REPUBLIC OF MAURITIUS

NATIONAL AUDIT OFFICE

REPORT OF THE DIRECTOR OF AUDIT

ON THE ACCOUNTS OF

THE GOVERNMENT

FOR THE FINANCIAL YEAR 2021-22

FEBRUARY 2023

NATIONAL AUDIT OFFICE

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NATIONAL AUDIT OFFICE

Making a Difference
in the Quality
of
Public Sector Governance
and
Service Delivery
for the Value and Benefit of Citizens

NATIONAL AUDIT OFFICE

My Ref: NAO/ADM/ARA/AUD

28 February 2023

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 2021-22, submitted to me in accordance with Section 19 of the Act, together with the Certificates of Audit and the Reports upon my examination and audit of the Accounts of:

(a) Government; and

(b) the Rodrigues Regional Assembly.

Subsequent to the 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,

C. ROMOOAH
Director of Audit

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FOREWORD BY THE DIRECTOR OF AUDIT

I am pleased to submit my Audit Report on the Accounts of the Government of the Republic of Mauritius for the financial year 2021-22.

It is my responsibility under Section 110 of the Constitution of the Republic of Mauritius to audit and report on the 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 and of the Regional Assembly relating to the Island of Rodrigues.

I am submitting this Report within the required statutory time frame together with my Certificate of Audit on the Financial Statements of the Government for the financial year 2021-22.

Audit Observations

Public sector entities are accountable for their management and performance, and for the use of resources derived from taxation and other sources, both to those that provide the resources and to those, including citizens, who depend on the services delivered using those resources.

As Director of Audit, it is my duty to provide legislative and oversight bodies, those charged with governance and the general public with information, and independent and objective assessments concerning the stewardship and performance of government policies, programmes or operations. Accordingly, my audit focused on the core areas of public sector management with emphasis on the principles of transparency, accountability, governance and performance.

The shortcomings highlighted in this Report are similar in nature to those reported in previous years, which point out to inherent weaknesses in the system. I am particularly concerned about the failure on the part of some public bodies to comply with rules and regulations, especially those relating to procurement.

This year, I have carried out a Special Review on the Emergency Procurement of the COVID-19 related drugs by the Ministry of Health and Wellness. My audit has revealed that the Ministry has not only departed from procurement rules and regulations but has also disregarded its own established procedures.

Recurring issues in the implementation of capital projects have also remained a major concern. I have noted instances where major contracts were awarded to contractors who subsequently abandoned works. Delays in the execution of projects have become a recurrent feature of project management in the public sector.

Last year, I introduced a new segment in my Report to inform the population whether Ministries and Government Departments are taking actions to deal with issues highlighted by the National Audit Office (NAO). Accordingly, my Office carried out an exercise to assess responses by Ministries/Departments to matters raised in my last two Audit Reports.

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This exercise has shown that, on average, 30 per cent of audit issues raised in those Reports have been resolved so far.

Failure to deliver efficiently and diligently, or omission to do what is necessary, is usually the root cause of shortcomings. In general, processes in the public service are appropriately designed to avoid such shortcomings. Public entities and public officers just need to perform their functions effectively, efficiently, ethically and in accordance with the applicable laws and regulations. However, this is not always the case.

It is therefore imperative that those charged with public sector governance implement effective monitoring and evaluation systems to ensure compliance with procedures and legal provisions. They should take prompt actions to address shortcomings reported by NAO, and most importantly, ensure that such shortcomings do not recur.

Challenges

Recent amendments to the Statutory Bodies (Accounts and Audit) Act and The Local Government Act have made provisions for NAO to issue consolidated audit reports on the accounts of Statutory Bodies and Local Authorities. This constitutes a major advancement in public sector accountability.

Furthermore, as from the financial year 2022-23, the Accounts of the Government of the Republic of Mauritius will be prepared in accordance with International Public Sector Accounting Standards. Consolidated Financial Statements for the Public Sector will also be submitted to NAO for audit purposes.

Appropriate mechanisms will have to be put in place at the level of NAO to ensure that audits are completed on time.

Acknowledgement

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

I would also like to thank the Secretary to Cabinet and Head of the Civil Service, the Financial Secretary, the Secretary for Public Service, all 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.

C. ROMOOAH
Director of Audit

28 February 2023

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OVERVIEW

This Report is submitted to the Minister of Finance, Economic Planning and Development to be laid before the National Assembly, in accordance with Section 20 of the Finance and Audit Act. The Public Accounts Committee deliberates on the Report and may call upon government officials to account for lapses reported, where it deems necessary.

Scope of Report

The Report contains a summary of the most significant audit observations following the audit of the Accounts of Government, that in my opinion, may have significant impact on finances, resources and service delivery, or that may adversely affect financial governance and controls, if not corrected.

These audit observations were communicated and discussed with the respective Accounting Officers of Ministries and Government Departments concerned.

This Report also includes -

(a) an overview of the mandate of the National Audit Office (NAO) and the audit process **(*Appendix I*)**;

(b) the lists of other Public Sector Bodies which are audited by NAO, together with the status on the submission of their respective financial statements **(*Appendices II to V*)**; and

(c) the status on matters raised in the Audit Report for the financial years 2019-20 and 2020-21 **(*Appendix VI*)**.

Scope of Audit

The scope of my audit includes determining whether:

(a) the annual statements submitted by the Accountant-General present fairly the financial transactions of Government during 2021-22 and the financial position as at 30 June 2022; and

(b) Ministries and Government Departments are managing and utilising resources economically, efficiently and effectively, and laws and regulations are being complied with.

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

(a) all reasonable precautions have been and are taken to safeguard the collection of public money;

(b) all laws, directions or instructions relating to public money have been and are duly observed;

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(c) all money appropriated or otherwise disbursed is applied to the purpose for which Parliament intended to provide and that the expenditure conforms to the authority which governs it;

(d) adequate directions or instructions exist for the guidance of public officers entrusted with duties and functions connected with finance or storekeeping and that such directions or instructions have been and are duly observed; and

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

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

Responsibility of Accounting Officers

The Accounting Officer is designated under Section 21(1) of the Finance and Audit Act by the Minister responsible for the subject of finance and is charged with the duty of-

(a) controlling expenditure on any service in respect of which public funds have been appropriated; and

(b) collecting revenue and paying that revenue into public funds.

The Accounting Officer is the officer who is answerable to the Public Accounts Committee. According to the *Financial Management Kit (Volume I – Duties and Responsibilities in Management of Public Finance)* issued by the Ministry of Finance, Economic Planning and Development, it is the responsibility of the Accounting Officer to put in place a sound system of internal control designed to provide reasonable assurance regarding –

(a) the effectiveness and efficiency of operations in the Ministry/Department;

(b) the safeguarding of assets and data of the Ministry/Department;

(c) reliability of financial and non-financial reporting;

(d) prevention of fraud and irregularities; and

(e) compliance with applicable laws, regulations and instructions, as well as policies and established procedures.

Annual Statements 2021-22 - Financial Highlights

The Financial Statements of Government for the financial year 2021-22 have been prepared in accordance with Section 19(3A)(a) of the Finance and Audit Act. Under this Section, the Accountant-General is required to prepare the financial statements "as far as possible in compliance with International Public Sector Accounting Standards (IPSAS)". Full compliance with IPSAS is required as from the financial year 2022-23.

The key elements of the financial statements are summarised below.

Revenue and Expenditure of the Consolidated Fund

- *Revenue* - Government Revenue totalled Rs 275.9 billion for the financial year 2021-22. There has been high dependency on borrowings (Rs 129.5 billion), which represented some 47 per cent of total Government Revenue. Receipts from taxes amounted to Rs 107.7 billion and Government also received Rs 13 billion from Equity sales.

- *Expenditure* - Government Expenditure totalled Rs 283.7 billion for the financial year 2021-22, of which 45 per cent (Rs 128.2 billion) were in respect of Government Debt Servicing.

Assets and Liabilities

- *Cash and Cash Equivalents* - Cash and Cash Equivalents held by Government amounted to Rs 21.7 billion, of which some Rs 15.8 billion, representing 72.8 per cent, were held in seven Special Funds as at 30 June 2022.

- *Loans* - Government loans to various organisations stood at Rs 10.2 billion, of which some Rs 1.4 billion had become due for repayment as at 30 June 2022 but were not yet paid to Government as at that date. In some cases, repayments had not been effected since 1996. Interests and penalties due on the outstanding loans totalled some Rs 1.2 billion.

- *Investments* - Investments acquired over the years, at a total cost of Rs 109.1 billion, were stated in the accounts at fair value of Rs 133.7 billion as at 30 June 2022. Some 56 per cent of total investments in shares and equity participation acquired for Rs 49.9 billion have not yielded any return since their acquisitions. During the financial year 2021-22, some Rs 652.4 million were received as dividends from investments in Quoted and Unquoted Shares of Companies, representing a return of 0.86 per cent.

- *Property, Plant and Equipment* - Infrastructure Assets (Roads, Dams, Bridges, Stadiums and Gymnasiums) and Land (State Lands and Outer Islands) totalled Rs 487.1 billion, representing 92 per cent of the carrying value of all items of Property, Plant and Equipment of Rs 528.9 billion recognised in the accounts as at 30 June 2022.

- *Government Debt* - Public Sector Debt (PSD) has increased by 7.1 per cent from Rs 419.4 billion as at 30 June 2021 to Rs 449.3 billion as at 30 June 2022. As a percentage of GDP, PSD has dropped from 91.9 per cent to 86 per cent (gross basis), and from 75.6 per cent to 73.8 per cent (net basis), compared to last year.

- *Employee Benefits Obligations* - Included in the Employee Benefits Obligations figure of Rs 174 billion, was an amount of Rs 149.9 billion (86 per cent), representing Government liability in respect of the Defined Benefit Pension Plan for Government Employees.

Summary of Audit Findings

The following are the key issues highlighted in this Report:

- Non-Compliance with Applicable Laws.
- Lapses in Procurement Management.
- Deficiencies in Project Management.
- Lapses in Contract Administration.
- Weaknesses in Expenditure Control.
- Issues in Revenue Management.
- Deficiencies in Asset Management.
- Inadequate Management Information Systems.

Non-Compliance with Applicable Laws

Statutory Bodies (Accounts and Audit) Act

As of 21 February 2023,

- 43 Statutory Bodies had not submitted a total of 143 financial statements to NAO for audit.
- 78 Financial Statements in respect of 36 Statutory Bodies had been certified by NAO but were not yet laid before the National Assembly.
- 8 other bodies have not yet submitted a total of 26 Financial Statements to NAO for audit.

Finance and Audit Act

- A total of 12 financial statements in respect of five Special Funds were not submitted to NAO for audit.
- 14 Financial Statements in respect of five Special Funds were already certified by NAO but were not yet laid before the National Assembly.
- According to data available as of 31 January 2023, out of 66 Ministries and Government Departments, 23 had not yet submitted their Annual Reports on

Performance for the financial year 2021-22 to the Ministry of Finance, Economic Planning and Development.

Public Procurement Act

The Ministry of Health and Wellness did not comply with the relevant legal provisions relating to emergency procurement and awarded contracts to the tune of Rs 101.3 million to a wholesale pharmacy with which it had no prior procurement dealing. The contract for the supply of Molnupiravir drugs was awarded at a unit price of Rs 79.92 whilst the same drug was procured from another wholesale pharmacy at a unit price of Rs 9.30. Furthermore, procurement exercises for Injections were done in absolute disregard of procurement rules.

The Mauritius Fire and Rescue Service Act and The Occupational Safety and Health Act

280 State Schools were operating without fire certificates and were thus not complying with The Mauritius Fire and Rescue Service Act and The Occupational Safety and Health Act. Funds were made available under the budget of the Ministry of Education, Tertiary Education, Science and Technology since the financial year 2018-19 for improvements in schools with a view to becoming fire compliant. However, the funds had remained unutilised.

Lapses in Procurement Management

Example 1

At the National Development Unit (NDU), 322 projects were at design stage as of 31 August 2022. A total amount of Rs 68.3 million representing consultancy fees for projects design was certified for payment as at that date. 225 projects were entrusted to consultants for design prior to the financial year 2020-21 and some as far back as 2016-17. Tenders for these projects have still not been launched. It was also noted that 33 projects in respect of which consultancy fees of Rs 2.1 million had already been paid, were cancelled.

Example 2

At the Police Service, cancellation of procurement exercises due to inaccurate specifications or cost estimates was a recurrent issue. In one case, a contract for the upgrading of air-conditioning system was not yet awarded despite six bid exercises had been launched since April 2018. Another tender exercise for the rental of IP PBX system was finalised on a fourth bidding exercise nearly two years after it was requested. Also, Procurement Lead Time in several cases exceeded the limit set under the relevant Directive issued by the Procurement Policy Office (PPO).

Example 3

The Ministry of Local Government and Disaster Risk Management awarded the contract for the supply of seven lorries mounted with crane for the sum of Rs 27.5 million in July 2019. The lorries were for the benefit of seven different local authorities (LAs) and delivery was scheduled for January 2020. They were received in June 2020 and were already registered in the name of the seven LAs. Four commissioning exercises had to be carried out due to non-compliance of proposed models with technical specifications. The report of the fourth commissioning exercise was not yet finalised in January 2023. Three and a half years after the award of the contract, delivery of the lorries as per specifications did not materialise.

Deficiencies in Project Management

Example 1

At the Ministry of Education, Tertiary Education, Science and Technology, contracts in respect of two projects were terminated at an early stage of execution, delaying the completion of the projects.

- The Construction of New Ramsoondar Prayag SSS with contract value of Rs 392.9 million was terminated by the Contractor in May 2022 after 40 per cent completion. As of April 2022, payments totalling Rs 149.5 million had been effected to the Contractor. According to the Attorney General's Office (AGO), the Contractor had committed a serious breach of contract. In January 2023, the Ministry had reported the Contractor to PPO for its debarment and AGO was also requested to initiate necessary legal actions.

- The Construction of a new Classroom Block and other facilities at Réunion Road Government School with project value of Rs 51.7 million to be implemented in four phases should have been completed in November 2021. As of March 2022, Rs 16.9 million had been paid to the Contractor. In July 2022, after completion of 75 per cent of works for the first phase, the Contractor had suspended works as several issues were not resolved with the Ministry of National Infrastructure and Community Development. This was considered as a fundamental breach of contract. In January 2023, the Ministry had sought legal advice from the AGO for appropriate action.

Example 2

At NDU, out of 60 drain projects in high risk flood prone areas identified in the years 2019 and 2020, only nine were completed as of August 2022, 14 were still under construction and 33 were still at design and bidding stage. Delays were due to frequent changes in design and land acquisition issues.

Example 3

For the Market Fair and Traffic Centre at Mahebourg, the Contractor abandoned the construction site three years after the commencement of works and after 50 per cent of the initial contract value of Rs 83.7 million had been paid. The Local Authority implementing the project has not yet taken any legal action against the Contractor.

Lapses in Contract Administration

Example 1

There was a lack of monitoring by the Ministry of Health and Wellness over the provision of security and cleaning services by contractors leading to poor level of services. For example, one employee posted at a health institution has been working day and night shifts for both the cleaning services and security services companies. In another case, a site visit carried out at an Area Health Centre revealed that the security guard had not attended duty for one month.

Example 2

According to records maintained by NDU, outstanding payments due to contractors/consultants as of July 2022 amounted to some Rs 183 million. This included a sum of Rs 74.2 million in respect of 43 projects which were already completed, some as far back as 2016-17. The main reasons for the outstanding payments were the non-submission/late submission of tests results and final claims, and defects after completion not remedied. Due to the non-submission of tests results, it could not be ascertained whether materials used in construction works were in accordance with specifications.

Weaknesses in Expenditure Control

Example 1

At the Ministry for Foreign Affairs, Regional Integration and International Trade, the following were noted:

- Delay to carry out renovation works and construction of new buildings has entailed payment of rent totalling Rs 124 million for the past three financial years 2019-20 to 2021-22.

- No benefits were derived from expenditure totalling some Rs 4.8 million.

    - Rental totalling some Rs 2 million was paid for unoccupied space of a building at Port Louis for the period January 2020 to June 2022.

    - Rent/penalty fees totalling Rs 1.4 million was paid for Missions in Washington and Berlin for unoccupied premises during the period January 2021 to April 2022. Payment resulted from delay in taking prompt action to terminate leases, penalty fees for late payment of rent.

    - At the Missions in New York and Riyadh, fees totalling Rs 1.4 million was paid for the period January 2020 to September 2022, for storing used furniture, equipment and unserviceable items of home-based staff after their tour of service. Prompt action was not taken to dispose of these items.

Example 2

As of 30 June 2022, the National Land Transport Authority had disbursed a total amount of Rs 16.48 billion under the Free Travel Scheme since it was launched in 2005. The direct disbursement to bus operators, as an interim measure, was still not reviewed 17 years after the implementation of the scheme. 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.

Issues in Revenue Management

Example 1

Some 4,000 cases were pending at the level of the Assessment Review Committee as of 30 June 2022, of which some 2,200 were referred by the Mauritius Revenue Authority (MRA). Seventeen per cent of cases referred by MRA, involving Rs 8.4 billion, were pending for more than five years.

Example 2

At the Customs Department, the percentage of non-collectible arrears to total arrears over the last seven years had remained above 90 per cent. Several cases of lengthy enquiry and processing time were noted.

Deficiencies in Asset Management

Example 1

The laser photocoagulator machines at the hospitals/mediclinics were not optimally used while the one at the Subramania Bharati Eye Hospital BEH was being overused. In November 2022, four of the seven machines owned by the Ministry were not functional, and service delivery was hampered due to the frequent breakdown of the laser photocoagulator machines.

Example 2

At the Police Service, the number of ships available for the surveillance of the Exclusive Economic Zone was found to be inadequate. Out of a fleet of five ships, one was stranded for more than two years and was undergoing repairs, and another one was effecting limited operations due to defective rudder stock and issues of water ingress. A third ship was undergoing refit and could not carry out any operations for eight months. These impacted on the operational capability of the National Coast Guard in so far as maritime surveillance is concerned.

Inadequate Management Information Systems

Example 1

At the Ministry of Health and Wellness,

- Decisions were made on the basis of inaccurate stock balances obtained from the Electronic Inventory Management System (EIMS). Cases were also noted where the hospitals had to have recourse to local purchase of drugs although as per EIMS, there was a stock of such drugs. Consequently, hospitals had to pay a higher price for the drug and in one case up to 18 times the price the Ministry would have paid under its annual tender.

- The expiry date of X-Ray films was not recorded in EIMS and was not transferred to the expired items ledger. It was noted that these expired X-ray films were being used at the hospitals.

- There was a difference of some Rs 1.4 billion between the stock value in the EIMS and the figure provided to the Treasury in respect of stock of drugs, consumables and other items as at 30 June 2022.

Example 2

At the Ministry of Land Transport and Light Rail, the Road Crash Data Management System (RCDMS) acquired since 2018 was not being optimally utilised due to issues such as incomplete data uploaded on the system. The objective of the RCDMS was to simplify and effectively manage crash data storage, analysis, reporting and management. As of 30 June 2022, some Rs 17 million had been spent on the RCDMS.

Example 3

1,372 Child Day Care Centres (CDCCs) were registered as trade operators with the Companies and Business Registration Department (CBRD). However, only 138 of the CDCCs were registered with the Ministry of Gender Equality and Family Welfare in line with the Child Day Care Centres Regulations. The database of CDCCs at the Ministry was incomplete resulting in lack of proper oversight and inadequate monitoring over their operations.

Follow Up of the Matters Raised in Previous Audit Reports

As required by the International Standards of Supreme Audit Institutions (ISSAIs), Supreme Audit Institutions (SAIs) should report on follow up measures taken by audited entities with respect to their findings and recommendations. The follow up mechanism is intended to:

(a) enable the SAI to report on the results of its follow up actions appropriately to the legislature, executive, stakeholders and the public;

(b) encourage the audited entity to take relevant corrective actions; and

(c) demonstrate the value and benefit of the SAI and the impact of the audit report.

Accordingly, a follow up of matters raised in the Audit Reports 2019-20 and 2020-21 was carried out during the current audit. The objective of this exercise was to determine whether Ministries/Government Departments have taken appropriate actions to resolve issues reported.

The actual status has been determined on the basis of information obtained at time of audit and/or information subsequently provided by Ministries/Departments.

The main findings are summarised below.

	Audit Report 2019-20	Audit Report 2020-21	Total
No. of pending issues followed up during Audit 2021-22	**158**	**159**	**317**
Resolved in 2021-22	46	39	85
Issues not yet resolved despite actions taken	14	17	31
Issues closed - No further action envisaged at Ministry/Department level	2	-	2
Actions by other stakeholders awaited	3	4	7
Actions yet to be completed at Ministry/Department level	76	84	160
No action taken	17	15	32
No. of pending issues to be followed up during Audit 2022-23	**110**	**120**	**230**

Performance Audit Reports

Performance Audit is carried out by NAO as per provisions of Section 16(1A) of the Finance and Audit Act. Three Performance Audit Reports were laid at the National Assembly in 2022:

- *Government Cash Management – Ministry of Finance, Economic Planning and Development.*
- *Use of Information and Communication Technology in Enhancing Teaching and Learning – Ministry of Education, Tertiary Education, Science and Technology.*
- *Use of Pesticides in Agriculture – Ministry of Agro-Industry and Food Security*

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PART I

AUDIT OF ANNUAL STATEMENTS

2 - ANNUAL STATEMENTS

2.1 Annual Statements of the Government of the Republic of Mauritius

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 set of statements of the Government of the Republic of Mauritius for the financial year ended 30 June 2022 included a Statement of Financial Position showing the assets and liabilities as at the end of the financial year, a Statement of Financial Performance for the financial year, and other Statements as prescribed at Section 19(3) of the Act.

Submission of Statements

The accounts of Government were closed on 10 August 2022 and the Annual Statements of Government for the year ended 30 June 2022 were authorised for issue by the Accountant-General on 29 December 2022. The main Statements comprising the Statement of Financial Position (Statement A), the Statement of Financial Performance (Statements AA and AB) and the Statement of Changes in Net Assets or Equity (Statement AC) were submitted to the National Audit Office (NAO) on 29 December 2022.

Other Statements, as prescribed under Section 19(3) of the Finance and Audit Act, not mentioned above, were submitted to NAO on 25 November 2022, 8 December 2022 and 27 December 2022.

Summary of Findings

- The target set in the roadmap for the implementation of International Public Sector Accounting Standards (IPSAS) based accrual accounting and for the Budgetary Central Government (BCG)'s Financial Statements to fully comply with IPSAS was not achieved.

- Audited figure for Total Assets for the financial year 2020-21 was materially restated by Rs 8.2 billion, primarily due to an incorrect measurement of fair value of investment and the understatement of the 'Receivables' figure, which was mainly based on returns submitted by Ministries and Government Departments.

- A total amount of Rs 15.8 billion, representing 73 per cent of the Cash and Cash Equivalents figure of Rs 21.7 billion, was held by seven Special Funds as at 30 June 2022.

- Out of the total amount of loans due to Government by various Organisations (Rs 10.2 billion), some Rs 1.4 billion were in respect of loans instalments due for repayment as at 30 June 2022 but not yet paid to Government as at that date. In some instances, payments had not been effected as far back as 1996. Interests and penalties due on the outstanding loans totalled some Rs 1.2 billion.

  Loans and Advances were not carried at amortised cost in the Financial Statements which is not in line with IPSAS 41, 'Financial Instruments'.

