders and the dwindling number of occupied stalls, this charge is likely to become a recurring expenditure of MoLGDRM.

Ministry's Response

- On 28 October 2023, CCPL had issued a Letter of Termination of Lease to 44 non-compliant stallholders on the second floor of the building.

- The Council is making arrangement for the relocation of stallholders of the second floor to the first floor.

- The Private Sector had not responded to the Council's invitation for Expression of Interest for the renting of the second floor for commercial purposes in August 2023. VSL has been requested to look into the possibility of converting the second floor of the Urban Terminal to be rented out as office space.

- The relocation of hawkers from the streets of Port Louis was a social issue that was addressed by Government with the view to improving fluidity of circulation in the City and to protect the livelihood of 1,000 hawkers.

NAO Comments

The Council should have carried out a proper financial risk analysis to evaluate any negative impact on its finances. This case should serve as a learning experience for other Councils that are promoting similar projects which should not become a financial burden for public finances.

7.1.5 Construction of Additional Block at Bel Air Market Fair by the District Council of Flacq

The project for a new market fair in Bel Air with 220 stalls was awarded on a '*Design, Build and Turnkey Contract*' for the sum of Rs 117.6 million in 2019. Additional works of some Rs 28.8 million representing 24.5 per cent of the initial contract price and approved by CPB were also allocated to the Contractor. The initial project was to be completed by September 2021.

In September 2021, the District Council of Flacq (DCF) informed MoLGDRM that 225 more stalls for vegetables and fruits were needed. As the Contractor for the new market was still on site and that there would be a Defects Liability Period of one year after completion of the ongoing contract, the only option available was to allocate the work to the actual Contractor under Direct Procurement.

The Council proposed to construct the second block under Section 25(2)(d) of the Public Procurement Act which concerns direct procurement, after obtaining legal advice from the AGO.

Negotiations were held with the Contractor and the price of Rs 35.19 million including VAT was agreed for the construction of the additional block.

Findings

- The need to double the number of stalls at the market from 220 to 445 was identified when the initial contract was nearing completion.

- Provisions of the Public Procurement Act and Regulations pertaining to Direct Procurement and Variation Works under Construction Contracts were not complied with by DCF.

  Following legal advice sought in September 2021, AGO advised MoLGDRM to request DCF to confirm whether it was satisfied that:

  (i) the proposed new block comprising 225 stalls, was additional works to the existing project. If this was not the case, whether the works had, through unforeseen circumstances, become necessary, with appropriate justifications thereof;

  (ii) the separation of the additional works from the initial contract would be difficult for technical or economic reasons; and

  (iii) the cost of the additional works would be within 30 per cent of the initial contract value.

  Justification provided by the Council was that a survey was carried out in the private market of Bel Air in 2020 and it was found that it would not be possible to shift all stallholders to the new market fair.

- On 15 November 2021, DCF issued the Letter of Award for the additional block to the Contractor for the sum of Rs 35.19 million.

  The expected completion date was April 2022.

  As of April 2023, the whole value of the Contract was certified as completed. A sum of Rs 3.1 million was retained as maximum liquidated damages under the Contract.

Root Cause

A proper assessment of the number of stalls that needed to be constructed was not done prior to the floating of the initial tender for the New Market at Bel Air Project by the District Council of Flacq.

Ministry's Response

There was a proposal by Government on 3 September 2021 to consider the construction of an additional block for Fruits and Vegetables Section as the 220 stalls would not suffice to cater for the existing number of sellers of fruits and vegetables at the private market fair of Bel Air.

The initial project was designed pre- COVID-19 and there was no intention at that time for the private market to be closed permanently.

As soon as the new market fair would be operational, the private market fair would be closed permanently.

NAO Comment

DCF should, henceforth, always carry out a comprehensive feasibility study for any capital project.

7.1.6 National Multi - Hazard Emergency Alert System Project

In 2016, the National Risk Reduction and Management Act was proclaimed with objectives such as the prevention and reduction of the risk of disasters, mitigation of disasters, disaster preparedness, effective response to disasters and the management of post-disaster activities.

In 2016, the then Ministry of Environment, Sustainable Development, Disaster and Beach Management, approved the implementation of the National Multi-Hazard Emergency Alert System (NMHEAS) project with the following objectives:

- Disseminate messages and alerts to First Responders, Ministries/Departments, stakeholders and the general public, including tourists and foreign workers;
- Broadcast alerts through a number of communication channels; and
- Implement interfaces to interact with stakeholders.

The project is presently under the portfolio of MoLGDRM and is funded by the National Environment and Climate Change Fund.

Findings

- The Project NMHEAS was scheduled to be commissioned and Go-live as from March 2020, but has still not been fully implemented and operationalised three years later.
- The Risk Management Framework, Risk Register, Business Continuity Plan, and Disaster Recovery Plan were still under preparation by MoLGDRM.

Root Cause

The Steering Committee set up for managing the NMHEAS Project did not adequately monitor the implementation of the project.

Recommendations

The Accounting Officer has to expedite:

- the implementation of the project to avoid any further delay in its operationalisation so as to improve the preparedness of the population against harm from natural disasters; and

- the finalisation of the Risk Management Framework, the Business Continuity Plan and the Disaster Recovery Plan.

Ministry's Response

- As at now, the Primary Server has been used since 24 June 2022 during high wave warning, Intense Tropical Cyclones, Mass casualty evacuation exercise, Torrential rain and Heavy rain events. So far, some 20,000 SMS and Emails have been sent using the Primary Server on more than 100 different occasions from 2022 to 2024.

- Over and above the complexity associated with the NMHEAS, the delay in project implementation has been exacerbated by a combination of time-consuming procurement of supplementary technical components, unforeseen contractual, financial, technical and COVID-19 outbreak issues.

- Risk Management would be included within the updated scope of work for the re-assessment/consultancy study for Phase 2.

- The Risk Register was provided by the Consultant. The Supplier has provided a Backup, a Recovery plan and a Contingency Plan in case of any failure for the Primary and Secondary Server. Moreover, the IT Security Unit (ITSU) from Ministry of Information Technology, Communication and Innovation has already been contacted to perform a Risk Assessment for the National Disaster Risk Reduction and Management Centre (NDRRMC) side.

Project Implementation

The Project is being implemented in two phases:

Phase I – Common Alert Protocol Aggregator

The Common Alert Protocol (CAP) Aggregator system will disseminate warnings and alerts to a maximum number of people and stakeholders within an acceptable time frame, through a number of communication channels such as TV, Radio, Internet (including email, website, social media) and Mobile Apps.

Phase II – Cell Broadcast Centre

Cell Broadcast is a method of sending messages to multiple mobile telephone users in a defined area at the same time and realises the communication towards the GSM network.

Contracts for the Project

Consultancy Contract – US$ 514,488

The contract for Consultancy Services was awarded in October 2016 to a foreign firm for a total amount of US$ 514,488, that is, some Rs 17.5 million, inclusive of VAT.

The deliverables of the Consultant included submission of the inception report and the bidding documents, award of contract and commissioning of Phase 1, Post Go Live Assessment, Audit Report and Technical and Operational Assistance.

The service contract which was for a duration of 36 months, was signed in December 2016.

As of November 2023, the Consultant has already been paid 95 per cent of the total contract amount. The remaining five per cent would be disbursed upon full implementation of Phase 1 by the Supplier. The Consultancy contract has thus, been extended on four occasions until September 2024 at no additional cost.

Contract for the Supply of Two Servers with the CAP Aggregator - € 543,724

In November 2019, following an international bidding exercise, a foreign Supplier was awarded the contract for the procurement, installation and commissioning of the two servers with the CAP Aggregator for a total amount of € 543,724, equivalent to Rs 24.8 million.

As of November 2023, 50 per cent of the contract sum totalling € 271,862 was paid to the Supplier, that is, 20 per cent as advance money and 30 per cent of the contract sum for the Primary Server in November 2019 and June 2023, respectively.

Findings

The two servers for the CAP Aggregator were received in February 2020. The Primary Server is kept at the Government Online Centre (GOC) and the Secondary Server is located at NDRRMC. The supplier had already completed the installation and configuration of both servers.

As explained, the core applications of the Primary Server have been replicated to the Secondary Server and User Acceptance Testing has been carried out in December 2023.

As of February 2024, the following shortcomings were observed:

- Though the Primary Server was not yet commissioned, 30 percent of the contract amount was paid in June 2023.
- The two servers have not yet been commissioned four years after.
- The Supplier has at least to carry out the Cell Broadcast Centre (CBC) trial and Failover Testing to implement the project.
- The Consultant still has some pending tasks, such as testing of the CAP Aggregator and the Go Live Assessment and the submission of a technical and operational audit of the system.

Root Cause

There has been no proper monitoring of the project implementation by the Accounting Officer and the Project Steering Committee.

Recommendation

- Because of the delays, consideration be given to charge liquidated damages as per the contractual terms.
- The Accounting Officer should follow up with the foreign Supplier and Consultant for the completion of the outstanding contract works.

Ministry's Response

- The Really Simple Syndication (RSS) on website feed is not appearing on the Home page of the NDRRMC website and has been the main cause in the delay in carrying out the failover test scheduled in October 2022. GOC and the Web Team have been requested to troubleshoot this matter at the earliest. Once resolved, same will be replicated to other Ministries website.

  To-date, this will require further work between the supplier and GOC team in order to find an appropriate solution.

- Once CBC trial and Failover testing is completed by the Supplier, we will proceed for the commissioning of Phase I of NMHEAS. The project is being monitored by a Project Management Team and a Steering Committee.
- After the system is operational for a period of one year, NDRRMC will ensure that the Consultant submit a technical and operational audit report of the system.

Status of Phase II as of November 2023

- CBC under Phase II of the Project, was still at an embryonic stage.
- The network development meant for Phase II was still in progress and communication channels were not yet ready.
- Modalities on agreements have not yet been finalised with the local Mobile Network Service Providers for sending messages to multiple mobile phone users.

Recommendations

The Accounting Officer shall:

- Prepare and finalise all MOUs with local Service Providers to operationalise the CBC;
- Develop communication and education campaigns to the community at large; and
- Finalise the legal framework for the CBC.

Ministry's Response

- The NDRRMC has explored several avenues with regards to the financing of the implementation of Phase II – CBC. Once funding and implementation of the CBC is finalised, Phase II project will be initiated and finalised.

- The network development meant for Phase 2 is still in progress and communication channels are not yet ready.

- It will be a crucial component to sign a Memorandum of Understanding with the three Mobile Network Service providers under the guidance of the Information and Communication Technologies Authority (ICTA).

- Further discussion will be held with the regulatory body ICTA to decide on the way forward concerning the regulatory framework for CBC.

7.2 MAURITIUS FIRE AND RESCUE SERVICE

7.2.1 Sub-Optimal Operating Capabilities affecting Service Delivery

For the financial year 2022-23, the Mauritius Fire and Rescue Services (MFRS) targeted an operational rate of 85 per cent for its fleet of vehicles. As at end of June 2023, 75 per cent of the fleet of vehicles were not in operable condition.

Findings

In September 2023, nearly 75 per cent of the fire fighting vehicles of MFRS and 25 per cent of its essential appliances for fire rescue services were not in an operable condition. The status of four essential equipment/appliances for fire and rescue services was found to be as per Table 7-3.

Table 7-3 Status of Essential Equipment/Appliances for Fire and Rescue Operations

Sn	Equipment/Appliances	Total Available	Off the Run	Beyond Repairs	In Operation
1	Fire Fighting and Rescue Vehicles	58	37	8	13
2	Aerial Appliances	4	1	2	1
3	Portable and Floating Pumps	45	9	-	36
4	Trailer Mounted Pumps	13	13	-	-

Source: NAO workings

The reasons for the inoperability of recently acquired equipment were reviewed and the following were observed:

- ***20 Fire Fighting and Rescue Vehicles (FFRVs)***

The 20 FFRVs acquired under the Indian Line of Credit in 2022, at the cost of some Rs 275 million, were put off the run due to the following:

(i) The dashboard of all the vehicles were displaying “Service due”. Though the vehicles were still under warranty until September 2024, the Local Representative of the Foreign Supplier was not attending to their yearly preventive maintenance. Eight of these vehicles were already sent to the local representative’s premises, four of which were for a period of more than four months. The vehicles had to be put off the run to prevent any breach of the conditions of the Warranty.

(ii) A work procedure established by the Supplier for the reporting of defects, and for necessary repairs/maintenance works by the local representative, was not being adhered to by the Foreign Supplier.

The Supplier had, in September 2023, instructed MFRS not to send any vehicle to the local representative without his prior approval.

In July 2023, MFRS requested MoLGDRM, as Client for the procurement project, to inform the Supplier to carry out the repairs and maintenance works urgently to avoid any further disruption of service.

- ***13 Trailer Mounted Pumps (TMPs)***

13 TMPs purchased for some Rs 20 million under the Indian Line of Credit were also put off the run because of overdue preventive maintenance not being carried out by the local representative of the foreign supplier. The pumps were under warranty for a period of two years up to December 2023, and in order not to compromise the Warranty, MFRS deemed it appropriate to stop operating the pumps until the preventive maintenance was carried out.

At two Fire Stations, the trailer pumps were not sheltered and were exposed to weather hazards.

Root Cause

The foreign supplier was not adhering to work procedures relating to the reporting and attending to defects in equipment during the warranty period so that a significant number of FFRVs and TMPs were out of the run, thereby seriously affecting the operating capabilities of MFRS.

Department's Response

Being given that the FFRVs and TMPs were delivered under the Indian Line of Credit by an Indian based company, constant follow-up is being made through mail with the manufacturer in view of repairs/maintenance works.

A Scheduled Maintenance Plan has been submitted by the Supplier in November 2023 to service the trucks and trailers.

The delays for repairs and maintenance have now been addressed. As at end of December 2023, 15 FFRVs have been serviced and repaired as per Scheduled Maintenance Plan submitted by the supplier. Other FFRVs requiring repair works and Preventive Maintenance have already been transferred to the local representative workshop.

As at start of January 2024, 81 per cent of the fleet of vehicles were on the run.

With regards to TMPs, as of 19 January 2024, eight out of the 13 were on the run. Action has already been initiated by the supplier to have the pumps repaired.

Tarpaulin is being used to protect the pumps against weathering. Appropriate shed will be constructed.

- ***Aerial Appliances***

The Articulated Hydraulic Platform (AHP) purchased at some Rs 49.5 million in October 2021 was put in an inoperative state since April 2023, that is within 18 months of its acquisition, due to oil leakages in the rear offside extensible jack. The defect was considered significant as it could compromise the functional system of the vehicle and associated appliances in firefighting and rescue operations.

The issue was promptly reported in April 2021 to the local representative of the foreign supplier who conducted diagnosis thereof in May 2023. However, the local representative was not attending to the defects, despite several reminders being sent to it.

Power Generator of the equipment was also not operational since October 2022.

MFRS did not have any legal recourse against the local representative as the latter was only an agent to the Foreign Supplier.

Root Cause

Lack of appropriate provisions in bid documents in respect of procurement of specialised equipment from overseas regarding redress, legal or otherwise, available to the buyer.

Recommendation

The Accounting Officer may, after consultation with the Procurement Policy Office, consider the insertion of a *'Case of Need'* clause in future contracts for the procurement of specialised equipment through International Bidding exercise, and which involve local agents.

Department's Response

Following several correspondences with the foreign supplier, one overseas specialised Hydraulic Engineer attended to diagnose the defect in October 2023. He reported that the hydraulic piston of the offside jack required to be replaced. The part needed to be manufactured in a specialised workshop in Italy. The repair works were expected to be completed in three months.

On 12 January 2024, the Supplier informed that the parts have already been ordered from the Manufacturer of the AHP and would be available soon.

A new battery for the Power Generator was fitted and same was operational.

7.2.2 Shortcomings in the Fire Certificates Processing System

In the Follow Up section of Audit Report for the financial year 2021-22, it was reported that further actions were taken by MFRS with regards to the following:

(a) Management information system on prescribed premises in the island;

(b) Processing of applications for Fire Certificates; and

(c) Follow up on conditions attached to new Fire Certificates issued and expired Fire Certificates.

These actions, as well as other actions, taken by MFRS were reviewed and the following shortcomings were noted:

- ***Management Information System***

(i) No Follow-up on Surveyed Prescribed Premises without Fire Certificates

In January 2023, with a view to the setting up of a Database Cell for Prescribed Premises in the National Electronic Licensing System (NELS) Operation Room, all fire stations delegated officers to carry out surveys and collect data on prescribed premises on the island. A summary of the data compiled showed that 1,691 buildings were surveyed, of which 1,444 were operating without a Fire Certificate.

Action was not seen taken to ensure that owners of prescribed premises without a fire certificate had applied for the Certificate after the survey.

Department's Response

The onus to apply for a fire certificate remains on the owner/occupier as per Section 19 of the MFRS Act.

Staff of the Operation Section are mandated to attend to emergencies/disasters on a priority basis.

Action has been initiated at the level of NELS Operation Room to monitor that owners of the prescribed premises without a fire certificate, have applied for the Certificate after survey carried out by the operations section. However, progress is slow due to lack of human resources.

(ii) Difference between Database of MFRS and Ministries for Non-Fire Compliant Buildings

The Secretary for Public Service issued a circular requesting Ministries and Government Departments to identify non-fire compliant buildings under their purview and to come up with a roadmap to obtain Fire Certificate for those non-compliant buildings. The information was to be submitted to a Special Monitoring Committee mandated to follow progress on the matter.

A few Ministries and Government Departments submitted a list of non-fire compliant buildings under their purview in April 2023.

The list submitted did not agree with the database of MFRS. For instance, the Ministry of Education, Tertiary Education, Science and Technology (MOETEST) reported only 36 non-fire compliant buildings, whereas the database of MFRS showed that MOETEST had 240 non-fire compliant buildings.

Department's Response

The discrepancy in database for both compliant and non-compliant buildings available at the MFRS/ Ministries/ Special Monitoring Committee has been addressed and same is being closely monitored and updated.

The 240 prescribed buildings of the MOETEST have been removed from the database monitored by the Special Monitoring Committee and are being followed up by a Monitoring Committee under MOETEST.

- ***Statutory Deadline for Processing of Fire Certificates Unachievable***

The statutory deadline of 13 working days for the processing of applications and issue of fire certificates under the MFRS Act could not be met. During the period September 2021 to August 2023:

(i) out of 7,262 fire certificates, 6,998 were issued with delays ranging from 14 to 376 days; and

(ii) 442 out of 443 improvement notices, raised in respect of new applications received and still in progress in August 2023, were issued after the statutory deadline of 13 days.

Department's Response

The statutory deadline of 13 days is respected when all the conditions of the issue of a fire certificate are met.

Delays in the processing of fire certificates' applications are due to want of personnel. OPSG has recommended to increase the number of officers. A Human Resource Audit has already been initiated and a report for additional Human Resource requirement will be submitted for the forthcoming budget proposal.

- ***Expired Fire Certificates Renewal***

Follow-up was not done in respect of the non-renewal of 1,476 out of 5,110 fire certificates expired during the period September 2021 to August 2023.

Department's Response

NELS Operation Room has set up a monitoring mechanism to follow up the renewal of expired Fire Certificate.

Economic Development Board notifies MFRS of Fire Certificates which are due to expire in the coming 60 days. Where necessary, MFRS then issues a notice to apply for a Fire Certificate online.

7.3 MAURITIUS METEOROLOGICAL SERVICES

7.3.1 Revamping of the Mauritius Meteorological Services Website

The contract for the revamping of the Mauritius Meteorological Services (MMS) website was signed with a Service Provider on 3 March 2021 for some Rs 1.1 million and the project was to be delivered, installed and commissioned within four months from the date of signature of the contract, that is, on 4 July 2021. However, the project completion date was extended to 31 August 2021.

The key deliverables of the project comprised the following:

(i) An application software coupled with a backend interface to facilitate the overall process and operations related to MMS which will be accessible via Government Intranet System;

(ii) An online service comprising a content management system/web portal; and

(iii) Social media marketing through the setting up of a Facebook page for MMS.

Findings

Delay in Completion

- The project had undergone four unsuccessful commissioning exercises, that is two in September 2021, and subsequently in April and May 2022.

- The test for simulating 250,000 concurrent visitors on the new website failed and this constituted a significant non-compliance with contractual requirements.

- Central Information System Division could not carry out a final commissioning as the loading of reports could not be generated and the matter was referred to Ministry of Local Government and Disaster Risk Management (MoLGDRM) for guidance on the way forward.

- The Virtual Service on MT Cloud Platform was rented for some Rs 79,000 per month by MMS for sustaining the project. As the project was not yet completed in August 2021, MMS unnecessarily paid some Rs 1.9 million, for the period September 2021 to July 2023, which exceeded the cost of the project.

- The contract agreement did not include a clause to enable MMS to claim liquidated damages for delays.

Upon recommendation of MoLGDRM, a Performance Review Committee was set up and at a meeting held on 28 November 2022, it was decided:

- To freeze the project due to poor performance and failure to meet the project deliverables and seek the advice of MoLGDRM to stop payment of the monthly rental of some Rs 79,000 for the IT infrastructure.

- To inform the Service Provider to assume responsibility for the failure of project deliverables as per the agreed terms of reference.

On 28 February 2023, the Procurement Policy Office informed MMS that it may terminate the contract for non-performance, after seeking advice from the Attorney-General's Office.

Root Cause

The Accounting Officer did not monitor the project properly.

Recommendation

The Accounting Officer should ensure effective management of the project.

Department's Response

Since May 2022, the project is being monitored. Several meetings were held by MMS and the parent Ministry with the Service Provider to address the shortcomings and the way forward regarding the completion of the project.

7.3.2 Automatic Weather Station Idle - St Brandon

On 8 March 2023, a Letter of Acceptance (LoA) was issued to a foreign company for the supply of three complete sets of Automatic Weather Station (AWS), two for Mauritius and one for St Brandon, for the contract sum of € 57,907, equivalent to some Rs 3 million. The equipment were to be delivered by 7 May 2023.

Payment of € 55,587, equivalent to some Rs 2.7 million was effected on 27 June 2023 under the National Environment and Climate Change Fund.

Findings

AWS Lying Idle

The AWS were delivered on 9 June 2023. Two missing elements, for the AWS for St Brandon, namely one mechanical fixing part of the satellite modem and the lighting conductor fixing part on the mast were received in November 2023.

As of December 2023, the equipment was still not in operation as infrastructural work had not yet been undertaken at St Brandon.

Warranty Period

As per Clause 13 of the bidding documents, the warranty period was 24 months from the equipment's delivery date. However, as of December 2023, six months of the warranty period had already lapsed and the equipment was still not functional.

Root Cause

The acquisition of the AWS was not adequately planned by the Accounting Officer.

Recommendation

The Accounting Officer should ensure that the infrastructural works are undertaken at the earliest, to enable the installation of the AWS.

Department's Response

The AWS has been installed on the observation plot of the MMS for monitoring as from October 2023 and satellite communication is still under negotiation.

8 – MINISTRY OF LAND TRANSPORT AND LIGHT RAIL, AND FOREIGN AFFAIRS, REGIONAL INTEGRATION AND INTERNATIONAL TRADE

8.1 LAND TRANSPORT AND LIGHT RAIL

8.1.1 Road Safety

Implementation of National Road Safety Strategy

According to the National Road Safety Strategy (NRSS) 2016–2025 adopted in year 2016, the objective is to achieve a 50 per cent reduction in the number of people killed and seriously injured on the road network by the year 2025. Ten fields of action have been defined under the Strategy, namely:

(i) Setting up of a Research and Development Programme.

(ii) Improvement of Safety Standards of the road infrastructure.

(iii) Reorganisation of the roadworthiness control of vehicles.

(iv) Setting up of an effective communication strategy.

(v) Strengthening of the Road Traffic Law and Enforcement.

(vi) Development of new perspectives for delivering Road Safety Education.

(vii) Re-engineering of the Driving Licensing Scheme.

(viii) Provision of Post-Crash Trauma Care and Medical fitness to drive.

(ix) Reduction of Accident Costs and funding of the Strategy.

(x) Setting up of a Road Safety Academy.

A Road Safety Programme, which consists of engineering measures undertaken to improve the road infrastructures in order to enhance the security of road users, was introduced by the Ministry Land Transport and Light Rail.

Cost of the Strategy and Road Safety Programme to Government

For the last five financial years 2018-19 to 2022-23 a total amount of Rs 827.6 million was disbursed under expenditure items “Implementation of National Road Safety Strategy” and “Road Safety Programme” as shown in Table 8-1.

Table 8-1 Actual Expenditure on Road Safety

Financial Year	Actual Expenditure		
	National Road Safety Strategy	Road Safety Programme	Total
	Rs million	Rs million	Rs million
2018-19	34.3	173.5	207.8
2019-20	25.5	188.4	213.9
2020-21	14.0	120.2	134.2
2021-22	25.7	93.9	119.6
2022-23	29.1	123.0	152.1
Total	**128.6**	**699.0**	**827.6**

Source: Treasury Accounting System

Trend of Fatalities in Road Accidents - Main Objectives not achieved

The number of people killed in road traffic accidents for the years 2020 to 2022 are as shown in Table 8-2.

Table 8-2 Number of People killed in Road Accidents

Year	Total No. of People Killed	Autocycles/Motorcycles Riders/Pillion Riders Killed	
		No.	Percentage
2020	131	54	41
2021	108	70	66
2022	108	53	49

Source: Traffic Management and Road Safety Unit

Findings

- In year 2015, 139 people were killed in road traffic accidents. In year 2023, 138 people were killed. The strategy and its accompanying engineering measures implemented under the road safety programme did not yield the expected result.

- The annual percentage of death of riders/pillion riders of autocycles/motorcycles over the total number of people killed in road accidents was nearly 50 per cent for the years 2020 to 2022.

- The speed cameras were unable to capture speed violations by autocycles/ motorcycles in most cases.

Recommendation

Amendments to legislation on Road Traffic (Construction and Use of Vehicles) Regulations 2010 should be finalised so as to align the requirement for number plates of autocycles/motorcycles with that of four wheelers to enable speed cameras to capture all speed violations.

Ministry's Response

- The trend has been reversed since base years (2010-2014) and there has been a decrease of 14 per cent from 2015 to 2022.

- Within the strategy, intensive sensitisation campaigns are carried out regularly on the media and road safety curriculum has been introduced in primary schools.

- The current speed camera network cannot identify the registration plates of autocycles/motorcycles, due to the angle at which photographs are taken. To this end, the Ministry is envisaging to introduce a new camera system with the latest technology as regards capture of video images which would allow the identification of the registration plates of autocycles/motorcycles.

Road Safety Programme

The responsibility of the Traffic Management and Road Safety Unit (TMRSU) is to ensure that the road system efficiently meets the economic needs of the country and is safe for all road users.

During the financial year 2022-23, a total amount of Rs 128.3 million was disbursed from the expenditure item "Road Safety Programme" as shown in Table 8-3.

Table 8-3 Road Safety Programme - Budgeted and Actual Expenditure

Project	Initial Budget (Appropriation)	Final Budgetary Provision	Actual Expenditure
	Rs million	Rs million	Rs million
Road Markings and traffic signs	12	16	13.4
Footpaths, walkways, drains and handrails	10	30	29.2
Crash barriers, hardshoulders, etc	5	11	10.2
Traffic Calming Measures	5	13	12.4
Construction of Bus laybys and shelters	11	21	20.9
Treatment of Hazardous Roads	5	6	5.8
Implementation of Cycle Network	10	10	9.4
Arrestor Bed on Motorway M1 at Soreze	20	-	-
Arrestor Bed on Motorway M3 at Valton	12	-	-
Adaptive Traffic Control System	8	-	-
Infrastructural Works icw Metro –			
➢ Review of Traffic Scheme at Reduit	20	27	27.0
➢ Improving Access at Trianon Station	20	-	-
➢ Footbridge at Phoenix Station	20	-	-
Total	**158**	**134**	**128.3**

Source: Treasury Accounting System

Road Safety Programme – Funds for some Projects in approved Budget not spent

Projects under the Road Safety Programme, which involve mainly engineering measures, are undertaken to improve the road infrastructures to enhance security of road users.

Finding

Out of the initial budget of Rs 158 million under the Road Safety Programme for 13 projects, a total of Rs 80 million for five projects, namely Arrestor Beds on Motorways at Soreze and Valton, Adaptive Traffic Control System, Improving Access at Trianon Station and Footbridge at Phoenix Station, were not spent. This represented some 50 per cent of funds provided in the budget. Funds initially included in the budget for these projects were subsequently reallocated to other projects or items of expenditure.

Root Cause

The Director of TMRSU did not properly plan the implementation of the Road Safety Project.

Recommendation

A detailed implementation and procurement plan for road safety infrastructures should be worked out for the constant monitoring of each project.

Ministry's Response

For the project "Adaptive Traffic Control System", bids were launched. The contract, which was awarded to a Consultant, was subsequently terminated by the Ministry due to non-submission of bank guarantee. The bidding documents are being revised and a new tender exercise would be launched accordingly.

Road Safety Programme - Lapses in Procurement Management

(i) Arrestor Beds at Sorèze and Valton

In financial year 2022-23, a total amount of Rs 32 million was budgeted for Arrestor Beds at Sorèze and Valton which are considered as blackspots. The objective of these projects was to provide for Arrester Beds to enable runaway trucks/buses to safely stop in case of brake failure. Project Request Forms were certified in May 2022 and the works were estimated to be completed within ten months. Construction was planned to start in January 2023 and completed by November 2023.

Finding

Considerable delay was noted in the implementation of both projects. The scheduled date to launch the tenders was November 2022. Bidding documents were not yet finalised for launching of bids for the project at Sorèze. A first bidding exercise was carried out in June 2023 for the project at Valton for which no bid was received.

Root Cause

The Director of TMRSU did not adequately plan the projects.

Recommendation

Projects for which funds have already been budgeted should be properly managed by the Director of TMRSU and the Accounting Officer.

Ministry's Response

TMRSU does not have the required expertise in the design of arrestor bed at Sorèze and it was decided to have a Design and Build project for its implementation. Given that another arrestor bed had to be constructed at Valton, it was decided that the Ministry would proceed in the first instance, with the Design and Build project at Valton to have a first experience and to be guided by expert's advice for the selection of the site at Soreze.

(ii) Infrastructural Works in connection with Metro at Trianon and Phoenix Stations

Three projects in connection with infrastructural works relating to the Metro were planned for implementation during financial year 2022-23 and a provision of Rs 60 million was included in the initial budget for this purpose.

Findings

- No expenditure was incurred for two projects with budgetary provision of Rs 40 million namely "Improving Access at Trianon Station" and "Footbridge at Phoenix Station".

- The project "Improving access at Trianon Station" was still at the design stage.

- No bidder responded to the tender launched on 14 October 2022 for the project "Footbridge at Phoenix Station". The request to review the bidding documents after unsuccessful bid was submitted to the TMRSU with some six months' delay by the Procurement Unit.

- Compulsory land acquisition procedures were still underway for the project "Improving Access at Trianon Station".

Root Cause

Lack of adequate planning by the TMRSU for these projects.

Recommendation

There should be proper planning for implementation of these projects by the Director of TMRSU and proper monitoring by the Accounting Officer.

Ministry's Response

- For the project at Trianon, land acquisition procedures are still ongoing. The project could not be implemented on time due to bottlenecks encountered in the land acquisition procedures for 18 plots of land. The Ministry of Housing and Land Use Planning has been requested to fast track the acquisition of these plots.

- The scope of the project at Phoenix was reviewed and it was proposed that the footbridge be constructed with three branches to link the three sides of the interchange.

8.1.2 Cashless Ticketing System Project

Operation of the existing Free Travel Scheme

Bus operators and Metro Express Ltd operating in the Public Transport sector are compensated monthly at a fixed rate by the National Land Transport Authority (NLTA) for the conveyance of passengers who are entitled to travel for free.

Annual Cost to Government

NLTA effected monthly payments, under the Free Travel Scheme, ranging from Rs 27,500 to Rs 55,000 per bus to bus companies and individual bus operators, and Rs 229,500 per Light Rail Vehicle to Metro Express Ltd. For financial years 2018-19 to 2022-23, a total amount of Rs 6.3 billion was disbursed as shown in Table 8-4.

Table 8-4 Expenditure on Operation of Free Travel Scheme

Financial Year	Actual Expenditure Rs million
2018-19	1,243.7
2019-20	1,237.1
2020-21	1,261.4
2021-22	1,255.6
2022-23	1,253.1
Total	**6,250.9**

Source: Annual Financial Statements of the Treasury

Review of Free Travel Scheme and proposal for Cashless Ticketing System

On 17 August 2016, the Ministry appointed a Consultant to conduct a study to reengineer the Public Transport in Mauritius. In financial year 2016-17, an amount of Rs 12.8 million was paid to the Consultant for some tasks which included, *inter alia*, the review of the Free Travel Scheme. The Consultant submitted its report in May 2017 and pointed out the following issues:

(i) The free travel subsidy calculation did not give an accurate picture of subsidy usage and might not always be equitable in distribution as the number of students and old age persons vary by route and location.

(ii) Schools and colleges were distributed disproportionately across regions affecting the number of students transported by bus operators.

(iii) There is a need for a methodology which increases fairness and direct targeting of subsidy.

The Consultant recommended that an integrated Cashless Ticketing System (CTS) with smart cards for metro and buses be developed in order to enhance the administration of Government subsidies under the Free Travel Scheme with the result that payment would reflect the actual number of passengers travelling.

The objectives of the CTS are:

(i) To modernise the fare collection mechanism.

(ii) To help the Regulator to capture live data.

(iii) To enhance the administration of subsidies paid to bus operators.

(iv) To enable generation of statistics on ridership patterns so as to improve transport planning.

Actions Initiated

The CTS Project is under consideration by the Ministry since year 2018. On 9 August 2021, the Ministry has set up a Technical Committee (TC) to carry out an optioneering exercise to fully grasp the intricacies of the project and explore the different components associated thereto.

In a report dated 7 September 2021 the TC proposed:

(i) a Government-to-Government (G-to-G) agreement whereby the component of assistance has to be agreed for a Transaction Advisor services or for rolling out the project or both, as well as identifying the country to be approached; and

(ii) a 'Design, Build, Operate and Maintain' approach so that the onus to ensure that the system was and remained operational rest with the private proponent.

Research was also carried out by the Transport Policy Unit (TPU) of the Ministry. In its report dated 15 September 2021, TPU recommended that a G-to-G agreement might be considered to hire the services of an expert to develop the project and to propose the best specifications and procurement model. Thereafter, the best way forward to implement the project may be decided.

In October 2021, the Ministry decided that the recruitment of a Transaction Advisor would be more appropriate under the G-to-G agreement in order to assist in the implementation of CTS project.

With regard to the complexity of the project, virtual consultations were carried out by the Ministry with regulatory bodies and land transport experts of three foreign countries in year 2022. On 24 May 2022, the Ministry proposed to initiate actions for the implementation of the CTS under a Public Private Partnership framework.

Findings

- There was considerable delay in reviewing payment methodology for Free Travel Scheme as proposed by a Consultant in May 2017, that is more than six years now. No further development was noted since May 2022.

- The budget estimates for financial years 2020-21, 2021-22 and 2022-23 provided Rs 24 million, Rs 24 million and Rs 20 million, respectively, for the acquisition of IT equipment for CTS. However, no disbursement was made in these financial years.

- According to the Budget for financial year 2022-23, the Key Performance Indicator of the Ministry was to implement the Cashless Ticketing System Project by April 2023. The Ministry proposed to initiate the project under a G-to-G agreement whereby the services of Consultant/Transaction Advisor would be enlisted. However, a Transaction Advisor had still not been recruited.

Root Causes

- The CTS was considered as a complex project.

- The Ministry does not have the relevant expertise in connection with the introduction of CTS.

Recommendation

Appropriate actions should be taken to expedite the process for the implementation of CTS.

Ministry's Response

Actions were initiated to kickstart the CTS. However, in view of the complexity linked to the project, an optioneering exercise had to be undertaken at the level of the Ministry to assess the various implications of the proposed implementation pathways. The Ministry is awaiting a policy decision on the matter as well as the requested approval prior to relevant actions being initiated to execute the Project.

8.1.3 Governance Issues – Non-compliance with Legislation

Provisions have been made in various legislations to impose a statutory responsibility on Accounting Officers and Boards of Statutory Bodies with the objective of strengthening accountability and transparency in the public sector.

Findings

Non-Submission of Report on Performance

As of 18 December 2023, the Report on Performance of the Ministry of Land Transport and Light Rail for the financial year 2022-23 had not yet been submitted to the Ministry of Finance, Economic Planning and Development, despite the statutory deadline being 31 October 2023.

Non-Submission of Financial Statements for Audit

The Statutory Bodies (Accounts and Audit) Act requires the Chief Executive Officer of a Statutory Body to submit the Annual Report to the auditor not later than four months after the end of every financial year.

As of 14 December 2023, Statutory Bodies falling under the purview of the Ministry of Land Transport and Light Rail had not submitted their Financial Statements to the National Audit Office (NAO) for periods as shown in Table 8-5.

Table 8-5 Financial Statements not submitted to NAO for Audit

Statutory Body	Financial Year/ Period	No. of Financial Statements
National Transport Corporation	1 January 2016 to 30 June 2017	1
	2017-18 to 2022-23	6
Taxi Operators Welfare Fund	2022-23	1

Source: NAO Records

NAO is of the view that the Ministry should exercise control over Statutory Bodies operating under its aegis to ensure that they fulfil their statutory responsibilities regarding the preparation of financial statements, their submission for audit and tabling before the National Assembly.

Ministry's Response

The Ministry is closely monitoring the finalisation of the relevant accounts and financial statements, with the above organisations, in order to ensure statutory compliance.

8.1.4 Follow-up of Matters Raised in the Audit Report 2021-22

A follow up of matters raised in the Audit Report for the financial year 2021-22 was carried out. The Ministry of Land Transport and Light Rail was requested to inform the National Audit Office of the actions that have been taken to address the findings and recommendations in the Report. The information along with evidence collected through review of files and documents were assessed and discussed with the Ministry.

The status on actions taken on findings since the publication of the Audit Report are summarised below. Out of three findings, two (67 per cent) have been resolved and one (33 per cent) has not been resolved.

SN	Findings	Ministry's Response – Status as of February 2024	NAO Comments
	Road Crash Data Management System (RCDMS) – Not Optimally Utilised due to Incomplete Data (Page 107)		
1	The implementation of the project was delayed due to issues with the iMAAP mobile application since October 2020. Crash data recorded on the tablets could not be uploaded to the server at the Government Online Centre due to the fact that the current version of iMAAP was no longer supported on the tablets. *(Pg 107, Para 8.1.1)*	The RCDMS is presently being utilised to produce reports and analysis. All backlogs of unreported data have been cleared with the Police and the crash data have been input in the system.	**Resolved**
2	Incomplete Data uploaded on the system and discrepancies of 1,581 noted between the number of injury crashes cases reported and files submitted for input in the period 2018 to 2020. *(Pg 108, Para 8.1.1)*	Follow up is being done with the Police for road crash data and same will be validated for year 2023.	**Resolved**
	Photographic Speed Cameras-Procurement Issues (Page 109)		
3	Procurement exercise for the Acquisition of Additional Cameras awarded to another contractor in April 2021 for Rs 11.3 million was cancelled as the Contractor who initially supplied the cameras and the software in 2012, informed the Ministry in April 2021 that it held Intellectual Property Rights over the existing system. The Attorney-General's Office opined that the Ministry to negotiate with the Contractor regarding Intellectual Property Rights. Then a policy decision should be taken in case of unsuccessful negotiations with the Contractor to ensure that contracts are not awarded to the same supplier. *(Pg 109, Para 8.1.2)*	The services of an International Consultancy Firm will be sought regarding the most appropriate technology for Mauritius and new speed violations detection system procured to enhance road safety. An international Bidding Exercise for the recruitment of a consultant was launched in August 2023.	**Not Resolved**

8.2 NATIONAL LAND TRANSPORT AUTHORITY

8.2.1 Motor Vehicle Licence Online Payment System Phase I and II

Phase I

A computerised Registration and Licensing System (RLS) is maintained at the National Land Transport Authority (NLTA) whereby a record is kept for each vehicle registered in Mauritius to show registration particulars and details of payments for each renewal of Motor Vehicle Licence (MVL).

In view to improve customer service, in the year 2018, NLTA awarded a contract for Rs 5.8 million for the implementation of Phase I of the MVL Online Payment System to enable private vehicle owners to renew and pay their MVL online.

Phase I was expected to be integrated with RLS and be operational as from November 2018 for the renewal of MVL of private vehicles only. Phase I was completed in May 2019. It was expected that some 1,000 vehicle owners would pay their MVL online daily.

Phase II

Subsequently NLTA embarked on Phase II of the project in May 2021 with the objective to provide online facilities also to vehicle owners who have to pay their Public Service Vehicle Licence and MVL. In August 2022, NLTA approved an amount of Rs 932,578 for the implementation by the same Contractor of Phase II, an enhancement of the Phase I.

In September 2022, an amount of Rs 466,289 was paid for Phase II and the remaining 50 per cent was to be disbursed to the Contractor upon completion of User Acceptance Testing.

Phase II was expected to be completed by December 2022. In January 2023, NLTA approved a revised implementation plan and the completion date was rescheduled for March 2023. The project has not yet been completed as of 11 December 2023.

Project Objectives

The main objectives of the online payment system were to:

(i) Avoid the long queues and crowds at NLTA's counters and Post Office counters.

(ii) Improve productivity and service delivery.

(iii) Enhance control on revenue collection and decrease risks of fake documents.

(iv) Provide real time management information for better decision making.

Findings

- Only some 4,000 online payments were effected from May 2019 to June 2022. This was due to the fact that online payments could be effected through credit cards only.

- In April 2023 the online payment facility was enhanced through the Instant Payment System (IPS) that allowed additional online payment facilities, such as mobile payment, internet banking and QR codes. Since then, only a monthly average of 240 MVL online payments have been effected, that is an average of eight online payments daily compared with the expected 1,000 online payments daily.

- Some 450,000 vehicle owners, that is 80 per cent, were paying their MVL at Post Offices. These payments were not being updated in RLS. Those who had renewed their last MVL at Post Offices and were willing to renew their current MVL online were encountering many difficulties in the absence of the necessary update in RLS.

- No User Acceptance Testing Certificate for MVL Online System Phase I was available.

- There has been automation of the existing manual payment system without rethinking improvement in the system.

- As of October 2023, Phase II was not yet finalised, that is a delay of more than 10 months.

Root Causes

- The Accounting Officer did not re-engineer the business process before embarking on the online payment system.

- Renewal of MVL done at Post Offices (about 80 per cent) could not be updated in RLS of NLTA due to the absence of an interface between the system of Mauritius Post Ltd (MPL) and NLTA. This update is required to effect online payment.

Recommendations

- There is need to expedite the interfacing of the MPL system relating to MVL paid for at Post Offices with RLS system at NLTA.

- Incentives should be given to encourage vehicle owners to use the online MVL payment system.

NLTA's Response

- MPL is currently implementing a system which will link the Post Office system with the NLTA RLS system.

- With the coming of the IPS system, the supplier has also embarked in the integration of the new payment system.

- The testing activity for MVL online Phase II is ongoing and same is expected to be completed soon.

- The MVL Online System Phase II has been set live on a soft launch basis.

- A mass sensitization campaign would be carried out shortly to create awareness amongst vehicle owners on how to use the system effectively and benefit from the advantages it provides.

8.2.2 Revenue Management- Motor Vehicle Licence

The Registration and Licensing System (RLS) at NLTA is a computerised database for recording all vehicles registered in Mauritius and Rodrigues. RLS holds an account for each vehicle and is meant to show the amount of Motor Vehicle Licence (MVL) fee payable and paid each year. According to NLTA, there was a total of 661,553 vehicles registered with NLTA as at 30 June 2023**.**

MVL payments by vehicle owners are made either at NLTA Head Office and its four sub-offices, or online, or at the Mauritius Post Limited (MPL) and at District Cash Offices (DCO).

Payments for the renewal of MVL effected by vehicle owners at NLTA Head Office and sub-offices are updated real-time in RLS, whereas payments effected at MPL and DCO are not updated in the RLS.

For the financial year ended 30 June 2023, the budgeted and actual revenue for MVL were Rs 2,097 million and Rs 1,806.6 million, respectively.

I. Inadequate Control over MVL Revenue by NLTA

Receipts for MVL revenue collection at NLTA Head Office and sub-offices were generated from the RLS computerised system**.** During the financial year 2022-23, revenue collected for MVL at NLTA Offices totalled some Rs 396.8 million, that is 20 per cent of total revenue for MVL of Rs 1,806.6 million as per Treasury Accounting System (TAS).

The main stock of new MVL booklets and their issues to cashiers were monitored by the Chief Cashier posted at NLTA Head Office**.**

Findings

- A list of all registered vehicles was not made available to officers of the National Audit Office (NAO). NAO could not, therefore, ensure the accuracy and completeness of all revenue receivable and received for MVL.

- A daily Cash Book Summary Report of all collections at the Head Office and sub-offices was not available.

- The stock book of MVL booklets was not updated whenever booklets were returned by the cashiers at the Head Office.

- NLTA sub-offices did not return the unused MVL booklets to NLTA Head Office.

- The IT Section could not run a script to extract a huge volume of transactions due to the old structure of the entire system.

Root Cause

Information on all registered vehicles could not be made available due to the old structure of the IT system.

Recommendations

- A Cash Book Summary Report of all collections at NLTA Offices and a complete list of all transactions should be generated daily by the Finance section.

- Monthly returns of cash collected should be certified correct by officers of NLTA sub-offices.

- The IT System should be upgraded.

NLTA Response

- The Daily Cash Book report generated by each cashier and its consolidated version which would include all collections at Head Office and sub-offices has been discussed with State Informatics Ltd. The software provider has been requested to do needful so that all information pertaining to revenue collected by NLTA is available in the report and for ease of internal and external examination as required.

- With proper manning of the section, the verification exercise may be conducted effectively and efficiently. Requests for additional AFOs have already been made.

II Lapses in Monitoring of MVL Revenue Collection by Post Offices

During the financial year 2022-23, revenue collected for MVL by MPL Post Offices (Mauritius and Rodrigues) totalled Rs 1,409.8 million, which represented 78 per cent of the total revenue for MVL of Rs 1,806.6 million as per TAS.

New MVL booklets were despatched in bulk by NLTA Head Office to MPL. Used and unused MVL booklets after their expiry date were returned to NLTA. The total amount collected each day by MPL was subsequently credited to the bank account of the Treasury.

Findings

- Payments of MVL effected at Post Offices during the financial year 2022-23 were not updated in RLS by NLTA.

- Used and unused MVL booklets returned by MPL to NLTA were not verified against the stock book.

- Independent verification was not carried out on MVL issued by MPL to ascertain whether the right fee had been charged with respect to engine ratings and class of vehicles.

- Post Offices, as collecting agents, were not connected to the RLS of NLTA, so payments of MVL were not reflected therein.

Root Cause

There was a delay to implement interfacing the MPL system with RLS.

Recommendations

- MVL booklets returned by MPL after the expiry of their validity period should be verified with the used copies of MVL.

- NLTA should implement interfacing of the RLS with MPL system so that payments of MVL at Post Offices are updated in the RLS.

NLTA's Response

MPL is implementing a system which will link the Post Office system with RLS.

8.2.3 Lapses on Management of Levy on Fees for Examination of Vehicles

As from November 2016, examination of vehicles for the purpose of issuing fitness certificates is being carried out at three different Vehicle Examination Stations (VES) located at Forest Side, Plaine Lauzun and Laventure by three private operators. As from financial year 2020-21, the Operators were requested to pay NLTA a levy of 10 per cent of their total revenue collected for each month for the examination of vehicles.

(a) Agreement with the Operators of VES not yet signed

In June 2016, a Letter of Comfort was issued to the Operators to enable the latter to operate the VES.

Finding

Seven years have elapsed since the issue of the Letter of Comfort and still no agreement has been signed between NLTA and each of the Operators of the VES.

Root Cause

There was no proper follow up by the Accounting Officer on the draft agreement already sent to the Attorney-General's Office since long.

Recommendation

A formal agreement should be finalised with each of the private Operators of VES.

NLTA's Response

The Agreement to be signed with the Vehicle Examination Stations is being looked into at the level of the Ministry, including the follow-up with the Attorney-General's Office.

(b) Inadequate Monitoring of Revenue by NLTA

Since the financial year 2020-21, a 10 per cent levy was payable to NLTA by the Operators of VES. In July 2021, the NLTA requested the Operators to submit returns on total revenue collected for each month.

Findings

- During the financial year 2022-23, a total amount of Rs 14.7 million was received from the three Operators against a budgeted revenue of Rs 26 million, that is, a shortfall of Rs 11.3 million.

- No monthly return of revenue collected by the Operators were submitted to NLTA.

Root Cause

There was no proper monitoring by NLTA on levy payable by the Operators.

Recommendation

The monthly return prepared by VES should be verified by NLTA Vehicle Examiners posted at each VES.

8.2.4 Enhancement of NLTA Services

The digitalisation of NLTA is a priority of the Ministry of Land Transport and Light Rail in its endeavor to ensure timely and quality customer services and promote easy access to and usage of its e-services.

The main roles and functions of NLTA include, amongst others:

- Acting as a One-Stop-Shop for matters relating to vehicle registration and licensing.

- Computerisation of records relating to motor vehicles in order to provide more comprehensive and expeditious services to customers and for better coordination within the department as well as with other institutions.

Services Provided by NLTA

NLTA provides the following essential services to owners of some 700,000 registered vehicles:

- Registration and transfer of ownership of motor vehicles.
- Collection of road tax and other licence fees.
- Licensing of public service vehicles, goods vehicles, petrol service station and of bus conductors.
- Enforcement of parking and road transport legislations and monitoring the level of service of public transport.
- Controlling and monitoring the examination of motor vehicles.
- Issue of Student Identity Card and Free Travel Bus Pass for disabled persons.
- Planning of new transport services.
- Compensation for the free travel scheme.
- Payment of subsidy on diesel.
- Record of statistics relating to motor vehicles.

There are several stakeholders, such as the Registrar-General's Department, Treasury, Financial Intelligence Unit (FIU), Mauritius Revenue Authority (MRA), Police Service, Traffic Management and Road Safety Unit (TMRSU), Motor Vehicle Fitness Centres, Insurance Companies etc. that are users of the Motor Vehicles Database. They are involved, among others, in taxation, registration, annual licensing, fines management, insurance, accident matters and search purposes.

Findings

- During the period of Audit that is from August 2023 to October 2023 it was observed by Officers of NAO that there were long queues at the different counters at the NLTA Head Office.
- There was a high demand for services at the NLTA Head Office in respect of Motor Vehicle Licences (MVL). For instance, daily transactions at the Counter of NLTA Head Office was an average of 800.
- Collections in respect of MVL by the Mauritius Posts Ltd (MPL) totalled some Rs 1.4 billion.

Root Causes

- Outdated IT systems which cannot be used effectively to deliver the required services of NLTA.

- Deficiency in human resources planning and management.

- The Registration and Licensing System (RLS) database was not complete as collections received for MVL at the MPL, were not updated in the system and these accounted for some 80 per cent of total collections.

- Interface between the IT systems of NLTA and MPL, necessary to update the RLS database, was not in place.

Recommendations

The Accounting Officer should give due consideration to the re-engineering of the different services of NLTA in the following ways:

(a) One-Stop-Shop Database for Motor Vehicles

- There is a need for a One-Stop-Shop computerised system for a Central Motor Vehicles database in Mauritius.

- Different applications can reside in the system and each user can have access to the relevant services in the system.

- Registration of vehicles can be digitalised along with the e-Horse Power.

Ministry's and NLTA's Response

- Following the implementation of the above decentralisation, the situation regarding queuing at NLTA has improved. The posting of additional staff to NLTA has further enhanced the delivery of services to the satisfaction of both management and the public.

- The different functionalities relating to the registration and transfer of vehicles as well as applications for licences would be handled through an e-platform with counter validation/verification as required.

- The need for a properly set up IT Unit at NLTA needs to be included as priority in the next budgetary exercise.

- The delivery of services at NLTA counters has been reviewed with a view to reduce the influx of public at NLTA Head Office and decentralise the services at sub-offices. As such, requests for the issue of "*Certificat de Gage*" and transfer of ownership are no longer entertained at the Head Office. The NLTA sub-office at the Emmanuel Anquitil Building only performs the two aforementioned transactions. The sub-offices at Forest Side and Flacq entertain requests for all NLTA counter services.

- Payment for MVL online has been further eased with the shift to the SBM Gateway which caters for further modes of payment.

- The phase II of the project which caters for the payment in respect of vehicles operating under a licence has gone live since the end of January 2024. A sensitisation campaign is to be carried out to encourage the shift to renewal of MVL online.

- The first registration of motor vehicles online has been launched on a pilot basis. Four motor vehicle dealers have signed an Memorandum of Understanding with NLTA and are presently registering vehicles and issuing registration books to their clients. The transaction is performed with counter verification/validation by NLTA officers.

The Current Registration and Licensing System of Motor Vehicles

NLTA owns and operates a computerised system, known as the Registration and Licensing System (RLS) for providing services relating to the registration of vehicles, transfer of vehicle ownership, issue and renewal of vehicle licences, reservation of vehicle registration marks, and change of particulars of drivers and vehicle owners.

Findings

(a) The Computerised Registration and Licencing System of NLTA is outdated

RLS is being accessed by some 80 users which include the NLTA counters and its three sub offices, Rodrigues Administration and other institutions connected to the system via InfoHighway for data sharing.

RLS was running on Oracle RDBMS 8.1.7 using Windows 7 as operating system. Windows 7 was no longer supported since 14 January 2020, which led to the current system to be unstable and hence affected its performance. Management responded that the current version of Oracle RDBMS 8.1.7 was obsolete with limited functionalities. The RLS was being revamped in collaboration with the Central Informatics Bureau (CIB).

(b) Information not made Available to NAO

Data from the RLS database of NLTA for the financial year 2022-23, comprising fields for Motor Vehicles details, Amount Receivable, Date MVL Paid, Amount Paid during the year, Amount Due, Period for which MVL paid and Receipt Number were not available.

NLTA's Response

- Given that there are around 700,000 records in the database, we are having difficulties to extract the huge number of data.

- We have tried to run a script to extract the information, yet same was not successful either connection was lost or the entire system gets slow.

- Since NLTA system is public-facing and has a huge number of visitors on daily basis, it is very important that the system is always up and running.

- Moreover, the entire system (hardware/software) is a very old architecture and we are not able to run a script to extract a huge volume of transactions.

- Even if we launch same during the night, the entire process will halt around 01:00 a.m early morning to start the automatic backup process.

- Currently, we are having a huge connectivity issue in the GINS network and the system is very slow in the different NLTA Offices.

Deficiencies in IT Governance at NLTA

IT Governance is an element of Corporate Governance which aims at improving the overall management of IT and deriving improved value from investment in information and technology in an organisation.

IT Governance should form an integral part of NLTA. IT Governance generally comprises an IT Strategy Committee, an IT Strategic Plan and an IT Investment Plan aligned with NLTA's core objectives. There should be proper organisational structures and processes with clearly defined roles, responsibilities and ownership for effective IT management.

Findings

- There was no proper IT Strategy Committee to ensure alignment of IT with NLTA's objectives.

- NLTA had no formal IT Strategic Plan, Budget and Performance Indicators.

- There was neither a System Administrator nor an IT Manager to manage the IT systems. Staff of the Central Information System Division (CISD), posted at NLTA, gave ICT support services and CIB Officers assigned to NLTA as part-time Programme Managers.

- Between July 2017 and June 2023, the IT expenditure budget amounted to Rs 288.4 million, but only Rs 46.2 million were spent, that is some 16 per cent, which is on the low side.

  - In the financial year 2017-18, the project value for the Computerisation of NLTA amounted to Rs 415 million, but in December 2023, the tender documents were still under preparation and only Rs 2.7 million were spent on the project.

  - Some Rs 12.3 million were spent on the Passenger Information System, but the objective of the project has not yet been attained in December 2023.

  - The Cashless Ticketing System project has still not been implemented though funds have been appropriated since the financial year 2018-19.

- As of 30 June 2023, some Rs 0.7 million were spent on Phase 2 of the Motor Vehicle Licence (MVL) Online but the project has still not been implemented. For Phase 1, some Rs 5.2 million were expensed in 2018-19 and some 6,300 applications were received as of 30 June 2023.

Root Causes

- Weak IT governance, as evidenced by IT projects not being implemented in an effective manner, though funds were available.

- Absence of IT Strategic and IT Operational Plans and Monitoring and Evaluation and Reporting System.

- Absence of a properly manned IT Department.

Recommendations

There is a need to enhance IT governance at NLTA.

- NLTA needs to appropriately staff its IT Unit in order to manage some 700,000 registered vehicles.

- An IT Strategic Plan and an IT Operation Plan with the appropriate IT Budgets, combined with necessary Key Performance Indicators and Risk Management Framework should be prepared, implemented, monitored and evaluated.

- A Monitoring, Evaluation and Reporting System should be put in place.

NLTA's Response

- NLTA has, with the collaboration of the Ministry of Land Transport and Light Rail, already embarked on a project aiming at the modernisation of its services.

- The new digitalised system and the motor vehicle database would be hosted at the level of the Government online Centre.

8.2.5 Follow-up of Matters Raised in the Audit Report 2021-22

A follow up of matters raised in the Audit Report for the financial year 2021-22 was carried out. The National Land Transport Authority (NLTA) was requested to inform the National Audit Office of the actions that have been taken to address the findings and recommendations in the Report. The information along with evidence collected through review of files and documents were assessed and discussed with NLTA.

The status on actions taken on findings since the publication of the Audit Report are summarised below. Out of 10 findings, two (20 per cent) has been partially resolved and eight (80 per cent) have not been resolved.

SN	Findings	NLTA's Response – Status as of February 2024	NAO Comments
	Lapses in Operation of Free Travel Scheme (FTS) (Page 113)		
1	The direct disbursement to bus operators, as an interim measure, was still not reviewed 17 years after the implementation of the FTS. *(Pg 113, Para 8.2.1)*	The need to rethink the methodology for the computation and payment of free travel compensation is not disputed but any proposed solution would need to ensure that a right balance is reached between the effectiveness of the Scheme, financial implications to Government and service provided to commuters. This would be a policy decision emanating from Government and to be taken up at the level of the Ministry.	**Not Resolved**
2	Continued payment of compensation was effected to bus operators for non-school days despite legal advice obtained since March 2019 to deduct payment for such days. *(Pg 113, Para 8.2.1)*	Payment for non-school days has been effected by NLTA only during unexpected events, such as, heavy rainfall, flooding, etc. Additionally, these non-school days and bus operators have adjusted their services accordingly. However, there is no provision pertaining to 'force majeure' in the Memorandum of Understanding (MOU) signed between the Government and the bus operators, as such same would be included and defined in the MOU. Government approval would be required in respect of any adjustments to be made in case of 'force majeure'.	**Not Resolved**
3	Compensation to Metro Express Ltd (MEL) was disbursed in the absence of an MOU and payments were effected to both bus and light rail operators for the same routes. *(Pg 113, Para 8.2.1)*	A draft MOU setting out the terms and conditions governing the payment of the free travel compensation to MEL has already been prepared and is at the level of NLTA and MEL for views and comments. Subsequently, same will be sent to Attorney-General's Office (AGO) for vetting and then for approval by Government.	**Not Resolved**

SN	Findings	NLTA's Response – Status as of February 2024	NAO Comments
	Bus Companies Recovery Account - Agreement with Bus Operators not reviewed since 2005 (Page 113)		
4	The agreements with the bus companies and the individual bus operators dated July 2004 and October 2005, respectively, were not reviewed despite changes in objectives of the Bus Companies Recovery Account. *(Pg 113, Para 8.2.1)*	The amended draft Agreement has been vetted by AGO on 6 September 2023 and the views of the Ministry of Finance, Economic Planning and Development are being awaited, following which the Agreement would be finalised and signed.	**Not Resolved**
	Motor Vehicle Licence Online Payment System- Objectives not Achieved (Page 118)		
5	Usage was low for online renewal of Motor Vehicle Licence (MVL). Around 4,000 online payments only were effected from May 2019 to 30 June 2022, as opposed to the daily target of 1,000. *(Pg 118, Para 8.2.2)*	Following meetings held at the Ministry of Land Transport and Light Rail, a sensitization campaign will be carried out to encourage the shift to MVL Online. In this respect, the Terms of Reference for the campaign are presently being worked out. A cut-off date for the shift to online renewal will be implemented whereby all private vehicle owners will be required to renew their MVLs only through the online platform. As regards the payment gateway, the migration to Instant Payment System gateway which enables the payment through different modes, credit / debit cards, Juice, Maucas, etc. has been successfully implemented.	**Not Resolved**
6	As of October 2022, 115 Handheld devices worth Rs 2 million, to be provided to Enforcement Officers for monitoring purposes, have remained dormant since their acquisition in November 2018. *(Pg 118, Para 8.2.2)*	Tablets are being issued to NLTA staff. To note that the Police Dept did not take the tablets earmarked for Police Officers as they were to be provided with similar equipment under the Safe City Project.	**Not Resolved**

SN	Findings	NLTA's Response – Status as of February 2024	NAO Comments
7	Phase II of the online renewal of MVL, meant for other categories of vehicles, has not yet been implemented. It was to be implemented within six months of Phase I. *(Pg 118, Para 8.2.2)*	The MVL Online Phase II has been soft launched.	**Partially Resolved**
	Motor Vehicles Registration and Licence System (RLS) - Operating System not supported (Page 121)		
8	Weakness of Operating System due to non-compatibility with updated version of Windows: ▪ Users were not logged off automatically after a period of inactivity. ▪ An access log was not available. It was thus not possible to determine who accessed the system. ▪ Some officers had both transaction and approval accesses. *(Pg 121, Para 8.2.3)*	The RLS is running on an old version of Oracle. Alternative measures are being applied as possible through the Operating System on PCs. The shortcomings identified will be taken on board in the Upgrading of the RLS presently being worked out.	**Not Resolved**
	Passenger Information System - Objectives not attained (Page 121)		
9	Passenger Information System developed at a cost of some Rs 25 million, was commissioned in September 2019 to provide real-time passenger information about the arrival and waiting time of buses under specific bus shelters via applications on mobiles and on the web: ▪ The system has never provided accurate time of arrival of buses since its commissioning. ▪ The system was deactivated in March 2021 by the Contractor as there was no maintenance contract.	The deactivation of the Passenger Information System was decided at the level of the Ministry as the maintenance part of the project was rejected by the Ministry. A Fleet Management System was being implemented. Request For Proposal for Consultancy Services for the provision of Transaction Advisory Services for the Fleet Management System has been launched on 10 August 2023.	**Not Resolved**
	▪ No MOU was signed with the bus companies to define the responsibilities concerning IT equipment provided to them and Global Positioning System installed on buses. *(Pg 121, Para 8.2.4)*		
	Rodrigues Office - Inadequate Control on Revenue Collection (Page 123)		
10	Used and unused MVL Booklets, Returns on collections and Remittance vouchers not submitted to NLTA. *(Pg 123, Para 8.2.5)*	Returns on revenue collected are submitted to the Finance Section of NLTA Head Office. The Finance Section of NLTA will follow up for compliance of remittance procedures.	**Partially Resolved**

8.3 FOREIGN AFFAIRS, REGIONAL INTEGRATION AND INTERNATIONAL TRADE

8.3.1 Human Resource Management – Inadequate Controls and Non-compliance with Procedures

A review of the records of the Ministry of Foreign Affairs, Regional Integration and International Trade relating to accommodation, rent and utilities, salaries and wages of a sample of 15 Missions revealed shortcomings such as non-compliance with established procedures and instructions, and inadequate controls over the employment of local recruits. In some cases, these have led to expenses which could have been avoided, as detailed hereunder.

Findings

- ***Rent of House of High Value for High Commissioner after Stay of Eleven Months in Hotel***

The High Commissioner (HC) assumed duty at Mission Maputo on 14 June 2022 and stayed in a hotel up to end of May 2023, that is, some 11 months. He moved out when he was satisfied with the residence allocated to him. It should be pointed out that:

- Mission had launched quotations for a fully furnished house, and the offers from bidders ranged from US$ 3,480 to US$ 5,000. The HC expressed his dissatisfaction with these offers due to safety issues despite the Head of Chancery informing that the offers included accommodations in regions previously occupied by former HCs.

- On 23 March 2023, a three-year lease agreement for a fully furnished property at a monthly rental fee of US$ 7,000 was signed for the period starting 1 June 2023. Hotel invoices totalling some Rs 2.5 million were refunded to the HC for the period July 2022 to May 2023. However, there was no breakdown of expenses incurred. Therefore, NAO could not ascertain whether expenses such as food, laundry and leisure activities were excluded.

The financial implications for renting a house of high value, that is, US$ 7,000 monthly instead of US$ 5000 received in the quoted bill, an additional monthly amount of US$ 2000, will have to be paid, resulting in a total amount of US$ 72,000 (some Rs 3.2 million) for a period of three years.

Root Cause

Ceilings for rent and utilities have not been set for Ambassadors and High Commissioners, unlike other home-based staff posted in Missions for whom ceilings are recommended by the PRB.

Recommendations

The Accounting Officer should ensure that:

- Market research are carried out on rates of accommodation in countries of posting of staff.

- For good governance and fairness, ceilings considerations be given to set for rent and utilities for Ambassadors and High Commissioners.

Ministry's Response

As regards the accommodations within the market rate submitted by the then Head of Chancery, they were found not safe and secured. Given that it was the responsibility of the Ministry to ensure the safety and security of the High Commissioner during his posting, Mission was, therefore, requested to proceed urgently and finalise the accommodation arrangements for the High Commissioner and the latter be informed accordingly.

- ***Lack of Transparency over Posting of Diplomats***

A plan was not prepared in terms of the staff requirements for each Mission overseas. Lack of transparency and inconsistency were thus noted in the following cases:

- *Diplomats posted in Missions for more than Four Years* – The First Secretaries assumed duty at Missions Geneva and Pretoria on 31 July 2018 and 18 February 2019, respectively. Contrary to the recommendation at Paragraph 16.19.74 of PRB Report 2021, that is, a tour of service for diplomatic staff should not exceed four years, the First Secretary at Geneva was in post for almost five years as of end of August 2023, and the one at Pretoria was still in post after more than 4.5 years, as of October 2023.

- *No regular Rotation for Hard Posting* – Contrary to Paragraph 16.19.78 of PRB Report 2021, which recommends that '*the Ministry should implement a system of regular rotation of home-based staff in our different missions for parity of treatment'*, there was no regular rotation for hard postings. For example, four Minister Counsellors and six First Secretaries were not assigned hard postings for the last three postings exercise at Missions overseas.

- *Period before Posting to other Missions varied* – At the end of their respective tours of service at Missions, four diplomats were posted in other Missions after periods ranging from 8 months to 20 months. As regards four other diplomats, they were still in post at the Head Quarters of the Ministry some 3.5 years after their respective tours of service at Missions overseas.

Root Cause

There is no policy over the posting of diplomats.

Recommendation

The Accounting Officer should devise an appropriate policy for posting and staffing needs in each Mission.

Ministry's Response

Officers are posted based on their acquired competencies and aptitude. However, a rotation is observed as far as possible and most officers have done a hard posting.

- ***Conversion of Salary not made according to PRB Recommendations***

The conversion of salary of diplomats posted in Missions overseas was not made in accordance with the recommendation at Paragraph 16.19.16 (ii) of PRB Report 2021 as detailed below:

- Contrary to the recommendation at Paragraph 16.19.16 (ii), the Ministry was converting the salary of some officers in hard currency using an exchange rate (computed by the Ministry) instead of a fixed rate of exchange as provided in PRB.

- The authority for using a rate of exchange other than the one prescribed by PRB was also not produced to NAO.

The wrong conversion of salary resulted in an overpayment of some Rs 779,000 for the period November 2021 to June 2023 for the sample that NAO verified.

Root Cause

The Ministry did not comply with PRB recommendations in respect of conversion of salary.

Recommendation

The Accounting Officer should ensure that the conversion of salary for all diplomats posted in Missions is reviewed and any overpayment be recouped from the officers concerned.

Ministry's Response

The rate used for conversion of salaries was the prevailing rate at the time of posting. Accordingly, in order to ensure consistency in processing, the matter has been referred to the Ministry of Public Service, Administrative and Institutional Reforms for a decision.

- ***Employment and Dismissal of Local Recruits in Missions Overseas – Non-Compliance with Procedures***

During the financial year 2022-23, the Ministry incurred some Rs 148 million for the employment of some 150 local recruits, that is, local people recruited to serve in the 21 Mauritian Missions Overseas. A scrutiny of the records relating to the employment of the local recruits revealed the following:

Dismissal of Staff

- At four Missions, namely Dubai, Beijing, Brussels and Paris, the dismissal of staff without formally drawing their attention to the alleged shortcomings was not in line with the Ministry's Manual of Procedures.

- At Mission Paris, the dismissal of a driver for gross misconduct resulted in a legal process with the driver claiming some € 52,500 (Rs 2.4 million). The Mission rejected the claims outright. In June 2020, the driver filed a case against the Republic of Mauritius with the "Conseil Des Prud'Hommes". The latter gave its verdict on 11 February 2022 in favour of the driver and ordered the payment of € 24,820 (some Rs 1.2 million) to him. Mission appealed against the judgment in March 2022, and the case was still pending as of end of September 2023. It is to be noted that an amount of € 1,800 (Rs 84,315) was paid to the lawyer in August 2022.

Employment of Administrative Secretary - The Administrative Secretary (AS), employed at Mission Moscow, has since October 2017 been working from home, that is, from Latvia, which is more than 10 hours of travel to Moscow.

It was not known how Mission was monitoring the work performed by the AS. Return of attendance, brief of work performed, or acknowledgement that work had been effectively done were not attached to payment vouchers. The more so, records of any leave taken was not produced to NAO.

Recommendation

The Accounting Officer should ensure that all staff comply with the procedures and policies of the Ministry.

Ministry's Response

- With respect to Paris case, gross misconduct was reported and action had to be taken immediately. The court case is still ongoing and a ruling is awaited.
- The Ministry had already instructed for the termination of the contract of the said local recruit working from home. Mission would be instructed anew for the immediate termination.

8.3.2 Governance Issues – Non-compliance with Legislation

Provisions have been made in various legislations to impose a statutory responsibility on Accounting Officers with the objective of strengthening accountability and transparency in the public sector.

Finding

Non-Submission of Report on Performance

As of 5 January 2024, the Report on Performance of the Ministry of Foreign Affairs, Regional Integration and International Trade for the financial year 2022-23 had not yet been submitted to the Ministry of Finance, Economic Planning and Development, despite the statutory deadline being 31 October 2023.

8.3.3 Follow-up of Matters Raised in the Audit Report 2021-22

A follow up of matters raised in the Audit Report for the financial year 2021-22 was carried out. The Ministry of Foreign Affairs, Regional Integration and International Trade was requested to inform the National Audit Office of the actions that have been taken to address the findings and recommendations in the Report. The information along with evidence collected through review of files and documents were assessed and discussed with the Ministry.

The status on actions taken on findings since the publication of the Audit Report are summarised below. Out of 16 findings, six (37 per cent) have been resolved, three (19 per cent) have been partially resolved and seven (44 per cent) have not been resolved.

SN	Findings	Ministry's Response – Status as of January 2024	NAO Comments
	Unoccupied Government Owned Buildings and Land (Page 124)		
1	Land in Washington – Value for money was not obtained as the residence on a plot of land of two acres, purchased at a cost of US$ 1.43 million, was unoccupied due to its deplorable state. *(Pg 124, Para 8.3.1)*	A meeting would be held with representatives of the Ministry of National Infrastructure and Community Development (MNICD) and MoFEPD to chart the way forward on the sale of the building. It is to be noted that as at that date, there is no legislation for sale of Mauritian property abroad. The PPO has been contacted for the way forward as well.	**Not Resolved**
2	Delay in carrying out renovation works at six premises and construction of buildings have entailed payment of rent totaling some Rs 124 million for the past three financial years 2019-20 to 2021-22. *(Pg 124-125, Para 8.3.1)*	Action was being taken based on technical advice from MNICD as a Project Manager was no more posted at the Ministry. A lead Engineer has been assigned to this Ministry since January 2024.	**Not Resolved**
	Project Management – Delays in Implementation of Capital Projects (Page 126)		
	Construction of Chancery and Staff Residence Project in Addis Ababa		
3	Refund of VAT of US $ 938,320 (some Rs 42 million) was not claimed by Mission. *(Pg 126, Para 8.3.2 (a))*	The correct figure for refund of VAT should read US$ 815,931, and VAT of US$ 729,227 already refunded. Mission requested to submit claim for outstanding amount US$ 86,704 to the Ethiopian Authorities at the earliest.	**Partially Resolved**
4	Delay and Refusal for moving to the newly constructed building at a cost of Rs 238 million to house the Chancery, home-based staff inclusive of the	Financial clearance has been obtained for payment of rent amounting to Rs 3.4 million and Rs 1.6 million for the	**Partially Resolved**

SN	Findings	Ministry's Response – Status as of January 2024	NAO Comments
	Ambassador. This led to the payment of rent totalling some Rs 9.1 million for the period May 2022 up to October 2023. *(Pg 126, para 8.3.2 (a))*	Ambassador (for the period 1 November 2023 to 31 October 2024) and for Second Secretary (Mr D, for period 12 May 2022 to 11 August 2023) respectively on 27 December 2023.	
	Electronic Document Management System (EDMS) Project		
5	No contract was yet signed after three years since the approval for implementation of Phase 2 in November 2020, and no action plan was prepared to meet the timeline for technical readiness. No development or expenditure incurred in the financial year 2022-23 despite MFA stated that a new team set up and project was being steered for its successful implementation. *(Pg 128, Para 8.3.2 (b))*	No action taken as the request for the deputation of three IT experts by Ministry of ICT had not been entertained.	**Not Resolved**
6	35 laptops purchased at a total amount of some Rs 2 million were unutilised. *(Pg 128, Para 8.3.2 (b))*	Laptops distributed to officers.	**Resolved**
	Storage Fees and Rent/ Lease of Office Accommodation/ Premises – Nugatory Expenditure of some Rs 4.8 million (Page 128)		
7	Fees totaling some Rs 1.4 million were incurred for storage of furniture and other items whose value was depreciating. An amount of some Rs 503,000 was still paid as fees for storing furniture/ equipment/ unserviceable items during the year. *(Pg 128 – 129, Para 8.3.3)*	The unserviceable items have already been disposed of.	**Resolved**
8	Two rented spaces were used to store the items purchased for the Ambassador in Riyadh and an amount of some Rs 375,000 was paid for months July 2022 to June 2023 *(Pg 128 – 129, Para 8.3.3)*	Mission instructed to keep all items in only one storage facility instead of two. Rental of storage has been stopped since September 2023.	**Resolved**
9	Some Rs 1.4 million were paid as rent for unoccupied premises by two Missions. A further amount of approx. Rs 384,094 was paid as rent for unoccupied space during this financial year. *(Pg 128 – 129, Para 8.3.3)*	Rental of storage have been stopped at Mission Riyadh on 31 August 2023.	**Resolved**

SN	Findings	Ministry's Response – Status as of January 2024	NAO Comments
10	For the period January 2020 to June 2022, rent of some Rs 2 million was paid for unoccupied space for one level (Level 3) of a building in Port Louis. *(Pg 128 – 129, Para 8.3.3)*	The Regional Integration Division relocated to that level since July 2022.	**Resolved**
	Mauritius Mission in Kuala Lumpur – Non-compliance with Rules and Procedures (Page 130)		
11	Security deposit (SD) of RM 99,864 (some Rs 900,000) not refunded by the landlord. An amount of RM 26,912 refunded to Mission in December 2022. The previous landlord stated that upon refund of this balance, the parties would have no further claims against each other from this matter. Reports of "Etat de lieux" and Inventory Lists not available. *(Pg 130 - 131, Para 8.3.4)*	The Head of Mission moved from the previous Chancery without the approval of the Ministry as a result of which Security Deposit could not be recouped in full. Mission has been requested to negotiate further with the Landlord.	**Partially Resolved**
	Salaries and Allowances – Inadequate Control over Overtime and Lapses in Payment of Allowances (Page 427)		
12	No Approval for payment of subsistence allowance at the rate of Rs 7,340 per day to home-based staff when they came on official visit to Mauritius. *(Pg 427, Para 10.4.1)*	Approval obtained on 30 May 2023 from PMO.	**Resolved**
	Construction of Residences and other Projects in New Delhi and Ex-Indian Ocean Commission (IOC) Secretariat Building (Page 427)		
13	Rs 13 million provided for the Construction of Residences in New Delhi were not spent. *(Pg 427, Para 10.4.5)*	No budget provided for this item in the financial year 2022-23.	**Not Resolved**
14	No decision taken for the renovation of the Ex Indian Ocean Commission (IOC) Secretariat Building located in Quatre Bornes. For 2022-23, rent paid to house the IOC Secretariat amounted to some Rs 19 million. *(Pg 427, Para 10.4.5)*	No Funds have been allocated to this project since 2018-19.	**Not Resolved**

SN	Findings	Ministry's Response – Status as of January 2024	NAO Comments
	Advance Accounts – Outstanding Security Deposits not cleared and Advance Account not opened (Page 428)		
15	Court Case for non-refund of Security Deposit (SD) of INR 12,510,000 (Rs 6.6 million) pending since March 2002. Court case still ongoing. *(Pg 428, Para 11.3)*	The landlord submitted a proposal regarding the case. Consulate requested to seek for an extension regarding the matter at the High Court, pending a decision from the Government of Mauritius, thereon. Matter under process.	**Not Resolved**
16	No follow up in respect of the recoverability and validity of the long outstanding SDs totalling some Rs 3 million. *(Pg 428, Para 11.3)*	Discrepancies noted on the exact amount to be received and the cases are being examined.	**Not Resolved**

8.3.4 Follow-up of Matters Raised in the Performance Audit Report 2019

Title of Report: "Preparedness for Implementation of Sustainable Development Goals (SDGs)"

Date Issued: February 2019

A follow up of matters raised in the abovementioned report was carried out. The Ministry of Foreign Affairs, Regional Integration and International Trade was requested to inform the National Audit Office of the actions that have been taken to address the findings and recommendations in the Report. The information along with evidence collected through review of files and documents were assessed and discussed with the Ministry.

The status on actions taken on key findings and recommendations since the publication of the Report are summarised below. Out of 7 recommendations, one (14 per cent) has been implemented, four (57 per cent) have been partly implemented and two (29 per cent) were not implemented.

SN	Findings	Recommendations	Ministry's Response –Status as at January 2024	NAO Comments
1	Changes in assigning the responsibility for the coordination, monitoring and reporting on the implementation of SDGs did not ensure continuity. At the Ministry, there was no permanent structure to follow up on the implementation of SDGs. *(Pg 16, Para 3.2.2.1)*	The creation of inter-ministerial structures is a way to mobilise the various parts of the Government around the SDGs and ensure coherent and coordinated efforts overall. *(Pg 30, Para 5.5)*	A permanent Sustainable Development Unit (SDU) has been set to coordinate, monitor and assess the implementation of the SDGs. The setting up of an Inter-Ministerial Coordination Committee has been phased out.	**Implemented**
2	Integrating the SDGs into the budgetary process and mobilising resources from sources other than the Government budget is important. However, there was no evidence that Government made an estimate of financial resources needed for implementing SDGs. *(Pg 17, Para 3.2.2.2)*	The Ministry of Finance, Economic Planning and Development through its Budget Circular should request Ministries/Departments to provide information on how their budget proposals are related to the relevant SDGs targets and indicators. *(Pg 30, Para 5.6)*	The Ministry has taken note. The Ministry of Finance, Economic Planning and Development will be informed accordingly for action deemed appropriate at their end.	**Not Implemented**

SN	Findings	Recommendations	Ministry's Response –Status as at December 2023	NAO Comments
3	There was no plan of activities to build up awareness of the Agenda among stakeholders, with the aim to engage them in the national effort to implement SDGs. *(Pg 18, Para 3.2.3)*	Government should formulate different communication and awareness activities incorporated into a plan. *(Pg 29, Para 5.3)*	The Ministry was involved in several nation-level events which contributed to raise awareness of SDGs country-wide.	**Not Implemented**
4	There were also not enough efforts to seek the commitment of NGOs and business communities involved in the implementation of SDGs. *(Pg 18, Para 3.2.3)*	Ministries should set up mechanisms that assist their stakeholders to maximise their contribution to the SDGs. *(Pg 30, Para 5.4)*	The Ministry attends the meetings of the Working Groups on the basis of invitations conveyed to it and reports the contents on file.	**Partly Implemented**
5	Three-year Strategic Plans and annual Budget Speeches did not provide a long-term development perspective that covered the period ending 2030. *(Pg 19, Para 3.2.5)*	Government needs to formulate a long-term plan in consultation with the key stakeholders. *(Pg 29, Para 5.1)*	The long-term plan of Government is contained in the five-year Government Programme and is aligned to the SDGs.	**Partly Implemented**
6	As at end of December 2018, there were no specific policy and programmes to bridge the gaps identified. *(Pg 19, Para 3.2.5)*	To facilitate the implementation of the 2030 Agenda, strategic plans should be aligned to SDGs. *(Pg 29, Para 5.2)*	The Ministry had undertaken a thorough analysis of the Plans of Actions submitted by stakeholders and was following up on those not yet submitted.	**Partly Implemented**

SN	Findings	Recommendations	Ministry's Response –Status as at December 2023	NAO Comments
7	No annual progress report or monitoring report that compares the progress actually made with planned progress was published. Instead a 'SDG Database' was produced by Statistics Mauritius, which was updated in October 2018, and published on its official website. *(Pg 25, Para 3.3.2)*	In priority, the challenges identified by the Committee on SDGs of Statistics Mauritius need to be addressed. These include the need to strengthen networking among data producers and users; review, harmonise and strengthen the existing data collection system among others. *(Pg 31, Para 5.7)*	The Ministry has taken note of the audit comments and same would be conveyed to Statistics Mauritius.	**Partly Implemented**

9 –MINISTRY OF FINANCE, ECONOMIC PLANNING AND DEVELOPMENT

9.1 FINANCE, ECONOMIC PLANNING AND DEVELOPMENT

9.1.1 Assessment Review Committee – 2,271 Cases involving Taxes of Rs 23.2 billion not yet resolved as at 30 June 2023, including 582 Cases involving Rs 11.9 billion Pending for Five Years or more

The Assessment Review Committee (ARC) has been established under the Mauritius Revenue Authority Act 2004 to hear and determine all representations made by aggrieved persons against decisions, determinations, notices, or claims made by the Director-General of the Mauritius Revenue Authority (MRA) or the Registrar-General as provided under relevant revenue laws.

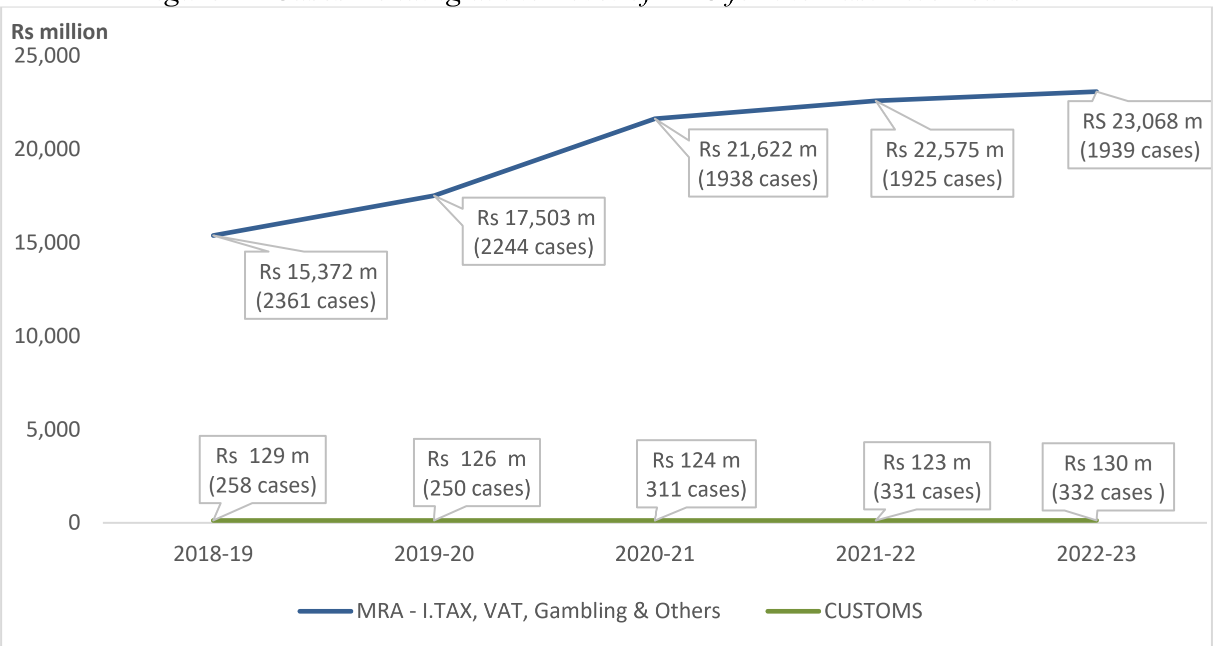
Information, regarding cases referred to ARC and pending cases, was taken from the Statement 'Status of Objection and Appeal' for the financial year 2022-23 and previous financial years submitted by MRA to NAO.

Findings

Significant Number of Cases with Substantial Amount pending at the level of ARC at close of each Financial Year

It was noted that 2,271 cases (MRA - 1939 cases and Customs - 332 cases), relating to MRA, involving some Rs 23.2 billion of assessed tax had remained pending at ARC at close of financial year 2022-23. The evolution of the number of cases and amount involved over the period 2018-19 to 2022-23 is shown in Figure 1.

Figure 1 Cases Pending at the Level of ARC for the Past Five Years



Source: Annex 2A: Status of Objection and Appeal for the respective Financial Years -Statement submitted by MRA as per Section 10 (5b) of the MRA Act

Age Analysis of Pending Cases

An age analysis of pending cases at ARC, relating to MRA, as at 30 June 2023 is shown in Table 9-1.

Table 9-1 Age Analysis of Pending Cases at ARC as at 30 June 2023

	MRA-Income Tax, VAT, Gambling and Others		**MRA-Customs**		**Total**	
Period	**No. of cases**	**Amount**	**No. of cases**	**Amount**	**No. of cases**	**Amount**
		Rs million		**Rs million**		**Rs million**
Less than 5 years	1,511	11,271.5	178	40.8	1,689	11,312.3
5 years and above	428	11,796.7	154	89.3	582	11,886.0
Total	**1,939**	**23,068.2**	**332**	**130.1**	**2,271**	**23,198.3**

Source: Annex 2A: Status of Objection and Appeal for the Financial Year 2022-23 – Statement submitted by MRA as per Section 10 (5b) of the MRA Act

There were 582 cases pending for five years or more, involving Rs 11.9 billion, that is, 51 per cent of the total amount for pending cases. Included were 45 cases, with assessed tax amount of some Rs 160 million, relating to the years prior to 2013, that is, more than 10 years back.

Key Performance Indicator not set for ARC

A Key Performance Indicator (KPI) for ARC was not set. The setting up of KPI is essential to measure performance with a view to achieve strategic and operational goals.

Cases Lodged and Determined

A further analysis of the cases relating to the financial year 2022-23 is as shown in Table 9-2.

Table 9-2 Status of Appeal Cases for Financial Year 2022-23

Status	MRA – Income Tax, VAT, Gambling & Others		MRA - Customs		Total	
	No. of Cases	Amount	No. of Cases	Amount	No. of Cases	Amount
		Rs million		Rs million		Rs million
Pending 1 July 2022	1,925	22,575.4	331	123.1	2,256	22,698.5
Lodged during 2022-23	1,611	4,540.7	24	16.6	1,635	4,557.3
Determined during 2022-23	1,597	4,047.9	23	9.6	1,620	4,057.5
Pending as at 30 June 2023	1,939	23,068.2	332	130.1	2,271	23,198.3

Source: Annex 2A: Status of Objection and Appeal for the Financial Year 2022-23 – Statement submitted by MRA as per Section 10 (5b) of the MRA Act.

Out of the 1,620 determined cases, according to information obtained from MRA:

- At the level of ARC, only 151 cases (representing some 9 per cent) were determined. Decisions were taken in 71 cases and 80 cases were struck out.

- The remaining 1,469 cases were determined at the level of MRA. This included 1,002 cases with pre-hearing negotiations and 235 cases re-directed to objection.

Breakdown of Pending Cases

A further breakdown of the pending cases as at 30 June 2023 in terms of the different tax types and taxpayers is shown in Table 9-3.

Table 9-3 Analysis of Pending Cases

Tax Type	Individual		Corporate		Individual/ Corporate
	No. of Cases	Amount	No. of Cases	Amount	Total Amount
		Rs million		Rs million	Rs Million
Income Tax	565	748.0	917	18,647.0	19,395.0
VAT	56	160.8	259	2,308.0	2,468.8
Gambling & Others	32	180.1	110	1,024.3	1,204.4
Customs and Excise	7	3.1	325	127.0	130.1
Total	**660**	**1,092.0**	**1,611**	**22,106.3**	**23,198.3**

Source: Annex 2A: Status of Objection and Appeal for the Financial Year 2022-23 – Statement submitted by MRA as per Section 10 (5b) of the MRA Act.

Some 71 per cent of the pending cases related to corporate taxpayers with assessed amount representing 95 per cent of the total.

Section 20 (3)(a) of the MRA Act states, in relation to ARC:

The *representations made by an aggrieved person shall be dealt with as expeditiously as possible and a panel shall endeavour to:*

(i) fix the case for hearing within 3 months from the date the representations were lodged; and

(ii) give its decision on the representations no later than 4 weeks from the end of the hearing.

Thus, as per legal provision, ARC has to give its decision within 4 months from date representations were made.

Root Cause

There was a lack of monitoring over the performance of ARC.

Recommendations

The following measures may be considered by the Accounting Officer:

- To put in place an Arrears Management Committee to monitor the performance of ARC and the pace of settlement of cases.
- The setting up of KPI for ARC.
- To look for alternative mechanisms to expedite the settling of pending and future cases.

Ministry's Response

- MoFEPD is working a KPI in consultation with the Chairperson of the ARC
- It is to be noted that, almost every year, amendments are brought to the MRA Act to facilitate hearing and settlement of cases at the ARC. Furthermore, an Alternative Tax Dispute Resolution panel has been set up at the level of the MRA where representations lodged at the ARC can be transferred to this panel thus relieving the burden on the ARC. The Tax Arrears Settlement Scheme has also been introduced to speed up settlement of some cases.

9.1.2 Key Performance Indicators

Setting up of Key Performance Indicators (KPIs) is essential to measure performance of a Department/Unit with a view to achieve strategic goals.

(a) KPI not Set

Findings

KPI for the Assessment Review Committee (ARC) and Independent Review Panel (IRP) falling under the purview of the Ministry of Finance, Economic Planning and Development (MoFEPD) was not set.

Recommendation

The Accounting Officer should ensure that ARC and IRP set their KPIs.

Ministry's Response

MoFEPD will work out with the concerned Departments for the development of appropriate KPIs to be set in the budget estimates document.

(b) KPI Targets not met

(i) Report on Performance

Finding

According to Section 4B of the Finance and Audit Act, every department shall, not later than 31 October in every year, submit to the Minister, 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.

Only 12 Reports on Performance for the financial year 2021-22 had been submitted by statutory deadline of 31 October 2022 representing a compliance rate of 19 per cent. As of 5 January 2024, the compliance rate was 84 per cent.

Furthermore, for the financial year 2022-23, the compliance rate for submission within deadline was only 17 per cent.

Root Cause

Inappropriate KPI has been set up by the Ministry.

Recommendation

To improve compliance, the Accounting Officer should revise the KPI to "Percentage of Ministries/Departments submitting Annual Report on Performance within Statutory Deadline" instead of "Percentage of Ministries/Departments submitting Annual Report on Performance".

Ministry's Response

It is to be noted that several actions have been taken to ensure full compliance with the statutory provisions.

(ii) Electronic Inventory Management System (E-IMS)

Findings

As of 30 June 2023, the percentage of Ministries/Departments where the E-IMS has been deployed was 70 per cent compared to target of 100 per cent.

The objective of integration/interfacing of the E-IMS with the Government Assets Register was still not met.

Root Cause

There was no close monitoring on the implementation of E-IMS.

Recommendation

A Project Steering Committee should be set up at the Ministry's level to closely monitor progress for the implementation of E-IMS to ensure that the milestones set are achieved.

Ministry's Response

A Project Steering Committee has been set up at MoFEPD under the chairpersonship of the Permanent Secretary, to monitor the implementation of the project.

(iii) Establishment of Risk Management Framework in the Public Sector-Target met but low compliance rate for whole Government

Findings

In year 2021, MoFEPD issued a circular to assist Accounting Officers of Ministries/Departments in the process for putting in place a Risk Management (RM) Framework.

The actual achievement of 37 per cent exceeded the target of 25 per cent.

As of 30 June 2023, only 10 Ministries/Departments have developed the RM Framework and they are yet to finalise development of a Risk Register. Therefore, compliance rate for the whole Government is considered low.

No deadline has been set for Ministries/Departments for the implementation of the framework.

Root Cause

There was no close monitoring on the implementation of the RM Framework.

Recommendation

A Project Steering Committee should be set up at the level of MoFEPD which should include officers of the Ministry, Internal Control Cadre and Office of Public Sector Governance. The Committee should then devise a proper implementation plan with clear objectives, deliverables and output to ensure timely setting up of RM Framework in Ministries/Departments.

(iv) Statistics Mauritius

Findings

The scheduled timeline for the operationalisation of Modern Statistics e-Platform which was set for June 2023 was not attained.

Ministry's Response

The following Committees have been set up to monitor the implementation of SM's E-Business Plan:

- A Project Technical Committee (PTC) comprising representatives from United Nations Development Programme, Statistics Mauritius, Central Informatics Bureau, Central Information System Division, MoFEPD, IT Security Unit of the Ministry of Information Technology, Communication and Innovation and Government-Online Centre.

- A Project Steering Committee comprising the PTC and representatives from the Service Provider

(v) **Registrar General's Department**

Findings

Implementation of enhanced system to speed up registration of motor vehicles which was targeted at 100 per cent during the financial year 2022-23 was not achieved. As of 30 June 2023, the percentage implementation was only 70 per cent.

Ministry's Response

- The developer has completed the development and is in the process of internal testing.

- Depending on internal testing results, they plan to deploy the system at Registrar General's Department (RGD) infrastructure early February 2024 for user trainings and User Acceptance Testing.

- At the level of RGD, planning for mobilisation for acceptance has started.

9.1.3 Audit Committee

Audit Committee (AC) plays a key role in public accountability by providing independent oversight of the organisation's governance, risk management and internal control practices, thus providing confidence in the integrity of these practices.

In August 2022, the Office of Public Sector Governance developed an updated AC Charter to provide guidelines on the setting up and operations of AC.

According to the guidelines, the AC shall hold a minimum of six meetings annually with at least one meeting per quarter.

In November 2022, a Performance Agreement was drawn between the Accounting Officer, the Chairperson and members of the Committee.

Finding

The AC at MoFEPD met only once during the financial year 2022-23.

Recommendations

- The Accounting Officer should ensure compliance with the provisions of the AC charter and the Performance Agreement.
- The Chairperson should ensure that the AC holds a minimum of six meetings annually, with at least one meeting per quarter.

Ministry's Response

The AC will meet at least six times during the period.

9.1.4 Pension Funds-77 Public Sector Bodies reported Deficits totalling Rs 46 billion

At paragraph 25.2 of the Audit Report for the financial year 2021-22, it was highlighted that the financial statements of 72 Public Sector Bodies submitted to NAO showed that pension funds under their Defined Benefit Pension Plans were running deficits totalling Rs 40 billion as of 30 June 2021, consisting of Rs 33 billion for 60 Statutory Bodies and Rs 7 billion for 12 Local Authorities.

According to IPSAS 39 *'Employee Benefits'*, an entity shall recognise the net defined benefit liability (asset) in the statement of financial position. The net defined benefit liability (asset) is the deficit or surplus calculated by deducting the fair value of plan assets from the present value of the defined benefit obligations.

Based on Financial Statements submitted for the financial year ended 30 June 2022, the following were noted as shown in Table 9-4:

(a) The aggregate deficit of 65 Statutory Bodies amounted to Rs 37.2 billion as of 30 June 2022.

(b) The aggregate pension deficit for the 12 Local Authorities has increased from Rs 7.1 to Rs 8.7 billion.

(c) Nine of the Statutory Bodies had aggregate deficits of Rs 30.4 billion and five of the Local Authorities had aggregate deficits of Rs 6.3 billion.

(d) The defined benefit plan deficits of Statutory Bodies and Local Authorities have increased from Rs 33.3 billion as of 30 June 2020 to Rs 46 billion as of 30 June 2022, that is an increase of some 38 per cent.

Table 9-4 Pension Fund Deficits of Statutory Bodies and Local Authorities as of 30 June 2020,30 June 2021 and 30 June 2022

Statutory Bodies	**30 June 2022 Rs**	**30 June 2021 Rs**	**30 June 2020 Rs**
Private Secondary Education Authority	10,754,395,586	9,531,995,111	6,445,323,410
Central Electricity Board	5,628,042,000	6,644,464,000	7,361,737,000
Mauritius Revenue Authority	4,223,281,212	3,503,015,657	2,389,585,416
Central Water Authority	2,480,036,073	2,276,820,717	2,018,372,793
University of Mauritius	1,851,267,164	1,389,209,031	999,081,480
Mauritius Cane Industry Authority	1,522,273,929	1,254,772,914	1,232,379,564
Mauritius Broadcasting Corporation	1,407,928,967	1,184,420,088	912,748,343
Mauritius Institute of Education	1,269,573,662	1,123,808,395	941,038,574
Mahatma Gandhi Institute	1,343,661,001	1,015,713,896	854,917,499
	30,480,459,594	**27,924,219,809**	**23,155,184,079**
51 other Statutory Bodies		**5,053,106,299**	**3,757,831,552**
56 other Statutory Bodies	**6,772,852,317**		
Total for Statutory Bodies	**37,253,311,911**	**32,977,326,108**	**26,913,015,631**
Local Authorities			
The City Council of Port Louis	2,104,586,895	1,720,664,491	1,591,850,542
Municipal Council of Curepipe	1,129,000,798	947,866,219	874,435,135
Municipal Council of Vacoas /Phoenix	1,183,186,514	933,383,076	825,260,451
Municipal Council of Beau Bassin /Rose Hill	1,085,824,818	881,872,741	829,666,445
Municipal Council of Quatre Bornes	830,801,692	689,566,766	625,565,166
	6,333,400,717	**5,173,353,293**	**4,746,777,739**
7 Other Local Authorities	**2,402,126,104**	**1,918,925,503**	**1,642,015,669**
Total for Local Authorities	**8,735,526,821**	**7,092,278,796**	**6,388,793,408**
Gross Total	**45,988,838,732**	**40,069,604,904**	**33,301,809,039**

Source: NAO Analysis of Statutory Bodies and Local Authorities Financial Statements

9.2 MAURITIUS REVENUE AUTHORITY

9.2.1 Revenue Collection

The Mauritius Revenue Authority (MRA) is a body corporate, set up to manage an effective and efficient revenue-raising system. It administers and collects taxes due in Mauritius.

Revenue collected during the financial year 2022-23 by MRA, in respect of the various categories of taxes (excluding Customs and Excise collections) totalled some Rs 77.3 billion, compared to Rs 59.9 billion collected in the financial year 2021-22, representing an increase of 29 per cent.

9.2.2 Status of Taxpayers Register and Filing Obligations

MRA updates its Taxpayers Register, on an ongoing basis, to enable effective management of taxpayers, and at the same time maximises efforts to widen its tax base.

As per the Taxpayer's Register, as of 30 June 2023, 726,896 taxpayers were registered at MRA, as compared to 616,356 as of 30 June 2022, representing an increase of 18 per cent. 889 taxpayers were de-registered during the financial year 2022-23.

The number of taxpayers who had obligations to file tax returns has increased from 336,547 to 357,263, that is, by some six per cent. As of 30 June 2023, 314,065 Income Tax returns were filed representing some 88 per cent of taxpayers filing obligations.

Filing of Taxpayers Returns

For the income year ending 30 June 2023, 43,198 taxpayers did not file their tax returns as compared to 49,150 for income year ending 30 June 2022. Hence, an increase of 5,952 taxpayers filing their returns was noted compared to financial year 2021-22. However, 4,373 taxpayers did not file their returns during the last three years.

MRA's Response

- MRA issues reminders to non-filers within three months of the due date for submission of Income Tax Returns.
- For the year of assessment 2022/2023, out of the 49,151 non-filers, return obligations have been removed for 12,060 taxpayers and 13,417 taxpayers have submitted a return.
- The remaining 23,674 non-filers are being dealt with by the non-filers unit of Medium and Small Taxpayer Department (MSTD).

9.2.3 Arrears of Revenue as of 30 June 2023

As of 30 June 2023, arrears of revenue totalled some Rs 44 billion, compared to Rs 37 billion as of 30 June 2022. The arrears as at 30 June 2023 comprised Rs 12.5 billion collectible debts and an amount of Rs 31.5 billion for cases not yet settled/pending cases as shown in Table 9-5.

Table 9-5 Arrears of Revenue as per Tax Type

Types of Tax	Collectible Debts	Amount not yet Settled/Pending Cases	Total
	Rs million	**Rs million**	**Rs million**
VAT	5,960	4,601	10,561
Corporate tax/ Income Tax	4,976	25,406	30,382
PAYE	589	93	682
CSG	338	20	358
TDS	191	80	271
Others	403	1,276	1,679
Cases under disputes	-	401	401
Total	**12,457**	**31,877**	**44,334**

Source: Statement of Return of Arrears of Revenue as at 30 June 2023

Collectible Debts and Amount not yet Settled/Pending Cases

- The amount not yet settled/pending cases represented 72 per cent of the total arrears of revenue while the remaining 28 per cent represented the collectible debts.
- Out of the Rs 12.5 billion collectible debts, Rs 10.86 billion comprised mainly arrears of revenue in respect of VAT, Corporate tax and Income tax.

Age Analysis for Collectible Debts, Debts Collected and Write Off

An age analysis of Collectible Debts for the financial years 2021-22 and 2022-23 is shown in Table 9-6.

Table 9-6 Age Analysis of Collectible Debts

Period	FY 2021-22	FY 2022-23
	Rs million	**Rs million**
Prior to 30.06.93	8.99	8.15
01.07.93-30.06.00	62.08	58.56
01.07.00-31.12.10	826.15	738.61
01.01.11-30.06.21	7,820.51	6774.34
01.07.21-30.06.22 01.07.22-30.06.23	2,489.60	4,877.14
Total	**11,207.33**	**12,456.80**

Source: Debt Management Unit of MRA

- Outstanding debts before 2010, that is, more than 13 years back amounted to some Rs 805 million and debts for 2011 to 2021 amounted to some Rs 6.8 billion.

- During financial year 2022-23, an amount of Rs 3.5 billion was collected regarding arrears of revenue.

- Total debts written off during the financial year 2022-23 amounted to Rs 182.9 million.

Enforcement Actions

Enforcement actions are provided under Part IVC of the MRA Act. Enforcement Actions undertaken by MRA during financial years 2021-22 and 2022-23 are detailed in Table 9-7.

Table 9-7 Enforcement Actions undertaken in Financial Years 2021-22 and 2022-23

Enforcement Action	**FY 2021-22**		**FY 2022-23**	
	Number	**Amount Rs million**	**Number**	**Amount Rs million**
Final claims	5,699	5,102.48	23,869	12,799.93
Agreements	757	756.34	538	1,049.13
Attachment Orders	2,975	1,065.27	2,257	837.18
Distress Warrants	1	6.67	1	36.79
Inscription/ Renewal of inscription	853	2869.09	684	2,487.2
Objection to Departure	14	87.75	15	196.05
Prosecution	3	55.92	-	-
Prior Notice Contrainte/Contrainte	36	275.7	33	296.87
Total	**10,338**	**10,219.22**	**27,397**	**17,703.15**

Source: Debt Management Unit of MRA

As stated at paragraph 9.3.2 of Audit Report 2021-22, a Debt Management Module (DMM) was introduced in order to assess the effectiveness of enforcement actions against debt recovered.

The DMM was expected to go live in the financial year 2022-23. However, as of November 2023, the module was still at testing stage.

MRA's Response

The Debt Management Module of the MRA Integrated Tax Administration System (ITAS) has been developed and testing is ongoing. The "claim" and "attachment order" functions are in operation since December 2023.

9.2.4 Tax Arrears Settlement Scheme 2022

The Tax Arrears Settlement Scheme (TASS) was introduced in financial year 2012-13. The TASS has been extended on an annual basis up to the financial year 2023-24. The objective of the scheme is to encourage taxpayers who are in arrears of tax and duty to MRA to settle their debts promptly. The scheme is also applicable to cases which are under assessments.

For the financial year 2022-23, taxpayers with arrears of revenue, as at 7 June 2022, had to settle their debts on or before 31 March 2023 in order to benefit from 100 per cent waiver of penalty and interest included in the tax arrears under the Income Tax Act, Value Added Tax Act or the Gambling Regulatory Authority Act.

To benefit from the total waiver of penalty and interest, the taxpayer was required to make an application to the MRA. During the financial year 2022-23, 12,126 applications for the waiver amounting to some Rs 4 billion, were made as shown in Table 9-8.

Table 9-8 Applications made to MRA

Category of Applicants	**No. of applications**	**Tax Arrears**	**Penalties & Interests**	**Total**	**Payments**
		Rs million	**Rs million**	**Rs million**	**Rs million**
Arrears includes Penalties & Interests	5,150	2,393	1,489	3,882	937.2
Arrears includes only Penalties and Interests	3,268	-	159	159	1.5
No arrears	3,708	-	-	-	-
Total	**12,126**	**2,393**	**1,648**	**4,041**	**938.7**

Source: Operational Services Department

Findings

- During the financial year 2022-23, out of the total arrears of Rs 4 billion, an amount of Rs 938.7 million was collected, representing some 23 per cent of the total arrears under the scheme.

- Out of the 5,150 applicants, 2,283 had settled their arrears and 748 had effected part payment. The remaining 2,119 applicants did not settle their outstanding taxes as of the prescribed date. Therefore, they did not benefit from the waiver of penalties and interests.

- Although the TASS has been extended over the last 10 years, the response to the scheme was very low. Only Rs 938.7 million were collected out of the total of Rs 44 billion arrears of revenue as of 30 June 2023, representing two per cent of the total arrears of revenue.

MRA's Response

Out of the total collectible debts of Rs 11.2 billion, taxpayers with debts totalling more than Rs 4 billion joined the TASS, representing 36 per cent of collectible debts.

9.2.5 Objections, Appeals and Dispute Resolutions Department

Where a person is not satisfied with an assessment or additional assessment issued to him under the Income Tax Act, the VAT Act and the Gambling Regulatory Act, he may, within 28 days of the date of the Notice of Assessment, lodge an objection to the assessment at the Objections, Appeal and Dispute Resolutions (OADR) Department of MRA. If a taxpayer is not satisfied, he may lodge an appeal at the Assessment Review Committee (ARC) and subsequently, to the Supreme Court on a point of law.

As of 30 June 2023, the OADR Department has determined 3,099 cases for an amount of Rs 4.1 billion, representing 70 per cent of the total assessed amount of Rs 5.8 billion. 1,047 cases with total tax liability amounting to Rs 3.7 billion were still awaiting determination, as shown in Table 9-9.

Table 9-9 Status of Cases under Objections as of 30 June 2023

Assessed Cases	Number of Cases	Amount Assessed	Amount Determined
		Rs million	Rs million
1 July 2022	833	2,562.8	
30 June 2023	3,313	6,974.2	
	4,146	**9,537.0**	
Determined Cases	3,099	5,818.1	4,065.7
Pending Cases	1,047	3,718.9	

Source: OADR Department

Analysis of 'Determined Cases'

An analysis of the determined cases is shown in Table 9-10.

Table 9-10 Analysis of Determined Cases

Amount Determined	No. of Assessments	Amount of Tax Assessed Rs million	Amount of Tax Determined Rs million
Less than the amount assessed	966	944.2	467.8
Equal to zero	208	1,386.6	0
Equal to the amount assessed	59	22.2	22.2
Greater than the amount assessed	1,706	3,462.1	3,575.7
Zero Cases – Loss Cases	160	0	0
Total	**3,099**	**5,815.1**	**4,065.7**

Source: Listing provided by OADR Department

- 966 assessments were reviewed downwards from Rs 944 million to Rs 467 million in the financial year 2022-23.

- 208 assessments were reviewed from Rs 1.3 billion to zero, following the issue of Notice of Determination to taxpayers in the financial year 2022-23.

Appeal Cases to ARC

Age Analysis for Pending Cases

- As of 30 June 2023, a total of 1,939 assessments for an amount of Rs 23.1 billion were pending at the ARC as compared to 1,925 assessments for an amount of Rs 22.5 billion for the previous year.

- Out of the 1,939 cases for the financial year 2022-23, 637 were related to cases lodged prior to year 2021 and amounted to some Rs 15.1 billion. This represents 65 per cent of the total amount.

Supreme Court Cases

Any party who is dissatisfied with the decision of the Assessment Review Committee (ARC) under Section 20(7) of the Mauritius Revenue Authority Act, as being erroneous in law, may lodge an appeal at the Supreme Court.

As of 30 June 2023, 25 assessments for an amount of Rs 279 million were pending at the Supreme Court. Moreover, six cases for an amount of Rs 142.1 million as at 30 June 2023, related to cases pending prior to 2021, representing 51 per cent of total amount.

9.2.6 Contribution Sociale Généralisée

The Contribution Sociale Généralisée (CSG) are paid to MRA, the collecting agent of Government.

Following the COVID-19 pandemic, self-employed individuals are required to register with the MRA for the payment of CSG in order to benefit from the different allowance schemes put in place.

CSG collected by MRA over the last three financial years totalled some Rs 23.1 billion. A total amount of Rs 9.5 billion has been collected during the financial year ended 30 June 2023.

Registration of the Self-Employed individuals for CSG

For the financial year ended 30 June 2023, CSG amounting to Rs 154 million were collected from 35,728 self-employed individuals.

CSG Register as at 30 June 2023 showed a total of 99,904 contributors compared to 69,096 as at 30 June 2022. 63,546 out of the 99,904 contributors were self-employed individuals as shown in Table 9-11.

Table 9-11 Comparative Figures for Self-employed Individuals

Details	30 June 2022	30 June 2023
Number of Filing Obligations	74,091	66,525
Number of Returns Filed	59,577	55,715
Registered for CSG	44,920	63,546

Source: OSD Unit

Contributions to CSG

As at 30 June 2023, out of 66,525 self-employed individuals who had filing obligations, 63,546 were registered for CSG and only 35,728 (54 per cent) contributed to CSG for the financial year 2022-23.

MRA's Response

96 per cent of self-employed individuals for Income Tax purposes were registered for CSG.

9.2.7 Fiscal Investigations Department

One of the main functions of the MRA is to combat fraud and other forms of tax evasion. To achieve this objective, the Fiscal Investigations Department (FID) was set up by virtue of Section 3(4) of the MRA Act 2004.

As per MRA records, 1,096 cases were outstanding from 2009 to 2023 and 815 cases which were under investigation for the years 2019 to 2023 were completed.

Completeness and Accuracy of Statement 2B not ascertained

- The number of outstanding cases as per the Statement of Fiscal Investigations (2B) was 286 while FID records showed 1,096. The number recorded in the statement was, thus, understated.

- Discrepancies were noted in the number of investigations reported at start of the year in the Statement 2B as at 30 June 2023 compared to the closing balances of the previous year's Statement as shown in Table 9-12.

Table 9-12 Balances at End of Year 30 June 2022 and Start of Year 1 July 2022

No of Investigations as at	Income Tax Cases		VAT Cases		Other Cases
	Individuals	**Corporates**	**Individuals**	**Corporates**	**Corporates**
1st July 2022	166	103	6	41	3
30 June 2022	169	130	2	26	0

Sources: Statement 2B as at 30 June 2022 and 2023

- 59 income tax-individuals and 84 income tax - Corporates of the outstanding cases as at 30 June 2022 were omitted in balance at start of year as per records of FID.

- Cases referred to FID Section from different sources were recorded in a register which was not serially numbered.

Hence, the accuracy and completeness of the figures in the Statement 2B could not be ascertained.

MRA's Response

The 1,096 records relate to intelligence and investigation cases. Cases referred to FID are recorded in ITAS and can be tracked at any point in time.

NAO Comment

NAO is of the view that all cases referred to FID should be categorised and reported in the Statement of Fiscal Investigation for completeness purposes. Specific references should be given to FID cases for ease of traceability.

Delay in completion of investigations

In accordance with Section 1.4, Quality Objectives of the Statement of Procedures (SOP) for the Fiscal Investigations Department "*investigation into cases of tax fraud and serious evasion should be completed within a period of six months. In exceptional circumstances, the time limit may extend beyond six months depending on the complexities of the case*."

According to Statement 2B, 787 cases under investigations were completed for an assessed amount of Rs 4.9 billion during the financial year 2022-23. Some of these cases were referred to FID since 2019 and hence were completed after four years.

As of 30 June 2023, investigations in respect of 17 income tax-individuals and 29 income tax- corporates' cases have not been completed within the time limit of six months.

Recommendations

- FID should ensure the accuracy and completeness of the figures in the Statement 2B. A reconciliation should be carried out with the records maintained for control purposes.

- FID should ensure that investigations are completed within the set time limit in line with the SOP.

MRA's Response

- An analysis of the completed cases showed that 397 out of the 787 cases were completed within six months and only 19 cases were completed after more than two years.

- The delays in completing the tax investigations were mainly due to complexities of the cases and late submission of documents.

9.2.8 Follow-up of Matters Raised in the Audit Report 2021-22

A follow up of matters raised in the Audit Report 2021-22 was carried out. The Mauritius Revenue Authority (MRA) was requested to inform the National Audit Office of the actions that have been taken to address the findings and recommendations in the Report. The information along with evidence collected through review of files and documents were assessed and discussed with MRA.

The status on actions taken on findings since the publication of the Audit Report are summarised below. The four findings (100 per cent), have been partially resolved.

SN	Findings	MRA's Response – Status as of February 2024	NAO Comments
1	**Revenue Collection - Non-filers (Page 188)**		
	There were 49,151 non-filers as at 30 June 2022. This figure included 25,923 taxpayers who did not submit a return for both income years 2020-2021 and 2021-2022. *(Pg 188, Para 9.3.1(a))*	Out of the non-filers who have submitted a return following reminder sent to them, above 90 per cent are not liable to any additional tax. Remaining non-filers are selected for audits by the Non-Filers Unit of Medium and Small Taxpayer Department (MSTD) on a risk basis and on the basis of third party information available.	**Partially Resolved**
2	**Revenue Collection - Completeness of the Register of Self-Employed Tax Payers (Page 189)**		
	The number of self-employed individuals according to records of MRA that is 44,920 differs significantly from the number of beneficiaries of Self Employed Assistance Scheme (SEAS) which totalled 263,000. According to MRA, 238,047 individuals who benefitted from SEAS were not registered for social contribution payment. *(Pg 189, Para 9.3.1(b))*	Action is being taken by MRA to bring those individuals who are still in employment into the register.	**Partially Resolved**
3	**Arrears of Revenue - Collectible Debts (Page 191)**		
	Collectible debts represented only 30 per cent of total debts. Debts for Income Tax, Corporation Tax and VAT amounted to Rs 1.4 billion, Rs 2.9 billion and Rs 5.2 billion respectively and accounted for 86 per cent of collectible debts. *(Pg 191, Para 9.3.2)*	During the financial year 2022-23 an amount of Rs 2.2 billion has been collected representing 19 per cent of the collectible debts.	**Partially Resolved**
4	**Arrears of Revenue - Enforcement Actions (Page 192)**		
	A Debt Management Module has been included in its computerised system to relate recovery to enforcement tools. Testing is ongoing and the module is expected to go live in financial year 2022-23. *(Pg 192, Para 9.3.2)*	Debt Management Module of the MRA Integrated Tax Administration System has been developed and is on testing phase. The Claims and Attachment Order has gone live in December 2023.	**Partially Resolved**

CUSTOMS DEPARTMENT

9.2.9 Arrears of Revenue

The Return of Arrears of Revenue for the Customs Department as at 30 June 2023 showed a total arrears figure of Rs 442.7 million, arising from 703 cases. A total amount of Rs 400.5 million, representing 90 per cent of total arrears, was classified as "Disputed Debts"[1], with the remaining Rs 42.2 million being collectible debts.

Findings

- **Low Level of Collectible Debts over the Past Five Years**

Collectible debts as a percentage of total arrears for the past five years are shown in Table 9-13. The percentage of collectible assets to total arrears over the past five financial periods, from 2018-19 to 2022-23 had remained below 10 per cent.

Table 9-13 Arrears of Revenue as at end of Past Five Financial Periods

	Amount Due			Percentage (%)	
Financial Year	**Collectible Rs**	**Disputed Rs**	**Total Rs**	**Collectible to Total**	**Disputed to Total**
2018-19	53,531,936	559,915,388	613,447,324	8.7	91.3
2019-20	20,561,823	521,592,134	542,153,957	3.8	96.2
2020-21	35,239,667	429,837,375	465,077,042	7.6	92.4
2021-22	27,163,345	385,156,815	412,320,160	6.6	93.4
2022-23	42,150,654	400,516,561	442,667,215	9.5	90.5

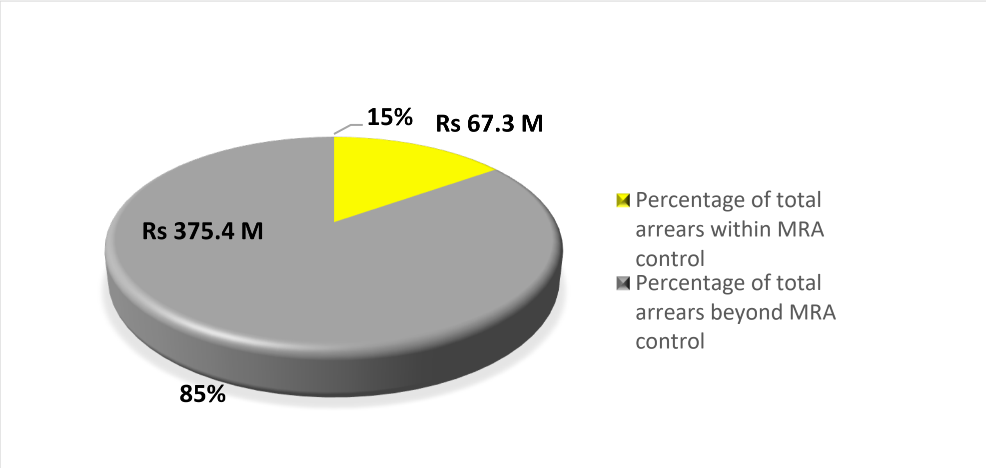
Source: Return of Arrears of Revenue

As of 30 June 2023, out of the total arrears, some Rs 67.3 million were still under process at the different departments of MRA, such as Legal Service Department (LSD) and Objection, Appeal and Dispute Resolution Department (OADRD).

The remaining Rs 375.4 million**,** representing 85 per cent of the total arrears, were referred to other Government entities/Committee (for example, Assessment Review Committee (ARC), Police Service and Court) for advice, enquiry or determination according to current Revenue laws. The recovery of these arrears, according to Customs Department, was beyond its control *(refer to Figure 1)*.

[1] Disputed cases debts not yet settled and under process at the OADRD, ARC, Police Service and Court.

Figure 1 Control over Total Arrears of Revenue for the financial year 2022-23



From an analysis of the arrears outstanding at the different MRA departments and Government entities/Committees the following shortcomings were noted:

- ***Legal Services Department - Rs 7.8 million***

  As of 30 June 2023, out of the 44 cases with arrears totalling Rs 7.8 million outstanding at LSD, Rs 5.2 million related to arrears prior to the financial year 2022-23. These included a total amount of Rs 2.6 million outstanding since the year 2018.

- **Objection Appeal and Dispute Resolution Department - Rs 21.6 million**

  As of 30 June 2023, the total number of cases at OADRD increased from nine cases totalling Rs 8.8 million to 26 cases totalling Rs 21.6 million in the financial years 2021-22 and 2022-23, respectively.

- **Assessment Review Committee - Rs 146.2 million**

  The total number of cases classified as non-collectible debts and referred to the Assessment Review Committee (ARC) increased from 260 in financial year 2021-22 to 267 in financial year 2022-23 with arrears amounting to Rs 134.8 million and Rs 146.2 million, respectively. A total amount of Rs 84.7 million was outstanding since the year 2018.

- **Court Cases - Rs 12.9 million**

In four out of 14 cases with arrears totalling Rs 12.4 million, the decision of the Court was still being awaited for more than ten years.

- **Receivership Cases - Rs 175.4 million**

As of 30 June 2023, the total amount owed to Customs Department by entities under receivership was Rs 175.4 million. It included Rs 169.6 million due by two companies only.

Root Cause

The loopholes in the current regulatory framework, along with the lengthy enquiry and processing time, were hindering the Customs Department from maximising collections from the arrears.

Recommendations

- The Customs Department should:
  - carry out a thorough analysis of its current system of managing arrears by identifying and collecting relevant data on the regulatory loopholes and the factors causing the lengthy enquiry and processing time; and
  - thereafter engage with the policymakers to discuss the problem and find an effective solution to address the loopholes in the current regulatory framework and streamline its procedures with the aim of maximising collections from arrears;
- The MRA should consider empowering its Legal Services Department in effectively dealing with cases involving arrears.

MRA's Response

MRA Customs will propose amendments to Customs Laws by imposing penalty for any objection to be made at OADRD/ARC in order to prevent frivolous objections/appeal.

- **Excise Unit**

The Excise Unit collected a total amount of excise duty of Rs 21 billion for the financial year 2022-23.

Excise duty on Tobacco Products - Rs 7.2 billion

To discourage the consumption of tobacco, there have been progressive[2] increases in excise duty rates for cigars, cigarillos, and cigarettes as shown in Table 9-14.

Table 9-14 Increase in Rates of Excise Duty on Tobacco Products

Items	**Effective Date[3]**		
	12-June-21 **Rs**	**08-June-22** **Rs**	**03-June-23** **Rs**
Cigars (per kg)	19,430	21,373	23,510
Cigarillos (per thousand)	11,345	12,480	13,728
Cigarettes (per thousand)	5,625	6,188	6,807

Source: Annex to Budget Speeches

[2] Extract from National Budget speeches 2021-22, 2022-23 and 2023-24. The increase in rates of excise duty on tobacco and alcoholic products for the financial years 2021-22, 2022-23 and 2023-24 were announced on 11 June 2021, 07 June 2022 and 02 June 2023 respectively.
[3]The increase in the rates of excise duty was effective from the date following the National Budget Speech.

Total excise duty collected from the importation of tobacco products increased from Rs 6.3 billion to Rs 7.2 billion in the financial years 2021-22 to 2022-23.

As at 30 June 2023, seven major importers of tobacco products were registered with MRA, of which, two contributed some Rs 6.73 billion, representing 93.1 per cent of the total excise duty collected.

Findings

The following shortcomings were noted from an analysis of records relating to goods ex-warehoused by the two main importers for the financial years 2021-22 and 2022-23.

- During the financial year 2022-23, except for the months of May and June, the two importers ex-warehoused a monthly average of 90 million sticks of cigarettes. However, in May 2023, some 260 million sticks of cigarettes, an abnormally larger quantity than the monthly average, were removed by the two importers from their bonded warehouses.

- Subsequently, in June 2023, in the run-up to the National Budget Day, some 32 million sticks of cigarettes, were removed from the warehouses of the two importers.

- Both importers used the same practice in the financial year 2021-22. Some 183 million sticks of cigarettes, compared to a monthly average of 90 million sticks, were cleared in May 2022 and 87 million sticks in June 2022 prior to the National Budget Day. Some 12 million sticks were ex-warehoused in June 2022.

For the financial years 2021-22 and 2022-23, the total revenue forgone from both importers is estimated to be some Rs 58.4 million and Rs 79.4 million, inclusive of VAT, that is a total of Rs 137.8 million.

Root Cause

There was no forestalling restrictions imposed on clearances of excisable goods, particularly, cigarettes, in the run-up to the National Budget Day, before the increase in excise duty rate as there were no provisions in the Customs and Excise Act to prevent this practice.

Recommendation

Customs Department should consider imposing restrictions on clearing a large quantity of excisable goods, mainly, cigarettes in the run up to the National Budget Day by introducing anti-forestalling rules to secure higher margins in excise collection as is the practice in the UK and South Africa.

MRA's Response

There are no provisions in the Customs or Excise legislations that empower MRA Customs to impose such restrictions on clearance of excisable goods. The MRA, as an agent of the Government, is responsible to implement policy decisions and as such, this is an issue for policy to decide upon.

Petroleum Products - Arrears in Excise Duty

During the financial year 2022-23, excise duty collected from petroleum products totalled some Rs 4.3 billion. According to Section 8(2) of the Customs Act, the importer has a period of 30 days from the date of importation of such products to pay excise duty and taxes.

Findings

- An amount of some Rs 460 million due by a major importer of petroleum products, in respect of fuel already discharged, but not paid as at 30 June 2023, was disclosed in the Return of Arrears of Revenue. However, the importer confirmed to NAO that an amount of some Rs 752 million, in respect of Petroleum Products and Liquified Petroleum Gas was due to the Customs Department as at 30 June 2023. A discrepancy of some Rs 292 million was noted.

- The amount due by the importer was not accounted for in the Return of Arrears of Revenue submitted to the Accounted General by MRA. It was, instead, disclosed as a note.

The accuracy and completeness of the amount disclosed in the Statement of Arrears of Revenue could not be ascertained.

Root Cause

The Customs Department did not follow good accounting practice in recognising the correct amount due by the importer in the Statement of Arrears of Revenue.

Recommendation

The Customs Department should investigate the discrepancy of Rs 292 million and should recognise the total amount of Rs 752 million due as at 30 June 2023 in the Statement of Arrears of Revenue in accordance with good accounting practice.

MRA's Response

The discrepancy has been investigated. The total amount due by the importer was some Rs 776 million instead of Rs 752 million. The difference of some Rs 24 million represented excise duty, MID levy and VAT on customs declaration validated on 30 June 2023 and removed from bond on 03 July 2023.

Excise Duty on Sugar Sweetened Products

Gross Excise duty collected on Sugar Sweetened Products (SSPs) amounted to some Rs 823.1 million during the financial year 2022-23, of which Rs 641.3 million were from local manufacturers and Rs 181.8 million from importers.

Findings

Lapses in Monitoring of Excise Duty collected from Local Manufacturers of SSPs

Out of the Rs 641.3 million of Excise duty collected from 52 local manufacturers of SSPs, some 84 per cent (Rs 541.2 million) were from two main local manufacturers. However, during financial year 2022-23 the two manufacturers were not subject to Post Clearance Audits (PCAs).

For the remaining manufacturers, representing 16 per cent of duty, several discrepancies such as incomplete records and inaccurate returns were noted during PCAs. In August 2023, a claim amounting to Rs 461,459 was issued to one local manufacturer registered with MRA since the year 2016, following the PCA covering the period July 2021 to June 2023. No PCA was conducted prior to year 2021.

During the financial year 2022-23, the Internal Audit Division of MRA did not carry out an audit exercise on the administration and collection of Excise duty on SSPs at the Customs Department to evaluate and improve the effectiveness of risk management, control and governance processes.

Root Cause

The Customs Department did not plan to conduct PCAs at the two main local manufacturers and the Internal Audit Division did not plan to carry an internal audit on the administration and collection of Excise duty on SSPs during the financial year 2022-23.

Recommendations

- The Customs Department should plan to conduct PCAs at the two main local manufacturers of SSPs to mitigate the risk of foregoing revenue instead of relying only on monthly returns, for the collection of excise duty on SSPs.

- The Internal Audit Division of MRA should conduct an audit exercise to evaluate the effectiveness of the internal controls and propose additional safeguards to timely detect and prevent under-declaration of Excise duties on SSPs.

MRA's Response

- The Excise Section works in collaboration with the PCA Unit and all information relating to returns and payments effected are communicated for audit purposes. The Unit carries audit mostly for importers as prescribed under Section 25B (7) of the Customs Act.

- An Audit exercise has been included in the 2023-24 Internal Audit Action Plan.

Excise Duty on PET (Polyethylene Terephthalate) Bottles and Other Plastic Products

Since the year 2006, the Excise Unit has been collecting duty of Rs 2 on every PET bottle containing waters, aerated waters, including natural or artificial mineral waters, and aerated waters, amongst others.

The Customs Department collected Excise duty of some Rs 246.4 million on PET and other plastic products during the financial year 2022-23. It included a total amount of some Rs 243.4 million and Rs 2.1 million from local manufacturers and importers of PET products respectively.

According to the Customs Department, there were five registered local manufacturers and 38 importers of PET bottles containing waters, aerated waters, including natural or artificial mineral waters, and aerated waters, amongst others as of 30 June 2023.

Findings

- ***Percentage of Deficit not specified***

A percentage of deficit on defects is allowed when preforms are transformed into PET products. The deficit allowable was not stated in Customs Procedures.

MRA's Response

Necessary amendments will be brought to the Excise Regulations in the forthcoming proposals to the Budget 2024-25.

- ***No Reconciliation Exercise between Imported Preforms by Importers and PET Bottles produced***

A reconciliation exercise between imported Preforms by importers and excisable PET bottles produced by local manufacturers was not carried out as they were subject to control by two different units, namely the Compliance and Excise Units.

MRA's Response

Monthly returns submitted by manufacturers of SSPs and bottlers of water are reconciled with database maintained by each manufacturer. The database which is another check mechanism in place, contains information related to all bills of entry (warehoused and ex-warehoused) lodged by the manufacturers. For any anomaly noted, the manufacturer is queried for appropriate action.

- ***Insufficient Post-Clearance Audits on Excisable PET Bottles***

A Post-Clearance Audit (PCA) is an essential tool used to provide assurance that Customs declarations have been completed in compliance with legal requirements. Although 92 per cent of total revenue on excisable PET bottles, amounting to some Rs 226 million, were collected from two main local manufacturers, no PCA was carried out thereat.

For the remaining manufacturers representing eight per cent of total duty collected, the following discrepancies were noted during a PCA carried out at the premises of one of them:

- The manufacturer has been a registered bottler of water at Customs Department since December 2017 and holds a licence permitting the exploitation and use of groundwater. Following the PCA conducted in year 2022, two Notices of Underpayment were issued to the manufacturer in March and April 2023, respectively. As of 30 June 2023, the amount due by the company in respect of excise duty and taxes including penalty and interest totalled Rs 10.9 million.

- Underpayments detected by the PCA prior to January 2020 could not be claimed as Section 7A (1) of the Customs Act states that:

  "*Notwithstanding section 24A and any other customs law, the Director-General shall not, in relation to the liability of a person to pay any amount of duty, excise duty and taxes-*

  (a) require any information or return; or

  (b) make any assessment or claim,

  under the customs laws in respect of a validated bill of entry passed before a period of 3 years, unless, in the opinion of the Director-General, he is satisfied that there is prima facie fraud."

- ***Inadequate Control on Monthly Returns***

The two main local manufacturers producing diverse range of products submit monthly returns relating to PET bottles and SSPs to the Customs Department. From an examination of the returns, it was noted that information relating to Preforms, such as opening stock of pump bottles, filled up bottles, defects amongst others, which is important to assess the accuracy and completeness of PET bottles produced and sold, was not included in the monthly returns. The completeness and accuracy of excise duty collected on PET bottles could not be ascertained.

Root Cause

The risks relating to excisable PET bottles were not properly managed at Customs Department. The PCA focused on those local manufacturers accounting for eight per cent of total revenue.

Recommendations

The Excise Unit should:

- ensure that preliminary controls on local manufacturers of excisable PET bottles are working effectively. The PCA Unit should act as an additional safeguard;

- ensure that the recommendations of the PCA unit are properly followed up;

- properly manage risks relating to excisable PET bottles;
- perform additional checks on the records of the local manufacturers to ensure the accuracy and completeness of the figures declared on their monthly returns; and
- carry out surveys on a rotational basis.

MRA's Response

PCA is carried out on selected importers based on risk assessment. Recommendations of PCA are already taken into consideration whereby appropriate entry for selections are inserted in Customs Management System for targeting purposes. A team has been created for excise audits.

9.2.10 Follow-up of Matters Raised in the Audit Report 2021-22

A follow up of matters raised in the Audit Report for the financial year 2021-22 was carried out. The Customs Department was requested to inform the National Audit Office of the actions that have been taken to address the findings and recommendations in the Report. The information along with evidence collected through review of files and documents were assessed and discussed with the Customs Department.

The status on actions taken on findings since the publication of the Audit Report are summarised below. Out of 15 findings, four (27 per cent) have been resolved, two (13 per cent) have been partially resolved and nine (60 per cent) have not been resolved.

SN	Findings	MRA's Response – Status as at 18 January 2024	NAO Comments
	Arrears of Revenue		
1	Customs Department did not recover arrears of Rs 815,000 due to the wrong classification in the importation of three buses. *(Pg 199, Para 9.3.5)*	A PSV licence for the third bus only produced and it was decided not to proceed further with the matter.	**Resolved**
2	As of 30 June 2022, a total amount of Rs 1,236,976 relating to two claims issued in May and July 2021 to a Company for underpayment of VAT, penalties and interests, was still due. *(Pg 200, Para 9.3.5)*	One claim amounting to Rs 33,940 was settled and for the second, the Company brought to account customs, excise duty and tax of Rs 862,475 and requested waiving of penalties and interest due.	**Resolved**
3	Detected under-declaration of costs on 33 BOEs for the period February 2018 to May 2020 despite the Company was importing the goods since April 2016. *(Pg 200, Para 9.3.5)*	The case was still at ARC fixed for Hearing on 16/02/2024.	**Not Resolved**
4	As of 30 June 2022, the arrears of revenue included duties totalling Rs 17.7 million relating to the undervaluation of cars in five cases referred to the Police Service since 2015. DPP advised no further action in two cases. *(Pg 202, Para 9.3.5)*	Book and records have been updated and same has been reflected in Statement of Arrears of Revenue as at Dec 2022.	**Partially Resolved**
	Lapses in the Control of Excise Stamps (Page 203)		
5	The serial number of excise stamps returned as spoiled/damaged to the Customs Department was neither recorded in the Register nor included in the quarterly returns submitted by the importers. *(Pg 204, Para 9.3.6)*	For cigarettes more than 95 per cent of damaged excise stamps are torn or defaced and the serial number is hardly readable.	**Not Resolved**
6	There was no documentary evidence on whether the Customs Department caused a stocktaking of excise stamps as required by the Regulations. *(Pg 204, Para 9.3.6)*	It is not feasible to carry out stocktaking exercise of Excise stamps issued to manufacturers who are based abroad.	**Not Resolved**

SN	Findings	MRA's Response – Status as at 18 January 2024	NAO Comments
	Arrears of Revenue		
7	In 2021-22, a major importer of cigarettes had a total of some 1.5 million of spoiled/damaged excise stamps and their serial numbers were not known. *(Pg 204, Para 9.3.6)*	Documentary control is carried on a monthly and quarterly basis to ascertain the movement and stock of excise stamps. Damaged excise stamps are physically checked and counted by the respective officers when returned by Excise Operator.	**Not Resolved**
	Inadequate Monitoring of Activities of One Importer of Cigarettes (Page 204)		
8	The bonded warehouse of one importer was under the control of the Excise Unit instead of the Bond Unit. *(Pg 205, Para 9.3.6)*	Management decision was taken in 2010 to transfer the day-to-day management of the bonded warehouse from Bond Unit to Excise Section.	**Not Resolved**
9	The Customs Department did not have online access to the CCTV system and the computerised records for this bonded warehouse as required by Customs Act. *(Pg 205, Para 9.3.6)*	As from 16 March 2023, Customs has access to the CCTV system and the computerised records of the Bonded warehouse.	**Resolved**
10	Stocktake certificates of goods for the last three years ending 31 December 2021 were not submitted to the Customs Department by the Company in accordance with Customs Regulations. *(Pg 205, Para 9.3.6)*	A copy stocktake certificate for the year ending 31 December 2022 was submitted on 31 January 2023.	**Resolved**
	Excise Duty on Sugar Sweetened Products (SSPs) **Insufficient Control on Licensing (Page 206)**		
11	In 2021-22, 22 local manufacturers of (SSPs) were operating without a licence. *(Pg 206, Para 9.3.7)*	No site visits carried out at the premises of manufacturers operating without a licence as there were no mention of the manufacturer's name / address in the labels of the SSP products.	**Not Resolved**

SN	Findings	MRA's Response – Status as at 18 January 2024	NAO Comments
12	No action was even taken by the Customs Department as per Section 40 (1) (a) of the Excise Act against the 22 manufacturers for selling SSPs without holding any licence. *(Pg 206, Para 9.3.7)*	The retailers were verbally instructed to remove the products from shelves and refrain from selling products from unregistered manufacturers and to consult the list of licenced manufacturers published on the MRA website.	**Not Resolved**
	Insufficient Control on Document Certifying Sugar Content (Page 206)		
13	The documents submitted by the local manufacturers dated more than five years. Despite this fact and limitations expressed by Government Analyst Division (GAD), the documents were used to ascertain the accuracy of excise duty collected. *(Pg 206, Para 9.3.7)*	Pursuant to regulation 33A, where a SSP is put for home consumption for the first time, where there is a change in the sugar content of a SSP or when the Director-General has suspicion on the accuracy of the sugar content of the SSP, a document certifying the sugar content of the sugar sweetened product has to be submitted.	**Not Resolved**
14	During financial year 2021-22, the Customs Department did not take any sample of SSPs from the local manufacturers for the GAD to carry out analysis of sugar content. *(Pg 207, Para 9.3.7)*	No reply	**Partially Resolved**
15	No quarterly stocktaking of the excisable goods at local manufacturers of SSP was carried out as required by the Excise Regulations. *(Pg 207, Para 9.3.7)*	Excise visits at the premises of manufacturers of SSPs are scheduled twice a year.	**Not Resolved**

9.3 CORPORATE AND BUSINESS REGISTRATION DEPARTMENT

9.3.1 Revenue Management

During the financial year 2022-23, collection of fees in respect of Company Licences, Fines and Incorporation Lodging Fees and Others totalled some Rs 216 million and arrears totalled some Rs 113 million as of 30 June 2023.

Findings

- ***Completeness and Accuracy of Revenue***

Audit of revenue for the financial year 2022-23 revealed that the Corporate and Business Registration Department (CBRD) had not initiated any corrective action in respect of the shortcomings mentioned below, which were raised in the Audit Reports for the financial years 2019-20, 2020-21 and 2021-22.

(a) Revenue collected as per the Companies and Businesses Registration Integrated System (CBRIS) and Treasury Accounting System (TAS) did not tally.

(b) Debtors' accounts not updated.

(c) Significant increase in the number of skipped receipts over the years.

(d) Slow recovery of arrears and debts written off.

Hence, the completeness and accuracy of revenue collected and the arrears figure in respect of the financial year 2022-23 could still not be ascertained.

- ***Discrepancies in Revenue Figures***

During the financial year 2022-23, the revenue collected figures as per CBRIS and those of Adjusted TAS were reconciled and a difference of Rs 615,346 was noted. The monthly differences ranged from negative Rs 146,900 to positive Rs 57,300.

- ***Debtors Accounts not Updated***

During the financial year 2022-23, refunds of some Rs 1.5 million, representing overpaid fees by debtors were effected through TAS. However, these were not updated in the respective debtors' accounts in CBRIS due to the unavailability of a module in the system.

- ***Significant Increase in the Number of Skipped Receipts***

As per the CBRIS report, revenue collected for the financial year 2022-23 totalled some Rs 835 million.

➢ Some 203,098 receipts were deemed to have been issued for 264,096 payments effected by different entities as per the three reports, namely Daily Cash, e-Payment (YRF) and e-Payment (Excluding YRF) CBRIS.

The large gap of some 61,000 could not be explained, hence, the reports generated from CBRIS could not be relied upon.

- A significant increase of 44,568 in the number of skipped receipts was noted, that is, from 28,947 to 73,515 for the financial years 2021-22 and 2022-23 respectively.

Root Causes

- CBRIS was implemented in the year 2006 and despite undergoing several enhancements over the years, the issues mentioned above have remained unresolved.

- The Service Provider was having difficulty in addressing the system to provide an appropriate debtors module.

- The Accounting Officer has not effected a proper follow-up of the issues on revenue previously reported upon.

- Payments were not loaded in real-time and online payments resulted in skipped receipts due to slow connectivity.

Recommendations

- The Accounting Officer should take corrective action to address the deficiencies in revenue and debtors' management.

- The Service Provider should be requested to investigate into the discrepancies in CBRIS and take appropriate action to resolve the matter at the earliest.

Department's Response

- The discrepancy is due to a timing difference. The Service Providers are investigating the shortcomings and all will be considered while implementing the new CBRIS 3.0.

- No report could be generated due to the unavailability of a module in CBRIS.

- The Service Provider was again requested to address the issue of skipped receipts and a meeting was held on 17 January 2024 in this respect. This issue will also be considered with the new CBRIS 3.0.

9.3.2 Slow Recovery of Debts and Debts Written Off

Arrears of revenue for Registration Fees totalled some Rs 113 million as at 30 June 2023. The Department had recourse to the issue of reminders and compounding exercises for recovery. Hence, revenue management continues to be a high-risk area for CBRD, mainly due to the non-implementation of other more effective debt recovery mechanisms and proper follow-up actions.

- The arrears of revenue ranged from Rs 79 million to Rs 364 million from the years 2011 to financial year 2022-23 as shown in Table 9-15.

- An analysis of the shortcomings highlighted in the Audit Reports from the year 2011 to the financial year 2022-23, revealed that there were no major improvements in the recovery of debts and no new mechanisms to recover the outstanding amounts were introduced.

- The decrease in the arrears figures over these years was mainly attributed to the write-off of debts totalling some Rs 476 million, thus entailing a significant loss of revenue to the Government. Arrears figures over the last 13 years and the respective amounts written off and recovered are given in Table 9-15.

Table 9-15 Arrears, Write Off and Recovered Amounts

Arrears as at	Arrears	Ensuing Financial Period			
		Write off		Recovered	
	Rs million	Rs million	%	Rs million	%
31 Dec 2011	323	-	-	7	2.2
31 Dec 2012	364	164	45	40	11.0
31 Dec 2013	234	53	23	14	6.0
31 Dec 2014	229	90	39	11	4.8
30 June 2015	155	-	-	8	5.2
30 June 2016	167	47	28	8	4.8
30 June 2017	134	65	49	9.4	7
30 June 2018	79	12	15	2	2.5
30 June 2019	91	15	16	7	7.7
30 June 2020	99	-	-	13.5	13.6
30 June 2021	110	-	-	9.5	9.6
30 June 2022	125	30	24	9.4	7.5
30 June 2023	113	-	-	-	-
Total		**476**		**138.8**	

Source: Audit Reports

- The rates of recovery were low and ranged from 2.2 to 13.6 per cent of the total arrears over the 13 years.

- The amount written off and the total debts recovered from the year 2011 to 30 June 2023 totalled some Rs 476 million and Rs 138.8 million respectively. The amount written off outweighed the amount recovered.

- Delay was also noted in the issue of reminders to the defaulting entities.

Department's Response to Shortcomings Previously Highlighted in Audit Reports

- A Monitoring Committee had been set up to ensure that fees due were collected and compounding of offences for non-payment were resorted to. However, as of October 2023, the Monitoring Committee was not set up.

- Compounding of offences remained a very effective and efficient means of recovering arrears, since it reduced arrears of revenue significantly.

  However, the decrease in arrears was mainly due to write-off.

- All avenues had been explored and the recovery rate was well beyond its control.

  No new measures were put in place to expedite recovery of arrears.

- Procedures for debt recovery were properly monitored and unless the law is changed, this office would have to comply with the strict procedures contained therein. As of December 2023, no amendments were seen in this respect.

Root Cause

No corrective action had been taken by the Accounting Officer over the years to maximise debt recovery.

Recommendations

- The Accounting Officer has to take prompt action to recover debts and explore other viable avenues to recover arrears.

- A Monitoring Committee should be set up at the earliest to identify the reasons for non-payment and to take action accordingly.

- Procedures should be reviewed and a more robust mechanism should be developed and implemented to minimise loss of revenue.

Department's Response

- Compounding of offences being a very efficient system of recovery has reduced arrears of revenue significantly.

- A formal Monitoring Committee will be set up.

9.3.3 Arrears of Revenue

- ***Age Analysis-Upward Trend in Arrears***

The age analysis of arrears of revenue as of 30 June 2023 is shown at Table 9-16.

Table 9-16 Age Analysis of Debtors

Financial Years	Amount Due (Rs million)			
	Fees	Fines	Total	%
Up to 30 June 2019	29.8	14.6	44.4	39.4
2019 – 20	6.6	3.4	10.0	8.9
2020 – 21	10.2	5.2	15.4	13.6
2021 – 22	11.1	5.5	16.6	14.7
2022 – 23	17.6	8.7	26.3	23.4
Total	**75.3**	**37.4**	**112.7**	**100.0**

Source: Debtors Age Analysis CBRIS report

As at 30 June 2023, out of a total of Rs 113 million, some Rs 44 million, representing 39 per cent of total arrears of revenue, relate to years prior to 1 July 2019. The arrears figure has been on an upward trend since the financial year 2019-20, as shown in Table 16 above.

- ***Debtors Listing not Available***

➢ According to the Return of Arrears of Revenue submitted to the Accountant General, out of Rs 125 million outstanding as of 1 July 2022, only some Rs 9.4 million, (7.5 per cent), being a balancing figure, were recovered during the financial year 2022-23, as shown in Table 9-17.

Table 9-17 Arrears of Revenue – Written off and Amount Recovered

		Ensuing Financial Years			
Years	**Arrears**	**Write off**		**Recovered**	
As at 1 July	**Rs million**	**Rs million**	**%**	**Rs million**	**%**
2018	79	12.0	15.0	2.0	2.5
2019	91	15.0	6.5	7.0	7.7
2020	99	-	-	13.5	13.6
2021	110	-	-	9.5	8.6
2022	125	29.5	23.6	**9.4**	**7.5**
2023	113	-	-	-	-

Source: Returns of Arrears of Revenue

➢ A detailed list of debtors to substantiate the figure of some Rs 26 million in the Return of Arrears of Revenue and Rs 9.4 million recovered for the financial year 2021-22 was not available for verification. Hence, the completeness of debtors could not be ascertained.

Root Cause

The Accounting Officer has not taken appropriate action to replace the old version of CBRIS.

Recommendations

- Necessary action should be taken to have a comprehensive CBRIS.
- Monitoring of debtors should be strengthened to ensure timely recovery of debts.

Department's Response

- All avenues have been explored to recover all arrears of revenue.
- New reports on the list of debtors and appropriate modules will be included in the new CBRIS 3.0 to enable a more efficient monitoring of all arrears of revenue.

9.3.4 Trade Fees

Following an amendment to the Local Government Act (LGA) in 2019, CBRD started collecting trade fees on behalf of the Local Authorities (LAs) as from January 2020.

Findings

- ***Collection of Trade Fees-Unexplained Differences***

During the financial year 2022-23, the amounts collected, as per CBRIS and TAS, were some Rs 410 million and Rs 414 million respectively. An unexplained difference of some Rs 4 million was noted.

- ***Debtors Listing not Available on the Current Platform***

➢ Since the year 2020 to date, detailed lists of debtors have not been generated from CBRIS. The debtors figure was not known and hence, LAs have been unable to raise claims for non-payment. Extraction of the debtors list from the database would entail an additional intervention cost from the Service Provider, which would have to be met by CBRD.

➢ Failure to issue claims to business operators who did not settle the amount due represented a loss of revenue to LAs.

➢ Non-payment of trade fees implies that the business is operating illegally.

Root Causes

- Payments made online were not loaded on CBRIS on a real-time basis.
- Incompatibility in IT systems of LAs (Ebiz) and CBRD (CBRIS).

Recommendation

CBRD and LAs should use a common IT platform for CBRD to curtail additional costs charged by the Service Provider for each intervention.

Department's Response

- Inability to update database due to incompatibility between IT systems operated by LAs and CBRD.

- CBRD has provided training on access to CBRIS to all LAs from 6 to 16 November 2023.

9.3.5 Service Delivery- Low Electronic Payments of Trade Fees

CBRD offered services such as:

(i) Access to a centralised source of information;

(ii) Provision of Online Facilities;

(iii) Provision of copies of documents;

(iv) Collection of Annual Registration Fees; and

(v) Collection of classified trade fees on behalf of LAs.

Payment of fees may be effected either by attending cash office or online.

During the financial year 2022-23, some Rs 410 million were collected from 64,907 business operators.

Finding

Out of the 64,907 business operators, only 23,398 effected payments through the online system, representing some 36 per cent, which is low.

Root Cause

The Accounting Officer did not carry out intensive sensitisation campaign.

Recommendations

- The Accounting Officer and LAs have to sensitise the business operators to adopt the online payment modes due to their convenience and speed.

- The Accounting Officer should consider introducing incentives, to encourage online payment.

Department's Response

LAs have already been requested to sensitise the business operators to effect payments online.

9.3.6 Non-Renewal of Lease Agreement

CBRD occupies the following office spaces rented from different lessors in the One Cathedral Square Building:

(i) Company A (Lower Ground Floor, Ground Floor, 3rd level & 13th level);

(ii) Company B (5th Floor) ; and

(iii) Company C (11th Floor).

During the financial year 2022-23, rent paid totalled some Rs 19.6 million.

Finding

The lease agreement with Company B for the rental of office space in respect of both wings on level 5, which expired on 31 March 2020, was not renewed and rent was paid on a month-to-month basis.

Without a valid and duly signed lease agreement, the Department faces the risk of not having any specific remedies in case of an order by the landlord to vacate the building any time, without prior notice or compensation for any damages caused to the Department's assets.

As of 17 October 2023, the lease agreement was still not renewed.

Root Cause

No proper monitoring was done by the Office Management Executive responsible for managing office accommodation.

Recommendation

Lease Agreements should be finalised to avoid uncertainty as to occupation and possible future disputes.

Department's Response

The lease agreements with Company B for the periods 01 April 2020 to 31 March 2023 and 1 April 2023 to 31 March 2026 for both wings of Level 5 have not yet been signed.

9.3.7 Non-Renewal of Fire Certificates

Section 19 (1) of the Mauritius Fire and Rescue Service Act 2013, requires that the owner of such premises as may be prescribed shall apply to the Chief Fire Officer for a fire certificate in relation to the premises, which certifies that all safety requirements have been met in relation to those premises and no premises shall be occupied or used unless the owner has been issued with a fire certificate.

The absence of fire certificates for buildings used for the provision of services to the public represents an important risk for Government in not meeting safety standards.

Finding

Fire Certificates which expired on 28 October 2021 were not renewed as of November 2023 for CBRD offices.

Root Cause

No proper monitoring was done by the Office Management Executive responsible for managing office accommodation.

Recommendation

CBRD should ensure that the premises occupied have valid fire certificates to ensure the safety of staff and the public.

Department's Response

The owner of One Cathedral Square Building has applied for a valid Fire Certificate on 13 September 2023.

9.3.8 Risk Management Framework – Not yet developed

In December 2021, the Ministry of Finance, Economic Planning and Development (MoFEPD) issued a circular regarding the establishment of Risk Management (RM) in the Public Sector.

In view of facilitating the process, MoFEPD developed Guidelines for the establishment of a RM Framework in Ministries/Departments. According to the Guidelines, the Accounting Officer is accountable for the overall governance and has the ultimate responsibility for RM.

Findings

- The RM policy had not yet been implemented as there was no staff holding the necessary expertise to carry out a risk assessment.

- The time frame for implementation of RM was not set.

Root Cause

The Accounting Officer did not initiate action to implement the RM Framework.

Recommendations

- A time frame should be set for the implementation of the RM Framework.

- Circular No. 8 of 2021 on Guidelines for establishment of RM in the Public Sector should be complied with.

Department's Response

The delay for non-implementation of the framework is beyond the control of the Department as no training was provided by the Internal Control Unit of MoFEPD following requests made.

9.3.9 Follow-up of Matters Raised in the Audit Report 2021-22

A follow up of matters raised in the Audit Report for the financial year 2021-22 was carried out. CBRD was requested to inform the National Audit Office of the actions that have been taken to address the findings and recommendations in the Report. The information along with evidence collected through review of files and documents were assessed and discussed with the Department.

The status on actions taken on findings since the publication of the Audit Report are summarised below. Out of four findings, one has been partially resolved (25 per cent) and three have not been resolved (75 per cent).

SN	Findings	CBRD's Response – Status as at January 2024	NAO Comments
	Revenue Management – Absence of Proper Records (Page 209)		
	Deposit Account - Trade Fees		
1	Discrepancies in Trade Fees figures: Unexplained difference of Rs 2.6 million between detailed lists provided by CBRD and Treasury Abstract System (TAS) as at 30 June 2022. *(Pg 209, Para 9.4.1(a))*	Part of the difference could be the payment of trade fees, not accounted on the system as there is no module for Limited Liability Partnership (LLP). New Module for LLP is being taken up with SIL.	**Not Resolved**
2	Inability to update database due to incompatibility between IT systems operated by the Local Authorities (Ebiz) and CBRD (CBRIS). *(Pg 209, Para 9.4.1(a))*	CBRD has provided training on access to CBRIS to all LAs from 6 to 16 November 2023.	**Partially Resolved**
	Deposit Account - Foreign Registration Fees (Page 210)		
3	Unreconciled Difference: For the financial year 2021-22, difference of some Rs 8 million between TAS and CBRIS could not be explained. *(Pg 210, Para 9.4.1(b))*	***Department's Response*** Differences between TAS and CBRIS were due to: (i) Payments made online were not loaded on CBRIS on a real time basis. (ii) The issue is also with the conversion rate of US$ to Mauritian rupees. (iii) SIL and MNS are investigating the possible causes of payment not loaded timely in CBRIS and this will be considered in the new CBRIS 3.0.	**Not Resolved**
4	27 deposit accounts totalling some Rs 7.7 million which remained unclaimed for more than five years were not transferred to revenue. These included two companies which have changed their names and 13 defunct companies. *(Pg 210, Para 9.4.1(b))*	The amount of Rs 7.7 million relates to 'Companies Special Deposit Account' pursuant to Section 315(3A) of the Companies Act and cannot be transferred to revenue.	**Not Resolved**

9.4 REGISTRAR-GENERAL'S DEPARTMENT

9.4.1 Improving Service Delivery

The Mauritius e-Registry System (MeRS) has improved its service delivery and caters for a complete online system ranging from submission of documents, payments, and retrieval of registered documents.

- ***Limited Accessibility to the Online Search***

Remote Search in MeRS access is available from 8.00 am to 6.30 pm on weekdays by major stakeholders, namely notaries, banks, land surveyors, insurance companies and several public sector agencies upon request, for a monthly fee of Rs 2,000.

Finding

Access to online search on MeRS between 8.00 am to 6.30 pm might cause inconvenience to stakeholders.

Root Cause

The online module did not cater for search beyond normal working hours.

Recommendation

In order to meet the increasing demands of its stakeholders, the Registrar-General's Department (RGD) should consider extending the search hours to a 24/7 basis.

Department's Response

Enhancement of the search module to further extend the search hours is underway and will be implemented during the financial year 2023-24.

- ***Delay in the Implementation of an Online One-Stop-Shop***

In line with Government Strategy towards the digitalisation of services both at National Land Transport Authority (NLTA) and RGD, an online registration system was being developed by NLTA at the premises of RGD since 10 August 2020.

This required data for the registration of motor vehicles to be retrieved in real-time from the Civil Status Division, Ministry of Commerce and Consumer Protection, Mauritius Revenue Authority-Customs Department, NLTA and the Corporate and Business Registration Department through an InfoHighway Platform.

The initial project completion date of June 2023 was rescheduled to June 2024. The outcome of the project would be the delivery of a seamless and faster service, eliminating the need for stakeholders to physically visit different offices as all information will be available online. Memorandum of Understanding (MOU) were to be signed by RGD and the five organisations mentioned above.

Findings

- As of December 2023, due to the delay in completion of the project, the members of the public had to queue up and wait for long hours at NLTA counters for applications regarding ‘Certificat de Gage sans Deplacement’, before proceeding for registration at RGD and for transfer of ownership.

- The MOU defining the roles and responsibilities of each party to the project had still not been signed.

Recommendation

The Accounting Officer of RGD should ensure that all parties sign the agreement as soon as possible.

Department’s Response

- The digitalisation of three of the five institutions which required the sharing of data through the InfoHighway are delaying the project.

- Long queue was due to delay in implementing the online service by NLTA.

- All MOUs would be signed upon successful completion of the User Acceptance Test by RGD.

9.4.2 Follow-Up of Matters Raised in the Audit Report 2021-22

A follow up of matters raised in the Audit Report for the financial year 2021-22 was carried out. The RGD was requested to inform the National Audit Office of the actions that have been taken to address the findings and recommendations in the Report. The information along with evidence collected through review of files and documents were assessed and discussed with the Department.

The status on actions taken on findings since the publication of the Audit Report are summarised below. Out of five findings, one has been resolved (20 per cent), two have been partially resolved (40 per cent) and two have not been resolved (40 per cent).

SN	Findings	RGD's Response – Status as of February 2024	NAO Comments
	Revenue Management – Slow Recovery of Debts and Other Issues (Page 211)		
1	The arrears figure included: ▪ Some Rs 159 million related to 42 debtors owing more than Rs 1 million each. The debtors figure included Rs 2.6 million in respect of time barred debtors and Rs 72 million in respect of companies which were defunct or in process of winding up. ▪ Rs 24 million- amount due in respect of debtors whose taxes were either originally underclaimed or reassessment not carried out and Campement Tax due totaling Rs 12 million for more than ten years. *(Pg 211, Para 9.5.1)*	Approval for write off of some Rs 76 million is still being awaited.	**Partially Resolved**
	Inadequate Follow Up of Debtors (Page 212)		
2	During the financial year 2021-22, 536 reminders were issued to the current year debtors only. Debtors for previous years were not requested to settle their debts. *(Pg 212, Para 9.5.1)*	• A meeting will be scheduled to discuss the cases referred to MRA. • The implementation of the Valuation Roll is still being awaited.	**Not Resolved**
	Cases Pending at the Assessment Review Committee (ARC) (Page 214)		
3	▪ Total collectible amount for cases pending to be resolved at ARC relating to period Jan 2017 to June 2022 was not available. ▪ Discrepancies were noted between the master database kept in excel by the Valuation Unit and the Mauritius e-Registry System (MeRS) pertaining to ARC cases, as the status was not updated in MeRS. *(Pg 214, Para. 9.5.2)*	• Removal of discrepancy is in progress for prior years. • The Status in MeRS has been updated.	**Partially Resolved**

SN	Findings	RGD's Response – Status as of February 2024	NAO Comments
	Loss of Revenue Due to Delays in Reassessment/Revaluation(Page 213)		
4	▪ Untraceable debtors totaling some Rs 1.9 million for 30 cases could not be claimed as the notices sent were returned undelivered. ▪ No exercise was carried out by the Valuation Department to reassess the market value of the campement. *(Pg 213, Para 9.5.1)*	• Officers do not have access to other means to retrace the addresses of the untraceable debtors unless empowered by the legislations. • Exploration of all avenues is deemed to be carried out by the Police Service who are empowered to do so as it falls under their purview. • Reminders to Valuation Office were sent during years 2023 and 2024 to reassess the market value of the campement. Reply is still being awaited.	**Not Resolved**
	Inadequate Records (Page 214)		
5	Inadequate records available for Home Ownership and Home Loan Payment Schemes for which the balances as per National Resilience Fund (NRF) and Treasury Accounting System (TAS) were not reconciled. *(Pg 214, Para 9.5.1)*	From July 2022, the balances as per and NRF and TAS were reconciled.	**Resolved**

10 – MINISTRY OF ENERGY AND PUBLIC UTILITIES

10.1 Governance Issues – Non-compliance with Legislation

Provisions have been made in various legislations to impose a statutory responsibility on Accounting Officers and Boards of Statutory Bodies with the objective of strengthening accountability and transparency in the public sector.

Non-submission of Report on Performance

As of 18 December 2023, the Report on Performance of the Ministry of Energy and Public Utilities for the financial year 2022-23 had not yet been submitted to the Ministry of Finance, Economic Planning and Development, despite the statutory deadline being 31 October 2023.

Non-submission of Financial Statements for Audit

The Statutory Bodies (Accounts and Audit) Act requires the Chief Executive Officer of a Statutory Body to submit the Annual Report, including Financial Statements, to the auditor not later than four months after the end of every financial year.

As of 14 December 2023, the Utility Regulatory Authority (URA) falling under the aegis of the Ministry of Energy and Public Utilities had not yet submitted its Financial Statements for the financial year 2022-23 for audit.

Annual Reports not laid before the National Assembly

The Statutory Bodies (Accounts and Audit) Act requires a copy of the annual report and audited accounts of every Statutory Body to be laid before the National Assembly at the earliest opportunity.

As of 14 December 2023, the Central Water Authority, falling under the purview of the Ministry of Energy and Public Utilities, had not yet laid its audited Financial Statements for the financial years 2019-20, 2020-21 and 2021-22 before the National Assembly, although they had been certified by NAO on 14 February 2022, 13 March 2023 and 22 November 2023 respectively.

Ministry's Response

- The Annual Report on Performance for the Financial Year 2022-2023 was approved on 29 November 2023, due to delayed information received from parastatals on their projects, but through oversight, was transmitted to the Ministry of Finance, Economic Planning and Development on 30 January 2024.

- According to URA, its unaudited Financial Statement for the financial year 2022-23 has been finalised and will be submitted for approval to the URA Board at its next meeting.

- The Central Water Authority (CWA) has submitted its Annual Report for financial year 2019-2020 on 11 January 2024 and same has been processed for submission to the National Assembly. Regarding the Annual Report of 2020-21 and 2021-22 which will include the audited Financial Statements, the CWA has informed that same will be submitted to the Ministry by latest April 2024 for tabling to the National Assembly.

NAO is of the view that the Ministry should exercise control over Statutory Bodies operating under its aegis to ensure that they fulfil their statutory responsibilities regarding the preparation of financial statements, their submission for audit and tabling before the National Assembly.

11 - Ministry of Social Integration, Social Security and National Solidarity

11.1 Social Integration Division

11.1.1 Follow-up of Matters Raised in the Audit Report 2021-22

A follow up of matters raised in the Audit Report for the financial year 2021-22 was carried out. The Social Integration Division (SID) was requested to inform the National Audit Office of the actions that have been taken to address the findings and recommendations in the Report. The information along with evidence collected through review of files and documents were assessed and discussed with SID.

The status on actions taken on findings since the publication of the Audit Report are summarised below. Out of four findings, one (25 per cent) has been resolved, one (25 per cent) has been partially resolved and two (50 per cent) have not been resolved.