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- Investments costing Rs 20.9 billion were disclosed at zero fair value as of 30 June 2022 and total investments costing some Rs 26.5 billion were measured at fair value of Rs 35.8 billion based on the Net Assets Values extracted from the Financial Statements of investees, dating back to years 2013 to 2020.

  Fair value of investments of Rs 26 billion in a company set up in August 2021 was based on a valuation carried out in December 2021.

- As of December 2022, the Government Asset Register (GAR) was still not complete. The value of assets recorded in the GAR amounted to some Rs 171 billion as compared to the reported figures of Rs 528.9 billion for Property, Plant and Equipment (PPE) and Rs 1 billion for Intangible Assets (IA) in the Financial Statements.

Detailed Findings

Implementation of Accrual-Based Accounting and Compliance with IPSAS – Target Not Achieved

With a view to improving 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, Section 19(3A)(b) of the Act provides that the Annual Statements of Government shall, for the financial year 2022-23 and onwards, be prepared in compliance with the International Public Sector Accounting Standards (IPSAS).

Regarding Annual Statements prior to the financial year 2022-23, Section 19(3A)(a) of the Finance and Audit Act provides that Statement A to Statement AF shall, as far as possible, be prepared in compliance with IPSAS.

In line with the above provisions, in October 2016, Government embarked on the implementation of IPSAS based accrual accounting and the International Monetary Fund (IMF) provided technical assistance to Government in this regard.

A detailed road map was developed in consultation with IMF, which outlined the steps towards the fully IPSAS compliant Financial Statements by the financial year 2022-23, as follows:

- Financial year 2020-2021: IPSAS Financial Statements for the Budgetary Central Government

- Financial year 2021-2022: IPSAS Consolidated Financial Statements for the General Government

- Financial year 2022-2023: IPSAS Consolidated Financial Statements for the Public Sector

Target set in the Roadmap was not met

The target set for BCG Financial Statements for the year ending 30 June 2021 to fully comply with IPSAS was not achieved. Full compliance was still not achieved for the BCG's Financial Statements for the financial year ending 30 June 2022.

While the BCG Financial Statements for the financial year 2021-22 showed improvements over that of the previous year, the following issues still needed to be addressed for the Financial Statements to be fully IPSAS compliant:

- Revenue - Dividends were still being recognised on a Cash Basis.

- Expenses relating to 'Subsidies' and all transfer payments classified under 'Other Expenses' (excluding payments to regional/international organisations and Insurance & Compensation arising out of Government liability) were accounted on Cash Basis.

- Loans receivable were accounted at cost rather than at amortised cost.

- Some disclosures were incomplete and did not fully comply with IPSAS.

The Financial Statements for the year 2021-22 have been prepared as far as possible in compliance with IPSAS. However, a note disclosing the extent to which the Financial Statements did not comply with IPSAS was not provided.

Furthermore, since the milestone for the BCG Financial Statements to be fully IPSAS compliant by 2020-21 could still not be met in financial year 2021-22, meeting the statutory deadline for the Annual Statements of Government to be prepared in compliance with IPSAS for the financial year 2022-23 and onwards would be challenging. Also, Consolidated Financial Statements will have to be prepared for the Public Sector as from the financial year 2022-23.

Treasury's Response

Implementation of accrual IPSAS for BCG has almost been achieved in financial year 2021-22, except for a few minor items. Consolidated Financial Statements in respect of financial year 2021-22 for the Central Government is expected to be prepared soon for the first time. Full compliance with IPSAS is only expected as from 2022-23 financial statements and all necessary efforts are being concerted for the successful implementation.

MOFEPD Response

- MOFEPD issued Circulars to Accounting Officers relating to implementation of accrual IPSAS reform and the websites of both MOFEPD and Treasury have been enhanced to provide IPSAS information to facilitate submission of IPSAS figures by Public Sector Bodies.

- Several workshops have been carried out with Statutory Bodies, Local Authorities and Special Funds to assist them in the transition to IPSAS.

- MOFEPD will issue further circulars to Public Corporations in view of the preparation of the Consolidated Financial Statements of the Public Sector.

Issues regarding the Implementation of Accrual-Based IPSAS

Several issues regarding the implementation of accrual based IPSAS Financial Statements, and which were previously reported, had still not been fully addressed.

- The Secondary Ledger (SL) which was to cater for accruals accounting in the Treasury Accounting System was still not fully functional. As such, Treasury has to rely heavily on returns submitted by Ministries and Government Departments to prepare the Accrual Based IPSAS Financial Statements.

  It is to be noted that comparative figures for the year ended 30 June 2021 had to be restated due to errors/omissions in the returns submitted by Ministries and Government Departments.

- The GAR was operational since August 2017 to record all assets of Government and was to substantiate the figures for Property, Plant and Equipment and Intangible Assets in the Financial Statements of Government. However, after more than five years, the entries in the GAR were still not complete.

Treasury's Response

- The implementation of the Secondary Ledger has been very challenging and the amount of work required to make it to the expectation of stakeholders requires dedicated staff which was not made available due to the prevailing of COVID 19. Additionally, some technical issues cropped up which required the Service Provider intervention to resolve them.

- All accounting information are kept at the level of Ministries/Departments and as per circular Closing of Accounts, it is clearly stipulated that it is the responsibility of the Supervising Officers to ensure complete and accurate accounting returns are submitted to the Treasury.

- Regarding GAR, the responsibility of recording asset details rest with Ministries/Departments. All efforts were made to train officers of Ministries/Departments to complete the GAR at their level but this was not achieved. To overcome this problem, the Treasury has issued reminders to Ministries/Departments to obtain the necessary data to be uploaded in GAR but still response was low

Financial Statements for the Financial Year ended 30 June 2021- Material Restatements

The comparative amounts in the Financial Statements for the year 2020-21 have been restated as a result of:

- The implementation of Accruals Accounting whereby certain assets and liabilities were recognised for the first time.

- Misstatements in previous year's Financial Statements due to errors or omissions
- Reclassification of assets and liabilities.

Restatement of Figures as a result of First Time Recognition of certain Assets and Liabilities

During the financial year 2021-22, the following were recognised for the first time in the Statement of Financial Position:

- Loss Allowance on 'Receivables from Non-Exchange Transactions'.
- Biological Assets
- Accruals with respect to employer share of Social Contribution
- Social Benefits Liabilities
- Provisions for Liabilities in respect of Legal Cases.

Further, 'Other Investments' which were previously accounted at cost had been recognised at amortised cost as from the financial year 2021-22.

As a result of recognising the above assets and liabilities for the first time, the comparative amounts in the Statement of Financial Position have been restated. Total Assets have decreased by Rs 487.0 million whilst Liabilities have increased by Rs 284.4 million, as compared to the previous year's audited figures, hence resulting in a decrease in Net Assets of Rs 771.4 million.

Restatement of Figures due to Correction of prior period errors/misstatements

Total Assets for the year ended 30 June 2021 were also restated by some Rs 8.2 billion mainly due to correction of prior period errors/misstatements and incorrect returns being submitted by Ministries and Government Departments.

- The fair value of investments in the National Property Fund Ltd which was measured at Rs 10,169,021,065 based on the company's Net Assets Value from its unaudited Financial Statements for the year ended 30 June 2021, was restated to nil since the audited Financial Statements for the financial year ended 30 June 2022 showed negative Net Assets Value of Rs 3,134 million in respect of the financial year ended 30 June 2021.
- Understatements of 'Receivables from Non-Exchange Transactions' totalling Rs 1,731,136,010, which included arrears of taxation of Rs 1,701,338,183, arrears of fines/penalties/forfeits of Rs 45,000 and receivables for Social Contributions of Rs 29,752,827.

Statement A - Statement of Financial Position as at 30 June 2022

The Assets and Liabilities of Government are shown in Table 2-1.

Table 2-1 Assets and Liabilities as at 30 June 2021 and 30 June 2022

	30 June 2022 Rs million	30 June 2021 (Restated) Rs million
Assets		
Cash and Cash Equivalents	21,673.0	42,510.4
Receivables from Non-Exchange Transactions	18,319.4	16,875.9
Receivables from Exchange Transactions	2,568.3	2,183.7
Loans and Advances	14,363.0	13,825.1
Investments	133,743.3	109,689.0
Inventories	2,795.7	2,488.4
Prepayments	40.9	39.5
Other Financial Assets	14,927.9	6,437.2
Biological Assets	786.7	-
Property, Plant and Equipment	528,853.8	514,705.2
Intangible Assets	1,014.8	884.3
Total Assets	**739,086.8**	**709,638.7**
Liabilities		
Payables	1,175.7	1,904.2
Social Benefits Liabilities	154.4	198.0
Provisions	50.0	-
Deposits	4,959.5	8,424.9
Government Debt	406,720.4	386,769.3
Financial Guarantee Liabilities	2,905.8	2,499.2
Employee Benefits Obligation	173,975.2	138,028.2
Total Liabilities	**589,941.0**	**537,823.8**
Net Assets	**149,145.8**	**171,814.9**
Net Assets/Equity		
Consolidated Fund	87,466.4	66,057.1
Accumulated Surplus	26,896.8	69,231.3
Special Fund	34,782.6	36,526.5
Total Net Assets/Equity	**149,145.8**	**171,814.9**

Source: Statement A - Statements of Financial Position as at 30 June 2022

Cash and Cash Equivalents

As of 30 June 2022, Cash and Cash Equivalents amounted to Rs 21.7 billion, compared to Rs 42.5 billion as of 30 June 2021, representing a 49 per cent decrease. A breakdown of the Cash and Cash Equivalents figures and the corresponding increase or decrease is given in Table 2-2.

Table 2-2 Cash and Cash Equivalents as at 30 June 2022 and 30 June 2021

	30 June 2022	30 June 2021	Increase/ (Decrease)
	Rs	**Rs**	**Rs**
Cash and Bank Balances			
Accountant General	2,462,068,262	13,542,324,417	(11,080,256,155)
District Cashiers	518,678	366,714	151,964
Ministries and Departments	118,152,947	169,484,584	(51,331,637)
Mauritius Embassies	61,915,508	69,568,874	(7,653,366)
Deposit Accounts	433,241,943	943,504,810	(510,262,867)
Special Funds	15,852,728,653	25,567,657,163	(9,714,928,510)
Sub-Total	***18,928,625,991***	***40,292,906,562***	***(21,364,280,571)***
Remittances	2,744,429,139	2,217,455,202	526,973,937
Total	**21,673,055,130**	**42,510,361,764**	**(20,837,306,634)**

Source: TAS Balances as at 30 June 2021 and 30 June 2022

There was a decrease in Cash and Cash Equivalents held by the Accountant-General and by Special Funds of Rs 11.1 billion and Rs 9.7 billion respectively.

Cash and Bank Balances held by Special Funds representing 73 per cent of Cash and Cash Equivalents of Government

Cash and Cash Equivalents totalling Rs 15.8 billion were in respect of monies deposited with the Accountant-General by seven Special Funds set up under the Finance and Audit Act and these represented some 73 per cent of the total Government's Cash and Cash Equivalents of Rs 21.7 billion as of 30 June 2022.

The large amount of Cash and Cash Equivalents held by Special Funds was mostly due to substantial funds transferred to three Special Funds over the previous two financial years that had remained unspent, to a large extent, as of 30 June 2022. Table 2-3 shows the cash transferred to the three Special Funds and the amounts spent.

Table 2-3 Special Funds - Transfer of Funds/Expenditure in 2020-21 and 2021-22 and Bank/Investment Balances as at the end of the Financial Year

Financial Year	**National Resilience Fund**	**National Environment and Climate Change Fund**	**COVID-19 Projects Development Fund**
<u>2020-21</u>	**Rs**	**Rs**	**Rs**
Funds Transferred	9,200,000,000	2,500,000,000	19,000,000,000
Expenditure	5,867,636,620	1,820,183,441	512,025,896
Bank Balance as at 30.06.2021	**13,364,511,076**	**3,276,781,701**	**7,888,031,855**
Investment as at 30.06.2021	**200,000,000**	**-**	**10,600,000,000**
<u>2021-22</u>			
Funds Transferred	500,000,000	-	11,000,000,000
Expenditure	7,627,012,342	890,839,934	2,507,722,187
Bank Balance as at 30.06.2022	**4,170,290,769**	**2,394,737,899**	**8,507,430,818**
Investment as at 30.06.2022	**200,000,000**	**-**	**18,600,000,000**

Source: Special Funds' Receipts and Payments Accounts 2020-21 and 2021-22 and Statement H-Statement of Special Funds Deposited with the Accountant-General as at 30 June 2021 and 30 June 2022

Furthermore, despite the above three Special Funds' low level of expenditure in the previous two financial years, funds transferred to them included funds approved by the National Assembly through the Supplementary Appropriation (2020-2021) Act and the Supplementary Appropriation (2021-2022) Act of Rs 15.7 billion and Rs 2.5 billion, respectively.

<u>MOFEPD's Response</u>

- The transfers to Special Funds are usually effected at the end of the financial year mainly because:
  - the Supplementary Appropriation Bills are introduced into the National Assembly in the month of April/May
  - bulk of government revenues are collected in the month of June
  - there is better visibility on the fiscal performance as we approach the end of a financial year.
- The bulk of the funds that have been transferred to the COVID-19 Projects Development Fund are committed for implementation of the 12,000 Social Housing Project and the National Flood Management Programme. The lower spending has been mainly due delays in their implementation in view of complexity of the projects and procurement issues.

__Loans and Advances - Outstanding Balance of Loans totalling Rs 10.2 billion__

Included in the figure of Rs 14.4 billion for Loans and Advances was an amount of Rs 10.2 billion representing outstanding balance of loans advanced to Statutory Bodies, Private Bodies, Other Bodies and Private Individuals as at 30 June 2022, mainly to finance capital projects.

An examination of the records pertaining to these loans revealed the following:

- Out of the Rs 10.2 billion of Loans, some Rs 1.4 billion were in respect of loan instalments which became due as of 30 June 2022 but had remained unpaid as of that date. Some of the unpaid instalments dated as far back as 1996. In addition, interests and penalties totalling some Rs 1.2 billion were due on the outstanding loan amount.

- Loans and Advances were carried at cost in the Financial Statements instead of amortised cost, which is not in line with IPSAS 41, 'Financial Instruments'.

- Loans advanced to the Mauritius Cooperative Central Bank Limited and the Rodrigues Regional Assembly as of 30 June 2022 totalling Rs 81.3 million and Rs 14.7 million, respectively, were not impaired although there were evidences, at the time the Financial Statements were prepared, that the full amounts would not be recoverable.

Treasury's Reply

- Loans to Statutory and Other Bodies will be measured and reported at amortised cost as from financial year 2022-23.

- For Mauritius Cooperative Central Bank Limited, the matter has not yet been finalised by the MOFEPD and the Bank of Mauritius and no action has yet been taken to impair the loan balance.

- As regards to RRA, no decision has yet been taken regarding outstanding balance of loan.

__Investments – Rs 133.7 billion__

As of 30 June 2022, Investments costing Rs 109.1 billion were stated at fair value of Rs 133.7 billion.

The following were noted:

- Investments of Rs 20.9 billion were in respect of shares and equity participation in four companies/entities that had negative Net Assets Value according to their latest audited Financial Statements and were thus disclosed at zero fair value as of 30 June 2022.

- In 11 cases, investments costing Rs 26.5 billion were measured at a total fair value of Rs 35.8 billion on the basis of Net Assets Values stated in the Financial Statements of investees dating back to years 2013 to 2020.

- Investment of Rs 26 billion in a newly set up company in August 2021, which accounted for some 24 per cent of Government's total cost of investment as of 30 June 2022, was stated at Rs 26 billion based on a valuation carried out in December 2021. The company's most recent audited Financial Statements were not available at the time the Annual Statements of Government were being prepared.

Property, Plant and Equipment: Rs 528.9 billion - Intangible Assets: Rs 1 billion

As of 30 June 2022, Property, Plant and Equipment (PPE) and Intangible Assets (IA) owned by Government were recognised at some Rs 528.9 billion and Rs 1 billion respectively in the Statement of Financial Position.

Government Asset Register - Still Not Complete

At paragraph 2.3 of the Audit Report for the financial year ended 30 June 2021, it was highlighted that the completeness of assets recorded in the Financial Statements could not be ascertained due to the fact that the computerised GAR, developed since July 2017 to enable Ministries/Government Departments to record their physical assets, was not yet completed.

As at end of December 2022, the recording of assets in the GAR has shown much improvements. The value of assets uploaded therein has reached Rs 171 billion. However, this amount is far from the reported figure of Rs 528.9 billion for PPE and Rs 1 billion for IA shown in the Statement of Financial Position as at 30 June 2022.

As such, the valuation, completeness and existence of PPE and IA reported in the Financial Statements could still not be ascertained.

Treasury's Response

In respect to GAR, the onus of recording all assets acquired rest with Ministries/Departments.

In addition to the Rs171 billion already uploaded in the GAR, around Rs340 billion in respect of state land and buildings are available in excel templates. However, the list of state land and buildings have not been uploaded as the list is not complete and as per format required.

Follow-up is being made with Ministries/ Departments on the remaining list of assets.

Useful Economic Lives of Fully Depreciated Assets still in Use by Ministries/Departments Not Reviewed

At paragraph 2.3 of the Audit Report for the financial year ended 30 June 2021, your attention was drawn to the fact that as of 30 June 2021, assets costing some Rs 7.5 billion were fully depreciated.

As of 30 June 2022, total cost of fully depreciated assets has risen to some Rs 9.1 billion.

The useful economic lives of fully depreciated assets still in use were not reviewed on a regular basis and their carrying values were not adjusted accordingly.

Treasury's Response

- In the absence of information from Ministries/Departments' it is presumed that any fully depreciated asset is still in use.

- The feasibility regarding the review of the useful economic life of the fully depreciated assets and the way forward will be discussed internally.

Depreciable Amount and Depreciation Period not in line with IPSAS 17, Property, Plant and Equipment

Note 2.11 (vi) to the Financial Statements states that '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'.

This is not in line with Paragraph 66 of IPSAS 17 which states that the depreciable amount of an asset shall be allocated on a systematic basis over its useful life and Paragraph 13 of IPSAS 17 which defines the useful life as the period over which an asset is expected to be available for use.

Hence, it would be more appropriate to depreciate assets using the straight line method on a pro-rata basis.

Treasury's Response

The depreciation charge is in accordance with our accounting policy, that is, full depreciation in year of acquisition and none in the year of disposal. The feasibility of applying pro-rated depreciation will be discussed with the MOFEPD. However, for practical reasons, this policy has been adopted which is easier and less cumbersome. This policy might not distort materially the Financial Statements.

2.2 Statements AA and AB - Statement of Financial Performance for the Financial Year 2021-2022

The Statements of Financial Performance of Government, Statement AA (Classification of Expenses by Function) and Statement AB (Classification of Expenses by Nature), provide details of Revenue, Expenses, other Gains/Losses and the resulting deficit for the financial year 2021-22.

Summary of Findings

- The Accounts of Government closed with a surplus of some Rs 419.8 million for the financial year 2021-22.

- Government's revenue decreased by 16.7 per cent from Rs 161.7 billion in 2020-21 to Rs 134.8 billion in 2021-22. Expenses of Government has decreased by 13.1 per cent from Rs 186.2 billion in 2020-21 to Rs 161.8 billion in 2021-22.

- Included under 'Expenses' was an amount of Rs 38.8 billion representing Grants disbursed by Government, of which Rs 11.5 billion were transferred to two Special Funds between 16 and 30 June 2022 and which have remained unspent as of 30 June 2022.

Detailed Findings

The Accounts of Government closed with a Surplus of Rs 419.8 million for the financial year 2021-22

The accounts of Government, which had shown deficits for the previous four financial years, closed with a surplus of Rs 419.8 million for the financial year 2021-22. The surplus was mainly due to a gain of Rs 26.1 billion recognised from the sale of Government's Shares in Airports of Mauritius Co. Ltd.

Total Revenue, Total Expenses, Other Gains/Losses and Surplus/Deficits for these years are shown in Table 2-4.

Table 2-4 Surplus/Deficits during Financial Years 2017-18 to 2021-22

Financial Year	Total Revenue Rs	Total Expenses Rs	Other Gains/(Losses) Rs	Surplus /(Deficits) for the year Rs
2017-18	105,824,629,797	(115,177,589,211)	(450,755,145)	(9,803,714,559)
2018-19	107,744, 725,468	(124,160,347,061)	(23,081,732)	(16,438,703,325)
2019-20	122,429,990,373	(156,717,854,771)	(10,266,552,051)	(44,554,416,449)
2020-21*	161,702,346,453	(186,205,018,829)	(33,693,809,534)	(58,196,481,910)
2021-22	134,757,660,906	(161,798,253,759)	27,460,415,554	419,822,701

Source: The Accounts of the Government of the Republic of Mauritius for the financial years 2018-19 to 2021-22
**Restated figures*

Decrease in Revenue during the Financial Year 2021-22

Revenue generated in 2021-22 totalled some Rs 134.8 billion, representing a decrease of some Rs 26.9 billion (16.7 per cent) compared to the previous financial year. The fall in revenue was mainly due to a one-off solidarity contribution of Rs 55 billion which was received from the Bank of Mauritius in the financial year 2020-21. No such contribution was received in the financial year 2021-22. The decrease in revenue was, however, partly offset by:

- Net Increase in revenue from taxation of Rs 18.1 billion, from Rs 88.1 billion in 2020-21 to Rs 106.2 billion in 2021-22.

- Increase in receipts from Quasi Corporations from Rs 992 million in the financial year 2020-21 to Rs 8.4 billion in the financial year 2021-22. Receipts for the financial year 2021-22 included amongst others Rs 2.2 billion from the Financial Services Commission, Rs 3 billion from the Mauritius Ports Authority and Rs 3 billion from the Central Electricity Board.

- Increase in revenue from 'Contribution Sociale Généralisée' of Rs 2.6 billion.

Decrease in Expenses during the Financial Year 2021-22

Expenses have also decreased by some Rs 24.4 billion, from Rs 186.2 billion in the financial year 2020-21 to Rs 161.8 billion in the financial year 2021-22, representing a decrease of 13.1 per cent. The fall in expenditure was mostly attributed to a decrease of Rs 6.1 billion, Rs 16.8 billion and Rs 9.9 billion under items 'Subsidies', 'Grants', and 'Other Expenses' respectively. However, there were increases in 'Employee Costs', 'Operating Expenses' and 'Finance Costs', amongst others, of Rs 5.1 billion, Rs 1.2 billion and Rs 1.7 billion respectively.

Transfers to Special Funds accounted as 'Expenses' in the accounts of Government, although the expenditure had not yet been incurred as at 30 June 2022

An amount of Rs 11.8 billion, representing funds disbursed to three Special Funds, was included in the 'Grants' figure of Rs 38.8 billion.

Two Special Funds had received amounts of Rs 11 billion and Rs 500 million respectively during the period 16 and 30 June 2022. However, balance in these funds had remained unspent as at 30 June 2022 and were included in the 'Cash and Cash Equivalent' and 'Investments' figures in the Financial Statements of Government.

2.3 Statement AE and Statement AF - Statement of Comparison of Budget Estimates and Actual Amounts for the Financial Year 2021-2022

Statements AE and AF, Statement of Comparison of Budget Estimates and Actual Amounts for the financial year 2021-2022, were prepared in line with IPSAS 24 - Presentation of Budget Information in Financial Statements.