SN	Findings	SID's Response – Status as at January 2024	NAO Comments
	Implementation of New Schemes – Issues with Certification of Claims (Page 221)		
1	SID had disbursed some Rs 3.7 million to NEF on certified claims that did not include the Social Register of Mauritius (SRM) reference numbers for free sanitary towels and optical glasses. *(Pg 221, Para 11.1.1)*	Remedial actions have been taken and issues addressed accordingly.	**Resolved**
	Social Housing Projects for Vulnerable Groups – Inability to meet Demand for NHDC Housing Units (Page 450)		
2	As per listing submitted by NEF, some 1,500 SRM households were interested to be provided with NHDC Housing Units (HU). However, only 261 HU were acquired and delivered to eligible SRM beneficiaries as of August 2023. *(Pg 450, Para 13.1.1)*	The number of NHDC HU that can be acquired by the Ministry/NEF is dependent on the number of HU being constructed by NHDC. Any change in existing housing policy is beyond the sole responsibility of SID.	**Partially Resolved**
	Empowerment Support Scheme – Lapses in implementation of Scheme (Page 450)		
3	Integration of SRM with other Government registers/systems was still not done. *(Pg 450, Para 13.1.2)*	As custodian of the SRM, the Social Security and National Solidarity Division (SSD) was approached to have consultative meetings with concerned stakeholders so as to integrate the SRM with other registers/systems.	**Not Resolved**
4	Proxy Means Test (PMT) used was still based on Household Budget Survey 2012. *(Pg 451, Para 13.1.2)*	A preliminary Household Budget Survey would be released in 2024 and Maurice Stratégie will then provide assistance with the review of the PMT.	**Not Resolved**

11.2 SOCIAL SECURITY AND NATIONAL SOLIDARITY DIVISION

11.2.1 Payments of Pensions

During the financial year 2022-23, the Social Security and National Solidarity Division (SSD) disbursed some Rs 49 billion in respect of payments of basic retirement, basic widows and invalid pensions, amongst others, to some 300,000 beneficiaries.

Findings

Over the years, NAO has continuously highlighted that the measures taken to prevent, detect and recover the overpayment of pensions were inadequate. For the financial year 2022-23, the same shortcomings prevailed as detailed hereunder.

- ***Increase in Overpayments of Pensions***

As at 30 June 2023, total overpayments of pensions had reached some Rs 133.8 million, representing an increase of 26 per cent of the overpaid amount of Rs 106.3 million as at 30 June 2022. The following were also noted:

Recovery of Overpayments - 583 new cases totalling some Rs 79.7 million of overpayment of pensions were detected during financial year 2022-23, and out of these, some Rs 41.1 million were not yet recovered as of 30 June 2023.

The Benefits Unit had issued Forms NPS 28 to the respective banks for recovery of the amounts overpaid upon detection of the new cases. However, 64 per cent of overpayments due to death cases, were not recovered. The control mechanism through Forms NPS 28 was, therefore, not effective.

Pay day for pensions – Following public outcry in respect of the decision to pay pensions to beneficiaries, who have opted to have same through bank accounts, on the fourth working day of each month, SSD had to restore the payment schedule to the first working day of each month. It should be noted that the beneficiaries are being paid the pensions in advance each month. Monthly pay sheets are thus forwarded to the respective banks, a few days prior to pay day.

The change in pay day to the first working day of each month caused pensions to be overpaid to those beneficiaries who passed away from the date the monthly pay sheets were sent to the banks up to the end of the month. The deceased persons are not eligible for any pensions as from the next month upon death. As of 30 June 2023, payment of pensions amounting to some Rs 2.4 million were not stopped as from the next month upon death of 141 beneficiaries in the financial year 2022-23. The overpayment could have been avoided if the pay day was other than the first working day of the month.

- ***New Cases with Significant Amounts Overpaid***

A sample of new cases of overpayments with significant amount, detected by SSD during the financial year 2022-23 is listed in Table 11-1.

Table 11-1 New Cases with Significant Amount detected during Financial Year2022-23

Claim File No	Type of Pension	Overpayments			Age (Years) at	
		Amount (Rs)	**Period**	**No of Years**	**Death**	**Detection**
Death Cases						
R50173432	BRP/CRP/SH	2,035,648	Jan 97-Nov 22	25	64	90
R50143551	BRP/SH	2,591,587	Oct 95-Jan 23	27	68	95
R50132201	BRP	2,072,806	Sep 96-Jan 23	26	70	96
R50111643	BRP	2,458,512	Jul 96-Jun 23	27	72	99
R50121043	BRP	2,250,553	Sep 95-Nov 22	27	71	98
R50105556	BRP	2,351,187	Nov 95-Aug 22	26	73	99
Departure Cases						
R50175432	BRP	1,241,810	Nov 92-Oct 22	30	-	89
R50152486	BRP/CRP	1,628,271	Sep 11-Feb 23	11	-	93
R50196552	BRP	1,192,616	Oct 95-Sep 22	27	-	86
R50111939	BRP	1,859,492	Apr 14-Mar 23	9	-	99
R96205425	BRP	2,277,662	Sep 99-Jun 22	22	-	99
R50158543	BRP	1,807,811	Aug 98-Apr 22	23	-	95

Source: Return of Overpayment of Pensions

Note: BRP - Basic Retirement Pension, CRP – Contributory Retirement Pension, SH – Severely Handicapped

Examination of the records in respect of each of the above cases revealed that the control mechanism in place had failed to prevent and detect the overpayment of pensions promptly, as shown below:

- ***Long Periods of Overpayments*** – The beneficiaries were overpaid for periods ranging from 9 to 30 years before being detected. Usually, a beneficiary is not eligible for the pensions as from the following month upon death, and for more than six months in case of departure of the beneficiary abroad. It could not be understood why those cases were not detected for such a long period of time.

- ***Beneficiaries of Severely Handicapped (SH) Allowance*** - Two of the deceased beneficiaries were also drawing the SH allowance. According to the procedures established by SSD, the Medical Board ought to have reassessed the SH beneficiary on a yearly basis, and those beneficiaries aged 90 and above are subject to monthly domiciliary visits by Medical Officers of SSD. However, neither annual assessments were done by the Medical Board nor were they on the list of beneficiaries for regular visits by Medical Officers. For these two cases, the control mechanism for follow-up action had therefore failed as they had remained undetected for more than 25 years.

- ***Beneficiaries aged 90 years or more*** - The other beneficiaries aged 90 and above were also not detected earlier as they did not appear on the list for regular visits by Medical Officers.

- ***Incorrect Records of Beneficiaries of Basic Widows Pensions***

At Paragraph 11.2.3 of the Audit Report for the financial year 2021-22 mention was made that the same Name and National Identity (NID) number were recorded as ‘late husband of beneficiary’ for 545 and 14 beneficiaries of Basic Widows Pensions (BWP) in the Benefits Information System since 15 December 1992 and 1 August 2002, respectively. According to SSD, the situation had occurred at the time of migration of data, whereby a dummy was inserted for the husband’s name with a provisional NID number.

As of September 2023, that is more than 20 years later, the database was still not updated in respect of the “late husband’s name” and date of death for 269 beneficiaries of BWP, as follows:

- In 72 cases, only the late husband’s NID number was retrieved, but the date of death of the latter was still missing.

- 197 other cases were still unresolved, as dummy records showing the names, NID numbers and dates of death of the late husbands were still being used.

Hence, the risk that those beneficiaries may not be genuine still exists. Moreover, the list of religious marriages had still not been obtained and hence, a matching exercise had not been performed to identify any case of re-marriage of BWP beneficiaries. The latter are ineligible to continue drawing BWP upon re-marriage.

- ***Filing System not Efficient and Effective***

Out of 62 claim files requested for audit purposes, only 31, that is, 50 per cent were produced for audit.

Root Causes

The Accounting Officer has not:

- effectively addressed the weaknesses in control mechanisms for the detection of death, departure and other related causes of illegal encashment of pension entitlements by beneficiaries or their kins.

- set up a proper and adequate filing system that would ease retrieval of information.

Recommendations

- The Accounting Officer should urgently update the database of beneficiaries to identify all ineligible cases, and also consider requesting the submission of a Life Certificate by all beneficiaries of pensions in the future.

- The Accounting Officer may also consider rescheduling the pay day for pensions by banks, but only after doing an extensive public explanation campaign on the reason for the change and emphasising on the fact that the monthly pensions are paid in advance. This would allow ample time for processing death cases. It is worth mentioning that over 40,000 beneficiaries who presently receive their pensions through post offices, are being paid from the 4th to 12th working day of each month without any complaint.

- Basic Invalidity Pension and BWP beneficiaries should also be included in the criteria reported by the Passport and Immigration Office on departures exceeding six months.

- The legal framework governing the National Pensions Scheme needs to be strengthened to make provision for recovery of pensions cashed illegally by deceased's kins.

- The filing system needs to be improved considerably to store, record movement and allow for easy retrieval of claim files.

Ministry's Response

- Increased amount of overpayments had come to light due to the fact that more controls were implemented over the recent years. However, concerning overpayments detected in respect of departure and remarriage cases, information on the Info highway system are not up-to-date since many beneficiaries travel with foreign passports and remarriage conducted abroad are not notified respectively.

- In many cases, the Carer's allowance is granted permanently. So, the review is not made yearly in such cases.

- With regard to re-marriages of widows, a letter has been addressed to the concerned Council for submission of a list of marriages recorded on a monthly basis.

- The filing system has been reorganised and a Request for Proposal has been finalised by the Central Informatics Bureau for an Electronic Document Management and Work Flow System.

- The setting up of a Prosecution Unit is under consideration.

11.2.2 Pensions paid in Cash through Post Offices

According to Section 39A of the National Pensions Act 1976, "*The Minister shall, in relation to each person whose claim for a benefit has been allowed, issue a Pension Card*".

Presently, out of a total of some 300,000 social benefits beneficiaries, 42,000, that is some 14 per cent, are still being paid in cash through Post Offices. Some 370 new beneficiaries had opted for payment of pensions in cash for the financial year 2022-23. Pension Cards (PC) are issued only to beneficiaries who are paid their monthly pensions in cash.

Findings

Pensions paid through Post Offices costing Rs 11 million more than through Banks

The payment of pensions through Post Offices was, by far, not a cost-saving option for SSD since disbursement of more than Rs 11 million was being incurred for some 42,000 beneficiaries concerned as shown below.

Pensions through Post Offices

SSD incurred a total amount of some Rs 11.2 million as procurement and distribution of PC, and processing fees for the period March 2022 to June 2023, as follows:

- In March 2022, SSD purchased some 56,000 PC for some Rs 662,000 to replace existing PC, due to expire in March 2022 and for new beneficiaries. The PC were for a duration of two years, that is from April 2022 to March 2024.

  A fee of Rs 14 was charged by the Mauritius Posts Ltd (MPL) per PC distribution. The total expenditure incurred in respect of purchase and distribution of the PC amounted to some Rs 1.2 million.

- During the financial year 2022-23, processing fees of some Rs 10 million were paid to Mauritius Post Limited (MPL) for effecting monthly pensions to some 42,000 beneficiaries. A monthly fee of Rs 14 per beneficiary was charged by MPL up to November 2022 and Rs 20 as from December 2022.

Pensions through Banks

According to the Finance Section, SSD paid only some Rs 40,000 annually as processing fees to banks for over 200,000 pension beneficiaries.

Root Cause

A cost benefit analysis was not carried out.

Recommendations

To curtail costs associated with processing of pension benefits, the Accounting Officer needs to:

- carry out a cost benefit analysis to determine the most appropriate and economical method of payment with least hardship caused to beneficiaries.

- organise extensive campaign all over the island to sensitise beneficiaries to open bank accounts and review the policy decision for a more cost-effective solution.

Ministry's Response

Payment of Contributory and Non-Contributory pensions in cash to beneficiaries by MPL on behalf of SSD stems from a policy decision of 2009. Despite extensive campaign, some beneficiaries are still reluctant to open bank accounts.

11.2.3 Memorandum of Understanding with MPL not yet signed

A draft Memorandum of Understanding (MOU), defining the scope of services, responsibilities of MPL, obligations of SSD and fees chargeable was prepared in November 2022 and the views of concerned stakeholders were sought. As of November 2023, one year later, the MOU was not yet signed.

Moreover, the draft MOU did not cater for the following services entrusted to MPL:

- Renewal of Pension Cards every two years and the distribution fee of Rs 14 per pension card.

- Payment of Social Aid in cash through the issue of ABF 145 (Immediate Payment (IP) voucher), an amount of Rs 8 million advanced to MPL each month and the fee of Rs 20 per IP voucher paid.

- Submission of detailed listings of all paid and unpaid pensions at the end of each month, amongst others.

Root Cause

Inputs from concerned stakeholders were not sought by the Accounting Officer before drafting of the MOU.

Recommendation

The Accounting Officer needs to take corrective action to address the deficiencies before signature of the MOU.

Ministry's Response

The draft MOU will be amended to address NAO's recommendations.

11.2.4 Assets Under-utilised

Three Recreation Centres not reopened since end of Quarantine Period in April 2022

The purpose of setting up Recreation Centres (RCs) was to host residential holiday camps for senior citizens aged 55 years and above as well as persons with disabilities. The RCs provide accommodation in double bedrooms, food and beverages, indoor entertainment, swimming pool activities, outdoor tours in coach and targeted empowerment talk sessions.

The aim is to ensure a comfortable, safe, recreational and hospitable retreat for the elderly as well as disabled persons, thus giving them opportunities to cut off from their daily routine life.

Three RCs, namely Lady Sushil Ramgoolam (LSR), James Burty David (JBD) and Sir Seewoosagur Ramgoolam were returned to SSD in April 2022 after having served as Quarantine Units during the outbreak of COVID-19. The new RC, the Sir Anerood Jugnauth RC situated at Riambel was inaugurated on 16 July 2023, more than two years after the completion of the building in May 2021.

Findings

- As of September 2023, that is more than 16 months after the RCs stopped being used as Quarantine Units, the three above mentioned RCs were still closed and not available for residential camps activities. The expected reopening which was initially planned for April 2023 was postponed to October 2023, and then to December 2023.

  The reasons for delays in the reopening were due mainly to several pending renovation works. For example, at JBD, drain works, sewage pump, swimming pool, grease trap pump and emergency lightings, Fire Certificate and CCTV cameras were yet to be remedied.

- The new RC at Riambel inaugurated in July 2023, was not yet operational due to the fact that contracts were not yet awarded for the provision of catering and laundry services, amongst others.

Root Cause

Proper planning was not done by the Project Monitoring Committee and the Accounting Officer to make the RC operational.

Recommendations

- The Project Monitoring Committee has to take prompt action in respect of renovation works on the RCs.

- The operationalisation of the RCs should be expedited by the Accounting Officer for the benefits of the senior citizens.

Ministry's Response

The recreation centres suffered several structural damages during the period they served as quarantine stations and renovation works are in progress.

11.2.5 Governance Issues – Non-compliance with Legislation

Provisions have been made in various legislations to impose a statutory responsibility on Accounting Officers and Boards of Statutory Bodies with the objective of strengthening accountability and transparency in the public sector.

Findings

Non-Submission of Financial Statements for Audit

The Statutory Bodies (Accounts and Audit) Act requires the Chief Executive Officer of a Statutory Body to submit the Annual Report to the auditor not later than four months after the end of every financial year.

As of 14 December 2023, Statutory Bodies falling under the purview of the Ministry of Social Integration, Social Security and National Solidarity (Social Security and National Solidarity Division), have not submitted their Financial Statements for audit for periods as shown in Table 11-2.

Table 11-2 Financial Statements not submitted to NAO for Audit

Statutory Body	Financial Year	No. of Financial Statements
National Council for the Rehabilitation of Disabled Persons	2020-21 to 2022-23	3
Training and Employment of Disabled Persons Board	2018-19 to 2022-23	5
Senior Citizens Council	2022-23	1

Source: NAO records

Ministry's Response

The financial statements for the Training and Employment of Disabled Persons Board and the Senior Citizens Council will be submitted to NAO by 23 February 2024.

Special Funds: Financial Statements not submitted for audit and audited Financial Statements not laid before the National Assembly

As of 14 December 2023, the National Pension Fund and National Savings Fund falling under the purview of the Ministry of Social Integration, Social Security and National Solidarity (Social Security and National Solidarity Division), had not submitted its Financial Statements for audit for financial year 2022-23.

As of 14 December 2023, the audited Financial Statements of the Non-Government Organisation (NGO)Trust Fund for financial years 2016-17 to 2021-22 and period 01 July 2022 to 03 February 2023 had not yet been laid before the National Assembly.

Table 11-3 Audited Financial Statements not laid before the National Assembly

Statutory Body	Financial Year/ Period	Date Certified	No. of Financial Statements
Non-Government Organisation Trust Fund	2016-17	01.06.2018	7
	2017-18	21.12.2020	
	2018-19	20.04.2023	
	2019-20	19.04.2023	
	2020-21	20.04.2023	
	2021-22	21.04.2023	
	01.07.22-03.02.23	28.08.2023	

Source: NAO Records & National Assembly Hansard

Ministry's Response

The Financial statements for the NPF & the NSF will be submitted to NAO by end of February and March 2024 respectively. Concerning the NGO Trust Fund, the seven Annual Reports will be tabled at the National Assembly by 16 February 2024.

Non-submission of Report on Performance

As of 18 December 2023, the Report on Performance of the Social Security and National Solidarity Division for the financial year 2022-23 had not yet been submitted to the Ministry of Finance, Economic Planning and Development, despite the statutory deadline being 31 October 2023.

NAO is of the view that the Ministry should exercise control over Statutory Bodies and other entities operating under its aegis to ensure that they fulfil their statutory responsibilities regarding the preparation of financial statements, their submission for audit and tabling before the National Assembly.

Ministry's Response

The Report will be submitted by end of March 2024.

11.2.6 Follow-up of Matters Raised in the Audit Report 2021-22

A follow up of matters raised in the Audit Report for the financial year 2021-22 was carried out. SSD was requested to inform the National Audit Office of the actions that have been taken to address the findings and recommendations in the Report. The information along with evidence collected through review of files and documents were assessed and discussed with SSD.

The status on actions taken on findings since the publication of the Audit Report are summarised below. Out of six findings, three (50 per cent) have been resolved and three (50 per cent) have not been resolved.

SN	Findings	Ministry's Response – Status as of January 2024	NAO Comments
	Outstanding Cheques – (Page 223)		
1	Cheques totalling some Rs 2.8 million were still outstanding for more than four years now. *(Pg 223, Para 11.2.1)*	Remedial action to clear the outstanding cheques on the Social Aid System was taken.	**Resolved**
	Delays in Implementation of Capital Projects – (Page 223)		
2	*La Marie Elderly Day Care Centre -* As at 30 June 2022, more than seven years after acquisition of the building in 2015 to house a Day Care Centre for the Elderly and Disabled, same was still unoccupied. (Pg *223, Para 11.2.2*)	Action initiated to carry out renovation and upgrading works through the Ministry of National Infrastructure and Community Development.	**Not Resolved**
3	*Construction of Homes, Projects not yet started* - More than three years after vesting of the plots, both projects had not yet started. (*Pg 223, Para 11.2.2*)	Plots were still unoccupied. It was proposed to bring amendments to the drawings and as of December 2023, same was still awaited for Palmar. Preliminary architectural drawings and estimation of costs for Flic en Flac project will be made after completion of the architectural drawings of Palmar project.	**Not Resolved**
	Slow Recovery of Long Outstanding Overpayments – (Page 224)		
4	Out of total amount of Rs 104.7 million, refunds of some Rs 14,2 million only were received during the financial year 2021-22. *(Pg 224, Para 11.2.3)*	Recovery of overpayments cases was noted to be still slow. Overall recovery rate has decreased from 29 per cent in 2021-22 to 27 per cent in the financial year 2022-23. Moreover, no refunds were received from 427 of the 966 outstanding cases as of 30 June 2022. Concerning the 11 cases totalling some Rs 6.3 million reported since 2019-20, refunds were made by only three of them. Balance of Rs 6.1 million was still outstanding as of 30 June 2023. A maximum of only one-third of the monthly benefit can be retained at source as per provisions of the National Pensions (Claims and Payments) regulations 1977. The Ministry is working on amendments to existing legislations so as to reinforce the mechanism for recovery of overpayments.	**Not Resolved**

SN	Findings	Ministry's Response – Status as of January 2024	NAO Comments
	Inadequate Controls over detection of Overpayment of Social Aid – (Page 226)		
5	Matching exercise not done. Officers not complying with Instructions. *(Pg 226, Para 11.2.4)*	Matching now being done in respect of abandoned women.	**Resolved**
6	List of deceased not generated from the SA Module before renewal of all cases of social aid. *(Pg 226, Para 11.2.4)*	Amendment already made to the Social Aid Module.	**Resolved**

12 - MINISTRY OF INDUSTRIAL DEVELOPMENT, SMEs AND COOPERATIVES

12.1 SMALL AND MEDIUM ENTERPRISES DEVELOPMENT

12.1.1 Risk Management Framework - Not yet developed

In December 2021, the Ministry of Finance and Economic Planning and Development (MOFEPD) issued a circular regarding the establishment of Risk Management (RM) Framework in the Public Sector.

In view of facilitating the process, MoFEPD developed Guidelines for the establishment of a RM Framework in Ministries/Departments. According to the Guidelines, the Accounting Officer is accountable for the overall governance and has the ultimate responsibility for RM.

Finding

As of October 2023, the SMEs Division had not yet developed a RM Framework as required by Circular No. 8 of 2021. Hence, the identification and management of risk could not be carried out.

Root Cause

The Accounting Officer did not initiate actions for developing the Ministry's RM Framework and did not seek assistance from MoFEPD for the provision of necessary training to Officers of the Ministry for preparing the RM Framework.

Recommendations

- The Accounting Officer should establish a RM Framework and Strategy within reasonable time.

- The composition and the mandate of the RM Committee including roles, responsibilities and accountability should be clearly defined and approved by the Accounting Officer.

Ministry's Response

The RM Framework has not been implemented.

12.1.2 Governance Issues – Non-compliance with Legislation

Provisions have been made in various legislations to impose a statutory responsibility on Accounting Officers and Boards of Statutory Bodies with the objective of strengthening accountability and transparency in the public sector.

Findings

Non-submission of Financial Statements for Audit

The Statutory Bodies (Accounts and Audit) Act requires the Chief Executive Officer of a Statutory Body to submit the Annual Report to the auditor not later than four months after the end of every financial year.

As of 14 December 2023, financial statements for the Small and Medium Enterprises Development Authority (SMEDA), falling under the aegis of the Ministry of Industrial Development, SMEs and Cooperatives (SMEs Division), have not yet been submitted for audit for the periods 1 January 2016 to 30 June 2017 and 1 July 2017 to 18 January 2018. SMEDA had ceased operation on 18 January 2018.

NAO is of the view that the Ministry should exercise control over Statutory Bodies operating under its aegis to ensure that they fulfil their statutory responsibilities regarding the preparation of financial statements, their submission for audit and tabling before the National Assembly.

12.1.3 Follow-up of Matters Raised in the Audit Report 2021-22

A follow up of matters raised in the Audit Report for the financial year 2021-22 was carried out. The SMEs Division was requested to inform NAO of the actions that have been taken to address the findings and recommendations in the Report. The information along with evidence collected through review of files and documents were assessed and discussed with the Ministry.

The status on actions taken on finding since the publication of the Audit Report are summarised below. The finding has not been resolved.

SN	Finding	Ministry's Response – Status as at January 2024	NAO Comments
	Governance Issues - Non-Compliance with Legislation (Page 231)		
1	Financial statements for the SMEDA for periods 1 January 2016 to 30 June 2017 and 1 July 2017 to 17 January 2018 were not submitted for audit. *(Pg 231, Para. 12.1.1)*	The financial statements for SMEDA were not yet submitted for audit as at January 2024.	**Not Resolved**

12.2 COOPERATIVES DEVELOPMENT

12.2.1 Liquidation of Cooperative Societies – Non-compliance with Cooperatives Act

Part XIV of the Cooperatives Act details the processes for the dissolution and liquidation of Cooperative Societies.

As at 30 June 2023, there were 242 Cooperative Societies under liquidation most of which operating in the agricultural sector, microfinancing and entrepreneurship as shown in Table 12-1.

Table 12-1 Societies under Liquidation Sector-wise

Sector/Activity	Number of Societies under Liquidation
Mixed Farming	45
Agriculture	31
Micro Finance/Credit Union	32
Fisheries	20
Animal Farming/Livestock/Poultry	25
Women Entrepreneurship	19
Small entrepreneurs	15
Retail	10
Others	45
Total	**242**

Source: Database submitted by Registrar of Cooperative Societies

NAO reviewed a sample of 30 societies under liquidation, chosen on a random basis from the population of 242 societies.

Findings

- ***Non-Submission of Monthly Progress Reports on Liquidation***

Out of 30 liquidation files examined, the appointed liquidator did not submit the monthly progress reports regularly in four cases. Section 97(2)(a) of the Cooperatives Act stipulates that a liquidator shall, at least once every month, submit to the Registrar of Cooperative Societies (RCS) a report stating the progress made in the winding up of the affairs of the society.

The non-submission of monthly progress reports by the liquidators prevented the Liquidation and Arbitration Unit from assessing the status and progress reached in these liquidation cases.

- ***Liquidation Process not completed within One Year***

Section 97 (3) of the Cooperatives Act requires that a liquidator shall terminate the winding-up process within one year of his appointment or within such extended time as the RCS may approve.

In the 30 cases reviewed, the liquidators did not complete the liquidation process as mandated by Section 97 (3). An age analysis of the cases for which liquidation process was not completed within the timeframe after appointment of the liquidator is shown in Table 12-2.

Table 12-2 Liquidation not completed

Time Frame	**No. of Cases**
Over one year	4
2 to 3 years	2
3 to 4 years	14
4 to 5 years	7
5 to 6 years	1
Over 10 years	2

Source: Ministry's Database and Files

The RCS granted an extension for the completion of the liquidation process in 19 cases and did not grant extension for two cases. For the remaining nine cases, liquidation process could not be finalised due to the unavailability of funds at society level.

- ***Notice to Creditors not published***

Section 96(1)(b) of the Act states that the liquidator has the power to fix, by notice in the Government Gazette and two daily newspapers, a day on which creditors whose claims are not recorded in the books of the society to state their claims for payment, failing which such claims shall be excluded from any distribution.

In eight cases, the required notices to creditors were not published, contrary to Section 96(1)(b) of the Act. Hence, the completion of the liquidation process was delayed.

- ***Notice of Closure not published***

Section 100 (2) of the Act states that where the liquidation of a society has been closed, the liquidator shall give notice of the closure of the liquidation in the Government Gazette and in two daily newspapers.

In 12 cases, as the Notices of closure were not published due to unavailability of funds at society level, the liquidation process was not completed. The RCS was requested by the liquidators to seek funds from the Cooperative Development Fund (CDF) for the publication of the notices of closure, but no action was taken as of November 2023.

- ***Other Reasons for Non-Completion of Liquidation Process***

Liquidation processes were also delayed for reasons beyond the control of liquidators, such as an investigation being carried out by the Central Criminal Investigation Department for misappropriation of funds and difficulties in disposal of assets owned by the society.

Root Causes

- The RCS did not put in place a proper monitoring system with respect to the non-submission of monthly progress reports on liquidation; and

- The RCS had not taken prompt action to request funds from the CDF for the publication of notices in newspapers and in the Government Gazette.

Recommendations

- The RCS should:

  (i) ensure that all the requirements of the Cooperatives Act with respect to liquidation are adhered to by the liquidator.

  (ii) apply for disbursements of funds from CDF for publication of notices, following requests from the liquidator.

- The Liquidation and Arbitration Unit should carry out proper follow-up to ensure compliance and to speed up the liquidation process.

Ministry's Response

- Appropriate corrective actions are being taken to ensure compliance with the Cooperatives Act.

- The Accounting Officer agrees with the shortcomings highlighted.

NAO Comment

The Accounting Officer should devise a proper mechanism to support Cooperative Societies in promoting their activities, hence preventing them, as far as possible, from going into liquidation.

12.2.2 Waste Recycling Scheme for the Benefit of Cooperative Societies

The Government introduced the Waste Recycling Scheme (WRS) in the Budget 2022-23 for which an amount of Rs 3 million was provided under the National Resilience Fund to finance six Cooperative Societies.

The objectives of the scheme are to:

(i) encourage the greening of Cooperative Societies;

(ii) enable Cooperative Societies to be the stakeholders in a circular economy with sustainable development goals; and

(iii) decrease the environmental burden of waste disposal.

Under the WRS, the Cooperative Society would benefit from a grant of 50 per cent on the cost of purchasing recycling equipment and transportation vehicles from local suppliers up to a maximum of Rs 500,000.

Findings

Given the low participation level of Cooperative Societies in the WRS, the objectives of the scheme were far from being achieved.

- The scheme was launched on 8 March 2023. Two applications were received as at 31 March 2023. One application was approved for an estimated project value of Rs 1.1 million.

- The submission of proof of registration as 'Recycler or Exporter' required under the Local Government (Registration of Recycler and Exporter) Regulations 2013 was not considered a prerequisite of the scheme by the Cooperatives Division.

  On 25 May 2023, the applicant informed the Cooperatives Division that one of the eligibility criteria for registering as Recycler was that the applicant must submit a Preliminary Environment Report (PER) for the recycling plant to the Ministry of Environment, Solid Waste Management and Climate Change.

  However, an amount of Rs 500,000 was disbursed to the applicant by the Cooperatives Division in August 2023 despite the legal requirement in respect of the submission of a PER was not complied with.

- The scheme was relaunched, and three applications were received as of the closing date of 17 May 2023. Due to the non-submission of relevant documents, none of the applications received was retained.

Root Causes

- The Accounting Officer did not properly assess the viability of the scheme.

- The Secretaries of Cooperative Societies submitted incomplete application forms for the scheme due to the lack of a proper information campaign.

Recommendations

The Accounting Officer should:

- ensure that an awareness campaign is carried out, targeting more applicants and explaining all the requirements relating to terms and conditions of the scheme;

- set up a help desk to assist Cooperative Societies in accessing the scheme; and

- consider the setting up of a Project Steering Committee comprising all the relevant stakeholders.

Ministry's Response

The Accounting Officer agrees with the shortcomings highlighted.

12.2.3 Risk Management Framework -Not yet developed

In December 2021, the Ministry of Finance, Economic Planning and Development (MoFEPD) issued a circular regarding the establishment of Risk Management (RM) in the Public Sector.

In view of facilitating the process, MoFEPD developed Guidelines for the establishment of a RM Framework in Ministries/Departments. According to the Guidelines, the Accounting Officer is accountable for the overall governance and has the ultimate responsibility for RM.

Finding

As of 18 October 2023, the Cooperatives Division had not yet developed a RM Framework as provided under Circular No. 8 of 2021. Hence, the identification and management of risks could not be carried out.

Root Cause

The Accounting Officer did not initiate actions for developing the Ministry's RM Framework.

Recommendations

- The Accounting Officer should establish a RM Framework within reasonable time.

- The composition and the mandate of the RM Committee including roles, responsibilities and accountability should be clearly defined and approved by the Accounting Officer.

Ministry's Response

- The Cooperatives Division is ISO certified since 24 November 2017 and risk assessment is carried out as part of the yearly surveillance audit and re-certification exercise. The last ISO surveillance audit was carried out in August 2023 following which the Division has been ISO-certified.

- Necessary action will nevertheless be taken in accordance with the Circular No. 8 of 2021 from MoFEPD.

- The Accounting Officer agrees with the shortcomings highlighted.

12.2.4 Follow-up of Matters Raised in the Audit Report 2021-22

A follow up of matters raised in the Audit Report for the financial year 2021-22 was carried out. The Ministry of Industrial Development, SMEs and Cooperatives (Cooperatives Division) was requested to inform the National Audit Office of the actions that have been taken to address the findings and recommendations in the Report. The information along with evidence collected through review of files and documents were assessed and discussed with the Ministry.

The status on actions taken on findings since the publication of the Audit Report are summarised below. Out of three findings, one has been resolved (33.3 per cent), one has been partially resolved (33.3 per cent) and one has not been resolved (33.3 per cent).

SN	Findings	Ministry's Response – Status as at February 2024	NAO Comments
	Rental of Office Space (Page 232)		
1	Non-Renewal of Lease Agreement and Non-compliance with Safety and Health Recommendations for relocation of office. *(Pg 232, Para. 12.2.1)*	The Lease Agreement was signed on 26 May 2023 and upgrading works were being undertaken and ongoing to address Safety and Health recommendations.	**Resolved**
	Delay in the Upgrading of 'Maison des Pêcheurs' at Tamarin (Page 232)		
2	The project which was initiated in 2016, has undergone several revisions of cost estimates and was still not implemented as of November 2022. The cost of the project increased significantly from Rs 1.7 million to Rs 20 million. *(Pg 232, Para. 12.2.2)*	The Contract for the project has been awarded and agreement was signed on 21 June 2023.	**Partially Resolved**
	Co-operative Societies - Non-submission of Financial Statements (Page 234)		
3	A review of the records of the Cooperatives Division revealed that not all co-operative societies were submitting their Financial Statements (FS) to the Principal Co-operative Auditor (PCA) to be audited or filing audited FS to the Registrar within the statutory deadline. *(Pg 234, Para. 12.2.3)*	For the Financial year 2022-23, there were 1,337 active Co-operative Societies in Mauritius and Rodrigues. The co-operative societies to be audited by the PCA and the Auditor were 1,165 and 110 respectively.575 societies did not submit their FS to the PCA.	**Not Resolved**

13 – MINISTRY OF ENVIRONMENT, SOLID WASTE MANAGEMENT AND CLIMATE CHANGE

13.1 ENVIRONMENT AND CLIMATE CHANGE

13.1.1 Coastal Protection Projects - Lapses in Planning and Execution of Works

As spelt out in the Budget Estimates 2022-23, and in view of increasing resilience of the coastal zone to natural hazards, climate change and anthropogenic (human) impacts, the Environment and Climate Change Division (ECCD) intended to pursue coastal protection works to address accelerating beach erosion.

Out of an amount of Rs 182 million budgeted under the National Environment and Climate Change Fund (NECCF) for the rehabilitation of beaches, a total amount of Rs 135 million was disbursed in the financial year 2022-23.

Inadequate Planning for the Implementation of Coastal Protection Works

On 22 September 2021, tender was launched for Consultancy Services for Coastal Protection, Landscaping and Infrastructural Works for 16 sites around the island. On 25 May 2022, the contract was awarded to a private company for Rs 94.7 million.

As of 30 June 2023, some Rs 9.5 million were paid to the Consultant after submission of the inception and detailed design reports were submitted.

Findings

- As per the terms and conditions of the contract, the Consultant had to submit the draft tender documents for the implementation of the projects by May 2023. As of October 2023, the submission of the draft tender documents was still pending.

- The bathymetry data for five sites from the Mauritius Hydrographic Services, falling under the aegis of the Ministry of Housing and Land Use Planning (MHLUP) and the Mauritius Oceanography Institute, was still being awaited, despite several reminders sent since February 2023.

Root Cause

There was inadequate planning by the Project Manager to ensure that all relevant information from stakeholders are obtained prior to the preparation of tender documents for Coastal Protection, Landscaping and Infrastructural Works.

Recommendation

The Project Manager should ensure that relevant information for the finalisation of the tender documents are obtained on a timely basis.

Division's Response

- The delay in submission of bathymetry data by MHLUP impacted on the submission of the design reports by the Consultant.

- Once the Detailed Design Reports are approved, the Consultant would proceed with the finalisation of tender documents.

- The obtention of necessary data and information for coastal protection projects is externally driven. Despite close follow-up has been maintained, the required data were submitted late, which was beyond the control of this Ministry.

Delay in Construction of Deux Frères Waterfront Project

In October 2020, the contract for Consultancy Services for the Design, Preparation of Environment Impact Assessment Report, Tender Documents, Management of Construction Contract and Supervision for the Deux Frères Waterfront project was awarded to a private company for Rs 23.4 million, for a duration of 30 months.

Findings

- The project was announced in the 2017-18 Budget Speech. In the financial year 2021-22, the scope of construction works was significantly enlarged. The estimated project value increased by some 47 per cent from Rs 284 million in 2020 to Rs 417 million in 2023. As of October 2023, the project had still not been implemented.

- In December 2022, the Consultant submitted a draft bidding document for the construction works. As of October 2023, it had not yet been finalised.

Root Cause

The Project Manager did not closely follow up with the Central Procurement Board (CPB) for finalising the bidding documents.

Recommendation

The Project Manager should closely follow up with CPB for the vetting and approval of the bidding documents without further delay.

Division's Response

- In view of the delay in obtaining clarifications on the standard bidding document from the Procurement Policy Office (PPO) and the finalisation of the bidding document from CPB, the works at Deux Frères could not start as planned in October 2023.

- The Departmental Bid Committee (DBC) closely follow up with CPB for finalising documents

Delay in Coastal Protection Works at Grand Baie

In April 2022, ECCD decided that the implementation of the Coastal Protection Works at Grand Baie would be supervised by the Ministry of National Infrastructure and Community Development (MNICD) instead of the former Consultant.

Findings

- The project, with an estimated cost of Rs 15 million, was initially scheduled to be completed in the financial year 2020-21. However, the project was put in abeyance as funds were not earmarked.

- In March 2022, the initial estimated cost was revised by some 21 per cent from Rs 15 million to Rs 18.2 million by the former Consultant.

- In April 2022, an offer for supervision of the project was made to MNICD and was accepted by ECCD in June 2023.

- As of 30 September 2023, the revised bid documents, submitted to MNICD since June 2023, were not yet finalised.

Root Cause

The Project Manager did not ensure the timely finalisation of the bidding documents by MNICD due to the absence of close monitoring.

Recommendation

The Project Manager should ensure the timely finalisation of bidding documents through close monitoring.

Division's Response

On 27 September 2023, the Integrated Coastal Zone Management (ICZM) Division issued a reminder to the Project Manager and Deputy Project Manager to request the Supervision Team to review the bid documents. On 9 November 2023, another reminder was issued.

Significant Delays to Complete Coastal Protection Works

Five coastal projects were awarded during the years 2020 and 2021 respectively for the total contract amount of Rs 427.1 million. As of 31 July 2023, four projects were completed while one was still ongoing.

Findings

- The Coastal Protection, Landscaping and Infrastructural Works at Bois des Amourettes, over a distance of 450 metres, for a contract sum of Rs 41.3 million, and due for completion in May 2022, were still ongoing. As of 30 June 2023, work progress had reached some 65 per cent. A time overrun of 13 months beyond the scheduled contractual completion date was noted.

- The delays in the completion of works for the five coastal projects varied from four to 18 months.

- As of 30 June 2023, after more than one year, the requests made by Contractors in July 2022 for extension of time were not yet examined by the former Consultant and the claims for liquidated damages were not yet determined.

Root Cause

There was inadequate follow-up by the Project Manager to ensure that projects were completed within the timeframe.

Recommendation

The Project Manager should closely monitor the projects.

Division's Response

- There was slow progress of works and cash flow problem by the three Contractors.
- Lengthy procedures at the level of Forestry Service for the issue of clearance.
- Delay in pipe laying works by the Central Water Authority.
- Only two determinations have been submitted by the former Consultant as at date.
- Delays were encountered in all five projects due to the COVID-19 pandemic and expiry of Consultant's contract in February 2022 for supervision of works.

13.1.2 Cleaning and Embellishment Works of Places of Worship and Other Public Sites – Lapses in Execution of Projects

The Living Environment Unit (LEU) is responsible for the conception, design, management, realisation and upkeeping of various projects pertaining to the improvement of the environment as well as to enhance the quality of life of the citizens.

Delay in Projects Implementation

Financial clearances of Rs 204 million and Rs 50 million were obtained from NECCF during the financial year 2021-22 and in August 2022, respectively, for the cleaning and embellishment of places of worship and other public sites.

Findings

- As of 30 June 2023, only Rs 125.5 million, out of the total amount of Rs 254 million, were disbursed, that is, 50 per cent of the approved amount.

Upgrading Works at Grand Sable Public Beach - Rs 2 Million

- On 15 September 2021, an amount of Rs 2 million was obtained for upgrading works at Grand Sable Public Beach. The contract was awarded on 20 May 2022. However, clearances from relevant authorities such as Forestry Service, Road Development

Authority, Beach Authority, Central Water Authority and Central Electricity Board, were sought in October 2022, that is, five months after the award of the contract.

On 27 March 2023, DBC recommended to amend the scope of works and thereafter to seek clearances from the Authorities anew prior to the re-tendering exercise. On 13 April 2023, ECCD issued a letter of termination of contract following the recommendation of DBC on 3 April 2023.

As of October 2023, the amended Scope of Works was not yet finalised by LEU and ICZM Division.

Embellishment and Upgrading Works of Places of Worship and Public Sites- Rs 7 Million

- Some Rs 7 million were earmarked for the embellishment and upgrading works at 11 places of worship and public sites across the island to be carried out in-house by LEU and private contractors. As of 30 June 2023, none of the amount earmarked was disbursed.

- As of November 2023,

  - Two projects relating to places of worship located at Quatre Bornes and Eau Coulée were cancelled. With regards to the one at Quatre Bornes, the religious body decided not to go ahead with the upgrading works while for the other located at Eau Coulée, clearance from MHLUP had not yet been obtained.

  - The remaining nine projects had not yet started as LEU had not procured the required materials.

Non-Implemented Works - Rs 19.5 Million

Sixteen upgrading works at an estimated cost of some Rs 19.5 million were not implemented for the following reasons:

- Bid exercises for the upgrading works at 13 other places of worship and public sites at the estimated cost of Rs 13.5 million were launched during the months of August and September 2022. However, they were cancelled in December 2022 as all the 12 bids received were not responsive.

  - On 24 July 2023, bids were relaunched for five upgrading works. In August 2023, all the five bids received were not responsive and the DBC recommended that the present bidding exercise be cancelled. Three months later, on 28 November 2023, tenders were re-relaunched for the third time.

  - Bids for the remaining eight upgrading works were relaunched in November 2023 but were cancelled in December 2023 as recommended by DBC due to error in the bidding document prepared by LEU.

- LEU is in the process of preparing the specifications for the Supply and Fixing of 10 Outdoor Gym Equipment for the estimated cost of Rs 5 million.

- Proof of land ownership was not yet obtained from MHLUP for the place of worship at Corps de Garde Mountain for the upgrading works at the estimated cost of Rs 300,000.

- The bidding documents for the upgrading works at the place of worship, situated at Avenue Berthaud for the total estimated cost of Rs 600,000 were still under preparation.

Root Causes

- The Project Manager did not ensure that bidding documents were correctly prepared with the relevant specifications.

- The Project Manager did not properly plan the implementation of the project.

- The Accounting Officer did not set up an effective monitoring mechanism for the execution of projects.

Recommendations

- The Project Manager should ensure that bidding documents are correctly prepared so that projects are implemented on a timely basis.

- A Project Steering Committee should be set up to manage the implementation of projects more efficiently and effectively.

Division's Response

- For the upgrading works at Grand Sable Public Beach, tender will be launched anew with revised scope after securing necessary clearances.

- The embellishment and upgrading at 11 sites across the island are at construction stage.

- The in-house components of these projects were estimated at some Rs 913,000 and their implementation depends on the availability of required materials and in-house workers.

Ineffective Contract Management

Six projects at various places of worship and public sites were categorised in batches and were awarded for the contract sum of some Rs 60 million, for which financial clearance was obtained during the financial year 2020-21.

Findings

- The site for the project 'Setting up of a Health Track at Camp Ebene' (SHTCE) was handed over on 25 November 2021. The insurance cover of Rs 27.5 million and the performance security of Rs 1.4 million were submitted on 6 and 31 December 2021 respectively, instead of 29 November 2021 as per the provisions of the General Conditions of Contract.

- Performance security of Rs 768,555 and insurance cover for Batch B were not submitted on time.

- On 7 April 2022, the Contractor submitted a performance security of Rs 861,715 for Batch C for which sites were handed over on 22 and 24 March 2022.

- Defects liability certificates were not submitted prior to the release of retention money of Rs 380,000 and Rs 805,000 for Batch C and SHTCE project, respectively.

- Signed contracts as stated in the Letter of Acceptance, were not seen for Batches A, D and F.

- Approval of the Accounting Officer or Project Manager was not seen for the reduction in the rate of retention money from 10 to 5 per cent for Batches C, D, F and SHTCE project.

Root Cause

The Project Manager and the Manager, Procurement and Supply did not adequately follow up on the submission of documents as required by the General Conditions of Contract.

Recommendation

A Project Monitoring Committee should be set up at LEU to ensure close monitoring of all projects and take prompt remedial actions, when there are deviations from milestones.

Division's Response

- The Contract for Batch C was initially scheduled to start on 6 April 2022 instead of 30 March 2022. The onus for taking over of the site rests upon the contractor and liquidated damages are applied for any delay in completion of the works.

- Agreements are being signed for contracts amounting to more than Rs 10 million and amendments are being brought to the Letter of Acceptance for contracts less than Rs 10 million.

- The Inspectorate shall be requested to submit the Defects Liability Certificates for Batch C and SHTCE project.

- For contracts on Batches C, D, F and SHTCE project, the non-inclusion of the condition for retention of money as per sub-section 45.1 of the Particular Conditions of Contract was an oversight.

13.1.3 Greening and Embellishment of M1 and M2 Motorways - Lapses in Implementation of Projects

Delay in Submission of Master Plan and Design Reports

In October 2020, ECCD contracted the services of a Consultant for the sum of Rs 2.4 million for the preparation of a Master Plan (MP) for the Greening and Embellishment of the Motorways M1 and M2 project, over a stretch of 69.4 km.

The timeframe set for the preparation of the Master Plan was five months.

Findings

- The Consultant started works in October 2020 and submitted its last deliverable, the Detailed Design Report, 13 months later, that is, in November 2021.
- The Final Master Plan dated November 2021 was not supported by a comprehensive implementation plan, including, amongst others, the project timeline and the number of segments to be covered by ECCD and by the private sector.
- The total cost for implementing the whole project, initially estimated at Rs 324.2 million, was revised to Rs 684 million in November 2021 to cater for costs of maintenance and electrical works.

As of October 2023, the cost estimates were further revised to Rs 762 million.

Root Cause

The Project Coordination Committee (PCC) which was set up to supervise the Greening and Embellishment Project along M1 and M2 Motorways, did not adequately fulfil its oversight and advisory responsibilities to monitor the implementation of the projects.

Recommendations

The Accounting Officer should ascertain that:

- the PCC is effectively functional;
- a comprehensive implementation plan is prepared; and
- cost estimates are realistic before initiating project works.

Division's Response

- The consultation process with the stakeholders was very time-consuming and this led to an overall delay of the contract.
- A timeframe for Project Implementation was included in the final MP with the provision of setting up of an Operational Landscape Unit. As at date the unit has not been set up as the request made in budgetary proposal in 2022-23 was not acceded to.

- The Consultant had missed out costs related to maintenance and electrical works.

Significant Increase in Cost Estimates for Segments 5 to 8

In October 2021, due to the finalisation of designs and the increase in market rates, the Consultant revised the cost estimates for the segments 5 to 8 by 19.3 per cent, that is, from Rs 48.8 million to Rs 58.2 million.

In November 2021, the Consultant revised the cost estimates, again, by 64 per cent to Rs 95.6 million by including maintenance cost for one year. Thereafter, execution works at Segments 7 and 8 were postponed due to financial constraints.

Root Cause

The PCC did not meet for reviewing Reports and Cost Estimates.

Works for Segments 5 and 6 not adequately maintained

On 6 May 2022, ECCD awarded a six-month contract for Rs 43 million, for the greening and embellishment of segments 5 and 6 of Motorway M1 from Gros Bois Roundabout to Nouvelle France Roundabout.

The works started in June 2022 and were practically completed on 1 November 2022. The Maintenance and Defects Liability Period was for a duration of one year as from 2 November 2022.

As of October 2023, payments totalling Rs 33.6 million were effected to the Contractor.

Findings

- According to the Project Manager, the maintenance and remedial works were not properly implemented and were effected at a slow pace.

- The site was left in an abandoned state and there were overgrown weeds and grass along segments 5 and 6.

- During the maintenance period, on several occasions, the officers of LEU drew the attention of the Contractor that the site was not properly and adequately maintained.

- Dried plants were not replaced.

Root Cause

The officers of LEU did not conduct adequate site visits during the warranty period to ensure that maintenance works were carried out effectively.

Recommendations

The Accounting Officer should:

- ascertain that all constraints and challenges faced in implementing the project works at segments 5 and 6 do not recur in the remaining segments.

- explore other avenues of funding to implement project works at the remaining segments.

- ensure that all mechanisms put in place to ascertain the smooth implementation of projects are effective.

- ensure that LEU exercises close monitoring over projects through the conduct of regular site visits and that reports of those visits are submitted promptly.

Division's Response

- The cost was revised based on the increase in market rates. The Consultant, at the Ministry's request, was requested to provide for the yearly maintenance cost.

- The attention of the Contractor was drawn to the state of the site and missing plants and the latter reported several cases of vandalism and theft as well as vehicle driving on the embellished areas. The replacement of dried plants was being done on a regular basis.

- The prevailing scarcity of personnel at the level of LEU inhibits the monitoring of a landscaping project of such scope.

13.1.4 National Roadmap for Making Mauritius Plastic-Free - Delay in Development

In its Strategic Direction 2022-2025, ECCD proposed to develop a National Roadmap for making Mauritius plastic-free by the year 2030.

Findings

- The project was announced in 2020 in the Government Programme 2020-2024. As of October 2023, it has still not been developed.

- Funds of Rs 3.4 million earmarked under NECCF for the financial year 2022-23 were not utilised as no Consultant had been recruited.

- None of the bidders were found to be technically and financially responsive following the tenders launched for the recruitment of a Consultant in September 2022 and January 2023.

- As of October 2023, appropriate clearances and approvals from Government for the finalisation of the Small Scale Funding Agreement (SSFA) with the United Nations Environment Programme were still pending.

Root Cause

Unsuccessful tenders for the recruitment of the Consultant have delayed the development of the Roadmap for making Mauritius plastic-free.

Recommendation

ECCD should ensure the timely recruitment of a Consultant.

Division's Response

- Planning was done according to financial resources made available in the budgets 2021-22, 2022-23 and 2023-24 for this consultancy work.

- The recruitment of a Consultant will be done within the timeframe and the bidding exercise will be in line with provisions laid down in the SSFA.

13.1.5 Review of Key Performance Indicators in Strategic Overview 2022-23

For the financial year 2022-23, one Outcome Indicator and three Key Performance Indicators (KPIs) were determined by ECCD. As of 30 June 2023, the targets set for the Outcome Indicator namely Greenhouse Gas (GHG) emission and two KPIs namely "Number of Public Sites Embellished" and "Recycling Rate of Post-Consumer Polyethylene Terephthalate (PET) Bottles" were not achieved.

Reducing Greenhouse Gas Emissions in Mauritius – Aim not achieved

Mauritius aims to become a climate-resilient and low-emission country, and intends to reduce overall GHG emissions by 40 per cent in 2030.

Findings

- The target set for the financial year 2022-23 to decrease the total GHG emissions to 4,860 Gg CO_2-eq was incorrect as the estimated figure submitted by the Department of Climate Change (DCC) to Ministry of Finance, Economic Planning and Development (MoFEPD) was 5,400 Gg CO_2-eq.

- As per the Progress Report on achievements for the financial year 2022-23 submitted in August 2023, ECCD provided a provisional gross figure of 5,642 Gg CO_2-eq pertaining to the calendar year 2022 instead of the net figure of 5,308 Gg CO_2-eq.

Root Cause

There is no proper framework at the level of DCC for the setting up of KPIs.

Recommendation

The Accounting Officer should ascertain that information relating to KPIs Progress Report on Achievements is duly vetted by DCC before onward submission to MoFEPD.

Division's Response

- The MauNDC Registry has been set up to monitor the measures outlined in the Nationally Determined Contribution with regard to achieving the target of 40 per cent GHG emissions by 2030.

- Two projects, the Capacity- Building Initiative for Transparency and the Initiative for Climate Action Transparency will support the Ministry in preparing more accurate yearly estimates.

Key Performance Indicators - Unachieved Targets

Three KPIs were determined by ECCD in Budget 2022-23. However, ECCD did not achieve the targets set for two KPIs, namely, the "Number of Beach Sites Rehabilitated" and the "Recycling Rate of Post-Consumer PET Bottles", as illustrated in Table 13-1.

Table 13-1 Targets set for KPIs not achieved for the Financial Year 2022-23

Key Performance Indicators		**Target 2022-23**	**Actual 2022-23**
Delivery Unit	**KPI**		
Integrated Coastal Zone Management Division	Number of Beach Sites Rehabilitated	4	3
Plastic Management Division	Recycling Rate of Post-Consumer PET Bottles	50%	40%

Source: Ministry's Records

Root Cause

There was inadequate monitoring and follow-up by the Officer in Charge of their respective Divisions to ensure that targets set were achieved.

Recommendation

The Officer in Charge of the Divisions should exercise close monitoring regularly to ensure that targets are achieved and any deviations therefrom are reported to the Accounting Officer for corrective actions.

Division's Response

- The project at Bois des Amourettes has suffered delays due to issues which are beyond the control of the Division.

- In order to improve on the target set for recycling rate of PET, Government has agreed to introduce new policies and strategies for the management of post-consumer PET bottles and containers.

- Drafting instruction for the proposed Extended Producer Responsibility Regulation for the management of post-consumer beverage containers was sent to the Attorney General's Office since April 2022 and is still being worked out.

13.1.6 Audit Committee

The Audit Committee (AC) plays a key role in public accountability by providing independent oversight of the organisation's governance, risk management and internal control practices, thus providing confidence in the integrity of these practices.

In August 2022, the Office of Public Sector Governance (OPSG) developed an updated AC Charter to provide guidance on the setting up and the operations of AC.

In September 2022, a Performance Agreement (PA) was signed between the Accounting Officer, Chairperson and AC members.

Findings

- The AC has only reviewed four Internal Control Reports out of nine issued for the financial year 2020-21.

- Quarterly reports for the period July to September 2022 and October to December 2022 were not seen.

Root Cause

The Accounting Officer did not ensure the effective operation of the AC throughout the year.

Recommendation

The terms of reference as per the PA and the AC Charter should be strictly complied with to ensure that the objectives set for such committees are attained.

Division's Response

- The finalised Internal Control Reports inadvertently omitted, will be sent to AC for review.

- The AC is fully committed to fulfilling its responsibilities in accordance with the provisions of the AC Charter and ensures that it meets the objectives set for effective monitoring.

- Quarterly reports for the period July to September 2022 and October to December 2022 could not be submitted and OPSG was appraised accordingly.

13.1.7 Internal Control

In July 2022, the Accounting Officer approved the Annual Internal Audit Plan (AIAP) for the areas to be audited for the financial year 2022-23.

Findings

- The Internal Audit (IA) Charter, signed by the Accounting Officer and the Director, Internal Control in July 2021, was revised after two years.

- The Internal Control Unit audited only 9 out of 12 audit areas agreed in the AIAP for financial year 2022-23 and as of 30 June 2023, only two out of four planned follow-up audits were carried out.

- Quarterly reports for the periods ending 30 September 2022 and 30 June 2023 were not seen.

- The Annual Report on the Performance achievement relating to the AIAP for financial year 2022-23, one of the requirements of the IA Charter, was not seen as of September 2023.

Root Cause

The Internal Control Unit had to carry out several special assignments at the request of the Accounting Officer.

Recommendations

- The AIAP should be signed before the start of the financial year.

- The requirements of the IA Charter should be strictly adhered to.

- The Audit Committee should approve the IA Charter.

Division's Response

- The IA Charter has been channeled to the Audit Committee for approval

- Half-yearly progress report for the period July 2022 to December 2022 and the Quarter Progress report ending June 2023 were submitted.

- The Annual Report on the Performance achievement for financial year 2022-23 was inadvertently addressed to the Solid Waste Management Division (SWMD) and a copy was submitted on 15 November 2023 to ECCD.

13.1.8 Government Asset Register not updated

In July 2017, Treasury Circular No. 16 was issued to all Supervising Officers for the use of the Government Asset Register (GAR), which was developed to enable the recording of Non-Financial Assets (NFAs) acquired by Ministries and Government Departments. As from 14 August 2017, users were provided online access to GAR for capturing data and recording details of assets.

Finding

As of October 2023, no value was attributed in GAR for six sub-offices of the LEU and the National Environmental Laboratory owned by ECCD prior to 2017.

Root Cause

No action was taken by the Accounting Officer for the buildings acquired and owned by ECCD, to be revalued by the Government Valuer.

Recommendation

The Accounting Officer should take prompt action to have the buildings revalued by the Government Valuer.

Division's Response

The GAR has been updated by some Rs 88.4 million, following the assessments carried out by the Valuation Department on the buildings under the purview of the Ministry.

13.2 SOLID & HAZARDOUS WASTE AND BEACH MANAGEMENT

13.2.1 Cleaning Services - Lapses in Management of Services Contracts

For the financial year 2022-23, the approved budgets for Cleaning Services of Public Beaches, Operation of Landfill Sites and Operation and Maintenance of Transfer Stations amounted to Rs 678.5 million and an additional amount of Rs 42.9 million was reallocated.

As of 30 June 2023, the actual expenditure amounted to some Rs 721 million.

Cleaning Services of Public Beaches

For the financial year 2022-23, an amount of Rs 200 million was budgeted for the Cleaning of Beaches and Maintenance of Toilet Blocks for 65 public beaches under 15 contracts. The contracts were awarded for a period of 36 months and are renewable annually, based on the satisfactory performance of the Contractor.

As of 30 June 2023, some Rs 194 million were disbursed.

Findings

- The initial three-year contract ending 30 June 2023 for the Cleaning of Beaches and Toilet Blocks awarded to five Contractors for the total amount of Rs 185 million under Lots 1, 2 and 4 were renewed for another five months up to 30 November 2023.

- The bidding documents for the Cleaning and Maintenance of Toilet Blocks under Lots 1, 2 and 4 were approved in December 2022 but submitted five months later, in May 2023, to CPB for vetting.

- Three expired contracts for the Cleaning of Toilet Blocks under Lots No 2, 5 and 6 were once more extended for another period of eight to 13 months for an additional cost of Rs 50.2 million.

- As of September 2023, Contracts Agreements were not yet signed for three new contracts for the Cleaning and Maintenance of Toilet Blocks under Lots No 2, 5 and 6 awarded in December 2022, for the total contract amount of Rs 59.5 million, and also for the Cleaning, Refuse Collection and Maintenance of Toilet Blocks for secondary beaches for lot 5 awarded in January 2023, for Rs 41 million.

- As of June 2023, cleaning services were not carried out at 61 out of the 134 proclaimed public beaches.

Root Cause

SWMD did not have adequate resources to ensure efficient and effective contract management for the cleaning of public beaches.

Recommendation

Consideration should be given to transfer the responsibility for the cleaning of all public beaches and maintenance of toilet blocks to the Beach Authority.

Division's Response

- The bidding documents for Lots 1, 2 and 4 could only be reviewed after issuance of relevant Directive No 68 of PPO on 10 April 2023.

- The new contracts for toilet blocks on beaches Lots 2, 5, 6 and secondary beaches for Lot 5 have already been signed.

- The Beach Authority provides cleaning for 27 public beaches by its workers and the contracts for the remaining 21 beaches were awarded in September 2023.

Operation of Landfill Site

During the financial year 2022-23, SWMD incurred expenditure totalling Rs 327.5 million for the operation and maintenance of Mare Chicose Landfill.

Recurrent Emergency Procurement

For the period July 2021 to May 2022, two Emergency Contracts (Nos.1 and 2) totalling some Rs 263.3 million were awarded to the ongoing serving Contractor and extended for another one month.

Findings

- Emergency Contract No. 3 for some Rs 383 million was awarded to the serving Contractor for a period of nine months, from 1 July 2022 to 31 March 2023 and further extended for another three months up to June 2023.

- Emergency Contract No. 4 was awarded to the serving Contractor for the sum of Rs 181.1 million for the period July to December 2023.

Division's Response

The Emergency Contracts to the serving Contractor had to be awarded so as to ensure continuity of services at the landfill. Open tendering would not have been appropriate due to the high mobilisation costs and significant lead time for mobilisation of specialised machineries.

Vertical Expansion Project Not Yet Implemented

Government approval was obtained in December 2017 for the implementation of the Vertical Expansion Project. The final draft bidding documents were sent to CPB in November 2020 for vetting. Following amendments to the bidding documents and vetting/approval of CPB, a new procurement exercise was finally launched in May 2023.

As of December 2023, the bids were at evaluation process and the project was not yet implemented after five years.

Root Cause

The time taken to finalise bidding documents was too long.

Recommendation

The procurement exercise should be completed within reasonable time.

Division's Response

The delay in implementing the Vertical Expansion Project is mainly due to its complexity and unforeseen circumstances beyond the control of the Division.

Extension of Consultancy Services Contract

The contract for Consultancy Services was awarded to a Consortium for a contract amount of Rs 16 million and € 942,281 and for a total period of 36 months as from 14 January 2019, with a provision for extension on a month-to-month basis.

Findings

- The contract was extended on a month-to-month basis during the period January to August 2022 for which Rs 1.4 million and € 94,992 were paid.

- In June 2022, the Consultant's services were sought for amendments to be made to the existing bidding documents for the Vertical Expansion Project and other works for an amount of € 127,500.

- The Consultant was hired for the contract amount of Rs 3.5 million to supervise works and operations for Component 3 of the Mare Chicose Landfill for a six-month period from 15 August 2022. The contract was further extended from 15 February 2023 up to end December 2023.

Root Cause

The Director of SWMD did not adequately monitor Project Officers on the time taken for the preparation and finalisation of bidding documents for consultancy services.

Recommendation

A timeframe should be set for the preparation and finalisation of bidding documents.

Division's Response

- Open tendering for short-term consultancy contract would not have been appropriate.

- Tender exercises where approval of CPB is required, respecting the time-frame would be beyond SWMD control.

Operation and Maintenance of Transfer Stations

During the financial year 2022-23, some Rs 232 million were spent on the management of the five transfer stations and Rs 55 million for the operation and management of the Civic Amenities Centres.

Extension of Contract for La Laura Transfer Station

Findings

- On 29 April 2022, a contract for the operation and maintenance of La Laura Transfer Station was awarded to private Company A for the contract amount of Rs 16 million for four months as from 7 May 2022. The contract was extended up to 6 January 2023, for which an additional amount of Rs 11 million was paid.

- On 29 December 2022, private Company B was awarded a contract for the transportation of wastes to Mare Chicose Landfill for the sum of Rs 15 million for the period 7 January 2023 to 6 May 2023. The contract was extended up to 15 June 2023 for an amount of Rs 6.4 million and another four months for an amount of Rs 23.4 million.

- In November 2022, CPB cancelled the procurement proceedings for a new contract of 36-months duration, launched in August 2022. After several corrections, the revised bidding exercise was launched in May 2023. As of October 2023, the evaluation process was still ongoing at the level of CPB.

Root Cause

The Accounting Officer and the Director of SWMD did not ensure that the bidding documents were free from errors prior to submission to CPB.

Recommendation

Bidding documents should be free from errors prior to submission to CPB.

Division's Response

- The Ministry has no other option than carrying out competitive exercises for short term contracts and allowable extensions pending the procurement for the main contract.

- The Evaluation exercise has been completed and a new contract awarded on 15 December 2023.

Collection and Export of e-Waste

The contract for the management of e-waste was awarded to a private company for the contract sum of Rs 13.5 million and for a duration of 18 months, as from 1 March 2019. During the financial year 2022-23, some Rs 1.35 million were disbursed to the Company.

Findings

- The initial contract ending on 31 August 2020 was extended for nine months up to 1 June 2021, as the Contractor was facing difficulties in exporting the e-waste.

- The new agreement for the period June 2021 to November 2022 was signed in December 2022, one month after the expiry date.

- No signed agreement or approval was seen for the extension of contract after November 2022.

- The Performance Guarantee of Rs 200,000 and the renewed Contractors All Risks Policy which expired during the month of February 2022 were not produced.

- As of June 2021, 13,000 units of e-waste were exported out of the 36,220 units stacked in the private company's premises. As per site visit report of the Technical Enforcement Unit dated 28 December 2022, the remaining e-waste were left outside and were found in a deteriorating state.

Root Cause

There was inadequate monitoring by the Project Officers on the performance of the Contractor, that is, poor contract management.

Recommendation

The Accounting Officer should ensure that Director of SWMD closely monitor the performance of contractors.

Division's Response

- Given the environmental liability and risks associated with the collected and stacked wastes in the possession of the contractor, the option of terminating the contract could not be envisaged by the Ministry.

- Final approval for an extension of the contract on same terms and conditions was given on 19 October 2023. An amount of Rs 1.4 million was paid on 21 December 2023 for claims for the period December 2022 to November 2023.

Operation of Interim Hazardous Waste Facility

The Contract for the Operation, Management and Maintenance of the Interim Storage Facility for Hazardous Wastes was awarded in December 2016 for a period of five years up to January 2022 to a private Company C for the total sum of Rs 230.1 million and for € 1,395,525.

As of 30 June 2023, Rs 43.9 million were disbursed and Rs 15 million encashed as Disposal fee for the collection of 173.46 tons of Hazardous wastes.

Findings

- The contract was extended on four occasions from January 2022 to July 2023 on the same terms and conditions of the initial contract of December 2016.

- In January 2022, DBC recommended the extension of the contract for another period of six months despite the Attorney-General Office's (AGO) advice against it.

- As of September 2023, after some eight years, the amended regulations on Hazardous Chemical Wastes (HCW) were still not yet finalised by SWMD and AGO.

- The last inventory report for HCW dated back to year 2012 for the survey period August to December 2011. SWMD did not have an updated inventory and a database on the quantity of HCW generated around the island.

- As of September 2023, the Hazardous Waste Management Strategy and Action Plan were not yet prepared.

- SWMD did not have a policy on Household Hazardous Chemical Wastes as per the provisions of the new Waste Management and Resource Recovery Act 2023.

- The last sensitisation and awareness campaign was carried out during the financial year 2018-19 for hazardous waste generators in the industrial, commercial, research and treatment sectors around the island.

- For the last two financial years, some 251 tonnes of hazardous wastes transited through the storage facility, representing only some 16 per cent of its total capacity of 1,600 tons.

Root Cause

SWMD did not ensure the efficient and effective management of Hazardous Chemical Wastes.

Recommendations

- SWMD should comply with the provisions of the new Waste Management and Resource Recovery Act 2023.

- SWMD should set up an inventory and a database on the quantity of Hazardous Chemical Wastes generated around the island.

- Regular sensitisation and awareness campaigns should be carried out.

Division's Response

- Pending the new bidding exercise, the Division had to ensure continuity of services through extensions of existing contracts up to July 2023.
- New regulations are being prepared to be in line with Waste Management and Resource Recovery Act 2023.
- The Hazardous Waste Management Strategy and Action Plan will be prepared once the types and quantities of wastes generated are known through the inventory.
- The collection and disposal of Household Hazardous wastes is being currently worked out.
- SWMD ensures that all provisions of the Basel Convention on Hazardous Wastes are complied with.

13.2.2 Review of Key Performance Indicators in Strategic Overview 2022-23

Three KPIs and one outcome indicator were determined in SWMD Budget Estimates 2022-23.

Key Performance Indicators not achieved

SWMD did not consider past achievements and implementing capacity while setting its targets and as of 30 June 2023, two KPIs, namely, the "Number of Civic Amenity Centres Operational" and the "Number of Beach Enhancement Projects Completed", were not attained as illustrated in Table 13-2.

Table 13-2 Key Performance Indicators and Achieved Targets

Delivery Unit	Key Performance Indicators	Target	Achievements	
		2022-23	2022-23	2021-22
SWMD	Number of Civic Amenity Centres Operational (cumulative)	4	3	2
Beach Authority	Number of Beach Enhancement Projects Completed	4	2	1

Source: SWMD Records

Root Cause

The methodology for setting KPIs was not scientific.

Division's Response

- The construction of one additional Civic Amenity Centre at Roche Bois Transfer Station could not and cannot be implemented given the Transfer Station is being transferred.

- The additional two Beach Enhancement Projects of the Beach Authority could not be completed due to unexpected ground conditions during excavation works.

- The target set through KPIs was not attained due to circumstances beyond the control of SWMD.

KPIs not uploaded

In October 2022, the Secretary for Public Service issued Circular No. 67 of 2022 for the adoption of five KPIs by Government relating to:

(1) Utilisation of Training Budget;

(2) Implementation of Phase III of e-HR;

(3) Compliance with Fire Safety Requirements;

(4) Filling of Vacancies; and

(5) Good Governance.

As of August 2023, SWMD had not yet uploaded the information pertaining to the five KPIs on the Management Information System of the Public Sector Business Transformation Bureau.

Root Cause

There is an absence of dedicated staff at management level to ensure compliance to circulars.

Recommendations

- The progress on the KPIs should be uploaded on the Management Information System Platform.

- The roles and responsibilities of staff at management level should be clearly defined to ensure compliance to Circular No. 67 of 2022.

Division's Response

There is a lack of staff at management level to ensure compliance to circulars.

13.2.3 Budget Measures 2022-23 not fully achieved

Two measures were announced at Paragraph 219 of Budget Speech 2022-23.

Construction of one Additional Déchetterie

An amount of Rs 7 million was budgeted under NECCF for the construction of one additional déchetterie for the disposal of waste oils and construction and demolition wastes.

As of September 2023, land for the construction of the additional déchetterie was not yet identified by MHLUP.

Root Cause

No feasibility study was carried out and there was failure on the part of the Accounting Officer of SWMD to identify and acquire land before embarking on the project implementation.

Recommendation

The Accounting Officer should ensure that a feasibility study is prepared so that the project is implemented within the timeframe set.

Division's Response

A new site has been identified and it is planned to include a Civic Amenity Centre in the new construction.

Composting of Green Wastes

A framework would be introduced to encourage composting of Green Wastes from households, as well as from parks and gardens, and an amount of Rs 14 million was budgeted under NECCF.

Findings

- In August 2022, 5,000 bins for composting of households Green Wastes were purchased for some Rs 8.7 million, out of which, only 957 bins were distributed as of September 2023.
- The projects for the composting of green wastes from parks and gardens were not completed as of 30 June 2023.

Root Cause

There was inadequate planning and lack of adequate logistic support and human resources required by the Director of SWMD to ensure the timely completion of projects and distribution of bins.

Recommendation

The Director of SWMD should ensure that projects are completed within the set timeframe.

Division's Response

- The responsibility for the acquisition and distribution of 5,000 compost bins was transferred to the Division without the accompanying human and logistic support.

- The construction of a Composting Unit at Vacoas has been completed in September 2023 and that at Bras D'Eau is nearing completion.

13.2.4 Audit Committee Not Fully Operational

The AC plays a key role in public accountability by providing independent oversight of the organisation's governance, risk management and internal control practices, thus providing confidence in the integrity of these practices.

OPSG developed an updated AC Charter in August 2022, which was approved by Government.

In November 2022, a PA was signed by the Accounting Officer, Chairperson and members of the AC.

Findings

- Only two meetings of the AC were held during the financial year 2022-23, instead of the required minimum of six meeting annually.

- PA for the financial year 2021-22 was submitted to OPSG in September 2021.

- As of August 2023, the PA and Action Plan for the financial year 2023-24 were not yet submitted to OPSG.

- Quarterly Minutes of Proceedings and Status Reports for the financial year 2022-23 were not submitted to the Accounting Officer and OPSG within 15 working days after the end of each quarter as prescribed in the audit charter.

- As of September 2023, no follow up was carried out in respect of the Status Actions pertaining to Corruption Risk Assessment, Risk Management and Control, Fraud, Annual Report on Performance and the Governance Structure.

- Matters raised in NAO Audit Reports for the financial years 2019-20 and 2020-21 were still under review as of December 2022 and matters pertaining to NAO Audit Report for the financial year 2021-22 were not yet reviewed as of September 2023.

- None of the Internal Control Reports were reviewed by the AC.

- As of August 2023, feedback and comments from the Accounting Officer on the performance and effectiveness of the AC were not seen for the financial year 2022-23.

Root Cause

The Accounting Officer did not ensure that the AC is operational through the year.

Recommendation

The Accounting Officer should ensure that the terms and conditions of the PA and the AC Charter are strictly adhered to.

Division's Response

- In view of the acute shortage of staff and the heavy workload, the Chairperson and members of the AC could not meet more than twice in the year.

- PA and Action Plan for the financial year 2023-24 are being finalised.

- The AC will be requested to ensure proper follow up on the actions taken.

13.2.5 Risk Management Framework not yet developed

In December 2021, MoFEPD issued guidelines for the establishment of Risk Management in the Public Sector. The latter developed a Risk Management Framework (RMF) to facilitate the process.

According to the Guidelines, the Accounting Officer is accountable for the overall governance and has the ultimate responsibility for RMF.

As of September 2023, the RMF was not yet developed at SWMD to identify and assess potential risks that may affect the smooth running of the division.

Root Cause

There was inadequate commitment by the Accounting Officer to designate relevant officials with responsibility for establishing the RMF.

Recommendation

The Accounting Officer should ensure that the RMF is established.

Division's Response

The Risk Management Committee has been set up, the Risk Management Policy uploaded on website and the RMF is being finalised.

13.2.6 Government Asset Register not updated

GAR was developed in 2017 for an efficient and effective management of Government assets. As from 1 July 2022, the Ministry was required to record all NFA directly on the GAR system.

Findings

- SWMD did not comply with the Treasury's requirement for the recording of all NFAs directly on the GAR online system as from 1 July 2022.

- As of August 2023, details of assets acquired for some Rs 1.4 million during the period December 2022 to June 2023, and the value of land and infrastructure of the five Transfer Stations, landfill and interim storage waste facility, were not yet recorded on the GAR.

- The Application Desktop Integrator (ADI) template for the financial year 2018-19 was the last one submitted to the Treasury.

Root Cause

There was a lack of commitment by the Accounting Officer to ensure that the information on the GAR system was complete and the GAR Coordinator did not organise/arrange adequate training sessions for GAR users.

Recommendation

The Division should arrange for effective training programmes to enable GAR users to record data relating to NFAs on the GAR online system.

Division's Response

- The GAR System for the financial year 2022-23 and current financial year 2023-24 is up to date.

- Information is being sought from ECCD regarding Goods Form 1 for the period July 2017 to June 2022 for updating the ADI template

13.2.7 Governance Issues – Non-compliance with Legislation

Provisions have been made in various legislations to impose a statutory responsibility on Accounting Officers and Boards of Statutory Bodies with the objective of strengthening accountability and transparency in the public sector.

Findings

Non-submission of Report on Performance

As of 18 December 2023, the Report on Performance of the Ministry of Environment, Solid Waste Management and Climate Change (Solid Waste Management Division) for the financial year 2022-23 had not yet been submitted to the Ministry of Finance, Economic Planning and Development, despite the statutory deadline being 31 October 2023.

Annual Reports not laid before the National Assembly

The Statutory Bodies (Accounts and Audit) Act requires a copy of the annual report and audited accounts of every Statutory Body to be laid before the National Assembly at the earliest opportunity.

As of 14 December 2023, the Beach Authority, falling under the purview of the Ministry of Environment, Solid Waste Management and Climate Change, had not yet laid its audited Financial Statements for the financial years 2020-21 and 2021-22 before the National Assembly, although they had been certified by NAO on 2 May 2022 and 25 April 2023 respectively.

13.2.8 Follow-up of Matters Raised in the Audit Report 2021-22

A follow-up of matters raised in the Audit Report for the financial year 2021-22 was carried out. SWMD was requested to inform NAO of the actions that have been taken to address the findings and recommendations in the Report. The information along with evidence collected through review of files and documents were assessed and discussed with the Ministry.

The status on actions taken on findings since the publication of the Audit Report are summarised below. Out of two findings, one (50 per cent) has been partially resolved and one (50 per cent) has been resolved.

SN	Findings	Ministry's Response Status as of January 2024	NAO Comments
	Procurement Management – Delay in Awarding Fresh Contracts (Page 238)		
1	***Operation of the Mare Chicose Landfill – Contract extended*** The contract was extended four times over the period December 2018 to June 2021 at an additional cost of Rs 393.9 million, followed by three successive emergency contracts totalling Rs 645.6 million awarded to the same Contractor in respect of the period July 2021 to March 2023. (*Pg 238, Para 13.2.1*)	A new procurement exercise was launched on 11 May 2023 with closing date of bids on 23 October 2023.	**Partially Resolved**
2	***Cleaning of Public Beaches -Fresh Procurement Exercise delayed*** Four contracts, awarded to two Contractors for Cleaning of Secondary Beaches in different locations, had expired and were subsequently extended for periods ranging from 8 to 11 months. (*Pg 240, Para 13.2.3*)	Bids were launched during the financial year 2022-23. New contracts were allocated for a total amount of some Rs 100.6 million in December 2022 and January 2023.	**Resolved**

14 – MINISTRY OF FINANCIAL SERVICES AND GOOD GOVERNANCE

14.1 Adequacy of Key Performance Indicators for the Office of Public Sector Governance

The Office of Public Sector Governance (OPSG) is mandated to carry out activities in several priority areas such as organisational reviews, Corporate Governance reviews as well as monitoring the effectiveness of Audit Committees.

Finding

For the financial year 2022-23, the only Key Performance Indicator (KPI) set for OPSG was the number of financial and organisational reviews in public sector organisations. Hence, the Ministry could not monitor and assess the performance of OPSG in other priority areas.

Root Cause

The Accounting Officer did not take into account the other important functions of OPSG in formulating KPI.

Recommendation

The Ministry should review the current KPI of OPSG and formulate those that reflect the main services provided by OPSG. This will help the Ministry to better monitor and assess the performance of OPSG.

Ministry's Response

The Ministry will endeavour to review the KPI of OPSG to reflect its main services.

14.2 Implementation of Risk Management Framework

Effective Risk Management supports good governance. One of the responsibilities of the Ministry is to provide guidance and support for the enforcement of good governance practices. The Ministry of Finance, Economic Planning and Development issued a circular in 2021 on the "Guidelines for the establishment of Risk Management in the Public sector."

Finding

In line with its responsibility, the Ministry through OPSG, was not proactive in taking the lead to ensure whether all Ministries and Government Departments were complying with the circular and that the Risk Management Framework (RMF) was being effectively implemented.

Root Cause

The Accounting Officer did not ensure that Ministries and Government Departments are complying with the requirements of the circular, despite risk management being an important pillar of governance.

Recommendation

The Accounting Officer, through OPSG, should ensure that all Ministries/Government Departments are complying with the contents of the circular and also ensure effective implementation of the RMF.

Ministry's Response

The responsibility for monitoring RMF in other Ministries/Government Departments cannot rest with OPSG. This Ministry can only be responsible for monitoring its own RMF.

NAO Comment

NAO is of the view that the responsibility for monitoring RMF has to be agreed between MoFEPD and the Ministry.

14.3 No Standard Operating Procedure Manual for the Ministry

An Accounting Officer, in relation to Financial Management, has an overall responsibility for ensuring the preparation of a Standard Operating Procedures Manual (SOPM) on operational procedures for the Department.

Finding

As of December 2023, the Ministry did not have an SOPM which sets out the policies, procedures, systems and mechanisms in place.

Root Cause

The Accounting Officer did not ensure the preparation of an SOPM for the Ministry.

Recommendation

The Accounting Officer should initiate action to ensure the preparation of an SOPM for the Ministry.

Ministry's Response

A working Group has been set up to look into the possibility where appropriate and practical, of standardising the routine activities and distinct operations of Technical Units with a view to preparing an SOPM.

14.4 Independence of Audit Committees

Audit Committees (ACs) play an important role in the governance framework of public sector organisations. A distinguishing feature of an AC is its independence from management.

Finding

The independence of ACs was compromised as the Chairperson and members were still appointed from the same organisation and most of them were from the management team.

Root Cause

The Ministry did not effectively follow up on the issue of independence of ACs with higher authorities.

Recommendation

The Ministry should follow up the matters relating to AC independence with higher authorities.

Ministry's Response

The matter regarding independence of AC members will be taken up with higher authorities.

14.4.1 Monitoring and Evaluation of Audit Committees

OPSG has the responsibility, amongst others, to monitor and report on the effectiveness of the implementation of the recommendations made by NAO, Public Accounts Committee and the Internal Control Unit (ICU). In this respect, OPSG has to inspect and examine relevant documents and records on site in order to verify the statements and claims made in the quarterly status reports submitted by ACs.

Finding

Fieldwork was carried out at year-end instead of quarterly to assess principally the performance of ACs at the end of the financial year. It was reported that delays in the submission of documents by ACs prevented the proper monitoring and evaluation of their work.

Root Cause

The submission of documents by given deadlines mentioned in the AC Charter and AC Handbook was not stipulated in the performance agreement.

Recommendation

The Accounting Officer should include a clause on the deadline for the submission of the documents by ACs in the performance agreement.

Ministry's Response

The performance agreement will be reviewed to include a clause on the deadline for the submission of the documents by Audit Committees. It will be applicable as from the financial year 2025-26.

NAO Comment

NAO is of the view that the inclusion of the deadline clause should be made as soon as possible and not as from the financial year 2025-26.

15 – ATTORNEY-GENERAL'S OFFICE, MINISTRY OF AGRO-INDUSTRY AND FOOD SECURITY

15.1 OFFICE OF THE SOLICITOR-GENERAL

15.1.1 Absence of a Risk Management Framework

In December 2021, the Ministry of Finance, Economic Planning and Development issued Circular No. 8 on Guidelines for the establishment of Risk Management in the Public Sector.

Risk management being part of corporate governance may impact on the Office of the Solicitor General's strategy, people, assets, environment or reputation if not managed properly.

These guidelines provide for the:

- Process to develop a Risk Management (RM) Framework; and
- Support of a dedicated team of Internal Control and of the Audit Committee.

Findings

- The RM Framework was yet to be established at the Attorney-General's Office (AGO).
- In absence of such an RM Framework, the risk management objective might not be achieved to ensure reduction in AGO's risk exposure. Potential risks were yet to be identified, assessed and measured to allow their mitigation, if any, and for any likely adverse impact to be addressed and dealt with accordingly.
- Till the establishment of RM Framework, AGO's exposure to risks and their impact would remain unquantifiable.

Root Cause

The AGO did not initiate action to establish a RM Framework.

Recommendation

The AGO should initiate action to set up a RM Framework.

Attorney–General's Office Response

- A Risk Management Committee (RMC) has been set up to develop the RM Framework. In addition, the RMC has recommended the Attorney-General Office's Risk Management Policy which has been duly approved on 31 January 2024. The RMC is also developing a strategy plan which includes the preparation of a Risk Management Plan, a Risk Identification Process, Risk Analysis and Evaluation Process and Risk Response. Efforts are being made for the implementation of the RM Framework, including training of staff and as such the Office is already on track to have a full-fledged RM Framework by end of April 2024.

15.2 OFFICE OF THE DIRECTOR OF PUBLIC PROSECUTIONS

15.2.1 Incompleteness of Government Asset Register

In July 2017, Government Asset Register (GAR) was introduced for the Central Government:

- to keep track of Non-Financial Assets (NFAs) acquired by Ministries and Government Departments till their disposal;
- to enable their recognition in the accounts of Government; and
- to ensure their efficient and effective management.

Finding

NFAs acquired during the financial year 2022-23 were yet to be recorded in GAR.

Root Cause

The Accounting Officer did not ensure that NFAs were recorded in GAR.

Recommendation

The Accounting Officer should ensure that GAR objectives are fully achieved.

ODPP's Response

The Office has been addressing queries pertaining to the updating of the Non-Financial Assets on GAR and all efforts, including request for additional human resource, are being made to complete the updating exercise by mid-March 2024.

15.2.2 Absence of a Risk Management Framework

A Risk Management (RM) Framework was to be set up at each Ministry/Department. The MoFEPD's issued Circular No. 8 of 28 December 2021, provides guidelines for the smooth implementation of RM Framework.

Risk management being part of corporate governance may impact on the Office of the Director of Public Prosecutions (ODPP) strategy, people, assets, environment or reputation if not managed properly.

These guidelines provide for the:

- process to develop an RM Framework; and
- support of a dedicated team of Internal Control and of the Audit Committee.

Finding

The RM Framework was yet to be established at ODPP.

Root Cause

The Accounting Officer did not initiate action to establish the RM Framework.

Recommendation

The ODPP should ensure that the RM Framework is established.

ODPP's Response

- A Risk Management Committee (RMC) has been set up to develop the RM Framework. The RMC is developing a strategy plan which includes the preparation of a Risk Management Plan, a Risk Identification Process, Risk Analysis and Evaluation Process and Risk Response. Efforts are being made for the implementation of the RM Framework, including training of staff and as such the ODPP is already on track to have a full-fledged RM Framework by end of April 2024.

15.3 AGRO-INDUSTRY AND FOOD SECURITY

15.3.1 Legislations and Conditions of Deed of Lease not always complied with

The Forestry Service, under the Ministry of Agro-Industry and Food Security (MAIFS), is responsible for the management of State Forest Lands in Mauritius. Around 47,000 hectares of the total land area of Mauritius are covered by forests, of which some 23,000 hectares of State Land are under the control of the Forestry Service.

As of August 2023, some 11,000 hectares of State Lands were leased to 76 lessees for Shooting and Fishing/Eco-Tourism activities.

Findings

Arrears of Rent of the Forestry Service understated

As at 30 June 2023, total rental due by lessees of State Lands for Shooting and Fishing/Eco-Tourism activities stood at Rs 4,497,673.

Rents were being paid by the lessees with delays varying from 27 to 467 days. Interests for late payments were, however, not included in the arrears of rent as at 30 June 2023. Hence, the arrears figure of the Forestry Service was understated.

Root Cause

The Conservator of Forests had not ensured that:

- Section 8(1) of the Shooting and Fishing Leases Act has been complied with; and
- the lessees paid the rent in respect of every year of the lease on or before 1 April preceding the following year of the lease.

Recommendation

The Accounting Officer should ensure that the Shooting and Fishing Leases Act and the terms and conditions of the deeds of lease are complied with.

Ministry's Response

When individual claim is made, the interest accumulated is calculated up to the date the reminder is sent to the defaulting lessee. As per records available, the sum of Rs 4,497,673 is the legal amount due, excluding interests.

Granting of Lease exceeding 14 years

Section 10(1)(b) stipulates that *'no lease shall be extended so that its total duration exceeds 14 years'*. Leases were, however, renewed to the same lessees whereby the leases covered a total duration exceeding 14 years. Examples are listed in Table 15-1.

Table 15-1 Lease Renewed to same Lessee exceeding 14 years Lease

Lessee (No. of Ha)	Period of Lease	No. of Years
A (160.40), B (195.60), C (78.09)	01.04.2005 to 31.03.2026	21
D (94.30)	14.01.2005 to 13.01.2026	21
E (170), F (130)	09.05.2005 to 08.05.2026	21
G (175.18)	May 2005 to 24.05.2026	20
H (500), I (243.20), J (412.12)	08.09.2007 to 07.09.2028	21
K (482.76)	02.05.2008 to 07.09.2028	21

Source: Lessees' files

Root Causes

- The Accounting Officer had not initiated appropriate action to amend the Shooting and Fishing Leases Act made in year 1966 to reflect the principles of good governance in the allocation/renewal of lease.

- The Accounting Officer had not considered the other two options, namely public auction or tenders to be called for the grant of new lease.

Recommendations

- The Shooting and Fishing Leases Act, enacted 57 years back, should be amended to promote the principles of good governance in the allocation/renewal of leases.

- The Accounting Officer should also consider the two other methods, namely public auction or call for tenders for the grant of a new lease.

Ministry's Response

- As per the Shooting and Fishing Leases Act, the decision to choose the method to be used for the grant of Shooting and Fishing Lease, rests with the Minister.

- MAIFS is of the view that a coherent approach be adopted for the granting of all types of leases by the Government.

Non-compliance with Legislations and Conditions of Deed of Lease

Shooting and Fishing/Eco-Tourism leases over a total extent of 1,839.19 hectares of State Lands were granted to six lessees for a period of seven years in different regions as shown in Table 15-2.

Table 15-2 Shooting and Fishing / Eco-Tourism Leases

Lessee	Extent of Land Leased (Ha)	Lease Period	Region
1	175.18	25.05.2019 - 24.05.2026	Petrin
2	538.41	08.09.2014 - 07.09.2021	Kanaka
3	482.76	08.09.2014 - 07.09.2021	Moka
4	170.00	09.05.2019 - 08.05.2026	Moka/Plaine Wilhems
5	250.76	30.07.2021 - 29.07.2028	Grand Bassin
6	222.08	08.09.2021 - 08.09.2028	Pradier, Gouly Père and Gouly Fils
Total	**1,839.19**		

Source: Lessees' files

- None of the six lessees had complied with the provisions of the Shooting and Fishing Leases Act and the conditions of their deeds of lease.

- Four of the six lessees, namely Lessees 1, 2, 3 and 5 had also not complied with the provisions of the Forests and Reserves Act.

  However, the Ministry did not issue any notice to cancel their leases as stipulated at paragraph 9 of the Schedule to the Shooting and Fishing Leases Act.

Subletting of Leased Land without Ministry's approval

The following lessees had sublet their leased lands without approval of the Ministry:

- Lessees 2 and 4 had sublet a portion of their leased lands.

  Lessee 2 had illegally sub-divided the leased land into three blocks and had sublet them to three different lessees.

  Lessee 4 has been subletting the hunting lodge located on the leased land for entertainment events such as wedding ceremonies and other functions not related to shooting and fishing activities. In view of such activities not provided for in the deed of lease, the Forestry Service recommended, on 5 November 2020, that the Shooting and Fishing lease should not be renewed. A new lease for another seven-year period from 9 May 2019 to 8 May 2026 was approved on 13 July 2021 and the deed of lease was signed on 20 July 2021.

Illegal Constructions

- Contrary to the conditions of the deed of lease, Lessees 1, 3 and 5 had illegally built structures on the leased lands without the written authorisation of the Ministry.

  - The land leased to Lessee 1 was not used for the purpose of shooting and fishing, or eco-tourism activities. The lessee had constructed a track road of four metres wide with a perimeter of 636 metres on the leased land without the Ministry's authorisation.

- Three gates and fencing were erected by Lessee 3 over the common forest tracks on the leased land without the authorisation of the Ministry. In May 2021, the Forestry Service gave the lessee one month's delay to remove the gates and fencing. Despite several reminders were sent to the lessee for the removal of the gates and fencing, same were removed in June 2023, with a delay of 22 months.

- Lessee 5 had illegally erected an artisanal bridge made up of pine and guava poles. Same was dismantled on 16 March 2023 by the Forestry Service.

Breach of Forests and Reserves Act

- During a patrol carried out by the Forestry Service on 25 May 2022, it was observed that Lessee 2 had destroyed some 180 trees, in breach of the Forests and Reserves Act. The offence was not recorded in the Contravention Register and thus, the lessee was not prosecuted. On 7 June 2022, the Forestry Service recommended the Ministry to put on hold the renewal of the lessee's lease. On 26 September 2022, informed the lessee that the lease which expired on 7 September 2021 was not renewed.

The 7-year lease valid up to 7 September 2021 of the lessee was not produced to NAO.

Outstanding Rental not settled

- The total amount of rent due by Lessees 1 and 6 was Rs 1,154,667 as at 30 June 2023.

  Rent due by Lessee 1 amounted to Rs 527,291 for the period 8 September 2022 to 7 September 2024. The lessee was requested to effect payment on three instances, lastly on 13 March 2023. On 19 May 2023, however, the lessee was informed that payment of the amount due would not be accepted as a contravention for illegal construction of a track road had been established.

  As regards Lessee 6, the 7-year lease from 8 September 2021 to 7 September 2028 was approved on 16 February 2022 and the lessee was notified of the renewal on 22 February 2022. Rental for the period 8 September 2021 to 7 September 2023, totalling Rs 627,376, was last claimed from the lessee in October 2022. Despite reminders were issued, the outstanding amount for the period 8 September 2021 to 7 March 2023 remained unsettled and on 7 March 2023, the lease was not renewed. Moreover, the deed of lease for the period starting 8 September 2021 was not signed by the lessee.

Deed of lease made on larger extent of State Lands than that approved

- On 30 July 2021, the grant of a seven-year lease to Lessee 5 over an extent of 213.74 hectares of State Lands for the period 30 July 2021 to 29 July 2028, was approved.

  - The deed of lease was, however, made for an extent of 250.76 hectares, instead of 213.74 hectares as approved. As of August 2023, approval for the additional extent of 37.02 hectares was not seen.

- ➢ The deed of lease was signed on 17 February 2022, that is, more than six months after the start of the lease.

- ➢ The Forestry Service, on 7 March 2023, issued a notice of cancellation of the deed of lease to take effect 48 hours after issuance.

Root Causes

The Conservator of Forests had not ensured that:

- the lessees complied with the terms and conditions of the deed of lease, the Shooting and Fishing Leases Act, and the Forests and Reserves Act; and

- the Forest Officers carried out regular patrols and reported any offences caused or illegal activities being carried out on leased lands.

Recommendations

The Accounting Officer should ensure that:

- the terms and conditions of the deed of lease and relevant legislations are complied with by the lessees;

- the officers of the Forestry Service carry out regular patrols and take appropriate prompt actions in case offences are committed by the lessees.

Ministry's Response

- The Forestry Service is to ensure that all terms and conditions of the leases are complied with.

- Patrols over the land leased under shooting, fishing and eco-tourism activities would be enhanced through the use of drones.

- Actions have been initiated for the filling of vacancies at the level of the Forestry Service so that the Department is adequately manned to fulfil its mandate.

Enjoyment of Rights by Lessees still owing rentals/rentals being paid with delay

Out of 76 lessees of Shooting and Fishing/Eco-Tourism lease, 14 lessees owed rental amounting to some Rs 4.5 million.

- The 14 lessees had not complied with Section 8 of the Shooting and Fishing Leases Act. They enjoyed their rights to the leased land during the same year in breach of Section 9(1) of the said Act which stipulates that "*The lessee shall not enjoy any of the rights leased to him under this Act in respect of any period of the lease extending from 1 June in any year to 7 September in the same year unless and until he has paid the rent in respect of the following year of the lease*".

- Of the remaining 62 lessees, some have not paid their rent prior to 1 April but have nevertheless enjoyed the rights to the land leased to them from 1 June of same year.

Root Cause

The Conservator of Forests had not ensured that the provisions of the Shooting and Fishing Leases Act were always complied with.

Recommendation

The Conservator of Forests should ensure that the provisions of the Shooting and Fishing Leases Act are always complied with by the lessees.

Ministry's Response

- Corrective measures have already been taken to ensure a systematic approach for monitoring of Shooting and Fishing leases.

- As regards enjoyment of rights by lessees still owing rentals and rentals being paid with delay, most of the rentals due have been retrieved.

- The Conservator of Forests would be requested to ensure close follow-up so that there is no delay in the payment of rental due by lessees.

Late Signature of Deed of Lease/Deed of Lease not seen

- Section 5(5) of the Shooting and Fishing Leases Act had not always been complied with. Instead of signing the deed of lease within one month of the commencement of the lease, cases were noted where the deeds were signed 13 to 17 months after the start date of the lease.

- In one case, the deed of lease for the period 8 September 2021 to 7 September 2028 was still not signed as at August 2023, despite several requests made by the Ministry to the lessee.

- In four cases, the deeds of lease were not made available to NAO Officers.

Root Causes

The Conservator of Forests had not ensured that:

- Deeds of lease were signed within one month of the commencement of the lease as provided in the Shooting and Fishing Leases Act; and

- Registered copy of all deeds of lease were properly kept at the Forestry Service.

Recommendations

The Accounting Officer should ensure that:

- the deeds of lease are signed both by the Ministry and the lessees within one month of the commencement of the lease; and

- the Conservator of Forests properly keep all deeds of lease.

Ministry's Response

All records, including deed of lease, are now being kept properly at the level of the Forestry Service.

15.3.2 Lapses in the Operational Activities of the Cattle Reproduction Farm

The aim of developing the livestock sector is to boost local production of meat and marketing of milk, thereby increasing food self-sufficiency and the sector's contribution to the economy.

At paragraphs 16.1 and 18.1 of the Audit Reports for the financial years 2019-20 and 2020-21 respectively, it was highlighted that additional amenities were not provided at the Cattle Reproduction Farm and that the operation of the farm was delayed. It was further stated that the Livestock Zone project was set aside by the Ministry in October 2020 and instead, merging of the infrastructure of the Livestock Zone with the Cattle Reproduction Farm was opted for.

To meet this objective, the Ministry invested some Rs 59.2 million in the Cattle Reproduction Farm as at 30 June 2023.

Findings

Delay in the Provision of Amenities

The Cattle Reproduction Farm has been operational since December 2019, despite the lack of certain basic amenities such as electricity and milking unit.

As of August 2023, some 44 months after its inception, the basic amenities were still not provided at the farm. In the absence of the required amenities, the farm was not operational.

Root Cause

The Director, Agricultural Services did not take appropriate action to ensure basic amenities were provided for the operation of the farm.

Recommendation

The Accounting Officer should ensure that procurement procedures for providing the basic amenities are initiated without further delay.

Ministry's Response

- Actions have been initiated to ensure that basic amenities are provided such as:

(i) installation of electrical system project is presently at evaluation stage;

(ii) refurbishment of farm buildings B, C and D. Actions have already been initiated to launch procurement exercises for fixing of metal enclosures, shutters, rainwater harvesting system, concrete flooring of exercise yards, construction of ramps and setting up of waste disposal system, and supply, installation, testing and commissioning of a slurry tanker; and

(iii) bid for the supply and installation of chipper, launched on 25 October 2023, are being evaluated.

- Setting up of a milking unit with cooling tank and fixed milking machine project could not be entertained in the absence of the electrical network.

Slow Growth - Farm not operating at Full Capacity

With the merging of the Heifer Farm with the Livestock Zone in October 2020, the capacity to accommodate animals at the Cattle Reproduction Farm has increased up to 300. However, as at 30 June 2023, the farm had only 73 animals and was thus, operating at 24 per cent of its full capacity.

In order to provide weaners of good quality and to prevent inbreeding/degeneration of stocks, new breeding stocks were to be introduced at least once every two years. However, due to the unavailability of an isolation unit, no new stocks have been imported for breeding since year 2019.

Root Causes

The Director, Agricultural Services had not:

- taken prompt action to increase the number of animals to enable the Cattle Reproduction Farm to operate at its full capacity;
- ensured that an isolation unit be set up by the Ministry; and
- introduced new breeding stocks since year 2019.

Recommendation

The Accounting Officer should ensure that appropriate actions are initiated to enable the farm to operate at its full capacity to attain sustainability and growth in animal production to meet the needs of the farming community.

Ministry's Response

- The Ministry is contemplating the rehabilitation of the Richelieu Quarantine Unit.
- The letter of acceptance for the import of breeding animals was issued on 21 June 2023. However, the delivery of animals has not yet been effected given that there are issues with the pedigree certificates which have to be addressed.

- Actions are being taken to ensure that the farm becomes fully operational in order to meet the needs of the farming community.

Depletion of the Parental Stock

As at 30 June 2023, the animal strength at the farm comprising cows and heifers, weaned and unweaned calves, was 73.

- Since its operation in December 2019, the farm had only one bull and 47 cows which were used for mating and reproduction purposes. The bull passed away in March 2023 and no replacement was made. Artificial insemination was resorted to for reproduction but the success rate was low as compared to normal mating. As at August 2023, the Cattle Reproduction Farm had 30 cows, but still without a bull for mating and reproduction purpose.

- During the period December 2019 to July 2023, a decrease in the livestock population from 48 to 32 was noted.

- During the financial year 2022-23, 11 animals died, including eight due to splayed legs caused by the smooth flooring of the farm which was too slippery.

Root Causes

The Director, Agricultural Services had not taken appropriate actions to:

- Import new breeding stocks since December 2019.

- Introduce more bulls at the farm since its operation in December 2019 and following the death of the only bull in March 2023.

- Ensure sufficient parental stock and the availability of sufficient animals to meet the demands of the farming community.

Recommendations

The Accounting Officer should ensure that the Director, Agricultural Services:

- Take appropriate measures to import new breeding stock at regular time intervals.

- Procure additional bulls to increase animal production.

Ministry's Response

- The Ministry has already initiated action for the import of two breeding bulls.

- The breeding programme is ongoing and the objectives of the farm to produce weaners for sale to the breeding community will be reached.

- Import of pedigree breeding stock to ensure a good parental stock has already been undertaken.

Site Visit

On 5 September 2023, a site visit was carried out by NAO Officers at the Cattle Reproduction Farm in the presence of Officers of the Ministry.

- Since the operation of the farm in December 2019, essential amenities such as a mating pen and a maternity pen, were not constructed. Hence, instead of protecting the pregnant cows from being harmed by other animals and ensuring that the delivery was done in hygienic conditions, they were kept along with other animals. In February 2023, two unweaned calves had died at the farm.

- The track road leading to the entrance of the farm was covered with a thick layer of sticky mud, thus causing damage to the tractors and other vehicles. For instance, one tractor broke down in August 2022 and again in September 2022 and, in February 2023 a trailer was reported to be damaged due to the bad condition of the track road. Refer to Figure 1.

Figure 1: Condition of the track road

- No proper wiring system was installed and electrical wires for the connection of light bulbs inside the farm were hanging loosely.

- The initial grooves on the floor were smooth, thus making it difficult for the animals to stand and to move around. In order to avoid incidents like slipping and death by splayed legs, especially for the new born calves, floor mats were used. Refer to Figures 2 and 3.

Figure 2: State of the flooring

Figure 3: Mat being used for new born

- The premises of the former Livestock Zone were in a very deplorable state and had no electricity. The exercise yards for the animals were covered with mud and were slippery. Refer to Figure 4.

  As no drains or septic tanks for animals' wastes existed, these were evacuated at the entrance of the farm. The situation was even worse during heavy rainfall when the animals' waste and mud remained stagnant at the entrance of the farm. This situation also attracted flies and as such, represented a serious health hazard for the animals and for the Officers working in such environment. Refer to Figure 5.

Figure 4: Exercise yards covered with mud

Figure 5: Premises of ex-Livestock Zone

- The second farm building, with the objective to accommodate newly imported breeding stock during year 2023, was empty and was awaiting to be connected to the electrical network.

Root Causes

The Director, Agricultural Services had not ensured that:

- works pertaining to drains, septic tanks and access roads were completed;
- yards were regularly cleaned for the animals to roam around in proper and hygienic conditions;
- a maternity pen was constructed inside the farm to enable deliveries in hygienic conditions; and
- all the buildings were provided with electricity supply.

Recommendations

The Accounting Officer should ensure that:

- proper drains, septic tanks and access roads to the pens are provided;
- yards are regularly cleaned for the animals to roam around in proper and hygienic conditions;

- maternity pen is constructed on the farm to enable deliveries in hygienic conditions.; and

- the electrical wirings in the farm building are properly done.

Ministry's Response

- A dedicated pen in the heifer farm building has been refurbished to house only pregnant cow and to cater for newborns to ensure minimum contact with other animals and to ensure optimum hygienic conditions.

- A request was made on 24 April 2023 to ESD to effect repairs on the electrical system. The electrical installation project is presently at evaluation stage.

- The animals are being released in pastures since September 2023, and thus, wastes are not accumulated resulting in a better overall environment.

- A waste disposal system has been included in a future project for the refurbishment of the ex-Livestock Zone buildings.

Wrong Cost Estimates leading to Delay in Award of Contracts

In the following two cases, tender procedures were delayed due to the wrong computation of estimated costs.

(a) Acquisition of 57 Animals

In September 2022, approval for the acquisition of 52 animals, comprising 40 breeding ewes, 10 breeding rams and two breeding bulls was obtained from the Ministry. The first tender exercise, launched in November 2022, was not successful as the price quoted by the sole bidder was higher than the estimated cost of the animals by 22.6 per cent. Following a second tender exercise made in March 2023, a contract for the procurement of 57 breeding sheep and cattle was awarded to the lowest substantially responsive bidder for some Rs 5.6 million on 21 June 2023. As per the contract, the import date was set before 15 November 2023 and the delivery of the animals (after the quarantine period) was expected to be 30 November 2023.

The animals had, however, not reached Mauritius as at that date and the import permit of the contractor had already expired on 10 October 2023.

(b) Setting up of an Isolation Unit

In the absence of a quarantine unit for imported animals, the Ministry was in the process of setting up an Isolation Unit at Albion, to be used to quarantine imported animals which would later be transferred to the Melrose Cattle Reproduction Farm and Salazie Sheep Reproduction Farm. In November 2022, a tender for the setting up of the Isolation Unit was launched. However, the price quoted by each of the two bidders was higher than the estimated cost and the procurement exercise had to be relaunched in June 2023. Again, the price quoted by the sole bidder exceeded the estimated cost by more than 100 per cent.

As of August 2023, the Ministry still has no Isolation Unit and, consequently, was not able to import new breeding stock.

Root Cause

The Director, Agricultural Services had not ensured that the Engineering Division had carried out proper market surveys for the preparation of the cost estimates.

Recommendation

The Accounting Officer should ensure that the cost estimate for any procurement or construction project reflects the market value.

Ministry's Response

- Delivery of animals has not been effected as there is an issue with the selection of animals and their pedigree certificates that are not compliant.

- The delay in the award of contract for the project "Isolation Unit" at Albion did not cause any inconvenience as the contract for the procurement of breeding animals awarded on 21 June 2023 included the quarantine of imported animals.

- Due to the lengthy procurement procedures, there is a high probability that the price varies between the survey and the bidding exercise.

15.3.3 Ineffective Administration of State Lands for Agricultural Purposes

The Land Use Division (LUD) was set up to manage agricultural State Lands falling under the purview of MAIFS. It is entrusted with the responsibility to lease agricultural State Lands to the farming community and to ensure that the leased lands are exploited for the intended purpose.

Findings

Non-enforcement of Lease Conditions

Three Cooperative Societies had pledged the leasehold rights under the agricultural land lease to secure loans of some Rs 3.4 million, Rs 2.9 million and Rs 1.8 million, respectively from financial institutions.

- *Lessee A: Leasehold Rights pledged for loan of Rs 3.4 million and Lease Agreement not regularised since February 2019*

Lessee A held two lease agreements for an extent of 18.92A and 0.75A of agricultural land at Mare D'Albert for the purpose of livestock production for a period of seven years, which ended in February 2019. In the financial year 2013-14, the lessee secured loans for the total sum of some Rs 3.4 million from a local bank under the Food Security Fund Scheme for the construction of a model farm and the purchase of heifers.

As of October 2023, the lessee was still carrying out its activities on the State Lands although the lease agreements had expired since February 2019 and payment of rental was not effected.

Ministry's Response

Survey exercise has been completed on 26 June 2023 and PIN has been accordingly secured and procedure of renewal has subsequently been initiated after consultation with FAREI on occupation of plots previously allocated to the Cooperative Society.

Lease agreements are drawn from the date of expiry of the previous lease, that is, from 21 February 2020 till 20 February 2027 and rents are recouped for the same period since the lessee was allowed to carry out agricultural activities on the said State Lands.

- *Lessee B: Mismatch between Conditions of Lease Agreement and Loan purpose*

Lessee B was granted a lease for five plots of State Lands at Curepipe Experiment Station for a total extent of 12.53A for the purposes of food crop production, and the setting up of a poultry farm and greenhouses. The duration of the lease was for seven years from November 2014 to November 2021.

In year 2014, the lessee pledged the leasehold rights on three plots of land to an extent of 9.74A with a local bank for a total loan amount of Rs 2,925,000 under the Food Security Fund Scheme for the construction of a cowshed, purchase of heifers, purchase of equipment and fodder production. The purpose of the loan was not in line with the conditions of the lease.

As of October 2023, the lease agreement for the five plots of State Lands was not renewed. Hence, no payment of rental was made.

Ministry's Response

After site visits effected and recommendations made by LUD and FAREI, approval has been conveyed:

- to draw a lease agreement in respect of a company on an extent of 0.27A, being part of plot No. 15, for agro-processing activities;

- to draw a new lease agreement in respect of another company on plots No. 2, 4 and 6 for food crop production; and

- renewal of lease agreements was not recommended for plots No. 15 and 16 since these were reported to be in abandoned state.

MAIFS is in the process of renewing the above leases and it should be noted that these will be drawn subject to payment of arrears.

- *Lessee C: State Lands Leased not used for intended purpose*

Lessee C held a lease agreement for three plots of State Lands for a total extent of 41A 46P which ended in October 2016, for integrated farming activities at Gardes & Deribes.

In year 2011, the lessee pledged the leasehold rights as security for a loan of Rs 1,775,000 from a local bank, based on a correspondence from the Ministry in December 2011 that the lease would be renewed for a further period of seven years to end in October 2023. During site visits effected by LUD Officers in April 2023 and September 2023, the State Lands were reported to be in a neglected state and integrated farming activities were not being carried out.

As of October 2023, new lease agreement was not signed.

Ministry's Response

The LUD recommended to declare the said portion of State Lands vacant.

Root Causes

- The Officer-in-Charge of LUD did not ensure that the leased State Lands were used for the intended purposes and objectives.

- The Accounting Officer did not ensure that the conditions of the pledge on leasehold rights were formulated in the interest of the Ministry.

Recommendations

The Accounting Officer should ensure that:

- the leased State Lands are used for the intended purpose and objectives; and

- the conditions of the pledge on leasehold rights are properly formulated in the interest of the Ministry.

Ministry's Response

Remedial actions have been taken:

- Vacant posts at the LUD have been filled to increase the level of monitoring of State Lands.

- The lease agreement has been amended with new and more stringent conditions with the advice of the AGO to ascertain immediate action against defaulters.

- Action has been initiated to digitalise all processes at the LUD, starting from application till monitoring and renewal procedures.

- The review of rental fees for agricultural State Lands is under discussion.

15.3.4 Lapses in Management of Mechanical Workshop and Transport

The Richelieu Engineering Division provides essential technical and engineering services while the Transport Division offers transport facilities to all Divisions and Departments under the responsibility of the Ministry.

During the financial year 2022-23, some Rs 4.7 million and Rs 7.5 million were disbursed as maintenance costs of vehicles and fuel costs, respectively.

Findings

Delay in Repairs of Vehicles

Most of the Ministry's vehicles, except for the new ones still under warranty, were repaired at the Engineering Division. Repairs of those vehicles that could not be undertaken were outsourced to private garages under a framework agreement.

- As of 18 August 2023, out of 16 vehicles under repairs at the Engineering Division and at the private garages, repair works of 14 vehicles still needed to be completed and the vehicles had remained in the garages for periods ranging from 18 to 675 days. The delay in repairs was attributed to late delivery of spare parts.

- Delivery of ordered spare parts was inadequately monitored at the Engineering Division, resulting in delays ranging from 14 to 464 days and ultimately in longer stay of vehicles in workshop.

Root Causes

- The Principal Agricultural Engineer had not ensured that spare parts were delivered within a reasonable time for the repairs of vehicles at the earliest possible.

- A full time Procurement and Supply Officer was not posted in the Procurement Section of the Engineering Division.

Recommendation

The Accounting Officer should ensure that a full time Procurement and Supply Officer is posted in the Procurement Unit for the timely delivery of spare parts to reduce the period of stay of vehicles in the workshop.

Ministry's Response

- A full time officer from the Procurement and Supply Cadre would be provided to the Division.

- An electronic Vehicle Diagnosis tool would be made available.

- Filling of the vacancies for Tradesman Assistant and Tradesman to cater for the increasing number of vehicles, equipment, plant and machinery would be made.

- Training and Capacity Building programmes for the Engineers, Chief Tradesman, Tradesman and Tradesman Assistant would be organised.

- Regular follow-ups would be made with the Procurement Section to ensure timely provision of spare parts to the Engineering Workshop.

Ministry's Fleet of Vehicles not available

In July 2023, a list of 76 vehicles (42 still in use and 34 boarded vehicles) was submitted to NAO Officers by the Transport Division.

- Thirty one vehicles were not recorded in the Plant Register kept at the Transport Division.

- The list of vehicles posted at the Forestry Service was not submitted to NAO Officers.

Hence, a complete list of the Ministry's fleet of vehicles as at October 2023 was not available.

Root Cause

The Officer-in-Charge of the Transport Section had not updated the Plant Register for control purposes.

Recommendation

The Accounting Officer should ensure that the Plant Register is always kept up to date.

Ministry's Response

The Transport Section has already updated the Plant Register for the Division. The Forestry Services has its own Plant Register kept at their Division.

Physical Surveys - Boarded Vehicles Heavily Corroded

On 10 August 2023 and 1 September 2023, physical surveys of 38 vehicles awaiting to be boarded, including 26 vehicles already condemned by the last Board of Survey on 27 April 2021, parked at the Richelieu Engineering Division, Transport Division and Forestry Service, were carried out by NAO Officers jointly with the Ministry's Officers.

Since April 2021, for some three years, the condemned vehicles were still in the open yard at the Curepipe Forestry Service. These vehicles were exposed to extreme weather conditions, which caused heavy corrosion to the body parts, thereby reducing their resale value and contributing to their accelerated deterioration. Refer to Figure 1.

Figure 1: Boarded Vehicles kept in the open yard at Curepipe Forestry Service

Root Causes

The Accounting Officer had not initiated timely action for:

- The setting up of a proper Board of Survey for the 12 vehicles awaiting to be boarded.
- The disposal of the 26 vehicles already condemned.

Recommendation

The Accounting Officer should set up a proper Board of Survey at the earliest possible for the 12 vehicles awaiting to be boarded and initiate action for the disposal of the 26 vehicles already condemned.

Ministry's Response

As per Board of Survey conducted on 27 April 2021, there were 26 vehicles for which decisions have already been taken and necessary action for their disposal are being taken. As regards to the remaining vehicles awaiting to be boarded, the Ministry of National Infrastructure and Community Development and the Ministry of Finance, Economic Planning and Development (MoFEPD) were requested to designate a Chairman and members to constitute a Board of Survey for their disposal.

15.3.5 Non-compliance with Governance Issues

Strategic Overview - Targets Not Achieved

For the financial year 2022-23, one key deliverable with ten Key Performance Indicators (KPIs) were determined by MAIFS. As at 30 June 2023, the targets set for KPIs and deliverable to improve food security level by increasing local production of all non-sugar crops and livestock were partly achieved by nine Delivery Units under the Ministry as shown in the Table 15-3.

Table 15-3 Achievements of the Delivery Units

Achievements as at 30.06.2023	Delivery Units
≤ 50 %	Agricultural Marketing Board and Horticulture Division
51 – 80 %	Food Agricultural Research and Extension Institute, Agricultural Services Division, Livestock Division and Forestry Service
81 – 95 %	Mauritius Cane Industry Authority and Entomology Division
96 – 99 %	Small Farmers Welfare Fund

Source: Draft Annual Report 2022-23 MOAIFS

Root Cause

The Accounting Officer as the Chairperson of the Monitoring Committee had not ensured that the key deliverable with ten KPIs were being achieved.

Recommendation

The Accounting Officer should ensure that the Monitoring Committee closely monitors the targets set by the Ministry.

Ministry's Response

- A Monthly Project Monitoring Committee is already set up since March 2023 to examine the project progress level for each sector.
- There is another Monitoring Committee to follow on progress and targets achieved in line with the Government Programme 2020-2024.
- A Project Management Committee has been set up in October 2023 and chaired by the Minister.

Audit Committee – Provisions of the Audit Committee Charter not adhered to

Audit Committee (AC) plays a key role in public accountability by providing independent oversight of the organisation's governance, risk management and internal control practices, thus providing confidence in the integrity of these practices.

- Contrary to paragraph 23(i) of the Audit Committee Charter, the Committee had submitted its Action Plan for the financial year 2022-23 to the Ministry of Financial Services and Good Governance (MFSGG) on 29 November 2022 instead of 1 July 2022.
- As per paragraph 23(iii) of the AC Charter, the Accounting Officer of the Ministry shall not later than 15 working days after the end of the quarter submit a Quarterly Report of the AC to the Office of Public Sector Governance (OPSG).

Quarterly Reports of the AC were, however, submitted to OPSG with delays ranging from 6 to 43 days.

- Contrary to paragraph 23(iv) of the AC Charter, the notes of meetings of the AC held on 30 August 2022 and 25 October 2022, due to be submitted to OPSG on 20 September 2022 and 15 November 2022 respectively, were submitted on 29 November 2022.

- The Performance Agreement for the financial year 2022-23 was submitted to MFSGG on 14 September 2022, instead of the beginning of the financial year on 1 July 2022, that is with a delay of 2½ months. Paragraph 26 of the AC Charter was, therefore, not adhered to.

- On 12 August 2022, the AC of MAIFS for the financial years 2022-23 and 2023-24 was reconstituted. Contrary to paragraph 9 of the AC Charter, appropriate and timely training, including an induction programme to be conducted by OPSG, were not provided to the Chairperson and members of the AC.

- A Register of Conflict of Interest for the financial year 2022-23 was not maintained by the Secretary of the AC, contrary to paragraph 15 of the AC Charter.

Root Causes

- The Chairperson of the AC had not ensured that the provisions of the AC Charter were adhered to.

- The Accounting Officer had not ensured that the Chairperson and Members of AC were provided with appropriate and timely training.

Recommendations

- The Chairperson of the AC should ensure that all procedures of the AC Charter are strictly complied with.

- The Accounting Officer should ensure that the Chairperson and Members of AC are provided with appropriate and timely training.

Ministry's Response

- The AC Charter has been circulated to all the members of the AC on 17 January 2024 for strict compliance with the provisions of the Charter.

- During financial year 2022-23, the Ministry did not receive any official correspondence on training programs being organised by OPSG. Thus, no training was provided to the Chairperson and the members of the AC.

- In August 2023, five members of the AC have already attended the training on "Improving Public Sector Governance through Audit Committees' provided by the Civil Service College.

Internal Audit – Audit Plan not Completed

The purpose of the Internal Audit (IA) is to enhance and protect the organisational value by providing an independent and objective assurance. IA assists management in accomplishing its objectives and in improving the effectiveness of the organisation's risk management, control and governance processes.

Findings

- Some 30 per cent of the auditable areas of the Annual Internal Audit Plan for financial year 2022-23 were not done.

- Out of 75 recommendations made by the Internal Control Unit, 32 per cent of the recommendations were not yet implemented.

Root Cause

The AC had not ensured that all auditable areas of the Annual Internal Audit Plan had been audited.

Recommendation

The AC should ensure that all auditable areas in the Annual Internal Audit Plan are achieved.

Ministry's Response

Regular follow-ups would be made at the level of the Ministry to ensure that the recommendations are implemented.

Risk Management Framework not established

On 28 December 2021, a Circular highlighting guidelines for the establishment of Risk Management in the Public Sector was issued by MoFEPD.

Some 23 months later, that is in November 2023, a Risk Management (RM) Framework was still not established.

Root Cause

The Accounting Officer had not ensured the timely establishment of the RM Framework.

Recommendation

The Accounting Officer should establish a RM Framework at the earliest in compliance with MoFEPD's Circular.

Ministry's Response

Approval was obtained on 09 January 2024 to seek the assistance of MoFEPD with officers having the required expertise to establish a comprehensive Risk Management Framework at this Ministry in collaboration with the Internal Control Unit. An official letter was addressed to MoFEPD on 17 January 2024 requesting the assistance.

15.3.6 Governance Issues - Non-compliance with Legislations

Provisions have been made in various legislations to impose a statutory responsibility on Accounting Officers and Boards of Statutory Bodies with the objective of strengthening accountability and transparency in the public sector.

Findings

Non-submission of Report on Performance

As of 18 December 2023, the Report on Performance of the Ministry of Agro-Industry and Food Security for the financial year 2022-23 had not yet been submitted to MoFEPD, despite the statutory deadline being 31 October 2023.

Non-submission of Financial Statements for Audit

The Statutory Bodies (Accounts and Audit) Act requires the Chief Executive Officer of a Statutory Body to submit the Annual Report to the auditor not later than four months after the end of every financial year.

As of 14 December 2023, the following Statutory Bodies falling under the purview of the Ministry of Agro-Industry and Food Security, have not submitted their Financial Statements for audit for periods as shown in Table 15-4.

Table 15-4 Financial Statements not submitted to NAO for Audit

Statutory Body	Financial Year/Period	No. of Financial Statements	Remarks
Small Farmers Welfare Fund	2019-20 to 2022-23	4	
Mauritius Society for Animal Welfare	01.01.2016-30.06.2017, 2017-18 to 2022-23	7	
Sir Seewoosagur Ramgoolam Botanical Garden Trust	2020-21 to 2022-23	3	
Vallée D'Osterlog Endemic Garden Foundation	2020-21 to 2022-23	3	
Sugar Cane Planters Trust	2007-08, 2008-09 & 01.07.2009-24.07.2010	3	Ceased Operation on 24.07.2010

Source: NAO records

Special Funds: Financial Statements not submitted for Audit

As per paragraph 46(5) of the Native Terrestrial Biodiversity and National Parks Act, the Committee shall, not later than three months, after the end of each financial year submit an annual statement of receipts and payments and a balance sheet of the Fund.

As of 14 December 2023, the National Parks and Conservation Fund (NPCF) has not yet submitted the annual statement of receipts and payments and a balance sheet for the financial years 2021-22 and 2022-23.

Annual Reports not laid before the National Assembly

The Statutory Bodies (Accounts and Audit) Act requires a copy of the annual report and audited accounts of every Statutory Body to be laid before the National Assembly at the earliest opportunity.

As of 14 December 2023, Annual Reports of two Statutory Bodies had not yet been laid before the National Assembly as shown in Table 15-5.

Table 15-5 Annual Reports including Audited Financial Statements not laid before the National Assembly

Statutory Body	Financial Year/Period	Date Certified	No. of Financial Statements
Mauritius Meat Authority	2019-20	11.08.2021	1
Vallée D'Osterlog Endemic Garden Foundation	2015 01.01.2016-30.06.2017	14.03.2023 13.07.2023	2

Source: NAO records and National Assembly Hansard

Root Cause

The Accounting Officer had not ensured that the provisions made in the Statutory Bodies (Accounts and Audit) Act have been complied with.

Recommendations

The Accounting Officer should:

- ensure that Statutory obligations are complied with; and
- exercise control over Statutory Bodies and other entities operating under the aegis of the Ministry to ensure that they fulfil their statutory responsibilities regarding the preparation of financial statements, their submission for audit and tabling same before the National Assembly.

Ministry's Response

- The Finance Section of the Ministry is providing assistance to the Mauritius Society for Animal Welfare for the preparation of the financial statements.
- Financial statements of Sir Seewoosagur Ramgoolam Botanical Garden Trust are being reworked in IPSAS format.
- The financial statements 2020-21 of the Vallée D'Osterlog Endemic Garden Foundation will be submitted for audit and that for 2021-22 and 2022-23 will be reworked to the IPSAS format.
- The services of the Accountant-General`s Office is being sought to prepare the accounts for Sugar Cane Planters Trust.
- The Financial Statements of the NPCF are being reworked in the IPSAS format and same will be forwarded in due course.
- The Annual Report would be tabled to the National Assembly by mid-February 2024.

15.3.7 Follow-up of Findings Raised in Audit Report 2021-22

A follow up of matters raised in the Audit Report for the financial year 2021-22 was carried out. The Ministry of Agro-Industry and Food Security was requested to inform NAO of the actions that have been taken to address the findings and recommendations in the Report. The information along with evidence collected through review of files and documents were assessed and discussed with the Ministry.

The status on actions taken on findings since the publication of the Audit Report are summarised below. Out of 18 findings, 10 (56 per cent) have been resolved, four (22 per cent) have been partially resolved and four (22 per cent) have not been resolved.

SN	Findings	Ministry's Response - Status as at February 2024	NAO Comments
	IT Projects - Implementation Delays (Page 245)		
	National Livestock Information System (NLIS)		
1	The Technical Co-operation Programme (TCP) between the Ministry, and Food and Agricultural Organisation (FAO) was signed on 11 August 2021 and was expected to be completed in July 2023. The project comprised two main components, namely Identification of Animals at National Level and Development of NLIS software. *(Pg 245, Para 15.1)*	As at date, the main activities of the project have been completed. A validation workshop was held on 19 December 2023 with the participation of various stakeholders to take stock of the three main achievements which form part of the TCP. Regarding the information system, it is at User Acceptance Testing. A test version has gone live since 30 January 2024 as bugs are being encountered. The issues are being addressed by the supplier and the officers of FAO.	**Partially Resolved**
	Laboratory Information Management System(LIMS)		
2	The system was planned to go live in September 2022.	The LIMS went live on 25 September 2023.	**Resolved**
3	*Identification of animals at National level not yet done* The traceability of animals remained a challenge in the livestock sector since the record keeping system was not effective. The Ministry purchased 10,200 microchips for some Rs 1.5 million, of which 3,814 were utilised as of July 2022. Only 5 per cent of the targeted population of 70,000 animals, have been implanted with microchips. As of September 2022, the livestock identification system was still at its preliminary stage. *(Pg 246, Para 15.1)*	The rate of application of microchips is quite slow as there are only three staff posted at the NLIS. The Animal Production Division (APD) has altered its strategy by undertaking a procurement exercise to outsource the microchipping exercise. This is presently at the bid evaluation stage. In the event the bidding exercise is successful, microchipping can be outsourced to external teams which would then speed up the process. As at December 2023, some 15,200	**Partially Resolved**

SN	Findings	Ministry's Response - Status as at February 2024	NAO Comments
		microchips have been acquired, out of which 9,259 have already been used (61 per cent). The microchipping exercise will be ongoing. As for the development of the NLIS software, the contract was awarded in June 2023.	
4	*Delay in the Deliverables of TCP* An International Consultant was recruited in September 2022 to develop and validate a traceability system for pigs, poultry and deer as well as for imported livestock. There is the risk that the other activities scheduled to be completed by July 2023 would be delayed. *(Pg 246, Para 15.1)*	The main activities of the TCP have been completed and a validation workshop was held on 19 December 2023 with the participation of various stakeholders.	**Resolved**
5	*Delay for LIMS to go live* Although training and data input in the system started in July 2020, it was only in July 2022, that LIMS went on parallel live phase. Deadline for the completion of the project was not seen. Bugs and gaps detected were not fixed during the support service. User Acceptance Testing was not available for the project *(Pg 247, Para 15.1)*	LIMS went live on 25 September 2023.	**Resolved**
	Administration of State Lands for Agricultural Purposes – Ineffective Monitoring of Compliance with Lease Agreements (Page 248)		
	Agricultural State Lands not yet leased		
6	As at September 2022, out of a total of 5,023 plots (10,227.92 A) of agricultural land, only 3,277 plots (7,500.48 A) were leased, of which 226 plots (382.8 A) were left in an abandoned state. The remaining 1,746 plots (2,727.44 A), representing 34.7 per cent, were not surveyed. No Parcel Identification Numbers (PINs) were assigned to these plots and hence, they could not be leased as per the Cadastral Survey Act 2011.	As at December 2023, some 3,674 plots of State Land have been assigned PIN and survey exercise is ongoing to acquire same for the remaining 1,349 plots. Only one Land Surveyor has been assigned duty at the Agricultural Services for all survey works and the Ministry has approved overtime for the survey team to work during weekends to speed up the exercise of PIN allocation.	**Partially Resolved**

SN	Findings	Ministry's Response - Status as at February 2024	NAO Comments
	1,972 plots comprising 3,110 A of arable land, representing some 39 per cent, were thus not used for agricultural purposes. *(Pg 248, Para 15.2)*		
	Considerable Delay in Completion of Land Surveying Contract		
7	As of September 2022: Only 14 per cent of the works has been completed during a period of six years. PINs in respect of 566 plots of land for the total extent of 918 A were still not assigned and submitted to the Ministry. Payments totalling some Rs 3.1 million have been effected to the private Land Surveyor. No liquidated damages have yet been claimed for non-completion of works. *(Pg 248, Para 15.2)*	The contract of the Private Surveyor ended in May 2018 and was extended by 15 months up to August 2019. The last submission of plans and PIN from the surveyor was received at the Ministry on 19 June 2020.	**Not Resolved**
	Arrears of Revenue figure of Rs 12.8 million misstated		
8	Unpaid rent in respect of 22 plots of agricultural State Lands of a total extent of 34.12 A leased for a period of three to seven years were not computed and included in the arrears figure as at 30 June 2022, although these lease agreements were duly signed. *(Pg 249, Para 15.2)*	The 22 plots of land have been allocated to new beneficiaries.	**Resolved**
	Non-compliance with Conditions of Lease Agreement		
9	*Unpaid Rent of Rs 1.7 million by a Company on State Lands of 60 Arpents* Two plots of State Lands at Piton du Milieu were pledged in favour of a bank for a total loan amount of Rs 211.8 million. In February 2022, the Company went into liquidation. No rent was paid by the lessee since 2013 and as at 30 June 2022, total rent due amounted to some Rs 1.7 million. The State Lands were left in an abandoned state.*(Pg 249, Para 15.2)*	• Advice of the AGO has been sought in order to retrieve the unoccupied State Land and same is still under process. • A claim for the settlement of outstanding rent was made to the official receiver on 21 June 2022.	**Not Resolved**

SN	Findings	Ministry's Response – Status as at February 2024	NAO Comments
10	*Unpaid Rent of Rs 109,350 by Cooperative Society A on State Lands of 20.25 A* Nine plots of State Land at Petit Merlo were leased for the setting up of a dairy farm. Despite the Ministry agreed to cancel the Lease Agreement due to non-payment of rent, same could not be effected since the leasehold right was pledged with a bank.The Ministry did not retrieve the plots. Only two plots were used for the purpose of dairy farm while the remaining seven plots were left abandoned. Rent amounting to Rs 109,350 was not yet paid as at September 2022.*(Pg 250, Para 15.2)*	A final survey has been carried by FAREI, the Engineering Division and LUD, based on which a decision will be taken with regards to the retrieval of land. Ministry is re-working on the extent of land to be allocated for renewal of lease agreement. Renewal will be subject to payment of outstanding rents.	**Not Resolved**
11	*Unpaid Rent of Rs 84,000 by Cooperative Society B on State Land of 2 Arpents* A plot of State Land was leased at Mon Bois for the setting up of a modern farm and slaughter house. In February 2011, the Society was wound up. No action was initiated by the Ministry for the lessee to vacate the land. The Ministry, instead, agreed for a new lease agreement to be signed in the name of a new Company set up by the lessee.As at 30 June 2022, total rent of some Rs 84,000 were still due by the lessee and no lease agreement was signed. *(Pg 250, Para 15.2)*	• In September 2013, representative of the Society was called to proceed with the cancellation of the lease and to honour arrears amounting to Rs 29,551 for period 1 September 2010 to 31 August 2014. However, he failed to do so. • The said State Lands was thereafter retrieved on 13 November 2014 and later vested in the Ministry of Housing and Land Use Planning for the setting up of a driver's training centre. • Advice of the Solicitor General was sought to recover the outstanding rents and this Ministry was informed that in accordance to Articles 2279 of the Code Civil Mauricien, only unpaid annual rental for the past three years may be validly claimed from the concerned lessees. • In February 2023, LUD recommended write off of the unrecoverable rents of Rs 29,862.	**Resolved**
12	*Illegal construction of a building on Agricultural State Lands* A Cooperative Society was granted a lease for two plots of agricultural land at Mare D'Albert for livestock production. A concrete building was illegally constructed on one of the plots, contrary to the lease agreement.	• Survey exercise was completed in April 2023 and PIN has been secured in June 2023. • Approval has been sought to renew the lease agreement after consultation with FAREI. • It was reported that the unauthorised building was used as a watchman	**Resolved**

SN	Findings	Ministry's Response - Status as at February 2024	NAO Comments
	Though the Ministry issued a warning letter in February 2022 to pull down the concrete building, no follow up action was seen to have been taken as at September 2022. *(Pg 251, Para 15.2)*	quarter cum store and was in accordance with the planning guidelines of the Ministry of Housing and Land Use Planning.	
	Experiment Stations – Significant Decrease in Operational Activities (Page 251)		
	Under-utilisation of cultivable land leading to reduction in vegetable seeds and propagating materials of flowers and fruits crops production, and expiry of agrochemicals		
13	As of June 2022, out of a total of 32 hectares of cultivable land, only 12 hectares were under cultivation. Seeds production, and propagating materials of flowers and fruit crops were significantly reduced. Restricted varieties of these produce were thus made available to the farmers' community. As of June 2022, only 24 out of 64 varieties were produced. *(Pg 251, Para 15.3)*	Following recruitment of General Workers in October 2022, seed production has increased by 22 per cent from 1,668 kg in 2021-22 to 2,023 kg in 2022-23.	**Resolved**
14	Out of 176 agrochemicals, items ranging from 9 to 47 per station, were expired. *(Pg 252, Para 15.3)*	The Ministry has paid an amount of Rs 118,000 in April 2023 for the disposal of agrochemicals.	**Resolved**
	Hydroponic Sheds and Anti-bird Shed left in abandoned state		
15	During a site visit effected by NAO in September 2022, the two hydroponic sheds were seen in an abandoned state with the invasion of wild plants, the roof being torn off and left with only the metal structure. All accessories and associated logistics to operate the two sheds were not on record. The Anti-bird shed of a total surface area of 2,088 m ^{2}, was in an abandoned state. *(Pg 252, Para 15.3)*	Scope of works for two hydroponic sheds and anti-bird shed has already been prepared by the Engineering Division and a quotation has been obtained. The hydroponic sheds will be used for variety testing and seed production with pollination by honey bees. For the anti-bird shed, request for purchase of same has already been made.	**Partially Resolved**
	Building Infrastructures not occupied		
16	The first floor of the main building at the Albion Experiment Station meant for residential purposes has been unoccupied since 2017. *(Pg 252, Para 15.3)*	Due to the offices of the Agronomy Division and APD being prone to flooding when heavy rainfall occurs, decision has been taken in 2023 to relocate staff of both Divisions to the unoccupied building. However, the relocation is not yet completed as there is need for installation of telephone line, GINS and minor renovation works. The completion of the works is expected by end of February 2024.	**Not Resolved**

SN	Findings	Ministry's Response - Status as at February 2024	NAO Comments
	Provision of Security Services to Stations/Compounds – Inadequate Monitoring of Service Provider (Page 253)		
	Losses on sites not recouped from Service Provider		
17	Cases of losses and thefts, totalling some Rs 693,000 were reported at different sites of Lots 1 and 3 despite the presence of security guards on the sites. No deduction was made from the monthly fees paid to the Service Provider. *(Pg 254, Para 15.4)*	In a new contract, losses on sites were included in the bidding document and deductions being done accordingly	**Resolved**
	Deficient Contract performance		
18	Several shortcomings were reported to the Ministry. Penalty clauses as regards to damages for non-performance as per conditions of contract were not always applied. *(Pg 254, Para 15.4)*	More stringent control was being implemented at the level of the Ministry and penalty clause with regards to non-performance have been reviewed and applied.	**Resolved**

15.3.8 Follow-up of Matters Raised in the Performance Audit Report 2022

Title of Report: "Use of Pesticides in Agriculture"

Date Issued: June 2022

A follow up of matters raised in the abovementioned Performance Audit Report was carried out. MAIFS was requested to inform the National Audit Office of the actions that have been taken to address the findings and recommendations in the Report. The information along with evidence collected through review of files and documents were assessed and discussed with the Ministry.

The status on actions taken on key findings and recommendations since the publication of the Audit Report are summarised below. Out of 16 recommendations, three (19 per cent) have been implemented, eight (50 per cent) have been partly implemented and five (31 per cent) were not implemented.

SN	Findings	Recommendations	Ministry's Response – Status as of January 2024	NAO Comments
1	Rise in importation of pesticides for agricultural purposes. *(Pg 19, Para 3.1.1)*	To control and monitor the use of pesticides in agriculture. *(Pg 39, Para 4.2)*	Small Farmers Welfare Fund is giving 60 per cent grant under the Bio-Farming Support Scheme on purchase of bio-pesticides. The laboratory of the Ministry is not equipped to carry out the testing of bio-pesticides. However, FAREI carries out laboratory and field efficacy tests. Funds would be sought in budget 2024-25 for procuring additional equipment for pesticide residue analysis.	**Partly Implemented**
2	No comprehensive policy in line with FAO Guidance. *(Pg 20, Para 3.2)*	To have a policy on pesticide management. *(Pg 40, Para 4.2.1)*	A Roadmap and Strategic Plan 2024-2030 is at draft stage. The Policy on the use of pesticides is being taken on board in this document.	**Not Implemented**

SN	Findings	Recommendations	Ministry's Response – Status as of January 2024	NAO Comments
3	No programmes for collecting and storing of data, carrying out analysis and reporting of same. *(Pg 21, Para 3.2.2)*	To develop a programme for same. *(Pg 40, Para 4.2.1)*	A Pesticide Control Committee has been set up which is responsible for closely looking into and monitoring all issues pertaining to the use and importation of pesticides.	**Partly Implemented**
4	No implementation plan and targets. *(Pg 22, Para 3.2.3)*	To have clear implementation plan, indicators, targets and time frame. *(Pg 40, Para 4.2.1)*	A Roadmap and Strategic Plan 2024-2030 which is at draft stage.	**Not Implemented**
5	Pesticide residue exceeded MRLs (Maximum Residue Level) in some samples while others contained pesticides not recommended. *(Pg 24, Para 3.4.1)*	To ensure compliance with the "Use of Pesticides Act." *(Pg 40, Para 4.2.2)*	Fines established in the Act would be enforced.	**Not Implemented**
6	No certificate submitted by importers regarding level of pesticides in agricultural produce. *(Pg 26, Para 3.4.4)*	Importer shall submit the certificate, as required by the Act. *(Pg 40, Para 4.2.2)*	Amendments made in The Finance (Miscellaneous Provisions) Act 2022.	**Partly Implemented**
7	Samples collected from 550 planters out of 12,000 registered and non-registered planters. *(Pg 27, Para 3.4.5)*	A risk-based approach to be adopted for collection of samples. *(Pg 40, Para 4.2.2)*	A plan has been prepared and is being used for adopting the risk-based approach as from January 2024.	**Implemented**

SN	Findings	Recommendations	Ministry's Response – Status as of January 2024	NAO Comments
8	Out of 135 non-compliant planters, 128 were issued with improvement notices. *(Pg 27, Para 3.4.6)*	Appropriate training to be given to PRO (Pesticides Regulatory Office) officers. *(Pg 40, Para 4.2.2)*	Training request for prosecution duties made to the Civil Service College. Courses will be run in January 2024.	**Partly Implemented**
9	Only eight follow-ups were undertaken out of 128 improvement notices. *(Pg 28, Para 3.4.7)*	To increase number of follow-ups on improvement notices and to work a plan of action to carry the follow-ups. *(Pg 40, Para 4.2.2)*	Follow-up is carried out through collection of additional samples by PRO.	**Partly Implemented**
10	Legal actions not taken against non-compliants planters. *(Pg 28, Para 3.4.8)*	A mechanism for issuing of penalties to be established. *(Pg 40, Para 4.2.2)*	Amendments to the Act should be made to allow for prosecution. The recruitment process of a legal consultant to develop regulations to the Use of Pesticides Act 2018 (enforcement of fines and provision for prosecution) has been undertaken and is ongoing.	**Partly Implemented**
11	Only 33 pesticide molecules out of 60 are being analysed by FTL (Food Technology Laboratory). *(Pg 29, Para 3.4.9.1)*	Additional training for FTL staff to enable them to develop programme to test remaining 27 molecules. *(Pg 40, Para 4.2.2)*	Agricultural Chemistry Division is developing protocols for the testing of additional molecules of pesticides.	**Not Implemented**

SN	Findings	Recommendations	Ministry's Response – Status as of January 2024	NAO Comments
12	No strategy and policy to foster the adoption of IPM (Integrated Pest Management) practices. *(Pg 31, Para 3.5.1.2)*	To develop programme for adopting IPM. *(Pg 41, Para 4.2.3)*	Farmers are encouraged through continued training to adopt IPM. A Roadmap and Strategic Plan 2024-2030 is at draft stage.	**Not Implemented**
13	Several targets under the Fruit Fly Control Programme were not achieved. *(Pg 32, Para 3.5.1.3)*	To promote IPM to address the issue. (*Pg 41, Para 4.2.3)*	Sterile flies are being released in targeted areas. *"Due to limited transport facility, targets could not be achieved."*	**Partly Implemented**
14	FAREI facing challenges to promote the main principles of IPM. *(Pg 34, Para 3.5.2)*	FAREI to continue its research on pest-resistant plant varieties and disseminate same. *(Pg 41, Para 4.2.3)*	Research and Development at FAREI is an ongoing process.	**Implemented**
15	Organic Bill not yet finalised. (*Pg 36, Para 3.5.3)*	Organic Bill should be finalised and relevant legislations adopted. *(Pg 41, Para 4.2.3)*	Drafting Instructions issued.	**Partly Implemented**
16	Training organised by FAREI did not form part of a defined programme. *(Pg 36, Para 3.5.4)*	To ensure that planters are systematically trained on proper use of pesticides. (*Pg 41, Para 4.2.3)*	FAREI has an ongoing training programme for rational use of pesticides targeting farmers.	**Implemented**

16 - MINISTRY OF YOUTH EMPOWERMENT, SPORTS AND RECREATION

16.1 Funds disbursed to Mauritius Multisports Infrastructure Ltd

Public Funds are being disbursed to the Mauritius Multisports Infrastructure Ltd (MMIL) for both recurrent and capital expenditure purposes by the Ministry of Youth Empowerment, Sports and Recreation (MYESR), Deposit Account and National Resilience Fund (NRF).

During the financial year 2022-23 an amount of Rs 57 million was provided in the MYESR's budget for the purpose of MMIL's recurrent expenses.

However, disbursements to MMIL in 2022-23 totalled some Rs 106.9 million to allow MMIL to meet additional recurrent expenses and expenses of a capital nature. Additional funds, over and above the initially budgeted amount of Rs 57 million for MMIL, were provided to MMIL from virement from both of MYESR's recurrent and capital vote items of Rs 9.5 million and 12.5 million, respectively, from funds/virement from NRF totalling Rs 27.1 and of Rs 0.8 million from Deposit Account.

Findings

Inadequacy of Legal Framework for Effective Control Mechanism over Grants

- In the Audit Reports 2021-22, 2020-21 and of prior financial years, attention was drawn to the need for an effective mechanism to allow for appropriate control to be exercised over grants to MMIL or other Government-controlled companies/ State-owned enterprises so as to ensure that the intended objectives for which public funds have been provided are duly achieved.

  However, no mechanism in terms of a legal framework for same has yet been devised.

- MMIL, being a company established under the Companies Act, is not directly subject to government rules and regulations pertaining to the monitoring and control mechanism over grants to Statutory or other Government bodies.

- The actual legal framework does not cater for the requirement for MMIL or Government-controlled companies/State-owned enterprises:

  - to submit to the relevant Minister their estimates and budget proposals; and

  - to table their audited Annual Report, given that they are deriving public funds.

Root Cause

The existing legal framework is inadequate for control of grants to Government-controlled companies/State-owned enterprises.

Recommendation

MYESR should work with relevant stakeholders to devise an appropriate budgetary control mechanism for Government-controlled companies/State-owned enterprises under its aegis.

16.2 Governance Issues – Non-compliance with Legislation

Provisions have been made in various legislations to impose a statutory responsibility on Accounting Officers and Boards of Statutory Bodies with the objective of strengthening accountability and transparency in the public sector.

Non-submission of Report on Performance

As of 18 December 2023, the Report on Performance of MYESR for the financial year 2022-23 had not yet been submitted to the Ministry of Finance, Economic Planning and Development, despite the statutory deadline being 31 October 2023.

Non-submission of Financial Statements for Audit

The Statutory Bodies (Accounts and Audit) Act requires the Chief Executive Officer of a Statutory Body to submit the Annual Report, including financial statements, to the auditor not later than four months after the end of every financial year.

As of 14 December 2023, the Mauritius Sports Council falling under the purview of MYESR had not yet submitted its financial statements for the financial years 2020-21, 2021-22 and 2022-23 for audit.

NAO is of the view that MYESR should exercise control over Statutory Bodies operating under its aegis to ensure that they fulfil their statutory responsibilities regarding the preparation of financial statements, their submission for audit and tabling before the National Assembly.

Ministry's Response

- The Ministry has submitted its Annual Report on Performance to the Ministry of Finance, Economic Planning and Development on 17 January 2024.

- The Ministry has been informed by the Mauritius Sports Council that needful is being done to finalise its Annual Report, including financial statements for the financial years 2020-21, 2021-22 and 2022-23, and to submit same to the National Audit Office.

17 - MINISTRY OF NATIONAL INFRASTRUCTURE AND COMMUNITY DEVELOPMENT

17.1 NATIONAL INFRASTRUCTURE DIVISION

17.1.1 Lapses in the Management of Government Quarters

Government quarters were constructed during the pre-independence period, mainly, for railway workers. They were partly used as offices or stores, or were allocated to public officers eligible for free quarters upon request, and to Non-Government Organisations and other institutions against payment of rental fees.

As of September 2023, there were 67 quarters under the jurisdiction of the Ministry of National Infrastructure and Community Development (MNICD), out of which eight were in poor condition, requiring structural assessment and 31 were illegally occupied.

Findings

Government Quarters Register not up-to-date

The Government Quarters Register was not up-to-date and information such as name of occupier, address, floor area in certain cases and condition of building were missing. These assets were not captured in the Government Asset Register (GAR).

Illegally Occupied Government Quarters

- Since 2007, MNICD has initiated legal actions against 39 illegal occupiers to vacate the quarters.

- According to the last survey carried out in February 2022 by MNICD, six quarters were left in an abandoned state and suspicious activities were reported in respect of the Rose-Belle quarters.

- The quarters were also not properly secured and hence they were prone to the risks of squatting, acting as refuge for drug addicts, and breeding grounds for pests, amongst others and represented a danger to its inhabitants.

- As of October 2023, despite notice of "*mise en demeure*" served by MNICD, the issue regarding illegal occupiers was not resolved.

Arrears of Revenue – Rs 3,976,745

Five quarters were leased to Non-Governmental Organisations (NGOs) and four to Parastatal Bodies. As of 30 June 2023, arrears of revenue in respect of four NGOs were Rs 3,241,895 and for the two Parastatal Bodies were Rs 734,850.

Non- Renewal of Lease Agreements

As of September 2023, out of the nine quarters leased, seven lease agreements were not renewed upon their expiry in 2015 and no lease agreement was available for the remaining two quarters.

Site Visit

A site visit was carried out by officers of the National Audit Office on 7 September 2023 at 17 quarters located at Rose-Belle, Rivière Dragon and Rivière des Anguilles.

Findings

- Five quarters were illegally occupied and three of them were upgraded and renovated, including extension, without the Ministry being informed.
- Seven quarters were in an abandoned and deplorable state.
- Five quarters were vacant.

The state of some of the quarters visited are shown in Figures 1-4.

Figure 1-Dispensary Road, Rose Belle

Figure 2- Inside of the quarter (Dispensary Road, Rose Belle)

Figure 3 -Mosque Road, Rose-Belle
Illegal Occupier: Physiotherapist

Figure 4-Ex-MITD, Royal Road, Rivière Dragon

Root Causes

- The administrative and legal actions initiated through the Ministry of Housing and Land Use Planning (MHLUP) and Attorney General's Office (AGO) respectively were lengthy procedures.
- The Officer responsible for managing Government Quarters did not take appropriate actions.

Recommendations

The Accounting Officer:

- should initiate action to carry out a survey of all quarters; and
- secure same to deter illegal occupation.

Ministry's Response

- Most of the quarters are in deplorable conditions and needful is being done for their demolition subject to availability of funds and necessary clearances.
- In February 2022, Government agreed to regularise the situation of occupiers of quarters in good condition, to initiate action for the eviction of illegal occupiers of quarters in a deplorable state and the taking over of all unoccupied quarters.
- Recovery actions have been initiated for the arrears of revenue from the NGOs and other bodies. The advice of AGO is being sought on this matter and the possibility to exceptionally write-off those debts is also being explored.

17.1.2 Inadequate Control over Disbursement of Funds for Maintenance and Rehabilitation of Roads and Bridges

The Road Development Authority (RDA), the implementing agency, submitted claims to MNICD for the release of funds to pay contractors.

An amount of Rs 600 million was provided in the Estimates 2022-23 for the maintenance and rehabilitation of roads and bridges, footpaths, road marking and signage, while actual expenditure totalled Rs 772 million, as shown in Table 17-1.

Table 17-1 Budget and Actual Amounts for Maintenance and Rehabilitation Works

	Financial Year 2022-23		
Works	**Estimates Rs million**	**Revised Estimates Rs million**	**Actual Expenditure Rs million**
Roads and Bridges	400	507	504
Footpaths	70	171	169
Road Marking & Signage	50	17	17
Routine Maintenance	80	83	82
Total	**600**	**778**	**772**

Source: Treasury Abstract 2022-23

Findings

- The approved lists for maintenance and rehabilitation of roads and bridges works that should be undertaken by RDA were not available to substantiate the budgetary amount of Rs 600 million.

- Details regarding the number of contracts awarded, sites of works, contract amount and completion dates were also not available at the Ministry.

- As of October 2023, no details and justifications were provided by MNICD for the additional works amounting to Rs 172 million.

Root Cause

The Accounting Officer of MNICD and Officer in Charge of RDA have not established agreed guidance and directives as regards the disbursement of funds for accountability and transparency purposes.

Recommendation

The Accounting Officer should, in accordance with Section 21(1) of the Finance and Audit Act and the Financial Management Manual (FMM), prepare a Standard Operating Procedure Manual for the operation of the Ministry including funds disbursed to RDA.

Ministry's Response

- The list for maintenance and rehabilitation works would henceforth, be recorded in file, including the number of contracts awarded, site of works, contract amount and completion dates.

- At Ministry's level, the necessary competence or expertise is not available to check the conditions of contract nor is it considered reasonable to do so. Check and balances are already done by RDA.

17.1.3 Significant Delays in addressing Issues for the Operation of the Standby Generator

Supply, Installation, Testing and Commissioning of a New Diesel Standby Generator Set and Associated Works - Rs 2,590,375

The service contract was awarded to the Consultant on 7 February 2018 for Rs 724,500. The scope of works of the Consultant comprised preliminary surveys, preparation of technical design and drawings, and technical specifications, amongst others.

The contract for the supply and installation of a standby generator at the Emmanuel Anquetil Building (EAB) was awarded to a Supplier on 4 November 2020 for Rs 2,590,375. As at 30 June 2023, Rs 2,095,730 were paid to the Supplier.

Findings

- The generator was delivered in May 2021, while the commissioning was done after one year, that is, on 4 May 2022.

- On several occasions, warnings and automatic shutdown of the generator were noted from the generator log.

- The Energy Services Division (ESD) carried out load tests and concluded that the automatic shutdown was due to the generator being overloaded and that the Consultant had provided wrong sizing of the equipment for the generator rating.

- As of October 2023, more than three years after commissioning, no solution was provided by the Consultant regarding the automatic shutdown of the generator.

- Though the service contract stipulated that '*the consultant shall be fully liable for the consequences of any error or omission on his/her part or any damage caused by negligence,* and that he shall '*assume full responsibility with regard to the design, calculation and drawings*'. No action was taken at the Ministry to enforce these conditions.

- The generator has not been used for its intended purpose.

Root Cause

The Accounting Officer did not take any action against the Consultant although according to ESD, the Consultant might have provided wrong sizing of the equipment.

Recommendations

The Accounting Officer should:

- take prompt remedial actions to address the issue as regards the use of the standby generator; and

- seek necessary advice from the AGO for remedial actions against the Consultant.

Ministry's Response

- A fresh load test has been carried out on 18 December 2023. The Consultant, Supplier of the generator and Contractor had undertaken the refurbishment of the electrical systems to carry out the necessary modifications on the load staging mechanism for the generator to work properly.

- Depending on the outcome, a decision may be taken as to the technical solution to be adopted and any action which may be required against the Consultant.

17.1.4 Asset Management – Delay in recording Non-Financial Assets in the Government Asset Register

The Government Asset Register (GAR) was developed in 2017 for the effective management of Government assets. The implementation of GAR is crucial for the preparation of the Financial Statements of the Government in accordance with the International Public Sector Accounting Standards (IPSAS). Guidance on procedures and timelines for the recording in GAR were issued by the Treasury on several occasions to ensure its smooth implementation.

During the last four financial years, actual expenditure incurred on acquisition of Non-Financial Assets (NFAs) totalled Rs 7.36 billion while only an amount of Rs 28.47 million was recorded in GAR as at 30 June 2023.

As of July 2022, the recording of NFAs had to be done by each Ministry or Department directly on the Live-GAR System.

Findings

Non-compliance with guidance/instructions issued by the Treasury

- As of September 2023, significant backlog was noted in the uploading of the value of NFAs acquired before 30 June 2022 in the GAR.

- As per returns of NFAs submitted to the Treasury as at 30 June 2023, only 12 out of the 66 assets acquired were input on the GAR.

- As of September 2023, the monthly reconciliation of Treasury abstract of expenditure with the value of assets recorded in GAR for the financial year 2022-23 was not prepared.

- GAR users were encountering many difficulties to input data in the system.

Ministry's Response

The system is not user-friendly and users had difficulties to get acquainted with the technical terms to carry out the tasks properly, as such GAR was not updated prior to July 2022. Relevant officers have now been trained and the process to clear the backlog is currently ongoing.

Incomplete recording of the Road Infrastructure Project

During the last three financial years, actual expenditure incurred on the acquisition of non-financial assets in respect of Construction and Upgrading of Roads and Bridges totalled Rs 5.2 billion. However, as of September 2023, input into the GAR in respect of completed projects and assets under construction has still not been completed although a GAR User has been assigned the schedule "Roads" at the Ministry.

The objective of recognising all government assets in the Government financial statements by 2022-23 might not be met due to delays in recording all non-financial assets in the GAR.

Root Causes

- The Responsible Officer of the Asset Management Unit did not carry out regular updates, to ensure that the GAR is properly maintained.

- Although training was provided and guidance issued, the users were still having difficulties in the implementation of the live-GAR and remedial actions were not taken accordingly.

Recommendation

The Accounting Officer should ensure timely posting in the GAR as guided by the Treasury and intensive training is to be provided to GAR users to ensure that the GAR is kept up to date.

Ministry's Response

As of January 2024, all the backlogs for the financial year 2022-23 have been cleared.

17.1.5 Under-utilisation of the Electronic Document Management System

MNICD decided to implement an Electronic Document Management System (EDMS) during the financial year 2019-20 to enhance efficiency in document management. The system would enable more rapid circulation and simultaneous usage of files and improvement in processing time.

On 28 January 2020, the contract for the EDMS was awarded to a Company for Rs 4,695,633 (inclusive of VAT) with an expected completion date of 15 May 2021. As at 30 June 2023, Rs 4,234,845 was disbursed, representing 90 per cent of the contract value.

Findings

- As of October 2023, MNICD was using both the paper-based and electronic systems concurrently for filing as all relevant files have not yet been uploaded into the system.
- The feature 'Move multiple files' had still not been incorporated into the system by the Supplier and the digital signature had not been enabled. Files uploaded could also not be deleted. These issues were not addressed promptly by the Supplier.
- The warranty certificate was not made available and hence compliance with the conditions of the contract could not be ensured.
- The operation of the system was delayed by more than two years beyond the contractual completion date due to the additional features required by MNICD.
- Migration of existing documents to the system had not been done due to the averred busy schedules of officers and their reluctance to process files in the system.
- Necessary equipment was not available to allow the optimum use of the system.

Root Cause

The Accounting Officer has not given priority to the full implementation of the system.

Recommendations

- Necessary action should be taken to ensure that the system is being used effectively and efficiently.

- The system should also be able to interface with the proposed EDMS of the Ministry of Public Service, Administrative and Institutional Reforms (MPSAIR).

Ministry's Response

- The project was delayed due to several issues encountered during the operational and testing phases of the system, which had to be addressed by the Supplier.

- The Ministry could not fully operate on a paperless basis as other Ministries are still sending correspondences through hard copies.

- Due to heavy workload of the officers and a shortage of staff, dormant files have not yet been uploaded.

17.1.6 Vehicle Management System – Not Optimally used

In September 2021, the Public Sector Business Transformation Bureau recommended the implementation of the Vehicle Management System (VMS) under the Sandbox Framework Agreement in four Ministries on a pilot basis with a total fleet of 178 vehicles as shown in Table 17-2.

Table 17-2 Pilot Ministries and Fleet of Vehicles

SN	Ministries	Number of Vehicles
1	Ministry of National Infrastructure and Community Development	81
2	Ministry of Youth, Empowerment, Sports and Recreation	24
3	Ministry of Environment, Solid Waste Management and Climate Change	55
4	Ministry of Arts and Cultural Heritage	18
	Total	**178**

Source: Bidding Documents

The project value of the VMS was estimated at Rs 5 million. In the budget 2022-23, an amount of Rs 1,000,000 was provided for the project and Rs 1,122,400 were disbursed as at 30 June 2023.

A Monitoring Committee was set up at the level of MNICD to ensure smooth implementation of the project. The system was live since June 2023.

Findings

- In August 2023, the Mechanical Engineering Section (MES) of MNICD started to use the system. However, the other three Ministries did not input their data into the system.

- There was no established timeline for the full utilisation of the VMS.

- The accident feature was not being used and accident reports could not be generated from the system. Cases of accidents were still being reported directly to the Accountant General.

Site Visit

In September 2023, officers of NAO carried out a site visit at MES.

Findings

- 75 out of the fleet of 178 vehicles from all Ministries, had been captured into the system. Only basic information for the vehicles such as make, model, and registration number amongst others were uploaded on the system.

- Fuel consumption for the last three months for only 31 vehicles of the MES could be retrieved from the system.

- Previous information such as maintenance costs, servicing, change of tyres, batteries, accident report on vehicles had not yet been migrated into the system.

- As all the modules were not operational, the system was not optimally being used.

Root Cause

The Monitoring Committee responsible for the project did not ensure effective implementation of the project.

Recommendations

- The Responsible Officer of the MES should have an agreement with the four Ministries, clearly defining the roles and responsibilities of each party.

- The Responsible Officer should have a clear roadmap for the full implementation to ensure optimal benefits in the management of vehicles.

- Proper training should be provided to all users concerned and necessary equipment should be made available.

- Data should be migrated promptly into the system to ensure its successful implementation.

Ministry's Response

- All the four pilot Ministries have completed the uploading on the system except for a few bugs. They are fully utilising the system and are satisfied with the system.

- The VMS will be extended to other Ministries/Departments, following its successful evaluation and exit from the Sandbox Framework.

17.1.7 Consultancy Services for the Design, Supervision and Management of the Construction of Grade Separated Junctions at Pont Fer/Jumbo/Dowlut Flyovers and A1-M1 Link Road Project

In October 2016, Government approved the implementation of the Construction of Grade Separated Junctions at Pont Fer/Jumbo/Dowlut Flyovers and A1-M1 Link Road project which was considered as one of the main projects of the Road Decongestion Programme (RDP).

RDP was launched by Government in 2008 to relieve traffic congestion within the city of Port Louis and around the main arteries along the Port Louis – Curepipe corridor.

In April 2016, Government entered into a G to G agreement with the Korean Government to assist in implementing the RDP. Subsequently, a Memorandum of Understanding (MOU) was signed between RDA and the selected Korean Company (KEC) which was valid for five years.

17.1.8 Lapses in the Management of the Consultancy Contract

On 25 November 2016, RDA, the implementing agency, entered into a contract with KEC under the G to G arrangement by virtue of Section 3 of the Public Procurement Act (PPA) for Consultancy services for the project for a lump sum of US$ 10.8 million (excl. VAT).

The start of the services for the project was scheduled for December 2016 with an expected completion date of November 2020. As per the Due Diligence Report, KEC proposals provided that no variations or cost overrun shall be claimed to RDA.

The contract price included two phases as shown in Table 17-3.

Table 17-3 Details of Contract

Description of Works for Consultancy	Amount exclusive of VAT US$ million
Phase 1: Front-End Engineering Design, Detailed Engineering Design, Bidding Documents and Procurement	5.1
Phase 2: Project Management, Supervision, Commissioning and Defects Inspection	5.7
Total	**10.8**
Additional Costs	2.5
Revised Contract Price	**13.3**

Source: Consultancy Contract document

Financial Procedures not followed for Extension of Time

A total of 37 months of Extension of Time (EOT) was granted on three occasions to KEC up to December 2024 resulting in additional cost of US$ 2,486,456 (Rs 106.56 million excl. VAT). The reasons for the EOT were due to COVID-19 pandemic, geotechnical difficulties for the A1-M1 Bridge, and difficulties encountered as a result of displacement of services and interface with the metro project. Hence, the Consultancy contract price was revised to US$ 13,319,456 (excl. VAT).

Findings

- The contract price was increased by 23 per cent (US $ 2.5 million) although it was clearly stipulated in the Due Diligence Report that KEC shall not claim any cost overrun.

- According to the Capital Project Process Manual (CPPM), approval from the parent ministry should be immediately obtained after RDA's Board approval for any EOT.

  However, approval for the first EOT of eight months (December 2020 to July 2021) with additional costs of US$ 929,819 (excl. VAT) was obtained from the parent ministry seven months after approval of RDA's Board.

  No approval from the parent ministry and financial clearance from Ministry of Finance, Economic Planning and Development (MoFEPD) was seen for the second EOT of five months (August to December 2021) for an additional cost of US$ 581,137 (excl. VAT)).

- A due diligence exercise was carried out for the third EOT for the period January 2022 to December 2024, with additional costs of US$ 975,500 (excl. VAT). However, no due diligence exercise was carried out for the first and second EOTs.

- Approval for EOT to the Consultant was given up to December 2024 and did not include the one-year Defects Notification Period (DNP) up to December 2025.

Re-design of the Bridge resulting in Changes in the Scope of Work

The Consultant's scope of work consisted of a two-stage engineering design as follows:

- Front End Engineering Design - to enable rapid launch of tender exercise for construction of works.

- Detailed Engineering Design –working with the selected Contractor to fine tune the design to avert the risk of any variation in construction costs that could be claimed by works contractor.

Findings

- *Change in Scope of Work of the Consultant*

Following a thorough geotechnical investigation carried out in financial year 2018-19, it was found that there may exist an instability in the cliff of GRNW during the intended life of the A1-M1 Bridge. Consequently, this resulted in the re-design of the bridge by the Contractor, which was not in accordance with the Consultant's scope of works.

- *Addendum No. 1- Change in the Contractor's Scope of Works*

In June 2019, Addendum No.1 was drawn to reflect the change in the scope of works for the Contractor only. The A1-M1 Bridge, (Section 2) would be re-designed and built by the Contractor with an additional cost of Rs 155 million (excl. VAT), contrary to the initial policy as regards no cost and time overrun.

Although the Consultant would carry out only supervision and project management of the A1-M1 Bridge, no change was brought to the Consultant's scope of works and contract price as regards Phase 1 of the Contract.

- *Insurance Cover not submitted*

The Consultant's insurance cover including professional indemnity insurance, with a minimum coverage of the total value of the contract was not made available to the NAO.

Root Cause

RDA and Contractor did not adhere to the conditions of the Consultancy Contract. RDA did not comply with provisions of the CPPM.

Recommendation

The Accounting Officer should ensure that financial instructions, procurement rules and policies, and terms of contract are duly complied with.

Ministry's Response

- The costs for the first and second EOTs did not require due diligence as they did not exceed the original contract value. The procedures were respected fully and all approvals were duly obtained before any payments above the initial contract value were made.

- There has been no change in the scope of the Consultancy contract. The cost of Addendum No.1 is due to the increased complexity of the A1-M1 Bridge arising from the piers having been moved 20 meters away from the GRNW cliffs which resulted in having to construct the more complex bridge.

17.1.9 Construction of Grade Separated Junctions at Pont Fer/Jumbo/Dowlut Flyovers and A1-M1 Link Road Project – Lapses in Contract Management

RDA awarded the contract for the project to a JV Contractor for a fixed non-adjustable lump sum of Rs 3.55 billion (excl. VAT) on 23 February 2018 but was revised to Rs 4.1 billion (excl. VAT) as shown in Table 17-4.

As of October 2023, the total payments of Rs 3.8 billion (excl. VAT) were made to the Contractor which represented 92 per cent of the total revised contract price.