Summary of Findings

- Budget Deficit before Net Acquisition of Financial Assets for the financial year 2021-22 was Rs 29 billion.

- The projected reduction of the Budgetary Central Government (BCG) Debt to GDP ratio in the financial year 2021-22 was achieved. However, the ratio of 78.8 per cent remained high compared to the 57 per cent prevailing in the financial year 2018-19.

Detailed Findings

Budget Deficit before Net Acquisition of Financial Assets - Rs 29 billion

Total revenue of Government in the financial year 2021-22 was Rs 133.2 billion, that is, Rs 4.5 billion below the estimated figure of Rs 137.7 billion. On the other hand, Government expenditure was Rs 162.2 billion, that is, Rs 0.4 billion less than the estimated figure of Rs 162.6 billion.

The budget balance before net acquisition of financial assets, which was expected to be a deficit of Rs 24.9 billion for financial year 2021-22, closed with a higher deficit of Rs 29 billion. Hence, the budget deficit as a percentage of GDP which was estimated at 5 per cent, was actually at 5.6 per cent of GDP.

The net acquisition of financial assets was budgeted at Rs 6.2 billion for the financial year 2021-22. However, a net receipt of Rs 6.7 billion was actually recorded due to the proceeds of Rs 13 billion received from the sale of Government's shares in Airports of Mauritius Company Limited.

As a result of the above, the projected budget deficit for the financial year 2021-22 of Rs 30.6 billion (6.1 per cent of GDP) was brought down to Rs 22 billion (4.2 per cent of GDP).

A summary of the Comparison of Budget Estimates and Actual Amounts for the financial year 2021-22 is provided in Table 2-5.

Table 2-5 Comparison of Budget Estimates and Actual Amounts for the Financial Year 2021-22

	Original Estimates Rs million	Total Provisions Rs million	Actual Amount Rs million	Variance Rs million
Revenue Budget				
Recurrent Revenue	133,771	133,771	131,196	2,575
Capital Revenue	3,929	3,929	1,996	1,933
Total Revenue	**137,700**	**137,700**	**133,192**	**4,508**
Expenditure Budget				
Recurrent Expenditure	135,300	143,799	139,494	(4,194)
Capital Expenditure	27,300	27,666	22,740	4,560
Total Expenditure	**162,600**	**171,465**	**162,234**	**366**
Budget/Actual Balance before Net Acquisition of Financial Assets	**(24,900)**	**(33,765)**	**(29,042)**	**4,142**
Budget/Actual Balance before Net Acquisition of Financial Assets as % of GDP	5.0%	6.8%	5.6%	
Net Acquisition of Financial Assets	6,230	6,865	(6,725)	12,955
Adjustment for difference in cash and accrual interest	510	510	318	192
Budget/Actual Deficit after Net Acquisition of Financial Assets	**(30,620)**	**(40,120)**	**(21,999)**	**(8,621)**
Budget Balance after Net Acquisition of Financial Assets as % of GDP	6.1%	8.0%	4.2%	
Government Net Borrowing Requirements	30,620	40,120	21,999	8,621
Net Domestic Financing	32,953	42,453	25,751	7,202
Net Foreign Financing	(2,333)	(2,333)	(3,752)	1,419

Source: Statement AF, Statement of Comparison of Budget Estimates and Actual Amounts for the financial year 2021-22 (Classification of Expenses by Nature) and NAO workings

**Note: Estimated GDP 2021-22 – Rs 499.8 billion (Source- Estimates 2021-2022) and GDP 2021-22 – Rs 522.4 billion (Source: Website – Statistic Mauritius, Quarterly National Accounts 3rd Quarter 2022)*

The BCG Debt to GDP Ratio remained High at 78.8 per cent as at end of 30 June 2022 despite being Three Percentage Points Lower than the Estimate of 81.3 per cent

As a result of Government's fiscal policy response to the COVID-19 pandemic, the BCG debt to GDP[1] ratio which was 57 per cent in the financial year 2018-19 has gone up during the financial years 2019-20 and 2020-21 to reach 74 per cent and 86.1 per cent respectively. Government's net borrowing requirements increased significantly during these two

[1] Revised GDP Figures – Based on Statistics Mauritius updated figures on 22 December 2022

financial years to Rs 62.4 billion and Rs 45.8 billion respectively and were much higher than the corresponding estimate of net borrowing requirements of Rs 19.2 billion and the estimate of net repayment of borrowings of Rs 1.1 billion.

For the financial year 2021-22, the actual Government's net borrowing requirements were lower than the estimated figure. Details are provided in Table 2-6.

Table 2-6 Government's Net Borrowing Requirements for the Financial Year 2021-22

Domestic Financing	**Original Estimates Rs million**	**Actual Amount Rs million**
Net Government Securities	27,126	18,084
Financing from SIC Development Co. Ltd	827	207
Financing from cash and cash equivalents	5,000	7,460
Foreign Financing		
Net Government Securities held by Non-Residents	(2,184)	(773)
Net Foreign Loans	(149)	(2,979)
Budget/Actual Deficit and Total Government Net Borrowing Requirements	**(30,620)**	**(21,999)**
BCG Debt	**406,578**	**411,438**
GDP	**499,800**	**522,443**
BCG Debt as % of GDP	**81.3%**	**78.8%**

Source: Estimates 2021-2022 and Statement AF

As a result of the actual borrowings required to finance the budget deficit, BCG Debt has increased from Rs 392.7 billion as at the end of the previous financial year to Rs 411.4 billion as at 30 June 2022 and was higher than the projected amount of Rs 406.6 billion.

Despite the BCG Debt being higher than projected as at 30 June 2022, the actual Debt to GDP ratio of 78.8 per cent was three percentage points lower than the estimate of 81.3 per cent. This was mainly due to the higher GDP of Rs 522.4 billion registered for 2021-22.

Government's aim to reduce the Debt Ratio, as stated in the Estimates 2021-2022, has been achieved. However the Debt-to-GDP ratio of 78.8 per cent remained still high in comparison to the 57 per cent recorded in the financial year 2018-19.

2.4 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.

Statement B - Abstract Account of Revenue and Expenditure of the Consolidated Fund for the financial year 2021-22, submitted in accordance with Section 19 (3) of the Finance and Audit Act, has been examined.

Summary of Findings

- Excess expenditure over revenue of Rs 7.8 billion was recorded during 2021-22.
- There was high dependence on borrowings to finance Government expenditure.

Detailed Findings

Revenue and Expenditure of the Consolidated Fund - Excess of Expenditure over Revenue of Rs 7.8 billion

Deficits for the financial years 2020-21 and 2021-22 amounted to Rs 8.2 billion and Rs 7.8 billion respectively.

Table 2-7 shows the revenue and expenditure of the Consolidated Fund for the past five financial years.

Table 2-7 Revenue and Expenditure of the Consolidated Fund - Past Five Financial Years

Financial Year	**Revenue**	**Expenditure**	**Surplus/(Deficit)**
	Rs	**Rs**	**Rs**
2017-18	134,696,987,693	135,932,944,515	(1,235,956,822)
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)

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

Revenue

Revenue for the financial year 2021-22 dropped from Rs 289.1 billion in 2020-21 to Rs 275.9 billion, that is some Rs 13.2 billion.

The shortfall in Revenue was ascribed mainly to the following:

- Revenue collected in the financial year 2020-21 included an amount of Rs 55 billion received as a one-off contribution from the Bank of Mauritius. No such contribution had been received in the financial year 2021-22.
- There has been a decrease in Loans received from Foreign Governments and International Organisations of Rs 25.1 billion

On the other hand, there had been:

- Increase in receipts from taxes of Rs 21.7 billion, primarily due to higher receipts from taxes on income and profits, and from taxes on goods and services.

- Increase in Social Security Contributions of Rs 3.2 billion due to higher contributions under the Contribution Sociale Generalisée.

- Increase in Property Income of Rs 8.6 billion, primarily due to a rise in withdrawals from income of Government Corporations, namely the Financial Services Commission (Rs 2.2 billion for 2021-22 compared to Rs 866 million for 2020-21), while the Mauritius Ports Authority and the Central Electricity Board each remitted Rs 3 billion.

- Receipts of Rs 13 billion from the sale of Government shares in Airports of Mauritius Co Ltd, which was wholly owned by Government.

- Increase in receipts from the issue of Government Securities of Rs 19.2 billion.

Expenditure

Government expenditure had also decreased by Rs 13.6 billion (5 per cent) over the previous year. The decrease was mostly attributed to a fall in expenditure in 2021-22, under the Vote "Centrally Managed Initiatives of Government". Expenditure, in respect of various items, was exceptionally incurred in 2020-21, as detailed in Table 2-8.

Table 2-8 Vote-Centrally Managed Initiatives of Government Expenses which were exceptionally high in 2020-21

Item No.	Details	2020-21 Rs	2021-22 Rs
25	**Subsidies**		
25210025	Wage Assistance Scheme	6,384,009,587	-
28	**Recurrent Expenditure - Other Expense**		
28213029	State Trading Corporation (STC)	4,600,000,000	-
26	**Grants**		
26323058	National Environment Fund	2,500,000,000	-
26323205	National Resilience Fund	9,200,000,000	500,000,000
26323208	COVID-19 Projects Development Fund	19,000,000,000	11,000,000,000
26323209	COVID-19 Vaccination Programme Fund	1,163,000,000	-
28	**Capital Expenditure - Other Expense**		
28222023	Write-off of Loans	2,300,000,000	-
32155	**Shares and Equity Participation**		
32155060	National Property Fund Ltd	11,900,000,000	2,880,000,000

Source: Statements D1 – Detailed Statement of Expenditure of the Consolidated Fund for the financial years 2020-2021 and 2021-2022.

However, there had been an increase in Government Debt Servicing of Rs 17.8 billion, from Rs 110.4 billion in 2020-21 to Rs 128.2 billion in 2021-22.

Revenue of the Consolidated Fund – High Dependence of Government on Borrowings to Finance its Expenditure

Receipts from taxes had traditionally been considered to be the major source of Government Revenue. A total of Rs 107.7 billion was collected during the financial year 2021-22, representing an increase of some 25 per cent over the previous year's collection of Rs 86 billion.

Government has been highly dependent on borrowings to finance its expenditure. Since the financial year 2020-21, borrowings had ranked first as a source of Government revenue and constituted some 47 per cent of total revenue in both financial years 2020-21 and 2021-22.

Borrowings, which totalled Rs 129.5 billion in 2021-22, comprised Rs 128.1 billion of Government Securities issued, Rs 207.3 million being financing from SIC Development Company Ltd and Rs 1.2 billion being loans from Foreign Governments and International Organisations.

Government revenue also included Equity Sales, Grants, Social Contributions and Other Sources of Revenue such as Property Income, Sales of Goods and Services, Fines, Penalties and Reimbursements of Loans, as shown in Table 2-9.

Table 2-9 Sources of Government Revenue

	2019-20		2020-21		2021-22	
	Rs million	**%**	**Rs million**	**%**	**Rs million**	**%**
Taxes	91,787	51.3	86,028	29.8	107,721	39.0
Borrowings	56,948	31.8	135,317	46.8	129,522	47.0
Financing from Bank of Mauritius	18,000	10.1	55,000	19.0	-	-
Equity Sales	-	-	-	-	13,000	4.7
Grants	4,288	2.4	2,217	0.8	2,880	1.0
Social Contributions	1,384	0.8	6,548	2.2	9,804	3.6
Other Sources of Revenue	6,500	3.6	3,994	1.4	12,955	4.7
Total Revenue	**178,907**		**289,104**		**275,882**	
Total Expenditure	**189,556**		**297,278**		**283,660**	
Deficit	**10,649**		**8,174**		**7,778**	

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

During the financial year 2021-22, Rs 128.2 billion were spent on Government Debt Servicing, which included capital repayments of Rs 115 billion, interests payments of Rs 13.2 billion and management/service charges of Rs 12.6 million. This sum accounted for some 45 per cent of overall Government expenditure.

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PART II

SPECIAL REVIEW

Emergency Procurement of COVID-19-Related Drugs

3 – Special Review

3.1 Emergency Procurement of COVID-19-Related Drugs

Executive Summary

The law regulating public expenditure aims at ensuring transparency and accountability amongst others. As Director of Audit, I have to satisfy myself, inter alia, "*that satisfactory management measures have been and are taken to ensure that resources are procured economically and utilised efficiently and effectively*" as provided under Section 16.1(e) of the Finance and Audit Act.

Following publications made in the press and public statements of the Officials of the Ministry of Health and Wellness (MOHW), I have deemed it necessary to carry out a review on the Emergency Procurement (EP) of the COVID-19-Related drugs made by MOHW during the financial year 2021-22.

The MOHW is, inter alia*,* responsible for the EP of drugs for public health institutions. During the period November 2021 to June 2022, MOHW awarded contracts for the supply of Molnupiravir 200 mg Tabs, Tocilizumab Injections and other COVID-19-Related drugs to the tune of Rs 357 million, of which payments totalling around Rs 153 million were made up to June 2022 as described in Table 3-1.

Table 3-1 Contracts Awarded for COVID-19-Related Drugs and Payments Effected

Drugs	Supplier	Date Contract Awarded	Quantity Awarded	Contract Amount Rs	Amount Paid Rs
Molnupiravir 200mg Tabs	Foreign Laboratory	19 Nov 21	1,200,000	62,400,000	67,474,041
	Wholesale Pharmacy C	06 Dec 21	800,000	7,446,000	7,334,682
	Wholesale Pharmacy A	07 Dec 21	*999,000	79,840,080	-
Tocilizumab 400 mg Injection	Wholesale Pharmacy D	11 Nov 21	300	8,085,000	8,108,932
	Wholesale Pharmacy B	07 Dec 21	465	16,275,000	15,589,901
	Wholesale Pharmacy A	07 Dec 21	200	7,160,000	-
	Wholesale Pharmacy A	09 Dec 21	400	14,320,000	-
RoActemra 162 mg Injection	Wholesale Pharmacy A	-	152	2,321,800	-
Ronapreve Injection	Foreign Manufacturer	01 Dec 21	3,150	158,000,000	55,014,519
Tigecyline 50 mg Injection	Wholesale Pharmacy E	-	450	1,339,080	-
Total				**357,186,960**	**153,522,075**

Source: Ministry's files
**Out of which 500,000 tablets were returned to Supplier in May 2022*

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NAO has reviewed all the EP exercises carried out during the period November 2021 to June 2022 despite payments effected represent only 43 per cent of the total contract value. The audit objective was to ascertain whether these procurements were made in accordance with law and whether the contract prices were fair and reasonable.

Summary of Findings

Audit tests have revealed the following shortcomings in the EP exercises carried out by the Ministry:

- The Ministry did not comply with the relevant legal provisions relating to EP in respect of Molnupiravir Tabs and Tocilizumab Injections and awarded contracts to the tune of Rs 101.3 million to Wholesale Pharmacy A with which it had no prior procurement dealing.

- The Ministry did not follow its own established procedures for EP. Without the involvement of key parties, MOHW procured 2 million tabs of Molnupiravir, when in fact, the Consultant in Charge made a request for only 1.2 million tabs.

- There was non-compliance with the conditions set out in the letter of award and the delivery schedule as the drugs supplied had a shelf life of less than 18 months and were delivered prior to the award of the contracts.

- The two wholesale pharmacies A and B, which supplied Tocilizumab Injections and Molnupiravir Tabs did not possess the required authorisation to import these drugs.

- Unsolicited proposals from wholesale pharmacies A and B were accepted and considered by MOHW in spite of a large difference with prices quoted previously to the Ministry by other known suppliers of same drugs. For instance, the Molnupiravir drugs were purchased at a unit price of Rs 79.92 whilst the same drug was procured from another Wholesale Pharmacy at a unit price of Rs 9.30.

- Procurement exercises for injections (RoActemra, Tigecycline and Ronapreve) were done in absolute disregard of the requirement of the law.

- The award for the supply of Molnupiravir Tabs and the procurement procedures for the supply of Tocilizumab Injections were already initiated prior to the recommendations of the Technical Committee.

Conclusion

The Public Procurement Regulations requires the Chief Executive Officer of a public body to ensure that:

- recourse to emergency procurement is to efficiently and effectively deal with situations of emergency, which would otherwise not be possible by resorting to normal procurement;

- the procurement contract is awarded to suppliers who have a track record of supplying such goods; and

- the contract price for the goods is fair and reasonable.

Public Procurement Regulations have not been complied with. Furthermore, the established procedures of MOHW have not been followed. The Ministry has not obtained value for money in respect of the EP of Molnupiravir 200 mg Tabs and Tocilizumab Injections as well as other COVID-19-related drugs.

The importance of integrity cannot be over-emphasised when it concerns the management of public funds. Accounting Officers have to ensure that public funds and resources are properly safeguarded, and are used economically, efficiently, effectively, with due propriety, and in accordance with the statutory or other authorities that govern their use.

Recommendations

- In keeping with good governance practices, MOHW should develop and ensure the implementation of appropriate strategies for EP during a pandemic. This would require the timely preparation of operational plans in order to meet the objectives set during the period of emergency.

- The Ministry should ensure strict adherence to its internal procedures for EP. In this respect, it should keep documentary evidence of all the steps taken in compliance with its established procedures and all the approvals obtained.

- The Ministry should ensure compliance with the Public Procurement Act, Public Procurement Regulations and Directives issued by the Procurement Policy Office (PPO) for EP. The MOHW should seek guidance from PPO in case of doubts in order to ensure proper compliance with laws and regulations.

- The MOHW should issue proper guidelines for dealings with unsolicited proposals in times of emergency to ensure value for money and proper management of public funds.

- There should be proper coordination among the different units of MOHW to ensure compliance with the terms and conditions of the supply of drugs.

Detailed Findings

Non-Compliance with Legal Provisions Relating to EP

The relevant legal provisions with regard to EP are the following:

- Section 21 of the Public Procurement Act 2006 (PPA);

- Regulations 5C and 8 of the Public Procurement Regulations (PPR) 2008; and

- Directives 44 and 60 issued by PPO.

In relation to the procurement exercises for the supply of Molnupiravir 200 mg Tabs and Tocilizumab Injections, the Ministry has failed to comply with the abovementioned legal framework, in as much as:

- MOHW opted solely for EP and did not, as stipulated in Directive 44, even consider resorting to competitive procurement activities at the same time.

- Contrary to Regulation 8 of the PPR 2008, there was no written evidence that negotiations have been carried out with any of the prospective suppliers for all the EP exercises.

- The MOHW awarded the contract for the supply of Molnupiravir Tabs directly to Wholesale Pharmacy A, when it had the possibility, as provided under Regulation 5C(2)(b) of PPR, to extend or modify an existing contract which was awarded on the previous day to Wholesale Pharmacy C under the same terms and conditions.

- Contrary to Regulation 5C(3)(c) of PPR, awards of contracts for the supply of Molnupiravir Tabs and Tocilizumab Injections, to the tune of Rs 101.3 million, were made in December 2021 to Wholesale Pharmacy A, an entity that obtained its licence on 5 October 2021 and therefore has a quasi-non-existent track record of supplying such goods and with which MOHW had no prior procurement dealings. NAO was unable to trace out any request for submission of quotations by the Ministry to this Wholesale Pharmacy.

- The SCE failed to ensure that the contract prices were fair and reasonable as required under Regulation 5C(3)(d) of PPR.

- The MOHW resorted to the Direct Procurement Method under Section 25(2)(b) of the PPA and on 19 November 2021 awarded the contract for the supply of 1.2 million Molnupiravir Tabs (Moflu) to a foreign laboratory. Given that at time of award, the foreign laboratory did not have the exclusive right to manufacture the drugs, Section 25(2)(b) of PPA was not applicable. The MOHW should have resorted to a competitive method of procurement as there was no comparative price to ascertain whether the unit price offered by the foreign laboratory was fair and reasonable. The drugs were delivered on 5 January 2022 and payment totalling Rs 67,474,041 was made on 26 April 2022.

- Contrary to Regulation 5C(2)(c) of PPR, the Ministry did not call for a competitive bidding exercise through restricted or open advertised bidding with accelerated timescales in the case of procurement of Tocilizumab Injections from Wholesale Pharmacy A following an unsolicited offer on 1 December 2021.

- There was no evidence of a report submitted to the PPO on the EP of Tocilizumab Injection as required under Regulation 5C(4)(c) of the PPR.

Ministry's Response

- When sufficient information was available, the Ministry did have recourse to competitive procurement activities and restricted bidding method was used to seek quotations from all potential suppliers.

- The Ministry required drugs for immediate use. Based on information available from the Wholesale Pharmacy C, particularly with regards to its delivery schedule, negotiations could not be held.

- Wholesale Pharmacy C had already signified that it would be in a position to supply the drug 15 days after the award of the contract. Around the same time, the Pharmacy Department informed that Wholesale Pharmacy A had a generic version of the drug available for immediate supply. Therefore, taking into consideration the fact that the earliest supply of the drug from the foreign laboratory and Wholesale Pharmacy C would not reach Mauritius before end December 2021, the Ministry decided to procure the drug from Wholesale Pharmacy A.

- At the material time, the Ministry also procured Molnupiravir Tablets from the foreign laboratory at a price in the range of Rs 55 to Rs 60 per tablet. The product from Wholesale Pharmacy A was not the same as that awarded to both the foreign laboratory and Wholesale Pharmacy C. Moreover, given that the conditions were not the same, the price could not be compared.

- The technicians of the Pharmacy cadre are required to ascertain the technical information (e.g. licensing) and cost comparison provided during evaluation and at the level of the Departmental Bid Committee respectively while scrutinising requests.

- There has been a change in Officers dealing with the said emergency procurement.

Non-Compliance with Established Procedures for EP

One key element of the established procedures for EP, at the level of the Ministry, is that the request from user department should be approved by the Director Pharmaceutical Services (DPhS), Director Health Services (DHS) or the Director General Health Services (DGHS) before the start of a procurement exercise.

- Regarding the procurement exercise for Molnupiravir Tabs, one senior official from the Pharmacy Department, hereinafter referred to as Officer X, conveyed to the SCE most of the requests for procurement without obtaining the prior approval of any of the Directors.

- NAO noted that Officer X initiated two procurement exercises upon a request from a Consultant In Charge (CIC) dated 15 November 2021 and which was reiterated on 24 November 2021, without the approval of the Directors. A first award was made to a foreign laboratory for the supply of 1.2 million tabs and a second one to Wholesale Pharmacy C for the supply of 800,000 tabs at a unit price of some Rs 52 and Rs 9.30 respectively.

- An EP exercise for the procurement of 300 Tocilizumab Injections was initiated by Officer X, following request dated 21 September 2021 from the CIC, without the approval of the DPhS, DHS or DGHS.

- The SCE had given her authorisation without ascertaining prior approvals from the Directors (DPhS, DHS or DGHS).

Ministry's Response

- Requests for the procurement of drugs and processing of same do not warrant the approval of the Director Pharmaceutical Services, the Director Health Services or the Director General Health Services and a recommendation would suffice.

- There is no reference made in the letter dated 24 November 2021 to the letter dated 15 November 2021. As such, one cannot aver if the letter dated 24 November 2021 requesting for purchase of Molnupiravir was a reminder or a fresh request. The request was processed in two different files and was therefore treated as two different requests. Officer X who initiated the other procurement exercise needed to cross check the information and draw attention of management since he did the first processing of files.

NAO Comment

NAO maintains that the request from the user department warrants the approval and not the recommendation of the Directors as per established procedures submitted by the Deputy Permanent Secretary (Procurement).