Table 17-4 Contract Details

Description of Works	Amount (excl. VAT) Rs million
Grade Separated Junctions Pont Fer/Jumbo/Dowlut Roundabouts	1,277
A1-M1 Link Road	949
Extra-Dosed Bridge	1,326
Accepted contract amount	**3,552**
Variations/Additions	548
Revised Contract price	**4,100**

Source: Contract Document

Works started on 6 April 2018 and were scheduled for completion within 958 calendar days after commencement date, i.e., in November 2020. The revised completion date for the Extra-Dosed Bridge was end of December 2023. The Works Contract being an employer design-based contract was governed by the FIDIC (Red Book) conditions for construction works.

RDA is the implementing agency, and MNICD provides funds for the implementation of projects through its budget. Hence, ownership of projects rests with MNICD.

Findings

- ***Addendum No. 1 - Fundamental Changes in the Scope of Works and Conditions of Contract***

A thorough geotechnical investigation was carried out in 2019 after the award of the contract. It was found that there may exist an instability in the cliff of GRNW during the intended life of the A1-M1 Bridge resulting in the re-design of the Bridge.

On 3 June 2019, the Attorney General's Office (AGO) gave its clearance on the draft Addendum No. 1 except for the technical details which remained the responsibility of RDA.

On 21 June 2019, one year after the award of the contract, Addendum No. 1 was drawn to reflect the fundamental changes in the contract for the re-design and construction of the A1-M1 Bridge by the Contractor. The changes related to the scope of works, variations costs, Extension of Time (EOT), 'Delay Damages' and professional indemnity and liability insurance.

- ***Disputes on Settlement of Global Claims***

On 5 June 2020, the Contractor submitted a "Global" claim of Rs 1.3 billion (excl. VAT) for EOTs and associated costs. A dispute arose as several claims were rejected by the Engineer.

In June 2022, the Contractor started the Arbitration proceedings, with the London Chamber of International Arbitration (LCIA). In May 2023, an agreement was reached for the final settlement of the disputes and the arbitral proceedings were to be discontinued.

However, as of October 2023, the Cancellation Order from LCIA was not produced to NAO.

- ***Addendum No. 2 - Changes in Conditions of Contract***

Addendum No. 2 was made in May 2023, five years after the award of the contract which provided for significant amendments to the contract based on the agreement reached. The amendments comprised settlement amounts, variations, retention money, EOTs for completion of the Bridge, Performance and Preference Securities. AGO gave its clearance, subject to MNICD's acceptance that the terms and conditions are in order.

- ***Changes in Scope of Works for the Re-design of the Bridge***

Despite the appointment of a reputable Consultant (The Engineer) for the Design, Supervision and Management of the project at the total cost of US$ 13.3 million, the Contract was split into two Sections, namely:

Section 1 -	the Grade Separated Junctions at Pont Fer/Jumbo/Dowlut Roundabouts and A1-M1 link Road; and
Section 2:	the Extra- Dosed Bridge.

The responsibility for Section 1, the whole of the works except for the Bridge as per RDA's design rests with RDA and Section 2, the re-Design and Build of the Bridge rests with the Contractor.

There was no evidence that a due diligence exercise was carried out by RDA before giving its approval to the Contractor for the re-design of the Bridge, given the complexity of the project.

- ***Additional Costs/Variations during execution of the Project***

  - *Variations for the re-design of the Bridge* - Additional costs of Rs 155 million were claimed for the re-design and build of the Bridge, contrary to Clause 13.1 of the contract which allows for modifications to the engineering design based on the site conditions. Under Clause 15.5 of Invitation to Bid (ITB) of the bidding documents, the additional cost should be borne by the Contractor.

  - *Increase in Consultancy Fees* - As a result of the undue delays for the completion of the Bridge, the supervision and project management fees of the Consultant were increased by US$ 2,486,451 (excl. VAT).

  - *Settlement Amount* - In May 2023, the Global claims of Rs 1.3 billion were settled at an agreed amount of Rs 268 million.

- *Temporary Bridges* - Contrary to Sub-Clause 8.13 of the contract which stipulates that '*the contract amount includes the costs for temporary works for which no additional claim should be raised by the Contractor.*' An amount of Rs 28 million was paid to the Contractor for three temporary bridges.

- *Variations at Dowlut Zone* -The claim of Rs 7.7 million for the variations at Dowlut Zone was not included in the settlement amount of Rs 268 million.

- *Works undertaken outside scope of works* – An amount of Rs 89.2 million for works carried out on behalf of the National Development Unit and Central Water Authority was not refunded to the RDA.

- ***Amendments to Delay Damages Clause***

  - The initial delay damages claim per day, amounting to Rs 3.6 million for the whole of the project, was revised to Rs 2.2 million for Section 1, the Grade Separated Junctions at Pont Fer/Jumbo/Dowlut Roundabouts and Rs 1.4 million for Section 2, the A1-M1 Bridge. A significant reduction in the 'Delay Damages' was noted

  - The completion date for Section 1 was maintained to November 2020. The taking over certificates for Section 1 were issued for the Jumbo Flyover on 1 September 2021, Pont Fer Flyover on 1 October 2021, Flyover of Dowlut, Phoenix on 14 December 2021 and A1-M1 Link Road on 1 June 2022. Contrary to the provision of the contract, no 'Delay Damages' were claimed for excess time taken for completion of the Section 1.

- ***Extension of Time for Completion of Section 2- Bridge granted contrary to Conditions of Contract***

The first EOT for the completion of Section 2 was granted up to January 2022, including a grace period of 61 days for which no justifications were provided. The Contractor was granted a further additional EOT without costs up to December 2023 for the completion of the Bridge which could further be prolonged without costs. This was contrary to Clause 8.4 of the Contract which provides for a clear set date to be determined. No delay damages were claimed for the additional time taken for the completion of the Bridge.

- ***Approval of Central Procurement Board (CPB) not obtained for Addendum No. 2***

Section 11(1) (f) of the Public Procurement Act (PPA) provides that "CPB *shall review the recommendation of the Public Body for amendments that increases the contract value and gave its approval".* However, the fundamental changes made in the contract under Addendum No. 2 were not vetted by the Central Procurement Board (CPB) before obtaining Government approval.

- ***Amendments to Retention Money clause***

Retention Money (RM) was released separately for Section 1 and Section 2 of the works as compared to the initial contract whereby RM applies to the whole of the 'Works. The RM for the A1-M1 link road was partially released although it was not yet operational as it depends on the completion of the Bridge. As of October 2023, only eight per cent of the total contract price amounting to Rs 347.9 million (excl. VAT) was retained compared to the 10 per cent limit of the contract.

- ***Professional Indemnity (PI) and Indemnity Certificate (IC) not yet submitted***

The PI would be submitted on the date of performance certificate which is after the two years Defects Liability Period. This is contrary to FIDIC conditions whereby the PI should be submitted at the start or during the execution of the project. As of October 2023, the IC was not submitted as required under paragraphs j and k of the Addendum 1.

- ***Performance Security and Preference Security not renewed***

As of October 2023, the Performance Security and Preference Security which had expired on 5 March and 5 February 2023 respectively, were not renewed. The securities should have been renewed up to the end of the Defects Notification Period.

Inadequate Control by MNICD

- A substantial amount of funds was disbursed through MNICD for the realisation of this major project with the objective of relieving heavy traffic congestion and to improve quality of life of the general public. However, substantial delays with costs overruns were noted in the completion of the project over which MNICD did not have any control as total reliance was placed on RDA for the execution of the contract.

- The total contract price of the project including the consultancy fees have increased from Rs 3,562 million to Rs 4,615 million (excl. VAT). Some of the additional costs could have been avoided and the interests of MNICD safeguarded.

Root Causes

- The designs were not properly coordinated among the stakeholders involving the Consultants and the Contractor. The dispute between the Contractor and the Engineer has caused substantial delays in completion of the project.

- RDA could not ensure that the contractual obligations were respected by the Contractor.

Recommendations

- The contract administration and management should have been done efficiently and effectively to avoid time and cost overruns in the completion of the project. Hence, the interests of RDA and MNICD should be safeguarded.

- Projects must be properly planned so that uncertainties are eliminated before awarding the contract. Thorough site investigations and condition surveys should be undertaken before award of contract.

- A Project Steering Committee should be set up at the level of MNICD to oversee the progress of projects and mitigate the risks related to any change in contract.

- MNICD should ensure, through RDA that the contractual obligations are strictly followed by the Contractor to avoid any departure/breach of the terms of the contract.

Ministry's Response

- Due to complex technical issues with the A1-M1 Bridge, the Bridge works were categorised as Section 2 with a different scheduled completion time. It is of national interest that the A1-M1 bridge liability rests mainly with a competent expert Contractor up to December 2023.

- Consultant KEC has always stated that its design for the A1-M1 Bridge was correct and could be implemented. Given the strong position of the Contractor to request changes to the design failing which it would have recourse to a Court of Law, several scenarios were envisaged.

- The contract was closely monitored during its implementation under very difficult conditions particularly due to disruptions of the works and supply chain following the COVID-19 pandemic.

- The Contractor had submitted the updated Performance Security and Preference Security. However, the Preference Security was returned for further amendments.

17.2 NATIONAL DEVELOPMENT UNIT

17.2.1 Lapses in Project Management

The National Development Unit (NDU) undertakes projects for the construction and upgrading of roads and drains and associated works and the construction of other amenities, such as sports infrastructure, bridges, and children's playgrounds, amongst others.

The implementing agencies for drains projects comprise NDU, Local Authorities, Road Development Authority (RDA) and Drains Infrastructure Construction Ltd (DICL).

The Land Drainage Authority (LDA) is mandated to coordinate the construction of drainage infrastructure.

NDU is manned by 323 employees, whereas DICL is managed by a Chief Executive Officer who is assisted by 12 officers. Funds are provided under votes from MoFEPD to finance NDU's projects.

17.2.2 Financing of Projects – Under-utilisation of Funds provided for NDU Projects

For the financial year 2022-23, funds totalling Rs 2,979 million were budgeted under different votes and actual expenditure amounted to Rs 1,388 million as shown in Table 17-5.

Table 17-5 Budgeted and Actual figures for NDU projects for Financial Year 2022-23

	Budgeted Amount Rs million	**Budgeted No of projects**	**Actual Expenditure Rs million**	**Actual No of projects in Progress**	**Projects in Progress %**	**Unspent Amount Rs million**
NDU's Budget						
Road	350	143	165	46	32	185
Amenities	170	55	80	21	38	90
COVID 19 Projects Development Fund – Drains	2,200	968	1,090	34	4	1,110
Economic Recovery Programme (ERP)						
Roads	124	165	42	101	61	82
Amenities	90	68	11	17	25	79
Indian Grant Amenities	45	-	-	11		45
Total	**2,979**	**1,399**	**1,388**	**230**		**1,591**

Source: Database from Engineering Section and Finance Section, NDU

Findings

- For the financial year 2022-23, only 47 per cent of the voted provisions were utilised for the implementation of projects while the remaining funds of Rs 1,591 million had remained unspent.

- Out of the 968 drains projects earmarked, only 34 projects were in progress, representing 4 per cent of the total projects.

- The slow implementation of projects implies that these projects were not made available to citizens on a timely basis and hence the objectives set could not be achieved.

I Projects financed by COVID-19 Projects Development Fund -National Flood Management Programme (NFMP) – Drain Projects

In January 2023, LDA approved 1,721 drain projects to be implemented by different Agencies over the next three financial years. 968 drain projects for an estimated amount of Rs 14.8 billion were entrusted to NDU, out of which an average of 325 should be completed annually.

During the financial year 2022-23, only 34 drain contracts were awarded for Rs 457 million, compared to 84 contracts awarded in the preceding financial year for Rs 1.7 billion, thus resulting in significant funds remaining unspent and several projects not being implemented.

II Indian Grant – Small Community Development

Indian Grant of Rs 45 million was received for the Small Community Development Projects to be implemented either by NDU or the implementing agencies. Eleven works orders were issued during the financial year 2022-23. As of October 2023, the projects were still at the implementation stage and no payments were effected.

Root Cause

Inadequate planning over the implementation of projects by the Chief Projects Officer.

Recommendation

The Accounting Officer should ensure that projects earmarked are undertaken within a reasonable period. A mechanism needs to be worked out for the realisation of priority projects earmarked.

Ministry's Response

NDU always endeavours to implement projects within a reasonable period. However, very often, projects are delayed due to late or absence of clearances from service providers and other stakeholders (CEB/CWA/Telecom/ Forestry).

Funds for the implementation of road and amenities projects are already provided under the vote of NDU. A request has been made to the MoFEPD for provisions of funds for drain projects under the vote of NDU. However, same has not materialised.

17.2.3 Delay in implementing Projects in High-Risk Flood-Prone Areas may cause harm to the Citizens

The slow implementation of drain projects in the high-risk flood-prone areas highlighted in the Audit Report for the financial year 2021-22 was again noted during the execution of drain projects in the financial year 2022-23.

The high-risk flooding areas have kept on increasing from 60 to 72 from financial years 2020-21 to 2022-23 respectively as shown in Table 17-6. Priority should have been given to projects in high-risk flood-prone areas where the quality of life or environment may be seriously compromised in the event of heavy rainfall.

Table 17-6 Status of Projects during last three Financial Years

	Number of Projects		
Status	**30.06.2021**	**30.06.2022**	**30.06.2023**
Completed	7	8	15
Under Construction	16	16	14
Design Stage	28	28	10
Bidding Stage	5	11	6
Consultant to be appointed	4		
Transfer to DICL		3	26
Transfer to Local Authority		1	
Project to be implemented by RDA		1	1
Total	**60**	**68**	**72**

Source: Administration Section

Number of Projects implemented in High-Risk Flood-Prone Areas

- Only 12 per cent of the drains projects in the high-risk flood-prone areas were completed over the last three financial years.
- Out of the 72 projects identified in the high-risk flood-prone areas, 26 were transferred to DICL and one to RDA to be implemented during the financial year 2022-23. No project was transferred to the Local Authorities.
- As of October 2023, only 15 projects awarded under the Emergency Procurement method since the financial year 2020-21, were completed by NDU.
- Ten projects were still at design stage, including Ruisseau du Pouce, Drainworks in the region of Mgr Leen, La Butte and Les Salines and Canal Dayot amongst others.

- The drain project for ‘Additional Outlet from Place d’Armes to Caudan’ to be implemented by RDA was still at bidding stage.

- 14 projects were at construction stage including Dakri Bambous and Cité Roma, Riche Terre.

Out of a sample of six projects examined, it was noted that the implementation of projects was slow mainly due to the following:

- Poor-performing contractors.

- Cancellation of bids as prices quoted were substantially above cost estimates.

- Land acquisition issues and delay in accessing wayleaves.

- Delay in the submission of preliminary and detailed design reports by the Consultant.

- Delay in obtaining clearances from the authorities concerned including LDA.

Objectives for setting up Drains Infrastructure Construction Ltd (DICL) not yet achieved

In November 2021, DICL, a fully Government-owned company was set up to fast track the implementation of the NFMP in order to mitigate flooding problems in various regions across the island and to build resilience to flash floods, torrential rains, landslides and cyclones.

DICL would hence contribute to the timely execution of urgent drain projects in highly vulnerable areas as the existing implementing agencies do not have sufficient internal capacity.

In 2021-22, LDA has allocated 55 projects for Rs 7,685 million, out of which 26 were identified as being in high-risk flood-prone areas. They were previously allocated to NDU but have now been transferred to DICL.

As of October 2023, the 26 projects allocated to DICL were not completed. Two projects were under construction, 17 were at design stage, including Baie du Tombeau (Elizabethville) and flood mitigating measures at Vallée des Prêtres and seven were at bidding stage including Construction of cut off drain at Berthaud Avenue, Quatre Bornes and Baie du Tombeau, (Rue de Macadam and Rouillard).

Root Causes

- Delay in land acquisitions and access to wayleaves.

- Significant delays in obtaining clearances from LDA although the latter has all the necessary data including the Land Drainage Master Plan.

Recommendations

- NDU should ensure that there is effective coordination amongst different stakeholders to sort out land acquisition and wayleaves matters during implementation phases.
- LDA should give its clearances promptly for NDU to expedite the implementation of the urgent drain projects in high-risk flood-prone areas by making efficient use of the LDMP.
- A complete restructuring of NDU should be considered for the efficient and effective implementation of projects.

Ministry's Response

DICL, despite being short of staff, has the necessary expertise to implement those projects. The delays were mainly due to the lengthy process of land acquisition.

17.2.4 Significant Delays in the Completion of Projects allocated to Local Authorities

In October 2016, projects such as road resurfacing, construction of small drains and provision of amenities were allocated to Local Authorities (LAs) for their timely implementation. LAs would be responsible for the implementation of projects, from inception date to completion and eventually maintenance.

Projects Funded by NDU during the last five years

For the financial years 2018-19 to 2022-23, NDU allocated 320 projects to LAs for the sum of Rs 507.26 million, out of which 212 were completed. The total amount disbursed as of 30 June 2023 amounted to Rs 348 million as shown in Table 17-7.

Table 17-7 Projects funded by NDU for Implementation by Local Authorities

FY	No of Projects earmarked	No of Projects completed	Financial Clearance issued to LAs Rs million	Amount paid Rs million
2018-19	266	193	404.9	108.4
2019-20	1	1	3.0	144.3
2020-21	4	3	5.1	60.2
2021-22	9	9	21.0	12.7
2022-23	40	6	73.3	22.4
Total	**320**	**212**	**507.3**	**348.0**

Source: NDU Engineering Unit and Finance Section

Findings

- Inadequate monitoring and control over the implementation of projects resulted in significant delays. Funds totalling some Rs 160 million were unspent as 33 per cent of the projects earmarked were not implemented. As such, the benefits to be obtained from these projects could not be made available to citizens.

- Out of the 266 projects earmarked during the financial year 2018-19, 60 projects concerned mostly with the resurfacing of roads, were cancelled due to significant delays in their implementation.

- No status reports were available at NDU for the remaining 34 out of the 40 projects earmarked for the financial year 2022-23.

- Claims for payments were submitted but were not always supported by test results.

- Commissioning/Handing Over Certificates were not available to provide evidence for the actual completion of works. No site visits were carried out by NDU to ensure effective and efficient project completion.

Root Causes

The Chief Projects Officer and the Engineering Section did not monitor and follow up projects entrusted to LAs.

Recommendations

- NDU should manage funds allocated efficiently and effectively for the achievement of its planned activities. Projects implemented by LAs should be closely monitored.

- A Steering Committee should be set up consisting of different stakeholders for the proper monitoring and follow-up on NDU projects.

Ministry's Response

- The claim should invariably be signed by the Head of Works or the Engineer of the relevant LA. The responsibility for monitoring the implementation and supervision of the project rests with the LA.

17.2.5 Non-compliance with Public Procurement Act -Significant Delays in signing of Contracts

During the financial years 2020-21 to 2022-23, 607 contracts were awarded by NDU for a total contract value of Rs 3,832 million for the construction and upgrading of non-classified roads and provision of sports and recreational amenities as well as community-based projects.

A sample of 64 Contracts, including works and consultancy services with contract value ranging from Rs 300,000 to Rs 112 million, was scrutinised, as shown in Table 17-8.

Table 17-8   Sample of Contracts not signed

Letter of Acceptances issued	Stage of Projects	No. of Projects	Contract Value Rs million
16.08.21 to 14.09.22	Completed	26	521.8
22.11.21 to 07.10.22	Ongoing	18	639.3
20.07.20 to 27.05.22	Design stage	18	104.7
22.09.21 and 27.05.22	Terminated	2	44.8
Total		**64**	**1,310.6**

Source: Database from NDU's Procurement section

According to the bid documents, the contract shall be signed within 28 days of the receipt of the letter of acceptance by the successful bidder, unless the parties agree otherwise.

Findings

- As of 15 September 2023, contrary to Section 40 of the Public Procurement Act (PPA), procurement contracts were not signed for 64 contracts that were awarded from July 2020 to September 2022.
- According to Sections 30 and 40 of the PPA, in case the successful bidder fails to sign the contract, the Public Body should forfeit the bid security and award the contract to the next successful bidder respectively. However, Contractors were allowed by NDU to execute the contract although they did not sign any contract.
- In case of breach of contract, the contractual obligations such as claiming liquidated damages and forfeiting of performance security could not be enforced on the Contractor.

Root Cause

Significant time was taken by the Procurement Section to prepare draft contract agreements and the Engineering Section/Quantity Surveying Section for vetting of same.

Recommendation

The Accounting Officer should ensure that procurement contracts are prepared and vetted within a defined time frame. Contract agreements should be signed within the prescribed delay of 28 days as per the PPA.

Ministry's Response

It is a fact that there is a certain number of unsigned contracts. The procurement section and the Chief Project Manager have already been requested to do due diligence to clear the backlog.

17.2.6 Overpayment of Escalation Costs -Construction and Upgrading of Roads and Drains

The contract for the Construction and Upgrading of Roads and Drains in Zone 1 for the financial year 2011-12 was awarded to a Contractor for the sum of Rs 180,838,133 on 6 March 2012. The implementation period for the 86 projects involved was 18 months.

Use of the Wrong Base Price of Bitumen per Ton

On 29 August 2013, the Contractor applied for price adjustments due to cost escalations amounting to Rs 13,354,122, of which an amount of Rs 9,507,890 was certified and paid based on the incorrect costs of bitumen.

The Contractor's application for the payment for escalation costs of bitumen was based on the price of Rs 17,962 per ton instead of Rs 30,000 per ton, even though in March 2012 the Central Procurement Board (CPB) had apprised NDU of the correct base price. Both NDU and Consultant used the wrong base price for bitumen per ton.

The Consultant was not requested to amend the claims as per the correct prices, instead NDU amended the claims submitted, contrary to proper procurement procedures.

In September 2019 and February 2020, the Contractor served three plaints with summons on NDU. The Contractor claimed Rs 19,891,168 for late payment, interest due and price fluctuation. As at 31 October 2021, the claims were revised to Rs 12,414,171.

There was no evidence of a procurement contract for the construction of drains, roads, amenities and provision of consultancy services being entered into with the Contractor/Consultant as required by the PPA.

Root Cause

The Engineering Section and the Consultant have negligently certified the escalation cost based on a wrong base price of bitumen.

Recommendation

The Accounting Officer should implement a sound system of internal control and an efficient project management system.

Ministry's Response

11 cases have been lodged with regard to disputes over the base price of bitumen. These cases are still at Court level. Corrective action would be taken pending the outcome of the Court cases.

17.2.7 Governance Issues – Non-compliance with Legislation

Provisions have been made in various legislations to impose a statutory responsibility on Accounting Officers and Boards of Statutory Bodies with the objective of strengthening accountability and transparency in the public sector.

Non-submission of Report on Performance

As of 5 January 2024, the Report on Performance of the Ministry of National Infrastructure and Community Development (including the National Development Unit) for the financial year 2022-23 had not yet been submitted to the Ministry of Finance, Economic Planning and Development, despite the statutory deadline being 31 October 2023.

17.2.8 Follow-up of Matters Raised in the Audit Report 2021-22

A follow up of matters raised in the Audit Report 2021-22 was carried out. The National Development Unit (NDU) was requested to inform the National Audit Office of the actions that have been taken to address the findings and recommendations in the Report. The information along with evidence collected through review of files and documents were assessed and discussed with NDU.

The status on actions taken on findings since the publication of the Audit Report are summarised below. Out of three findings, one (33 per cent) has been resolved and two (67 per cent) have not been resolved.

Findings	Ministry's Response – Status as of February 2024	NAO Comments
Large number of Projects at Design Stage (Page 274)		
As of 31 August 2022, there were 322 projects at design stage. Reasons for which these projects were still at design stage included changes in priority and issues relating to land acquisition, clearances from the relevant Authority to finalise design and availability of funds to start projects. *(Pg 274, Para 17.2.1)*	The Land Drainage Authority (LDA) has witnessed a high rate of staff turnover and is presently short of staff; which may at times delay approval of the design reports. Land acquisition is a lengthy process. All administrative processes which were being undertaken by the Ministry of Land Use Planning are now being tackled by the NDU.	**Not Resolved**
Large number of Projects Earmarked but not Undertaken (Page 277)		
Out of 453 roadworks and amenities projects earmarked to be undertaken in 2021-22, Works Orders for only 134 projects were issued. ▪ Out of 900 drain projects planned to be undertaken by NDU during a period of three financial years as from 2021-22 under the National Flood Management Programme (NFMP), Works Orders for only 84 drain projects were issued during 2021-22. *(Pg 277, Para 17.2.2)*	The NDU always endeavours to implement projects within a reasonable period of time. Projects are delayed due to late or absence of clearances from service providers and other stakeholders. Funds for implementation of drain projects listed in the NFMP are provided under the Project Development Fund.	**Not Resolved**
Outstanding Payments to Contractors (Page 280)		
According to records maintained by NDU, outstanding payments due to Contractors/ Consultants as of July 2022 amounted to some Rs 183 million (*Pg 280, Para 17.2.3)*	Outstanding payments have been settled during financial 2022-23.	**Resolved**

18 - MINISTRY OF INFORMATION TECHNOLOGY, COMMUNICATION AND INNOVATION

18.1 Governance Issues – Non-compliance with Legislation

Provisions have been made in various legislations to impose a statutory responsibility on Accounting Officers and Boards of Statutory Bodies with the objective of strengthening accountability and transparency in the public sector.

Findings

Non-submission of Report on Performance

As of 18 December 2023, the Report on Performance of the Ministry of Information Technology, Communication and Innovation for the financial year 2022-23 had not yet been submitted to the Ministry of Finance, Economic Planning and Development, despite the statutory deadline being 31 October every year.

Non-submission of Financial Statements for audit

The Statutory Bodies (Accounts and Audit) Act requires the Chief Executive Officer of a Statutory Body to submit the Annual Report to the auditor not later than four months after the end of every financial year.

As of 14 December 2023, the Mauritius Research and Innovation Council falling under the aegis of the Ministry of Information Technology, Communication and Innovation had not submitted its Financial Statements for the financial years 2020-21, 2021-22 and 2022-23 for audit.

18.2 Follow-up of Matters Raised in the Audit Report 2021-22

A follow up of matters raised in the Audit Report for the financial year 2021-22 was carried out. The Ministry of Information Technology, Communication and Innovation was requested to inform the National Audit Office of the actions that have been taken to address the findings and recommendations in the Report. The information along with evidence collected through review of files and documents were assessed and discussed with the Ministry.

The status on actions taken on findings since the publication of the Audit Report are summarised below.

SN	Findings	Ministry's Response – Status as of January 2024	NAO Comments
1.	**Development of a Chatbot System – Page 285**		
	The project was awarded to a Joint Venture in September 2021 for the sum of Rs 12.5 million. The project duration was 16 months and was to be implemented in two phases. As of June 2022, 70 per cent of the contract sum had already been paid. Phase I of the project was completed in June 2022. The Chatbot went live on 3 June 2022, but was de-activated within a month in July 2022, as the Contractor did not enter into the Operate and Support Agreement that would have enabled officers of the Ministry to take over the service. Phase II, which included the enhancement of the Chatbot system with additional features and the rolling out of the system to 20 Ministries on an annual basis, was delayed to September 2022. The Phase II was to be implemented by a recomposed joint venture with same terms and conditions of the initial agreement. *(Pg 285, Para 18.1)*	Phase I was de-activated due to bugs and technical issues and it was agreed that a round of testing would be carried out by users to ensure data compliance on the platform. With the integration of the system with ChatGPT, testing of data had to start afresh, further delaying the go live of the system. Phase I and II went live in mid-June 2023. The rolling of the Government Chatbot to 20 Ministries would have required an additional amount of Rs 24 million. An alternative and less costly solution is being looked into to enlarge the existing database of the MITCI bot. The Operations and Support contract was reviewed and signed for an amount of Rs 1.1 million for the managed services of the 3 existing sites only.	**Partially Resolved**

19 – MINISTRY OF LABOUR, HUMAN RESOURCE DEVELOPMENT AND TRAINING, AND COMMERCE AND CONSUMER PROTECTION

19.1 LABOUR DIVISION

19.1.1 Delay in the Computerisation of Occupational Safety and Health Division

The contract for the computerisation of the Occupational Safety and Health Division (OSHD) was awarded to a Service Provider on 14 June 2021, for some Rs 7.3 million, exclusive of VAT and maintenance costs.

The objectives of the project was to cater for and support the activities and processes involved in the different units and enhance the operations of OSHD at the Labour Division of the Ministry.

The project started on 3 September 2021 and was scheduled to be completed on 3 November 2022. Payment as at 30 June 2023 amounted to some Rs 1.7 million.

Findings

- As of August 2023, some nine months after expected completion date, the project was still not completed.
- Requests for extension of time for the rescheduling of the completion date were not seen.
- The User Acceptance Testing Round 2 Stage which started on 8 March 2023 was still not completed in October 2023.
- On 7 December 2022, the Occupational Safety and Health (Amendments) Act 2022 was proclaimed and amendments had to be made to the software to cater for the changes. However, these changes could not be implemented as the computerisation project was still ongoing.

Root Cause

The Accounting Officer did not request the Service Provider to address the shortcomings identified.

Recommendation

The Project Steering Committee should take appropriate remedial actions.

Ministry's Response

- User Acceptance Testing is still ongoing.
- The Service Provider has been requested to address the shortcomings and expedite the completion of the project.

19.1.2 Transition Unemployment Benefit – Alleged Cases of Fraud

Transition Unemployment Benefit (TUB) is paid to laid-off workers for a period not exceeding 12 months.

The monthly payments are as per the rates specified in the Sixth Schedule of the Workers Rights Act. Details are given in Table 19-1.

Table 19-1 Transition Unemployment Benefit after Termination of Employment

Period after Termination of Employment or Registration with Supervising Officer	Rate of Benefit per month
First 3 months	90% of basic wage or salary
From 4th month to end of 6th month	60% of basic wage or salary
From 7th month to end of 12th month	30% of basic wage or salary but not less than 3,000 rupees

Source: Workers Rights Act

Findings

- Alleged cases of fraud involving some 100 applications for the payment of TUB at Curepipe and Chemin Grenier Labour Offices were reported in September and October 2022. The amount involved has not yet been quantified by the Ministry.

- All records in respect of the alleged cases of fraud were kept under lock at the Labour Division. The cases were reported to the Independence Commission Against Corruption (ICAC) and were under investigation by the Police Service.

Root Cause

The Accounting Officer did not establish a sound system of internal control and monitoring mechanism to prevent fraud and irregularities at the Labour Offices.

Recommendation

The Accounting Officer should implement a proper system of internal control and monitoring mechanism to ensure that lapses in TUB payroll do not recur.

Ministry's Response

- Following a review of the system for the processing of TUB applications carried out by the Office of Public Sector Governance, an interim report was submitted and the recommendations therein are under consideration.

- The alleged cases of fraud are still under investigation by the Police Service and ICAC and the suspected officers were transferred to other Labour Offices.

19.1.3 Risk Management Framework – Not yet developed

In December 2021, the Ministry of Finance, Economic Planning and Development (MoFEPD) issued a circular regarding the establishment of Risk Management (RM) in the Public Sector.

In view of facilitating the process, MoFEPD developed Guidelines for the establishment of a RM Framework in Ministries/Departments. According to the Guidelines, the Accounting Officer is accountable for the overall governance and has the ultimate responsibility for RM.

Finding

The RM policy had not yet been implemented and the time frame for implementation was not set. Hence, the risks areas were not addressed by the Ministry.

Root Cause

The Accounting Officer did not take appropriate action for implementing the RM Framework.

Recommendation

The Accounting Officer should set a time frame for the implementation of the RM Framework once staff obtain the appropriate training.

Ministry's Response

The Ministry has already embarked on the implementation of the RM Framework.

19.1.4 Internal Audit

Finding

As per the Internal Audit plan, items such as capital expenditure on IT equipment, computerisation of OSHD and the Registry of Associations were planned to be covered during the financial year 2022-23. However, these were rolled over to the next financial year. Hence, any shortcomings in these components were not identified.

Root Cause

The planned audits were rolled over because the computerisation project was ongoing.

Recommendation

The Accounting Officer should identify all high risks areas to be audited.

Ministry's Response

Pursuant to consultations with the Internal Control Unit, the audit of the high risks areas mentioned are being carried out during the financial year 2023-24.

19.1.5 Governance Issues – Non-compliance with Legislation

Provisions have been made in various legislations to impose a statutory responsibility on Accounting Officers and Boards of Statutory Bodies with the objective of strengthening accountability and transparency in the public sector.

Findings

Non-Submission of Report on Performance

As of 18 December 2023, the Report on Performance of the Ministry of Labour, Human Resource Development and Training (Labour Division) for the financial year 2022-23 had not yet been submitted to the Ministry of Finance, Economic Planning and Development, despite the statutory deadline being 31 October 2023.

Non-submission of Financial Statements for audit

The Statutory Bodies (Accounts and Audit) Act requires the Chief Executive Officer of a Statutory Body to submit the Annual Report to the auditor not later than four months after the end of every financial year.

As of 14 December 2023, the Trade Union Trust Fund (TUTF) falling under the aegis of the Labour Division had not yet submitted its Financial Statements for the financial years 2021-22 and 2022-23 for audit.

Annual Reports not laid before the National Assembly

The Statutory Bodies (Accounts and Audit) Act requires a copy of the annual report and audited accounts of every Statutory Body to be laid before the National Assembly at the earliest opportunity.

As of 14 December 2023, Annual Reports of two Statutory Bodies had not yet been laid before the National Assembly as shown in Table 19-2.

Table 19-2 Annual Reports including Audited Financial Statements not laid before the National Assembly

Statutory Body	Financial Year/Period	Date Certified	No. of Financial Statements
Manufacturing Sector Workers Welfare Fund	2019-20	15.07.2021	1
Trade Union Trust Fund	2015, 01.01.2016 to 30.6.2017, 2017-18 to 2019-20	09.12.2021	5
	2020-21	13.04.2023	1

Source: NAO records and National Assembly Hansard

NAO is of the view that the Ministry should exercise control over Statutory Bodies and other entities operating under its aegis to ensure that they fulfil their statutory responsibilities regarding the preparation of financial statements, their submission for audit and tabling before the National Assembly.

Ministry's Response

- The Annual Report on Performance of the Ministry would be submitted by the end of February 2024.
- Needful will be done by the TUTF to submit the financial statements by the end of February 2024.
- The Annual Report of the Manufacturing Sector Workers Welfare Fund for the financial year 2019-20 was re-submitted to the National Assembly on 8 January 2024.
- Necessary arrangement would be made for the Annual Reports to be laid before the National Assembly upon submission by the TUTF.

19.1.6 Follow-up of Matters Raised in the Audit Report 2021-22

A follow up of matters raised in the Audit Report 2021-22 was carried out. The Labour Division was requested to inform the National Audit Office of the actions that have been taken to address the findings and recommendations in the Report. The information along with evidence collected through review of files and documents were assessed and discussed with the Ministry.

The status on actions taken on findings since the publication of the Audit Report are summarised below. The two findings have been partially resolved.

SN	Findings	Ministry's Response – Status as at February 2024	NAO Comments
	Registry of Associations - Poor monitoring over non-submission of Returns of Associations and Trade Unions (Page 289)		
1	There was no proper follow up of Annual Returns submitted by Associations and no actions was taken against Trade Unions for non-submission of their Returns. *(Pg 289, Para 19.1.1)*	Monitoring of Associations and Trade Unions are being exercised, following the recruitment of inspectors of associations in July, September and December 2023.	**Partially Resolved**
	Governance Issues - Non - Compliance with Legislation (Page 290)		
2	Non submission of Financial Statements for Audit by Trade Union Trust Fund (TUTF) for financial year 2021-22. Annual Reports of three Statutory Bodies (MITD, MSWWF and TUTF) were not yet laid before the National Assembly. *(Pg 290, Para 19.1.2)*	Not yet submitted. One Annual Report of MSWWF and Five Annual Reports of TUTF not yet laid.	**Partially Resolved**

19.2 HUMAN RESOURCE DEVELOPMENT AND TRAINING DIVISION

19.2.1 Risk Management Framework – Not yet developed

In December 2021, the MoFEPD issued a circular regarding the establishment of Risk Management (RM) in the Public Sector.

In view of facilitating the process, MoFEPD developed Guidelines for the establishment of a RM Framework in Ministries and Government Departments. According to the Guidelines, the Accounting Officer is accountable for the overall governance and has the ultimate responsibility for RM.

Finding

The RM policy has not yet been implemented and the time frame for the implementation was not set. Hence, the risks areas were not addressed by the Ministry.

Root Cause

The Accounting Officer did not initiate actions for the implementation of the RM Framework.

Recommendation

A time frame should be set for the implementation of the RM framework once staff obtain the appropriate training so as Circular No. 8 of 2021 on Guidelines for establishment of RM in the Public Sector is adhered to.

Ministry's Response

The Ministry is presently working on the implementation of the RM Framework and same will be completed by February 2024.

19.3 COMMERCE AND CONSUMER PROTECTION

19.3.1 Governance Issues – Non-compliance with Legislation

Provisions have been made in various legislations to impose a statutory responsibility on Accounting Officers with the objective of strengthening accountability and transparency in the public sector.

Finding

Non-submission of Report on Performance

As of 18 December 2023, the Report on Performance of the Ministry of Commerce and Consumer Protection for the financial year 2022-23 had not yet been submitted to the Ministry of Finance, Economic Planning and Development, despite the statutory deadline being 31 October 2023.

20 - MINISTRY OF HEALTH AND WELLNESS

20.1 Inefficiencies in Capital Project Management

The NAO has regularly reported on the lapses in the management of capital projects by the Ministry of Health and Wellness (MoHW). Inefficiencies as highlighted in subsequent paragraphs regarding Capital Project Management were once more noted:

20.1.1 Poor Planning at Initial Stage

Additional works had to be carried out at the Coromandel and Stanley Mediclinics as the initial scope of works did not take into account legal requirements. The original contract value was thus exceeded in both cases. Refer to paragraphs 20.4 and 20.5.

20.1.2 Inadequate Planning in Infrastructure Development

Preparation of a Planning Policy Guidance in collaboration with the Ministry of Housing and Land Use Planning (MHLUP) had not been envisaged by MoHW.

Ministry's Response

Planning clearances, the National Development Strategy, Planning Policy Guidance (PPG) and Area Action Plan are all under the purview of MHLUP and regulated by the Town and Country Planning Act and the Planning and Development Act. This Ministry has not been approached by MHLUP for inputs to review the PPG.

20.1.3 Inordinate Delays in Project Completion

The expected completion date for the construction of the New Flacq Teaching Hospital was extended by some 14 months to August 2023. However as at that date, only 80 per cent of works were completed. Construction of the Stanley Mediclinic was still ongoing as of September 2023, that is 4 years after award of the contract. Meanwhile, patients had to travel to other hospitals for the required health services. Refer to paragraphs 20.3 and 20.4.

Ministry's Response

- Construction works of the New Flacq Teaching Hospital is expected to be completed by April 2024 following additional works for provision of a Police Post. The hospital is expected to be operational in July 2024.

- For the Mediclinic at Stanley, extension of completion date is *inter-alia* due to lingering delays from utility service providers. These utlilities are crucial for the commissioning of the building. However, it has also been noted that works are delayed from the Contractor's side.

20.1.4 Non-sanctioning of Defaulting Contractors

MoHW did not apply liquidated damages for the construction of the Stanley Mediclinic although the project was not completed as of 31 October 2023. Refer to paragraph 20.4.

Ministry's Response

The delays in construction are both due to slow progress of works and non-provision of crucial utilities. Applicability of liquidated damages would depend on unjustified delays from the Contractor's side.

20.1.5 Inadequate Expertise in Managing Civil Works

Heavy reliance was placed by MoHW on the Project Management Consultancy firm HSCC (India) Ltd for technical, financial and contract administration matters. There is a need to strengthen the Project Implementation Unit (PIU) which was not adequately staffed with technical and professional personnel. Refer to paragraphs 20.2 and 20.3.

Ministry's Response

In view of Human Resource proposals for financial year 2023-24, additional technical and professional staff were funded in the Budget Vote of this Ministry. The Ministry of National Infrastructure and Community Development has posted two Civil Engineers at the Project Implementation Unit of this Ministry.

20.1.6 Disruption in Services to Patients pending completion of the Construction of New Hospitals

A negative impact on services delivered to patients was noted by NAO while the new hospitals were under construction. The Speech and Audiology Services of the old ENT Hospital faced serious constraints following its relocation to Victoria Hospital.

Extension of the expected completion date of August 2023 of the New Flacq Teaching Hospital to April 2024 deprived the patients of several new services such as Lithotripsy, Neurosurgery, CT Scan Examination that are not being provided at the Dr. Bruno Cheong Hospital. Thus, patients had to be referred to other hospitals pending the completion of the construction of the new hospital. Refer to paragraphs 20.2 and 20.3.

NAO is of the view that delays in the implementation of health infrastructure projects may cause harm to the population. Hence, it is imperative that the PIU be made effective and efficient.

Ministry's Response

- The services of speech therapy and audiology were only made available, in Victoria Hospital, in January 2019.
- The New Flacq Teaching Hospital is expected to be operational in July 2024. Patients requiring Lithotripsy, Neurosurgery and CT Scan Examination have been referred to other hospitals on appointment and the services were provided as per the request of the treating Specialist.

20.2 ENT Health Care Service Delivery affected with the Relocation of Services

In year 2016, a turnkey project was initiated for a modernised ENT hospital on a Government-to-Government (G-to-G) basis. The estimated total cost of the project amounted to some Rs 889 million, with Government of India's assistance totalling some Rs 500 million.

In January 2018, to enable the construction of the new hospital, the staff and services were shifted to other health institutions. Upon completion of the Hi-Tech hospital, the main services were reverted to the New ENT Hospital in November 2019.

The New ENT Hospital was converted into a COVID-19 Hospital in March 2020, with all existing services relocated to other health institutions. The New ENT Hospital resumed its ENT services in September 2023.

Findings

20.2.1 ENT Services Adversely affected during Construction of the New ENT Hospital and Relocation

ENT services were delivered under very unfavourable conditions during the construction of the new hospital and when the latter was converted into a COVID-19 hospital.

Impact of relocation on Speech and Audiology Department

- The Speech and Audiology Department (SAAD) faced serious problems to obtain a proper space at Victoria Hospital (VH) for its operations. It was only on 4 January 2019, that is one year after the relocation, that it became fully operational, resulting in long waiting lists.

- Soundproofing works had to be undertaken for SAAD to be functional and, according to MoHW, a soundproof booth costing Rs 379,500 was installed in June 2018. During a site visit carried out at VH in August 2023, NAO did not see any evidence of soundproofing works and soundproof booth.

- There are only two Brainstem Evoked Response Audiometry (BERA) equipment in Mauritius which are used to perform several electrophysiological tests, one at Dr AG Jeetoo Hospital (AGJH) and the other at VH. The location at VH to house the SAAD was not appropriate as BERA equipment was showing high artifacts, that is, unclear images and tests could not be carried out.

  Regarding the equipment at AGJH, the Chief Speech Therapist and Audiologist reported that the BERA tests had not been carried out for the last two years as the equipment was unusable and had been written off.

Ministry's Response

The services of speech therapy and audiology were only made available in Victoria Hospital in January 2019. The sound treated booth was only ready by end of December 2018. The poor infrastructures did not allow for BERA and other electrophysiological testing. BERA and other electrophysiological tests were never started as all accessories for example electrophysiological gel were expired and requests for purchase were initiated. The national lockdown then happened.

Continuity of Services affected when New ENT Hospital converted into a COVID-19 Hospital

- Mapping (tuning) services for Advanced Bionics Cochlear Implant recipients and Occupational Therapy for Region 5 were not provided during periods March 2020 to October 2021 and March 2020 to January 2022, respectively.

- The SAAD was relocated at Floréal Mediclinic in November 2020 but the audiology services resumed only one year later in November 2021. The new location was not appropriate as water leakages damaged the records books and patients' files. Audiometric equipment was exposed to environmental hazards and the slippery floor was a potential threat to hyperactive patients.

- The Casualty, Records and Pharmacy Units of ENT Services were housed in a building at VH, which had the only hydrotherapy pool in public hospitals and was used by some 325 patients yearly. The hydrotherapy plant was not in operation since November 2019, thus depriving the needy patients.

  The building was in a deplorable state as the roof was made up of asbestos and water leakages were noted during rainfall. In November 2019, an amount of Rs 9.3 million had been earmarked for renovation works but this was kept in abeyance.

Ministry's Response

- Mapping of cochlear implants was not done due to the lockdown situation as professionals from abroad could not come.

- The Speech Therapy and Audiology Department was relocated in the X-Ray department of Floréal Mediclinic where there was regular water leakage. The service was then shifted to the basement area with sound proofing done.

20.2.2 Poor Control over Existing Assets and Assets Newly acquired

A list of existing equipment at the old ENT Hospital at time of its demolition and an up-to-date one comprising equipment acquired under the G-to-G agreement, those received as donation and those acquired by MoHW were not available at time of audit.

Reports of missing IT equipment were made in May 2021 and May 2023 by the Chief Speech Therapist and Audiologist and an IT officer, respectively.

The present location of several dismantled items, following the demolition of the old hospital could not be ascertained. On 20 February 2018, MoHW stated, in a reply to the National Heritage Fund that stones recovered from the demolition of the hospital were stored and remained the property of the Ministry. However, evidence of the present whereabouts of the historic stones and wood were not produced.

Root Cause

No Contingency Plan was prepared by MoHW regarding the shifting of ENT services to other hospitals during the construction phase of the New ENT Hospital and the conversion of the New ENT Hospital into a COVID-19 Hospital.

Ministry's Response

- A survey has been carried out and an updated list of equipment presently at the ENT Hospital is available.

- On 25 July 2018, the request of the National Heritage Fund to confirm and inspect the location of storage of the wood and stones was submitted to the Contractor. As at date, no reply from the Contractor was seen in file. This Ministry has relaunched the matter of the historic stones with HSCC(I) Ltd. A reply is awaited.

20.2.3 Medical Equipment not efficiently used

Digital Fluoroscopy X-Ray Apparatus and Panoramic X-Ray Apparatus

Both apparatus were out of order as at date of audit in August 2023. The Digital Fluoroscopy X-Ray Apparatus, costing Rs 10.7 million, (including Rs 50,000 for five years maintenance charges after a two-year warranty period) was commissioned on 13 August 2020. No evidence was seen as to whether maintenance was done.

As for the Panoramic X-Ray Apparatus, no information was available regarding the date of installation, commissioning and the warranty period.

Ministry's Response

- An updated list of equipment presently at the ENT Hospital and list of equipment received during COVID-19 is available.

- The Panoramic X-Ray Apparatus was in full use during COVID and still functioning. It was maintained and repaired on an as-and-when required basis by the Company.

CT Scanner (Make: Siemens, Model: Somatom)

Supply, installation and commissioning of the CT Scanner was done in November 2019. During the period July 2022 to June 2023, 1,749 scans were carried out by the CT Scanner, despite the fact that preventive maintenance was not done on a quarterly basis. A maintenance agreement for the equipment was not available. The absence of preventive maintenance could affect the quality of images produced, which could result in wrong diagnosis by radiologists.

Ministry's Response

There is no maintenance contract available for the specialised monitors and IT equipment in the Reporting Room. A new network has to be made to enable data transfer from CT Scan Room to X-Ray Reporting Room.

Dormant Equipment

- Several IT equipment were seen to be lying dormant in the X-Ray Reporting Room, as at date of audit.

- The Double Door Washer Disinfector in the Laundry department has been dormant since year 2020 as solutions used by the washer were not readily available on local market.

Root Cause

No Bio-medical engineer was assigned the responsibility for the installation, commissioning and management of equipment during and after the construction of the New ENT Hospital.

Recommendations

- A survey of existing equipment should be carried out at the hospital and a master list be kept both at the hospital and MoHW.

- MoHW should compile a list of equipment acquired and received as donation and carry out a survey to ascertain their existence and location.

- MoHW should make optimum use of equipment available so that service delivery to patients is not affected.

- The Accounting Officer should assign responsibility for the management of equipment to a Bio-medical engineer.

Ministry's Response

Double door washer disinfector solution was not procured during COVID-19 due to unavailability on the market according to the Maintenance Contractor. Three out of five specific solutions had been procured. Procurement exercise is under process for purchase of the remaining two solutions from local market depending on availability.

20.2.4 Unsatisfactory Operations and Maintenance Services for New ENT Hospital

The Contractor responsible for the construction of the New ENT Hospital was awarded the contract for Operation and Maintenance Services for three years as from November 2019 for a total amount of Rs 35.5 million. The Contract was extended for an additional 12 months in February 2023 for a contract price of Rs 13.5 million. Payments made to the Contractor as from January 2020 to date of audit totalled Rs 25.4 million.

- Procurement exercises were not carried out for the appointment of a contractor at time of extension of the contract in February 2023.

- No action was taken by the Contractor in respect of a Medical Air and Vacuum System which was faulty since one year.

Root Cause

The Operations and Maintenance Agreement was not vetted by the Medical Superintendent (MS) prior to award of the contract by MoHW.

Recommendation

The MS should ensure that the Contractor complies with the conditions of the Operations and Maintenance agreement.

Ministry's Response

- The Operations and Maintenance (O&M) agreement is a continuity to the existing agreement under the award for the construction of the facility. The O&M contract has been renewed on a year-to-year basis pending a fresh procurement exercise.

- Pending fresh tendering exercises for the O&M contract, this Ministry would be negotiating with the existing contractor for a renewal of the contract for an additional year.

- Compressor for Medical Air and Vaccuum System is still faulty till date. The cost for repair/replacement is to be borne by the Contractor.

20.2.5 Poor Management of Information Technology Considerations

- The Central Informatics Bureau was not involved in the drafting of technical specifications and implementation of the e-Health System at the New ENT Hospital. Furthermore, the IT and Control System Installations were not included in the extension of the Operations and Maintenance agreement in February 2023.

- No information was available at MoHW on the validity of Licences pertaining to the E-Health and Picture Archiving and Communication System, including the Queue Management System. The server where the Clinical System was hosted was reported to have hardware faults on its motherboard.

- In January 2022, the Chief Health Officer informed that the E-Health System was inappropriate and was not customised to users' requirements despite that these were pointed out at the very start of the project.

- MoHW did not channel its request for the downgrading of bandwidth connectivity to the appropriate person at the Service Provider, resulting in additional expenditure of some Rs 6 million.

Root Causes

- Technical Specifications of the IT system were not correctly prepared by MoHW at planning stage of the project.

- Requirements of users were not taken into consideration at start of the project.

Recommendation

IT and Control System installations should be included in the new Operations and Maintenance agreement.

Ministry's Response

- The awarded contract of Rs 885 million included IT works of Rs 50.6 million. The IT issues which cropped up were due to the non-involvement of the Central Informatics Bureau from the project preparation till its implementation. The sub-contractor which implemented the e-system did not cooperate to resolve the matter and the main contractor's involvement was not seen.

- Follow-up meetings for customisation of the E-Health System were held with HSCC(I) Ltd and the IT subcontractor(s). However, issues raised were still not resolved. In view of the implementation of the National e-health project for which contract was signed with United Nations Development Programme, the unfit e-System at the ENT Hospital with inherent security concerns was discontinued.

- On 3 February 2021, MT informed this Ministry that the request for downgrading was not entertained because the request was not made to the appropriate MT officer and a formal request needed to be made to MT. A formal request was accordingly made on 22 March 2021. As the responsibility of miscommunication was a shared one, the Ministry settled 50 per cent of the amount due excluding surcharges.

20.3 Infrastructure Development for Regional Hospitals: Absence of Planning and Delays in Completion of Construction of New Flacq Teaching Hospital

In year 2015, MoHW proposed to construct a New Flacq Teaching Hospital (FTH) for the Flacq region due to capacity development constraints and structural problems with the existing Flacq Hospital, on a plot of land of and extent of 7A53.

Phase I of the project consisted of constructing and equipping the hospital block, whereas Phase II involved the construction and equipping of the teaching block.

The consultancy and design of the project, along with the bidding procedures for the selection of the Contractor, were entrusted to an Indian Consultancy firm. Following the latter's evaluation and recommendation, the contract for Phase I of the project, that is the construction of the New FTH, was awarded by MoHW in August 2020 to an Indian Company for some Rs 2.6 billion (exclusive of VAT) for a duration of 22 months.

Due to various delays and additional works, the expected completion date was extended by some 14 months. As of 30 September 2023, Rs 1.75 billion and Rs 104 million were paid to the Contractor and Consultant, respectively, and approximately 80 per cent of the works were completed as of 29 August 2023.

Findings

20.3.1 Inadequate Planning for Infrastructure Development of Regional Hospitals

- ***Master Plan***

MoHW did not have a Master Plan addressing infrastructure development for the Jawaharlal Nehru Hospital despite having hired the services of an Indian Consultancy firm since year 2017.

- ***Planning Policy***

MoHW has not liaised with MHLUP for discussions regarding the preparation of a Planning Policy Guidance for hospital development.

This would enable local authorities to control development around hospital sites, which would help MoHW in planning for future expansion and avoiding costly relocation exercises.

- ***Operating Financial Implications***

MoHW did not work out the financial implications to enable the New FTH to operate as intended and at full capacity. In addition to the construction costs for Phases I and II of the project, other costs identified by NAO from different sources included among others, consultancy fees and construction of a traffic centre.

The estimated project value of both Phases I and II is around Rs 8.8 billion including medical equipment but excluding cost of utilities.

Ministry's Response

The Needs Analysis for the New Flacq Regional Hospital provided by the Health Economics Unit of this Ministry in November 2015 had an estimated cost of Rs 6.65 billion of which capital costs amounted to Rs 4.95 billion and the annual recurrent costs to Rs 1.70 billion. At that time, the costs of land, traffic network, traffic centre and water connectivity were not factored into the project. The Needs Analysis did not consider the Teaching component.

20.3.2 Absence of Planning for Transfer of Services to the New FTH

- ***Staffing Requirements***

Staffing requirements were initially made in year 2015, but were neither updated nor provided for in the Estimates 2023-24 and prior years for the New FTH.

- ***Existing Buildings/Equipment/Furniture***

The monetary value of the existing assets, that is buildings, equipment, furniture and land, of the Dr. Bruno Cheong Hospital (BCH) was not computed by MoHW. However, according to files and records examined by NAO, functional equipment amounted to approximately Rs 100 million while office furniture acquired over the last two financial years totalled Rs 8 million.

MoHW did not consider these assets while purchasing new assets estimated at Rs 600 million for New FTH.

Root Cause

The Accounting Officer did not set up a Project Steering Committee to monitor the implementation of the New FTH project and to address all its other implications such as the infrastructure development, the outcome of the existing BCH and the assets thereat.

Ministry's Response

- A focus meeting is being called with regard to the HR requirements for each project.

- A separate record will be kept for all equipment still in good condition, which will be used at BCH. This equipment will not be transferred to New FTH.

- With regards to equipment which will be transferred to the New FTH, the respective managers and head of units will ensure that proper records are kept in their ledger/inventory.

- A ledger is being kept for all equipment/apparatus which are not in good condition/ beyond repair and necessary actions will be taken for write-off.

20.3.3 Non-compliance with Conditions of Loan Agreements

In year 2018, loan agreements were signed with three foreign agencies for a total amount of US$ 95 million. The following conditions of the loan agreement were not complied with:

- A Project Implementation Team was not set up. Several positions were not occupied in the team composition during the whole duration of the project.

- Manpower planning needs were not worked out.

- No documentary evidence was seen where the Consultant certified that the bills of one of the foreign agencies complied with regulations prohibiting trade with designated countries.

Ministry's Response

- The Project Coordinator/Manager changed because they are staff from the Administrative Cadre and are required to occupy positions of responsibilities in different Ministries/Departments. However, at all times, there was a Project Coordinator/Manager on the project.

- HSCC(I) Ltd has its team of architects and engineers present to support the project.

- As regards the Civil Engineer, there was a gap and as from October 2023, the number of Civil Engineers has increased to two. This Ministry would pursue the strategic enabler provided for in Budget 2023-24; ‘set up a dedicated Unit for the timely maintenance and construction of health infrastructure’.

- The Consultant would be requested to provide reassurance that the claims received from the Contractor comply to the loan requirements.

20.3.4 Contract Management/Project Implementation Problems

- ***Inadequate Technical Expertise at MoHW***

  MoHW relied heavily on the Indian Consultancy firm to convey approval for technical, financial and contract administration matters. This was necessary because the PIU was not adequately staffed with technical and professional personnel and also, MoHW has not enlisted the Ministry of National Infrastructure and Community Development (MNICD) as an independent expert to advise on the New FTH project issues.

  MoHW could not always take informed decisions. For example, regarding the construction of a boundary wall for the New FTH, the Consultant and the Contractor entered into a negotiation process whereby the initial offer of Rs 22 million was brought down to Rs 18.4 million. It was not known whether MoHW was involved in the negotiation process as discussions held were not documented.

- ***Avoidable Delays***

The expected completion date of August 2023 was extended by 14 months due to various delays and additional works. However, delays of 180 days could have been avoided, had prompt decisions been taken by MoHW as shown in Table 20-1.

Table 20-1 Avoidable Delays

Description of Delays	**Avoidable Effective Delays (Days)**
Handing over of Encumbrance free land	76
MRA: VAT and Customs Duty Exemption Procedures	23
Changes in layout design at Office areas on 4th,5th, and 6th floor	69
Delay in shifting of HT Line by the CEB	12
Delay due to discussion on introduction of Endoscopy department	Days Not mentioned
Total effective delays/ Minimum avoidable delays	**180**

Source: Project files

- ➢ The handing-over of encumbrance free land was delayed as MoHW waited for the land-owner to clear its encumbrances and also to obtain clearances to remove all trees in the orchard.

- ➢ The tardy clearance procedures of MRA/CEB (35 days) could have been avoided if the requested clearances were tightly monitored.

Root Cause

The PIU did not exercise independent vigilance on the implementation of all the project components related to the New FTH. There was no technical expert to give independent advice to MoHW.

Ministry's Response

- HSCC (I) Ltd is the Project Management Consultant on the Project and this Ministry aligned to its recommendations. Involvement of the Ministry of National Infrastructure and Community Development, for instance, would have provided additional reassurance to this Ministry on decisions taken.

- With regard to the preventable delays of 180 days, due to non-availability of an adequate internal team of Civil Engineers, Architects and Quantity Surveyors, this Ministry had limitations to manage the Project Implementation. Delays from relevant authorities to requests made by this Ministry should also be factored in.

20.3.5 Project Delays Negatively impacting on Service Delivery/Phase II Project Objectives

Impaired Service Delivery

Several health services were unavailable at BCH and patients had to be referred to other regional hospitals.

- ▪ Patients requiring MRI, CT scan examinations and neurosurgery were referred to the Sir Seewoosagur Ramgoolam National Hospital (SSRNH).

- ▪ VH absorbed patients needing treatment related to Lithotripsy, Spine Unit, Cardiac and Cancer services.

- ▪ Vascular surgery patients were referred to the Jawaharlal Nehru Hospital (JNH).

This led to patients of Flacq region having to travel long distances to attend hospitals far from their residences, resulting in long waiting times for both patients of Flacq Region and those patients of the other regional hospitals.

Such situations will persist till the completion of the New FTH.

Also, the hospital buildings were in deplorable state.

- Building Block B was characterised by leakages and accumulation of water at several places, including waiting areas which required tent services.

- Dental services were provided in container-type designed clinics.

- BCH accommodated only 13 wards instead of 24 for a typical regional hospital. This resulted in some wards being mixed and crammed, where the spacing between beds was less than 1.5 metres.

20.3.6 Project Objectives not yet attained

As of November 2023, no significant progress has been made towards the implementation of Phase II of the project, that is, constructing and equipping the Teaching Block of the New FTH.

In accordance with the Budget Speech 2022-23, the second phase of the New FTH project would be implemented under the Public Private Partnership Framework.

In September 2022, the project was registered as a Build Operate Transfer (BOT) Project but the Request For Proposal document for a Transaction Advisor had not been finalised as of end October 2023.

Recommendations

The Accounting Officer should:

- set up a Steering Committee to plan, monitor and oversee strategic matters such as the regional hospital infrastructure development, the outcome of BCH and the optimisation of functional assets thereat;

- formulate a plan to transfer comprehensively all health services to the New FTH including a manpower plan to operate at its optimal capacity;

- ensure compliance with conditions of loan agreements of donor agencies; and

- strengthen the pool of technical staff of the PIU to support MoHW in taking informed decisions.

Ministry's Response

- Health Services mentioned were already unavailable at BCH even before the conceptualisation of the project and this is one of the main reasons for the project to be proposed and implemented to palliate to the lack of those services and offer a fully comprehensive quality health care service to the population of Health Region 3.

- The issue of leakages and accumulation of water is not a recurrent one but rather an exceptional one during heavy rainfall, which is beyond control. Remedial measures are taken to drain away any accumulated water.

- Dental Services were provided in mobile dental Caravan comprising all general dental services.

- The main reason that the project of New Flacq Hospital has been proposed is the lack of space at the BCH.

- A Steering Committee would be set up at the level of the Ministry to coordinate all issues pertaining to the setting up of the New Flacq Hospital.

- On 5 September 2022, the BOT Projects Unit informed this Ministry that the Project has been registered as a potential BOT Project. Financial clearance has been obtained and this Ministry would float the bids for Request for Proposal for the selection of a Transaction Advisor.

20.4 Construction of Stanley Mediclinic

In October 2019, the contract for the construction of the Stanley Mediclinic was awarded for a contract value of Rs 82.5 million. The revised contract value after additional works amounted to Rs 93.7 million. Payments made as at September 2023 totalled Rs 50.1 million. As of September 2023, that is, some four years after award of the contract, the project was still ongoing and 20 per cent of works remained to be completed. The project was overseen by an Indian Consultancy firm, appointed on 5 August 2018 under a G-to-G agreement.

Findings

20.4.1 Poor Planning at Initial Stage of Project

The additional works totalling Rs 11.2 million were due to poor planning at the initial stage of the project.

Incomplete Scope of Works

At the initial stage, works such as construction of boundary wall and the shifting of encroaching Community Centre gate for an amount of Rs 2.3 million and Rs 151,550, respectively, were not included in the scope of works.

Legislation Requirements not complied with

Additional works had to be carried out as requirements of the Mauritius Fire and Rescue Service (Fire Safety Plan and Fire Certificate) Regulations 2018 and the Second Schedule of the Building Control (Accessibility and Gender Compliance in Buildings) Regulations 2017 were not taken into account, as detailed in Table 20-2.

Table 20-2 Additional Works at Stanley Mediclinic due to Non-compliance with Legal Requirements

Additional Works	Rs
Fire Detection & Alarm System	1,784,521
Lift	5,127,500
Metal Emergency Staircase	1,885,340
Total	**8,797,361**

Source: Project files

Variation Works

The cost of additional works represented some 13.6 per cent of the original contract value.

Ministry's Response

A meeting was held on 11 October 2018 with the main users of the Mediclinic to agree on the design. On 25 October 2018, the Consultant was requested to provide the general and specific items with the detailed design drawings. The designs with the proposed amendments were submitted on 29 October 2018 for review. Not all requirements from this Ministry were catered for in the design which led to the additional works. Moreover, contrary to the Financial Management Manual, no Building Plans Committee was held.

20.4.2 Delay in Extension of Time and Liquidated Damages not applied

Payment of Rs 3 million was made to the Consultant for the supervision of the construction of the Mediclinic.

Out of the six Extensions of Time (EOT) granted by the Consultant, a delay of more than 100 days was noted in five cases, contrary to the General Conditions of Contract which require that EOT should be determined by the Consultant within 21 days of submission by the Contractor.

Liquidated damages were not seen to have been applied by the Ministry as the construction of the Mediclinic was still not completed as at 31 October 2023.

In two cases, EOT was recommended by the Consultant well after the revised completion date. The Ministry was given no choice in this matter as the Contractor was already beyond the revised completion date at time of recommendation by the Consultant. Liquidated damages were again not seen to have been applied.

Root Causes

- Project planning was not correctly done by the Officer-In-Charge of the PIU at design stage, which resulted in additional works being carried out.
- The PIU was not properly manned in terms of officers with engineering background.
- Management of the project was poorly done by the Consultant.

Ministry' Response

- As at 31 October 2023, the progress of works was 90 per cent. The assessment from the Consultant is required on the way forward for the application of liquidated damages.

- Delays incurred, as per contractual provisions were provided by the Contractor for approval by the Ministry.

- The EOT was recommended by the Consultant after they had lapsed due to delay in cost approval of additional works of boundary wall, shifting of gate and fire alarm system, delay in decision from CWA and WMA, adverse climatic conditions and loss in productivity due to new sanitary measures.

20.4.3 Lease Agreement signed before Advice of Solicitor General

In May 2018, an agreement was signed with the Sugar Industry Labour Welfare Fund (SILWF) for the lease of a plot of land of 2307 m² for 50 years in relation to the project, against a yearly payment of Rs 400, subject to revision at any point in time as appropriate. However, advice of the Attorney - General's Office (AGO) was sought on 24 July 2018, that is, after the agreement was signed.

An amended lease agreement including the required amendments, as per advice received from AGO on 27 July 2018, was not produced to NAO although several requests were made.

Non-amendment of the initial lease agreement could result in the building housing the Mediclinic becoming the property of SILWF after 50 years or in case of cancellation of the lease.

Root Cause

The Accounting Officer did not submit the original lease agreement to AGO for vetting prior to signature.

Recommendations

- The Accounting Officer should ensure that, henceforth, the Ministry complies with all legal provisions governing healthcare infrastructure projects.

- The responsible officer of the PIU must ensure that the Consultant complies with its terms of reference.

- The Accounting Officer should ensure that addendum to the lease agreement with SILWF includes the recommendations made by AGO.

Ministry's Response

The Notarised Lease Document was dated 26 April and 2 May 2018. However, on 30 May 2018, attention was drawn to the fact that:

(i) the document was not vetted by the State Law Office;

(ii) SILWF can issue a 'Mise-En-Demeure' to this Ministry; and

(iii) in case the Lease Agreement is terminated, the Mediclinic would become the property of SILWF without any compensation to Government.

A copy of the lease was submitted to AGO on 24 July 2018. The latter made some legal observations and that an addendum to the lease agreement be signed before the Notary. The Ministry has sought the views of the Ministry of Housing and Land Use Planning on 12 January 2024 with regard to vesting/acquisition of the land and a meeting will be held with relevant authorities to sort out the issue.

20.5 Construction of Coromandel Mediclinic – Deficiencies in Project Management

The contract for the construction of the Coromandel Mediclinic was awarded in September 2019 for the contract sum of Rs 84.3 million. The revised contract value after additional works amounted to Rs 104.7 million. Payments made as at September 2023 totalled Rs 83.7 million. Works at the Mediclinic were completed as at 20 December 2022 except for lift installation, emergency staircase and secondary power supply.The Mediclinic was operational on 6 February 2023. The project was overseen by an Indian Consultancy firm, appointed on 5 August 2018 under a G-to-G agreement.

Findings

20.5.1 Poor Planning at Initial Stage of Project

The initial completion date of 28 April 2021 was revised to 23 December 2022. This was attributed to the additional works of Rs 20.4 million which were not provided for at planning stage.

Incomplete Scope of Works

There was no proper planning at the initial stage of the project as other works, which could have been foreseen, such as boundary wall, external CCTV cameras and diesel generator costing some Rs 7.5 million were not included in the scope of works, as detailed in Table 20-3.

Table 20-3 Additional Works at Coromandel Mediclinic due to incomplete Scope of Works

Additional Works	**Rs**
Boundary Wall	3,883,745
Diesel Generator	3,500,000
External CCTV cameras	77,500
Total	**7,461,245**

Source : Project files

Legal Requirements not complied with

Additional works had to be performed as requirements of the Mauritius Fire and Rescue Service (Fire Safety Plan and Fire Certificate) Regulations 2018 and the Second Schedule of the Building Control (Accessibility and Gender Compliance in Buildings) Regulations 2017 were not taken into account, as detailed in Table 20-4.

Table 20-4 Additional Works at Coromandel Mediclinic due to Non-compliance with Legal Requirements

Additional Works	**Rs**
Fire Detection & Alarm System	2,467,000
Lift	5,260,000
Metal Emergency Staircase	3,839,290
Total	**11,566,290**

Source: Project files

Variation Works

The cost of additional works represented some 24 per cent of the original contract amount.

Ministry's Response

- A Buildings Plan Committee (BPC) was held on 2 May 2018 to examine the plans. It is to be noted that at the BPC of 2 May 2018, the initial drawings included one lift and two staircases. Necessary clearances were obtained from the Mauritius Fire Rescue Services.

- On 5 August 2018, this Ministry approved for HSCC(I) Ltd to implement the project as Consultant under a G-to-G agreement. On 10 May 2019, this Ministry sought relevant clearances on the set of drawings worked out by HSCC(I) Ltd.

- The delays in obtaining the relevant no objections/clearances from different authorities also resulted in additional works during project implementation.

- This Ministry would pursue the strategic enabler provided for in Budget 2023-2024: '*Set up a dedicated unit for the timely maintenance and construction of health infrastructure'*

20.5.2 Approved Costs of Additional Works

Additional works were approved on the basis of quotations submitted by the Contractor. In 6 cases out of 12, the quotations submitted by the Contractor for works totalling Rs 13.9 million were higher by some Rs 2.3 million, compared to the assessments made by the Consultant, that is, Rs 11.6 million. Nevertheless, the Consultant requested MoHW to approve the additional works on the basis of the quoted amounts. Significant differences of Rs 1.2 million and Rs 800,000 were noted in respect of the lift and metal emergency staircase, respectively.

Ministry's Response

The Ministry adhered to the recommendations of the Consultant. However, in case these requirements had been included prior to the bidding exercises, a more competitive price might have been secured by this Ministry.

20.5.3 Delay in Determination of Extension of Time

Payment of Rs 4 million was made to the Consultant for the supervision of the construction of the Mediclinic. A delay of more than 50 days was noted in the determination of the three EOT assessed by the Consultant. This was not in accordance with the General Conditions of Contract which provides that EOT should be determined by the Consultant within 21 days of submission by the Contractor.

Root Causes

- Inadequate project planning by the Officer-in-Charge of the PIU at design stage resulted in additional works being carried out.

- The PIU was not properly manned in terms of officers of engineering background.

- Management of the project was poorly done by the Consultant.

Recommendations

- The Accounting Officer should ensure that, henceforth, the Ministry complies with all legal provisions governing healthcare infrastructure project.

- The responsible officer of the PIU must ensure that the Consultant complies with its terms of reference.

Ministry's Response

The reasons for the delays, as assessed by the Consultant and approved by the Ministry were varied including COVID-19 and its aftereffects, delays in clearances and authorisations, additional works and contract management.

20.6 Warehousing of Pharmaceutical and Medical Disposables – Lapses in Stores Management

The Central Supplies Division (CSD) is currently accommodated in a building which dates back to year 1965 and is no longer appropriate and adequate for storage of pharmaceutical items and medical disposables. In view of space constraints, stock of drugs and other items are kept in other warehouses located at Castel, Pailles, Plaine Lauzun, Pointe-Aux-Sables and La Rosa. The value of pharmaceutical items and medical products held by the CSD as at 30 June 2023 was some Rs 1.8 billion.

Findings

20.6.1 Undue Delay in Realisation of Warehouse Project

Since year 2009, several projects were initiated for the setting up of a warehouse. However, these projects have not materialised. Expenditure of some Rs 14 million were incurred by MoHW as follows:

- In December 2013, an amount of Rs 5.2 million was paid to a Consultant for a feasibility study on the construction, operation and maintenance of a Modern Warehouse.

- The setting up of a National Warehouse for essential drugs and medical consumables at Cote d'Or was approved in April 2021. The Ministry paid Rs 5.1 million to a private company for the lease of a plot of land to the extent of 10 acres for the period July 2021 to June 2024 for this project.

- In September 2022, a transaction adviser was appointed to implement the warehouse project. Payment of some Rs 3.8 million was made during the financial year 2022-23 for the inception and draft structuring report for the warehouse.

As per the Public Sector Investment Programme (PSIP), the project cost has increased from Rs 60 million in the financial year 2008-09 to Rs 2.2 billion in the financial year 2023-24.

Ministry's Response

- User requirements fluctuated at the initial stages. Initially, around 13,000 m^2 were proposed which later were changed to 8,600 m^2. As only Rs 60 million were earmarked under PSIP in 2009, this Ministry decided to implement the project in two phases of 5,000 m^2 and 10,000 m^2 respectively.

- According to the feasibility study of the consultant, a phased approach to the construction of the warehouse was preferred with an area of 12,800 m^2 costing Rs 679 million.

- A transaction adviser was appointed for the warehouse project under the Build-Operate-Transfer (BOT) Scheme. In its Project Structuring Report, the transaction adviser recommended a surface area of 29,833 m^2 but with a storage volume of 145,510 m^3 costing Rs 2.2 billion.

- Following the winding up of the company, a Request for Proposal was issued in October 2023 for the selection of a new transaction adviser.

- The increase in cost is mainly attributed to increases in construction materials and related inflation rates and challenges to soil conditions.

20.6.2 Expenditure in Relation to Scattered Warehouses - Rs 83.3 million

The non-construction of a central warehouse resulted in some Rs 83.3 million being paid for rental of buildings and security/cleaning services over the last three financial years. Moreover, lease agreements were not available for two stores of MoHW.

20.6.3 Expenditure incurred due to lack of space in warehouses - Rs 28.6 million

Some Rs 28.6 million were paid over the last three financial years as storage and demurrage fees due to lack of space in the warehouses.

Ministry's Response

- Pending the start of construction projects for the warehouse, the Ministry had to go for the renting of buildings to store drugs and medical disposables. Currently, the Ministry is renting only the NIC building and La Rosa warehouse.

- Delivery of containers is not effected promptly upon shipping. Containers are stacked in shipping hubs mainly at Colombo and rerouted to Mauritius when transhipment vessels are available. Demurrage fees are incurred due to several containers being delivered concurrently instead of receiving same in a staggered manner.

- The draft lease agreement for the La Rosa warehouse is being finalised. For the NIC building, the Ministry has sought clearances from Valuation Department, Commissioner of Police, Environmental Health Engineering Unit, TMRSU and NICD. Replies are awaited. Such clearances are required in accordance with circular No 45 of 2023 from MNICD.

20.6.4 Storage of Drugs in Deplorable Conditions

The Stores were not in compliance with financial regulations which require that officers have to ensure that items held in store are maintained in good condition, are fit for use and do not suffer damage or deterioration because of inefficient storage.

Site visits carried out by Officers of NAO at three stores in August/September 2023 revealed that a significant quantity of drugs and medical items was kept under unsuitable, risky and unhealthy conditions as follows:

- Water leakages were noted at several places and the ceiling of some stores were in a deplorable state, representing a major health hazard.

- Air conditioners were not functioning in four rooms at CSD Plaine Lauzun, Section C of Ex-Tobacco Board and Ground Floor at CSD Castel, where pharmaceutical items should have been kept below 25°-30°C.

- At CSD Plaine Lauzun,

  (i) stores were infested with rats, thus causing damages to lots of medicines despite frequent interventions by Health Office staff;

(ii) similar items were kept at different locations due to lack of space; and

(iii) out of 40 CCTV cameras, 20 were out of order since March 2023.

- At Guibies Store,

  (i) there was no CCTV camera;

  (ii) At Section C the carton boxes were damaged and piled in a disorderly manner as shown in *Figure 1*, thus rendering stocktake practically impossible. Staff had to climb on boxes to retrieve other boxes;

  (iii) there was an open space above the doors which made the store at Section C prone to theft and ingress of rain water;

  (iv) animal droppings, representing a potential health hazard, were seen on the floor of Section C;

  (v) broken window panes were seen in Section A; and

  (vi) the lift was not operational since year 2021.

Figure 1 – Carton Boxes not properly stacked at Guibies Store

- The Stores at CSD Plaine Lauzun, Ex Tobacco Board, Guibies and Ex Government Printing were not in line with Section 19 of the Mauritius Fire Rescue and Services (MFRS) Act 2013 for fire certificate purposes.

Ministry's Response

- For the leakages, appropriate actions have been taken to look for other buildings to be used as warehouses as repairs and maintenance are too costly. The Energy Services Division will proceed with the repairs of the Air-Conditioner which is expected to be completed by end of December 2023.

- CSD Plaine Lauzun:

    (i) approval for repair of CCTV cameras is still being awaited from the Procurement Department.

    (ii) The Rodent Control Unit is now effecting two interventions per week instead of once weekly.

    (iii) Items stored at different locations have now been transferred to the La Rosa Warehouse, New Grove.

- Guibies Store:

    All items for Section A have already been transferred to La Rosa, New Grove. As for Section C items, it has not been possible to continue with the transfer of the remaining 5 to 10 per cent left due to ‘insufficient plastic pallets at La Rosa Warehouse and the Goods Lift at La Rosa warehouse Building being at present out of order.

- Application for fire certificate for CSD was made twice, once on 29 March 2023 and secondly on 17 April 2023. Both were rejected by MFRS. The Ministry of National Infrastructure and Community Development was requested in August 2023 to draw an updated architectural plan and location/site plan for onward submission to MFRS and same is being awaited.

20.6.5 Storage Space occupied by Expired Items

According to the Electronic Inventory Management System (EIMS), expired pharmaceutical and medical items at the CSD totalled some Rs 213 million for the period January 2020 to August 2023. Information regarding expired items at Hospitals and Health Centres as well as expired items for year 2019 was not available.

Expired drugs were also kept in two containers of some 67.3 m^3 as shown in *Figure 2*.

Figure 2 – Containers used as Stores in the compound of CSD at Plaine Lauzun

- These drugs have been kept in these containers for more than 10 years in the compound of the CSD.

- The drugs were in a deplorable state.

- The containers could not be opened as they represented a potential risk of environment pollution and public health risk.

Root Cause

Indecisiveness of the Ministry since year 2009 regarding location of the central warehouse had led to excessive rental payments and inadequate storage of pharmaceutical and medical items.

Recommendations

- Urgent action must be taken to discard the expired items stored in the containers.

- Board of survey should meet on a quarterly basis instead of annually for pharmaceutical items and medical disposables.

- The Ministry should devise a policy for the disposal of drugs.

- The Ministry should set up a Steering Committee to fast-track the project for the construction of a warehouse.

Ministry's Response

- The list of remaining items to be disposed for the CSD has been sent to the Solid Waste Management Division of the Ministry of Environment, Solid Waste Management and Climate Change for advice on the mode of disposal. Segregation of unwanted goods from serviceable stores is an ongoing exercise. Moreover, a Board of Survey is being constituted to group all unwanted goods, the unit cost of which exceeds Rs 25,000, from all hospitals and outstations for disposal.

- The containers have been opened and a survey is at present being carried out to list down all the items found in the two containers. The exercise is expected to be completed by end of January 2024. Once the exercise is completed, write-off and disposal procedures will be initiated through the Solid Waste Management Division.

20.7 Poor Stock Management of Pharmaceutical Products

Over the last five years, MoHW had spent some Rs 6.4 billion on the procurement of pharmaceutical items which consisted mainly of the purchase of medicine, drugs, vaccines, ayurvedic and other traditional medicine. These items were kept in five warehouses for distribution to the health centres. Since January 2020, MoHW implemented the EIMS to record receipts and issues of stock items.

Lapses highlighted in Previous Audit Reports

NAO highlighted the following issues in connection with stock management in its previous Audit Reports:

- MoHW did not have a standard for the assessment of quantities that would be required for the next 15 to 18 months by each health centre.

- Decisions were based on unreliable data from the EIMS.

- The procurement lead time was well above the 110 days recommended by the Procurement Policy Office (PPO).

- There was a lack of oversight by MoHW over local purchases effected by hospitals as there were major differences in prices paid by hospitals.

- The completeness and accuracy of the stock value provided could not be ascertained.

No corrective actions have been taken by MoHW and the above shortcomings still recurred at time of audit in October 2023.

Findings

20.7.1 Poor Procurement Planning leading to Items Out-of-Stock or Expired Items

- ***Out-of-stock Items***

According to a report extracted from the EIMS on 16 August 2023, 111 items, which were included in the Annual Requirements by health centres, were out-of-stock at the CSD.

During the financial year 2022-23, there were also stock-outs at the CSD which compelled Regional Hospitals to acquire items at their level for some Rs 32.9 million. There were large disparities in prices charged for hospitals where the following were noted:

- An excess amount of some Rs 2.7 million was paid for procurement of five items through local purchases compared to the average price on the EIMS.

- Hospitals had paid one medicine 17 times higher than the price paid by MoHW.

- The price paid by one hospital for a particular medicine was more than nine times the rate paid by another hospital.

Ministry's Response

- During that same period, the Principal Pharmacist submitted to the Ministry a nil stock for some 75 items. The number of out-of-stock items is at date 44 items.

- Management has given clear instruction to Hospitals to refrain from local purchase and to undertake same only if stock level is nil. Officers are being queried if they process file when stock is already nil where letters of explanation are being sought and disciplinary actions being taken accordingly. Though it is impossible to do away with local purchase, the Ministry has taken corrective action to purchase stockout items centrally by RFQ method for urgent supply.

- ***Expired Items***

During the period July 2022 to August 2023, 197 pharmaceutical items totalling some Rs 54 million had expired at the CSD. Information regarding expired items at Hospitals, Mediclinics, AHC and CHC were not available.

The expired items arose as there were significant differences between the Annual Requirements and the actual usage of pharmaceutical products at hospital levels.

MoHW did not investigate cases of over-estimation of annual requirements, which may result in expired items in future years.

Ministry's Response

Drug estimation is not an exact science. We cannot altogether avoid drug being expired even if we have the best monitoring mechanism in place.

- ***Stock Levels not properly managed***

Requirements of financial regulations were not taken into consideration by the Manager Procurement and Supplies in setting the stock control levels and ensuring that these levels were monitored to maintain economic balances.

As at October 2023, no stock re-order level was set for high-usage items. Requests for replenishment of stock of medical products were made after the stock had already been depleted at the CSD.

Ministry's Response

The re-order level of essential medicines has been determined taking into account the minimum stock level, re-order level, safety stock level and maximum stock level. However, there has been considerable improvement with regards to stock monitoring as stocks of items nearing depletion are physically checked prior to initiating replenishment exercise. Action is now being taken much more before depletion of stock.

- ***Non-Compliance with PPO Directive - Lead Time***

PPO issued a Directive in year 2013, defining Procurement Lead Time (PLT) as the interval between the preparation of bidding documents and the issue of award of contract, which should not exceed 85 days for non-major contracts and 110 days for major ones.

Out of a sample of nine procurement lots from 40 launched in the financial year 2022-23, the Lead Time in the procurement process was assessed. In all cases, MoHW did not comply with PPO Directives as the PLT was more than five months.

It was also noted that the time taken from the preparation of bidding documents up to delivery in stores ranged from 142 to 278 days.

Ministry's Response

Non-compliance with PPO Directive on Lead Time in some projects is due to:

- Delay in BEC constitution due to non-availability of members taken up in other evaluations.

- Resolving challenges from aggrieved bidders and determination of case before IPR.

- Need to relaunch due to no quote received or high price deviation or specifications.

- Additional time required for review of BEC reports.

- ***Inaccurate Stock Balances on the EIMS***

Procurement of pharmaceutical items by MoHW was based on erroneous available stock balances generated by the EIMS. A survey carried out by NAO on 24 October 2023 at CSD Plaine Lauzun revealed discrepancies between stocks in hand and the EIMS balances. There were 80 Goods Issue Notes for September 2023 and issues for October 2023 which had not yet been recorded in the EIMS.

Ministry's Response

- It has been reported in several EIMS meetings that with the acute shortage of staff at Section A of CSD, it is not possible to keep an updated stock balance on the EIMS despite that constant efforts are being done for same.

- The recruitment of APSOs by MoFEPD is being awaited to address the acute shortage of staff problem.

Root Causes

- No corrective action has been taken by the Accounting Officer and the Manager Procurement and Supplies regarding persistent poor procurement planning over the years and EIMS not up-to-date.

- The requirements of the Hospitals were not properly planned.

- The Stock Control Levels were not set by the Pharmacy Unit of MoHW for inclusion in the EIMS for an effective management of stock.

- The launching of several tender exercises simultaneously by the Procurement Unit caused bottlenecks and delays at different stages in the procurement process, prior to shifting to the e-Procurement system.

Recommendations

- The Pharmacy Unit of MoHW should work out the Stock Control Levels for the high-usage items and have them recorded in the EIMS.

- MoHW should devise an appropriate timeline for the preparation of annual requirements where a timeframe for each stage in the procurement process should be agreed upon to ensure efficiency.

- Actual usage, amongst others, should be taken as an important factor by health institutions when compiling figures of Annual Requirements to minimise risk of expired items.

- Issues of drugs should be promptly posted in the EIMS.

20.8 Upgrading of Health Infrastructures - Leakages

Upgrading of health infrastructures includes works relating to leakages, extension of existing services, painting and renovation in all five Health Regions. During the financial year 2022-23, some Rs 64.9 million and Rs 6.9 million were spent on the upgrading of hospitals and AHC/CHC, respectively.

Findings

20.8.1 Incomplete Project Database

The PIU did not have a complete database of upgrading works carried out for all building infrastructures, as the information was kept in manual files fragmented across the regional hospitals, office of the Chief Hospital Administrator and the PIU itself.

Thus, the cost-effectiveness of the cumulative upgrading works carried out at all the health institutions could not be ascertained.

Root Cause

The officer responsible for the PIU has no mechanism in place to comprehensively detect, monitor and address upgrading issues, especially leakages.

Recommendation

The PIU should maintain a central database of requests for upgrading works and monthly reports be submitted to the Accounting Officer.

Ministry's Response

- The PIU comprises mainly a secretariat. Staffing has reduced while the number of projects has increased. Records of upgrading works are kept in individual files and this allows for proper follow-up.

- For projects undertaken by MNICD, the online application of MNICD "PROMIS" is updated. The setting up of a Project Planning and Monitoring Unit for the proper implementation of Health Infrastructural Projects is being pursued.

20.8.2 Leakage Issues at Health Institutions

Despite significant expenditure in upgrading works, leakage issues at health institutions continued to persist, resulting in the disruption of health services to the public and damage to equipment.

Two health institutions, namely the Floréal Mediclinic and the Accident and Emergency Department of the SSRNH were characterised by persistent leakages. During rainy days, these two health institutions were not able to deliver their services in a patient-centric manner.

Floréal Mediclinic

The construction contract of the Floréal Mediclinic was awarded to a local contractor for a contract value of Rs 78.5 million, inclusive of VAT and contingency sum of Rs 2 million. The completion certificate was issued on 16 June 2020.

However, in the following month, the Contractor went into receivership and as at date of audit in October 2023, had neither provided the Guarantee Certificate of the whole building nor the decennial guarantee for the waterproofing works.

The Defects Liability Period ended on 24 February 2021, but both MoHW and MNICD did not evaluate the cost of damages caused due to the unattended defects.

Since July 2020, MoHW had been unable to retrieve the guarantee certificates and address the leakage problem. This adversely affected the services delivered at the Mediclinic during rainy days and may result in damage to equipment.

Accident and Emergency Department at SSRNH

Leakages in various units of the Accident and Emergency Department at SSRNH were highlighted since year 2016. The contract for repairs to the leakages was awarded on 9 September 2021 for a total amount of Rs 8.5 million, excluding VAT and inclusive of a contingency sum of Rs 500,000. Works started on 22 March 2022 and ended on 10 August 2022.

In August 2023, MNICD informed MoHW that, "*the waterproofing membrane was damaged by the user department or any third-party who has been provided access to this zone, causing the decennial guarantee of the waterproofing membrane to become null and void. Thus, no proper maintenance was being done regarding the overhangs at hospital level despite the same was requested by the MNICD.*"

The leakage problems thereat continued to persist.

Root Cause

The Hospital Administrator did not follow up the works carried out by the Contractor.

Recommendation

- The Regional Health Services Administrator must ensure that all upgrading works are properly supervised.

Ministry's Response

- ***Floréal Mediclinic***

Advice of AGO was sought regarding the release of payment of retention money and claims from the sub-contractor. A meeting was scheduled in November 2023 with MNICD and the user department to address leakage problem and implement the advice of AGO.

Subsequently, the Civil Engineering Section of MNICD assessed the leakages as reported at the Mediclinic under framework agreement and commitment of funds to the tune of Rs 1,949,709 has been communicated accordingly to MNICD on 6 December 2023.

- ***Accident and Emergency Department at SSRNH***

A circular letter on waterproofing at hospital facilities was issued in September 2023 to render all user departments accountable. During site meeting held with MNICD in November 2023, the Hospital Administrator was requested to adhere to the circular letter.

20.9 MRI Examinations - Service Delivery affected by Unavailability/Breakdown of Equipment and Non-Delivery of Consumables

Magnetic Resonance Imaging (MRI) is a type of scan that uses strong magnetic fields and radio waves to produce detailed images of the inside of the body and produces clearer images compared to a CT scan. MRI is used to diagnose a wide variety of diseases and conditions.

On the other hand, contrast media are vital materials for several MRI examinations as they help in improving the visibility of specific organs, blood vessels or tissues in diagnosing medical conditions.

As at date of audit in August 2023, there were three MRI equipment (costing between Rs 34.5 million and Rs 52.3 million) at VH, AGJH and SSRNH which catered for the whole population. These were acquired in years 2009, 2012 and 2018, respectively.

Patients from BCH and JNH were channeled to other hospitals for MRI examinations, although it was reported that in case of emergency, it is medically not advisable to transport a patient for an MRI examination over long distance, even by SAMU.

The need for well-maintained, prompt replacement of faulty parts of the MRI equipment, as well as proper procurement procedures for the acquisition of consumables, amongst others, are essential to ensure timely treatment of patients.

Findings

20.9.1 Unavailability/Breakdown of MRI Equipment and resort to services of Private Health Institutions

- ***Unavailability/Breakdown of MRI Equipment***

Victoria Hospital

The MRI equipment at VH, whose life span ended in year 2021, catered for the highest number of cases in Mauritius. It encountered various major breakdowns since year 2019 and patients have had to travel to the other two hospitals for examinations.

It was only on 11 April 2023 that tender for a new MRI equipment for VH was launched at the level of the Ministry, with a closing date of 4 May 2023.

However, in August 2023, one bidder filed an appeal at the Independent Review Panel, and the latter recommended a re-bid exercise on 4 October 2023. As at date of audit in October 2023, the equipment had still not been replaced as the reviewed technical specifications have not been finalised.

Dr AG Jeetoo Hospital

The equipment was out of order since 11 July 2023. Quotation for the supply of spare parts of Rs 5.9 million was submitted by a supplier on 17 July 2023 and a letter of award was issued to the supplier on 14 August 2023. However, the equipment was reported to be already operational at time of issue of letter of award.

The MRI was again reported to be out of order on 5 September 2023.

Sir Seewoosagur Ramgoolam National Hospital

The Uninterruptible Power Supply (UPS) connected to the MRI System was faulty since 16 March 2023. The UPS was bypassed and the equipment was connected directly to the Central Electricity Board line.

The MRI equipment was therefore not protected from power cuts and voltage fluctuations, thus putting at risk the MRI examination process, as evidenced below:

- It was reported that on 16 March 2023, a patient had to be taken out of the scanning room while the scanning was in process due to a power cut resulting in absence of power supply in the MRI equipment.

- On 12 July 2023, the MRI System could not boot up and was not operational due to a software crash and it was decided that as from 13 July 2023, only emergency cases would be undertaken.

It was only on 2 August 2023 that repairs to the software and database were completed by the maintenance contractor.

The absence of a power supply could impair the performance of the MRI equipment. However, no decision has been taken to repair the faulty UPS or acquire a new one.

Ministry's Response

- *Victoria Hospital*

Updated technical specifications and cost estimates have been worked out and financial clearance has been obtained. Bidding document is being prepared for launching of tender.

- *Dr AG Jeetoo Hospital*

For the breakdown dated 11 July 2023, MRI repairs were completed on 21 July 2023. The quotation for the required spare parts was approved on a top priority basis before 21 July 2023 at the Ministry. The supplier was thereafter given covering approval to effect repair works. Repair of MRI machines was effected on an emergency basis in order to prevent daily loss in liquid helium. Following administrative procedures, covering approval was obtained and letter of award was issued on 14 August 2023.

The battery that monitors magnet parameters needed to be replaced following indicator alarms.

- *Sir Seewoosagur Ramgoolam National Hospital*

The faulty modules and software upgrade for the UPS supplying power to MRI were completed and the supplier had transferred the MRI load to the UPS through changeover on 11 October 2023.

- ***Resort to Services of Private Health Institutions***

As all the MRI equipment were out of order, MoHW resorted to the MRI services of Private Heatlh Institutions (PHIs). In July 2023, MoHW invited quotations for emergency examinations from twelve PHIs which had to reply on the same day by 3.00 pm. Seven PHIs responded to the request for bids.

- MoHW did not work out an average estimated cost based on the actual cost at the three hospitals. The reasonableness of the rates submitted by PHIs could therefore not be ascertained.

- Evidence regarding the time the bids were received at MoHW and the setting up of a team to evaluate the bids received were not seen.

- According to the Expression of Interest launched on 19 July 2023, only emergency cases would be referred to private clinics. However, on 21 July 2023, the Accounting Officer approved that two clinics be selected for routine MRI cases also.

- According to information received from the Radiology Department, 359 MRI cases were referred to PHIs during the period 24 July to 18 August 2023. This is not in accordance with another list provided by the Records Section where 329 patients underwent MRI tests.

Thus, total cost of the examinations carried out by the PHIs was not known.

Root Cause

No plan was seen to have been prepared by MoHW regarding the replacement of MRI equipment**.** MoHW did not have an asset management policy that focussed on critical assets replacement.

Recommendations

- MoHW should work out a plan for the replacement of critical equipment to avoid diagnostic delays and inconvenience to patients.

- Given that there are only three MRI equipment in the island for the whole population, their timely replacement is of utmost importance to avoid lengthy waiting time and inconvenience to patients.

Ministry's Response

- In view of the increasing number of patients awaiting MRI examinations and the breakdown of the MRI equipment, MoHW decided to refer all cases on the waiting list to PHIs.

- The reasonableness of bids was ascertained through a comparative analysis of bids received. As per the practice, the lowest bidder/s were selected for referral cases and the recommendations of the Director Health Services and the Director General Health Services were sought accordingly.

- Given the importance of medical imaging in achieving a proper diagnosis and subsequently the administration of an appropriate treatment, it was vital to ensure that patients had their MRI done as quickly as possible.

- For the period 24 July to 31 August 2023, 495 cases were referred to PHIs. Patients were referred for MRI up to 30 September 2023 when the waiting list of MRI patients was cleared.

20.9.2 Non-Delivery of Consumables

Contrast Media were not acquired at the Ministry's level during the period July 2021 to June 2023. To palliate the urgent need, the hospitals were therefore required, in May 2023, to procure them at their level.

The prices paid by the hospitals during the period May to June 2023 ranged from Rs 1,200 to Rs 2,250 per vial, that is more than twice the unit cost of Rs 550, estimated in the Annual Requirement 2023-24.

A restricted bidding exercise for the procurement of the Contrast Media was carried out on 1 March 2023, after expiry of the old stock. No quotes were received. The two suppliers from which the hospitals were buying the item were not seen to have been included in this exercise.

Root Cause

The Procurement Unit did not have an updated list of suppliers for Contrast Media and timely decision for the procurement was not seen taken by MoHW.

Recommendation

The Secretary, Tendering Unit should update its list of suppliers regarding procurement of contrast media.

Ministry's Response

- Three procurement exercises for Contrast Media were floated. Three out of nine bidders quoted for the item but the offers were not responsive.

- At the time of the restricted bidding exercise in March 2023, the two suppliers were not part of the existing database of suppliers. As a corrective measure, the two suppliers have been included in the list of suppliers at the Headquarters and the database is updated on a regular basis.

20.9.3 Absence of Control over Administration of Contrast Media on Patients

Contrast Media were purchased in vials of 20 ml but not all patients use one whole vial. Records of patients on whom they were used and the quantities used were not available. Therefore, NAO could not ascertain whether the contrast media were being used in an economic and efficient manner.

Root Cause

No instructions were issued to keep a register where issues of Contrast Media for patients would be recorded.

Recommendations

- Procurement of consumables should be properly planned so as not to hamper service delivery at the hospital level.

- Issues of Contrast Media should be properly recorded at the hospital level to ensure proper monitoring over usage.

Ministry's Response

The Acting Chief Medical Imaging Technologist has informed that an average of 10 ml of Contrast of Gadolinium is used per patient and the remaining are used for patients on the same day. At the end of the day the remaining Contrast Media are discarded as per instructions in the brochure provided by the supplier.

20.10 Laboratory Information Management Systems Project

The Government of Mauritius sought the assistance of UNDP during the COVID-19 outbreak for the implementation of a laboratory system to monitor the health situation of travel passengers who were quarantined and to provide real-time information of their COVID status for decision-making.

A Project Agreement was signed between MoHW and UNDP, for US$ 1.8 million, amongst which the Laboratory Information Management Systems Project (LIMS) amounted to some US$ 1.1 million. The Government of Mauritius initially contributed some US$ 900,000 and funding from the Government of Japan amounted to some US$ 905,143. In July 2021, MoHW disbursed an additional amount of US$ 290,000 to UNDP to implement enhancements to the LIMS project.

Objectives of the National Laboratory Information Management Systems

Government, thereafter decided that the COVID-19 LIMS project was to be rolled out in all departments of the Central Health Laboratory (CHL) and in 12 hospital laboratories of MoHW. The objectives of the National Laboratory Information Management Systems (NLIMS) project were to:

- Return laboratory results with a quicker turnaround time;
- Improve data flow and linkage of records when orders and results move between sites; and
- Increase accessibility of data for decision-making.

Project Implementation

The NLIMS project started in year 2021 and was due for completion by March 2022. UNDP undertook the technical assistance of a foreign University for the implementation of the project.

In August 2021, UNDP signed a one-year contract, effective from 25 October 2021, with a local Consultant to provide consulting services for Managed Services for the LIMS project for a sum of US$ 168,000. The contract was extended to August 2023 and hence involved additional payments of US$ 84,000.

In September 2023, MoHW then appointed another Consultant for a contract sum of Rs 11.6 million for a duration of one year.

Payments effected to UNDP

Between August 2020 and June 2022, MoHW disbursed US$ 1,190,000 to UNDP, excluding payment to a local Consultant, for implementation of the Project.

Findings

- As of February 2024, Software Development works were still ongoing at CHL. Only two modules, namely Molecular Biology and Virology, were operational at CHL and six other modules were in the testing phase, namely Bio-Chemistry, Cytology, Haematology, Microbiology, Immunology and Surgical Pathology. The NLIMS project was not yet rolled out to the 12 Hospitals after almost two years.

- The Ministry received 12 servers for the LIMS project in the year 2021 and these were commissioned in August 2023. These servers had still not been put to use in the Regional Hospitals, two years later.

- NAO was not availed of any Expenditure Report for each component, though MoHW had already disbursed US$ 1,190,000 to UNDP.

Root Cause

- MoHW did not properly manage the Project, and there are delays by the foreign Supplier.

Ministry's Response

- Various reasons cropped up for the delays in implementation namely, no proper documentation of workflow processes at the Central Health Laboratory and Interfacing issues with Third Party suppliers of Laboratory Equipment (analyzers).

- Due to lack of staff, reagents and laboratory equipment, the decentralisation was not initiated.

- Although the development of Version 3.0 of the OpenELIS, has been completed, the solution has not yet been deployed for all laboratory tests and across all Regional Hospitals and the CHL.

- For deployment of servers, the Ministry would require ICT infrastructure readiness at all sites. Local Area Network (LAN) is being implemented region-wise in all Public Health Facilities for the National E-Health Project and other digitalisation initiatives at this Ministry, including for the LIMS project.

- Dependency on third party suppliers of analyzers to provide the right configuration documentation for interfacing with OpenELIS which necessitated the development of the lightweight version of OpenELIS for quicker changes.

- Payments to the Supplier were deliverable-based. Funds were disbursed by the UNDP only when progress was made on delivering the solution.

NAO Comments

- UNDP and the Accounting Officer of the Ministry should put in place the necessary mechanism for the foreign Supplier to finalise the LIMS project, within an agreed time frame.

- Alternate use of the set of 12 servers should be considered.

Governance Issues

20.11 Risk Management Framework

In December 2021, MoFEPD issued a circular for the establishment of a Risk Management (RM) Framework in each Ministry. A guideline was developed by MoFEPD to facilitate the establishment of a RM Framework. A dedicated team has been set up by the Director, Internal Control to provide support to Ministries/Departments.

Finding

In July 2023, a Risk Management Committee was set up at MoHW to identify the risk areas. However, no meetings were held and the RMF was not prepared as at date of audit.

Root Cause

The Accounting Officer did not comply with the financial circular.

Recommendation

The Accounting Officer should seek the assistance of the Director, Internal Control for the setting up of RM Framework.

Ministry's Response

A meeting was held under the chair of the Accounting Officer on 22 November 2023. The Director, Internal Control advised on how it should be implemented at the level of the Ministry.

20.12 Audit Committee

Audit Committee (AC) is an essential part of the accountability process of Government. The main objective of the AC is to support the Supervising Officer in maintaining sound control systems and promoting good governance.

Findings

- During the financial year 2022-23, seven Audit Committee and two Sub Committee meetings were held. However, the notes of meeting were not signed by the Secretary and Chairperson. Also, the notes of meeting dated 22 February 2023 were not available in MoHW's file.

- Except for the meeting held on 18 January 2023, the notes of meeting were not circulated, read and approved in the next meeting.

- Non-compliances with the signed performance contract was noted in the following instances:

  (i) The Status Report for Quarter one, ending September 2022, was not submitted to the Accounting Officers of the MoHW and the Office of Public Sector Governance (OPSG).

  (ii) The Action Plan for financial year 2022-23 was submitted on 9 December 2022 to OPSG, that is, with a delay of more than five months.

Root Cause

The Chairperson of the Accounting Officer should ensure that the Committee operates according to the AC Charter.

Recommendation

The Accounting Officer should ensure that the AC operates effectively as it provides an independent source of assurance and advice to those responsible for governance on key aspects of the MoHW operations.

Ministry's Response

The Accounting Officer emphasised in a Monitoring Meeting held on 6 October 2023 on the importance of all members following up on issues in the Audit Committee Action Plan to ensure that appropriate remedial actions are taken and also to meet the deadline for submitting the Progress Report to OPSG. Appropriate action has also been taken to ensure that required procedures are followed for reading, approval and circulation of Notes of Meeting and circulation of Progress Report.

20.13 Internal Control

As per the Internal Audit Plan, 14 areas were planned for audit during the financial year 2022-23. As at 30 June 2023, seven areas were completed, in addition to the seven unplanned audit assignments. Five areas were still in progress as of 30 June 2023, while one was rolled over to the financial year 2023-24. In one area, the assistance from the Board of Survey was requested on and was still being awaited.

Findings

- The acquisition of non-financial assets as per the Estimates of the Ministry, amounted to Rs 2.5 billion. However, capital projects were not included in the audit plan.

- No evidence was seen that a risk profile was worked out by the MoHW.

Root Cause

The Accounting Officer did not seek the support of the Internal Control Cadre for the establishment of a RM Framework.

Recommendation

The Accounting Officer should set up a RM Framework.

Ministry's Response

The following decisions were taken in the RM Framework meeting held on 22 November 2023:

- The Ministry could have recourse to a consultant who can properly guide on the identification of the risk categories, high risk areas, the areas to prioritise and the control measures. Guidance of the Internal Control Team would also be sought;

- Brainstorming session to be held at the level of Regional Hospitals;

- Awareness sessions to be conducted by Internal Control Team.

20.14 Government Asset Register

In July 2017, the Accountant-General (AG) issued a Treasury Circular with regard to the introduction of a Government Asset Register (GAR). This was a key milestone towards the creation of a central database of assets owned by the Government for their efficient and effective management.

Findings

▪ MoHW did not properly fill the GAR.

▪ According to the Treasury Circular, Supervising Officers were requested to draw a proper plan for the recording of assets in GAR to be completed at the earliest possible regarding, for example, land acquisitions up to 30 June 2017 and procurement of medical equipment as from 30 June 2007. No such plan for the recording of assets was seen at MoHW.

▪ Acquisitions of medical equipment and capital projects undertaken during the financial year 2022-23, totalling Rs 240.4 million and Rs 1.67 billion respectively, were not included in the GAR.

▪ Status of all the details of the assets acquired during the financial year 2022-23 remained 'On Hold' in the GAR until verification is done by the GAR section at the AG, based on an Asset Book Reconciliation Form to be submitted by MoHW.

  However, as at date of audit, the Form was not submitted by MoHW, resulting in the assets not being posted in the GAR.

Root Cause

The roles and responsibilities of the officers of the Finance Section and Office Management Executives, regarding the recording of assets in GAR were not clearly defined.

Recommendation

The Accounting Officer has to clearly define the roles and responsibilities at the level of MoHW.

Ministry's Response

Following a meeting held on 24 January 2023 with RHDs and RHSAs of all 5 Regional Hospitals', responsibilities for GAR updating were shared among the administrative cadre. The responsibility of updating GAR for Land rest under MHLUP.

A list of officers from Headquarters and Regional Hospitals was sent to the Civil Service College which will provide training on GAR as from February 2024.

20.15 Key Performance Indicators and Outcome Indicators

Findings

Mortality Rate due to Non-Communicable Diseases (NCDs)

In the last two financial years, MoHW has not achieved its target on 'Mortality rate due to NCDs per 100,000 of less than 550 and 600 for 30 June 2022 and 30 June 2023 respectively. The mortality rate of 620 per 100,000 in the financial year 2022-23 exceeded the targeted mortality rate of less than 600 per 100,000.

Ministry's Response

The increase is mostly associated with an ageing population coupled with high prevalence of NCDs and their risk factors. The COVID-19 pandemic has also contributed to the increase. A decrease is expected in 2023.

Infant Mortality Rate (IMR) per 1,000 live births

The IMR set for financial year 2022-23 was 12.5. However, the actual IMR was 15.0 as of June 2023.

Ministry's Response

The following factors have contributed, to a certain extent, to the increase in child mortality:

- A decrease in the percentage of first attendance for antenatal care of women with a gestational age of 3 months or less;

- Increase in births among women aged 35 years and above;

- An increasing trend in the percentage of new births with Low Birth Weight.

Measures taken recently include investigation in neonatal deaths in hospital, review of the Maternal and Child Health Handbook and improvement in level of care provided to mothers and children through presence of obstetricians, pediatricians and anesthesiologists in regional hospitals.

Reduce Prevalence of NCDs

The Mauritius Food Standards Agency (MFSA) was due to be operational by March 2023. The Act was gazetted on 31 October 2022. Six Board meetings were held as of October 2023. Mission, vision, and logo, among others were being worked out. An amount of Rs 120,000 was paid to the Officer-in-Charge, appointed since 18 April 2023, by MoHW. However, the MFSA had not yet fulfilled its responsibilities as provided in the MFSA Act.

Ministry's Response

- The Food Act and the Mauritius Food Standards Agency Act are yet to be proclaimed. It is envisaged to proclaim the MFSA Act after proclamation of the Food Act.

- In line with Section (4) of the MFSA Act, the following regulations were developed:

    - Food Regulations;

    - Regulations on front of pack nutrition labelling;

    - Regulations on halal and vegetarian food.

    MFSA is currently headed by an Officer-in-Charge who is assisted by four Service-to-Mauritius interns.

Improve Neonatal Services

At the end of the financial year 2021-22, 45 neonatal Intensive Care Unit ventilators were available and MoHW targeted to increase it to 55. However, as at end of financial year 2022-23, the procurement exercise to acquire additional neonatal ventilators was not done.
Ministry's Response

The targeted figure is only an indicative one. No request has been made to procure additional ventilators. Should the need arise, the Ministry would make necessary arrangements to procure additional ventilators.

Number of New Mediclinics/Area Health Centres/Community Health Centres constructed

One Mediclinic was constructed at Coromandel and three Community Health Centres were built at Grand Bay, Pointe aux Sables and Trou d'Eau Douce. MoHW has not been able to meet its target of constructing 14 Mediclinics/AHCs/CHCs during the last two financial years.

Work was still in progress at four Mediclinics, namely Stanley (72 per cent), Bel Air (88 per cent), Quartier Militaire (82 per cent) and Grand Bois (32 per cent) and two CHCs at St Francois Xavier (76 per cent) and Camp de Masque (40 per cent).

Ministry's Response

Generally, delays form part of construction projects for various reasons. Projects were normally delayed due to COVID-19 and related issues, weather conditions, among others. To cater for delays, contractual provisions exist in terms of Extension of Time and Liquidated Damages.

The Mediclinics at Stanley, Bel Air and Grand Bois and CHCs at St. François Xavier and Camp De Masque would be made operational during financial year 2023-24.

Percentage of Common Laboratory Results available within 24 hours

The percentage of Common Laboratory Results available within 24 hours decreased from 90 in financial year 2021-22 to 85 in financial year 2022-23. The target of 90 per cent was not achieved in financial year 2022-23. MoHW should define 'Common Laboratory Results', that is which results should be available within 24 hours to better measure the KPI.

Ministry's Response

The number and range of tests in the laboratory has steadily increased over the years with some 350 different types of tests. Besides diagnostic tests, Central Health Laboratory also provides support to various national health programmes and surveys. There is also an acute shortage of staff as the number of funded posts has decreased from 230 in financial year 2021-22 to 219 in financial year 2022-23. Out of the 219 funded posts, only 207 are physically in post. Increase in workload and shortage of staff is affecting turnaround time of laboratory results.

E-Health Patient Administration System developed

Several 'Enablers' were identified in the Strategic Overview to achieve efficiency through digitally enabled health care delivery. However, the implementation of the E-Health Patient Administration System was rescheduled from May 2023 to June 2024. The Bid Evaluation Report was submitted to United Nations Development Programme Advisory Committee on Procurement in July 2023. Recommendation of the Committee is awaited for procurement.

Ministry's Response

The award for the implementation of Phase 1 of E-Health has been made by the United Nations Development Programme in November 2023 and the contract has been signed in January 2024. The implementation of the project has started on 17 January 2024 with an expected duration of 18 months.

Root Causes

- Poor planning of projects.
- KPI not developed on a realistic/pragmatic basis taking into account resource constraints.
- Proper follow-up or monitoring of KPI not done.

Recommendation

The Accounting Officer should put up an appropriate mechanism for setting up of KPI and monitoring of same and taking corrective actions as appropriate.

20.16 Governance Issues – Non-compliance with Legislation

Provisions have been made in various legislations to impose a statutory responsibility on Accounting Officers and Boards of Special Funds with the objective of strengthening accountability and transparency in the public sector.

Findings

Non-Submission of Financial Statements for Audit

As of 14 December 2023, Financial Statements for the Morris Legacy Fund, falling under the purview of the MoHW had not yet been submitted for audit for financial years 2021-22 and 2022-23.

NAO is of the view that the MoHW should exercise control over funds operating under its aegis to ensure that they fulfil their statutory responsibilities regarding the preparation of financial statements and their submission for audit.

20.17 Follow-up of Matters Raised in the Audit Report 2021-22

A follow up of matters raised in the Audit Report for the financial year 2021-22 was carried out. MOHW was requested to inform the National Audit Office of the actions that have been taken to address the findings and recommendations in the Report. The information along with evidence collected through review of files and documents were assessed and discussed with the Ministry.

The status on actions taken on findings since the publication of the Audit Report are summarised below. Out of 16 findings, 11 (69 per cent) have been resolved, three (19 per cent) have been partially resolved and two (12 per cent) have not been resolved.

SN	Findings	Management's Response – Status as at January 2024	NAO Comments
	Provision of Security and Cleaning Services to Hospitals and Health Institutions (Page 295)		
1	Contract for cleaning services renewed on a month-to-month basis despite the poor performance of the service provider. *(Pg 295, Para 20.1)*	New contract for cleaning services awarded on 12 July 2023.	**Resolved**
2	Penalty clauses not applied for non-compliance with scope of service. *(Pg 296, Para 20.1)*	The Ministry has disqualified the Company for a period of six months. Penalty clauses applied by all hospitals include deductions made for attendance/punctuality.	**Resolved**
3	Lack of proper monitoring measures over quality of security and cleaning services provided. *(Pg 297, Para 20.1)*	Monitoring of contract management was being carried out at Regional Level.	**Resolved**
	Opththalmology Services-Long Waiting lists for Eye-Surgeries (Page 299)		
4	Waiting time of more than five years before getting an appointment for eye surgeries. *(Pg 299, Para 20.2)*	Personal data given by patients was not correct. The exercise of call back through phone was on-going. Patients were contacted by phone or letter but they did not revert back.	**Partially Resolved**
5	Surgeries cancelled due to unavailability of medical items at Subramania Bharati Eye Hospital (SBEH). *(Pg 300, Para 20.2)*	Consumables such as vitrectomy were received and surgeries were ongoing.	**Resolved**
6	Extra sessions for cataract operations not yet started as of 30 October 2022 at SBEH. *(Pg 300, Para 20.2)*	Patients on the waiting list are being operated at SBEH and NSH.	**Resolved**

SN	Findings	Management's Response – Status as at January 2024	NAO Comments
	Laser Photocoagulator Machines not optimally used (Page 301)		
7	Service delivery hampered due to frequent breakdowns of machines. *(Pg 302, Para 20.3)*	No reported major breakdown in Dr A.G.Jeetoo since scanner board was replaced by Manufacturer.	**Resolved**
8	Five machines at hospitals /mediclinics not optimally used. Machine at SBEH overused. *(Pg 303, Para 20.3)*	Laser sessions at Dr A.G. Jeetoo Hospital are being performed on Fridays on a fortnightly basis and an average of 25 laser sessions are performed daily except on Saturdays at Subramania Bharati Eye Hospital.	**Not Resolved**
9	No improvement to waiting time for getting an appointment for laser therapy despite acquisition of seven additional laser machines. *(Pg 303, Para 20.3)*	Waiting time for laser coagulation treatment is max. three months. The laser coagulation machine at NSH catering the whole south region was out of order from Nov 2022 to Apr 2023.The patients were called at SBEH till May 2023 for special laser sessions.	**Partially Resolved**
10	Non-compliance with conditions in the bidding documents and Maintenance Agreement, i.e. calibration and maintenance. *(Pg 304, Para 20.3)*	Monitoring of conditions of maintenance agreement is done by user department.	**Resolved**
	Electronic Inventory Management System at the Ministry (Page 304)		
11	System of managing stock based on an unsecured web information system. Risk of modification, loss and leakage of sensitive information. *(Pg 305, Para 20.4)*	A steering Committee was set up to look into issues hampering the implementation of E-IMS.	**Resolved**
12	Lack of embedded control in recording of transactions in EIMS. *(Pg 306, Para 20.4)*	There is segregation of duties and a log to capture all transactions to determine accountability.	**Resolved**
13	Inaccurate stock balances. *Pg 307, Para 20.4)*	Any discrepancies in stock balances can be adjusted through journal entries after physical count. As at 17 February 2023 the physical stock balances tallied with EIMS balances at CSD.	**Resolved**
14	Non-submission of returns or incomplete returns of Drugs, Consumables and other items of the MOHW resulting in	Returns of Inventories as at June 2023 already submitted to Manager, Financial Operations.	**Resolved**

<table>
<tr><th>SN</th><th>Findings</th><th>Management's Response – Status as at January 2024</th><th>NAO Comments</th></tr>
<tr><td></td><td>understatement of Inventories in the Statement Financial Position of the Government.
(Pg 309, Para 20.4)</td><td></td><td></td></tr>
<tr><td></td><td colspan="3">Land Infrastructure Assets (Page 310)</td></tr>
<tr><td>15</td><td>▪ No updated and consolidated database of lands.
▪ Land vested in MOHW not optimally used, e.g. land set apart for Leper Hospital still undeveloped, no survey of unused lands carried out by MOHW, non-materialisation of projects by MOHW despite 37,400 m² of land vested in the Ministry.
▪ Illegal occupation by squatters.
(Pg 310, Para 20.5)</td><td>Following verification by Regional Hospitals, 65 plots were reported in use, five plots were reported not in use and 33 plots had their usage not identifiable. For the 65 plots in use, on 27 November 2023, MHLUP was requested, to update the Government Asset Registry System and to provide the location plan and pin number for record purposes. MHLUP was also requested to conduct a joint survey with the respective Regional Hospital Services Administrators and provide correspondences for the vesting of the remaining 38 plots which are not in use or not identifiable prior to a policy decision to divest same from this Ministry be taken.</td><td>Partially Resolved</td></tr>
<tr><td>16</td><td>Inordinate delays in project completion:
▪ CHC Grand Bay: not yet occupied as at Nov 2022;
▪ CHC Roche Bois: not yet completed;
▪ CHC St. Francois: not yet completed.
(Pg 313, Para 20.6)</td><td>• CHC Grand Bay: Operational since April 2023;
• CHC Roche Bois: Contract terminated. Revised cost estimates, draft bidding documents and tender drawings, submitted by Consultant on 20 December 2023. Financial clearance being sought prior to meeting of Building Plans Committee.
• CHC St. François: Progress of work as at 3rd January 2024 was 99 per cent.</td><td>Not Resolved</td></tr>
</table>

21 – MINISTRY OF BLUE ECONOMY, MARINE RESOURCES, FISHERIES AND SHIPPING

21.1 Unsuccessful Implementation of Off-lagoon Fishing Scheme

The Ministry of Blue Economy, Marine Resources, Fisheries and Shipping (MBEMRFS) is implementing the "Canotte" and the "Purchase of Semi-industrial Fishing Boat" Schemes to provide financial support to fishers in order to promote off-lagoon fishing.

I. 'Canotte' Scheme

The 'Canotte' Scheme was introduced in the financial year 2014-15. During financial year 2022-23, a registered fisher was eligible for a grant representing 50 per cent of the cost of a canotte up to a maximum of Rs 200,000. An amount of Rs 4 million was earmarked for the acquisition of canottes by registered fishers in the financial year 2022-23.

As of December 2022, some 2,700 fishers were registered with MBEMRFS and 129 fishers benefitted from the Scheme as of 30 June 2023.

Findings

On 10 June 2022, MBEMRFS was instructed by MoFEPD to seek funds from the National Resilience Fund (NRF) prior to utilising funds from the Ministry's Vote. During the financial year 2022-23, some Rs 2.6 million were disbursed under NRF in respect of Phase 8 of the Scheme.

Thus, the Rs 4 million earmarked for the acquisition of canottes for the financial year 2022-23 had lapsed.

The number of canottes acquired by fishers for the past three years was far below the target as shown in Table 21-1.

Table 21-1 Target and Actual Number of Canottes acquired by Fishers

Financial Year	Target	Actual	% Target Achieved
2020-21	20	15	75
2021-22	150	18	12
2022-23	150	13	9

Source: Ministry Votes and Planning Unit

MBEMRFS did not have a relevant database regarding:

- the number of fishers who are in need of and are interested in acquiring a canotte under the Scheme out of the 2,700 registered ones; and
- the number of applications received.

Root Cause

The reason for the low uptake of the Scheme by the fishers was not assessed by MBEMRFS as necessary data to determine the viability of the Scheme from the fishers' perspective were unavailable.

Recommendation

The Accounting Officer of MBEMRFS should evaluate the effectiveness of the Scheme and take appropriate corrective measures.

Ministry's Response

- The Scheme has been revamped and the grant has been increased from Rs 200,000 to Rs 300,000 per beneficiary.

- Expression of Interest (EOI) was launched on 16 August 2023, following which, MBEMRFS has received 29 applications as at 15 September 2023 and evaluated by a Selection Committee. The list has been sent to the Development Bank of Mauritius (DBM) Ltd for further evaluation.

II. 'Purchase of Semi-industrial Fishing Boat' Scheme

The Scheme was introduced in the financial year 2017-18. Financial grant of 50 per cent up to a maximum of Rs 4 million is available to registered Fishermen Cooperative Societies to enable them to acquire semi-industrial vessels for off-lagoon and bank fishing. MBEMRFS had entrusted a commercial bank as an implementing partner for the Scheme.

As of June 2023, there were 43 fishermen Cooperative Societies and as of September 2023, five fishermen Cooperative Societies have benefitted from the Scheme.

Findings

During the financial years 2017-18 to 2022-23, only Rs 19.8 million were disbursed out of the Rs 84 million earmarked for the Scheme.

The invitation for expression of interest (EOI) carried out in the year 2019 was unsuccessful. On 12 December 2022, after some three years, MBEMRFS launched a new EOI inviting the fishermen Cooperative Societies to submit applications. The three applications received were rejected as they were not technically responsive. As a result, the Rs 12 million earmarked for the financial year 2022-23 had lapsed.

Out of the five Fishermen Cooperative Societies that benefitted from the Scheme since financial year 2017-18, only three of them had their vessels delivered as at 30 June 2023.

In December 2021, MBEMRFS informed NAO that several issues that had cropped up with the Scheme will be addressed prior to launching fresh EOI. These issues were, amongst others:

(i) foreign boat builders;

(ii) stakeholders not having the required knowledge to successfully implement the project;

(iii) terms and conditions in the letter of intent;

(iv) Memorandum of Understanding (MOU) not a legally binding document; and

(v) MBEMRFS working on agreements with a commercial bank, and with the beneficiaries, respectively.

Ministry's Response

- The Scheme has already been reviewed and the agreement with a financial institution is being finalised for signature.

- Following the review of the Scheme, EOI have been launched in September 2023. Six applications have been received from individuals for a grant of one million rupees, and 14 Cooperative Societies for a grant of six million rupees. The evaluation exercise is still ongoing.

Recommendation

Given that the Scheme has now been reviewed and new applications have been received, MBEMRFS should, nonetheless, continuously evaluate the effectiveness of the revised Scheme and make necessary adjustment as and when required.

21.2 Mauritius Maritime Training Academy - Insufficient Training delivered

The Mauritius Maritime Training Academy (MMTA) was set up in the year 2007. MMTA develops training programs to generate personnel trained in accordance with the Standards of Training, Certification and Watchkeeping (STCW) Convention 1978, as amended.

Courses are being offered by MMTA throughout the year or depending on demand and availability of candidates. For the past years, the actual expenditure incurred by MMTA and the number of trainees are shown in Table 21-2.

Table 21-2 Actual Expenditure and Number of Trainees

Financial Year	Expenditure Rs	Number of Trainees
2022-2023	10,490,989	381
2021-2022	11,426,316	300
2020-2021	11,643,298	179

Source: TAS and MMTA Records

Findings

- ***Inadequate Technical Staff for Training***

As shown in Table 21-3, the following posts were vacant for a long period of time and have been categorised as scarcity areas.

Table 21-3 Vacant Posts

Post	Vacant Since	Number of Years
Instructor, Mechanical Workshop	December 2001	22
Marine Training Officer	June 2002	21
Head, Engineering Department	April 2012	11
Head, Deck Department	October 2019	4

Source: MMTA Records

- ***Disruption in Training due to Non-availability of Lifeboat since Year 2017***

Proficiency in Survival Craft and Rescue Boats (PSCRB) is one of the training requirements under the STCW Convention and it requires MMTA to be equipped with a lifeboat. Since June 2017, the PSCRB course was suspended by MMTA as a lifeboat was not available.

The lifeboat which was acquired in year 2011 by the then Ministry of Public Infrastructure, National Development Unit, Land Transport & Shipping for Rs 5.2 million suffered major damages due to vandalism and lack of maintenance.

On 27 September 2020, two lifeboats were donated to MBEMRFS. One of the lifeboats was to be used by MMTA for practical training. In this regard, a davit, which is a crane-like device, was required. The contract for the supply, installation, testing and commissioning of the davit was awarded on 16 November 2022 at a cost of Rs 3.4 million. The davit that arrived in Mauritius in June 2023 was not yet installed on the lifeboat as of September 2023.

- ***Training provided by Private Company***

Even though MMTA has a modern building, it lacks appropriate human resources and equipment to impart training. MBEMRFS approved that a private Maritime Training Institution (MTI) conduct STCW courses.

Out of the 2,097 trainees for the last three years, 41 per cent were trained by MMTA and 59 per cent by the private MTI.

▪ ***No follow-up on the Memorandum of Understanding (MOU) with the Indian Maritime University***

One of the aims and objectives of MMTA is to serve as a centre for fostering co-operation, partnership and exchange of ideas between various maritime institutes, academies or centres within the Indian Ocean Region. A MOU was signed between MBEMRFS and the Indian Maritime University (IMU) in May 2021. The duration of the MOU is five years and its purpose is to facilitate long-term and sustainable partnership in the areas of research and the maritime sector, including training and capacity building.

In September 2023, more than two years after the signature of the MOU, no follow-up action was initiated by MBEMRFS. The file was dormant since May 2022. As a result, there was no progress in the facilitation of research, training and capacity building in the maritime sector between MMTA and IMU.

▪ ***Non-Achievement of Key Performance Indicators***

MMTA did not achieve its targeted number of trainees during the past three financial years as per Table 21-4.

Table 21-4 Target and Actual Number of Trainees

Financial Year	Target No. of Trainees	Actual No. of Applications received	Actual No. of Trainees	% Achieved
2022-2023	500	468	381	76
2021-2022	1,000	475	300	30
2020-2021	1,200	246	179	15

Source: MMTA Records

Root Cause

MMTA lacks qualified personnel and necessary training equipment to deliver training.

Recommendations

The Accounting Officer should:

▪ take necessary actions to provide MMTA with adequate resources; and

▪ ensure proper follow up of MOU signed in order for MMTA to benefit from the assistance of other maritime institutes in areas where it needs resources to operate effectively.

Ministry's Response

- MMTA is taking necessary measures to attend to the above. It is proposed to sign an MOU with Polytechnics Mauritius Ltd for the running of the Centre and training in the Maritime Sector.

- Arrangements are being made, through diplomatic channels for the recruitment of resource persons in the scarcity areas.

- MBEMRFS is also envisaging for collaboration with other countries for capacity building and training of human resources in the Maritime Sector.

21.3 Inadequate Management of Barachois

MBEMRFS aims at increasing local fish production and export of fish by encouraging production of fresh water fish through aquaculture activities in barachois. Government owned 19 barachois, out of which seven were vested in MBEMRFS. The remaining 12 barachois were under the control of the Ministry of Housing and Land Use Planning (MHLUP).

Findings

- ***Barachois Policy not yet finalised***

As of October 2023, no significant progress was noted in respect of the finalisation of the Barachois Policy that was initiated in year 2020.

The Attorney - General's Office (AGO), in August 2023, advised that necessary amendments be made to the State Debt Recovery Act, State Lands Act and Pas Géometriques Act, prior to the adoption of the Barachois Policy.

Action was not yet initiated by MBEMRFS to proceed with the amendments as recommended by AGO.

- ***Vested Barachois not Active in Aquaculture Activities***

The seven barachois vested in MBEMRFS, are of a total extent of 130.03 hectares, only two totalling 60.02 hectares, are active with aquaculture and/or fish farming activities. The status of the other vested barachois are as follows:

- The case of one barachois of 13.99 hectares is before the Environment Appeal Tribunal.

- The authorisation for two barachois of 45.5 hectares has expired in year 2020 and new conditions were still being worked out.

- One barachois of 3.98 hectares was retrieved in June 2021 and is free since then.

- One barachois of 6.54 hectares is to be deproclaimed as barachois.

In the absence of a legal mandate, applications were kept in abeyance and the leases were not renewed by MBEMRFS.

- ***Non-Vested Barachois not Active in Aquaculture Activities***

The other 12 barachois could not be managed by MBEMRFS for fish farming and aquaculture activities pending their vesting in the Ministry. None of them were used for aquaculture activities.

The status of the barachois not vested in MBEMRFS were as follows:

- Five barachois totalling 71.33 hectares had been allocated by MHLUP over long-term lease for activities other than aquaculture.

- Applications for the use of two barachois totalling 10.6 hectares were under process.

- Four barachois totalling 38.5 hectares were under the retrieval process from a private promoter.

- One barachois of 15.05 hectares was inaccessible as it is surrounded by private property.

On 26 July 2021, MBEMRFS made a request to MHLUP for the vesting of all barachois. However, as of November 2023, MHLUP has still not responded to the reminders sent by MBEMRFS.

- ***Absence of Agreement with Promoters***

In respect of the two barachois active in aquaculture activities and vested in MBEMRFS, Letters of Intent (LOI) laying out the terms and conditions were issued to the promoters, authorising them to carry out aquaculture projects in years 2014 and 2015, respectively.

According to the LOI, the projects were to be undertaken on a pilot basis for initial periods of three and five years respectively and may be renewed on mutual consent. No renewal was seen for both projects since year 2020. The promoters were occupying the barachois without valid authorisation.

Since date of first authorisation, the promoters have been occupying the barachois free of charge.

Root Cause

A barachois policy was not yet finalised.

Recommendations

For an effective management and productive use of Government-owned barachois, the Accounting Officer should:

- expedite the amendments in the legislations following AGO’s advice;

- finalise the Barachois Policy;

- liaise with MHLUP for the vesting of barachois; and

- authorise the occupation of Government-owned barachois with legally binding agreement.

Ministry's Response

- The Fisheries Act 2023 has been proclaimed on 1 December 2023. The Act makes adequate provisions for aquaculture activities.

  The Ministry will proceed with the required amendments in the Finance (Miscellaneous Provisions) Bill of 2024.

- Government has, on 8 December 2023, agreed to the adoption of a Barachois Policy for the allocation of vested barachois for aquaculture projects. EOI for selection of aquaculture projects in vested unoccupied barachois was launched on 9 January 2024.

- Letter was sent to MHLUP for vesting of six additional Barachois on 29 August 2023. A reply is being awaited.

- The Barachois Policy makes provision for the signature of an Agreement with potential promoters.

GOVERNANCE ISSUES

21.4 Absence of Risk Management Framework

In December 2021, MoFEPD issued a circular regarding the establishment of Risk Management Framework in the Public Sector.

In order to facilitate the process, MoFEPD developed guidelines for putting in place a Risk Management Framework in Ministries/Government Departments.

According to the guidelines, the Accounting Officer is accountable for the overall governance and has the ultimate responsibility for Risk Management.

Following instructions and guidelines from MoFEPD, a meeting was held at the level of MBEMRFS on 9 May 2022. It was then decided that:

- each section of MBEMRFS should have a Risk Register; and

- a Risk Management Committee has to be set up at the level of MBEMRFS.

Findings

- As of September 2023, MBEMRFS did not have a Risk Management Policy.

- The Risk Management Committee was not set up.

- Only the Risk Registers that form part of the Quality Management Systems for ISO Certified Divisions, namely Mauritius Maritime Training Academy and Shipping Divisions, were available.

Root Cause

No Proper follow-up was carried out by the Accounting Officer after the meeting of May 2022.

Recommendation

The Accounting Officer should expedite the implementation of a Risk Management Framework.

Ministry's Response

In January 2024, MBEMRFS informed NAO that a Risk Management Committee has been set up.

21.5 Incomplete Government Asset Register

The Government Asset Register (GAR) was developed in year 2017 to enable the recording of Non-Financial Assets (NFAs) acquired by Ministries and Departments.

The GAR is a tool for ensuring efficiency and effectiveness in the management of NFAs acquired by Government.

MoFEPD and the Treasury issued Financial Instructions and guidance regarding the procedures and timelines for the recording of NFAs in the GAR.

Findings

- During the last five years, some Rs 151.5 million were spent by MBEMRFS on the acquisition of NFAs. However, the assets recorded in GAR as of September 2023 totalled Rs 137.2 million.

- According to MoFEPD Circular No. 6 of 2020, all Government buildings under the responsibility of Ministries/Government Departments should be captured in the GAR by the end of June 2021. As of September 2023, the buildings of MBEMRFS were not recorded in GAR.

- As per the list obtained from the Fisheries Protection Service (FPS), 43 Outboard Motors (OBMs) were allocated to the 14 Fisheries posts around the island. Only six OBMs were recorded in GAR. Similarly, only 11 out of the 14 patrol boats attached to the Fisheries Posts were recorded in the GAR.

Root Cause

Since its implementation, the input in the GAR by different officers has not been supervised to ensure correctness and accuracy. All the officers concerned were not adequately trained for this purpose.

Recommendation

The Accounting Officer should ensure that GAR is updated.

Ministry's Response

Two officers were assigned to record all non-financial assets for MBEMRFS which include buildings, outboard motors, patrol boats and vehicles. Information was compiled and submitted to the Treasury Department. MBEMRFS was informed that the only information missing is the estimated cost of each building. As regards the cost of OBMs and patrol boats, same are being retrieved from files and updated lists will be forwarded to the Treasury.

21.6 Non-compliance with Legislation

Provisions have been made in various legislations to impose a statutory responsibility on Accounting Officers and Boards of Statutory Bodies with the objective of strengthening accountability and transparency in the Public Sector.

Findings

Non-submission of Annual Report on Performance

As of 18 December 2023, the Report on Performance of MBEMRFS for the financial year 2022-23 had not yet been submitted to MoFEPD, despite the statutory deadline being 31 October 2023.

Non-submission of Financial Statements for audit

The Statutory Bodies (Accounts and Audit) Act requires the Chief Executive Officer of a Statutory Body to submit the Annual Report, including financial statements, to the auditor not later than four months after the end of every financial year.

As of 14 December 2023, the following Statutory Bodies falling under the purview of MBEMRFS, have not submitted their Financial Statements for audit for periods as shown in Table 21-5.

Table 21-5 Financial Statements not submitted to NAO for Audit

Statutory Body	Financial Year	No. of Financial Statements
Fishermen Investment Trust	2018-19 to 2022-23	5
Mauritius Oceanography Institute	2018-19 to 2022-23	5

Source: NAO records

MBEMRFS should:

- ensure that the Report on Performance is submitted to MoFEPD within statutory deadline; and
- exercise control over Statutory Bodies operating under its aegis to ensure that they fulfil their statutory responsibilities regarding the preparation of financial statements and their submission for audit.

21.7 Follow-up of Matters Raised in the Audit Report 2021-22

A follow up of matters raised in the Audit Report for the financial year 2021-22 was carried out. MBEMRFS was requested to inform NAO of the actions that have been taken to address the findings and recommendations in the Report. The information along with evidence collected through review of files and documents were assessed and discussed with MBEMRFS.

The status on actions taken on findings since the publication of the Audit Report are summarised below. Out of four findings, two (50 per cent) have been resolved and two (50 per cent) have been partially resolved.

SN	Findings	Ministry's Response - Status as of December 2023	NAO Comments
	Registration of Artisanal Fisher (Page 317)		
1	Non-compliance with Required Conditions for Registration as Artisanal Fishers *(Pg 317, Para 21.1)*	• It is difficult to formulate measures to evaluate the effectiveness of registered artisanal fishermen. Only two officers are working in each team at the Fisheries Posts. • As such, no monitoring could be conducted by the Fisheries Protection Service (FPS) on whether the fishermen have fished for the required percentage on fishing day.	**Partially Resolved**
2	Non-Compliance with New Conditions for Registered Fishers *(Pg 318, Para 21.1)*	• A book has been placed as from April 2023 for record of duties performed with regard to cleaning activities. • Action has been taken by the present Acting Deputy Controller to ensure recording and monitoring of issues such as attendance, Time In/Time Out and others. MBEMRFS is mobilising its available resources to ensure compliance with conditions approved by the Government and it is contemplating to reorganise and restructure the FPS.	**Partially Resolved**
	Shipping Division Computerised Information System - Nugatory Expenditure (Page 318)		
3	Value for money not obtained *(Pg 319, Para 21.2)*	Upon relaunch of the Shipping Division Computerised Information System project, a Core Team has been set up to implement and monitor the project. A GANTT Chart has been drawn.	**Resolved**
4	Non-renewal of performance guarantee *(Pg 319, Para 21.2)*		

22 – MINISTRY OF GENDER EQUALITY AND FAMILY WELFARE

22.1 Child Day Care Centres – Registration Status

The Ministry of Gender Equality and Family Welfare (MGEFW) is the regulatory body for the registration of Child Day Care Centres (CDCC) in accordance with the Children`s Act 2020 and Child Day Care Centres Regulations 2022. On the other hand, the Companies and Business Registration Department (CBRD) is the authority responsible for the registration of businesses under the Business Registration Act 2002. The status of CDCC, as per MGEFW database, as of 30 June 2023 were as per Table 22-1.

Table 22-1 Status of CDCC as of 30 June 2023

Status of Registration	Number of CDCCs	
	30 September 2022	30 June 2023
Registered	138	195
Unregistered (1)	76	52
Deregistered (2)	149	104
Ordered to cease	-	34
Closed	43	49

Source: Ministry`s Database
Notes (1) Registration still under process at MGEFW
(2) Previously registered whose registration has not been renewed

Findings

Role of the CBRD and MGEFW

- CDCC were operating upon obtaining a Business Registration Number (BRN) from CBRD. According to the records of CBRD, 1,308 BRN had been issued for CDCC as of 30 June 2023. However, only 195 were registered with MGEFW.

- MGEFW found that 513 entries out of the 1308 CDCC were duplicates. As of September 2023, letters were sent to the remaining 600 unregistered CDCC to request them to register or to immediately cease operations as they were not compliant with the CDCC Regulations 2022. However, only 105 replied that they were no longer operational.

- There was a lack of coordination between MGEFW and CBRD which has resulted in a significant number of unregistered CDCC in operation.

- MGEFW disbursed Rs 7.3 million through the National Children Council under the one-off Grant Scheme to 19 CDCC in the financial years 2018-19 to 2021-22 for upgrading their facilities to ensure minimum standard delivery of service prior to their registration. However, these CDCC were not registered with MGEFW as of October 2023.

- As of September 2023, an Advisory Committee was not yet established in accordance with Regulation 3 of the CDCC Regulations 2022.

CDCC still operating despite Order to Cease Operation

- As of October 2023, only 24 out of 73 CDCC which were ordered to cease operations were referred to the Commissioner of Police for follow up. It was reported that three CDCC were still in operation.

- Other legal avenues were not contemplated by MGEFW to prevent ongoing illegal operation of CDCC which have been issued with cessation orders.

Root Causes

- The Business Registration Act does not provide for CBRD to request the applicant to submit a licence from MGEFW prior to issuing a Business Registration Number to CDCC.

- Inadequate monitoring by the Licensing and Enforcement Section of MGEFW.

Recommendations

- Activities of MGEFW and CBRD should be coordinated so as to enable the Ministry to capture all CDCC in operation, in a unified registration process.

- MGEFW should follow up regularly with the Commissioner of Police on the status of cases.

- The Advisory Committee should be set up to oversee processes, standards and strategies related to implementation and development of CDCC.

Ministry`s Response

- Letters were issued to all CDCC from the list provided by CBRD informing them of the Child Day Care Centres Regulations 2022.

- Henceforth, all letters sent to CDCC to cease operations are being copied to the Commissioner of Police and a list of CDCC to cease operations is being sent quarterly to the Commissioner of Police. Updated information on a monthly basis regarding the status of CDCC will be requested from the Commissioner of Police.

- A crackdown operation was conducted where more than 75 per cent of the CDCC were visited. Visits to the remaining CDCC on the list are ongoing.

- The Ministry will also be requesting CBRD to submit a list of newly registered CDCC on a monthly basis for continuous monitoring.

- Enforcement of the Law should be made by the Police Department as the Attorney - General`s Office has already made provisions for sanctions in the Regulations.

22.2 Risk Management

Risk management is a fundamental element of corporate governance. Risk assessment is an integral part of risk management which provides a structured process for Ministries/Departments to identify how their objectives may be affected.

Findings

Risk Management Framework and Risk Register not yet finalised

- As of 13 September 2023, a Risk Management Framework was not yet finalised and approved by the Accounting Officer.

- The Risk Register was also not yet finalised.

Audit Committee not effective

- The Audit Committee did not comply with Section 30 of the Audit Committee Charter issued by the Office of Public Sector Governance (OPSG). During the financial year ending 30 June 2023, only one status report for the quarter ended 30 September 2022, was submitted to OPSG on 14 March 2023.

- Only two meetings were held on 7 September 2022 and 11 November 2022, instead of six, as per the Audit Committee Charter requirement.

Root Causes

- The establishment of the risk management process was not being monitored by the Accounting Officer.

- Lack of commitment of the Audit Committee members hindered the risk management process.

Recommendations

- Circular No. 8 of 2021 issued by the Ministry of Finance, Economic Planning and Development should be complied with and the Risk Register should be implemented without delay.

- The Audit Committee should adhere to all the requirements of the Audit Committee Charter.

Ministry's Response

- Two Risk Assessment Meetings were held on 3 October and 7 December 2023. The purpose of the meetings was to assess to situation of risks at the level of the Ministry and to identify the potential risk as well as addressing major issues.

- Despite the fact that follow up was done and a large number of items have been completed during the Audit Committee for the Financial Year 2022-23, the Committee could not meet regularly as Secretary had to fulfil the responsibilities of Acting Assistant Permanent Secretary

Key Performance Indicators

The Ministry has established in its Budget Estimates 2022-23, Key Performance Indicators (KPIs) to evaluate performance of specific services provided by MGEFW.

Findings

- The Ministry had set two outcome indicators and six KPIs. No information was provided on the basis the KPIs were established. The benchmarks set were derived from historical data without taking into consideration the mission statement and the goals of the Ministry.

- Targets for financial years 2022-23 and 2023-24 were lowered for three metrics, namely, the Implementation of the "Back to Home Programme", the "Foster Care Programme" and "Community Development Programmes".

- The "Back to Home Programme" had been initiated since October 2018 with the purpose of reintegrating minors into their family. Although, the target set for financial year 2021-22 was reduced, the actual results fell short of both the initial and revised KPI. The actual results decreased from 210 to 162 children reintegrated in their families in the financial year 2022-23.

- The target for the financial year 2022-23 in respect of "Foster Care Programme" was reduced by 50 per cent. The KPI set for the financial year 2021-22 was to place 40 children in foster care. However, the actual number of children placed in foster homes was 11. This represents a significant gap between the target and the outcome achieved. Recognising the challenges faced in financial year 2021-22, the KPI was revised to 20 children. However, despite the placement of 20 children in foster care, four of them were subsequently removed from their foster families.

- The metrics relating to Empowerment of Women in the social and economic spheres which was linked to the percentage of the implementation of the National Gender Policy was not specific. No KPI was set to track progress in achieving gender equality.

- Moreover, no explicit KPI was established regarding the implementation of family welfare and gender-based violence. No KPI was set relating to the proportion of women subject to physical, sexual and psychological violence.

Root Causes

- According to the Ministry, parents had unfavourable social backgrounds and were often financially or mentally unstable and were the perpetrators in some cases.

- The Foster Care Unit was not successful in canvassing new applicants of foster homes.

Recommendation

Targets should be monitored and reasons for non-achievement of goals should be analysed.

Ministry`s Response

- The main reasons why children were not sent back to home was due to unfavourable psychological reports, parents being perpetrators or having alcoholic/drugs problems or Magistrates' decisions not to hand over upon deliberation following hearings or the children refuse to return out of fear.

- Sensitisation campaigns in canvassing new applicants of foster homes is an ongoing feature of the Training Unit. Some 65 sensitisation campaigns have been carried out for the period 2022-2023.

- The Ministry is considering posting of additional staff to the child rehabilitation service to ensure proper follow up.

22.3 Governance Issues – Non-compliance with Legislation

Provisions have been made in various legislations to impose a statutory responsibility on Accounting Officers and Boards of Statutory Bodies with the objective of strengthening accountability and transparency in the public sector.

Findings

Non-submission of Report on Performance

As of 18 December 2023, the Report on Performance of the Ministry of Gender Equality and Family Welfare for the financial year 2022-23 had not yet been submitted to the Ministry of Finance, Economic Planning and Development, despite the statutory deadline being 31 October 2023.

Non-Submission of Financial Statements for audit

The Statutory Bodies (Accounts and Audit) Act requires the Chief Executive Officer of a Statutory Body to submit the Annual Report to the auditor not later than four months after the end of every financial year.

As of 14 December 2023, the following Statutory Bodies falling under the purview of MGEFW, have not submitted their financial statements for audit for periods as shown in Table 22-2.

Table 22-2 Financial Statements not submitted to NAO for Audit

Statutory Body	Financial Year	No. of Financial Statements	Remarks
National Women Entrepreneur Council	2022-23	1	Financial Statements for financial year 2021-2022 were submitted on 9.01.2023
National Women's Council	2020-21 to 2022-23	3	Financial Statements for financial year 2019-2020 were submitted on 9.05.2023

Source: NAO records

Annual Reports not laid before the National Assembly

The Statutory Bodies (Accounts and Audit) Act requires a copy of the annual report and audited accounts of every Statutory Body to be laid before the National Assembly at the earliest opportunity.

As of 14 December 2023, two Statutory Bodies had not yet laid their Financial Statements for the periods shown in Table 22-3, before the National Assembly, although they had been certified by NAO.

Table 22-3 Annual Reports including audited Financial Statements not laid before the National Assembly

Statutory Body	Financial Year	Date Certified	No of Financial Statements
National Adoption Council	01.07.2009-31.12.2010 2011-2015 01.01.2016-30.06.2017 2017-18 to 2019-20	21.07.2023	10
	2020-21	04.08.2023	1
	2021-22	04.12.2023	1
National Women's Council	2019-20	25.07.2023	1

Source: NAO Records & National Assembly Hansard

NAO is of the view that the Ministry should exercise control over Statutory Bodies and other entities operating under its aegis to ensure that they fulfil their statutory responsibilities regarding the preparation of financial statements, their submission for audit and tabling before the National Assembly.

23 - MINISTRY OF ARTS AND CULTURAL HERITAGE

23.1 Acquisition of Non-Financial Assets - 92.4 per cent of Budgeted Funds Not spent

The budget for the acquisition of Non-Financial Assets (NFAs) for the financial year 2022-23 was Rs 122.5 million.

Finding

During the financial year 2022-23, some Rs 9.3 million that is only 7.6 per cent were disbursed out of the Rs 122.5 million.

Root Cause

The Accounting Officer did not properly plan the implementation of the projects.

Recommendation

The Accounting Officer should ensure that the implementation of projects is properly planned and executed so that the budgeted amounts are utilised fully.

Ministry's Response

Some projects could not be implemented due to non-responsive or no bids. One main project, namely, the National Archives Department / National Library project which is being financed under the Line of Credit (LOC) from India could not be implemented as clearance of Exim Bank is still awaited as at date.

23.2 Capital Grants to Statutory Bodies - Budgeted Funds unnecessarily tied up

As per the Budget Estimates 2022-23, an amount of Rs 11.5 million was initially voted as capital grants for disbursement to Statutory Bodies falling under the purview of the Ministry.

Finding

In the financial year 2022-23, only Rs 1.3 million, that is 15 per cent, were disbursed from the sum of Rs 11.5 million earmarked for capital grants to three Statutory Bodies.

Root Cause

The Statutory Bodies did not properly plan for the implementation of their projects.

Recommendation

The Accounting Officer should ensure that the Statutory Bodies have a proper implementation plan for projects.

Ministry's Response

In case of non-responsive bids or no bids, the implementation of projects is delayed.

23.3 Procurement

Annual Procurement Plan not published

Regulations 10 of the public procurement (regulations 2008) provides for the preparation of an annual plan for the procurement of goods and services during the financial year.

As per Directive 22A of the Procurement Policy Office, the Annual Procurement Plan for all procurements to be done through the open advertised bidding should be published on the public body's website at latest by end of July every year.

Finding

An Annual Procurement Plan for financial year 2022-23 was not uploaded on the Ministry's website.

Root Cause

The Accounting Officer did not set a system in place to upload the procurement plan on the Ministry's website.

Recommendation

The Accounting Officer should, henceforth, ensure compliance with the Public Procurement Regulations.

Ministry's Response

Instructions have been given to the Manager, Procurement and Supply to comply with Directive 22A of the Procurement Policy Office.

Short Deadline for Response to Bids

Bidding exercises were carried out from time to time by the Ministry, and mostly for the celebration of events. Prospective bidders were granted a deadline for the submission of bids.

Findings

- Three contracts of Rs 2.5 million, Rs 1.7 million and Rs 2.7 million each for the provision of services relating to the organisation of three different events were awarded, where the potential bidders were given only two days for the submission of their bids.

- In 18 other instances, short deadlines ranging from one to three days were given to potential bidders for the submission of their bids. In five of these cases, the letter of acceptance was issued on the date of closing of bids.

Root Causes

- Poor procurement planning by the officer responsible for procurement.

- The inordinate delay in the preparation of bidding documents and short deadline given to bidders to submit their bids.

Recommendation

Submission of bids should remain open for a reasonable period of time so that responsive bids are received.

Ministry's Response

In some cases, short deadline had to be given to suppliers to respond to invitation to bids, as invitation to bids had to be relaunched several times due to non-responsiveness or no bids.

23.4 Governance Issues – Non-compliance with Legislation

Provisions have been made in various legislations to impose a statutory responsibility on Accounting Officers and Boards of Statutory Bodies with the objective of strengthening accountability and transparency in the public sector.

Findings

Late submission of Report on Performance

Every department shall, not later than 31 October in every year, submit to the Minister of Finance, Economic Planning and Development (MoFEPD), a report on its performance in respect of the previous financial year and on its strategic direction in respect of the following 3 financial years.

The Report on Performance of the Ministry of Arts and Cultural Heritage was submitted to MoFEPD on 10 November 2023, that is beyond the statutory deadline.

Ministry's Response

Henceforth, the statutory date limit for the submission of the annual report will be ensured.

Non-submission of Financial Statements for Audit

The Statutory Bodies (Accounts and Audit) Act requires the Chief Executive Officer of a Statutory Body to submit the Annual Report to the auditor not later than four months after the end of every financial year.

As of 14 December 2023, the following Statutory Bodies falling under the purview of the Ministry of Arts and Cultural Heritage, have not submitted their Financial Statements for audit for periods as shown in Table 23-1.

Table 23-1 Financial Statements not submitted to NAO for Audit

Statutory Body	Financial Year/ Period	No. of Financial Statements
Arabic-speaking Union	2020-21 to 2022-23	3
Creole-speaking Union	2022-23	1
Malcom de Chazal Trust Fund	2021-22 and 2022-23	2
Marathi-speaking Union ∗	2022-23	1
Mauritian Cultural Centre Trust	2004-05 to 2022-23	18
Mauritius Film Development Corporation	2018-19 to 2022-23	5
Mauritius Marathi Cultural Centre Trust	2022-23	1
Mauritius Museums Council	2017-18 to 2022-23	6
Mauritius Society of Authors	2020-21 to 2022-23	3
Mauritius Tamil Cultural Centre Trust	2020-21 to 2022-23	3
National Art Gallery	2019-20 to 2022-23	4
National Heritage Fund	2022-23	1
Nelson Mandela Centre for African Culture Trust Fund	2019-20 to 2022-23	4
Professor Basdeo Bissoondoyal Trust Fund	2006-07 to 2008-09 1.07.09- 31.12.10 2011-2015 01.01.16-30.06.17 2017-18 to 2022-23	16
Sanskrit-speaking Union	2022-23	1
Tamil-speaking Union	2022-23	1
Telugu-speaking Union	2022-23	1
Urdu-speaking Union	2019-20 to 2022-23	4

Source: NAO records

∗ *Note: Financial Statements for 2021-22 was submitted on 07.07.2023*

Ministry's Response

A circular will be issued again and close follow up will be made with all parastatals.

Annual Reports not laid before the National Assembly

The Statutory Bodies (Accounts and Audit) Act requires a copy of the annual report and audited accounts of every Statutory Body to be laid before the National Assembly at the earliest opportunity.

As of 14 December 2023, Annual Reports of 9 Statutory Bodies had not yet been laid before the National Assembly as shown in Table 23-2.

Table 23-2 Annual Reports including Audited Financial Statements not laid before the National Assembly

Statutory Body	Financial Year/Period	Date Certified	No. of Financial Statements
Islamic Cultural Centre Trust Fund	2017-18 2018-19 2020-21 2021-22	03.06.2020 05.11.2020 21.04.22 10.04.23	4
Malcom de Chazal Trust Fund	2003-04 01.01.2016 - 30.6.2017 2017-18 2018-19 2019-20 2020-21	31.05.21 to 31.03.23	6
Mauritius Museum Council	2015	30.06.22	1
Mauritius Society of Authors	01.01.16-30.06.2017 2017-18 to 2019-20	22.11.23	4
Mauritius Tamil Cultural Centre Trust	2011-2013, 2014, 01.01.2015 to 30.6.2016,2016-17 to 2019-20	18.08.2021 30.6.2022	9
Mauritius Telugu Cultural Centre Trust	2020-21 2021-22	19.04.2022 05.05.2023	2
National Art Gallery	2014 to 2015 01.01.2016 -30.06.2017 2017-18	31.05.2018 14.05.2020	4
National Heritage Fund	2018-19 to 2019-20		2
Telugu-speaking Union	2017-18 to 2019-20 2020-21 2021-22	04.08.2021 03.08.22 21.06.23	5

Source: NAO Records and National Assembly Hansard

Ministry's Response

Another circular will be issued to all Statutory Bodies falling under the purview of this Ministry to submit their Annual Reports within the Statutory delay to the Ministry to be tabled at the National Assembly.

Special Funds - Financial Statements not submitted for Audit

As of 14 December 2023, the following Special Funds have not submitted their Financial Statements for audit for periods as shown in Table 23-3.

Table 23-3 Special Funds - Financial Statements not submitted to NAO for Audit

Special Fund	Financial Year/ Period	No. of Financial Statements
National Arts Fund	2021-22 to 2022-23	2
President Fund for Creative Writing	2018-19 to 2022-23	5

Source: NAO records

NAO is of the view that the Ministry should exercise control over Statutory Bodies and other entities operating under its aegis to ensure that they fulfil their statutory responsibilities regarding the preparation of financial statements, their submission for audit and tabling before the National Assembly.

Ministry's Response

The Financial Statements of the National Arts Fund and President's Fund for Creative Writing will be finalised shortly for onward transmission to National Audit Office.

24 – Ministry of Public Service, Administrative and Institutional Reforms

24.1 Construction of New Civil Service College – Shortcomings in Contract Management

The contract for the Construction of the New Civil Service College was awarded to a local company for the sum of Rs 395.8 million, inclusive of VAT. The project started on 27 January 2022 and was scheduled for completion by July 2023. An advance payment of Rs 39 million was effected to the Contractor in February 2022. As of June 2023, disbursements to the Contractor reached some Rs 127 million.

Findings

Considerable Delay in Execution Works

On 2 December 2022, the Project Steering Committee granted 138 days as extension of time, bringing the initial completion date of 29 July 2023 to 14 December 2023.

As of June 2023, slow progress of works was noted as the construction completion stage for the Academic Block and Auditorium reached only 53 per cent and 43 per cent respectively.

Shortcomings in the Consultancy Services

- Seven bills for some Rs 69 million were certified by the Consultant, for which the detailed Bill of Quantities (BOQ) were signed solely by the Contractor.

- The Consultant did not re-measure, together with the Contractor, all the quantities as per the Preamble of BOQs No 8 which mentions that "*all the quantities shall be re-measured and payment shall be based on the re- measured quantities at the rates and prices in the Contract*".

- With regards to Bill No 7, the removal of surplus excavated topsoil increased by more than 300 per cent, for which an amount of Rs 3.1 million was paid. Similarly, materials and works, namely, 25 mm thick rock sand, depositing, hand packing, watering and compacting to 95 per cent conforming to British Standard compaction increased by more than 400 per cent.

Additional Works of Rs 66 million due to Inadequate Planning

Due to inadequate planning, the Consultant submitted a revised BOQ of some Rs 66 million for additional works. Some examples are as follows:

- CEB structural work, civil work for electrical connectivity, footpath, sewerage connections and fencing amounted to Rs 12.1 million.

- The additional increase of 23.67 tonnes structural steel amounted to Rs 5.3 million.

- An additional cost of Rs 38.7 million for the increase in provision of 163 parking slots.

Under-utilised Funds in Financial Year 2022-23

- An amount of Rs 175 million was earmarked for the construction project in the financial year 2022-23, out of which only some Rs 54.3 million, representing 31 per cent of the budgeted amount, were disbursed as of 30 June 2023.

- An amount of Rs 65 million was approved as per Carry Over Warrant Certificate No. 1 of 2023 dated 30 May 2023 and as of 30 September 2023, only some Rs 9.5 million, representing 14.6 per cent of the approved carry over amount were disbursed.

24.2 Incorrect Recovery of Advance Payment

- Section 48.3 of the Particular Conditions of the Contract stipulates that "*advance payment shall be 12.5% of the total amount certified in the Payment Certificate"*. The Ministry of Public Service, Administrative and Institutional Reforms (MPSAIR) wrongly deducted Rs 4.3 million as per Bill No 7 for mobilisation advance instead of Rs 8.6 million.

- A total additional advance amount of Rs 18.4 million was made for materials as per Bills Nos 1, 7 and 8, over and above the advance payment of Rs 39 million made in February 2022.

As of September 2023, only Rs 2 million out of the accumulated amount of Rs 18.4 million, were recouped from the advance for materials.

Recommendation

The Accounting Officer should ensure that the New Civil Service College is completed within a reasonable timeframe.

Ministry's Response

- Delays in construction works were due to adverse weather conditions, main access road not declared public and late supply of electricity to construction site.

- On 10 November 2023, the Ministry requested the Consultant to henceforth sign the detailed BOQ, submit detailed measurement of works jointly signed with the Contractor, prior to the submission for payment and rectify the reimbursement of advance payment in the next interim payment certificate.

- Financial clearance was sought from the Ministry of Finance, Economic Planning and Development (MoFEPD) for the cost of additional works.

- Funds allocated for financial year 2022-23 were under-utilised due to slow progress of works.

24.3 Strategic Overview- Targets not achieved and Unrealistic

For the financial year 2022-23, five Key Performance Indicators (KPIs) and one Outcome Indicator were determined by MPSAIR. As of 30 June 2023, the targets set for KPIs, related to the Public Sector Business Transformation Bureau (PSBTB), were not achieved.

Poor Management of Sandbox Project

In January 2021, Government introduced a new Sandbox Framework to facilitate development of proof of concepts and pilot exercises to promote the adoption of emerging and innovative technologies in the public sector.

As of September 2023, 34 sandbox proposals were submitted by Ministries/Departments on the online sandbox portal.

The sandbox proposals are implemented in order of priority in view of their transformative impact on service delivery.

Findings

For the financial year 2022-23, the Ministry targeted the development of three sandbox projects, namely:

(1) the Vehicle Management System;

(2) Software Application and Data Analytics Tool for Return of Procurement Activities (RoPA); and

(3) SMS Gateway and Alert System.

As of September 2023, only the Vehicle Management System was completed and was to be rolled out by the Ministry of National Infrastructure and Community Development (MNICD). The status of the other two projects were as follows:

- *Software Application and Data Analytics Tool for Return of Procurement Activities*

In April 2022, PSBTB obtained approval for the implementation of a software for RoPA for the Procurement Policy Office. The software would improve the collection, monitoring and analysis of RoPA across the public service.

In June 2022, MPSAIR launched tender for the selection of consultant(s) for the development of the software, but only one bid was received and was not responsive. In December 2022, a new tender exercise was carried out. However, no response was received at closing date.

As of September 2023, the project was not implemented.

- *SMS Gateway and Alert System*

In September 2022, the Steering Committee gave its approval to explore the implementation of the "Youth Development Training Platform". Following meetings held by PSBTB with representatives of the Ministry of Labour, Human Resources Development and Training, it was agreed to implement the SMS Gateway and Alert System to facilitate communication between job seekers and job providers.

MPSAIR launched tender for the implementation of the SMS Gateway and Alert System in April 2023. As of September 2023, the bids were still at the evaluation stage.

Ministry's Response

- The Ministry decided not to proceed further with the Development of the Software Application and Data Analytics Tool for RoPA and SMS Gateway and Alert System.

- New Projects will be considered under the Sandbox Framework.

Target Set for the Business Process Re-engineering Exercises - Not Achieved

In October 2021, a Memorandum of Agreement (MoA) was signed between the National Productivity and Competitiveness Council (NPCC) and MPSAIR to assist Ministries and Departments in re-engineering their business processes.

Findings

The Project Steering Committee on Smart Process Framework selected three units for the implementation of the Business Process Re-engineering (BPR) exercise, namely:

(1) the Performance Management and Resource Unit of MPSAIR;

(2) the Emergency Response Service (ERS) of the Mauritius Police Service (MPS); and

(3) the Legal Metrology Services and Consumer Affairs Unit of the Ministry of Commerce and Consumer Protection (MCCP).

However, the Ministry faced challenges in conducting the three BPR exercises during the financial year 2022-23.

- *Performance Management and Resource Unit of the Ministry*

In December 2021, MPSAIR agreed to review the existing Performance Management System (PMS) process, prior to its digitalisation and sought the services of NPCC for that purpose.

Following the submission of a draft Terms of Reference by the Performance Management and Resource Unit to NPCC in July 2022, the latter informed MPSAIR that the BPR exercise was outside the scope of the signed MoA.

NPCC further advised that the services of an external consultant would be more appropriate for the review and digitalisation of the existing performance management processes.

In May 2023, MPSAIR launched tender for consultancy services for the review of the PMS in the public service. As of September 2023, bids received were still at evaluation stage.

- *Emergency Response Service of the Mauritius Police Service*

In May 2022, MPS agreed to proceed with the BPR exercise for a new digital system at the ERS.

In September 2022, NPCC submitted a draft report on the BPR exercise to MPSAIR and MPS.

The pilot-testing phase of the BPR exercise at the ERS was to be completed in January 2023. However, MPS informed that the proposals made in the report would not be feasible as it was already equipped with another system with a digital diary book.

MPS decided not to go ahead with the new digital system as it would involve heavy implications in terms of cost and security.

- *Legal Metrology Services and Consumer Affairs Unit of the Ministry of Commerce and Consumer Protection*

In September 2021, MCCP submitted a project proposal under the Smart Process Framework. MPSAIR retained the project proposal and agreed that BPR exercise be conducted in the financial year 2022-23.

In August 2022, MPSAIR requested NPCC to initiate actions for the BPR exercise at the Legal Metrology Services and Consumer Affairs Unit of MCCP. However, the BPR exercise was cancelled as no budgetary provision was made for the financial year 2022-23 at MCCP.

Root Causes

- The undue delay in the filling of the posts of Director and technical staff at PSBTB led to poor evaluation, monitoring and implementation of projects.

- There is absence of feasibility studies along with inadequate coordination between MPSAIR and other Ministries.

Recommendation

The Accounting Officer shall ensure that all constraints and challenges faced in implementing the sandbox projects and conducting BPR exercises are addressed.

Ministry's Response

The non-implementation of the BPR exercises was beyond the control of the Ministry as it depended on external factors.

Unrealistic Targets set for Key Performance Indicators

MPSAIR did not set realistic targets for two KPIs, namely, "Number of Safety Audits Conducted" and "the Number of Public Officers Trained". As illustrated in Table 24-1, the achievements for these two KPIs for the last three financial years from 2020-21 to 2022-23 largely exceeded the relatively low targets.

Table 24-1 Key Performance Indicators and Achieved Targets

Key Performance Indicators	Target	Achievements		
	2022-23	2022-23	2021-22	2020-21
Number of Safety Audits Conducted	7,000	8,195	8,497	8,129
Number of Public Officers Trained	12,000	20,568	23,252	12,027

Source: Ministry's Records and Accounts of the Government 2020-21 and 2021-22

Root Cause

The Accounting Officer did not consider past achievements while setting targets for the future years.

Recommendation

The Accounting Officer should ensure that factors such as past achievements and implementing capacity of the Ministry are considered before setting realistic targets.

Ministry's Response

The Ministry will set targets in line with previous years' achievements for the incoming budgetary exercise in consultation with MoFEPD.

24.4 Audit Committee - Not Fully Operational

Audit Committee (AC) plays a key role in public accountability by providing independent oversight of the organisation's governance, risk management and internal control practices, thus providing confidence in the integrity of these practices.