Non-compliance with Conditions in Letter of Award and Drugs delivered Prior to Date of Award of Contract

The conditions imposed by the Ministry as per Letter of Award, for the purchase of drugs are, inter alia, that the drugs shall have a shelf life of preferably not less than 18 months and that the delivery date shall start from the date the letter of award is issued.

NAO noted that the above-mentioned conditions were not adhered to in respect of the EP of Molnupiravir Tabs and Tocilizumab Injections from Wholesale Pharmacy A. In particular:

- The usual condition for the award, in relation to the shelf life of the drug, was departed from, after taking into consideration the fact that the supplier only had drugs with a shorter shelf life available. Approvals of the SCE and the Departmental Bid Committee (DBC) were not obtained.

- The Wholesale Pharmacy A delivered 200 and 400 units of Tocilizumab Injection on 26 November 2021 and 3 December 2021, prior to the award dates of the contracts which were 7 December 2021 and 9 December 2021 respectively. Moreover, it delivered 5,000 tablets of Molnupiravir to the ENT Hospital on 3 December 2021, that is four days prior to the date of the award of contract.

Ministry's Response

- The Pharmacy Department of the Ministry would be requested to pay attention to shelf life for fast moving items and those procured under emergency procurement for a realistic shelf life so as to ensure competition and not restrict bidders.

- This Ministry has no evidence whether local purchases were resorted to at the ENT Hospital or whether instruction to receive the drugs at ENT Hospital was conveyed.

Two Wholesale Pharmacies that supplied Tocilizumab Injections and Molnupiravir Tabs did not possess the required authorisation to import these Drugs

All pharmaceutical products imported by a Wholesale Pharmacy for sale in private pharmacies are registered with a unique identification number and the supplier is required to pay a registration fee. All imports require prior administrative clearances from the MOHW. The Pharmacy Department of the Ministry maintains a database of all pharmaceutical products for which authorisation to import has been granted.

- There was no registered supplier for the importation of Tocilizumab Injections in the database kept at the Pharmacy Department of the Ministry.

- Wholesale Pharmacy A had supplied Molnupiravir Tabs and Tocilizumab Injections and Wholesale Pharmacy B had supplied Tocilizumab Injections to the MOHW from their respective local stock. No entries were found in the database of the Pharmacy Department for their authorisation to import these drugs.

- The Pharmacy Department authorised four wholesale pharmacies to import Molnupiravir 200mg Tabs on an emergency basis in November/December 2021. However, the name of these wholesale pharmacies could not be traced in the database of the pharmaceutical products at the Pharmacy Department for imports. It is not known on what basis permits were issued by the Ministry to these wholesale pharmacies, and whether payment of the relevant fees was made, and proper procedures were followed.

- There was no evidence that the commercial invoices for the importation of Molnupiravir Tabs and Tocilizumab Injections by Wholesale Pharmacy A and Tocilizumab Injections by Wholesale Pharmacy B were submitted for clearance to MOHW. Hence, NAO could not ascertain whether the unit price of Rs 79.92 for the Molnupiravir Tabs and Rs 35,800 for the Tocilizumab Injections offered by the Wholesale Pharmacy A and the unit price of Rs 35,000 for the Tocilizumab Injections offered by Wholesale Pharmacy B were within the permissible mark up of 37 per cent as prescribed under the consumer protection law and regulations.

Ministry's Response

- The recommendation for the procurement of drugs is made by the Pharmacy Section of the Ministry. The officers of the said unit have the responsibility to ensure that the drugs and suppliers thereof are duly registered.

- As regards the letter signed by the Pharmacist, this Ministry could not identify any records of any approval obtained for the authorisations obtained. The matter is also currently under investigation from the Independent Commission Against Corruption.

- For the cost prices of the two drugs, this is a matter to be determined by the Customs Department of the Mauritius Revenue Authority.

Unsolicited Proposals from Wholesale Pharmacies A and B accepted in spite of large margin of difference in prices quoted previously by other known suppliers of same drugs

Procurement of Molcovir 200mg Tablets

On 25 November 2021, the Wholesale Pharmacy A informed the Ministry that it could supply one million Molcovir 200mg Tabs, a generic version of Molnupiravir Tab from Laboratory A based overseas and that a first delivery of 200,000 Tabs could be made on 30 November 2021 followed by delivery of 800,000 Tabs on 2 December 2021. The price proposed was approximately Rs 79.92 per Tab.

On 1 December 2021, Officer X of the Ministry submitted a request to procure one million tablets of Molcovir 200mg at an estimated unit price of Rs 79.92 and stated that the two manufacturers from which the Ministry had previously ordered these Tabs had not yet obtained the necessary manufacturing right. Only Wholesale Pharmacy A had a stock of one million Tabs of Molnupiravir 200mg in a generic version at that time.

The Letter of Award was issued on 7 December 2021 and 994,000 Molcovir 200mg Tabs were delivered to the MOHW Warehouse at Castel on the same day.

On 21 December 2021, MOHW addressed a correspondence to the Wholesale Pharmacy for the return of 620,000 Molcovir 200mg tablets. On 10 January 2022, the Wholesale Pharmacy informed the Ministry that it was not agreeable for the return of these drugs but was open to discuss other avenues/modalities. Advice was sought from the Attorney General's Office (AGO) and on 22 April 2022, the AGO advised that as the Wholesale Pharmacy would take back 500,000 Tablets of Molcovir 200mg out of the 999,000 supplied, the Ministry had to pay the agreed price of Rs 79.92 for the remaining quantity. On 4 May 2022, the supplier collected 500,000 tablets from the MOHW Warehouse in Castel.

- The Molcovir 200mg tabs procured from this Wholesale Pharmacy were manufactured by a foreign pharmaceutical company. Documents produced to MOHW were, amongst others, a 'No Objection Certificate' from the Drugs Control Administration of Government of Telangana authorising the foreign pharmaceutical company to manufacture Molnupiravir 200mg tabs for export only.

- The statement made by Officer X that the two manufacturers had not yet obtained manufacturing right was accepted by the senior officials of MOHW without ascertaining its veracity.

- The MOHW accepted the price of Rs 79.92 from this Wholesale Pharmacy, which was 8.5 times the purchase price on another contract awarded only a day before, that is Rs 9.30.

- The MOHW awarded a contract for the supply of 800,000 Molnupiravir tabs on 6 December 2021 to Wholesale Pharmacy C and Wholesale Pharmacy A did not bid in that tender exercise. However, NAO noted that on the same day Wholesale Pharmacy A was awarded an EP contract of 999,000 tabs Molcovir at a much higher price. There was no evidence that the other bidders which participated in the tender exercise were unable to supply the additional quantity of 999,000 tabs. NAO further noted that this supply was made through an unsolicited offer from Wholesale Pharmacy A.

It is recommended that before MOHW makes any payment, the advice of AGO be sought anew given that the Independent Commission Against Corruption (ICAC) is investigating on the importation and supply of the drugs by Wholesale Pharmacy A.

Ministry's Response

- The technical staff present at the Departmental Bid Committee should have provided technical guidance to the Committee on the statement of Officer X concerning the non-obtention of the manufacturing right by Merck & Co.

- There can be no value to saving the life of a single individual. Nonetheless, the user department (Pharmacy Section) should have drawn attention of Management on the prices of molnupiravir in the case of Wholesale Pharmacies A and C for a better-informed decision.

Procurement of Tocilizumab Injections

On 23 November 2021 and 1 December 2021, Wholesale Pharmacy A informed MOHW that it could supply 200 units of Tocilizumab Injections on 26 November 2021 and 400 units on 2 December 2021 at a unit price of Rs 35,800. These unsolicited offers were accepted by the Ministry and Letters of Award were issued on 7 and 9 December 2021.

On 7 December 2021, the award for the supply of 465 units of Tocilizumab Injection at a unit price of Rs 35,000 was made to Wholesale Pharmacy B through an unsolicited offer. 50 units and 400 units were delivered to MOHW Warehouse at Castel on 9 and 22 December 2021, respectively and payments totalling Rs 15,589,901 were made as at June 2022.

- On 25 November 2021 and 3 December 2021, Officer X requested the purchase of a total of 1,065 units of Tocilizumab Injection. No approved requests from the user departments together with the quantity needed could be produced to NAO for these purchases.

- The quantity proposed by the Wholesale Pharmacies A and B was taken as the quantity needed by MOHW.

- The unit price of Rs 35,800 and Rs 35,000 offered by the Wholesale Pharmacy A and B respectively was considered as the estimated unit price although in the same month MOHW had procured this injection from the Wholesale Pharmacy D at a unit price of Rs 26,950.

- There was no evidence that the document of registration, package insert and Certificate of Pharmaceutical products were submitted to MOHW by Wholesale Pharmacy A for both consignments.

Ministry's Response

- The motivation for Officer X to request the purchase of 1,065 vials of Tocilizumab 200 mg injection remains to be justified.

- The cost estimates needed to have been ascertained by the user department prior to seeking the approval of the Senior Chief Executive.

Procurement Exercises for Injections (RoActemra, Tigecycline and Ronapreve) were done in absolute disregard of the Requirement of the Law

RoActemra 162mg Injection

On 20 November 2021, the Wholesale Pharmacy A delivered 38 boxes of RoActemra 162 mg Injection at ENT hospital. The documents produced to NAO for this supply were a delivery note and an invoice from Wholesale Pharmacy A dated 20 November 2021. This supply by Wholesale Pharmacy A without any other documents and evidence in file has remained enigmatic. In the absence of proper documentation and records, it is obvious that this delivery was made without following procurement procedures as laid down in the law, regulations and Directives.

Ministry's Response

This Ministry would not be in a position to reply as to the reasons of the delivery of the boxes of RoActemra. The way of proceeding remains to be justified.

Tigecycline 50mg Injection

On 8 December 2021, Officer X requested that the purchase of 450 units of Tigecycline injections be made directly from the manufacturer at the estimated unit cost of US$ 50. Approval of the SCE was obtained on 8 December 2021. The approval of a Health Director was not sought. The drugs were delivered at the ENT Hospital on 9 December 2021, a day before the request for proforma invoice was issued. Also, since there was no formal contract between the supplier and MOHW, the purpose for the supply of this drug has remained unknown.

Ministry's Response

The liaison between Officer X and the supplier, the subsequent request for purchase initiated by Officer X and the administrative coordination by Officer X remains to be justified. Proper segregation of duties for scrutiny is not seen in the process. The pattern of Officer X with suppliers and subsequently requesting for purchase remains quizzical. Officer X needed to have exercised caution in his duties the moreso that he had access, as a consequence of his position, to privilege information concerning the procurement of pharmaceutical products and was privy to internal consultations, discussions and meetings.

Ronapreve Injection

The MOHW entered into a Purchase Agreement with the foreign manufacturer on 1 December 2021 for the supply of 1,575 packs of Ronapreve Injections for a period of one year as from the date of the signature thereof. The first consignment of 500 packs (1,000 doses) was delivered to MOHW Warehouse at Castel on 23 December 2021 and on 23 February 2022 an amount of Rs 55,014,519 was paid.

On 6 May 2022, the members of the Clinico-Biological Group on COVID-19 requested that Ronapreve Injections should not be used to treat patients with COVID-19, based on the scientific data published on the inefficacy of the injections against the Omicron variant.

On 23 May 2022, MOHW decided to cancel the remaining quantity on order. The foreign manufacturer provided an amended Purchase Agreement for the termination of the supply of Ronapreve Injection and for the replacement by two pharmaceutical products. The advice of the AGO was sought and on 6 October 2022, it advised, inter alia, the following:

- The Ministry is bound by law to ensure that the conditions set out in Section 25 of the Public Procurement Act are met before it proceeds with negotiations with the foreign manufacturer and signs an agreement with it.

- Before reaching any agreement with the foreign manufacturer, the Ministry is statutorily bound to strictly comply with Regulations 44 and 45 of the Public Procurement Regulations.

- The Ministry ought to ascertain that the products proposed by the foreign manufacturer are not cheaper on the local or international markets.

NAO noted that in February 2022, MOHW had already paid the foreign manufacturer for the quantities delivered. The Ministry should now comply with the advice of AGO before finalising any agreement with the foreign manufacturer.

Ministry's Response

The Agreement with the foreign manufacturer is still under process.

Award for Supply of Molnupiravir Tabs and Procurement Procedures for Supply of Tocilizumab Injections initiated prior to Recommendation of Technical Committee

On 26 November 2021 a Technical Committee chaired by the Director General Health Services recommended the purchase of 1.2 million tablets of Molnupiravir and the provision of a stock of 6,000 doses of Tocilizumab Injection in anticipation for the treatment of severe COVID-19 patients.

NAO was not provided with any record regarding the implementation of the above recommendation of the Technical Committee. There was no rationale for the setting up of the Technical Committee on 26 November 2021 when award for the supply of 2 million Molnupiravir Tabs was already made on 19 November and 6 December 2021 and procurement procedures for the supply of 965 units of Tocilizumab Injection were already initiated prior to the recommendation of the Technical Committee.

After the recommendation of the Technical Committee, MOHW procured 999,000 tablets of Molnupiravir 200 mg and 400 units of Tocilizumab Injection directly from Wholesale Pharmacy A through unsolicited offers.

Ministry's Response

- The relation between the Technical Committee chaired by the Director General Health Services and the ongoing procurement cannot be established.

- With regard to Tocilizumab injections, only 1,365 doses of Tocilizumab were purchased with only 840 doses being used. This Ministry notes that had 6,000 doses of Tocilizumab injection been purchased, it would have resulted in wastage of some 5,160 doses of Tocilizumab.

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PART III

AUDIT OF MINISTRIES

AND

GOVERNMENT DEPARTMENTS

4 – PRIME MINISTER'S OFFICE, MINISTRY OF DEFENCE, HOME AFFAIRS AND EXTERNAL COMMUNICATIONS AND MINISTRY FOR RODRIGUES, OUTER ISLANDS AND TERRITORIAL INTEGRITY

4.1 CIVIL AVIATION

4.1.1 Delay in Upgrading/Construction of the Permit Office

The contract for consultancy services for the upgrading of the existing Permit Office at the Department of Civil Aviation (DCA) was awarded to a consultancy firm for some Rs 1.1 million on 10 December 2018, under the Framework Agreement for Multidisciplinary Consultancy Services (FAMCS) 2018-20.

Following a survey of the existing building, the consultancy firm recommended its demolition and the construction of a new one with ground floor only. The project value was estimated at some Rs 15 million in August 2018.

As of June 2022, some Rs 546,480 were paid to the consultancy firm. A review of the project revealed that there was delay in the award of the construction contract.

Findings

On 24 November 2020, the Ministry of Housing and Land Use Planning (MHLUP) highlighted that the proposed design for the building submitted by the Consultant did not comply with the requirements of the Ministry. The Consultant changed its existing ground floor building design to a two-storey building following which clearance from the MHLUP was obtained in May 2021.

- Tender for the construction of a two-storey building was launched on 11 August 2021 based on the estimated cost of Rs 24.7 million. Two contractors responded to the bidding exercise which was later cancelled as the price quoted by the sole qualified bidder amounted to Rs 33 million, which exceeded the estimated cost of the project by some 34 per cent.

- According to the FAMCS, contractors/consultants can undertake projects costing up to Rs 25 million. As the project value was estimated by the Consultant, in April 2022, at some Rs 31 million, the contract for the consultancy services would have to be terminated. It is to be noted that some Rs 546,480 have already been paid to the consultancy firm.

- The advice of the Ministry of National Infrastructure and Community Development (MNICD) was sought on 8 July 2022, on the way forward in case the contract with the consultancy firm is terminated.

- After more than three years, the project was still at an initial stage. Further, the termination of the consultancy services will significantly delay the implementation of the project, as the procurement process would have to start anew entailing an increase in the cost.

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- The initial estimated cost of Rs 15 million escalated to some Rs 31 million in April 2022 representing more than 100 per cent increase.

Recommendation

Before embarking on any project, feasibility study and surveys should be carried out in order to avoid unnecessary expenditure and delay in project implementation.

Department's Response

Following a meeting held on 30 November 2022, two options were proposed by the MNICD on 24 January 2023 in respect of project management, either to appoint the MNICD as project manager or to launch a new tender for consultancy services.

4.1.2 Air Ground High Frequency Communication Equipment - Procurement and other Issues

The DCA operates an air-ground High Frequency (HF) Communication Equipment used to provide high frequency communication service within the Flight Information Region of Mauritius.

The existing equipment had already completed its service life since year 2020 and was reported by DCA as obsolete. Spare parts were also not easily available and an urgent replacement of the equipment was needed.

Summary of Findings

A review of the project for the replacement of the HF equipment revealed the following:

- Cost estimates were unrealistic.

- There was delay in the replacement of the HF equipment.

Detailed Findings

Unrealistic Cost Estimates

The Central Procurement Board (CPB) carried out a bid exercise in February 2019 and the estimated project cost was Rs 80 million. On 24 July 2019, CPB recommended its cancellation as the lowest responsive bid received was substantially above the estimated cost of the project by some 150 per cent. The estimated cost of the project was revised to Rs 173 million and a second tender exercise was carried out in October 2020.

The contract was awarded on 22 October 2021 to a foreign company, Company A, for an amount of € 1,952,453 (equivalent to some Rs 95.2 million) far below the revised estimated cost. As at 30 June 2022, an amount of some Rs 10 million, representing 10 per cent of the contract amount was paid to Company A as advance payment.

Delay in replacement of HF Equipment

The Bigara Transmitting Station (BTS) was equipped with four 5KW transmitters but only one was functioning.

Pending the installation of the HF equipment, and in view of the time constraint and urgency to replace the equipment in use, on 2 March 2022, DCA requested Company A to supply and install a temporary transmitter. The provision of the transmitter to DCA at the cost of € 50, 511 (equivalent to some Rs 2 million) represented an additional cost to DCA due to delay in the award of the contract.

Department's Response

Due to safety aspect of aircraft operations, it was imperative that we procure and install 1kW transmitter pending the completion of the project.

4.1.3 Follow up of Matters Raised in Audit Report 2020-21

NAO has carried out a follow up of matters raised in the Audit Report 2020-21 to report on actions taken by DCA in response thereto.

- Further action was taken in respect of the four issues highlighted in the report.

Further information is provided at page **389** in **Appendix VI**.

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4.2 GOVERNMENT PRINTING

4.2.1 Construction of a New Building – Contract Management and Other Issues

On 18 April 2019, Letter of Acceptance was issued for the construction of a new building for Government Printing (GP) for some Rs 434.8 million and contractual completion date was 28 August 2020. However, works were completed on 31 August 2021 and the building was fully operational in December 2021. As of June 2022, variations totalling Rs 7.4 million were approved and total payment to the Contractor had reached Rs 435.8 million.

Summary of Findings

- Variations were partly approved during the Defects Notification Period.
- Extension of Time with additional associated costs for increase in scope of works and extended stay was approved.
- Various issues were reported post-completion.
- The building was occupied without Fire Certificate contrary to provision of the Mauritius Fire and Rescue Service Act.

Detailed Findings

Variations Partly approved during Defects Notification Period

Variation works totalling Rs 7.4 million were approved for the project both during the construction stage and the Defects Notification Period (DNP). Works were also performed prior to approval of variations. The following variations were effected:

- Road access to the Plate Making Section involving associated works such as the re-location of rain water harvesting tank, road light fitting and the protection of existing underground services.
- Adjustment of the loading bay following complaints received from suppliers. The variations were approved by the Ministry of National Infrastructure and Community Development (MNICD) on 17 June 2022 and works were completed on 5 October 2022.
- Replacement of curved stainless-steel handrail in lieu of 150 mm thick curved blockwall.
- Increase in slab thickness of roof.

After moving to the new building, GP requested other additional works such as additional power points, changes in partitioning and closed mezzanine with sound proof fixed glazing.

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Department's Response

- Variations were required during the construction period to improve the performance of the building.

- The road access had to be provided before Taking Over of the Works, for the proper running of the building. Instructions were thus given to the Contractor on 15 July 2021.

Additional Associated Cost for Increase in Scope of Works and Extended Stay

The Contractor requested for an extension of time with costs due to additional works instructed by GP in respect of the road access to the Plate Making Section and other variations.

The MNICD approved the recommendation of the Consultant for granting extension of time up to 31 August 2021. As a result, the execution of asphalt works had to be rescheduled. On 8 December 2021, MNICD approved payment to the Contractor for an amount of Rs 4 million as associated costs for extension of time due to the employer's delay.

In March 2022, MNICD approved the claim of the Consultant for an amount of Rs 6.7 million as additional fees for an increase in scope of works and extended stay due to delay in completion and force majeure due to lockdown 2020 and 2021.

Issues Reported Post-Completion

The new GP building was occupied since December 2021. Defects noted after occupation of the building were:

- There were water leakages entailing the risk of electrocution in various locations. Rain water was infiltrating under the shutters with risk of spoiling printed materials awaiting delivery.

- The humidity in the 'Computer to Plate' room which was too high hampered the production of Plates.

- The Building Management System (BMS) controlling and monitoring mechanical and electrical equipment was not working properly as no email/warning was received despite various issues regarding the generator tank, pump and air condition system.

- The Photovoltaic (PV) System was not yet operational.

- Termites were also found in some Sections.

Recommendation

GP should ensure that all defects are remedied prior to the end of the DNP.

Department's Response

- The Consultant has proposed the installation of gaskets under the shutters to resolve the water leakage.

- According to the Consultant, the BMS was functioning, except for the generator. The intervention report was being awaited.

- The MNICD approved the extension of six months of the DNP upon recommendation of the Consultant.

Non-compliance with Mauritius Fire and Rescue Service Act – Building Occupied without Fire Certificate

In April 2018, a Fire Certificate was issued for the construction of the building on the preliminary design and GP was requested to '*apply for a Fire Certificate before accommodation*'. The Mauritius Fire and Rescue Service (MFRS) was not notified of the completion and operation of the building. On 7 October 2021, GP applied for the Fire Certificate. On 27 October 2021, GP was notified, among others, that the premises did not satisfy fire safety norms with respect to inflammable liquids store.

GP has been occupying the new building since December 2021 without a Fire Certificate as required under Section 19(5) of the MFRS Act. The non-compliance with safety standards represents a risk for employees and Government assets. The onus to be fire safety compliant is the responsibility of management. A Fire Safety Plan was also not available.

Department's Response

- The changes requested by MFRS necessitated modifications to the structure of the building. Fire Certificate was issued on 10 January 2023.

- The Fire Safety Plan would be worked out by the Health & Safety Officer.

4.2.2 Computerised Systems - Delay in Implementation

Summary of Findings

- Input in the Government Asset Register was incomplete – less than one per cent of assets recorded.

- The e-Procurement System has not yet been implemented and the Digital Signature Certificate procured has expired.

- Electronic Inventory Management System has not yet been implemented.

Detailed Findings

Assets not recorded in Government Asset Register

The Government Asset Register (GAR) was developed in 2017 for an efficient and 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 regarding procedures and timelines for the recording in GAR was issued by Treasury.

During the past four years, actual expenditure incurred on acquisition of non-financial assets totalled Rs 541.2 million. However, as of December 2022, entries in GAR were not complete and assets for an amount of Rs 1.98 million only had been recorded.

The following were also observed:

- GAR has not been updated since December 2021.
- Returns for the financial year 2021-22 were not submitted to the Treasury.
- A list of assets acquired prior to July 2017 was not submitted to the Treasury and hence not captured in GAR.
- Returns for the period July 2017 to January 2021 submitted to the Treasury were incomplete as some assets were not included therein and the cost of the assets did not tally with the Treasury Abstract.
- More than Rs 501 million have been disbursed for the construction of the new building housing the GP. Payments were effected since the financial year 2017-18. However, these payments were not recorded in GAR.