In August 2022, the Office of Public Sector Governance (OPSG) developed an updated AC Charter to provide guidelines on the setting up and operations of the AC.

In September 2022, a Performance Agreement (PA) was signed between the Accounting Officer and members of the AC.

Findings

- Only three meetings of the AC were held during the financial year 2022-23, instead of the required minimum of six meetings annually.

- The Audit Plan was submitted to OPSG on 4 November 2022, that is, with a delay of two months.

- The AC did not submit its Status Reports for the quarters ended 31 March 2023 and 30 June 2023 to the Accounting Officer and OPSG.

- As of September 2023, the Accounting Officer's feedback and comments on the performance and effectiveness of the AC for the financial year 2022-23, were not seen.

Root Causes

- The Accounting Officer did not ensure that the AC was operational throughout the year.

- Vacancies of AC members were not filled as required by the AC Charter.

Recommendation

The AC members and the Accounting Officer should fulfil their reporting responsibilities by complying with the provisions of the AC Charter and the PA.

Ministry's Response

The Ministry highlighted that the high staff turnover within a period of five months affected the performance of the Committee.

24.5 Internal Audit - Risky Audit Areas not covered

The purpose of the Internal Audit (IA) is to help the MPSAIR in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate the effectiveness of the Organisation's governance, risk management and control processes and make recommendations to improve those processes.

Findings

- Although, the AC did not review and recommend the approval of the IA Charter as outlined in the AC Charter, the document was approved by the Accounting Officer and the Director, Internal Control in July 2021.

- Only 75 per cent of the planned audit and follow-up assignments were covered during the financial year 2022-23. Thus, some risky auditable areas may not have been reviewed.

Root Cause

There was inadequate follow-up by the Accounting Officer and the AC on the audit areas to be covered as well as on the submission of reports by the Officer of the Internal Control posted at the Ministry.

Recommendations

- The Annual IA Plan and IA Charter should be reviewed by the AC.
- The risky audit areas identified in the Annual IA Plan should be covered as far as possible.
- The Accounting Officer should approve the IA Charter.

Ministry's Response

- The Ministry agreed that the Annual IA Plan and Charter were not reviewed by the AC as it was not fully operational in the financial year 2022-23.
- The Ministry will henceforth ensure that the risky audit areas identified in the Annual IA Plan be covered by the Internal Control Unit.

24.6 Government Asset Register - Procured Assets not recorded

The Government Asset Register (GAR) was developed in 2017 to enable the recording of Non-Financial Assets (NFAs) acquired by Ministries and Government Departments.

GAR is a tool to ensure efficient and effective management of NFAs.

Findings

- The GAR Coordinator of the Ministry did not comply with the Treasury's requirement for the recording of all NFAs directly on the GAR online system as from 01 July 2022.
- Only assets procured in the month of July 2022 were recorded on the GAR online system while NFAs procured during the months of August 2022 to June 2023 were recorded on the Application Desktop Integrator.

Root Cause

The GAR Coordinator of the Ministry did not organise adequate training sessions for GAR users.

Recommendation

The Accounting Officer should arrange for effective training programmes to enable GAR users to record data in respect of NFAs on the GAR online system.

Ministry's Response

- The Ministry encountered technical issues over a certain period of time, during which data were recorded in the Application Desktop Integrator.
- All assets procured as of June 2023 have already recorded on GAR

24.7 Risk Management Framework- Not yet developed

In December 2021, MoFEPD issued a circular regarding the establishment of Risk Management (RM) in the Public Sector.

In view of facilitating the process, MoFEPD developed Guidelines for the establishment of a RM Framework in Ministries.

According to the Guidelines, the Accounting Officer is accountable for the overall governance and has the ultimate responsibility for RM.

Findings

- As of September 2023, the Ministry did not develop a RM Framework.

- A RM Policy was approved and signed by the Accounting Officer in January 2023 but its implementation was not guided by a RM Strategy as outlined in the Guidelines for RM in the Public Sector.

- The RM Committee was set up in January 2023 but not yet operational as of September 2023. Also, the Committee's mandate was not clearly defined.

Root Cause

The Accounting Officer did not designate relevant officials with the responsibility for developing the Ministry's RM framework.

Recommendations

- The Accounting Officer should establish an RM Framework and Strategy within reasonable time.

- The composition and mandate of the RM Committee, including roles, responsibilities and accountability should be clearly defined and approved by the Accounting Officer.

Ministry's Response

The RM Committee has already been constituted and will be responsible for the establishment of RM Framework and development of RM Strategy and Action Plan.

24.8 Governance Issues – Non-compliance with Legislation

Provisions have been made in various legislations to impose a statutory responsibility on Accounting Officers and Boards of Statutory Bodies with the objective of strengthening accountability and transparency in the public sector.

Finding

Non-submission of Report on Performance

As of 18 December 2023, the Report on Performance of MPSAIR for the financial year 2022-23 had not yet been submitted to MoFEPD, despite the statutory deadline being 31 October 2023.

Ministry's Response

The Annual Report for financial year 2022-23 has already been issued on 22 January 2024.

24.9 Follow-up of Matters Raised in the Audit Report 2021-22

A follow up of matters raised in the Audit Report for the financial year 2021-22 was carried out. MPSAIR was requested to inform NAO of the actions that have been taken to address the findings and recommendations in the Report. The information along with evidence collected through review of files and documents were assessed and discussed with MPSAIR.

The status on actions taken on findings since the publication of the Audit Report are summarised below. The two findings have been resolved.

SN	Findings	Ministry's Response - Status as of January 2024	NAO Comments
	Construction of Civil Service College- Shortcomings in Contract Management (Page 341)		
1	***Retention Money- Non -Compliance with Conditions of Contract*** Incorrect Retention Money of Rs 886,906. *(Pg 341, Para 24.1)*	Overpayment of Rs 886,906 recovered.	**Resolved**
2	***No Detailed Breakdown of Lump Sum Price*** No detailed price breakdown was available for the lump sum price of Rs 19.7 million and Rs 4.5 million. *(Pg 342, Para 24.1)*	Submission of Lump Sum detailed breakdown	**Resolved**

PART II

AUDIT OF OTHER PUBLIC ENTITIES

25 – STATUTORY BODIES, LOCAL AUTHORITIES, SPECIAL FUNDS AND OTHER BODIES

25.1 Financial Reporting

25.1.1 Statutory Bodies

Statutory Bodies are established by law to carry out specific functions which Government considers may be more effectively performed outside a traditional departmental structure. They are subject to varying degrees of ministerial control which are specified in the legislations establishing them. Ministers are accountable to the National Assembly for the operation of the statutory bodies falling under their respective responsibilities. Since public money is allocated to the operations of statutory bodies, there is need to ensure that the funds are spent in an efficient, effective and economic manner.

The Statutory Bodies (Accounts and Audit) Act provides that every statutory body shall cause to be prepared an annual report which shall consist of:

- the financial statements in respect of the financial year to which the report relates;
- a report on the performance of the statutory body in respect of the previous financial year;
- a corporate governance report in accordance with the National Code of Corporate Governance; and
- the strategic direction of the statutory body in respect of the following 3 financial years.

The Act also sets out the following timelines to be complied with:

(a) The Chief Executive Officer of every statutory body shall, not later than **three months** after the end of every financial year, submit to the Board for approval the annual report in respect of that year.

(b) After approval by the Board, the Chief Executive Officer shall, not later than **four months** after the end of every financial year, submit the annual report to the auditor.

(c) The auditor shall, within **ten months** of the end of every financial year, after receipt of the annual report, submit the annual report and his audit report to the Board.

(d) On receipt of the annual report, including the audited financial statements and the audit report, the Board shall, not later than **one month** from the date of receipt, furnish to the Minister such reports and financial statements.

(e) The Minister shall, at the **earliest available opportunity**, lay a copy of the report and audited accounts of every statutory body within his portfolio before the National Assembly.

25.1.2 Local Authorities

The Local Government Act provides that the approved annual report of every Local Authority shall be audited by the Director of Audit. The main provisions made in the Act regarding the time frame for the submission of the accounts of Local Authorities for audit, and the gazetting of the certified financial statements and the report of the Director of Audit are as follows:

- The Chief Executive of every Local Authority, other than a Village Council, shall, within **three months** after the end of the financial year submit annual report to the Council.

- The Chief Executive of every Local Authority shall, within **four months** of the end of every financial year, submit the approved annual report to the Director of Audit.

- The Director of Audit shall, after receipt of the approved annual report, submit, within **10 months** of the close of every financial year, the annual report and the audit report to the Minister and to the local authority.

On receipt of the report of the Director of Audit, in respect of the annual report of a Council which has been audited, the Minister shall, at the earliest available opportunity, lay a copy of its annual report and audited accounts before the National Assembly.

25.1.3 Special Funds

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

Every Special Fund shall prepare Financial Statements in accordance with International Public Sector Accounting Standards (IPSAS).

25.2 Audit of Accounts of Public Sector Bodies

NAO carries out the audit of the accounts of the following Public Sector Bodies (PSBs) besides Ministries and Government Departments, and the Rodrigues Regional Assembly (RRA).

- **119** Statutory Bodies (SBs)

- **12** Local Authorities (LAs)

- **18** Special Funds (SFs)

- **6** State-Owned Companies (SOCs)

- **31** Other Bodies (OBs) including **8** Donor-Funded Projects (DFPs)

25.2.1 Financial Statements not Submitted for Audit

As of 12 February 2024 -

(a) 44 SBs have not yet submitted a total of 154 Financial Statements to NAO for audit purposes;

(b) 6 SFs have not yet submitted a total of 12 Financial Statements to NAO for audit purposes; and

(c) 9 OBs have not yet submitted a total of 24 financial statements to NAO for audit purposes.

Details are given at Appendix I.

25.2.2 Financial Statements not yet Laid before the National Assembly

As of 12 February 2024 –

(a) 75 Financial Statements in respect of 25 SBs had been certified but have not yet been laid before the National Assembly.

(b) 7 Financial Statements in respect of one SF were certified by NAO but not yet laid before the National Assembly.

Appendix II refers.

This is viewed with concern as, despite legal provisions, Financial Statements were either not submitted for audit or not laid before the National Assembly. In some cases, Financial Statements for more than 15 financial years have not been submitted to NAO for audit purposes.

APPENDICES

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ANNEX

Appendix I

Financial Statements not yet Submitted to NAO for Audit

SN	Statutory Body	Client Type	No. of Financial Statements	Financial Year/Period
THE JUDICIARY				
1	Institute for Judicial and Legal Studies	OB	2	2021-22 & 2022-23
2	National Human Rights Commission	OB	1	2022-23
PRIME MINISTER'S OFFICE, MINISTRY OF DEFENCE, HOME AFFAIRS AND EXTERNAL COMMUNICATIONS AND MINISTRY FOR RODRIGUES, OUTER ISLANDS AND TERRITORIAL INTEGRITY				
3	Chagossian Welfare Fund	SB	1	2022-23
4	Outer Islands Development Corporation	SB	2	2021-22 & 2022-23
5	Discharged Persons Aid Committee	OB	1	2022-23
VICE PRIME MINISTER'S OFFICE, MINISTRY OF EDUCATION, TERTIARY EDUCATION, SCIENCE AND TECHNOLOGY				
6	Early Childhood Care and Education Authority	SB	3	2020-21 to 2022-23
7	Private Secondary Education Authority	SB	1	2022-23
8	Rajiv Gandhi Science Centre Trust Fund	SB	3	2020-21 to 2022-23
9	Sir Seewoosagur Ramgoolam Foundation	SB	6	2017-18 to 2022-23
10	Special Education Needs Authority	SB	1	2022-23
11	University of Technology, Mauritius	SB	2	2021-22 & 2022-23
12	Université des Mascareignes	SB	1	2022-23
MINISTRY OF LAND TRANSPORT AND LIGHT RAIL, FOREIGN AFFAIRS, REGIONAL INTEGRATION AND INTERNATIONAL TRADE				
13	National Transport Corporation	SB	7	01.01.2016-30.06.2017 to 2022-23
14	Taxi Operators Welfare Fund	SB	1	2022-23
MINISTRY OF ENERGY AND PUBLIC UTILITIES				
15	Utility Regularity Authority	SB	1	2022-23
16	CEB (Facilities) Co Ltd	OB	1	2022-23

Financial Statements not yet Submitted to NAO for Audit

SN	Statutory Body	Client Type	No. of Financial Statements	Financial Year/Period
MINISTRY OF SOCIAL INTEGRATION, SOCIAL SECURITY AND NATIONAL SOLIDARITY				
17	CEB (Green Energy) Co Ltd	OB	1	2022-23
18	National Council for the Rehabilitation of Disabled Persons	SB	3	2020-21 to 2022-23
19	Senior Citizen Council	SB	1	2022-23
20	Training and Employment of Disabled Persons Board	SB	5	2018-19 to 2022-23
21	National Pensions Fund	SF	1	2022-23
22	National Empowerment Foundation	OB	2	2021-22 & 2022-23
23	National Savings Fund	OB	1	2022-23
MINISTRY OF INDUSTRIAL DEVELOPMENT, SMEs AND COOPERATIVES				
24	Small and Medium Enterprises Development Authority *(Ceased operations on 18.01.2018)*	SB	2	01.01.2016-30.06.2017 & 01.07.2017-18.01.2018
25	Cooperative Development Fund	SF	1	2022-23
ATTORNEY GENERAL'S OFFICE, MINISTRY OF AGRO-INDUSTRY AND FOOD SECURITY				
26	Mauritius Meat Authority	SB	1	2022-23
27	Mauritius Society for Animal Welfare	SB	9	30.10.2013-31.12.2014 to 2022-23
28	Small Farmers Welfare Fund	SB	4	2019-20 to 2022-23
29	Sir Seewoosagur Ramgoolam Botanical Garden Trust	SB	3	2020-21 to 2022-23
30	Sugar Cane Planters Trust (*ceased operation on 25.07.2020*)	SB	3	2007-08 to 01.07.2009-24.07.2010
31	Vallée D'Osterlog Endemic Garden Foundation	SB	3	2020-21 to 2022-23
32	National Parks and Conservation Fund	SF	1	2022-23
33	Mauritius International Arbitration Centre	OB	2	2021 & 2022

Financial Statements not yet Submitted to NAO for Audit				
SN	**Statutory Body**	**Client Type**	**No. of Financial Statements**	**Financial Year/Period**
MINISTRY OF YOUTH EMPOWERMENT, SPORTS AND RECREATION				
34	Mauritius Sports Council	SB	3	2020-21 to 2022-23
MINISTRY OF INFORMATION TECHNOLOGY COMMUNICATION AND INNOVATION				
35	Mauritius Research and Innovation Council	SB	2	2021-22 & 2022-23
MINISTRY OF LABOUR, HUMAN RESOURCE DEVELOPMENT AND TRAINING AND COMMERCE AND CONSUMER PROTECTION				
36	Trade Union Trust Fund	SB	2	2021-22 & 2022-23
MINISTRY OF HEALTH AND WELLNESS				
37	Morris Legacy Fund	SF	2	2021-22 & 2022-23
MINISTRY OF BLUE ECONOMY, MARINE RESOURCES , FISHERIES AND SHIPPING				
38	Fishermen Investment Trust	SB	5	2018-19 to 2022-23
39	Mauritius Oceanography Institute	SB	5	2018-19 to 2022-23
MINISTRY OF GENDER EQUALITY AND FAMILY WELFARE				
40	National Women Entrepreneur Council	SB	1	2022-23
41	National Women's Council	SB	2	2021-22 & 2022-23
MINISTRY OF ARTS AND CULTURAL HERITAGE				
42	Arabic-speaking Union	SB	3	2020-21 to 2022-23
43	Malcom de Chazal Trust Fund	SB	2	2021-22 & 2022-23
44	Marathi-speaking Union	SB	1	2022-23
45	Mauritian Cultural Centre Trust	SB	18	2004-05 to 2022-23
46	Mauritius Film Development Corporation	SB	4	2019-20 to 2022-23
47	Mauritius Museums Council	SB	6	2017-18 to 2022-23
48	Mauritius Society of Authors	SB	3	2020-21 to 2022-23
49	Mauritius Tamil Cultural Centre Trust	SB	3	2020-21 to 2022-23

Financial Statements not yet Submitted to NAO for Audit

SN	Statutory Body	Client Type	No. of Financial Statements	Financial Year/Period
MINISTRY OF ARTS AND CULTURAL HERITAGE *(CONTINUED)*				
50	National Art Gallery	SB	4	2019-20 to 2022-23
51	Nelson Mandela Centre for African Culture Trust Fund	SB	4	2019-20 to 2022-23
52	Professor Basdeo Bissoondoyal Trust Fund	SB	16	2006-07 to 2022-23
53	Sanskrit-speaking Union	SB	1	2022-23
54	Tamil-speaking Union	SB	1	2022-23
55	Telugu-speaking Union	SB	1	2022-23
56	Urdu-speaking Union	SB	4	2019-20 to 2022-23
57	National Arts Fund	SF	2	2021-22 & 2022-23
58	President Fund For Creative Writing	SF	5	2018-19 to 2022-23
59	National Archives Research and Publication Fund	OB	13	01.07.2009-31.12.2010 to 2022-23
	TOTAL		**190**	

Source: NAO records

Appendix II

Audited Financial Statements not yet Laid before the National Assembly

SN	Statutory Body	Client Type	No. of Financial Statements	Financial Year/ Period	Date Certified*
PRIME MINISTER'S OFFICE, MINISTRY OF DEFENCE, HOME AFFAIRS AND EXTERNAL COMMUNICATIONS AND MINISTRY FOR RODRIGUES, OUTER ISLANDS AND TERRITORIAL INTEGRITY					
1	Information and Communication Technologies Authority	SB	1	2021-22	14.12.2023
DEPUTY PRIME MINISTERS OFFICE, MINISTRY OF HOUSING, LAND USE PLANNING AND TOURISM					
2	Mauritius Tourism Promotion Authority	SB	1	2021-22	02.05.2023
VICE PRIME MINISTERS'S OFFICE, MINISTRY OF EDUCATION, TERTIARY EDUCATION, SCIENCE AND TECHNOLOGY					
3	Mahatma Gandhi Institute	SB	1	2021-22	10.04.2023
4	Mauritius Examinations Syndicate	SB	1	2021-22	24.04.2023
5	Private Secondary Education Authority	SB	1	2021-22	05.04.2023
6	Rajiv Gandhi Science Centre Trust Fund	SB	2	2017-18	18.10.2023
				2018-19	14.12.2023
7	Sir Seewoosagur Ramgoolam Foundation	SB	2	2014	03.11.2022
				2015	03.11.2022
8	Quality Assurance Authority	SB	1	2021-22	25.04.2023
MINISTRY OF ENERGY AND PUBLIC UTILITIES					
9	Central Water Authority	SB	3	2019-20	14.02.2022
				2020-21	13.03.2023
				2021-22	22.11.2023
MINISTRY OF SOCIAL INTEGRATION, SOCIAL SECURITY AND NATIONAL SOLIDARITY					
10	Non-Governmental Organisation Trust Fund	SF	7	2016-17 to 01.07.2022-03.02.2023	01.06.2018 to 28.08.2023

Audited Financial Statements not yet Laid before the National Assembly					
SN	**Statutory Body**	**Client Type**	**No. of Financial Statements**	**Financial Year/ Period**	**Date Certified***
MINISTRY OF ENVIRONMENT, SOLID WASTE MANAGEMENT AND CLIMATE CHANGE					
11	Beach Authority	SB	2	2020-21 2021-22	02.05.2022 25.04.2023
MINISTRY OF AGRO-INDUSTRY AND FOOD SECURITY					
12	Mauritius Meat Authority	SB	1	2019-20	11.08.2021
13	Vallée D'Osterlog Endemic Garden Foundation	SB	2	2015 01.01.2016-30.06.2017	14.03.2023 13.07.2023
MINISTRY OF LABOUR, HUMAN RESOURCE DEVELOPMENT AND TRAINING AND COMMERCE AND CONSUMER PROTECTION					
14	Manufacturing Sector Workers Welfare Fund	SB	1	2019-20	15.07.2021
15	Mauritius Standard Bureau	SB	1	2021-22	02.05.2023
16	Trade Union Trust Fund	SB	6	2015 to 2020-21	09.12.2021 to 13.04.2023
MINISTRY OF GENDER EQUALITY AND FAMILY WELFARE					
17	National Adoption Council	SB	12	01.07.2009-31.12.2010 to 2021-22	21.07.2023 to 04.12.2023
MINISTRY OF ARTS AND CULTURAL HERITAGE					
18	Islamic Cultural Centre Trust Fund	SB	4	2017-18 to 2021-22	03.06.2020 to 10.04.2023
19	Malcom de Chazal Trust Fund	SB	6	2003-04 & 01.01.2016-30.06.2017 to 2020-21	31.05.2021 to 31.03.2023
20	Mauritius Museums Council	SB	1	2015	30.06.2022

Audited Financial Statements not yet Laid before the National Assembly

SN	Statutory Body	Client Type	No. of Financial Statements	Financial Year/ Period	Date Certified*
MINISTRY OF ARTS AND CULTURAL HERITAGE *(CONTINUED)*					
21	Mauritius Society of Authors	SB	4	01.01.2016-30.06.2017 & 2017-18 to 2019-20	22.11.2023
22	Mauritius Tamil Cultural Centre Trust	SB	9	2011 to 2019-20	18.08.2021 to 30.06.2022
23	Mauritius Telugu Cultural Centre Trust	SB	2	2020-21 2021-22	19.04.2022 05.05.2023
24	National Art Gallery	SB	4	2014 to 2017-18	31.05.2018 to 14.05.2020
25	National Heritage Fund	SB	2	2018-19 2019-20	16.05.2023 11.07.2023
26	Telugu-speaking Union	SB	5	2017-18 to 2021-22	04.08.2021 to 21.06.2023
	TOTAL		**82**		

Source: National Assembly records

** Where a period is indicated, it implies that the Financial Statements were certified on different dates within that period*

ANNUAL STATEMENTS

STATEMENT A

Statement of Financial Position as at 30 June 2023

	Notes	30 June 2023 Rs	30 June 2022 Restated Rs
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	4	24,802,518,512	21,673,055,130
Receivables from Non-Exchange Transactions	5	10,012,450,181	8,232,278,491
Receivables from Exchange Transactions	6	834,205,721	900,606,973
Loans and Advances	7	4,331,395,429	1,253,029,235
Investments	8	17,431,994,054	19,437,062,045
Inventories	9	3,207,194,114	2,795,719,906
Prepayments		58,182,615	40,903,469
		60,677,940,626	**54,332,655,249**
NON-CURRENT ASSETS			
Receivables from Non-Exchange Transactions	5	11,274,511,365	10,149,981,325
Receivables from Exchange Transactions	6	479,566,742	569,878,426
Loans and Advances	7	9,336,737,166	12,744,683,239
Investments	8	121,220,897,554	114,306,249,206
Other Financial Assets	10	14,641,146,440	14,927,948,673
Biological Assets	11	11,246,906	9,191,163
Property, Plant and Equipment	12	536,078,709,867	529,631,229,218
Right-of-Use Assets	13	9,130,507,939	9,646,533,587
Intangible Assets	14	1,009,540,806	1,014,773,321
		703,182,864,785	**693,000,468,158**
Total Assets		**763,860,805,411**	**747,333,123,407**
LIABILITIES			
CURRENT LIABILITIES			
Payables	15	1,908,032,447	1,175,300,637
Deposits	16	2,684,952,599	4,042,767,046
Social Benefits Liabilities	17	295,394,495	154,444,800
Provisions	18	40,000,000	50,000,000
Lease Liabilities	19	890,200,378	748,548,094
Government Debt	20	80,363,057,428	75,292,727,805
Financial Guarantee Liabilities	21	133,808,182	139,784,961
Employee Benefit Obligations	22	2,924,227,542	2,658,597,248
		89,239,673,071	**84,262,170,591**

STATEMENT A

Statement of Financial Position as at 30 June 2023

	Notes	30 June 2023 Rs	30 June 2022 Restated Rs
NON-CURRENT LIABILITIES			
Payables	**15**	10,691,864	413,200
Deposits	**16**	1,020,118,529	778,188,229
Lease Liabilities	**19**	10,377,167,721	10,708,195,754
Government Debt	**20**	364,719,891,954	331,427,720,836
Financial Guarantee Liabilities	**21**	3,070,001,947	2,766,044,259
Employee Benefit Obligations	**22 & 23**	174,683,254,819	171,316,554,857
		553,881,126,834	**516,997,117,135**
Total Liabilities		**643,120,799,905**	**601,259,287,726**
Net Assets		**120,740,005,506**	**146,073,835,681**
NET ASSETS/EQUITY			
Consolidated Fund	**24**	94,205,282,231	87,466,366,212
Accumulated (Deficit)/Surplus	**24**	(6,730,487,829)	23,686,337,838
Special Funds	**24**	33,265,211,104	34,921,131,631
		120,740,005,506	**146,073,835,681**

S.D. RAMDEEN
Accountant-General

29 December 2023

STATEMENT AA

Statement of Financial Performance for the financial year 2022 - 2023 (Classification of Expenses by Function)

	Notes	Year Ended 30 June 2023 Rs	Year Ended 30 June 2022 Restated Rs
Revenue			
Revenue from Non-Exchange Transactions			
Taxation	25	129,650,207,576	106,166,408,585
Fines, Penalties and Forfeits		433,103,769	483,898,026
Grants and Aid	26	2,122,303,835	2,880,414,394
Other Transfers	27	518,572,149	711,621,246
Social Contributions		9,560,059,722	8,626,054,010
		142,284,247,051	**118,868,396,261**
Revenue from Exchange Transactions			
Licences	28	3,050,011,897	2,726,230,102
Finance Income		792,605,332	756,333,731
Dividends	29	1,290,353,022	9,097,229,844
Rent and Royalties		1,405,391,240	1,490,736,677
Sales of Goods and Services		2,066,511,569	1,700,045,925
Other Revenue	30	576,166,193	538,914,558
		9,181,039,253	**16,309,490,837**
Total Revenue		**151,465,286,304**	**135,177,887,098**
Expenses			
General Public Services		32,861,963,185	27,365,799,788
Defense		701,095,236	736,680,749
Public Order and Safety		11,001,441,951	10,995,676,710
Economic Affairs		15,369,200,002	18,790,125,700
Environmental Protection		1,746,392,495	1,163,162,524
Housing and Community Amenities		1,714,801,894	1,268,454,977
Health		14,126,154,262	12,365,540,783
Recreation, Culture and Religion		985,492,255	794,418,547
Education		18,131,915,128	15,949,049,973
Social Protection		59,888,165,149	53,123,446,900
Depreciation and Amortisation	12, 13 & 14	6,393,112,228	4,971,693,391
Finance Costs	36	16,900,235,618	14,399,598,905
Total Expenses		**179,819,969,403**	**161,923,648,947**

STATEMENT AA

Statement of Financial Performance for the financial year 2022 - 2023 (Classification of Expenses by Function)

	Notes	Year Ended 30 June 2023 Rs	Year Ended 30 June 2022 Restated Rs
Other Gains/(Losses)			
Gain on Sale of Investments		-	25,170,339,426
Gain on Disposal of Property, Plant and Equipment		32,224,706	45,142,056
(Loss)/Gain on Foreign Exchange Transactions and Revaluation		(1,867,660,921)	4,004,640,489
Fair Value Gain/(Loss) on Investments		3,742,845,759	(1,760,046,417)
Fair Value Gain on Other Assets		839,737,975	340,000
(Deficit)/Surplus for the year		**(25,607,535,580)**	**714,653,705**

29 December 2023

S.D. RAMDEEN
Accountant-General

STATEMENT AB

Statement of Financial Performance for the financial year 2022 - 2023
(Classification of Expenses by Nature)

	Notes	Year Ended 30 June 2023 Rs	Year Ended 30 June 2022 Restated Rs
Revenue			
Revenue from Non-Exchange Transactions			
Taxation	**25**	129,650,207,576	106,166,408,585
Fines, Penalties and Forfeits		433,103,769	483,898,026
Grants and Aid	**26**	2,122,303,835	2,880,414,394
Other Transfers	**27**	518,572,149	711,621,246
Social Contributions		9,560,059,722	8,626,054,010
		142,284,247,051	**118,868,396,261**
Revenue from Exchange Transactions			
Licences	**28**	3,050,011,897	2,726,230,102
Finance Income		792,605,332	756,333,731
Dividends	**29**	1,290,353,022	9,097,229,844
Rent and Royalties		1,405,391,240	1,490,736,677
Sales of Goods and Services		2,066,511,569	1,700,045,925
Other Revenue	**30**	576,166,193	538,914,558
		9,181,039,253	**16,309,490,837**
Total Revenue		**151,465,286,304**	**135,177,887,098**
Expenses			
Employee Costs	**31**	49,339,427,050	47,078,986,660
Subsidies		1,889,953,148	1,814,562,023
Grants	**32**	38,361,853,011	38,784,106,735
Social Benefits	**33**	49,311,170,868	37,715,200,156
Operating Expenses	**34**	11,605,327,049	12,244,679,780
Depreciation and Amortisation	**12, 13 & 14**	6,393,112,228	4,971,693,391
Financial Guarantee Expense		263,199,497	270,986,517
Other Expenses	**35**	5,755,690,934	4,643,834,780
Finance Costs	**36**	16,900,235,618	14,399,598,905
Total Expenses		**179,819,969,403**	**161,923,648,947**

STATEMENT AB

Statement of Financial Performance for the financial year 2022 - 2023 (Classification of Expenses by Nature)

	Notes	Year Ended 30 June 2023 Rs	Year Ended 30 June 2022 Restated Rs
Other Gains/(Losses)			
Gain on Sale of Investments		-	25,170,339,426
Gain on Disposal of Property, Plant and Equipment		32,224,706	45,142,056
(Loss)/ Gain on Foreign Exchange Transactions		(1,867,660,921)	4,004,640,489
Fair Value Gain/ (Loss) on Investments		3,742,845,759	(1,760,046,417)
Fair Value Gain on Other Assets		839,737,975	340,000
(Deficit)/ Surplus for the year		**(25,607,535,580)**	**714,653,705**

29 December 2023

S.D. RAMDEEN
Accountant-General

STATEMENT AC

Statement of Changes in Net Assets or Equity for the financial year 2022 - 2023

	Notes	Consolidated Fund (Cash basis) Rs	Accumulated Surplus/(Deficit) Restated Rs	Special Funds Restated Rs	Total Restated Rs
Balance at 1 July 2021		**66,057,137,590**	**69,231,335,545**	**36,526,471,482**	**171,814,944,617**
Prior year adjustments					
First-time recognition of Loans at Amortised Cost	7 & 39	-	(1,567,848,264)	-	(1,567,848,264)
First-time recognition of Expected Credit Loss on Loans	7 & 39	-	(124,745,888)	-	(124,745,888)
First-time recognition of Expected Credit Loss on Receivables (Penalty Interest on Loans)	6 & 39	-	(2,463,263)	-	(2,463,263)
Restated Balance at 1 July 2021		**66,057,137,590**	**67,536,278,130**	**36,526,471,482**	**170,119,887,202**
Change in Accounting Policies					
First-time recognition of Biological and other related Assets		-	826,869,601	-	826,869,601
Capitalisation of Property, Plant and Equipment relating to Special Funds		-	682,138,839	-	682,138,839
First-time recognition of Provisions	18	-	(50,000,000)	-	(50,000,000)
First-time recognition of Right-of-Use Assets	13 & 39	-	9,646,533,587	-	9,646,533,587
First-time recognition of Lease Liabilities	19 & 39	-	(11,456,743,848)	-	(11,456,743,848)
Changes in net assets or equity for 2021-2022					
Net loss on remeasurement of Employee Benefit Obligations	23	-	(33,810,783,877)	-	(33,810,783,877)
Recognition of Investment previously accounted as Deposits		-	107,500,000	-	107,500,000
Revised Deemed Cost relating to State Lands	12	-	10,899,120,323	-	10,899,120,323
Net movement attributable to Consolidated Fund		21,409,228,622	(21,409,228,622)	-	-
Net movement in Special Funds (Restated)		-	-	(1,605,339,851)	(1,605,339,851)
Surplus for the year		-	714,653,705	-	714,653,705
Restated Balance at 30 June 2022		**87,466,366,212**	**23,686,337,838**	**34,921,131,631**	**146,073,835,681**
Changes in net assets or equity for 2022-2023					
Capitalisation of Property, Plant and Equipment relating to Special Funds		-	1,929,625,932	-	1,929,625,932
Net movement attributable to Consolidated Fund		6,738,916,019	(6,738,916,019)	-	-
Net movement in Special Funds		-	-	(1,655,920,527)	(1,655,920,527)
Deficit for the year		-	(25,607,535,580)	-	(25,607,535,580)
Balance at 30 June 2023		**94,205,282,231**	**(6,730,487,829)**	**33,265,211,104**	**120,740,005,506**

S. D. RAMDEEN
Accountant-General

29 December 2023

STATEMENT AD

Cash Flow Statement for the financial year 2022 - 2023

	Year Ended 30 June 2023 Rs	Year Ended 30 June 2022 Rs
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts		
Taxation	126,748,761,025	104,865,498,770
Fines, Penalties and Forfeits	408,495,771	439,054,833
Grants and Aid	2,122,303,835	2,760,581,448
Licences	3,038,428,150	2,855,458,659
Finance Income	189,190,205	182,605,429
Rent and Royalties	1,350,473,786	1,139,015,970
Sales of Goods and Services	2,056,686,497	1,742,895,961
Transfers	156,023,000	23,610,000
Social Contributions	9,508,290,825	8,348,345,653
Receipts of Special Funds	29,744,222,897	43,375,139,191
Other Receipts	48,005,632,586	63,880,158,657
Payments		
Employee Costs	(46,712,048,105)	(46,121,044,183)
Subsidies	(1,889,953,148)	(1,814,562,023)
Grants	(31,412,094,215)	(26,962,261,782)
Social Benefits	(49,311,170,868)	(37,758,702,940)
Operating Expenses	(11,226,320,864)	(12,592,661,924)
Finance Costs	(15,130,474,745)	(12,939,637,485)
Payments by Special Funds	(38,454,886,788)	(56,928,067,701)
Other Payments	(51,684,075,552)	(71,047,390,612)
Net Cash Flows from Operating Activities	**(22,492,515,708)**	**(36,551,964,079)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property, Plant and Equipment and Intangible Assets	(8,524,842,380)	(7,063,589,689)
Proceeds from Sale of Property, Plant and Equipment and Intangible Assets	32,796,434	52,576,212
Purchase of Investments	(8,175,875,540)	(12,927,261,621)
Proceeds from Sale of Investments	7,722,814,312	13,044,400,000
Dividends	1,236,556,481	9,070,474,192
Issue of Loans and Advances	(581,673,335)	(637,821,258)
Proceeds from repayment of Loans and Advances	401,425,064	492,466,060
Net Cash Flows from Investing Activities	**(7,888,798,964)**	**2,031,243,896**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Government Debt	146,468,162,464	128,533,350,651
Redemption/Repayment of Government Debt	(112,285,158,037)	(114,983,079,194)
Repayment of Lease Liabilities	(861,035,457)	-
Net Cash Flows from Financing Activities	**33,321,968,970**	**13,550,271,457**
Net Increase/(Decrease) in Cash and Cash Equivalents	**2,940,654,298**	**(20,970,448,726)**
Cash and Cash Equivalents at beginning of year	**21,673,055,130**	**42,510,361,764**
Gains on Foreign Exchange Transactions	188,809,084	133,142,092
Cash and Cash Equivalents at end of year	**24,802,518,512**	**21,673,055,130**

S.D. RAMDEEN
Accountant-General

29 December 2023

STATEMENT AE

Statement of Comparison of Budget Estimates and Actual Amounts for the financial year 2022 - 2023 (Classification of Expenses by Function)

	Original Estimates (a) Rs	Total Provisions* (N1) (b) Rs	Actual Amount (c) Rs	Variance (N2) Rs
REVENUE				
Tax Receipts	129,535,000,000	129,535,000,000	129,787,189,175	(252,189,175)
Social Contributions	11,756,000,000	11,756,000,000	10,896,196,135	859,803,865
Grants	2,280,000,000	2,280,000,000	2,122,303,836	157,696,164
Other Revenue	6,429,000,000	6,429,000,000	5,554,170,033	874,829,967
Reimbursement of Loan by Parastatal Bodies	788,117,000	788,117,000	376,948,184	411,168,816
IMF SDR Sales	-	-	668,294,311	(668,294,311)
Equity Sale	22,000,000,000	22,000,000,000	-	22,000,000,000
Issue of Government Securities	96,881,000,000	96,881,000,000	122,923,008,875	(26,042,008,875)
Financing from SIC Development Co. Ltd	800,000,000	800,000,000	80,013,571	719,986,429
Issue of Government Securities Held by Non-Residents	-	-	145,438,925	(145,438,925)
Loans from Foreign Governments and International Organisations	6,048,000,000	6,048,000,000	23,818,707,648	(17,770,707,648)
Total Revenue	**276,517,117,000**	**276,517,117,000**	**296,372,270,693**	**(19,855,153,693)**
Financing from cash and cash equivalents	**-**	**5,415,883,000**	**(4,723,033,001)**	**4,723,033,001**
Total Financing	**276,517,117,000**	**281,933,000,000**	**291,649,237,692**	**(15,132,120,692)**
EXPENDITURE				
General Public Services	145,886,822,000	146,454,905,102	159,026,291,000	(13,139,469,000)
Defense	936,700,000	824,599,500	758,919,689	177,780,311
Public Order and Safety	13,529,900,000	13,504,452,500	12,935,283,033	594,616,967
Economic Affairs	14,005,495,000	19,597,624,363	18,783,345,525	(4,777,850,525)
Environmental Protection	2,653,700,000	2,840,440,000	2,546,222,425	107,477,575
Housing and Community Amenities	3,116,000,000	2,929,326,000	2,482,935,140	633,064,860
Health	14,700,000,000	15,354,599,000	15,243,182,630	(543,182,630)
Recreation, Culture and Religion	1,165,900,000	1,189,600,000	1,085,706,804	80,193,196
Education	18,551,200,000	18,965,942,535	18,846,594,670	(295,394,670)
Social Protection	61,171,400,000	60,271,500,000	59,940,756,776	1,230,643,224
Total Expenditure	**275,717,117,000**	**281,932,989,000**	**291,649,237,692**	**(15,932,120,692)**
Contingencies (N3)	800,000,000	11,000	-	800,000,000
Total Expenditure including Contingencies	**276,517,117,000**	**281,933,000,000**	**291,649,237,692**	**(15,132,120,692)**

** Refers to the total amount approved after Supplementary Appropriation & Virement.*

Notes:

N1 'Total Provisions' is not applicable to Revenue.

N2 Column (a) - Column (c)

N3 The amount appropriated under 'Contingencies' has been reallocated to expenditure items under different votes of expenditure.

S.D. RAMDEEN
Accountant-General

29 December 2023

STATEMENT AF

Statement of Comparison of Budget Estimates and Actual Amounts for the financial year 2022- 2023 (Classification of Expenses by Nature)

	Original Estimates (a) Rs	Total Provisions* (N1) (b) Rs	Actual Amount (c) Rs	Variance (N2) Rs
RECURRENT BUDGET				
Recurrent Revenue	**148,282,000,000**	**148,282,000,000**	**146,480,702,758**	**1,801,297,242**
Tax Receipts	129,535,000,000	129,535,000,000	129,787,189,175	(252,189,175)
Social Contributions	11,756,000,000	11,756,000,000	10,896,196,135	859,803,865
Recurrent Grants	562,000,000	562,000,000	243,147,415	318,852,585
Other Revenue	6,429,000,000	6,429,000,000	5,554,170,033	874,829,967
Recurrent Expenditure	**154,500,000,000**	**159,956,202,842**	**158,080,403,136**	**(3,580,403,136)**
Compensation of Employees	36,644,283,000	37,677,525,928	37,143,075,074	(498,792,074)
Purchase of Goods and Services	12,620,570,000	13,642,562,586	12,867,303,417	(246,733,417)
Interest (Accrual basis)	13,100,000,000	15,615,731,586	15,609,052,218	(2,509,052,218)
Subsidies	1,586,650,000	1,938,740,506	1,889,953,148	(303,303,148)
Grants to Parastatal Bodies/Local Authorities/RRA	26,304,603,000	28,263,326,955	28,170,012,521	(1,865,409,521)
Social Benefits	55,535,040,000	54,689,300,000	54,426,851,865	1,108,188,135
Other Expense	8,108,854,000	8,129,004,281	7,974,154,893	134,699,107
Contingencies (N3)	600,000,000	11,000	-	600,000,000
Recurrent Balance	**(6,218,000,000)**	**(11,674,202,842)**	**(11,599,700,378)**	**5,381,700,378**
CAPITAL BUDGET				
Capital Revenue	**1,718,000,000**	**1,718,000,000**	**1,879,156,421**	**(161,156,421)**
Capital Grants	1,718,000,000	1,718,000,000	1,879,156,421	(161,156,421)
o/w External Grants	*1,718,000,000*	*1,718,000,000*	*1,879,156,421*	*(161,156,421)*
Capital Expenditure	**18,391,617,000**	**21,780,521,556**	**20,060,686,618**	**(1,669,069,618)**
Acquisition of Non-Financial Assets	12,251,900,000	10,295,260,049	9,142,520,206	3,109,379,794
Grants to Parastatal Bodies/Local Authorities/RRA	2,477,717,000	1,884,575,952	1,649,017,030	828,699,970
Transfer to Special Funds	2,000,000,000	8,372,000,000	8,370,000,000	(6,370,000,000)
Other Transfers	1,462,000,000	1,228,685,555	899,149,382	562,850,618
Contingencies (N3)	200,000,000	-	-	200,000,000
Capital Balance	**(16,673,617,000)**	**(20,062,521,556)**	**(18,181,530,197)**	**1,507,913,197**
Budget/Actual Balance (Before Net Acquisition of Financial Assets)	**(22,891,617,000)**	**(31,736,724,398)**	**(29,781,230,575)**	**6,889,613,575**
Net Acquisition of Financial Assets	**(19,178,617,000)**	**(20,084,816,000)**	**1,376,620,330**	**(20,555,237,330)**
Domestic	**(19,562,617,000)**	**(20,716,916,000)**	**1,418,452,896**	**(20,981,069,896)**
Loan to Parastatal Bodies	902,500,000	605,801,000	558,113,335	344,386,665
Reimbursement of Loan by Parastatal Bodies	788,117,000	788,117,000	376,948,184	411,168,816
Equity Purchase/Participation	2,323,000,000	1,465,400,000	1,237,287,745	1,085,712,255
Equity Sale	22,000,000,000	22,000,000,000	-	22,000,000,000
Foreign	**364,000,000**	**425,400,000**	**423,283,536**	**(59,283,536)**
Equity Purchase/Participation	364,000,000	425,400,000	423,283,536	(59,283,536)
Net SDR Transactions	**20,000,000**	**206,700,000**	**(465,116,102)**	**485,116,102**
IMF Purchase/Subscription	20,000,000	206,700,000	203,178,209	(183,178,209)
IMF SDR Sales	-	-	668,294,311	(668,294,311)
Adjustment for difference in cash and accrual interest	**510,000,000**	**510,000,000**	**1,198,872,924**	**(688,872,924)**

STATEMENT AF

Statement of Comparison of Budget Estimates and Actual Amounts for the financial year 2022- 2023 (Classification of Expenses by Nature)

	Original Estimates (a) Rs	Total Provisions* (N1) (b) Rs	Actual Amount (c) Rs	Variance (N2) Rs
NET GOVERNMENT BORROWING REQUIREMENTS	**(3,203,000,000)**	**(11,141,908,398)**	**(29,958,977,981)**	**26,755,977,981**
Domestic Financing	**8,049,000,000**	**20,688,049,077**	**21,538,488,431**	**(13,489,488,431)**
Government Securities	**7,249,000,000**	**14,477,853,193**	**26,187,194,976**	**(18,938,194,976)**
Issue of Government Securities	96,881,000,000	96,881,000,000	122,923,008,875	(26,042,008,875)
Redemption of Government Securities	89,632,000,000	82,403,146,807	96,735,813,899	(7,103,813,899)
Financing from SIC Development Co. Ltd	**800,000,000**	**794,312,884**	**74,326,456**	**725,673,544**
Drawdown	800,000,000	800,000,000	80,013,571	719,986,429
Repayment	-	5,687,116	5,687,115	(5,687,115)
Financing from cash and cash equivalents	**-**	**5,415,883,000**	**(4,723,033,001)**	**4,723,033,001**
Foreign Financing	**(4,846,000,000)**	**(9,546,140,679)**	**8,420,489,550**	**(13,266,489,550)**
Government Securities Held by Non-Residents	**(6,694,000,000)**	**(99,686,945)**	**45,751,980**	**(6,739,751,980)**
Issues	-	-	145,438,925	(145,438,925)
Redemptions	6,694,000,000	99,686,945	99,686,945	6,594,313,055
Foreign Loans	**1,848,000,000**	**(9,446,453,734)**	**8,374,737,570**	**(6,526,737,570)**
Loans from Foreign Governments and International Organisations	6,048,000,000	6,048,000,000	23,818,707,648	(17,770,707,648)
Repayment of Foreign Loans	4,200,000,000	15,494,453,734	15,443,970,078	(11,243,970,078)
	-	-	-	-

** Refers to the total amount approved after Supplementary Appropriation & Virement.*

Notes:

N1 'Total Provisions' is not applicable to Revenue.

N2 Column (a) - Column (c)

N3 The amount appropriated under 'Contingencies' has been reallocated to expenditure items under different votes of expenditure.

N4 Refer to Note 38 for explanation on variances.

S.D. RAMDEEN
Accountant-General

29 December 2023

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Republic of Mauritius is an island found in the Indian Ocean. It got its independence on 12 March 1968. The country has a Westminster type of Parliamentary Government.

Under the Finance and Audit Act, 1973, as subsequently amended, it is the responsibility of the Accountant-General to prepare the financial statements of the Government within six months of the close of every fiscal year. The Government refers to the Budgetary Central Government.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

A Estimates

The Estimates (Budget) of the Government is appropriated by votes of expenditure on a cash basis, except for 'cost of borrowings' which is appropriated on an accrual basis and 'carry-over of capital expenditure' where amount earmarked in a fiscal year is carried over to a period not exceeding 3 months in the following fiscal year. The Estimates is classified by both economic and functional classifications based, as far as possible, on the Government Finance Statistics Manual.

The Estimates is for the Budgetary Central Government, which includes Ministries and Government Departments. Transfers to Special Funds are appropriated and included as expenditure in the approved Estimates in the year of expenditure. However, the revenue and expenditure of the Special Funds deposited with the Accountant-General are not included in the approved Estimates.

The approved Estimates covers the fiscal year from 01 July 2022 to 30 June 2023.

B Financial Statements

The financial statements have been prepared in accordance with Section 19 (3A) (b) of the Finance and Audit Act 1973, as subsequently amended which requires these statements to be in compliance with International Public Sector Accounting Standards (IPSAS) .

(i) *Transitional Financial Statements*

The date of adoption of IPSAS for the Government is 01 July 2022. Prior to the adoption of IPSAS, the financial statements were prepared, as far as possible, in compliance with IPSAS. The first transitional IPSAS financial statements of the Government in respect of the financial year 2022-2023 have been prepared in compliance with IPSAS 33 – First-time Adoption of Accrual Basis IPSASs, which provides the first-time adopter with a transitional period of three years for the recognition, measurement, presentation and disclosure of certain assets and liabilities. The changes resulting from the adoption of the new basis is given in Note 40.

Government has taken advantage of the following transitional exemptions which affected fair presentation. As a result, it is unable to make an explicit and unreserved statement of compliance with Accrual Basis IPSAS in preparing its transitional IPSAS financial statements for the financial year 2022-2023.

NOTES TO THE FINANCIAL STATEMENTS

The status of compliance with IPSAS issued to date is as per table below:

IPSAS	Compliance Status	Key Non Compliance / Transitional Exemptions	Affect Fair Presentation (Yes/No)	Expected date of Compliance
IPSAS 1—Presentation of Financial Statements (revised)	✔			
IPSAS 2—Cash Flow Statements	✔			
IPSAS 3—Accounting Policies, Changes in Accounting Estimates and Errors (revised)	✔			
IPSAS 4—The Effects of Changes in Foreign Exchange Rates (revised)	✔			
IPSAS 5—Borrowing Costs	✔			
IPSAS 9—Revenue from Exchange Transactions	✔			
IPSAS 10—Financial Reporting in Hyperinflationary Economies	N/A			
IPSAS 11—Construction Contracts	N/A			
IPSAS 12—Inventories (revised)	✔			
IPSAS 14—Events After the Reporting Date (revised)	✔			
IPSAS 16—Investment Property (revised)	N/A			
IPSAS 17—Property, Plant, and Equipment (revised)	Partial	Measurement-Impairment Recognition and measurement of Furniture, Fixtures and Fittings Use of deemed cost	Yes Yes No	2025-2026 2025-2026 2025-2026
IPSAS 18—Segment Reporting	Applicable upon Consolidation			2025-2026
IPSAS 19—Provisions, Contingent Liabilities and Contingent Assets	✔			
IPSAS 20—Related Party Disclosures	Partial	Additional Disclosure required	Yes	2024-2025
IPSAS 21—Impairment of Non-Cash-Generating Assets	x	Indication of impairment yet to be assessed on an annual basis	Yes	2025-2026
IPSAS 22—Disclosure of Financial Information About the General Government Sector	Applicable upon Consolidation			2025-2026
IPSAS 23—Revenue from Non-Exchange Transactions (Taxes and Transfers)	Partial	Revenue in respect of cases under dispute have yet to be recognised	Yes	2023-2024
IPSAS 24—Presentation of Budget Information in Financial Statements	✔			

NOTES TO THE FINANCIAL STATEMENTS

IPSAS	Compliance Status	Key Non Compliance / Transitional Exemptions	Affect Fair Presentation (Yes/No)	Expected date of Compliance
IPSAS 26 — Impairment of Cash-Generating Assets	N/A			
IPSAS 27—Agriculture	✔			
IPSAS 28—Financial Instruments: Presentation	✔			
IPSAS 29—Financial Instruments: Recognition and Measurement	N/A			Superseded by IPSAS 41 however Hedge accounting applies under IPSAS 29
IPSAS 30—Financial Instruments: Disclosures	Partial	Full disclosure on Market risk	No	2024-2025
IPSAS 31—Intangible Assets	Partial	Measurement - Impairment	Yes	2025-2026
IPSAS 32—Service Concession Arrangements: Grantor	N/A			
IPSAS 33—First-time Adoption of Accrual Basis IPSASs	✔			
IPSAS 34—Separate Financial Statements	Applicable upon Consolidation			2025-2026
IPSAS 35—Consolidated Financial Statements	Applicable upon Consolidation			2025-2026
IPSAS 36—Investments in Associates and Joint Ventures	Applicable upon Consolidation			2025-2026
IPSAS 37—Joint Arrangements	Applicable upon Consolidation			2025-2026
IPSAS 38—Disclosures of Interests in Other Entities	Applicable upon Consolidation			2025-2026
IPSAS 39—Employee Benefits	Partial	Recognition of Liabilities in respect of Civil Service Family Protection Scheme Pension liabilities are being valued on a 3 year basis instead annually	Yes Yes	2024-2025 2024-2025
IPSAS 40—Public Sector Combinations	N/A			2025-2026
IPSAS 41—Financial Instruments	Partial	IMF SDR Deposit and allocation Receivables from Non-Exchange Transactions in respect cases under dispute have yet to be recognised	Yes Yes	2023-2024
IPSAS 42— Social Benefits	✔			
IPSAS 43 -Leases	Partial	Lessor Accounting yet to be assessed	Yes	2024-2025 (Effective Date 01 January 2025 Early adoption 01 July 2022)

NOTES TO THE FINANCIAL STATEMENTS

IPSAS	Compliance Status	Key Non Compliance / Transitional Exemptions	Affect Fair Presentation (Yes/No)	Expected date of Compliance
IPSAS 44- Non-current assets held for sale and discontinued operations	✔			Early adoption 01 July 2022 Effective Date 01 January 2025

✔ Complied

x Not complied

N/A Not applicable

It is expected that the Financial Statements of the Government will be fully compliant to IPSAS as from financial year 2025-2026.

(ii) New Standards Issued but Not Yet Adopted

At the date of approval of these financial statements, the following IPSASs had already been issued but not yet effective:

IPSAS	Effective date
IPSAS 45, Property, Plant, and Equipment	01 January 2025
IPSAS 46, Measurement	01 January 2025
IPSAS 47, Revenue	01 January 2026
IPSAS 48, Transfer Expenses	01 January 2026
IPSAS 49, Retirement Benefit Plans	01 January 2026

The new standards will be adopted when they become effective. The potential impact of the application of these new standards is yet to be assessed.

(iii) Consistent Accounting Policies

The accounting policies have been applied consistently throughout the year. Where necessary and where it is practicable, comparative figures have been restated to conform to changes in presentation, or in accounting policies in the current year.

NOTES TO THE FINANCIAL STATEMENTS

2.2 Reporting Entity

The financial statements are for the Budgetary Central Government of the Republic of Mauritius, which comprises Ministries and Government Departments and include bank balances and fixed deposits of Special Funds deposited with the Accountant-General.

2.3 Reporting Period

The financial statements cover the financial year of the Government of Mauritius from 01 July 2022 to 30 June 2023.

2.4 Authorisation Date

The financial statements were authorised for issue on 29 December 2023 by Mr. S.D. Ramdeen, Accountant-General.

2.5 Foreign Currencies

(i) Functional and Presentation Currency

The financial statements are presented in Mauritian Rupees (Rs), rounded to the nearest rupee, which is also the functional currency.

(ii) Transactions and Balances

Transactions in foreign currencies are initially translated at the foreign exchange rate at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Financial Performance. Non-monetary assets and liabilities measured at historical cost in foreign currencies are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at reporting date.

2.6 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, cash remitted to Ministries and Departments, cash balances with banks, both local and overseas, deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value and cash held on behalf of Special Funds.

2.7 Financial Assets

(i) Receivables from Non-Exchange Transactions and Receivables from Exchange Transactions

Receivables from Non-Exchange Transactions comprise receivables from taxation, fines, penalties and forfeits and social contributions.
Receivables from Exchange Transactions comprise receivables from licences, finance income, rent and royalties, sales of goods and services and other revenue.

NOTES TO THE FINANCIAL STATEMENTS

These are recognised when it is probable that the future economic benefits associated with the asset will flow to the Government and can be measured reliably. Receivables are accounted for on an accrual basis.

Impairment of Receivables

A loss allowance for expected credit losses (ECL) is recognised on receivables from non-exchange transactions and exchange transactions. An impairment gain or loss is recognised in Statement of Financial Performance representing the amount of ECL (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised.

The methodology of loss allowance on receivables has been determined using judgement, estimates and various assumptions which are deemed to be reasonable and appropriate. For Ministries and Departments, factors/indicators such as past trends, historic data, ageing analysis and long overdue payments for a period of more than 10 years have been used to calculate the loss allowance.

For tax revenue, the methodology for the calculation of loss allowance is as follows:

	% Debt unrecoverable
Over 10 years	20
Between 5 and 10 years	10
Between 1 and 5 years	2
Less than 1 year	0.5

The methodology for the calculation of loss allowance for less than 1 year has been revised from 0% (financial year 2021-2022) to 0.5% (financial year 2022-2023) based on past experience.

(ii) Loans and Advances

Loans to Statutory bodies, Private bodies and Other bodies are recognised at amortised cost adjusted for expected credit losses.

Advances are made under the authority of warrants issued under Section 6(1) of the Finance and Audit Act and are recoverable within specified periods. Advances are recognised at amortised cost which is equivalent to cost as the effect of discounting is not considered material.

(iii) Investments

These represent mainly investments made out of monies standing to the credit of the Consolidated Fund and Special Funds in accordance with Sections 3(4)(a) and 9(3)(a) of the Finance and Audit Act.

NOTES TO THE FINANCIAL STATEMENTS

Initial Recognition of Investments

On initial recognition, investments are measured at fair value.

Classification and Subsequent Measurement of Investments

The table below shows the classification and subsequent measurement basis for the different categories of investments:

Category	Classification and Subsequent Measurement Basis
Equity Investments (Quoted Investments, Unquoted Investments, Equity Participation) and Redeemable Preference Shares	Fair Value Through Surplus or Deficit
Other Investments (Fixed Deposits)	Amortised Cost

(a) Equity Investments and Redeemable Preference Shares Recognised at Fair Value Through Surplus or Deficit

Investments classified as fair value through surplus or deficit are measured at fair value at the end of each financial year, with any gains or losses on remeasurements recognised in surplus or deficit. Any dividend earned on these investments is also recognised in surplus or deficit.

(b) Other Investments Recognised at Amortised Cost

Other investments (fixed deposits) held by Government and Special Funds at banks and financial institutions have been reported at amortised cost with any movement recognised in surplus or deficit.

(iv) Other Financial Assets

(a) International Monetary Fund (IMF) Special Drawing Rights (SDR) Deposits

IMF SDR Deposits represent international reserve assets allocated to Mauritius by the IMF (SDR Holdings) and held at the Bank of Mauritius.

IMF SDR Deposits are translated at year-end exchange rate with any gains or losses arising on re-measurements recognised in the Statement of Financial Performance in the period in which they arise.

(b) IMF Reserve Tranche Position

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

Reserve Tranche transactions, i.e. subscriptions, purchases and sales, are initially translated at the exchange rate at the date of the transaction. At year-end, the SDR Reserve Tranche Position is translated using year-end exchange rates and any gains or losses recognised in the Statement of Financial Performance as foreign exchange gains or losses.

NOTES TO THE FINANCIAL STATEMENTS

2.8 Inventories

Inventories comprise mainly distributable items, consumables and agricultural produce and biological inventory.

Inventories meant for distribution at no charge or nominal charge or consumption in the production process of goods to be distributed at no charge or for a nominal charge are measured at lower of cost and the estimated replacement cost. All other inventories are measured at lower of cost or net realisable value. The cost has been determined using First In First Out Basis (FIFO).

The cost of inventories from non-exchange transactions (donated inventories) is measured at its fair value at the date of receipt.

Agricultural produce that has been harvested from biological assets are measured at fair value at the point of harvest. The costs to sell relating to agricultural produce was considered to be insignificant. Any gains or losses arising on recognition of agricultural produce at fair value are recognised in surplus or deficit.

2.9 Non-Current Assets Held for Sale and Discontinued Operations

The Government classifies a non-current asset (or disposal group) as held for sale when the following criteria are met:

- its carrying amount will be recovered principally through a sale transaction rather than through continuing use;
- the asset (or disposal group) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups); and
- its sale must be highly probable.

A non-current asset (or disposal group) classified as held for sale is measured at the lower of its carrying amount and fair value less costs to sell.

No depreciation or amortization is charged while the non-current asset (or disposal group) is classified as held for sale.

Discontinued Operations

A discontinued operation is a component of the Government that either has been disposed of, or is classified as held for sale, and represents a significant component of the Government's operations. The Government will no longer have control over the operations once the disposal is complete.

2.10 Prepayments

Prepayments are recognised as assets when payment for goods or services has been made in advance of obtaining a right to access those goods or services.

2.11 Biological Assets

Biological assets are split into the following categories:

(i) Bearer Biological Assets (other than bearer plants);

Bearer Biological assets (other than bearer plants) are those biological assets that are used repeatedly or continuously for more than one year in an agricultural activity. Examples of bearer biological assets include breeding stocks (birds, tortoise, fish, ewes, rams, weaner calves and lambs that are used to replace old animals, bull, cows, heifers, ducks, broiler chicken) and bees.

(ii) Consumable Biological Assets

Consumable biological assets are those that are held for harvest as agricultural produce or for sale or distribution at no charge or for a nominal charge as biological assets such as animals and plants for one-time use. Examples of consumable biological assets are trees in a timber plantation forest, fish in farms, fresh water prawn juveniles, weaners calves and lambs that are sold to farmers.

(iii) Agricultural Produce (classified under inventories).

Agricultural produce is the harvested produce of biological assets such as produce growing on bearer plants biological assets.

The Government recognises biological assets when, and only when, it controls the assets as a result of past events, it is probable that future economic benefits associated with such assets will flow to the Government and the fair value or cost of the assets can be measured reliably.

Bearer biological assets (other than bearer plants) and consumable biological assets are measured at fair value, with any change therein recognised in surplus or deficit. The costs to sell relating to biological assets have been considered to be insignificant.

2.12 Property, Plant and Equipment

Property, Plant and Equipment include the following:

(i) Infrastructure, Plant and Equipment;
(ii) Land and Buildings;
(iii) Assets under Construction; and
(iv) Other Assets

Furniture, Fixtures and Fittings are currently being expensed.

Capital expenditure incurred under Special Funds for the Government has also been included.

(i) Infrastructure, Plant and Equipment

On initial recognition, Infrastructure, Plant and Equipment are stated at cost or deemed cost. Subsequently, they are stated at cost less accumulated depreciation. Infrastructure, Plant and Equipment represent the cost of the following:

(a) Infrastructure Assets:

- Roads - classified roads/motorways

  Valuation Methodology

  The value of the roads as at 30 June 2020 has been estimated by the Road Development Authority based on the cost of constructing a road to the following standard:

SN	Road Type	Cost per km (MUR)
1	Motorways	120 million
2	A Roads	75 million
3	B Roads	65 million

NOTES TO THE FINANCIAL STATEMENTS

The value of roads constructed after 30 June 2020 has been measured at cost.

- Dams
- Bridges

  Valuation Methodology

  The value of bridges as at 30 June 2020 has been estimated by Road Development Authority by using the benchmark of recently constructed bridges of similar nature and size, at that time.

  The value of bridges constructed after 30 June 2020 has been measured at cost.
- Stadiums and Gymnasiums; and
- Other Structures.

Infrastructure assets do not include assets acquired by the Government on behalf of Other Public Sector Bodies.

(b) Transport Equipment:

- Ships/Vessels;
- Aircrafts/Helicopters; and
- Other Vehicles.

(c) Other Machinery and Equipment:

- Medical Equipment;
- Office Equipment; and
- Machinery.

(ii) Land and Buildings

- Land

Land acquired prior to 2018 are estimated at deemed cost and those acquired after 2018 are estimated at cost.

The basis used by the Government Valuation Department of the deemed cost is as follows:

- State Lands leased by the Government for various purposes is a reduced rate of 1/3 of freehold value. The rate for leased properties was based on use such as residential, agricultural, industrial and commercial. In cases where the State Lands were leased for industrial use such as hotel, the rate per arpent obtained through analysis of sale of leasehold rights of State Lands along the Pas Geometriques was adopted.
- Outer Islands have been recognised at deemed cost by the Government Valuation Department.
- For grazing land, 1/3 rate of market value of agricultural land as per region has been used for assessment.
- For Ex Tea Land, Agricultural Stations, MSPA Lands and land settlement, valuation has been based on freehold agricultural sales evidence according to different regions.
- For National Parks used as touristic sites, a rate of Rs 2.5 million/arpent has been used.
- For campement sites, valuation has been carried out based on Pas Geometriques sales evidences (leasehold sites).
- Nature Reserve and Walks, Shooting and Fishing Leases and Guardienages have been valued at a uniform rate of Rs 250,000/Arpent.
- Islets used as Nature Reserve have been valued at rates of Rs 200,000 and Rs 215,000 per Arpent depending on regions. Public Beaches and Islets were valued based on rent paid per annum under the State Lands Act and were

capitalised in perpetuity at rate of 8%. For Islets leased as hotels i.e industrial site, valuation has been carried out based on sales of leasehold rights along the Pas Geometriques.

- In respect of land acquired by Government for different purposes, the amount of compensation reported to the Ministry of Housing and Land Use Planning has been used.

- Buildings

Buildings represent residential and non-residential buildings, whether purchased, constructed or upgraded.

Buildings are initially recognised at cost and subsequently at cost less accumulated depreciation.

(iii) Assets under Construction

Assets in the course of construction are recognised at cost.

Depreciation of these assets commences when the assets are ready for their intended use.

(iv) Other Assets

Other Assets include Bearer Plants, Plants to maintain the Ecosystem and trained Sniffer Dogs used to detect illicit substances. These are measured at fair value at end of each reporting date.

The fair value model has been used as it is considered to be more appropriate. "Others Assets" category falls under IPSAS 17- Property, Plant, and Equipment as it meets the recognition criteria. However, IPSAS 17 cost and revaluation measurement basis does not provide guidance regarding classes of assets undergoing physical transformation. As similar assets are valued at fair value for instance under IPSAS 27- Agriculture, the fair value model has been applied for biological assets which was deemed to be more appropriate in that context. Moreso, by valuing such assets at fair value represents a fair presentation of their amounts recognised in the financial statements.

(v) Donated Assets

When an asset is acquired in a non-exchange transaction for nil or nominal consideration, the asset is initially measured at its fair value at the date of acquisition and subsequently depreciated over its remaining useful life.

(vi) Depreciation

Depreciation on assets is charged on a straight-line basis over the useful life of the asset. Full year depreciation is charged in the year of acquisition and none in year of disposal. Depreciation is charged at rates calculated to allocate the cost or valuation of the asset over its remaining useful life, as follows:

Buildings	50 years
Infrastructure Assets	10 – 50 years
Transport Equipment	8 – 25 years
Other Machinery & Equipment	4 – 20 years

Land is not depreciated.

(vii) Borrowing Costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

(viii) Derecognition

Property, plant and equipment and/or any significant part of an asset are derecognised upon disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in surplus or deficit when the asset is derecognised.

2.13 Leases

The Government assesses whether a contract is, or contains, a lease, at inception of the contract.

The Government leases various buildings, equipment and other assets under contract for periods ranging between 0 to 20 years which may be extended, as required.

A right-of-use asset (as stated below) and a corresponding lease liability (Refer to 2.18) are recognised with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less). For these short-term leases, the Government recognises the lease payments as an operating expense on a straight-line basis over the term of the lease (Refer to 2.23 Expenses- (iii) Operating Expenses).

Right-of-Use Assets

The right-of-use assets comprise the initial measurement of the corresponding lease liability, and lease payments made at commencement date.

These are subsequently measured at cost less accumulated depreciation. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset.

2.14 Intangible Assets

Intangible assets include licenses, software and IT projects acquired, developed or under development.

Intangible assets acquired separately are initially recognised at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation. Internally generated intangible assets are not capitalised and are expensed in the Statement of Financial Performance in the period in which the expenditure is incurred.

Intangible assets are amortised using the straight-line method over a period of 8 years. Full year amortisation is charged in the year of acquisition. Intangible assets which are still under development phase are recognised at cost and no amortisation is charged until the asset is available for use.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset. Any surplus or deficit arising from the disposal is recognised in the Statement of Financial Performance.

NOTES TO THE FINANCIAL STATEMENTS

2.15 Financial Liabilities

(i) Payables

Payables are recognised at amortised cost which is equivalent to cost as the effect of discounting is not considered material. Payables comprise the following:

(a) 'Cost of Borrowings' consist of Accrued Interest on Re-opening of Government Bonds and Treasury Notes and Management Charges payable;
(b) 'Accounts Payable' which are expenses incurred by the Government during the financial year but not yet paid as at year end;
(c) '*Retention Money on Contracts'* which is a percentage of the amount certified as due to the contractors, deducted from the amount due and retained by the Government; and
(d) '*Carry-over of Capital Expenditure'* which represents the balance of the provision earmarked for capital projects in the current financial year payable within 3 months of the close of the financial year as per Section 3A of the Finance and Audit Act. The amount recognised in the Statement of Financial Position represents that portion of the total provision carried-over in respect of which goods were received or works completed by end of the financial year.

(ii) Deposits

Deposits are recognised at amortised cost which is equivalent to cost and includes the following:

(a) Money deposited with the Government under Section 8 of the Finance and Audit Act; and
(b) Deposits held with the Mauritius Revenue Authority for the purpose of disputes.

(iii) Government Debt

a) Domestic and External Debts (Excluding IMF SDR Allocations)

Initial Recognition and Measurement

Upon initial recognition, Domestic and External Debts are measured at fair value.

For concessionary loans, the difference between the loan proceeds and the fair value on initial recognition is accounted as revenue from non-exchange transactions.

Subsequent Measurement

- Treasury Bills and Treasury Certificates

Treasury Bills and Treasury Certificates are measured at amortised cost which is equivalent to cost plus accrued interest, due to the short-term nature of these liabilities.

- Treasury Notes, Government of Mauritius Bonds (including Inflation-Indexed Bonds), Domestic Loans and External Debts

Subsequently, these instruments are measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in surplus or deficit. Amortised cost is calculated by taking into account any discount or premium on acquisition of these instruments excluding commitment fees, management charges and front-end fees.

- Silver Bonds

Silver Bonds have no pre-defined maturity date as such these are measured at amortised cost, i.e, cost plus accrued interest.

De-Recognition of Financial Liabilities

A financial liability (or a part of a financial liability) is removed from the Statement of Financial Position when, the financial liability is extinguished, that is, when the obligation specified in the contract is discharged, waived, cancelled or expired.

b) IMF SDR Allocations

IMF SDR Allocations represent obligations which arise through the participation of the Republic of Mauritius in the SDR Department of the IMF and that are related to the allocation of SDR Holdings. SDR Holdings are international reserve assets created by the IMF and allocated to members to supplement reserves.

IMF SDR Allocations are translated at year-end exchange rate with any gains or losses arising on re-measurements recognised in the Statement of Financial Performance in the period in which they arise.

(iv) Financial Guarantee Liabilities

The Government provides financial guarantee as and when required in respect of loans contracted by Public Sector Bodies. Such guarantees are given to the lender to reimburse the amount of any loss incurred in the event of non-repayment of the respective loans by the Public Sector Bodies.

These financial guarantee contracts are initially recognised as a liability at fair value.

Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the liability and the amount initially recognised less cumulative amortisation.

2.16 Social Benefits Liabilities

Social benefits are cash transfers provided to specific individuals and/or households who meet eligibility criteria, mitigate the effect of social risks and address the needs of society as a whole.

(i) Initial Measurement

The Government recognises a liability for a social benefit scheme when it:

(a) has a present obligation for an outflow of resources that results from a past event; and
(b) the present obligation can be measured in a way that achieves the qualitative characteristics and takes into account constraints on information.

NOTES TO THE FINANCIAL STATEMENTS

The initial measurement of the liability for a social benefit scheme is at the best estimate of the costs, that is the social benefit payments, that the Government will incur in fulfilling the present obligations represented by the liability. The Government also recognises an expense for the social benefit scheme at an amount equivalent to the amount of the liability.

(ii) Subsequent Measurement

The liability is reduced as social benefit payments are made and any difference between the cost of making the social benefit payments and the carrying amount of the liability in respect of the social benefit scheme is recognised in surplus or deficit in the period in which the liability is settled.

2.17 Provisions

Provisions are recognised when the Government has a present obligation as a result of a past event and it is probable that the Government will be required to settle that obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the reporting date. The expense relating to any provision is presented in the Statement of Financial Performance net of any reimbursement. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

2.18 Lease Liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. Lease payments included in the measurement of the lease liability comprise fixed and variable lease payments.

In calculating the present value of lease payments, the Government has used the following discount rates:

Lease Term	Discount Rate
Less or equal to 1 year	No discounting
More than 1 year and less or equal to 5 years	5%
More than 5 years and less or equal to 10 years	5.5%
More than 10 years	6%

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

2.19 Employee Benefit Obligations

(i) Short-Term Employee Benefits

Short-term employee benefits are benefits which are expected to be settled wholly before twelve months after the reporting period in which the employee renders the related service.

NOTES TO THE FINANCIAL STATEMENTS

The short-term employee benefits consist of salaries, wages, salary compensation, overtime, travelling and transport, allowances, end of year bonus, social security contributions, annual sick leave, current portion of passage benefits, and allowance in lieu of passage benefits.

Short-term employee benefits are expensed in the period the employee renders the service and a liability is recognised in respect of amount not paid at the end of the financial year for end of year bonus and annual sick leave.

Passage benefits represent the estimated liability of the Government in respect of passage benefits accrued to public officers on permanent and pensionable establishment drawing a minimum monthly salary of Rs 27,400 or reckoning at least five years' service as per Pay Research Bureau (PRB) Report 2021. Passage benefits are earned at the rate of 5% of the gross salaries annually. The carrying amount is re-measured each year end after taking into account amount paid and earned during the year.

(ii) Post-Employment Benefits

(a) Defined Contribution Plan

Defined contribution plans are post-employment benefit plans under which the Government pays fixed contributions into another entity, the State Insurance Company of Mauritius Limited (SICOM Ltd), for full time employees who joined the Public Sector from 1 January 2013 onwards. The Government has no further payment obligations once the contributions have been paid. These contributions are expensed in the period the employee renders the service and a liability is recognised in respect of amount not paid at the end of the financial year.

(b) Defined Benefit Plans

The Government operates two Defined Benefit Plans, one for employees who joined service prior to the year 2013 and one for Members of the Legislative Assembly.

Both plans are unfunded. The calculation of defined benefit obligations is performed on a 3 yearly basis by a qualified actuary and will be aligned to the requirements of IPSAS 39 - Employee Benefits during the transitional period. Currently, Government appoints SICOM Ltd as its actuary. The cost of providing benefits is calculated using the projected unit method. The benefits are then discounted in order to determine the present value of the defined benefit obligations and the current service cost.

Remeasurements, comprising actuarial gains and losses, are reflected in the Statement AC - Statement of Changes in Net Assets or Equity.

(c) National Savings Fund

These contributions are expensed in the period the employee renders the service and a liability is recognised in respect of amount not paid at the end of the financial year.

(iii) Other Long-Term Employee Benefits

Other long-term employee benefits comprise non-current portion of bank of sick leave, vacation leave upon retirement and passage benefits.

Accruals in respect of other long-term employee benefits have not been discounted for the time value of money.

NOTES TO THE FINANCIAL STATEMENTS

2.20 Contingent Assets and Contingent Liabilities

The Government does not recognise a contingent asset, but discloses in the notes to the financial statements details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Government. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the notes to the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognised in the financial statements of the period in which the change occurs.

The Government does not recognise a contingent liability, but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

2.21 Revenue from Non-Exchange Transactions

(i) Taxation

Taxation consists of Taxes on Income and Profits, Taxes on Property, Taxes on Goods and Services, Taxes on Financial and Capital Transactions, Taxes on International Trade and Transactions and Other Taxes. The revenue recognition policy adopted for each major type of taxation revenue is as follows:

Tax Type	Revenue Recognition Point
Taxes on Income and Profits	1. Income Tax- Individuals (self-assessment) Revenue is recognised when the taxable activity takes place based on income tax returns submitted by the taxpayer by 15 October of the following financial year. Any revenue for the current financial year declared after 15 October or relating to prior periods are recognised as revenue in the year that the returns are submitted. Revenue recognised represents the net amount payable by the tax payer after any refund and deduction of any Pay As You Earn (PAYE) or Tax Deduction at Source (TDS).
	2. Income Tax- Companies and Bodies Corporate Revenue is recognised when the taxable activity takes place based on tax returns submitted by the entities by 31 October following the end of the financial year. For entities which submit their tax return for the financial year after the 31 October, revenue for that income year is estimated based on the tax return submitted for the previous financial year end. Any revenue relating to prior periods are recognised as revenue in the year of submission of returns.
	3. Pay As You Earn (PAYE) and Tax Deduction at Source (TDS) Revenue is recognised in the financial year when the taxable activity takes place based on returns submitted in the current financial year. PAYE and TDS for the month of June submitted up to the cut-off date of 31 July of the following financial year are recognised as revenue in the current financial year. PAYE and TDS relating to any month prior to June that are declared after the end of the current financial year and PAYE/TDS relating to any prior periods are recognised as revenue in the year in which the returns are submitted.

NOTES TO THE FINANCIAL STATEMENTS

Tax Type	Revenue Recognition Point
Taxes on Property	Revenue is recognised on an accrual basis.
Taxes on Goods and Services and Taxes on International Trade and Transactions	1. Value Added Tax (VAT) Revenue is recognised in the year when the taxable activity takes place based on returns relating to the current financial year submitted by the taxpayer during the financial year and returns pertaining to the month of June and Quarter April to June submitted by 31 July of the following financial year, net of any repayment. VAT returns for the month of July to May and Quarters July to March declared after financial year end and VAT relating to prior periods are recognised as revenue, net of any repayment in the year in which the returns are submitted.
	2. Custom and Excise Duties and Other taxes collected at Customs Revenue is recognised in the financial year when the taxable activity takes place based on the customs declarations submitted at customs.
	3. Betting and Gaming Taxes Revenue is recognised when taxes are declared in the tax payers returns during the financial year.
	4. Passenger Fee Revenue is recognised when taxes are declared in the tax payers returns during the financial year.
Other Taxes	1. Environment Protection Fee (EPF) Revenue is recognised when taxes are declared in the tax payers returns during the financial year.
	2. Advertising Structure Fee and Special Levy on Banks Revenue is recognised when taxes are declared in the tax payers returns during the financial year.

Penalties, interests and surcharges arising in relation to taxation are recognised as revenue in the year when these charges are applied.

Revenue on tax assessments not yet settled is recognised in the financial year in which the Assessment, Objection or Appeal is finalized, that is, after the resolution of the dispute. This policy will be reviewed to align to the requirements of relevant IPSAS within the transitional period.

(ii) Transfers

(a) Fines, Penalties and Forfeits

Fines, Penalties and Forfeits are recognised on an accrual basis.

(b) Grants and Aid

Grants and Aid consist of Grants from Foreign Governments, International Organisations and Other General Government Units.

These grants are recognised on an accrual basis.

NOTES TO THE FINANCIAL STATEMENTS

(c) Other Transfers

Other transfers include:

- Transfer of surplus cash balances from statutory bodies and special funds and any contributions made by a party to Government. These are recognised on a cash basis.

- Contribution in respect of Tourism Development Projects on State Lands. These are recognised on cash basis.

- Concessionary Loans
  The difference between loan proceeds and the fair value of the loan on initial recognition is recognised as revenue.

- Goods in-kind
  Goods in-kind are measured at fair value as at the date of acquisition and recognised on obtaining control of the asset if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Government and can be measured reliably.

- Debt Forgiveness
  Debts written off by Development Partners and Donor Agencies are recognised as revenue when the debt no longer meets the definition of a liability.

(iii) Social Contributions

Social Contributions is recognised on an accrual basis.

2.22 Revenue from Exchange Transactions

Revenue from exchange transactions consist of Licences, Finance Income, Dividends, Rent and Royalties, Sales of Goods and Services and Other Revenue.

Revenues are recognised on an accrual basis.

2.23 Expenses

(i) Subsidies and Grants

Subsidies and Grants to Local Authorities, Extra Budgetary Units, Rodrigues Regional Assembly and Other General Government Units are recognised when payments are made.

Contributions to International/Regional Organisations are recognised in the period to which they relate.

(ii) Social Benefits

Social benefits are recognised in the period to which they relate.

NOTES TO THE FINANCIAL STATEMENTS

(iii) Operating Expenses

These are recognised in the period when goods are received or services are rendered.
Operating expenses include leases which are short term, normally for one year and of low value in nature and are expensed in surplus or deficit (Refer to 2.13 Leases).

(iv) Other Expenses

Other expenses, except for other transfer payments are recognised on an accrual basis.

All transfer payments, except those made to Regional/International Organisations and Insurance and Compensation arising out of Government liability are recognised on a cash basis. Transfers made to Regional/International Organisations are recognised in the period when goods are received or services are rendered.

(v) Finance Costs

Finance costs include interest expense on financial liabilities and leases and management charges.

Interest expense on financial liabilities are measured at amortised cost and are recognised using the effective interest rate method.

Interest expense on lease liability is the amount that produces a constant periodic discount rate of interest on the remaining balance of lease liability (Refer to 2.18 Lease Liabilities).

Management charges have been recognised on an accrual basis.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements includes the use of accounting estimates and management assumptions and judgement. It also requires management to exercise its judgement in the process of applying accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant, include, but are not limited to: estimation of Receivables , loss allowance for expected credit losses on Receivables, selection of useful lives and the depreciation/amortisation method for Property Plant and Equipment, Intangible Assets and right-of-use assets, estimating the fair value of certain categories of Property Plant and Equipment, Biological Assets, Investments, actuarial measurement of post-employment benefit obligations, assumptions used in calculating the fair value of Government Debt for which there is no observable market price, assumptions in measuring Loans at amortised cost and expect credit loss on Loans, estimation to compute the value for Financial Guarantee Liabilities and discount rate for the computation of Lease Liabilities. The actual results could differ from those estimates. Changes in estimates are reflected in the period in which they become known.

NOTES TO THE FINANCIAL STATEMENTS

4. CASH AND CASH EQUIVALENTS

The total cash and cash equivalents are made up as follows:

	30 June 2023	30 June 2022
	Rs	Rs
Cash and Bank balances	21,379,023,951	18,928,625,991
Remittances	3,423,494,561	2,744,429,139
Total	**24,802,518,512**	**21,673,055,130**
Comprising :		
Local currency balances	20,331,325,178	19,037,456,885
Foreign currency balances - at local banks	4,414,103,490	2,573,682,737
Foreign currency balances - at external banks	57,089,844	61,915,508

As at 30 June 2023, there is no significant cash and cash equivalents balances that are not available for use.

Cash and cash equivalents include an amount of Rs 14,747,580,422 (2022 (restated): Rs 15,991,244,313) for Special Funds.

Non-cash transactions

For non-cash transactions relating to loans, lease liabilities and Government Debt , refer to Note 7 Loans and Advances, Note 19 Lease Liabilities and Note 20 Government Debt respectively.