Recommendation

GP should ensure timely posting in GAR for the effective management of Government assets and also not to jeopardise the objective of recognising all non-financial assets in the Financial Statements of the Government by 2022-23.

Department's Response

All relevant documents are being compiled prior to input and are expected to be completed by end of the financial year 2022-23.

E-Procurement System not yet Implemented

The mandatory use of the e-Procurement System by 31 December 2020 was emphasised in Directive No. 47 issued by the Procurement Policy Office (PPO). However, the e-Procurement System has not yet been implemented at GP. The Digital Signature Certificate procured from the Mauritius Post Ltd in September 2019 has expired.

Department's Response

- Action has been re-initiated to use the e-Procurement System.
- Credential for new users has been created in January 2023.
- The Digital Signature Certificate procured by GP has expired and new ones would be acquired after approval of list of users by PPO.

Electronic Inventory Management System not Implemented

The Ministry of Finance, Economic Planning and Development started implementation of the E-Inventory Management System (E-IMS) since July 2018 to monitor the movement of stock. The main objectives were to ensure efficient and effective service delivery by all Ministries/Departments and track inventory transactions and receipts, create suppliers' profile and generate reports.

The E-IMS was not implemented as action was initiated by GP to implement a Management Enterprise Resource Plan (MERP) since October 2020. However, due to recurrent unsuccessful bidding exercises and urgent need for management to be apprised of real time stock figures, GP had thereafter decided to implement the E-IMS.

Department's Response

- E-IMS has been partly implemented since August 2022.
- Spare parts were still being recorded manually and will be input in the near future.
- Officers were encountering difficulties as the system was slow due to low internet connectivity.

4.2.3 Follow Up of Matters Raised in Audit Report 2019-20

NAO has carried out a follow up of matters raised in the Audit Report for 2019-20 to report on actions taken by the Department in response thereto.

The two issues highlighted in the Report have been resolved.

Further information is provided at page **390** in **Appendix VI.**

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4.3 Police Service

4.3.1 Detention Centre at Piton - Potential Risk of Escape of Detainees not detected at Design Stage

The project for the construction of the Detention Centre at Piton was initiated in 2010 with an estimated cost of Rs 29.5 million. The estimated cost has constantly increased due to changes in the scope of the project. The contract for the construction was awarded in October 2019 for some Rs 85.7 million and was scheduled for completion on 5 May 2021. Construction was delayed due to the COVID-19 lockdown, variation works to enhance security, and changes in the scope of work. The completion date was thus extended to 23 November 2021. As of October 2022, some Rs 74.5 million were disbursed to the main Contractor. However, the Detention Centre was not yet operational and there were no detainees in the Centre.

Summary of Findings

- Potential risk of escape of detainees was detected at 85 per cent of construction stage instead of design stage.
- There was delay in completion of works and defects were not yet remedied.
- Performance Security was not renewed.

Detailed Findings

Potential Risk of Escape of Detainees detected at 85 per cent of Construction Stage instead of Design Stage

Potential threat of attack to officers and risk of escape of detainees were detected during a joint site visit effected on 21 June 2021 by officers of the Ministry of Infrastructure and Community Development (MNICD), Prison Service and Police Service. As of this date, construction was completed at 85 per cent. These security aspects were not considered at design stage. Variation works for enhancing security at an additional cost of some Rs 1.7 million and an extension of 38 days were subsequently approved. According to MNICD, the changes involved major implications which could have been avoided if they were highlighted at design stage.

Delay in Completion of Works and Defects not yet Remedied

As of 23 November 2021, the commissioning of Data/LAN and telephone cabling works, and the installation of bullet proof glass were not completed. The maximum liquidated damages had been exceeded and this was considered as a fundamental breach of contract. Consequently, a notice of non-completion of works was issued to the Contractor on 17 December 2021.

Data/LAN and telephone cabling works were commissioned with delay on 16 March 2022, but the bullet proof glazing had not yet been received. A Notice of Termination of Contract was issued by MNICD to the Contractor on 17 March 2022 for delay in completion of outstanding works.

Various cracks noted at ground, first and second floors since May 2022 by MNICD were not yet remedied in October 2022.

The Detention Centre was not fully occupied. Only the Prosecutor's Unit had moved to the building in May 2022.

Department's Response

- The Detention Centre was fully operational since 2 February 2023.

- The Contractor was informed of the defects and the Defect Liability Period would lapse on 11 April 2023.

Non-renewal of Performance Security

The Completion Certificate was dated 11 April 2022. The Defects Liability Period (DLP) would thus end on 11 April 2023. The performance security should be valid up to 28 days after the end of the DLP, that is, up to 9 May 2023. However, the performance security submitted by the Contractor expired on 25 February 2022 and same was not renewed.

Department's Response

The Contractor was reminded by the MNICD on 22 December 2022 to submit the performance security.

4.3.2 New Divisional Headquarters at Abercrombie operating without Fire Certificate

At paragraph 5.4.2 of the Audit Report for the financial year 2020-21, project management issues relating to the construction of Division Headquarters (DHQ) at Abercrombie were reported. The contract for the construction of the DHQ was awarded for the negotiated amount of some Rs 108.7 million in June 2018. The building was handed over on 10 December 2021 and inaugurated on 19 January 2022.

During a joint site visit effected by the Police Service and MNICD on 27 January 2022, various defects were observed. As of August 2022, corrective measures had not yet been taken.

In September 2022, MFRS reported that the premises did not satisfy the fire safety norms and recommended that all means of escape should be easily accessible and free from obstruction. Additional exit doors should be provided. Sixteen fire extinguishers should be installed.

Department's Response

- The defects have been referred to MNICD for needful.

- MFRS carried out a site visit on 6 December 2022 and procedures were still under way.

4.3.3 Maritime Surveillance - Operational Limitations

The National Coast Guard (NCG) has a fleet of five ships, namely CGS Barracuda, CGS Victory, CGS Vaillant, CGS Guardian and CGS Observer. The adequacy of NCG ships for surveillance of the Exclusive Economic Zone (EEZ) was assessed.

The number of ships available for the surveillance of EEZ of 1.8 million km^2 was found to be inadequate. One ship was stranded for more than two years and another one was effecting limited operations, while a third one was undergoing refit and could not carry out any operations for eight months. These impacted on the operational capability of NCG in so far as maritime surveillance is concerned.

Limited Operations of CGS Guardian due for Decommissioning in April 2023

The Guardian ship 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. Only one 12-hour trip was undertaken since the Service Life Extension Refit of 2018. Overnight sailing and 24-hour trips were not undertaken by the ship. The ship was scheduled to be decommissioned in April 2023.

Department's Response

CGS Guardian was deployed for short duration sorties to ensure optimal exploitation pending acquisition of a new platform for surveillance.

CGS Observer stranded for the past Two Years

In August 2020, ingress of sea water, steering wheel and port steering defects which required urgent repairs were reported for the CGS Observer. The contract for refit was awarded on 7 September 2021 and the completion date for the works was re-scheduled for February 2023. The ship was thus not being deployed for operational commitments and had been lying idle for almost two and half years.

This impacted on the operational capacity of NCG.

Department's Response

NCG has been using various means such as other ships in the fleet, Coastal Surveillance Radar System, Sea Vision Automatic Identification System, Air surveillance and various small crafts to monitor the activities in the EEZ of Mauritius.

Unavailability of CGS Barracuda for Eight Months

The refit of the Barracuda ship was effected from 8 February to 6 October 2021. The ship was thus not available for eight months.

4.3.4 Wheel Clamps – Non-compliance Issues and Control Weaknesses

Wheel clamping of vehicles was introduced as per the Road Traffic (Immobilisation of Vehicles) Regulations 1997 which provide that a Police Officer may fix or cause to be fixed an immobilisation device (wheel clamp) to a vehicle which was parked in contravention with Road Traffic Act and Regulations. Three Administrative Orders were issued by the Police Service to provide guidelines on the procedures to be followed. Some Rs 8.6 million were collected as declamping fees in 2021-22.

The use of serially numbered Declamping Instruction Card (DIC) and Immobilisation Device Notice (IDN) was introduced and was compulsory as from October 2020 as per Administrative Order No. 32 of 2020.

An examination of the records revealed the following control weaknesses:

- Collections in respect of declamping fees were handed over to the Revenue Clerk of the respective District Head Quarters (DHQ) with delays ranging from 6 to 132 days, 5 to 43 days and 5 to 67 days for Police Stations falling under the jurisdiction of Southern, Central and Northern DHQs respectively. Receipts were not reconciled with DICs.

- No regular checks on records were effected by Station Managers to ensure that declamping fees collected tally with the number of DIC counterfoils used. Further, no verification was effected by Internal Control Unit on a quarterly basis as required under the applicable Administrative Order.

- The Immobilisation Device Register (IDR) was not kept as per the format provided in the Administrative Order. No IDR was produced to NAO at the Northern Division Support Unit and seven Police Stations.

- Unused and unnumbered DICs and IDNs were still available at six Police Stations.

- No Stock Book was maintained for Receipts Books and DICs. One Receipt Book was reported lost at Mahebourg Police Station.

- No crackdown operations were carried out by three Division Support Units for the past two years as the wheel clamps were defective.

Recommendation

The Police Service should ensure compliance with Administrative Orders and improve control over the wheel clamping process as it involves collection of cash.

Department's Response

- The Administrative Order will be reviewed for better control and accountability.

- Procedures for procurement of new wheel clamps have already been initiated.

- Regular operations relating to parking offences were undertaken to discourage obstruction by road users. The repairs will be undertaken if service providers are available on the local market.

4.3.5 Police Stores - Lapses in Stores Management

Lapses in recording, management and storage conditions at Lines Barracks were noted at Police Stores.

Summary of Findings

- Limitations of the current Inventory System were noted in the absence of implementation of the Electronic Inventory Management System.
- Shortages of Rs 1.1 million were detected during handing over exercise.
- Storage conditions for goods totalling some Rs 63.6 million were inappropriate.
- The ex-National Disaster Risk Reduction Management Centre (ex-NDRRMC) used for storage facilities has not yet been rehabilitated.
- Dormant and unserviceable items were unnecessarily occupying space.
- Stores items totalling some Rs 11.5 million were damaged during fire outbreak at Line Barracks.
- Seventy per cent of buildings occupied by the Police Service did not have a Fire Certificate.

Detailed Findings

Limitations of the Current Inventory System

The Police Service was operating an Oracle-based Inventory System since 2006. The following loopholes were noted:

- The system allowed backdating of transactions which were not recorded in the system. Items returned to Stores in March 2022 were recorded in October 2022 and backdated as at March 2022**.** Also, the issue in 2015 of eight Digital Interview Recording System valued at Rs 7.72 million was recorded in October 2022.
- Several negative balances were generated by the System. Items received in October 2022 and not yet issued were wrongly recorded as dormant.
- Input at the Stationery Stores was irregular due to recurrent failure in the internet connection which limited access to the system for timely updates.

As of November 2022, the implementation of the E-Inventory Management System (EIMS), due in 2018 was still pending.

Department's Response

- The Police Service is embarking on the EIMS project. No backdating of transaction will be allowed and transactions will be input daily.

- Two warehouses are already using EIMS namely the Electrical & Plumbing and Petty Stores Sections. The other warehouses will be gradually taken on board.

- Goods Form 5 for items wrongly recorded as dormant have been retrieved and negative balances have been cleared.

- The issue of recurrent failure of internet connection has been resolved.

Recommendation

Remedial actions should be taken to restrict backdating of transactions.

Shortages of Rs 1.1 million during Handing Over Exercise

Shortages and excesses amounting to Rs 1,114,767 and Rs 78,775 respectively were noted during a handing over exercise on retirement of a Police Officer at the Uniform and Accessories Sections. The deficiencies were attributed to the absence of proper handing over as the transfer of Police Officers often took effect on the day following transfer of instruction.

Nine items costing Rs 886,954 could not be produced during a survey effected by NAO on 17 October 2022 at the Furniture and Equipment Section. According to explanation received, these pertained to Goods Form 5 not yet submitted by the recipients.

Recommendation

The Police Service should ensure that proper handing over of stores is effected prior to transfer of Officers.

Department's Response

The recommendation will be fully implemented.

Inappropriate Storage Conditions of Goods valued at Rs 63.6 million

Inappropriate storage conditions were noted at the Uniforms, Accessories and the Furniture and Office Equipment Sections which had stock valued at Rs 63.57 million as of 24 November 2022.

- The fire exit of the Accessories Section was obstructed. In the event of a fire outbreak, this would constitute a major risk for Officers of the warehouse as well as items stacked therein.

- Uniforms were piled up in five containers which were prone to rust.

- Termites have invaded the wooden roofs and wall of the Uniforms and Accessories Stores.

- Training Shoes at the Accessories Stores were exposed to excessive temperature as these were stored in non-ventilated containers.

- The ground floor of ex-NDRRMC was stacked with furniture and was inaccessible for physical count. The last servicing of the fire extinguisher effected at this Store dated back to December 2021.

Department's Response

- Necessary arrangement is being made to find space for the storage of these items. Regular inspection is being carried out by the Officer in charge to ensure their safe custody.

- An alternate space for storage of training shoes has been identified and these articles will be shifted thereat.

- Furniture was received in bulk and is now properly stacked, thus giving easy access to stores. The fire extinguishers have been replaced.

Rehabilitation of the ex-National Disaster Risk Reduction and Management Centre used for Storage Facilities not yet started

Since October 2014, MNICD reported cracks in the ex-NDRRMC and recommended not to apply any further additional load on the first-floor slab which should be propped as a safety measure until its consolidation. In June 2015, MNICD further recommended that the building be kept unoccupied pending implementation of all consolidation and repair works. The structural consolidation was estimated at Rs 4.6 million in June 2021. As of November 2022, there was no indication of any repairs effected.

During a site visit effected by NAO on 7 October 2022, tiles were seen detached from the concrete slab and the presence of termites was also noted along the wall of the first floor, while items of stationery, uniforms, office equipment and furniture were stored at the ex-NDRRMC.

Department's Response

A bidding exercise for the Rehabilitation of the ex-NDRRMC was carried out in March 2022 and the bids received substantially exceeded the cost estimate .

Dormant and Unserviceable Items Unnecessarily occupying Space

Unserviceable items such as office furniture, cars, computer spare parts, tyres, motorcycles were seen scattered at various locations at Line Barracks. These items were unnecessarily occupying large spaces within the premises of the Police Service.

Department's Response

Action has been initiated for a Board Survey.

Stores Items of Rs 11.5 million damaged during Fire Outbreak at Line Barracks

A fire outbreak was reported in a building at Line Barracks on 4 July 2022 at around 8.30 pm. Four warehouses (Spare Parts, Accessories, Carpentry Sub Store and SSU Catering Store) were affected by the fire outbreak. The estimated value of store items damaged was some Rs 11.5 million.

The building housing the Special Support Unit, Catering Store, Special Response Group Office, Women Barracks and Police Vehicle Technical Unit was severely damaged. The debris could not be removed by the Police Service as it was not equipped to carry out such task. Hence, the services of the technical team of MNICD were solicited to carry out a survey, define the scope of works and prepare the bidding document with cost estimate for the restoration of the damaged building.

As of November 2022, the debris had not yet been cleared and the restoration works not yet started.

Department's Response

- The debris will be removed on advice of the MNICD.
- A Police Report is being awaited and authority for write off will be subsequently sought.

Recommendation

The causes of fire outbreak should be investigated and action should be taken to mitigate fire risk and avoid recurrence.

Seventy per cent of Buildings Occupied Without Fire Certificate

As of October 2022, out of the 256 buildings owned by the Police Service:

- Only 76 buildings had a valid Fire Certificate;
- Application for Fire Certificate was in progress for 123 buildings, pending the visit of the Officers of Mauritius Fire and Rescue Service Fire (MFRS); and
- Renovations works were ongoing in 57 buildings for fire clearance.

Also, only 12 out of the 16 leased buildings had a Fire Certificate.

According to a Circular issued by the Ministry of Public Service, Administrative and Institutional Reforms, it is the responsibility of the occupant to ensure that the building has been issued with a relevant Fire Certificate by the MFRS.

Department's Response

As of 31 January 2023, 110 buildings have already been issued with a valid Fire Certificate. Renovation works were in progress for the remaining buildings.

4.3.6 Interdicted Officers - Nugatory Expenditure

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.

A total of 186 alleged offences were committed by the 147 officers. These cases included 29 officers who were interdicted for more than one offence. In several cases, Officers recidivated and committed other offences during the interdiction period.

More than 35 per cent of offences were still under police inquiry. These included some cases which occurred seven years back. There was no evidence of investigation being carried out to determine the causes of delay in finalisation of inquiries.

Six Officers were dismissed and total salary disbursed during their period of interdiction amounted to some Rs 9 million. In one case, an Officer was dismissed from service after an interdiction period of nearly 12 years. These expenditures were nugatory.

The following were noted:

- Fast track measures envisaged since year 2008 were not yet implemented.
- Instructions released in years 2015 and 2020 to expedite matters were not applied.

Department's Response

- The Police Service is making all efforts to keep the members of the Force in a disciplined order.
- It was impossible to prevent any interdicted officer from being involved in other offences. However, it is ensured that enquiry is carried out and the culprit is brought before Courts.
- Delay cannot be avoided as a chain of authorities determined the duration of interdiction and each institution takes time that it requires to advise and determine each case.

4.3.7 Follow Up of Matters Raised in Previous Audit Reports

NAO has carried out a follow up of matters raised in the Audit Reports for 2019-20 and 2020-21 to report on actions taken by the Department in response thereto:

Audit Report 2019-20

Out of the five issues highlighted in the Report:

- Matter was resolved in respect of one issue.
- Further Action was taken in respect of two issues.
- Matter was still not resolved in respect of two issues.

Audit Report 2020-21

Out of the 14 issues highlighted in the Report and which required action by the Police Service:

- Three issues have been resolved.
- Action has been initiated in respect of nine issues.
- No action was taken in respect of two issues.

Further information is provided from pages **391 to 397** in **Appendix VI**

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4.4 PRISON SERVICE

4.4.1 Follow Up of Matters Raised in Previous Audit Reports

NAO has carried out a follow up of matters raised in the Audit Reports for 2019-20 and 2020-21 to report on actions taken by the Prison Service in response thereto.

Audit Report 2019-20

Out of six issues highlighted in the Report and which required action by the Prison Service:

- Three issues have been resolved.
- Further actions have already been taken at Prison Service's level on three issues.

Audit Report 2020-21

Of the three issues highlighted in the Report which required actions by the Prison Service:

- Further actions have been taken in respect of two cases.
- Matter has not yet been resolved in another case.

Further information is provided from pages **398 to 400** in **Appendix VI.**

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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 Asset Management - Inadequate Controls over Survey Equipment

The following assets were acquired by the Ministry for survey work:

- In July 2019, an Unmanned Aerial Vehicle (UAV/Drone) was acquired for some Rs 1.8 million. Together with the UAV/Drone, a High-End Mobile Workstation (heavy duty laptop) costing Rs 132,900 was purchased in June 2020.

- In June 2021, the Ministry acquired three Total Stations for a total amount of Rs 828,000 and one GPS for Rs 667,000.

Summary of Findings

- The Unmanned Aerial Vehicle/Drone (UAV/Drone) was not being utilised.

- The Total Stations were not being used and the GPS was not working properly.

Detailed Findings

Unmanned Aerial Vehicle/Drone Not Being Utilised

The UAV/Drone and the High-End Mobile Workstation (heavy duty laptop) were to be used for the following purposes:

(i) High precision mapping;

(ii) Topographic survey; and

(iii) Cadastral survey.

After more than two years, the UAV/Drone was not used for any survey work as the Ministry did not satisfy the requirements of the Civil Aviation Department. It is not known whether the drone is in a flying condition. The warranty period of one year has already expired.

The High-End Mobile Workstation was also not being used for the intended purpose.

Ministry's Response

As per legal requirements, a licence is required to operate the Drone. Furthermore, training should be conducted by certified instructors who are not locally available. Accordingly, arrangements are being made for training to be carried out during the next financial year.

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Unutilised Total Stations and GPS Not Working Properly

In June 2021, the Ministry acquired three Total Stations for a total amount of Rs 828,000 and one GPS for Rs 667,000. The Total Stations and the GPS were commissioned in August 2021.

- Survey officers have been unable to use the Total Stations since they were acquired.
- The GPS is being used but loses connection during survey works. Optimum use of the GPS could thus not be made.

Ministry's Response

- The Supplier has been requested to reconfigure the equipment and to address the shortcomings identified by the users.
- Request for training has been received from technical staff on 13 December 2022 and forwarded to the supplier on 14 December 2022, thereafter, the total stations and the GPS will be used.

5.1.2 Expired Campement Site Leases with No Further Renewal Option

Following amendment brought to the Pas Géometriques Act in 2007, the Ministry made an offer to lessees of campement sites to irrevocably opt to enter into a new lease on revised terms and conditions.

For lessees who did not opt for the new 60-year lease, no renewal option was available.

Instances were noted where campement site leases expired and the lessees did not opt for the new 60-year campement site lease. No action was taken by the Ministry regarding these leases and no rent or premium are being paid by the lessees.

Ministry's Response

The Ministry will not forgo the revenue as it will still claim indemnity fee for use and occupation. The Ministry will come up with a policy in collaboration with MOFEPD regarding these cases.

NAO Comment

Normally, the claim in respect of indemnity for use and occupation would not exceed the previous rental.

5.1.3 Long Outstanding Debtors - Ineffective Recovery of Debts

As at 30 June 2022, arrears of revenue in respect of lease of State Lands amounted to some Rs 1.1 billion.

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.

There is a high risk that the Ministry may not recover these outstanding amounts if prompt actions are not taken.

Ministry's Response

A Centralised Debt Management Unit will be set up as per Budget 2022-23.

5.1.4 Follow Up of Matters Raised in Previous Audit Reports

NAO has carried out a follow up of matters raised in the Audit Reports 2019-20 and 2020-21 to report on actions taken by the Ministry in response thereto.

Audit Report 2019-20

Out of the nine issues highlighted in the report:

- One issue has been resolved.
- Further actions have been taken on six issues.
- Action has still not been initiated on two issues.

Audit Report 2020-21

Out of the two issues highlighted in the Report, action has been completed in respect of one issue while for the other issue no action was taken by the Ministry.

Further information is provided at from pages **401 to 409** in **Appendix VI.**

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5.2 TOURISM

5.2.1 Illegal Occupation of Government Property Le Batelage - Unpaid Rentals reached Rs 3.2 million

In 1993, the Ministry granted a lease of two slots and an open space of 40 square metres at Le Batelage, Souillac Tourist Village to an individual for the running of a restaurant, at a monthly rental of Rs 15,100. In June 2007, the lessee was granted an additional slot of 40 square metres for a period of five years at a monthly rental of Rs 4,500 such that the whole of Le Batelage was occupied by him. In 2011, the two rentals were consolidated into a single monthly rental of Rs 25,109.

Payments of rentals by the tenant were irregular, and no payment has been effected since January 2011. As of June 2012, arrears had already reached some Rs 450,000. The lease agreements for the occupied spaces expired in June 2012, and have not been renewed since.

In February 2013, after the tenant failed to respect his undertaking for the settlement of the arrears, the Ministry initiated legal action, through the Attorney General's Office (AGO), for the eviction of the tenant and the recovery of arrears.

Nine years after the start of the legal process, the matter has still not been resolved. The tenant continued the illegal occupation of the property.

The status of the Ministry's action to retrieve the property and recover the unpaid rentals was as follows as of October 2022:

- *Court Action*

The case, which started at the Supreme Court, was transferred to the Intermediate Court in October 2020, and came for trial in January 2021.

In September 2021, the AGO made a request for the postponement of the case as the amended plaint of the Ministry had incorrect information as regards lease agreement, numbers and dates and amounts being claimed. The case was then fixed for trial on 18 September 2022.

On 26 September 2022, the defendant's Counsel informed the Ministry of her client's wish to put an end to the litigation and submitted proposals, which are under consideration at the Ministry.

The case was called pro-forma on 31 October 2022.

- *Unpaid Rentals*

Unpaid rentals had reached some Rs 3.2 million in June 2022, and the balance is increasing every month as the tenant is not making any payment.

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Ministry's Response

The AGO has advised the Ministry to find an amicable solution with the Tenant in order to resume possession of all three premises and recover at least part of the amount due. In the light of this advice, the Ministry is consulting with the Ministry of Finance, Economic Planning and Development with a view to making a counter proposal to the Tenant.

The matter would be called before the Intermediate Court on 31 January 2023.

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6 – Vice-Prime Minister's Office, Ministry of Education, Tertiary Education, Science and Technology

6.1 Lapses in School Management

The Ministry has a decentralised structure whereby Zone Directorates have been set up to manage education in the four geographical zones and to ensure the smooth running of the State Schools under their purview.

Funds totalling Rs 653 million were provided in the Budget Estimates 2021-22 for repairs, maintenance and infrastructure works of schools, out of which 40 per cent has remained unspent.

Summary of Findings

- Lack of maintenance of building infrastructure in schools due to inadequate monitoring at Zone Directorates level.
- Chemicals were not issued to schools and thus expired non-hazardous chemicals were used for practical classes.

Detailed Findings

Lack of Maintenance of Building Infrastructure in Schools due to inadequate monitoring at Zone Directorates level

Monitoring at Zone Directorates level

The Zone Directorates can undertake works at schools up to a maximum amount of Rs 2.5 million per project. All requests for repairs/maintenance works of schools submitted by the Head Masters/Rectors were recorded in the "Request for Works" Register by the Maintenance Unit. A total of 5,416 requests were submitted to the four Zone Directorates during the last three financial years. As of 30 June 2022, the number of requests attended could not be ascertained as the Register was not updated.

Site Visits carried out at Schools

Site visits were carried out by NAO in 43 Secondary and 26 Primary Schools during the period 26 September to 7 October 2022. The following shortcomings were noted:

- 25 schools had constant water leakages resulting in some classrooms, laboratories and gymnasiums being unutilised during rainy seasons. False ceilings had fallen, furniture and the flooring were spoilt and required immediate repairs. In some cases, electricity had to be disconnected.
- Other problems included termite infestation, non-provision of electricity in some blocks over a long period of time, rat invasion, concrete falling, pigeon infestations and toilets in a deplorable state.

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- At seven schools visited, cases of theft were reported to Zone Directorates. Several requests were made for the uplifting of low boundary walls, installation of burglar proofing system and fencing but the demands have remained unattended. The risk of intruders having access to schools again still exists.

- Three out of the four SEN Schools visited were not provided with ramps, adapted toilet and reading magnifier. The Integrated Unit of the Pamplemousses GS was in a bad state and was inappropriate for SEN pupils.

Several requests sent to the Zone Directorates since 2019 have remained unattended. Hence, the objective of the Ministry to provide a healthy, safe and conducive school environment was not attained.

Non-issue of chemicals and use of expired non-hazardous chemicals for practical classes

Requisites of chemicals for Biology and Chemistry Laboratories were not issued to schools for the academic years 2020-21 and 2021-22. Some chemicals expired since more than ten years were still kept on school premises, although registration for the disposal of these hazardous waste could be made on the online platform available at the Ministry of Environment, Solid Waste Management and Climate Change.

In the absence of the required chemicals in laboratories, expired non-hazardous chemicals such as D-Fructose, Sulphuric Acid, Copper (II) Sulphate, Sodium Hydroxide, amongst others were used for practical classes in schools.

Recommendations

- Delay in attending to the issues on time would further deteriorate the building structure and maintenance works would be costlier. The Ministry should put in place a monitoring mechanism to ensure that proper follow up is done and prompt actions are taken.

- Chemicals should be procured in a timely manner for the smooth and effective running of practical classes. All schools should be informed of the procedures for the disposal of expired chemicals for necessary and prompt actions.

Ministry's Response

- Regular meetings are held at Ministry's and Zone Directorates' level in respect of maintenance issues/projects and review of progress of maintenance works and new issues, respectively.

- The registers to record request for maintenance works are being maintained and updated by all Zones.

- Regarding leakage problems, out of the 25 schools reported, works have been completed in three schools while those pertaining to 15 schools are being dealt with at the Ministry of National Infrastructure and Community Development (MNICD) level.

- Necessary burglar proofing works are being carried out at Zone level and the raising of boundary walls/upgrading works in some schools are being considered. Contracts have been allocated to Service Providers for the control of nuisances such as termite infestation, rat and pigeon invasion in schools.

- Head of Schools have the responsibility to ensure that expired chemicals are dealt with as per established processes and procedures and that items used are as per norms and standard procedures.

- The bidding documents for the procurement of chemicals have been finalised and are expected to be launched in February 2023.

6.2 Inadequate Monitoring of the Supplementary School Feeding Programme in Zone D'Education Prioritaires (ZEP) Schools

The Supplementary School Feeding Programme was launched in 2003 to provide pupils in 27 ZEP schools with a balanced diet. During the financial year 2021-22, Rs 24.3 million were disbursed under the above programme.

Summary of Findings

- Continuous renewal of contracts for the provision of meals.

- Poor quality of meal delivered.

Detailed Findings

Continuous renewal of contract for provision of meals

For 14 ZEP schools under Zone 1, the following were noted:

(a) 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; and

(b) bids for the remaining eight ZEP schools only were launched and awarded during financial year 2021-22.

Poor quality of service delivered

There were complaints from schools regarding the quality and quantity of food provided by the Service Provider. Meals supplied were not in compliance with the tender specifications as the same menu was delivered on several days, and meals were delivered late. Despite all these complaints, the suppliers' contracts were renewed several times.

Recommendation

In the absence of a proper mechanism for monitoring the performance of suppliers, no action was taken against the suppliers for poor performance.

- Service providers' performance should therefore be monitored and evaluated before considering contract renewal.

Ministry's Response

- A monitoring mechanism is in place in ZEP schools levels whereby the management of school oversees the meals supplied by caterers. Some caterers have been informed to refrain from repetitive meals and lack of varieties.

- During the year 2022, non-compliant suppliers' contracts have not been renewed and a decrease in the number of complaints registered at schools have been noted.

- Zones and schools have been instructed to ensure closer and stricter monitoring and to impose penalties on contractors in terms of deduction in payment for failure to comply with contractual obligations.

6.3 Non-compliance with Fire Prevention and Fire Safety Requirements – Schools operating without Fire Certificates

According to Section 19 of The Mauritius Fire and Rescue Service (MFRS) Act, no premises shall be occupied or used unless the owner has been issued with a Fire Certificate, renewable every three years. Besides, as per Section 76 of the Occupational Safety and Health Act 2005, any premises with more than 20 occupants shall require a valid fire certificate.

According to a report submitted by MFRS in September 2020, 256 schools required major improvements and 21 others required minor improvements.

Following Government decision in September 2020, all Ministries and Government Departments were requested to ensure compliance with the requirements of the MFRS (Fire Safety Plan) Regulations 2018 and the following milestones were set:

- Minor improvements to address issues such as inadequate fire extinguishers, lack of signage and submission of plans or absence of evacuation plans to be carried out within two months.

- Major improvements, namely construction of emergency staircases and installation of fire alarm system to be completed by August 2021.

Detailed Findings

- However, according to records of the Ministry, as of October 2022, all the schools were operating without a fire certificate. The MFRS had informed the Ministry, since 2017, to take necessary actions to be fire compliant.

- During site visits effected by NAO in October 2022 at 62 schools, the following were noted:

  - Fire Alarm Systems were not operational in eight schools and 47 schools were operating without Fire Alarm Systems.

  - Construction of emergency staircases were still outstanding at 18 schools.

  - Maintenance certificates of fire extinguishers for 33 schools had already expired.

  - In the absence of site layouts and architectural plans for all the schools visited, application for fire certificates could not be made or was rejected by MFRS.

- Budgetary provisions for 'Fire Certificate Compliance' ranging from Rs 5 million to Rs 20 million, were made in the financial years 2018-19 to 2021-22 but the funds were not utilised.

- 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.

Recommendations

- The timeframe set for schools to be fire compliant was not met by the Ministry. Non-compliance with the MFRS Act is considered as risky, as the safety and security of the school population and assets are at stake in case of a fire outbreak.

- The Ministry should prepare a plan whereby the milestones are clearly defined.

- Proper co-ordination amongst relevant stakeholders should be ensured to facilitate the process for schools to become fire compliant.

- Schools requiring minor improvements should be attended to on a priority basis.

Ministry's Response

- Construction of emergency exit staircase is a lengthy process. Some schools do not have space to accommodate a fire exit staircase, while other projects got delayed due to lack of funds. Installation of fire alarm was in progress. Due to shortage of staff, the procurement procedures were delayed.

- As from September 2021, applications for fire certificate had to be made online on the National Electronic Licencing System. Manual applications were rejected and the process should be done again based on additional requirements of MFRS.

- A School Emergency Response Plan and a school safety manual has been worked out with MFRS since 2019 and is available in all schools.

- Training on risk assessment and fire drills were provided by the Occupational Safety and Health to all Heads of Schools in April and August 2022. Physical Fire Drills will be resumed in 2023.

- The Ministry has developed a fire compliance checklist for monitoring and maintenance of fire safety equipment by schools. It is a stepwise approach for all schools to be fire compliant and secure the fire certificate in the shortest possible delay.

NAO Comment

None of the schools visited by NAO could produce documents confirming availability of fire plans and evidence to the effect that fire drills and training were carried out.

6.4 Lapses in the Execution and Management of Capital Projects

A review of two construction projects, namely the New Ramsoondar Prayag SSS and the Réunion Road Government School, has revealed lapses in the execution and management of the projects.

Summary of Findings

- *New Ramsoondar Prayag SSS* - Delay in completion of project due to breach of contract by the Contractor.

- *Réunion Road Government School* - Works suspended by Contractor due to delay by Ministry in resolving issues.

Construction of the New Ramsoondar Prayag SSS - Delay in completion of project due to breach of contract by the Contractor

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 estimated costs of the project was Rs 446 million. An advance payment of Rs 38.1 million was effected to the Contractor on 2 October 2020. 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 had reached Rs 149.5 million.

Termination of Contract by the Contractor

The Valuation Certificate (No. 2) submitted by the Contractor in January 2021 for the sum of Rs 19.3 million was considered as heavily inflated by MNICD. Section 35.2 of the General Conditions of Contract (GCC) provides that "*any errors or inconsistencies including front loading detected in the Activity Schedule at anytime during the execution of the project can be resolved by the Project Manager*". Accordingly, the claim was readjusted to Rs 6.6 million without any adjustment to the contract value.

In May 2022, the Contractor decided to terminate the contract after completion of 40 per cent of works, due to the significant adjustment made to the valuation certificate and the time taken to assess the extension of time.

Legal Advice

According to legal advice obtained by the Ministry in May 2022, the termination of the contract was considered as wrongful and unwarranted as there were no valid grounds for termination. In terms of Clause 57.2 of the GCC, the Contractor had committed a fundamental breach of contract for having stopped works for more than 28 days.

Actions not initiated by the Ministry

As of November 2022, action was not yet taken against the Contractor as legal advice was still awaited regarding the implications of the termination of the contract by the Ministry. A Performance Review Committee (PRC), as recommended by the Procurement Policy Office (PPO), was not yet set up to review the performance of the Contractor and the matter was not yet reported to PPO.

Recommendations

The termination of the contract implies that the completion of the project would be further delayed. In November 2022, NAO recommended the following:

- The forfeiture of the performance security and the advance payment guarantee should be considered.
- The performance of the Contractor should be reported to PPO for necessary action. Legal action should be initiated to claim damages for prejudice caused to the Ministry.

Ministry's Response

- The contract was not subject to any price adjustments and consequently, the escalation costs proposed by the Contractor could not be entertained.
- The letter of termination was issued on 11 January 2023 to the Contractor.
- On 12 January 2023, the Bank was requested to encash the performance security of Rs 39,295,340 in toto and the remaining balance of the Advance Payment Security amounting to Rs 17,768,467.
- On 16 January 2023, MNICD submitted a Performance Report on the Contractor and actions are being initiated with the Procurement Policy Office for debarment of the Contractor. The AGO is being requested to initiate legal actions against the Contractor for breach of contract and damages.

Suspension of Works at Réunion Road Government School (GS)

The contract for the Construction of New Classroom Block and other facilities at Réunion Road GS was awarded on 9 January 2020 for the sum of Rs 51.7 million. The project was scheduled to be implemented in four phases. The start date was 3 November 2020 and the contractual completion date was 3 November 2021. As of March 2022, the Contractor was paid some Rs16.9 million for works executed under Phase A.

Delay in Execution of Project

As of October 2022, only 75 per cent of works for Phase A were carried out and completion of this Phase was delayed by more than a year.

The significant delays relating to assessment of extension of time, missing details in tender drawings, failure to provide additional instruction and approvals, and unassessed variation of works by MNICD have contributed to the slow progress of works.

Non-renewal of Insurance Cover

The insurance policy and the performance security had not been renewed since August 2021 and May 2022 respectively.

Notice of Contractor's Contention and Suspension of Works

The Contractor issued a Notice of Contention to the Ministry in May 2022, representing claim for extended stay and claim for unforeseen cost escalation of Rs 14.3 million and Rs 14.7 million respectively.

In July 2022, works were suspended by the Contractor as several issues were still not resolved with MNICD. The Project Manager informed the Contractor in August 2022 that the suspension of works was considered as a fundamental breach. Contrary to the Dispute Resolution Clause of the GCC, no consensus was reached as of October 2022.

Recommendation

Poor project monitoring has resulted in the suspension of works and significant delay in completion of the project. Thus in November 2022, NAO recommended the following:

- The Ministry should seek legal advice from the Attorney-General's Office for appropriate actions to be taken against the Contractor.

<u>*Ministry's Response*</u>

- The Contractor has been very slow on progress of work on site despite all efforts made by MNICD to resolve all issues. The attention of the Education Cluster Coordinator at MNICD has been drawn to the importance of regular site coordination meetings and close monitoring for the successful implementation of projects.

- The Contractor was informed that it is a breach of contract. The Contractor has been requested to renew its performance security in June 2022 but it did not comply.

- The advice of the AGO has been sought on 12 January 2023 for appropriate action on the issues between the Contractor and MNICD.

6.5 Provision of Specialist Rooms in Academies and Regional State Secondary Schools - Delay in Completion of the Project

With the Nine-Year Continuous Basic Education reform in the Education Sector, 'Technology Studies' was introduced as a core subject in Grade 7, 8 and 9 for both genders to benefit from the same knowledge base, thus giving access to more opportunities and choices to all students post the nine-year schooling.

The Ministry had decided to provide 58 Specialist Rooms in Regional Schools and Academies, out of which 30 have been completed as shown in Table 6-1.

Table 6-1 Status of the Project for Provision of Specialist Rooms

Specialist Rooms	Planned	Completed
Construction in Regional Schools	20	2
Conversion in Regional Schools	27	27
Conversion in Academies	11	1
Total	**58**	**30**

Source: Project files and records

As of September 2022, the remaining 28 specialist rooms were still at planning, design, initiation or procurement stage.

Summary of Findings

- Significant delays in the implementation of projects were due to procurement issues.

- Several contracts were awarded to a contractor previously reported to PPO for poor performance.

Detailed Findings

- ***Significant delays in implementation of project due to procurement issues***

Contracts were awarded with significant delays due to excessive procurement lead time. The duration of the procurement exercise ranged from 170 to 470 days up to award of the contract, exceeding the prescribed time of 120 days. The lapse of time between the awards until the signature of contract agreement varied from three to seven months, hence resulting in significant delays in handing over of sites and start of works.

- ***Several contracts awarded to a contractor previously reported to PPO for poor performance***

Contrary to Directive 35 of the PPO, the Contractor was not excluded from the bidding exercise, despite having been reported to PPO for its poor performance in February 2021. Out of the 13 contracts, eight contracts were awarded to the same Contractor from December 2021 to September 2022 for a total contractual amount of Rs 59.3 million. As of September 2022, none of the contracts had started due to the submission of inaccurate insurance policies by the Contractor.

Recommendations

Due to the unavailability of specialist rooms, schools were unable to provide Food Studies, Textile Studies and/or Design and Technology as an option for choice of subject in Grade 10 though several students had shown their interests in these subjects.

The timeframe for the completion of the project should be properly defined and its implementation should be closely monitored.

Ministry's Response

- As of January 2023, works for five regional schools and five academies were ongoing.
- The procurement lead time was significantly delayed due to missing information from MNICD, additional information requested by Central Procurement Board and/or amendments which required further consultation with MNICD.
- There is no prescribed time frame for amending and submission of bank documents by the contractor.
- The contractor was not debarred at time of bid evaluation and award of contract. The Bid Evaluation Committee did not have any legal reason to exclude the contractor in the procurement exercise.

6.6 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.

Summary of Findings

- Non-submission of Report on Performance as required under the Finance and Audit Act.
- Non-submission of Financial Statements for audit as required under the Statutory Bodies (Accounts and Audit) Act.

- Annual Reports not laid before the National Assembly as required under the Statutory Bodies (Accounts and Audit) Act.

Detailed Findings

Non-submission of Report on Performance

As of 13 January 2023, the Report on Performance of the Ministry of Education, Tertiary Education, Science and Technology for the financial year 2021-22 had not yet been submitted to the Ministry of Finance, Economic Planning and Development, despite the statutory deadline being 31 October 2022.

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 18 January 2023, the following Statutory Bodies falling under the purview of the Ministry of Education, Tertiary Education, Science and Technology, had not yet submitted their Financial Statements for audit for periods as shown in Table 6-2.

Table 6-2 Financial Statements not Submitted to NAO for Audit

Statutory Body	Financial Year/ Period	No of Financial Statements	Remarks (Accounts under Audit)
Early Childhood Care and Education Authority	2020-21 to 2021-22	2	Financial Statements for 2018-19 and 2019-20 were submitted on 07.06.2022 and 20.09.2022 respectively.
Rajiv Gandhi Science Centre Trust Fund	2020-21 to 2021-22	2	Financial Statements for 2017-18, 2018-19 and 2019-20 were submitted on 21.12.2021, 21.04.2022 and 01.12.2022 respectively.
Sir Seewoosagur Ramgoolam Foundation	2017-18 to 2021-22	5	Financial Statements for 2014 to 2016-17 were submitted on 07.07.2021
Université Des Mascareignes	2019-20 to 2021-22	3	Financial Statements for 16.11.2009-31.12.2010 to 2018-19 were submitted between 2019 and 2021
University of Technology Mauritius	2019-20 to 2021-22	3	Financial Statements for 2017-18 to 2018-19 were submitted on 25.11.2022

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 9 December 2022, the Annual Reports of four Statutory Bodies had not yet been laid before the National Assembly as shown in Table 6-3.

Table 6-3 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	2020-21	27.04.2022	1
Private Secondary Education Authority	2019-20 2020-21	13.08.2021 18.04.2022	2
Sir Seewoosagur Ramgoolam Foundation	2006-07 to 2013	20.10.2015	7

Source: National Assembly records

NAO is of the view that the Ministry should exercise control over the 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 Early Childhood Care and Education Authority for financial years 2020-21 and 2021-22 are expected to be submitted for audit in April 2023 and July 2023 respectively.

- The Financial Statements of the Rajiv Gandhi Science Centre Trust Fund for the financial year 2020-21 are expected to be submitted for audit in May 2023.

- Enlistment of the services of an Accountancy firm to prepare the Financial Statements and Annual Reports of the Sir Seewoosagur Ramgoolam Foundation for financial years 2017-18 to 2021-22 is being contemplated by the Board.

- The Financial Statements of the Université Des Mascareignes for financial years 2019-20 and 2020-21 are expected to be submitted for audit by end of February 2023 and in April 2023 respectively.

- The Financial Statements of the University of Technology, Mauritius for financial years 2019-20 and 2020-21 are expected to be submitted for audit by end of February 2023. respectively.

6.7 Follow Up of Matters Raised in Previous Audit Reports

NAO has carried out a follow up of matters raised in the Audit Reports for 2019-20 and 2020-21 to report on actions taken by the Ministry in response thereto.

Audit Report 2019-20

Out of the six issues highlighted in the Report and which required actions by the Ministry:

- Two issues were resolved.
- Further actions were taken at Ministry's level in respect of four issues.

Audit Report 2020-21

Out of the eight issues highlighted in the Report and which required actions by the Ministry:

- One issue has been resolved
- Actions have been initiated in respect of six issues
- One issue has not yet been resolved.

Further information is provided from pages **410 to 416** in **Appendix VI.**

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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 Local Development Projects Financed from the Budget of the Ministry-Contract Management and Procurement Issues

I Construction of a Market and Traffic Centre at Goodlands – Inappropriate Use of Emergency Procurement Provisions

The project to build a market at Goodlands was initiated in 2012. Later, it was changed to Construction of Market and Traffic Centre and was implemented on a *Fast Track* basis through the District Council of Rivière du Rempart (DCRR). The project design was worked out by a technical team of the Ministry of National Infrastructure and Community Development (MNICD) in 2017 against payment of fees totalling Rs 3.1 million. The project was estimated to cost some Rs 276 million, inclusive of VAT, and was finally awarded for Rs 317.4 million, inclusive of VAT, on 29 August 2019.

As of October 2022, total payments to the Contractor had reached Rs 242.3 million.

Summary of Findings

A review of the Project showed the following:

- The project was processed and awarded as an Emergency project.
- Delays in the completion of the Project.
- Inordinate Supervising Team with cost.

Detailed Findings

Construction Project processed and awarded as Emergency Project

Following a tender launched in January 2019, four bids were received. The value quoted by the lowest responsive bidder was significantly higher than the cost estimates for the project by some 32 per cent.

To avoid a new bidding exercise the project was treated as an "*Emergency Project*" and negotiations were carried out with the lowest responsive bidder to bring down the bid amount within the allowable 15 per cent margin above the estimated cost. However, the revised offer still exceeded the updated estimated cost of the works by more than 15 per cent.

Following the Ministry's request for advice as to whether the contract could be awarded though the revised offer was still above 15 per cent of cost estimate, the Procurement Policy Office (PPO) pointed out that "*it was only where it was determined and substantiated by a public body that the cancellation of a bidding process and recourse to a re-bid exercise*

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would result in a situation of emergency that consideration could exceptionally be given to award a contract at the final negotiated price''.

The Local Authority gave a few reasons as to why the project should be treated as an emergency one.

The Central Procurement Board (CPB) then awarded the contract to the bidder at the negotiated price of Rs 276 million, excluding VAT. The duration of the contract was 450 days from the date of start of works of 19 November 2019. The initial contract completion date was 11 February 2021.