Non-cash transactions also include the following:

	30 June 2023	30 June 2022
	Rs	Rs
Donated Property, Plant and Equipment	68,919,411	13,637,541
Conversion of Advances to Equity Instruments	-	680,000,000
Others	55,201,448	26,755,652

5. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	30 June 2023	30 June 2022 (Restated)
	Rs	Rs
Taxes on Income and Profits	11,089,274,627	9,859,386,370
Taxes on Property	15,786,267	16,079,254
Taxes on Goods and Services	9,475,496,721	7,749,512,299
Taxes on International Trade and Transactions	2,030,794	2,007,884
Other Taxes	173,870,749	155,590,237
Fines, Penalties and Forfeits	125,960,381	112,005,878
Social Contributions	1,070,127,766	1,018,299,607
Other Transfers	-	62,898,000
	21,952,547,305	18,975,779,529
Less: Loss Allowance	(665,585,759)	(593,519,713)
Total	**21,286,961,546**	**18,382,259,816**
- Within one year	10,012,450,181	8,232,278,491
- After one year	11,274,511,365	10,149,981,325
Total	**21,286,961,546**	**18,382,259,816**

NOTES TO THE FINANCIAL STATEMENTS

The above excludes some Rs 31.8 billion representing disputed cases at the MRA. The outcome of such cases have not yet been determined.

The ageing of receivables from non-exchange transactions are as follows:

	30 June 2023	30 June 2022 (Restated)
	Rs	Rs
Current Due	11,626,719,499	9,194,388,626
Past Due:		
Less than 1 year	627,699,136	491,304,039
Between 1 to 5 years	5,670,962,241	5,111,610,087
Between 5 to 10 years	2,017,655,704	2,438,278,813
Over 10 years	1,343,924,966	1,146,678,251
Total	**21,286,961,546**	**18,382,259,816**

During the financial year 2022-2023, an amount of Rs 200,350,804 (2022: Rs 339,654,694) was written off. Out of this amount, an amount of Rs 14,371,974 (2022: Rs 18,135,133) was charged directly through surplus or deficit as no loss allowance in respect of these amounts were previously recognised (Refer to Note 35). The remaining amount of Rs 185,978,830 (2022: Rs 321,519,561) was written off against loss allowance (Refer to table below).

The changes in loss allowance in respect of receivables from non-exchange transactions are as follows:

	30 June 2023	30 June 2022
	Rs	Rs
Loss Allowance as at 01 July	593,519,713	541,787,787
Receivables Write-Off	(185,978,830)	(321,519,561)
Impairment Loss	258,044,876	373,251,487
Loss Allowance as at 30 June	**665,585,759**	**593,519,713**

No loss allowance has been provided on the amount of Rs 593,743,247 in respect of Excise Duty and VAT on petroleum products, due within one year as the importer has a period of 30 days from the date of importation to pay such taxes as per the Customs Act. These amount were settled in July 2023.

As at 30 June 2022, an amount of Rs 62,898,000 was reclassified from *Sales of Goods and Services* (Exchange Transactions) to *Other Transfers* (Non-Exchange Transactions), following new information received from Ministries/Departments.

6. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	30 June 2023	30 June 2022 (Restated)
	Rs	Rs
Licences	75,481,767	83,461,361
Finance Income	1,456,508	548,689
Rent and Royalties	1,151,065,553	1,096,698,099
Sales of Goods and Services	231,015,354	235,516,034
Other Revenue	307,190,461	195,488,838
	1,766,209,643	1,611,713,021
Less: Loss Allowance	(452,437,180)	(141,227,622)
Total	**1,313,772,463**	**1,470,485,399**

NOTES TO THE FINANCIAL STATEMENTS

	30 June 2023	30 June 2022 (Restated)
	Rs	Rs
- Within one year	834,205,721	900,606,973
- After one year	479,566,742	569,878,426
Total	**1,313,772,463**	**1,470,485,399**

The ageing of receivables from exchange transactions are as follows:

	30 June 2023	30 June 2022 (Restated)
	Rs	Rs
Current Due	158,022,125	44,447,903
Past Due:		
Less than 1 year	91,700,994	92,554,780
Between 1 to 5 years	1,000,515,758	1,267,451,032
Between 5 to 10 years	54,059,297	51,403,358
Over 10 years	9,474,289	14,628,326
Total	**1,313,772,463**	**1,470,485,399**

During the financial year 2022-2023, an amount of Rs 41,107,255 (2022: Rs 53,049,473) was written off. Out of this amount, an amount of Rs 16,602,780 (2022: Rs 2,600) was charged directly through surplus or deficit as no loss allowance in respect of these amounts were previously recognised (Refer to Note 35). The remaining amount of Rs 24,504,475 (2022: Rs 53,046,873) was written off against loss allowance (Refer to table below).

The changes in the loss allowance in respect of receivables from exchange transactions are as follows:

	30 June 2023	30 June 2022 (Restated)
	Rs	Rs
Loss Allowance as at 1 July	141,227,622	149,939,105
Receivables Write-Off	(24,504,475)	(53,046,873)
Impairment Loss	335,714,033	44,335,390
Loss Allowance as at 30 June	**452,437,180**	**141,227,622**

Refer to Note 39(i) for details on the prior year adjustments.

As at 30 June 2022, *Sales of Goods and Services* was amended from Rs 298,757,572 to Rs 235,516,034 due to the reclassification of Rs 343,539 to *Rent and Royalties* (Exchange Transactions) and of Rs 62,898,000 to *Other Transfers* (Non-Exchange Transactions), following new information received from Ministries /Departments. Subsequently, *Rent and Royalties* was amended from Rs 1,096,354,560 to Rs 1,096,698,099.

NOTES TO THE FINANCIAL STATEMENTS

7. LOANS AND ADVANCES

	30 June 2023			30 June 2022		
					(Restated)	
	Current Rs	Non-Current Rs	Total Rs	Current Rs	Non-Current Rs	Total Rs
Loans	3,399,379,904	7,019,346,459	10,418,726,363	309,714,885	9,556,483,226	9,866,198,111
Advances	932,015,525	2,317,390,707	3,249,406,232	943,314,350	3,188,200,013	4,131,514,363
Total	**4,331,395,429**	**9,336,737,166**	**13,668,132,595**	**1,253,029,235**	**12,744,683,239**	**13,997,712,474**

Details of the total loans granted by the Government are provided in Statement M – Statement of all Outstanding Loans financed from Revenue as at 30 June 2023.

(i) Loans

Loans to Statutory bodies, Private bodies and Other bodies have been recognised at amortised cost for the first time in the financial statements for the financial year ended 30 June 2023 and prior years figures have been restated retrospectively.

A reconciliation of loan at amortised cost is shown below:

	Rs
Balance at 30 June 2021	**9,727,279,332**
Prior year adjustments:	
Adjustment with respect to recognising loans at amortised cost	2,782,756,134
Non-exchange expense	(3,529,279,462)
Other adjustments	83,505,814
Balance at 30 June 2021 (restated)	**9,064,261,818**
Cash Flows:	
Issue	627,748,084
Repayment	(168,787,353)
Non-cash movement:	
Non-exchange expense	(113,300,962)
Movement in interest income	541,042,690
Capitalisation of interest	31,792,072
Gains on foreign exchange transactions and revaluation	19,165,975
Balance at 30 June 2022 (restated)	**10,001,922,324**
Cash Flows:	
Issue	558,248,749
Repayment	(376,985,795)
Non-cash movement:	
Non-exchange expense	(95,871,567)
Movement in interest income	563,627,532
Capitalisation of interest	40,384,897
Write off of loan	(122,445,604)
Gains on foreign exchange transactions and revaluation	46,156,917
Balance at 30 June 2023	**10,615,037,453**

NOTES TO THE FINANCIAL STATEMENTS

	30 June 2023	30 June 2022 (Restated)
	Rs	Rs
Loans at Amortised Cost	10,615,037,453	10,001,922,324
Less: Expected Credit Loss Allowance	(196,311,090)	(135,724,213)
Loans as per *Statement A- Statement of Financial Position*	**10,418,726,363**	**9,866,198,111**

The ageing of the loans are as follows:

	30 June 2023	30 June 2022 (Restated)
	Rs	Rs
Less than 1 year	3,399,379,904	309,714,885
Between 1 to 5 years	3,946,683,793	6,785,371,718
Between 5 to 10 years	2,293,844,729	2,450,306,494
Over 10 years	778,817,937	320,805,014
Total	**10,418,726,363**	**9,866,198,111**

The changes in expected credit loss allowance in respect of loans are as follows:

	30 June 2023	30 June 2022 (Restated)
	Rs	Rs
Loss Allowance as at 01 July	135,724,213	124,745,888*
Loss Allowance for the year	60,586,877	10,978,325
Loss Allowance as at 30 June	**196,311,090**	**135,724,213**

* Expected Loss allowance on loans amounting to Rs 135,724,213 has been recognised for the first time in the financial statements for the financial year 2021-2022 and Rs 124,745,888 for prior years.

The discount rate used in calculating the present value of loan is determined by reference to market yields on weighted average rupee lending rate of banks, as prescribed by the Bank of Mauritius.

Refer to Note 39 (ii) for details on the prior year adjustments.

(ii) Advances

	30 June 2023	30 June 2022
	Rs	Rs
Government Officers (include Motor Cars and Motor Cycles Advances)	2,072,587,400	1,993,265,596
Parastatals/Local Government/Corporate Bodies	1,056,255,358	979,587,000
Ministries/Departments	120,563,474	1,158,661,767
Total	**3,249,406,232**	**4,131,514,363**

NOTES TO THE FINANCIAL STATEMENTS

8. INVESTMENTS

Details of investments are shown below:

	30 June 2023	30 June 2022
	Rs	Rs
Equity Investments	119,344,041,797	114,017,302,130
Redeemable Preference Shares	200,000,000	200,000,000
Other Investments	19,108,849,811	19,526,009,121
Total	**138,652,891,608**	**133,743,311,251**
- Within one year	17,431,994,054	19,437,062,045
- After one year	121,220,897,554	114,306,249,206
Total	**138,652,891,608**	**133,743,311,251**

(i) Equity Investments and Redeemable Preference Shares

Fair Value of Equity Investments and Redeemable Preference Shares

The Government uses the following hierarchy for determining and measuring the fair value of investments:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Other techniques for which all inputs are observable and have a significant effect on the recorded fair value, either directly or indirectly; and
- Level 3 – Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The level of fair value measurement used for each category of investment is shown in the table below:

Category	Level	Basis
Quoted Investments	Level 1	Based on market prices of shares on the Stock Exchange of Mauritius as at the end of the financial year.
Unquoted Investments	Level 3	Based on the Net Asset figures from the latest audited financial statements of investees except for Côte d'Or International Racecourse and Entertainment Complex Ltd, ISM Ltd and National Fishing Company Ltd, where their costs have been deemed to be their market value as no audited financial statements are available.
Equity Participation	Level 3	Based on the Net Asset figure from the latest audited financial statements of investees.

NOTES TO THE FINANCIAL STATEMENTS

Category	Level	Basis
Redeemable Preference Shares	Level 3	Based on the value disclosed in the latest audited financial statements of investees.

The table below shows an analysis of equity investments and redeemable preference shares mandatorily measured at fair value through surplus or deficit, by the level of hierarchy:

	Level 1	Level 3	Total Carrying Amount	Total Fair Value
30 June 2023	**Rs**	**Rs**	**Rs**	**Rs**
Quoted investments	672,946,849	-	672,946,849	672,946,849
Unquoted investments	-	88,945,434,775	88,945,434,775	88,945,434,775
Equity participation	-	29,725,660,173	29,725,660,173	29,725,660,173
Redeemable Preference Shares	-	200,000,000	200,000,000	200,000,000
Total	**672,946,849**	**118,871,094,948**	**119,544,041,797**	**119,544,041,797**
30 June 2022				
Quoted investments	717,819,495	-	717,819,495	717,819,495
Unquoted investments	-	81,835,154,830	81,835,154,830	81,835,154,830
Equity participation	-	31,464,327,805	31,464,327,805	31,464,327,805
Redeemable Preference Shares	-	200,000,000	200,000,000	200,000,000
Total	**717,819,495**	**113,499,482,635**	**114,217,302,130**	**114,217,302,130**

There have been no transfers between Level 1 and 3 during the current year.

NOTES TO THE FINANCIAL STATEMENTS

A reconciliation of fair value measurements in level 3 is set out below:

	Rs
Balance at 30 June 2021	**97,426,733,400**
Additions during the year	30,942,091,665
Dividends capitalised	26,755,652
Conversion of advance into equity	680,000,000
Gains on foreign exchange transactions and revaluation	27,417,238
Disposal of investments	(13,791,119,613)
Fair value loss on investment	(1,812,395,707)
Balance at 30 June 2022	**113,499,482,635**
Additions during the year	1,472,697,332
Dividends capitalised	53,787,211
Gains on foreign exchange transactions and revaluation	57,399,544
Fair value gain on investment	3,787,728,226
Balance at 30 June 2023	**118,871,094,948**

(ii) Other Investments

Other Investments have been recognised at amortised cost.

A reconciliation of amortised cost is shown below:

	Government	Special Funds	Total
	Rs	Rs	Rs
Balance at 30 June 2021	**599,414,752**	**10,958,814,319**	**11,558,229,071**
Additions during the year	-	8,002,000,000	8,002,000,000
Redemption of fixed deposits	(4,400,000)	(40,000,000)	(44,400,000)
Movement in interest receivable	1,107,051	9,072,999	10,180,050
Balance at 30 June 2022	**596,121,803**	**18,929,887,318**	**19,526,009,121**
Additions during the year	-	-	-
Redemption of fixed deposits	(4,520,000)	(550,000,000)	(554,520,000)
Movement in interest receivable	(382,675)	137,743,365	137,360,690
Balance at 30 June 2023	**591,219,128**	**18,517,630,683**	**19,108,849,811**

Additional details in respect of investments are provided in the Statement F - Statement of Investments as at 30 June 2023.

NOTES TO THE FINANCIAL STATEMENTS

9. INVENTORIES

	30 June 2023	30 June 2022
	Rs	Rs
Inventories consist of the following:		
Inventories for Distribution and Consumption	3,165,156,324	2,583,421,318
Donated inventories	5,604,690	174,800,329
Agricultural Produce and Biological Inventory	36,433,100	37,498,259
Total	**3,207,194,114**	**2,795,719,906**

Inventories amounting to Rs 2,896,259 (2022: Rs 23,802,873) was written-off during the financial year 2022-2023.

Agricultural produce harvested during the period, determined at point of harvest amounted to Rs 2,987,059.

Agricultural Produce and Biological Inventory amounting to Rs 4,720,263 was written off during the financial year 2022-2023.

Methods to determine the fair value of Agricultural Produce

The fair value of agricultural produce has been estimated by the Ministry of Agro Industry and Food Security and Ministry of Blue Economy, Marine Resources, Fisheries and Shipping and is based mainly on market prices (i.e. price set by the Ministry of Agro Industry and Food Security and Ministry of Blue Economy, Marine Resources, Fisheries and Shipping), quantity and weight.

NOTES TO THE FINANCIAL STATEMENTS

10. OTHER FINANCIAL ASSETS

	30 June 2023	30 June 2022
	Rs	Rs
IMF SDR Deposits	12,100,561,354	12,509,787,642
IMF Reserve Tranche Position	2,540,585,086	2,418,161,031
Total	**14,641,146,440**	**14,927,948,673**

IMF SDR Deposits represent the rupee equivalent of the deposit of SDR 197,605,675 (2022: SDR 207,203,854) by the IMF to the Republic of Mauritius.

IMF Reserve Tranche Position of the Republic of Mauritius with IMF stood at SDR 41,488,491 (2022: SDR 40,052,821), whilst the Quota amounted to SDR 142,200,000 (2022: SDR 142,200,000).

The movement in the Reserve Tranche is as follows:

	30 June 2023	30 June 2022
	Rs	Rs
Balance as at 01 July	**2,418,161,031**	**2,123,814,085**
Gain/(Loss) on Foreign Exchange Transactions and Revaluation	39,663,091	(16,155,956)
Transactions during the year	82,760,964	310,502,902
Balance as at 30 June	**2,540,585,086**	**2,418,161,031**

11. BIOLOGICAL ASSETS

	30 June 2023	30 June 2022 (Restated)
	Rs	Rs
Bearer Biological Assets	10,454,201	8,710,834
Consumable Biological Assets (N1)	792,705	480,329
Total	**11,246,906**	**9,191,163**

N1: Consumable Biological Assets exclude Agricultural Produce. Agricultural Produce has been recognised under Inventories (Refer to Note 9).

Reconciliation of Carrying Amount of Bearer Biological Assets

	Rs
Carrying amount at 01 July 2022	7,893,984
Reclassification from Consumable Biological Assets to Bearer Biological Assets	816,850
Carrying amount at 01 July 2022 (After Reclassification)	8,710,834
Increases due to purchases	1,549,450
Gain arising from changes in fair value attributable to physical changes	318,532
Transfer to inventories	(124,615)
Carrying amount at 30 June 2023	**10,454,201**

NOTES TO THE FINANCIAL STATEMENTS

Reconciliation of Carrying Amount of Consumable Biological Assets

	Rs
Carrying amount at 01 July 2022	778,799,359
Reclassification from Consumable Biological Assets to Property, Plant and Equipment - Other Assets	(777,502,180)
Reclassification from Consumable Biological Assets to Bearer Biological Assets	(816,850)
Carrying amount at 01 July 2022 (After Reclassification)	480,329
Gain arising from changes in fair value attributable to physical and price changes	6,863,197
Transfer to inventories	(6,550,821)
Carrying amount at 30 June 2023	**792,705**

Reclassifications have been made following new information received from Ministries/Departments.

Methods to determine the fair value of biological assets

The fair value of biological assets has been estimated by the Ministry of Agro Industry and Food Security and Ministry of Blue Economy, Marine Resources, Fisheries and Shipping and is based mainly on market prices (i.e. price set by the Ministry of Agro Industry and Food Security and Ministry of Blue Economy, Marine Resources, Fisheries and Shipping), quantity, weight and height.

Restrictions and pledges for liabilities

During the financial year 2022-2023, there were no biological assets whose title was restricted and there were no restrictions on the Government's use or capacity to sell biological assets.

During the financial year 2022-2023, no biological assets were pledged as security for liabilities.

Contractual Commitments

During the financial year 2022-2023, there were no contractual commitments for the acquisition or development of biological assets.

Financial Risk Management Strategies

The Budgetary Central Government is exposed to financial risks arising from changes in price due to disease and pest risks, climate risks (e.g flood, drought, cyclones), environmental and other risks (e.g fire in forest, thefts, power failure of pumps).

The risk management strategies put in place are as follows:

1. Disease and Pest risks
These are managed by constant monitoring for early detection of diseases and pests and surveillance by veterinary services to avoid propagation.

2. Climate risks
These are managed by planting plants with deep rooted system and suitable to agro climatic conditions and moving from traditional open field cultivation to sheltered farming system.

3. Environmental and Other risks
These are managed by putting standby generators in place to supply electrical power in case of power failure, reporting thefts and having constant watchmanship to ensure security of assets, creating fire breaks to reduce the spread of fire outbreaks.

NOTES TO THE FINANCIAL STATEMENTS

12. PROPERTY, PLANT AND EQUIPMENT

	Infrastructure, Plant and Equipment			Land and Buildings				
	Infrastructure Assets	Transport Equipment	Other Machinery & Equipment	Land	Buildings	Asset Under Construction (AUC)	Other Assets	TOTAL
	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
COST								
At 30 June 2021	**118,460,276,666**	**10,667,190,976**	**11,017,835,387**	**368,602,447,365**	**32,189,867,169**	**4,662,068,676**	**7,030,000**	**545,606,716,239**
Additions	524,069,206	1,244,982,266	988,122,946	1,115,589,212	596,580,680	3,533,102,802	900,000	**8,003,347,112**
Transfer from AUC	29,428,930	-	586,186	-	652,182,837	(682,197,953)	-	**-**
Disposal	-	(122,383,588)	(10,163,371)	-	-	-	(560,000)	**(133,106,959)**
Adjustment[1]	-	-	-	10,899,120,323	-	-	780,180,180	**11,679,300,503**
At 30 June 2022 (Restated)	**119,013,774,802**	**11,789,789,654**	**11,996,381,148**	**380,617,156,900**	**33,438,630,686**	**7,512,973,525**	**787,550,180**	**565,156,256,895**
Additions	1,272,038,927	911,152,222	1,780,064,194	952,037,752	444,330,034	5,260,863,299	3,336,149	**10,623,822,577**
Transfer from AUC	2,121,934,084	-	-	-	222,971,919	(2,344,906,003)	-	**-**
Transfer to Inventories	-	-	-	-	-		(1,613,986)	**(1,613,986)**
Disposal	**-**	(26,825,848)	(5,654,078)	-	-	-	(420,000)	**(32,899,926)**
Fair Value Gain	**-**	-	-	-	-	-	827,185,537	**827,185,537**
At 30 June 2023	**122,407,747,813**	**12,674,116,028**	**13,770,791,264**	**381,569,194,652**	**34,105,932,639**	**10,428,930,821**	**1,616,037,880**	**576,572,751,097**

NOTES TO THE FINANCIAL STATEMENTS

	Infrastructure, Plant and Equipment			Land and Buildings				
	Infrastructure Assets	Transport Equipment	Other Machinery & Equipment	Land	Buildings	Asset Under Construction (AUC)	Other Assets	TOTAL
	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
DEPRECIATION								
At 30 June 2021	**10,109,359,861**	**5,494,657,234**	**7,200,484,888**	**-**	**8,097,065,383**	**-**	**-**	**30,901,567,366**
Charge for the year	2,468,352,056	644,092,054	967,457,541	-	668,671,463	-	-	4,748,573,114
Disposal	-	(115,540,659)	(9,572,144)	-	-	-	-	(125,112,803)
At 30 June 2022	**12,577,711,917**	**6,023,208,629**	**8,158,370,285**	**-**	**8,765,736,846**	**-**	**-**	**35,525,027,677**
Charge for the year	2,556,477,038	694,642,572	1,067,860,226	-	681,941,916	-	-	5,000,921,752
Disposal	-	(26,825,848)	(5,082,351)	-		-	-	(31,908,199)
At 30 June 2023	**15,134,188,955**	**6,691,025,353**	**9,221,148,160**	**-**	**9,447,678,762**	**-**	**-**	**40,494,041,230**
Carrying Amounts								
At 30 June 2022(Restated)	**106,436,062,885**	**5,766,581,025**	**3,838,010,863**	**380,617,156,900**	**24,672,893,840**	**7,512,973,525**	**787,550,180**	**529,631,229,218**
At 30 June 2023	**107,273,558,858**	**5,983,090,675**	**4,549,643,104**	**381,569,194,652**	**24,658,253,877**	**10,428,930,821**	**1,616,037,880**	**536,078,709,867**

Adjustment[1] :

(a) Rs 10,899,120,323 relates to the Revised Land estimate, further to the Valuation Department Report as at 30 June 2022.
(b) An amount of Rs 777,502,180 has been reclassified from Consumable Biological Assets to "**Other Assets**" in respect of "Plants to maintain the Ecosystem".

1. Other Assets:

(a) The value of Other Assets (Sniffer Dogs) as at 30 June 2023 has decreased to Rs 7,300,000. The net decrease of Rs 70,000 arised from disposal of Rs 420,000 and an increase in fair value of Rs 350,000 during financial year 2022-2023.

(b) "Plants to maintain the Ecosytem" has increased in value during financial year 2022-2023 and amounts to Rs 826,835,537.

2. Donated assets amounting to Rs 68,363,395 (2022: Rs 10,754,444) have been recognised in the financial year 2022-2023.

3. Contractual commitments for the acquisition of Property, Plant and Equipment amounted to Rs 355,491,732 (2022: Rs 1,917,516,985), as at 30 June 2023.

NOTES TO THE FINANCIAL STATEMENTS

13. RIGHT-OF-USE ASSETS

	Land	Buildings	Other Equipment	Total
	Rs	Rs	Rs	Rs
COST				
At 1 July 2022	**173,811,040**	**2,059,294,630**	**10,242,991,105**	**12,476,096,775**
Additions	27,734,499	429,698,220	215,396,862	672,829,581
Adjustment*	-	(6,119,911)	-	(6,119,911)
At 30 June 2023	**201,545,539**	**2,482,872,939**	**10,458,387,967**	**13,142,806,445**
ACCUMULATED DEPRECIATION				
At 1 July 2022	**16,812,242**	**997,972,827**	**1,814,778,119**	**2,829,563,188**
Charge for the year	5,786,799	557,354,539	624,591,907	1,187,733,245
Adjustment*	-	(4,997,927)	-	(4,997,927)
At 30 June 2023	**22,599,041**	**1,550,329,439**	**2,439,370,026**	**4,012,298,506**
Carrying Amounts				
At 30 June 2022	**156,998,798**	**1,061,321,803**	**8,428,212,986**	**9,646,533,587**
At 30 June 2023	**178,946,498**	**932,543,500**	**8,019,017,941**	**9,130,507,939**

*This refers to adjustment due to termination of contract by Ministry of Education, Tertiary Education , Science and Technology.

14. INTANGIBLE ASSETS

	Licences & Software	Asset Under Development (AUD)	Total
	Rs	Rs	Rs
COST			
At 30 June 2021	**2,880,770,918**	**247,617,392**	**3,128,388,310**
Additions	186,023,897	167,527,344	353,551,241
Transfer from AUD	356,842,116	(356,842,116)	-
At 30 June 2022	**3,423,636,931**	**58,302,620**	**3,481,939,551**
Additions	154,041,539	45,183,177	199,224,716
At 30 June 2023	**3,577,678,470**	**103,485,797**	**3,681,164,267**
AMORTISATION			
At 30 June 2021	**2,244,045,953**	**-**	**2,244,045,953**
Charge for the year	223,120,277	-	223,120,277
At 30 June 2022	**2,467,166,230**	**-**	**2,467,166,230**
Charge for the year	204,457,231	-	204,457,231
At 30 June 2023	**2,671,623,461**	**-**	**2,671,623,461**
Carrying Amounts			
At 30 June 2022	**956,470,701**	**58,302,620**	**1,014,773,321**
At 30 June 2023	**906,055,009**	**103,485,797**	**1,009,540,806**

Donated assets amounting to Rs 556,016 (2022: Rs 2,883,097) have been recognised in the financial year 2022-2023.

As at 30 June 2023, contractual commitments for the acquisition of Intangible Assets amounted to Rs 9,947,768 (2022: Rs 9,947,768).

NOTES TO THE FINANCIAL STATEMENTS

15. PAYABLES

	30 June 2023 Rs	30 June 2022 Rs
Cost of Borrowings	89,107,683	36,090,982
Accounts Payable	1,634,352,175	884,183,173
Retention Money on Contracts	73,358,577	60,998,702
Carry-over of Capital Expenditure	121,905,876	194,440,980
Total	**1,918,724,311**	**1,175,713,837**
- Within one year	1,908,032,447	1,175,300,637
- After one year	10,691,864	413,200
Total	**1,918,724,311**	**1,175,713,837**

Cost of Borrowings is made up of accrued interest on re-opening of Government Securities and Management Charges payable as at 30 June. Details are as follows:

	30 June 2023 Rs	30 June 2022 Rs
Accrued Interest on Re-opening of Government Securities:		
- Government Bonds	50,776,000	16,962,000
- Treasury Notes	37,341,000	15,150,000
Management Charges payable on:		
- Domestic Debts	115,864	1,251,638
- External Debts	874,819	2,727,344
Total	**89,107,683**	**36,090,982**

	30 June 2023 Rs	30 June 2022 Rs
- Within one year	89,107,683	36,090,982
- After one year	-	-
Total	**89,107,683**	**36,090,982**

16. DEPOSITS

	30 June 2023 Rs	30 June 2022 (Restated) Rs
Grants	266,716,480	132,111,595
Deposits held with Mauritius Revenue Authority	644,858,613	382,665,480
Other Deposits	2,793,496,035	4,306,178,200
Total	**3,705,071,128**	**4,820,955,275**
- Within one year	2,684,952,599	4,042,767,046
- After one year	1,020,118,529	778,188,229
Total	**3,705,071,128**	**4,820,955,275**

NOTES TO THE FINANCIAL STATEMENTS

The amount of liabilities recognised in respect of Grants that are subject to conditions are Rs 266,716,480 (2022: Rs 132,111,595).

The figure for '*Other Deposits'* for 30 June 2022 was amended from Rs 4,444,693,860 to Rs 4,306,178,200 due to the reclassification of Rodrigues Subsidy Account to Special Funds, following amendment made in the Finance and Audit Act.

17. SOCIAL BENEFITS LIABILITIES

	30 June 2023	30 June 2022
	Rs	Rs
Balance as at 01 July	154,444,800	197,947,584
Payments made during the year	(49,170,221,173)	(37,758,702,940)
Charge for the year	49,311,170,868	37,715,200,156
Balance as at 30 June	**295,394,495**	**154,444,800**
- Within one year	295,394,495	154,444,800
- After one year	-	-
Total	**295,394,495**	**154,444,800**

Social benefits liabilities includes income support and other allowances paid to eligible recipients mainly under the Income Tax Act, The Workers' Rights Act and The Additional Remuneration and Other Allowances Act, Social Aid Act and National Pensions Act. These are mainly funded through budget appropriation but also includes financing from Special Funds.

18. PROVISIONS

The movement in Provisions relate to legal cases which are shown below:

	30 June 2023	30 June 2022
	Rs	Rs
Balance as at 01 July	50,000,000	-
First time recognition	-	50,000,000
Charge for the year	18,842,334	-
Payment	(28,842,334)	-
Balance as at 30 June	**40,000,000**	**50,000,000**

NOTES TO THE FINANCIAL STATEMENTS

19. LEASE LIABILITIES

The carrying amounts of the lease liabilities and the movements during the year are shown below:

	Rs
At 01 July 2022	11,456,743,848
Cash Flows:	
Repayment	(1,553,756,629)
Non-cash movement:	
Additions	672,829,581
Interest Accrued	692,721,172
Adjustment due to termination of contract	(1,169,873)
Balance as at 30 June 2023	**11,267,368,099**

	30 June 2023 Rs	30 June 2022 Rs
- Within one year	890,200,378	748,548,094
- After one year	10,377,167,721	10,708,195,754
Total	**11,267,368,099**	**11,456,743,848**

The maturity analysis of lease liabilities is as follows:

	30 June 2023 Rs	30 June 2022 Rs
Less than 1 year	890,200,378	748,548,094
Between 1 to 5 years	2,837,911,631	2,614,986,348
Between 5 to 10 years	3,188,681,690	3,062,652,184
Over 10 years	4,350,574,400	5,030,557,222
Total	**11,267,368,099**	**11,456,743,848**

Amounts Recognised in Statement of Financial Performance :

	30 June 2023 Rs
Depreciation expense on Right-of-Use Asset	1,187,733,245
Interest expense on Lease Liabilities	692,721,172
Expense relating to short term leases not included in the above categories (Refer to Note 34)	210,067,595
Gain on contract termination of Right-of-Use Asset	47,888
Total	**2,090,569,900**

	30 June 2023 Rs
The total cash outflow for leases for the financial year was :	
Principal	861,035,457
Interest	692,721,172
Total	**1,553,756,629**

NOTES TO THE FINANCIAL STATEMENTS

20. GOVERNMENT DEBT

	30 June 2023 Rs	30 June 2022 Rs
Domestic and External Debts (Excluding IMF SDR Allocations)		
Government Securities	366,622,083,950	339,568,743,341
Domestic Loans	345,950,038	271,722,709
External Loans	63,840,958,516	52,806,862,824
IMF SDR Allocations	14,273,956,878	14,073,119,767
Total	**445,082,949,382**	**406,720,448,641**
- Within one year	80,363,057,428	75,292,727,805
- After one year	364,719,891,954	331,427,720,836
Total	**445,082,949,382**	**406,720,448,641**

Details of the total debt of the Government are provided in Statement J - Statement of Public Sector Debt as at 30 June 2023.

A. Domestic and External Debts (Excluding IMF SDR Allocations)

	30 June 2023 Rs	30 June 2022 Rs
Balance as at 01 July	**392,647,328,874**	**380,880,889,867**
Cash Flows:		
- Issue/ Receipt	146,468,162,464	128,533,350,651
- Redeemed/ Repayment	(112,285,158,036)	(114,983,079,194)
Non-Cash Movement:		
- Direct Payments	493,342,653	982,870,254
- Capitalised Interest on Silver Bonds	40,052,989	33,802,504
- Capitalisation of Interest	2,729,815	2,507,845
- Expenses Disbursed Directly out of the Loan Proceeds	2,934,087	3,045,068
- Losses/ (Gains) on Foreign Exchange Revaluation	2,102,357,007	(3,964,635,286)
- Other Changes (N1)	1,337,242,651	1,158,577,165
Balance as at 30 June	**430,808,992,504**	**392,647,328,874**

	30 June 2023 Rs	30 June 2022 Rs
- Within one year	80,363,057,428	75,292,727,805
- After one year	350,445,935,076	317,354,601,069
Total	**430,808,992,504**	**392,647,328,874**

NOTES TO THE FINANCIAL STATEMENTS

The maturity analysis of domestic and external debt is as follows:

	30 June 2023	30 June 2022
	Rs	Rs
Less than 1 year	80,363,057,428	75,292,727,805
Between 1 to 5 years	175,857,018,338	171,344,454,620
Between 5 to 10 years	80,419,605,967	67,288,512,142
Over 10 years	94,169,310,771	78,721,634,307
Total	**430,808,992,504**	**392,647,328,874**

N 1: Other changes pertain to non-exchange revenue and interest expense.

B. IMF SDR Allocations

The rupee equivalent of the total allocation of SDR 233,097,854 (2022: SDR 233,097,854) made to the Republic of Mauritius, that is, Rs 14,273,956,878 as at 30 June 2023 (2022: Rs 14,073,119,767) is shown as liability and is also included in the Statement J - Statement of Public Sector Debt as at 30 June 2023.

21. FINANCIAL GUARANTEE LIABILITIES

	30 June 2023	30 June 2022
	Rs	Rs
Balance as at 1 July	**2,905,829,220**	**2,499,191,188**
Increases (New Guarantees)	425,685,771	520,327,393
Remeasurement	(148,325,056)	(130,723,494)
Expired*	(14,161,218)	(118,617,381)
Losses on Foreign Exchange Transactions	34,781,412	135,651,514
Balance as at 30 June	**3,203,810,129**	**2,905,829,220**
- Within one year	133,808,182	139,784,961
- After one year	3,070,001,947	2,766,044,259
Total	**3,203,810,129**	**2,905,829,220**

The maturity analysis of Financial Guarantee Liabilities is as follows:

	30 June 2023	30 June 2022
	Rs	Rs
Less than 1 year	133,808,182	139,784,961
Between 1 to 5 years	1,775,775,654	1,510,145,381
Between 5 to 10 years	902,207,604	847,334,321
Over 10 years	392,018,689	408,564,557
Total	**3,203,810,129**	**2,905,829,220**

*Financial guarantee are derecognised when the obligation under the contract is discharged, cancelled or expired.

Details of the loan guaranteed by the Government as at 30 June 2023 are provided in Statement L - Statement of Contingent Liabilities including details of any Loans, Bank Overdrafts or Credit Facilities Guaranteed by Government as at 30 June 2023.

NOTES TO THE FINANCIAL STATEMENTS

22. EMPLOYEE BENEFIT OBLIGATIONS

	30 June 2023 Rs	30 June 2022 Rs
Liability in respect of Defined Benefit Plan (Refer to Note 23)	149,859,960,526	149,859,960,526
Accrued Sick Leave	11,270,781,223	9,427,078,682
Accrued Vacation Leave	10,953,604,782	9,654,518,879
Accrued Passage Benefits	4,741,483,377	4,041,397,096
Accrued Bonus	781,652,453	992,196,922
Total	**177,607,482,361**	**173,975,152,105**
- Within one year	2,924,227,542	2,658,597,248
- After one year	174,683,254,819	171,316,554,857
Total	**177,607,482,361**	**173,975,152,105**

23. DEFINED BENEFIT PLAN

Amounts Recognised in Statement of Financial Position at End of Year:

	30 June 2023 Rs	30 June 2022 Rs
Defined Benefit Obligations	149,859,960,526*	149,859,960,526
Fair Value of Plan Assets	-	-
Liability Recognised in Statement of Financial Position at End of Year	**149,859,960,526**	**149,859,960,526**

*The last actuarial valuation was carried out as at 30 June 2022.

	30 June 2023 Rs	30 June 2022 Rs
Amounts Recognised in Statement of Financial Performance:		
Charge to Surplus or Deficit	**8,418,397,476**	**7,646,923,153**
Amounts Recognised in Statement of Net Assets or Equity:		
Remeasurements		
Net Assets or Equity	**-**	**33,810,783,877**

The plan is a defined benefit arrangement for the employees and it is unfunded.

Weighted average duration of the defined benefit obligations : 13 years
(Calculated as a % change in PV of liabilities for a 1% change in discount rate)

The plan is exposed to actuarial risks such as longevity risk, salary increase risk and pension increase risk.

The cost of providing the benefits is determined using the Projected Unit Method. The principal assumptions used for the purpose of the actuarial valuation were as follows:

NOTES TO THE FINANCIAL STATEMENTS

	30 June 2023	30 June 2022
Discount Rate	5.15%	5.15%
Future Salary Increases	2.50%	2.50%
Future Pension Increases	1.50%	1.50%
Mortality before Retirement	Nil	Nil
Mortality in Retirement	PA (90) Tables rated down by 2 years	
Retirement Age	65 years	

The discount rate is determined by reference to market yields on bonds for the year ended 30 June 2022.

Significant actuarial assumptions for determination of the defined benefit obligations are discount rate and expected salary increase. The sensitivity analyses below have been determined based reasonably on possible changes of the assumptions occurring as at 30 June 2022.

- If the discount rate would be 100 basis points (one percent) higher (lower), the defined benefit obligations would decrease by Rs 17,144 million (increase by Rs 21,267 million) if all other assumptions were held unchanged.

- If the expected salary growth would increase (decrease) by 1%, the defined benefit obligations would increase by Rs 8,880 million (decrease by Rs 7,590 million) if all assumptions were held unchanged.

- If life expectancy would increase (decrease) by one year, the defined benefit obligations would increase by Rs 4,483 million (decrease by Rs 4,469 million) if all assumptions were held unchanged.

There may be interrelationships between the assumptions, especially between discount rate and expected salary increases, given that both depend to a certain extent on expected inflation rates. The analysis above abstracts from these interdependence between the assumptions.

24. NET ASSETS/EQUITY

The Net Assets/Equity is the net position of the Government after deducting all its liabilities from its assets at end of the year and comprises the following:

a) Consolidated Fund (Cash basis);
b) Accumulated (Deficit)/Surplus; and
c) Special Funds.

The value of Net Assets/Equity of the Government as at 30 June 2023 amounted to Rs 120,740,005,506 (2022 (Restated): Rs 146,073,835,681). The movement in the Net Assets/Equity is provided in Statement AC – Statement of Changes in Net Assets or Equity for the financial year 2022-2023.

(a) Consolidated Fund

Consolidated Fund has been established by Section 103 of the Constitution of the Republic of Mauritius. In accordance with Section 3 of the Finance and Audit Act, the Consolidated Fund has, during the year under review been:

(i) credited with all the revenues of the Government and all other money properly accruing to it; and
(ii) charged only with expenses on the authority of warrant issued by the Minister of Finance.

NOTES TO THE FINANCIAL STATEMENTS

According to Section 104(4) of the Constitution and Sections 3(4)(a) and 3(4)(b) of the Finance and Audit Act, the Consolidated Fund should consider the following:

(a) The cash balance in respect of the Consolidated Fund (excluding Deposits and Special Funds) held at the Bank of Mauritius or in a commercial bank for day to day cash requirements;

(b) Deposit of money with a bank; and

(c) Investments with a financial institution, fund or in such securities as may be approved by the Minister.

(b) Accumulated (Deficit)/Surplus

This represents the accumulated deficit to date for the Government after making necessary adjustments for accrual accounting which is provided in Statement AC – Statement of Changes in Net Assets or Equity for the financial year 2022- 2023.

(c) Special Funds

These are monies deposited with the Accountant-General by the various funds set up under the Finance and Audit Act. The total balance of Special Funds as at 30 June 2023 disclosed in Statement H – Statement of Special Funds Deposited with the Accountant-General as at 30 June 2023 amounted to Rs 33,079,580,422 and comprise of fixed deposits at cost and cash balances to the amount of Rs 18,332,000,000 and Rs 14,747,580,422 respectively. Details of Special Funds are provided in Statement H – Statement of Special Funds Deposited with the Accountant-General as at 30 June 2023.

Fixed deposits of Special Funds are recognised at amortised cost in the financial statements. The total balance of Special Funds in the Statement of Financial Position includes investments at amortised cost and amounted to Rs 33,265,211,104 (2022(Restated): Rs 34,921,131,631). The balance of Special Funds as at 30 June 2022 was amended due to the reclassification of Rodrigues Subsidy Account from Deposits to Special Funds, following amendment made in the Finance and Audit Act.

A reconciliation of the figure in fixed deposits by Special Funds disclosed in Statement H – Statement of Special Funds Deposited with the Accountant-General as at 30 June 2023 to the figure reported under 'Special Funds' in Statement A – Statement of Financial Position as at 30 June 2023 is shown as follows:

	Year ended 30 June 2023 Rs	Year ended 30 June 2022 Rs
Opening Balance (at cost)	**18,882,000,000**	**10,920,000,000**
Additions during the year	-	8,002,000,000
Redemption of fixed deposits	(550,000,000)	(40,000,000)
Closing Balance (at cost)	18,332,000,000	18,882,000,000
Total interest receivable	185,630,683	47,887,318
Closing Balance (at amortised cost)	**18,517,630,683**	**18,929,887,318**

NOTES TO THE FINANCIAL STATEMENTS

25. TAXATION

	Year Ended 30 June 2023	Year Ended 30 June 2022
	Rs	Rs
Taxes on Income and Profits	42,623,382,444	33,959,578,569
Taxes on Property	40,119,562	33,772,617
Taxes on Goods and Services	83,413,991,861	69,216,078,724
Taxes on International Trade and Transactions	1,825,221,519	1,526,118,366
Other Taxes	1,747,492,190	1,430,860,309
Total	**129,650,207,576**	**106,166,408,585**

26. GRANTS AND AID

	Year Ended 30 June 2023	Year Ended 30 June 2022
	Rs	Rs
Grants from Foreign Governments	1,849,272,992	1,729,775,550
Grants from International Organisations	243,332,112	110,638,968
Grants from Other General Government Units	29,698,731	1,039,999,876
Total	**2,122,303,835**	**2,880,414,394**

27. OTHER TRANSFERS

	Year Ended 30 June 2023	Year Ended 30 June 2022 (Restated)
	Rs	Rs
Contribution in respect of Tourism Development Projects on State Lands	28,125,000	23,610,000
Concessionary Loans	334,849,978	239,845,251
Goods in-kind	90,597,171	285,267,995
Others	65,000,000	162,898,000
Total	**518,572,149**	**711,621,246**

NOTES TO THE FINANCIAL STATEMENTS

28. LICENCES

	Year Ended 30 June 2023 Rs	Year Ended 30 June 2022 Rs
Road Motor Vehicle Licences	1,806,832,770	1,802,014,171
Company and Other Licences	1,243,179,127	924,215,931
Total	**3,050,011,897**	**2,726,230,102**

29. DIVIDENDS

	Year Ended 30 June 2023 Rs	Year Ended 30 June 2022 Rs
Dividends from Quoted and Unquoted Investments	491,763,961	652,434,612
Similar Distributions from Quasi Corporations	798,589,061	8,444,795,232
Total	**1,290,353,022**	**9,097,229,844**

30. OTHER REVENUE

	Year Ended 30 June 2023 Rs	Year Ended 30 June 2022 Rs
Civil Service Family Protection Scheme	333,893,752	347,681,352
Miscellaneous Revenue	242,272,441	191,233,206
Total	**576,166,193**	**538,914,558**

31. EMPLOYEE COSTS

	Year Ended 30 June 2023 Rs	Year Ended 30 June 2022 Rs
Wages, Salaries, Compensations and Allowances	29,240,923,846	29,214,988,589
Contributions to Defined Contribution Plan, Family Protection Scheme, National Savings Fund and Social Contributions	2,119,886,018	2,028,372,299
Amount Recognised in respect of Defined Benefit Plans (Note 23)	8,418,397,476	7,646,923,153
Other Employee Benefits	9,560,219,710	8,188,702,619
Total	**49,339,427,050**	**47,078,986,660**

Other employee benefits include cash in lieu of vacation leave, cash in lieu of sick leave, passage benefits, cash in lieu of passage benefits, gratuity, travelling and transport, staff welfare amongst others.

NOTES TO THE FINANCIAL STATEMENTS

32. GRANTS

	Year Ended 30 June 2023 Rs	Year Ended 30 June 2022 Rs
Donations and Contributions	544,975,693	426,298,673
Capital Grants	10,188,824,906	13,701,825,343
Current Grants	27,628,052,412	24,655,982,719
Total	**38,361,853,011**	**38,784,106,735**

33. SOCIAL BENEFITS

	Year Ended 30 June 2023 Rs	Year Ended 30 June 2022 Rs
Pension (Retirement, Widow, Invalid and Others)	41,252,755,811	36,497,418,816
Other Social Benefits	8,058,415,057	1,217,781,340
Total	**49,311,170,868**	**37,715,200,156**

34. OPERATING EXPENSES

	Year Ended 30 June 2023 Rs	Year Ended 30 June 2022 Rs
Cost of Utilities	939,236,139	857,641,984
Fuel and Oil	429,225,395	308,254,864
Rental Expense*	430,090,987	1,152,083,915
Office Expenses	126,805,029	122,320,626
Maintenance	1,526,378,454	1,310,032,264
Cleaning Services	915,498,277	955,525,606
Medical Supplies, Drugs and Scientific Equipment	2,999,260,928	2,999,005,005
Travelling and Mission Expenses	216,975,106	611,526,249
Other Operating Expenses	4,021,856,734	3,928,289,267
Total	**11,605,327,049**	**12,244,679,780**

* Rental Expense includes an amount of Rs 210,067,595 in respect of short-term lease.

NOTES TO THE FINANCIAL STATEMENTS

35. OTHER EXPENSES

	Year Ended 30 June 2023	Year Ended 30 June 2022 (Restated)
	Rs	Rs
Transfers	3,448,660,695	2,548,019,485
Insurance	14,994,397	26,456,745
Compensation arising out of Government Liability	18,842,334	19,513,050
Refund/Payment of taxes icw projects and schemes financed by Development Partners or under Special Programmes	192,901,121	212,908,682
Impairment Loss on Receivables from Exchange Transactions (N1)	335,714,033	41,872,126
Impairment Loss on Receivables from Non-Exchange Transactions (N2)	258,044,876	373,251,487
Impairment Loss – Exchange Transactions (Local Loans)	60,586,877	10,978,325
Receivables from Exchange Transactions Write-Off (N1)	16,602,780	2,600
Receivables from Non-Exchange Transactions Write-Off (N2)	14,371,974	18,135,133
Loans, Advances and Inventories Write-Off	131,467,033	23,802,873
Concessionary Loans	95,871,567	113,300,962
Others	1,167,633,247	1,255,593,312
Total	**5,755,690,934**	**4,643,834,780**

N1: Refer to Note 6 – Receivables from Exchange Transactions
N2: Refer to Note 5 – Receivables from Non-Exchange Transactions

36. FINANCE COSTS

	Year Ended 30 June 2023	Year Ended 30 June 2022
	Rs	Rs
Interest Expense on Domestic Debt	14,247,490,432	12,490,015,511
Interest Expense on External Debt	1,926,785,832	1,896,900,390
Interest Expense on Lease	692,721,172	-
Management Charges	33,238,182	12,683,004
Total	**16,900,235,618**	**14,399,598,905**

NOTES TO THE FINANCIAL STATEMENTS

37. TRANSACTIONS WITH INTERNATIONAL FINANCIAL ORGANISATIONS

(i) IMF- Treasury Notes

Pursuant to Section 4(3) of the International Financial Organisations Act, non-interest bearing demand notes have been issued by the Government to the IMF, as part of the Quota subscription of the Republic of Mauritius. The value of the notes as at 30 June 2023 stood at Rs 6,092,370,000 (2022: Rs 5,911,380,000).

(ii) Other International Financial Organisations

Pursuant to Section 4(3) of the International Financial Organisations Act, the Government has also issued non-negotiable securities to the International Development Association. The value of securities as at 30 June 2023 stood at Rs 9,196,738 (2022: Rs 9,196,738).

38. COMPARISON OF BUDGET AND ACTUAL AMOUNTS

The approved budget is in respect of revenue estimates and Government expenditure, both recurrent and capital, appropriated by votes for the financial year 2022-2023. The original estimates of expenditure amounting to Rs 152,000 million (2022: Rs 145,700 million) were passed by the National Assembly on 29 June 2022 and Supplementary Estimates amounting to Rs 5,417 million (2022: Rs 9,500 million) were passed on 12 April 2023.

The Statements AE and AF - Statement of Comparison of Budget Estimates and Actual Amounts for the financial year 2022-2023 are prepared on the same basis as the budget.

(i) Explanation between Original and Total Provisions (Final Budget)

The amounts presented under '*Total Provisions'* in - Statements AE and AF - Statement of Comparison of Budget Estimates and Actual Amounts for the financial year 2022-2023 differed from the original estimates as there was a Supplementary Estimates approved and also funds were transferred or re-allocated in accordance with the Virement Rules.

(ii) Explanation of material differences between Original Estimates and Actual Amounts

The table hereunder provides the explanation for material variances:

Budget line item	Variance amount Rs	Variance percentage	Explanation
Recurrent Revenue	(1,801,297,242)	(1.2%)	The shortfall in recurrent revenue was mainly due to the following: (i) delays in the implementation of grant-funded projects; (ii) lower remittance of surplus cash balance by the Financial Services Commission; and

NOTES TO THE FINANCIAL STATEMENTS

Budget line item	Variance amount Rs	Variance percentage	Explanation
			(iii) lower receipts under Contribution Sociale Généralisée; The lower revenue was partly offset by higher collection from Income Tax and Value Added Tax.
Recurrent Expenditure	3,610,403,136	2.3%	Recurrent expenditure was higher mainly due to: (i) increase in employee costs following the award of the 2023 Salary Compensation of Rs 1,000 monthly to employees as from January 2023; higher request from Civil Servants for encashment of their accumulated passage benefits; and payment of overtime; (ii) increase in the prices of medical and laboratory supplies; (iii) increase in interest rates on Government Securities following the surge in Key Rate; (iv) contribution towards the Bus Companies Recovery Account for the provision of subsidy to bus operators on diesel price; (v) increase in grants to Rodrigues Regional Assembly, Local Authorities, Private Secondary Education Authority and Higher Education Commission to enable them to meet their operating costs and other financial obligations. These higher expenditures were partly offset by funds that were appropriated for contingencies as well as underspending on gratuities and basic pensions.
Capital Revenue	161,156,421	9.4%	Capital revenue was higher due to grant received in respect of Metro Express Project.
Capital Expenditure	1,669,069,618	9.1%	Capital expenditure was higher mainly due to transfers to Special Funds namely (i) COVID-19 Projects Development Fund to finance the gap in the subsidy component in connection with the construction of the Social Housing Project; (ii) National Environment and Climate Change Fund for construction of the waterfront project at Deux Frères; and (iii) National Resilience Fund to finance ongoing schemes. These were partly offset by lower expenditure on some capital projects such as construction of roads, hospitals, Mauritius Disciplined Forces Academy and Civil Service College; acquisition of coastal radar surveillance system and geotechnical equipment; pipe replacement and water distribution programme; and other projects

NOTES TO THE FINANCIAL STATEMENTS

Budget line item	Variance amount Rs	Variance percentage	Explanation
			implemented by the Rodrigues Regional Assembly and Local Authorities.
Net Acquisition of Financial Assets	20,525,237,330	107%	The increase in net acquisition of financial assets was due to delays in the disposal of shares held by Government in certain companies. This was partly offset by lower equity injection in connection with the implementation of Metro Express Project and Sewerage projects.

NOTES TO THE FINANCIAL STATEMENTS

39. PRIOR YEAR ADJUSTMENTS

Prior year adjustments are required as a result of (i) changes in the accounting basis, following the adoption of IPSAS 33 – First-time Adoption of Accrual Basis IPSASs, and (ii) reclassifications of certain amounts presented.

These adjustments have been made to the carrying amounts of items presented in the Statement A - Statement of Financial Position as at 30 June 2023 and Statement AC - Statement of Changes in Net Assets or Equity for the financial year 2022-2023. These changes have also resulted in the restatement of certain amounts presented in the Statements AA and AB - Statement of Financial Performance for the financial year 2022-2023.

(i) Receivables from Exchange Transactions

Receivables from Exchange Transactions was overstated by Rs 127,637,176 in the financial year 2021-2022. The amount of Rs 127,637,176 includes a balance of Rs 126,521,276 with regard to adjustment to recognising loans at amortised cost and an amount of Rs 1,115,900 in respect of expected credit losses for the financial year 2021-2022. In this respect, relevant adjustments have been made to restate the comparative figures. An adjustment of Rs 904,830,751 was made relating to the transfer of arrears interest from receivables to loans for the financial year 2020-2021. An amount of Rs 2,463,263 in respect of loss allowance on receivables has been recognised for the financial year 2020-2021.

(ii) Loans and Advances

Loans have been recognised at amortised cost instead of cost for the first time in the financial statements for the year ended 30 June 2023. In this respect, the prior year figures have been restated retrospectively by Rs 787,763,401 and Rs 422,468,180 for the financial year 2020-2021 and 2021-2022, respectively. The amount of Rs 787,763,401 includes a balance of Rs 746,523,327 with regard to adjustment to recognising loans at amortised cost for the financial year 2020-2021 and an amount of Rs 124,745,888 in respect of expected credit losses has been recognised for the first time for the financial year 2020-2021.

(iii) Leases

During the financial year 2022-2023, the Government has made early adoption of IPSAS 43-Leases. This has resulted in restatement of comparative figures for the first-time recognition of right-of-use assets amounting to Rs 9,646,533,587 and Lease Liabilities amounting to Rs 11,456,743,848. The difference between the amount recognised for right-of-use assets and Lease Liabilities has impacted on the Accumulated (deficit)/surplus.

The new accounting policies provide a fair presentation and more relevant information in accordance with international best practice.

NOTES TO THE FINANCIAL STATEMENTS

The effects of the above changes are illustrated below:

	30 June 2022	Increase/ (Decrease)	30 June 2022 (Restated)
	Rs	Rs	Rs
Statement of Financial Performance (Classification of Expenses by Nature) (extract)			
Revenue			
Revenue from Non-Exchange Transactions			
Other Transfers*	648,723,246	62,898,000	711,621,246
Revenue from Exchange Transactions			
Finance Income**	336,107,539	420,226,192	756,333,731
Rent and Royalties*	1,490,393,138	343,539	1,490,736,677
Sales of Goods and Services*	1,763,287,464	(63,241,539)	1,700,045,925
Expenses			
Other Expenses**	4,518,439,592	125,395,188	4,643,834,780

* The Increase/(Decrease) for Other Transfers, Rent and Royalties and Sales of Goods and Services does not pertain to restatements and are reclassification between line items.

Revenue from Non-Exchange Transactions

As at 30 June 2022, an amount of Rs 62,898,000 was reclassified from *Sales of Goods and Services* (Exchange Transactions) to *Other Transfers* (Non-Exchange Transactions), following new information received from Ministries/Departments.

Revenue from Exchange Transactions

As at 30 June 2022, *Sales of Goods and Services* was amended from Rs 1,763,287,464 to Rs 1,700,045,925 due to the reclassification of Rs 343,539 to *Rent and Royalties* (Exchange Transactions) and of Rs 62,898,000 to *Other Transfers* (Non-Exchange Transactions), following new information received from Ministries /Departments. Subsequently, *Rent and Royalties* was amended from Rs 1,490,393,138 to Rs 1,490,736,677.

**This relates to changes resulting from adoption from new accounting basis.

NOTES TO THE FINANCIAL STATEMENTS

	30 June 2022 (Adjusted) Rs	Increase/ (Decrease) Rs	30 June 2022 (Restated) Rs	30 June 2021 Rs	Increase/ (Decrease) Rs	01 July 2021 (Restated) Rs
Statement of Financial Position (extract)						
ASSETS						
Receivables from Non-Exchange Transactions (N1)	18,319,361,816	62,898,000	18,382,259,816	16,875,943,831	-	16,875,943,831
Receivables from Exchange Transactions (N2)*	1,661,020,575	(190,535,176)	1,470,485,399	2,183,739,765	(907,294,014)	1,276,445,751
Loan and Advances (N3)*	13,575,244,294	422,468,180	13,997,712,474	13,825,141,057	(787,763,401)	13,037,377,656
Biological Assets (N1)	786,693,343	(777,502,180)	9,191,163	-	-	-
Property, Plant and Equipment (N1)	528,853,727,038	777,502,180	529,631,229,218	514,705,148,873	-	514,705,148,873
Rights-of-Use-Assets*	-	9,646,533,587	9,646,533,587	-		-
LIABILITIES						
Deposits (N1)	4,959,470,935	(138,515,660)	4,820,955,275	8,424,941,885	-	8,424,941,885
Lease Liabilities*	-	11,456,743,848	11,456,743,848	-	-	-
NET ASSETS/EQUITY						
Accumulated (Deficit)/ Surplus	25,201,717,095	(1,515,379,257)	23,686,337,838	69,231,335,545	(1,695,057,415)	67,536,278,130
Special Funds (N1)	34,782,615,971	138,515,660	34,921,131,631	36,526,471,482	-	36,526,471,482

Notes:

N1 : The Increase/(Decrease) for the FY 2021-2022 are not restatements and pertains to reclassifications between line items of the Statement of Financial Position.
N2: The Decrease of Rs 190,535,176 for FY 2021-2022 comprise Rs 62,898,000 in respect of reclassification to Receivables from Non- Exchange Transactions and Rs 127,637,176 which is a restatement in respect of recognition of loans and advances at amortised cost and expected credit losses.
N3: The Decrease of Rs 787,763,401 for FY 2020-2021 comprise Rs 746,523,327 with regard to adjustment to recognising loans at amortised cost, Rs 124,745,888 for expected credit losses and Rs 83,505,814 in respect of reclassification of arrears interest from receivables to loan.
* includes changes resulting from adoption of new accounting basis.

NOTES TO THE FINANCIAL STATEMENTS

40. IPSAS 33 - OPENING STATEMENTS

IPSAS adoption has been gradual since 2016 and thus the statements below show the opening balances as of 01 July 2022 and the related reconciliations:

(i) Opening Statement of Financial Position as at 01 July 2022

	Closing Balance Previous Accounting Policies 30 June 2022	Reclassifications	IPSAS Adjustments	Opening Statement of Financial Position 01 July 2022
	Rs	Rs	Rs	Rs
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	21,673,055,130	-	-	21,673,055,130
Receivables from Non-Exchange Transactions	8,396,838,180	(164,559,689)	-	8,232,278,491
Receivables from Exchange Transactions	276,255,673	-	624,351,300	900,606,973
Loans and Advances	3,131,732,958	-	(1,878,703,723)	1,253,029,235
Investments	19,432,000,104	5,061,941	-	19,437,062,045
Inventories	2,795,719,906	-	-	2,795,719,906
Prepayments	40,903,469	-	-	40,903,469
	55,746,505,420	(159,497,748)	(1,254,352,423)	54,332,655,249
NON-CURRENT ASSETS				
Receivables from Non-Exchange Transactions	9,922,523,636	227,457,689	-	10,149,981,325
Receivables from Exchange Transactions	2,292,058,916	(62,898,000)	(1,659,282,490)	569,878,426
Loans and Advances	11,231,274,737	-	1,513,408,502	12,744,683,239
Investments	114,311,311,147	(5,061,941)	-	114,306,249,206
Other Financial Assets	14,927,948,673	-	-	14,927,948,673
Biological Assets	786,693,343	(777,502,180)	-	9,191,163
Property, Plant and Equipment	528,853,727,038	777,502,180	-	529,631,229,218
Right-of-Use Assets	-	-	9,646,533,587	9,646,533,587
Intangible Assets	1,014,773,321	-	-	1,014,773,321
	683,340,310,811	159,497,748	9,500,659,599	693,000,468,158
Total Assets	**739,086,816,231**	**-**	**8,246,307,176**	**747,333,123,407**

NOTES TO THE FINANCIAL STATEMENTS

	Closing Balance Previous Accounting Policies	Reclassifications	IPSAS Adjustments	Opening Statement of Financial Position
	30 June 2022			01 July 2022
	Rs	Rs	Rs	Rs
LIABILITIES				
CURRENT LIABILITIES				
Payables	1,175,300,637	-	-	1,175,300,637
Deposits	4,181,282,706	(138,515,660)	-	4,042,767,046
Social Benefits Liabilities	154,444,800	-	-	154,444,800
Provisions	50,000,000	-	-	50,000,000
Lease Liabilities	-	-	748,548,094	748,548,094
Government Debt	75,292,727,805	-	-	75,292,727,805
Financial Guarantee Liabilities	139,784,961	-	-	139,784,961
Employee Benefit Obligations	2,658,597,248	-	-	2,658,597,248
	83,652,138,157	(138,515,660)	748,548,094	84,262,170,591
NON-CURRENT LIABILITIES				
Payables	413,200	-	-	413,200
Deposits	778,188,229	-	-	778,188,229
Lease Liabilities	-	-	10,708,195,754	10,708,195,754
Government Debt	331,427,720,836	-	-	331,427,720,836
Financial Guarantee Liabilities	2,766,044,259	-	-	2,766,044,259
Employee Benefit Obligations	171,316,554,857	-	-	171,316,554,857
	506,288,921,381	-	10,708,195,754	516,997,117,135
Total Liabilities	**589,941,059,538**	**(138,515,660)**	**11,456,743,848**	**601,259,287,726**
Net Assets	**149,145,756,693**	**138,515,660**	**(3,210,436,672)**	**146,073,835,681**
NET ASSETS/EQUITY				
Consolidated Fund	87,466,366,212	-	-	87,466,366,212
Accumulated Surplus	26,896,774,510	-	(3,210,436,672)	23,686,337,838
Special Funds	34,782,615,971	138,515,660	-	34,921,131,631
	149,145,756,693	**138,515,660**	**(3,210,436,672)**	**146,073,835,681**

NOTES TO THE FINANCIAL STATEMENTS

(ii) Reconciliation of Surplus on 01 July 2022

	Surplus or deficit on 01 July 2022 Rs
Surplus as at 30 June 2022 as reported under previous basis of accounting	419,822,701
Recognition of finance income on Loans to Statutory bodies, Private bodies and Other bodies at amortised cost	420,226,192
Recognition of concessionary portion on Loans to Statutory bodies, Private bodies and Other bodies	(113,300,962)
Recognition of expected credit losses on Loans to Statutory bodies and Other bodies	(10,978,325)
Recognition of expected credit losses on Receivables (Penalty Fee on Loans)	(1,115,901)
Restated surplus as on 01 July 2022	**714,653,705**

(iii) Reconciliation of net assets/equity as on 01 July 2022

	Net assets/equity as on 01 July 2022 Rs
Opening balance of net assets/equity as on 30 June 2022 reported under previous basis of accounting	26,896,774,510
First-time recognition of Loans at Amortised Cost	(1,567,848,264)
First-time recognition of Expected Credit Losses on Loans	(124,745,888)
First-time recognition of Expected Credit Losses on Receivables (Penalty Fee on Loans)	(2,463,263)
First-time recognition of Right-of-Use Assets	9,646,533,587
First-time recognition of Lease Liabilities	(11,456,743,848)
Movement in restated opening surplus (Refer to Note 40 (ii) on reconciliation of surplus on 01 July 2022)	294,831,004
Restated opening balance of net assets/equity as on 01 July 2022	**23,686,337,838**

Refer to Note 39 – Prior year adjustments for explanation on adjustments relating to the change in accounting basis.

NOTES TO THE FINANCIAL STATEMENTS

41. RECONCILIATION: BUDGETARY RESULT WITH DEFICIT

	Year Ended 30 June 2023	Year Ended 30 June 2022 (Restated)
	Rs	Rs
Budget Balance as presented in the Statement of Comparison of Budget Estimates and Actual Amounts (Statement AF)	**(29,781,230,575)**	**(29,041,985,835)**
Net movement in Prepayments	14,982,584	4,446,268
Net movement in Payables	(990,042,988)	430,345,786
Net movement in Inventories	403,717,287	269,799,104
Depreciation and Amortisation	(6,393,112,228)	(4,971,693,391)
Net Movement in Investments	3,742,463,084	23,511,400,060
(Loss)/Gain on Foreign Exchange Transactions and Revaluation	(1,867,660,921)	4,004,640,489
Subscriptions to International Organisations	(187,873,949)	(90,502,902)
Capitalisation of Dividends	53,796,541	26,755,652
Net movement in Loan to Statutory Bodies, Private Bodies and Other Bodies	359,270,070	327,876,931
Net movement in Receivables	2,486,160,957	1,609,479,273
Net Movement in Non-Financial Assets	9,952,817,077	8,016,569,404
Net movement in Carry-Over of Capital Expenditure	(153,667,875)	(78,358,313)
Net Movement in Employee Benefits Obligations	(3,632,330,256)	(2,136,134,249)
Net movement in Financial Guarantee Liabilities	(263,199,497)	(270,986,517)
Net movement in Government Debt	(231,439,415)	(896,998,055)
Net movement in Provisions	10,000,000	-
Net movement in Leases	861,083,345	-
Net movement in Biological Assets	8,731,179	-
(Deficit)/Surplus as presented in the Statement of Financial Performance (Statements AA & AB)	**(25,607,535,580)**	**714,653,705**

NOTES TO THE FINANCIAL STATEMENTS

42. RECONCILIATION: DEFICIT WITH NET CASH FLOWS FROM OPERATING ACTIVITIES

	Year Ended 30 June 2023	Year Ended 30 June 2022 (Restated)
	Rs	**Rs**
(Deficit)/Surplus as presented in the Statement of Financial Performance (Statements AA & AB)	**(25,607,535,580)**	**714,653,705**
(Gains)/Losses Adjustments		
Adjustments in respect of Foreign Exchange Transactions and Revaluation	1,867,660,921	(4,004,640,489)
	1,867,660,921	**(4,004,640,489)**
Non-Cash Adjustments		
Donations	-	(119,832,946)
Net Movement in Loan to Statutory Bodies, Private bodies and Other bodies	(447,651,787)	(327,876,931)
Net Movement in Receivables	(2,486,160,957)	(1,609,479,274)
Capitalisation of Dividends	(53,796,541)	(26,755,652)
Loan and Advances Written-Off	123,844,305	57,540
Net Movement in Investments	(3,742,463,084)	(23,511,400,060)
Depreciation and Amortisation	6,393,112,228	4,971,693,391
Net Movement in Non-Financial Assets	(930,713,304)	(59,119,597)
Net Movement in Employee Benefits Obligations	3,632,330,256	2,136,134,249
Interest and other Adjustments in respect of Government Debt	1,456,647,087	1,236,034,900
Net Movement in Financial Guarantee Liabilities	263,199,497	270,986,517
Net Movement in Leases	(861,083,345)	-
Net Movement in Provisions	(10,000,000)	-
Net Movement in Biological Assets	(8,731,179)	-
	3,328,533,176	**(17,039,557,863)**
Working Capital Movement		
Decrease/(Increase) in Advances	879,792,551	(1,027,177,758)
(Increase) in Inventories	(403,717,287)	(269,799,104)
(Increase) in Prepayments	(14,982,584)	(4,446,268)
Increase/(Decrease) in Payables	864,045,597	(377,276,627)
(Decrease) in Deposits	(1,378,077,282)	(3,676,814,189)
Increase/(Decrease) in Social Benefits Liabilities	140,949,695	(43,502,784)
(Decrease) in Special Funds	(1,793,663,891)	(1,752,928,510)
	(1,705,653,201)	**(7,151,945,240)**
Classification Adjustments		
Dividends	(1,236,556,481)	(9,070,474,192)
Repayment of Lease Liabilities	861,035,457	-
	(375,521,024)	**(9,070,474,192)**
Net Cash flows from Operating Activities	**(22,492,515,708)**	**(36,551,964,079)**

NOTES TO THE FINANCIAL STATEMENTS

43. RECONCILIATION: BUDGETARY RESULT WITH NET CASH FLOW

	Operating Activities Rs	Investing Activities Rs	Financing Activities Rs	Total Rs
Budget Balance as presented in the Statement of Comparison of Budget Estimates and Actual Amounts (Statement AF)	**(20,638,710,369)**	**(9,142,520,206)**	**-**	**(29,781,230,575)**
Basis Differences				
Carry-over of Capital Expenditure	(144,735,511)	57,386,022	-	(87,349,489)
Interest Accrued	1,198,872,924	-	-	1,198,872,924
Interest Capitalised	5,663,902	-	-	5,663,902
Advances decrease	881,191,252	916,880	-	882,108,132
Deposits (decrease)	(1,378,077,282)	-	-	(1,378,077,282)
Payables increase	6,019,939	-	-	6,019,939
Investments and Other Securities (increase)	-	(8,175,875,540)	-	(8,175,875,540)
Proceeds from sale of investments	-	7,722,814,312	-	7,722,814,312
Loans to Statutory, Private and Other Bodies (increase)	-	(181,165,151)	-	(181,165,151)
Net movement in Non-Financial Assets	(120,416,433)	120,416,433	-	-
Dividends	(1,236,556,481)	1,236,556,481	-	-
Subscriptions to International Organisations	(187,873,949)	-	-	(187,873,949)
Borrowings increase	-	-	34,183,004,427	34,183,004,427
Direct Payment by Funding Agency	20,670,847	472,671,805	-	493,342,652
Net movement in Leases	861,035,457	-	(861,035,457)	-
Loans written-off	34,063,887	-	-	34,063,887
Entity Differences				
Special Funds (net)	(1,793,663,891)	-	-	(1,793,663,891)
Actual Amount as presented in the Statement of Cash Flow (Statement AD)	**(22,492,515,708)**	**(7,888,798,964)**	**33,321,968,970**	**2,940,654,298**

NOTES TO THE FINANCIAL STATEMENTS

44. FINANCIAL INSTRUMENTS

A. CATEGORIES OF FINANCIAL INSTRUMENTS

The table below shows the classification and measurements basis for the different categories of financial assets and their respective balances:

At 30 June 2023

Category	Cash and Cash Equivalents	Cost	Amortised Cost	Fair Value Through Surplus or Deficit	Total
	Rs	Rs	Rs	Rs	Rs
Cash and Cash Equivalents	24,802,518,512	-	-	-	24,802,518,512
Receivables from Non-Exchange Transactions	-	21,286,961,546	-	-	21,286,961,546
Receivables from Exchange Transactions	-	1,313,772,463	-	-	1,313,772,463
Loans and Advances	-		13,668,132,595	-	13,668,132,595
Investments					
Equity Investments (Quoted Investments, Unquoted Investments, Equity Participation)	-	-	-	119,344,041,797	119,344,041,797
Redeemable Preference Shares	-	-	-	200,000,000	200,000,000
Other Investments	-	-	19,108,849,811	-	19,108,849,811
Other Financial Assets					
IMF SDR Deposits	-	12,100,561,354	-	-	12,100,561,354
IMF Reserve Tranche Position	-	2,540,585,086	-	-	2,540,585,086
Total Financial Assets	**24,802,518,512**	**37,241,880,449**	**32,776,982,406**	**119,544,041,797**	**214,365,423,164**

At 30 June 2022

Category	Cash and Cash Equivalents	Cost	Amortised Cost	Fair Value Through Surplus or Deficit	Total
	Rs	Rs	Rs	Rs	Rs
Cash and Cash Equivalents	21,673,055,130	-	-	-	21,673,055,130
Receivables from Non-Exchange Transactions	-	18,382,259,816	-	-	18,382,259,816
Receivables from Exchange Transactions	-	1,470,485,399	-	-	1,470,485,399
Loans and Advances	-	-	13,997,712,474	-	13,997,712,474

NOTES TO THE FINANCIAL STATEMENTS

At 30 June 2022

Category	Cash and Cash Equivalents	Cost	Amortised Cost	Fair Value Through Surplus or Deficit	Total
	Rs	Rs	Rs	Rs	Rs
Investments					
Equity Investments (Quoted Investments, Unquoted Investments, Equity Participation)	-	-	-	114,017,302,130	114,017,302,130
Redeemable Preference Shares	-	-	-	200,000,000	200,000,000
Other Investments	-	-	19,526,009,121	-	19,526,009,121
Other Financial Assets					
IMF SDR Deposits	-	12,509,787,642	-	-	12,509,787,642
IMF Reserve Tranche Position	-	2,418,161,031	-	-	2,418,161,031
Total Financial Assets	**21,673,055,130**	**34,780,693,888**	**33,523,721,595**	**114,217,302,130**	**204,194,772,743**

The table below shows the classification and measurements basis for the different categories of financial liabilities and their respective balances at:

At 30 June 2023

Category	Cost	Amortised Cost	Total
	Rs	Rs	Rs
Payables	-	1,918,724,311	1,918,724,311
Deposits	-	3,705,071,128	3,705,071,128
Government Debt			
Government Securities, Domestic and External Loans	-	430,808,992,504	430,808,992,504
IMF SDR Allocations	14,273,956,878	-	14,273,956,878
Financial Guarantee Liabilities	-	3,203,810,129	3,203,810,129
Total Financial Liabilities	**14,273,956,878**	**439,636,598,072**	**453,910,554,950**

At 30 June 2022

Category	Cost	Amortised Cost	Total
	Rs	Rs	Rs
Payables	-	1,175,713,837	1,175,713,837
Deposits	-	4,820,955,275	4,820,955,275
Government Debt			
Government Securities, Domestic and External Loans	-	392,647,328,874	392,647,328,874
IMF SDR Allocations	14,073,119,767	-	14,073,119,767
Financial Guarantee Liabilities	-	2,905,829,220	2,905,829,220
Total Financial Liabilities	**14,073,119,767**	**401,549,827,206**	**415,622,946,973**

NOTES TO THE FINANCIAL STATEMENTS

B. FINANCIAL RISK MANAGEMENT

Government activities are exposed to various risks comprising mainly interest rate risk, foreign exchange risk, liquidity risk and refinancing risk. Given that there is a trade-off between cost and risk, Government's debt management strategy aims at minimising the cost of the debt portfolio within an acceptable level of risk. The main risks as well as the risk management policies are set out below:

(i) Interest Rate Risk

Government is exposed to interest rate risk as the rate of interest might increase resulting in additional costs. In relation to Domestic Debt, almost 97% of Government Securities have been issued at a fixed rate of interest.

With regard to Government External Debt, the share of variable interest rate loans represented 54.4% of the total External Debt as at 30 June 2023 (2022: 46.9%). During financial year 2022-2023, Government Securities provided as collateral by local banks to foreign institutions which were previously classified under External Debt have now been reclassified under Domestic Debt as these are still held by local banks rather than foreign financial institutions.
To mitigate the above risk, the strategy in place is to have a nearly balanced mix of fixed and variable interest rate loans over the medium term. Accordingly, preference is being given to contract new loans at a fixed interest rate.

Interest Rate Sensitivity Analysis
Government is exposed to interest rate risk as interest rates in relation to inflation-indexed bonds (assuming changes in interest and inflation rate are correlated) and variable interest rate external debts may change. The table below details the sensitivity analysis to a 10 basis points (bp) increase and decrease in the interest rate:

	Increase/Decrease	**Year Ended 30 June 2023**	**Year Ended 30 June 2022**
	Basis Points	**Rs Million**	**Rs Million**
Government Debt:			
Inflation-Indexed Bonds:			
(Excluding those classified under External Debt)			
Impact on Surplus or Deficit	+10 bp	+10	+10
Impact on Surplus or Deficit	-10 bp	-10	-10
External Debt:			
Impact on Surplus or Deficit	+10 bp	+46	+34
Impact on Surplus or Deficit	-10 bp	-46	-34

Based on the above table, it can be noted that an increase/decrease of 10 basis points in interest rates would result in an increase/decrease in the interest payments by about Rs 56 million for the financial year 2022-2023 (2021-2022: Rs 44 million).

NOTES TO THE FINANCIAL STATEMENTS

(ii) Foreign Exchange Risk

Exposure to exchange rate risks arise as transactions denominated in foreign currencies are undertaken by Government. The strategy has been to minimise exposures to exchange rate risks by having greater recourse to domestic financing and to align the currency composition of public sector external debt to that of export earnings of the country.

Accordingly, the share of External Debt in Government debt portfolio stood at 18.7% at 30 June 2023 (Based on nominal value) (2022: 17.8%). The currency composition of foreign debt has also been diversified. In addition, the foreign currency risk is mitigated by maintaining bank accounts denominated in foreign currencies.

Foreign Currency Sensitivity Analysis

The table below details the sensitivity analysis regarding the impact of a 5 % increase or decrease in exchange rates:

	Increase/ Decrease	**Year ended 30 June 2023**	**Year ended 30 June 2022 (Restated) [N1]**
	%	**Rs Million**	**Rs Million**
Impact on (deficit)/surplus (Appreciation of MUR)	+5%	+4,195	+3,658
Impact on (deficit)/surplus (Depreciation of MUR)	-5%	-4,195	-3,658

N1: Foreign Currency Sensitivity Analysis has been restated to include Domestic debt held in foreign currency.

As per the above table, an appreciation/depreciation of MUR by 5% against all foreign currencies in which external debt has been contracted would increase/decrease (deficit)/surplus by Rs 4,195 million for financial year 2022-2023 (2021-2022 (Restated): Rs 3,658 million).

(iii) Liquidity Risk

Liquidity risk refers to the risk that Government will encounter difficulty in meeting its financial obligations when they fall due. The liquidity risk for Government is managed and mitigated by having an efficient and effective cash flow forecasting system that ensures adequacy of cash resources to meet all Government obligations as and when they fall due.

(iv) Refinancing Risk

Refinancing or rollover risk is the risk that redemptions of securities will be concentrated over the shorter term or in a particular year which might affect the refinancing ability of Government. To mitigate refinancing risk, actions have been taken to gradually move towards instruments with longer term.

The average time to maturity of Domestic Debt has increased from 5.1 years at 30 June 2022 to 5.3 years at 30 June 2023.

Concerning External Debt, the majority of the loans are contracted with a term of 15 to 20 years and include a moratorium of 5 years on capital repayment. Compared to Government securities which are redeemable as a bullet payment on maturity date, External Debts are repayable on a semi-annual or annual basis. Therefore, the refinancing risk for External Debts is quite low.

NOTES TO THE FINANCIAL STATEMENTS

45. SHORT-TERM LEASE

The outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due within one year, amount to Rs 51,443,336.

46. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Non-Current Assets Held for Sale

During the financial year 2022-2023, the Ministry of Environment, Solid Waste Management and Climate Change (Solid and Hazardous Waste and Beach Management Division) classified assets as held for sale on 19 June 2023 due to obsolescence.

Since these assets were fully depreciated, they had a nil carrying amount on 30 June 2023 while on the same date their fair values less costs to sell were estimated at Rs 79,000. Therefore, the value of non-current assets held for sale for the financial year 2022-2023 is negligible.

Discontinued Operations

During the financial year 2022-2023, there were no known discontinued operations.

47. RELATED PARTY TRANSACTIONS

(i) Key Management Personnel

Related parties include key management personnel. The key management personnel are the Ministers who constitute the governing body of the Government of Mauritius. The key management personnel also include Accounting Officers and Senior Management (not below the grade of Permanent Secretary) who have the authority and responsibility for planning, directing and controlling the activities of the Government.

The aggregate remuneration paid to key management personnel includes Annual Allowance, Basic Salary, Salary Compensation, Extra Remuneration, Allowances, Extra Assistance, Cash in lieu of Leave, Facilities Allowance to Honourable Members, End-of-year Bonus, Travelling and Transport, Overtime, Passage benefits, Allowance in lieu of passages amongst others. These remunerations are as per the recommendation of the PRB Report 2021.

Key management personnel are also entitled to post-employment benefits and these are included in Employee Benefit Obligations.

(ii) Related Parties

All transactions between related parties are on normal terms and conditions. Accordingly, there is no separate related party transaction to be disclosed.

48. CONTINGENT ASSETS

As at 30 June 2023, there were no known contingent assets to be disclosed.

NOTES TO THE FINANCIAL STATEMENTS

49. CONTINGENT LIABILITIES

As at 30 June 2023, there were no known contingent liabilities to be disclosed. Contingent liabilities (as disclosed in Statement L - Statement of Contingent Liabilities including details of any Loans, Bank Overdrafts or Credit Facilities Guaranteed by Government as at 30 June 2023) in relation to Loans, Bank Overdrafts or Credit Facilities Guaranteed by Government have been recognised as Financial Guarantee Liabilities in Statement A - Statement of Financial Position as at 30 June 2023. Refer to Note 21 - Financial Guarantee Liabilities for more details.

50. MANAGING CAPITAL

Government's capital, represented by the Net Assets/Equity in Statement of Financial Position, comprise the balance of the Consolidated Fund, Accumulated Surplus/Deficit and monies deposited with the Government by various funds set up under the Finance and Audit Act. The overall objective in the management of capital is to maximise net assets by implementing coherent fiscal policies and an effective debt management strategy.

In this context, in financial year 2022-2023 Government pursued the following main fiscal policies: (i) recovery of arrears of revenue and enhancing tax administration to improve collections; (ii) introduction of new revenue raising measures; (iii) review of low impact programmes to improve efficiency and eliminate wastages; and (iv) restructuring of public bodies to reduce their dependence on the National Budget.

In addition, Government adopted a debt management strategy aimed at minimising the cost of the debt portfolio while maintaining risks at an acceptable level. The debt profile was improved to contain exposure to foreign exchange rate risks and reduce refinancing risks.

Information on the fiscal policies and debt management strategy of Government can be found in the 2022-2023 Budget Estimates document.

51. MATERIAL EVENTS AFTER REPORTING DATE

An award has been made in December 2023 by the International Arbitration Tribunal for termination of contract whereby the State of Mauritius has been ordered to pay interest on an amount awarded, at the rate of overnight PLIBOR plus 2% margin, compounded annually from the date of the termination of the contract of lease of land till date of settlement. The amount payable has not yet been determined.

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