Contract Management – Delays in the completion of the Project

The completion date was extended several times up to 9 October 2022. The main reasons for extension of time of some 605 days allowed to the Contractor were: COVID-19 confinement, unavailability of foreign workers, adverse weather conditions and impossibility to import metal structure from China.

As of October 2022, the project was still on-going and some works remained to be completed. A tentative date for completion was set for end of December 2022.

Inordinate Supervising Team with Cost

Supervising Team Composition

In October 2019, following a request for technical assistance by DCRR, through the Ministry, for the supervision of the project, MNICD agreed to delegate a team of 11 officers to supervise the project, against payment of an appropriate allowance.

In November 2019, the supervising team pointed out that the team delegated by their Ministry had to be strengthened in view of the fact that it was a major project with two distinct components, namely a market and a traffic centre. A revised list comprising 17 officers was recommended by the supervising team.

The authority of MNICD allowing the additional team members to supervise the project was not seen. In November 2020, MNICD raised concerns on the number of officers involved in the supervision of the project, highlighting that it had designated a team comprising 11 officers only. It is not known who designated the six additional officers, or how and why, they were included in the team.

Rates Payable to the Supervising Team

The Implementation Plan submitted by MNICD and approved by MOFEPD provided that payment to the officers of MNICD would be made from funds earmarked in the Budget for the project, based on the certified effective number of hours worked by them.

In September 2020, the supervising team was requested to work out the allowance payable as a monthly allowance instead on basis of an hourly rate.

In November 2020, the Project Manager submitted a breakdown of the supervision fees amounting to Rs 5.2 million for a total period of 18 months, excluding the COVID-19 and Defects Liability Period. The rates were based on allowances paid for similar work done after office hours on another Government project.

Payments to the supervising team of 17 officers totalled some Rs 4.3 million as of June 2022.

Ministry's Response

- The Ministry and the DCRR have proceeded as per Government decision with regard to the implementation of the project in view of its importance and urgency, as the present structures of the market fair are not in good state and represent a hazard to the sellers and public.

- With regard to designation of technical team to work at design stage on the project, on 28 September 2017, the then Ministry of Public Infrastructure and Land Transport conveyed the list of the Technical Team along with the number of hours and rate payable. As the project consists of two components, namely the Market Fair and Traffic Centre, the supervising team comprising 17 officers is justifiable.

  The supervising team is closely monitoring the works and the tentative completion date is March 2023.

- Payment was made as per claim submitted by the Technical Team of MNICD, for which financial clearance was obtained.

II Construction of Market Fair and Traffic Centre at Mahebourg

The project was a '*Build and Turnkey Contract*' first budgeted in 2017-18 with an approved project value of Rs 85 million and to be implemented by the District Council of Grand Port.

The CPB approved the award of the contract to a local company on 25 July 2019 for a value of Rs 83.7 million, including VAT and a provision of Rs 5 million for Contingencies. The contract was signed on 12 September 2019 and the site was handed over to the Contractor on 9 December 2019. The contract completion date was 18 December 2021.

As of September 2022, payments to the Contractor totalled some Rs 41.7 million, representing 50 per cent of the contract value.

Summary of Findings

A review of the project showed the following:

- Abandonment of construction site by the Contractor since June 2022 after completion of 50 per cent of the works.

- Legal action for breach of contract was not yet initiated against the Contractor.

Detailed Findings

Abandonment of Construction Site by Contractor

In October 2020 and January 2021, changes were brought to the design and location of the building, thereby increasing the project value to Rs 104 million. The Contractor claimed for extension of time due to the confinement period and delay in the construction of a boundary wall opposite the site, that prevented the timely relocation of CEB poles which formed part of the project.

Due to COVID-19, the completion date was revised twice, to April 2022 in the first instance and subsequently to June 2022. It was finally revised to November 2022.

The Contractor submitted a claim of Rs 6.3 million (Claim No. 11) which included extension of time with cost in February 2022. However, the Council was not agreeable to the claim.

On 9 June 2022, the Contractor informed the Council that it had suspended works since 2 June 2022.

On 24 June 2022, the Council issued a cheque of Rs 2 million for Claim No 11, but the Contractor refused to collect the cheque.

On 17 August 2022, the Contractor informed the Council that it would terminate the contract and would cease his obligation to provide lighting and watchmanship as from 22 August 2022.

In September 2022, that is three years after the award of the contract, around 50 per cent of works had been carried out. The Contractor had abandoned the site.

Legal Redress for Breach of Contract

Following a request for advice with regard to the decision of the Contractor to cease work, the PPO informed the District Council that it could not be involved operationally in conducting procurement proceedings or resolving procurement disputes. The Council was advised to seek legal advice.

As of September 2022, legal action for breach of contract was not yet initiated against the Contractor. There was also no evidence that the Council had invoked performance bank guarantees submitted by the Contractor.

Ministry's Response

- The Contractor has opted to terminate the contract on its own judgement.
- The Ministry has advised the Council to seek legal advice with regard to the decision of the Contractor to cease work unilaterally.

- The Council has appointed a Cost Controller and Transaction Adviser. The latter has noted several irregularities. The Council is compiling information in consultation with its legal adviser with a view to:

    - reporting the matter to the PPO to suspend and/or debar the Contractor from participating in future public procurement exercises;

    - initiate legal action and claim damages against the Contractor for breach of contractual agreement; and

    - Request ICAC to enquire on suspected corrupt practices involving the Contractor and his quantity surveyor and officers of the Council.

- The Performance Security of the sum of Rs 8,372,618 was encashed in December 2022.

- The termination letter was issued to the Contractor on 27 December 2022 and the site was taken over on 10 January 2023.

7.1.2 Projects Financed by the National Environment Climate Change Fund-Contract Management and Procurement Issues

I Cleaning of Drains

The Land Drainage Authority (LDA) had identified 60 high risk areas that were heavily impacted during rainy seasons. In July 2021, an implementation plan for cleaning and maintenance of drains and rivers was worked out by LDA together with the Local Authorities (LAs).

An amount of Rs 2.5 million was allocated for the financial year 2021-22 to each of the 12 LAs to be financed by the National Environment Climate Change Fund for the cleaning, desilting and rehabilitation of drains, bridges and rivers. LAs were requested to submit a maintenance plan with cost estimates and calendar of activities together with the details of the sites.

During the financial year 2021-22, MOFEPD gave financial clearance for an additional amount of Rs 75.6 million for two Municipal Councils and four District Councils.

A total of Rs 41.7 million was spent by the LAs during 2021-22, out of the Rs 105.6 million allocated to them.

All claims submitted by LAs needed to be certified by LDA prior to release of funds by the Ministry. The Councils were requested to submit a certificate of satisfactory completion and photographic evidence of the works undertaken along with their progress reports.

Summary of Findings

The following shortcomings were noted:

- Delay in submission of claims to LDA for certification.

- Non-submission of certificate of completion and photographic evidence.

Detailed Findings

Delay in Submission of Claims to LDA for Certification

The LDA informed the Ministry that due to delay by LAs in submitting claims for certification, it was difficult to assess during site visits, whether the works had been carried out as per claims. For instance, an amount of Rs 4.5 million was released to the City Council of Port Louis on 28 June 2022 for the cleaning, desilting and maintenance works at Latanier River. The Contractor started the works on 13 December 2021. The works were completed in January 2022 but the claim was submitted to LDA for certification in April 2022, with a delay of almost three months.

Non-Submission of Certificate of Completion and Photographic Evidence

In June 2022, LDA examined the progress report submitted by the District Council of Flacq with regards to desilting works in three rivers within the jurisdiction of the Council and certified that the cleaning works valued at some Rs 1.9 million had been carried out satisfactorily.

The Certificate of satisfactory completion, which should also enclose photographic evidence prior to works being undertaken and after completion of works, was not available at the Ministry.

Ministry's Response

- The Ministry has issued a circular to all LAs informing them that all claims should be submitted to the Ministry and LDA with complete documents after one month of completion of the cleaning works.

- Photographic evidence is submitted by LAs to the LDA instead of the Ministry as it is the LDA which counter verifies Works claims against drone survey images.

II Acquisition of Lorries Mounted with Crane – Delivery of Equipment Delayed due to Non-Conformance with Tender Specifications

Following an Open Advertised Bidding procedure for three types of vehicles in February 2019, the Ministry awarded the contract for the supply of seven lorries mounted with crane to a local supplier for the tendered sum of Rs 25.7 million on 26 July 2019. According to tender specifications, the lorries should be of an overall length of 8,520 mm with a payload of 5,500-6,500 kgs.

Delivery of the lorries was to be effected within 180 days from the date of Letter of Award.

Summary of Findings

Three and half years after the award of the contract, the delivery of the vehicles was still awaited. The procurement exercise was still in progress with multiple commissioning exercises being carried out due to non-conformance of proposed vehicles with technical specifications. The contract was not terminated.

As of September 2022, no payment had been effected to the Supplier.

Detailed Findings

Commissioning of the seven lorries initially supplied was effected by two Mechanical Engineers in June 2020. The seven lorries were already registered under the name of the respective seven LAs and were painted with the respective LAs' Logo on both front doors. It was found that the maximum payload offered was 4,600 kgs, which was below the specified minimum requirement of 5,500 - 6,500 kgs.

The Supplier was informed of the issue and he proposed to replace the seven lorries with another model with Gross Vehicle Weight of 17,000 kgs. He calculated the estimated payload of the proposed model which was 5,890 kgs and submitted a new compliance sheet. The new model truck would be available for delivery within a period of four to five months upon the approval of the Ministry.

In February 2021, the new proposed model was examined by the commissioning team. They found that the lorries were not technically compliant with the bidding specifications and could not be accepted.

Following the advice of the Attorney General's Office (AGO) in March 2021, a Notice of Default for Termination of Contract was issued to the Supplier in May 2021. The latter was requested to attend to the non-conformance within 60 days.

In August 2021, the Supplier informed that non-compliances which were identified in respect of the initially proposed seven lorries had been attended to and that the lorries were ready for commissioning.

A third commissioning exercise was carried out by the two Mechanical Engineers in September 2021. Separate reports, with contradictory conclusions, were received from them.

Following advice from the AGO in February 2022, the Ministry requested another team of Mechanical Engineers to carry out the final commissioning exercise in March 2022.

As of September 2022, the report of the final commissioning exercise was still awaited.

Ministry's Response

The Ministry received a proposal from the Contractor on 28 October 2022. The proposal was discussed in November 2022 and it was agreed that the Contractor would manufacture one prototype of the lorry according to the specifications proposed.

A pre-commissioning exercise was carried out on 20 January 2023 and it was observed that there were still some non-conformances to the bidding documents. The Contractor has been requested to address the non-conformances prior to final commissioning.

7.1.3 Follow Up of Matters Raised in Previous Audit Reports

NAO has carried out a follow up of matters in the Audit Reports 2019-20 and 2020-21 to report on actions taken by the Ministry in response thereto.

Further actions were taken by the Ministry regarding the issue reported in 2019-20.

Further information is provided from pages **417 to 418** in **Appendix VI.**

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7.2 MAURITIUS FIRE AND RESCUE SERVICE

7.2.1 Procurement of Fire Fighting Equipment – Procurement Management Issues

At Paragraph 8.2.2 of the Audit Report for the financial year ended 30 June 2021, the following were reported in connection with this procurement made by the Mauritius Fire and Rescue Service (MFRS).

(a) The procurement was financed under a line of credit from the Government of India and the finance was channelled through a local private company.

(b) The contract for the supply of the equipment was awarded to a foreign company.

(c) MFRS had approved the extension of the delivery date of the Fire Fighting and Rescue Vehicles, originally planned for April 2021, by some 15 months to 31 July 2022.

(d) The Pump Units costing some USD 500,000 were received in August 2021 but were yet to be put to effective use due to unavailability of appropriate vehicles for their conveyance to incident sites. Additional financing of some Rs 33 million was secured for the acquisition of the essential equipment that was not initially planned.

Summary of Findings

The progress on the procurement exercise was reviewed for the period to mid October 2022 and the following was observed:

- Payment of charges of Rs 1.2 million due to wrong instructions to bidders in Bid Documents.
- Further extension of the delivery period of the vehicles to October 2022.
- Possibility of vehicles recall due to manufacturing defects.
- Inability to use the Trailer Mounted Pump Units.

Detailed Findings

Additional Charges of Rs 1.2 million due to Wrong Instructions to Bidders in Bid Documents

In July 2019, MFRS requested the Supplier to change the name of the beneficiary in the Performance Bank Guarantee (PBG) from that of the local private company to the Ministry of Local Government and Outer Islands.

However, the Supplier pointed out that:

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(a) In the Instructions to Bidders 2.1 of the Bidding Documents, the name of the employer was the local private company; and

(b) the format for the Performance Guarantee mentioned that the name and address of the employer must be the beneficiary of the guarantee.

The Supplier further informed that the change of the name of beneficiary in the PBG would entail bank charges and accordingly, MFRS had to refund USD 27,584 (Rs 1,236,171) to him. This amount represented 90 per cent of the amount claimed for bank charges paid by the Supplier to bring the appropriate change to the Performance Bank Guarantee.

Department's Response

Being given that the Supplier had already submitted the Performance Security to the local company, it was agreed that the additional cost for the change of name of the Performance Security Bank Guarantee would be disbursed from the MFRS budget estimate 2021-22. The Supplier agreed to contribute 10 per cent. Approval of MOLGDRM/MOFEPD was obtained for the refund of USD 27,584, representing 90 per cent of the amount claimed and same was paid to the Supplier.

Extension in the Delivery Period of the Firefighting and Rescue Vehicles

The 20 Fire Fighting and Rescue Vehicles were delivered in three batches and were duly commissioned prior to being allocated to the respective fire stations, as shown in Table 7-1.

Table 7-1 Delivery and Commissioning of Fire Fighting Vehicles of MFRS

Month Received	**Number of Vehicles**	**Date Commissioned**
March 2022	5	20 June 2022
May 2022	10	20 June 2022
September 2022	5	15 September 2022

In June 2022, the Supplier requested for extension of the delivery date for the last batch of five Fire Fighting and Rescue vehicles due to unavailability of slots on shipping vessels and cancellation of connecting vessel respectively.

In August 2022, the Ministry acceded to the request for extension of the delivery period to October 2022, provided that the Bank Guarantee is extended accordingly. MFRS also had no objection for the extension of delivery up to October 2022.

Manufacturing Defects on 15 Fire Fighting and Rescue vehicles

Based on complaints reported by MFRS regarding 15 of the Fire Fighting and Rescue vehicles procured, the local representative of the foreign supplier performed a complete survey of those vehicles in August and September 2022. The main problems reported by MFRS were Propeller shaft vibration, Main Valve unreliable, Propeller shaft sheared, Water level indicator defective, and TNT oil level low, among others.

In October 2022, the local representative informed MFRS that the defects were manufacturing related defects that should be addressed by the manufacturer. They opined that these shortcomings could severely impair any firefighting operations.

MFRS informed the foreign supplier about the survey conducted and requested the latter to consider a vehicle recall campaign for the repair works to be carried out by the local representative. This would ensure that the newly acquired vehicles are duly examined to and the defects are remedied.

The foreign supplier instructed MFRS not to send any vehicle to its representative until further notice and stressed that only the manufacturer is competent to certify whether the defects were manufacturing defects or not.

Department's Response

- The vehicles were surveyed by the Manufacturer during his visit in Mauritius in December 2022 and proper directives given to the local representative. All vehicles have been repaired.

- Mails are sent on a constant basis to the Supplier for arising defects, which they are evaluating and directing the local representative for repair works.

- A procedure has been established between the MFRS, the Supplier and his local representative to address all issues pertaining to maintenance, repairs and after sales services as stipulated in the bidding document.

Inability to use the Trailer Mounted Flood Pump Units

Nine towing vehicles were purchased for the sum of Rs 22.5 million (inclusive of VAT) in April 2022. After commissioning and adjustments of the ball mount and height of the tow bar of the vehicles, they were allocated to their respective fire stations on 20 June 2022.

Inappropriate Towing Jaws and Pins Placed on the Towing Vehicles

In January 2022, MFRS sought the assistance of the Supplier regarding details of towing jaw and pin for the coupling of the Trailer Mounted Pumps with the vehicles being acquired. The information was provided by the local representative. The towing jaws and pins mounted on the nine towing vehicles were found not to be suitable for the trailing of the flood pumps.

As of September 2022, it was not known whether:

(a) The towing jaws and pins on the nine towing vehicles had been modified to enable the trailing of the water pumps; and

(b) The trailer brake controller of the towing vehicles was synchronised with the electrical lighting system of the Trailer Mounted Pumps, and same was done with the approval of the supplier as the pumps were still on warranty.

Department's Response

All the technical adjustments with regard to the Towing vehicles and Trailer Mounted Flood Pumps (Towing jaws / pins and the trailer brake controller) were done after obtaining the necessary clearance from the Manufacturer.

In October 2022, the Supplier submitted a Warranty Claim procedure in case of any issue with the Trailer Mounted Flood Pumps.

A line of action has been established between the MFRS, the Supplier and his local representative to address all issues pertaining to maintenance, repairs and after sales services as stipulated in the bidding document.

7.2.2 Follow Up of Matters Raised in Previous Audit Reports

NAO has carried out a follow up of matters reported in the Audit Reports for 2019-20 and 2020-21 to report on actions taken by the Ministry in response thereto.

Further actions were taken by the Department in respect of the three issues reported in 2019-20 and 2020-21.

Further information is provided at page **419** in **Appendix VI.**

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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 Crash Data Management System – Not Optimally Utilised due to Incomplete Data

In April 2017, the Ministry initiated action for the purchase of a National Road Crash Data Management System (RCDMS) known as iMAAP which was an updated and modern version of the existing Micro Analysis Accident Program (MAAP). The aim of iMAAP was to ensure the quality of the data and its continual evolution to meet the needs of various users. The new software would simplify and effectively manage crash data storage, analysis, reporting and management. Data collection by the Police Service at crash scenes would be effected by means of rugged tablets and the data would be uploaded from the tablets to secured servers hosted at the Government Online Centre (GOC) and access enabled through a web browser.

The contract for the supply, implementation and deployment of a National Road Crash Data Management System (RCDMS) was awarded on 27 October 2017 for some Rs 11.5 million. After implementation of iMAAP, data would be migrated from the old system and populated with injury crash data available as from 2001 onwards.

Summary of Findings

- The implementation of the project was delayed due to iMAAP/Tablet issues.
- There was lack of space on the Test Server.
- Data uploaded on the system was incomplete and discrepancies were noted between cases reported and files submitted.

Detailed Findings

Delay in Implementation of Project

The contract for the RCDMS was awarded on 27 October 2017. Delivery, installation and commissioning of the software was due for completion six months after signature of the contract on 2 February 2018, that is, by 2 August 2018.

In June 2019, 80 tablets costing some Rs 2.3 million were purchased, configured and handed over to the Police Service for issue to the Police Stations. The procurement of the tablets, which was essential for the mobile application, was thus made 11 months after the acquisition of the software.

Relevant training on the use of the mobile and web versions of the RCDMS was imparted to 138 Police Officers (including 26 in Rodrigues). The handing over exercise was completed in August 2020. It was almost two years after award of the contract that the web and mobile applications were installed and ready for use in Police Stations in Mauritius and Rodrigues.

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A pilot phase of the project was initiated in November 2019 in eight selected Police Stations. Weekly returns designed to record details of fatal, serious or slight accidents for close monitoring of new data entries were not submitted by all the eight Stations.

A Memorandum of Understanding (MOU) was signed on 3 March 2020 by the key stakeholders, that is, Traffic Management and Road Safety Unit (TMRSU), Police Service and Statistics Mauritius to share responsibilities in the implementation of the project.

The distribution of tablets to the Police Stations was completed in August 2020. Since October 2020, that is two months after the handing over of tablets to Police Stations, technical issues were encountered with the iMAAP mobile application. Crash data recorded on the tablets could not be uploaded to the backend application at GOC. This was mainly due to the fact that the current version of iMAAP was no longer supported on the tablet.

Lack of Space on Test Server

The second phase of implementation which consisted of the installation and hosting of the test instance was delayed due to a lack of space on the Test Database Server. A new Test Server with the required specifications was requested from GOC on 2 March 2021. The project was also delayed due to problem of VPN connectivity (access to GOC) and back up of the current application.

The hardening of the test application server and production application server was required before the web application could be tested and issues fixed in the test environment. It was only after completion of these tasks that the application was made available to TMRSU to enable user testing.

The new version of the mobile application consisted of a different interface, which required further training to Police Officers.

Incomplete Data uploaded on the System and Discrepancies noted between Cases Reported and Files Submitted

After implementation of the iMAAP, data had to be migrated from the old system and populated with injury crash data available as from 2001 onwards. Many crash records in the database were incomplete due to the absence of GPS locations. Moreover, the database was not being populated with data in a timely manner.

According to the MOU, signed between the various stakeholders, details on injury crash had to be uploaded on the servers within five days of the occurrence of a crash and to that end a weekly report was requested from Police Stations. However, there was no response from Police Stations. Training had to be given on the web version of the iMAAP software to new officers posted at Police Stations due to regular transfer of staff.

The number of cases reported did not tally with the number of files submitted. As at 27 September 2021, there was a discrepancy of 1,581 between the number of injury crashes reported and files submitted for input for the period 2018 to 2020.

In the absence of a wireless means to upload crash data to the servers, an action plan was devised in early 2021 to ensure continuous updating of the database. The backlog was expected to be cleared by November 2022.

As of June 2022, total expenditure of some Rs 17.1 million had been incurred for the acquisition of the iMAAP software, tablets and annual software maintenance. However, the software could not be used to its optimum capacity due to incomplete data.

Ministry's Response

- The TMRSU is dispensing regular refresher training to Police Officers at the level of Police Stations on the use of the mobile application.

- The TMRSU faced a major technical issue with the mobile version of the system. This prevented the upload of data wirelessly at the level of the Police Stations. It was thus not still possible for the Police Service to input crash data to the system resulting in increased backlog of unreported data.

8.1.2 Photographic Speed Cameras – Procurement Issues

In 2012, following an Open Advertised Bidding (OAB) exercise, the contract for the supply, installation, commissioning and operation of 55 automatic speed enforcement cameras was awarded to a Contractor (P Ltd). The contract consisted of the setting up of a network of Photographic Speed Enforcement Cameras and a back office equipped with 20 workstations, printers, UPS and a server room with two Magma servers for decrypting the images and for processing the captured speed violations.

The Trafman Traffic Management Software was deployed by a Foreign Company (FC Ltd) through its sole local representative and partner, P Ltd. A variation was brought to the contract to include installation of seven additional speed cameras. The 62 cameras were fixed in phases from 2012 to 2014.

Summary of Findings

- The procurement exercise for the acquisition of additional cameras was cancelled as the Ministry was previously unaware that the Foreign Company detained intellectual property rights over the existing system.

- Alternative means to avoid reliance on a sole supplier were not yet finalised.

Detailed Findings

Procurement Exercise for the Acquisition of Additional Cameras cancelled

To enhance road safety, the Ministry launched bids through OAB method on the e-Procurement System in January 2021 for the supply, installation and commissioning of four additional cameras. On 7 April 2021, the Bid Evaluation Committee recommended that the contract for the procurement of Speed Cameras be awarded to another Contractor for some Rs 11.3 million. The award was subject to the following confirmations:

- That the routers and servers supplied, including all cables and ancillaries would be able to transmit images from the proposed Fixed Speed Cameras to the Magma server.

- That a calibration certificate would be submitted for each fixed camera supplied.

- That a warranty of three years would be supplied on the fixed cameras.

- That maintenance would be provided for a period of three years on the cameras supplied.

The Ministry was informed in a correspondence dated 2 April 2021 by FC Ltd that it held Intellectual Property Rights over the existing system and that:

- The Application Server deployed for processing through the Trafman software has been customised to work solely with the specific cameras installed.

- Alterations or modifications to the software would only be allowed and new cameras would be authorised to be added to the software on the sole condition that the cameras are supplied by his local partner so as '*not to cause prejudice to the current contractual Licence and Maintenance Agreement'*.

Hence, integrating additional cameras procured from other suppliers to the existing system could not be envisaged in view of the Intellectual Property Rights detained by FC Ltd, and its exclusive contract with the local partner.

Both the Attorney-General's Office (AGO) and the Procurement Policy Office (PPO) opined that the issue was a technical one requiring a policy decision from the Ministry. According to TMRSU, the restrictions regarding the integration of new cameras to the existing system were not included in the initial bidding documents.

However, there was no evidence that the bidding documents of 2012 were verified to confirm the veracity of the statement of FC Ltd.

The Ministry thus found itself in a situation where only one supplier had the exclusive rights in relation to the speed cameras and the maintenance contract. The procurement exercise was thus cancelled.

Ministry's Response

- The Ministry has been unwittingly *'tied up'* with the Contractor for the maintenance contract for speed cameras, including calibration and related civil works.

- The cancellation of the bidding exercise was made upon the recommendation of the Departmental Bid Committee.

Alternative Means to avoid resorting to Sole Supplier not yet finalised

The Ministry had the following two options to facilitate the procurement of additional cameras and their maintenance:

- Invest in another photographic enforcement processing software that would be compatible with different types, model and make of speed cameras. This would facilitate the procurement of additional speed cameras and their ultimate maintenance through OAB.

- Negotiate with FC Ltd regarding the Intellectual Property Rights, as advised by AGO.

The first option required the hiring of a Technology Expert since the Central Informatics Bureau (CIB) did not have the '*required technological knowhow in the specialised technologies of Automated Speed Enforcement Cameras*'.

A policy decision should be taken to ensure that contracts are not continuously awarded to the same supplier in case of unsuccessful negotiations with FC Ltd. As of October 2022, neither negotiations had been made nor a policy decision had been taken.

Ministry's Response

- 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.

- Speed cameras will have to be deployed in dangerous regions as well as on newly built roads.

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.

Summary of Findings

- Non-submission of Report on Performance as required under the Finance and Audit Act.

- Non-submission of Financial Statements for audit as required under the Statutory Bodies (Accounts and Audit) Act.

Detailed Findings

Non-submission of Report on Performance

As of 13 January 2023, the Report on Performance of the Ministry for the financial year 2021-22 had not yet been submitted to the Ministry of Finance, Economic Planning and Development (MOFEPD), despite the statutory deadline being 31 October 2022.

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 18 January 2023, the National Transport Corporation falling under the purview of the Ministry had not yet submitted its Financial Statements for audit for period 1 January 2016 to 30 June 2017 and financial years 2017-18 to 2021-22. Financial Statements for the year 2015 was submitted on 31 May 2022.

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 and their submission for audit.

Ministry's Response

As and when the Annual Report including the Financial Statements and the Audit Report are finalised, they would be submitted to the Minister and the National Assembly.

8.1.4 Follow Up of Matters Raised in Previous Audit Reports

NAO has carried out a follow up of matters raised in the Audit Reports 2019-20 and 2020-21 to report on actions taken by the Ministry in response thereto:

Audit Report 2019-20

Out of seven issues highlighted in the Report:

- Further action was taken in respect of two issues.
- Matters were not yet resolved in respect of three issues.
- No further action was taken in respect of two issues.

Audit Report 2020-21

Out of the three issues highlighted in the Report one issue was resolved while action was initiated for the two other issues.

Further information is provided from pages **420 to 423** in **Appendix VI.**

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8.2 NATIONAL LAND TRANSPORT AUTHORITY

8.2.1 Substantial Disbursements to Bus Companies and Operators under the Bus Companies Recovery Account and Free Travel Scheme

Financial support to bus operators under the Bus Companies Recovery Account (BCRA) and the Free Travel Scheme (FTS) has been constantly increasing while the basis for computation was not reviewed.

During the past three financial years, the total amount paid to bus companies/operators was Rs 6.31 billion as shown in Table 8-1.

Table 8-1 Disbursements under BCRA and Free Travel Scheme

Period	BCRA Rs	Free Travel Rs	Total Rs
2019-20	772,564,137	1,237,071,215	**2,009,635,352**
2020-21	803,080,675	1,244,887,907	**2,047,968,582**
2021-22	1,012,852,455	1,242,807,401	**2,255,659,856**
Total	**2,588,497,267**	**3,724,766,523**	**6,313,263,790**

Source: Treasury Report and TAS

I Operation of Free Travel Scheme – Compensation Method not Reviewed after 17 Years

The FTS was implemented for old-age pensioners/disabled persons and students as from 15 August 2005 and 1 September 2005 respectively. The objectives of the Scheme were to consolidate the Welfare State by improving the quality of life of senior citizens and disabled persons, and relieve the financial burden of parents as travelling costs were impeding access to free education. The basis used for the computation of the FTS was a temporary one meant for one year only, pending the introduction of an electronic travel card system to provide accurate data on the beneficiaries. The MOUs were signed with bus operators. In December 2012, the agreements with bus companies and operators were extended until further notice.

The annual cost of implementing the FTS was estimated at Rs 565 million at the start of the scheme. As of June 2022, the aggregate expenditure under the scheme had reached Rs 16.48 billion. Compensation paid under the FTS for the financial year 2021-22 totalled Rs 1.26 billion. Payments under the FTS have simultaneously been effected to bus operators and the Metro Express Ltd (MEL) which started its operations in 10 January 2020.

Summary of Findings

- The direct disbursement to bus operators, as an interim measure, was still not reviewed 17 years after the implementation of the FTS.

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- 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.

- Compensation to MEL was disbursed in the absence of an MOU and payments were effected to both bus and light rail operators for the same routes.

- The Cashless Ticketing System (CTS) was not yet implemented despite recommendation dating back to September 2017.

Detailed Findings

Direct Disbursement to Bus Operators as an Interim Measure not reviewed 17 years after Implementation of the FTS

The direct disbursement which was meant to be a temporary measure applicable for 2005-06 was not reviewed as other options have not yet been explored. As of November 2022, that is, after 17 years after the start of the FTS, the temporary payment method was still being applied and an electronic travel card system was not yet introduced.

Payment was calculated as per a formula established at the start of the FTS and subsequently revised to cater for increases in the tariff of bus fares and the number of beneficiaries. However, criteria such as the annual decrease/growth in the targeted population, the location of schools and geographical distribution of the student population were not considered. Matters such as the long period of closure of schools due to the COVID-19 Pandemic and the introduction of the light rail were also not taken into account. The number of buses in operation was lower than the number licensed. This was also highlighted by the Consultancy Firm appointed in 2016-17 to review the FTS.

Ministry's Response

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.

Continued Payment of Compensations to Bus Operators for Non-school Days Despite Legal Advice Since March 2019 to Deduct Payment

In March 2019, AGO advised that there was no legal obligation to effect payment for days where services were not provided. The National Land Transport Authority (NLTA) was accordingly requested to include a specific clause in the terms and conditions of the agreement with the bus operators for non-payment for services not provided on days of inclement weather conditions. However, the terms and conditions were not reviewed since 2011.

MOFEPD had also recommended that NLTA scrutinise the returns submitted by bus operators and consider adjustments, where required for future payments. No such adjustments were made to subsequent payments for non-school days. The formula for computation of compensation was not amended pending the introduction of the CTS.

NLTA Response

- The amount to be recouped was worked out and submitted to the Ministry**.**

- The terms and conditions of the Agreement for FTS were discussed with and agreed upon by bus operators. Amendment would have to be discussed with bus operators at the level of the Ministry.

- A Fare Review Committee chaired by the Permanent Secretary of the Ministry was set up following amendments in the NLTA Act in 2019.

Ministry's Response

- Eligibility criteria for payment and conditions under which disbursements are to be made, need to be reviewed. However, this would have to be effected in consultation with the bus operators/relevant stakeholders for a consensual approach and with the prime objective of bringing in the necessary checks and balances to ensure that the FTS fully meets its objective.

- A Disciplinary Committee has been set up under NLTA (Disciplinary Committee) Regulations 2022 which would allow NLTA to take necessary actions against bus operators failing to live up with responsibilities including those contravening their conditions of licence or those failing to submit proper and accurate Returns.

- A Fleet Management System is being worked out. This would allow the NLTA to exercise stricter oversight on bus operations by tracking real-time basis location and movement of buses. This would empower NLTA to deduct free travel compensation in respect of days for which an operator failed to deploy the required number of buses.

Compensation to Metro Express Ltd disbursed in absence of Memorandum of Understanding and Payments made to both Bus and Light Rail Operators for same routes

On 18 June 2021, Government decided that MEL be compensated at par with bus operators. No agreement or MOU was signed with MEL. There was no change in the quantum paid to the bus operators. The recommendation of the Consultancy Firm and the legal advice were thus not considered.

The operation of the light rail along the Port Louis-Rose Hill corridor as from 10 January 2020, extended to Phoenix and Curepipe as from May and October 2022 respectively, has impacted on various bus routes. As per statistics submitted by the bus operators, there was a material decrease in the number of commuters travelling by bus. However, the formula for computing the compensation payable to bus operators has not yet been reviewed. Total compensation paid to MEL for the period January 2020 to June 2022 amounted to some Rs 33.5 million. This compensation was over and above that paid to bus operators. NLTA should review the methodology for the computation of compensation to bus operators.

NLTA Response

A Technical Committee on the impact of the light rail on buses was set up. Ongoing assessments were still required as other phases up to Curepipe, Ebene and Reduit became operational. Any review of the methodology of the computation for compensation to the bus operators involved policy decisions.

Ministry's Response

- The introduction of light rail does not *de facto* entail a reduction in free travel entitlement of bus operators as compensation is based on the number of buses deployed instead of the number of persons conveyed.

- The light rail alignment is not comparable with the bus routes as there are lesser stations. Commuters still resort to the bus services for the first and last trip. Hence, persons using light rail also travel by bus for multi-leg journeys.

- An agreement/MOU can be contemplated after the promulgations of amendments of the Light Rail Fares and Light Rail Tickets Regulations 2019 for mandatory use of ME Cards for free travel concession.

Cashless Ticketing System not yet Implemented Despite Recommendation since September 2017

A Consultancy Firm which was paid Rs 12.8 million to review the FTS, recommended an integrated ticketing system since September 2017 as this would determine the actual number of passengers. Tender procedures launched in April 2018 and April 2019 were not finalised due to the absence of technically responsive bids and flaws in the bidding document. PPO advised that the CTS be implemented under a Public Private Partnership framework. In February 2020, the Central Procurement Board recommended the enlistment of a Consultant.

In May 2020, it was decided to either resort to Direct Procurement after a due diligence exercise or to request MEL to design and develop a similar system to its existing ME Card for buses.

In July 2021, NLTA was directed to submit draft documents for inviting expressions of interest for the implementation of the CTS. On 9 August 2021, it was decided to set up a Technical Committee.

As of December 2022, no improvement was noted and the CTS was still in its embryonic stage without any development.

Ministry's Response

- The CTS is a highly complex undertaking with wide technical, legal and financial operations. It would be very costly for a small population and might cost as much as the FTS. Efforts are being devolved to the planning of the Project so as to ensure its sustainability.

- Following receipt of the Consultant Report, extensive discussions and high-level meetings were held to roll out the CTS. However, several setbacks, including unavailability of funds to recruit a Consultant or procurement issues stalled the project.

- The Technical Committee set up at the level of NLTA has submitted its report. A memorandum was drafted to seek the approval of Government on the way forward. However, no decision has yet been taken.

- Several non-committal meetings were held with foreign entities to have a more thorough understanding of the technology and solutions used in these jurisdictions.

II Bus Companies Recovery Account - Agreement with Bus Operators not reviewed since 2005

The Bus Companies Recovery Account (BCRA) was set up in October 2004 to ensure that changes in the price of diesel did not unduly impact on operating costs of bus operators. The compensation for increase in cost of diesel was extended to the individual bus operators as from October 2005. An agreement to that effect was signed with the bus companies and individual bus operators in July 2004 and October 2005 respectively.

The objectives of the BCRA were subsequently reviewed to cater for the recommendations of the National Remuneration Board (NRB), monthly interim allowance of Rs 1,000 per employee as from September 2020 and Consumer Price Index for 2020 and 2021.

In May 2022, following an increase of 31 per cent in bus fares, Government decided to limit financial support to bus companies to salary compensation prior to 2012, NRB 2015 and 2017, and diesel subsidy.

Disbursements from the BCRA amounted to Rs 803.08 million and Rs 1.01 billion in 2020-21 and 2021-22 respectively.

Initial Agreements Signed with Bus Operators Not Reviewed

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 BCRA.

The assistance of AGO was sought on 29 October 2019 for the vetting of a draft MOU regarding amendments to the agreements between the Government and bus companies and individual operators in the context of the implementation of budget measures 2019-20.

On 18 January 2021, AGO submitted proposed changes to the MOU and requested the Ministry to submit an amended MOU including any further required changes.

As of February 2023, the MOU has not been finalised.

Recommendation

The basis for computation of disbursements under both BCRA and FTS should be reviewed and NLTA should explore all avenues to reduce the dependence of bus companies and individual operators on public funds. The review of both schemes is essential to ensure that value for money is obtained for public expenditure and wastage of funds is avoided.

Ministry's Response

- The review of the schemes would entail further consultations with all relevant stakeholders and the legal and financial implications would have to be thoroughly assessed.

- A Transport Policy Unit has been set up to reform the public transport system. The Planning Section of the NLTA would have to be reinforced in order to exercise more scrutiny on the financial support provided to bus operators and to review mechanism under which payments are made.

8.2.2 Motor Vehicle Licence Online Payment System - Objectives Not Achieved

The Motor Vehicle Licence (MVL) Online Payment System was introduced to avoid long queues at NLTA counters, the District Courts and the various offices of the Mauritius Post Limited (MPL), where payments in respect of MVL are effected. The Online Payment System would enable renewal of MVL directly from a computer or a mobile device. The payee would receive a QR Code subject to valid Certificate of Conformity and Insurance sticker. The online system would initially cater for the renewal of MVL for private cars and motor cycles through payment by credit card only.

It was expected that some 1,000 vehicle owners would pay their MVL online daily. However, the Commissioning Report did not confirm that test was effected to ensure that the e-Payment System could sustain over 1,000 payments per day.

Phase I of the project was implemented at a cost of some Rs 5.8 million. Additional costs relate to licences, maintenance agreement, enhancement and modification to accommodate the Instant Payment System (IPS) Gateway. The total expenditure incurred on the MVL Online Payment System as of September 2022 was some Rs 6.7 million.

Summary of Findings

- The target set for the number of online payments has not been attained.

- Handheld devices worth Rs 2 million have remained dormant since their acquisition in November 2018.

- The second phase of the online renewal of MVL for other categories of vehicles has not been implemented.

Detailed Findings

Target not Attained

Around 4,000 online payments only were effected from May 2019 to 30 June 2022, as opposed to the daily target of 1,000. This was attributed to the following:

- All data should have been uploaded on the Motor Vehicles Registration and Licensing System (RLS) prior to implementation of the system. However, the database at the NLTA was not up to date as more than 75 per cent of MVL payments effected through MPL were not input in the RLS as of date of implementation of the Online Payment System.

- Payments effected at the MPL could not be directly uploaded on RLS as it was not connected to the system. As of June 2022, 77 per cent of payments were not yet input. As a result, subsequent payments could not be effected online as the system displayed outstanding balances. The software at MPL was modified at a cost of Rs 300,000 to enable the renewal of MVL payments effected at post offices to be automatically updated in the RLS. This was successfully tested in September 2019. However, due to backlog, the online module could not be used.

- Online payments could be effected through credit cards only and this mode of payment was restricting online payment. The Service Provider had modified the software in February 2022 to cater for payments through the IPS Gateway, which would allow other modes of online payment using QR codes for scan to pay. However, the IPS gateway was expected to go live at the Bank of Mauritius and the Accountant General's Office only as of mid-December 2022.

- Three years after going live, the average number of online payments was around 163 per month, that is, an average of 5.4 daily compared to the expected 1,000. Usage was low for online renewal of MVL as one third of attempts of renewal in 2021-22 failed due to different reasons, such as last payment effected at MPL or problems with the payment gateway.

- The procedure was tedious for the 77 per cent vehicle owners who had renewed their MVL through MPL. The owner must notify NLTA either by mail or in person and online payment could be effected only after the previous payments were updated in RLS.

<u>NLTA Response</u>

- Users who have paid their MVL at MPL have to inform NLTA by emails and their last vehicle record were updated on RLS. MPL was finalising the testing phase of the project whereby MVL paid at Post Offices would be automatically updated on the RLS.

- Additional modes of payment such as QR Code and internet banking through mobile applications will be available with the implementation of the IPS Gateway.

- A soft launch of the IPS Gateway has been effected by the Bank of Mauritius and the Accountant-General's Office on 21 December 2022. However, the system was encountering some issues and NLTA has temporarily reverted to its initial payment gateway.

Handheld Devices Worth Rs 2 million Dormant Since Receipt in November 2018

The contract for the MVL Online Payment System, awarded at a price of some Rs 5.8 million, included the supply of 200 handheld devices (tablets) costing some Rs 3.5 million to be provided to Enforcement Officers for monitoring purposes. These devices were meant for scanning the QR codes to ensure authenticity of documents and enable crosschecking of information with the RLS. The tablets were received in November 2018, and were issued to NLTA Officers as from January 2019.

100 out of the 200 tablets acquired were to be delivered to the Police Service. However, the Police Service declined the offer as it had already provided for similar devices under the Safe City Project. As of October 2022, there were 118 dormant tablets worth some Rs 2.1 million. Of these, 115 tablets have not been used since their acquisition. NLTA has still not been able to put the tablets to judicious use after nearly four years.

Access to data through the query module was limited to only the vehicle details, information relating to insurance, fitness and MVL available in the database. The handheld devices were not optimally used and there was a constant decrease in their usage. Total amount of Rs 663,927 were disbursed for mobile data as of June 2022 for the handheld devices.

NLTA Response

- The tablets were used only to confirm information on any vehicles when effecting checks on site upon any suspicious documents such as MVL, Fitness Certificate and Public Service Vehicle Licences.

- 48 tablets would be issued to NLTA counters at the Head Office and sub offices. Four tablets would be issued to the Mauritius Revenue Authority.

Second Phase of Online Renewal of MVL for other Categories of Vehicles not yet implemented

Phase II of the project which would cater for all other types of vehicles was to be implemented within six months of Phase I. In June 2021, the Central Informatics Bureau proposed that Phase II be considered as an enhancement of Phase I. As of October 2022, the second phase has still not started.

NLTA Response

The Service Provider has already started the development of the second phase of the system in December 2022 and working sessions with users were being conducted to ensure that requirements were fully integrated in the system.

8.2.3 Motor Vehicles Registration and Licence System - Operating System not supported

The RLS has been operational since early 2000. Other modules such as the MVL Online, Reservation of Specific Registration Marks and Personalised Registration Marks have been added on the RLS.

Summary of Findings

- RLS was operating on an old version of Windows which was no longer supported.
- Control weaknesses were noted.

Detailed Findings

Weakness of Operating System due to non-compatibility with Updated Version of Windows

RLS was running on Oracle RDBMS 8.1.7 which was compatible with Windows 7 which was no longer supported since 14 January 2020. There was no evidence that the system has been upgraded since its implementation. As the latest version of Windows was not compatible with the system, the operating systems of some computers subsequently acquired had to be downgraded for compatibility. Thereafter, in order to avoid downgrading the Windows version, two operating systems were installed in parallel on new computers.

Control Weaknesses noted

- Users were not logged off automatically after a period of inactivity. This control would ensure that unauthorised persons do not have access to the system.
- An access log was not available. It was thus not possible to determine who accessed the system and the transactions they performed. Management might not be able to establish responsibility in case of unauthorised changes/modifications to the data.
- Some officers had both transaction and approval accesses. This dual access was not in compliance with the principle of internal check.

NLTA Response

The current version was obsolete with limited functionalities. The RLS was being revamped in collaboration with the Central Informatics Bureau.

8.2.4 Passenger Information System - Objectives not attained

The Passenger Information System (PIS), 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 PIS initially covered 18 bus routes along the corridor Curepipe to Port Louis serviced by three bus companies. It consisted of a main server located at NLTA, Global Positioning System (GPS), Digital Boards/Papercast screens displaying information about buses arrival time on 34 modern bus shelters, web and mobile applications. An assignment screen equipped with a sim card was installed in the cabin of bus operators at five bus stations. 280 buses from two companies operating along the corridor had been equipped with GPS while the third company had its own GPS.

Summary of Findings

- The system has never provided accurate arrival time of buses since its commissioning.

- The system was deactivated in March 2021 by the Contractor as there was no maintenance contract after the warranty period and no arrangements have been made for the payment of software licences.

- No Memorandum of Understanding (MOU) was signed with bus companies to define responsibilities concerning IT equipment provided to them and GPS installed on buses.

Detailed Findings

PIS not Providing Accurate Arrival Time of Buses on Bus Stops Since Commissioning

PIS was commissioned on 12 September 2019. However, during a site visit carried out on that date, NLTA officers noted that the scheduled time was displayed instead of the arrival time of buses. The smart bus stands were thus displaying bus arrival time as per NLTA time table uploaded on the System, instead of real-time information on bus arrival time at the bus shelters.

System Deactivated in March 2021 by Contractor in the absence of a Maintenance Contract

The contract covered the implementation of the system and provided for free maintenance for the first year only. Annual maintenance cost of Rs 9.89 million was proposed by the Contractor for a five-year period. In line with the advice from the Ministry of Technology, Communication and Innovation, it was decided that the services of the Contractor would be sought as and when required.

The system had been deactivated with the 34 Paper Cast Screens only displaying '*No arrivals can be shown at the moment'*. The Cloud System Licence was paid by the Contractor up to September 2020. The Contractor explained, during a meeting held on 4 June 2021, that costs associated with the system were too high and not sustainable, and that a maintenance contract was not signed. The Contractor had effected repairs at its own cost. The deactivation was attributed to the fact that there was no indication that the NLTA would sign the maintenance contract.

Three years after the commissioning of the system, the objective of PIS has not been achieved and the public was not deriving any benefit from the expenditure incurred.

NLTA Response

The project was taken over at the level of the Ministry as from May 2021 and no further communication has been received in this respect.

Absence of signed Memorandum of Understanding with bus companies

An MOU was not signed between the bus companies and NLTA to define the responsibilities of each party for damages or theft of items of equipment such as assignment screens, SIM cards and GPS devices and to ensure appropriate assignments were made by Stand Regulators. The draft MOU which was vetted by the Attorney-General's Office in April 2021 was still not yet finalised.

NLTA Response

The amendments made to the MOU by AGO were handwritten, and had been forwarded for further vetting. However, NLTA has not yet been informed of the outcome on this issue.

8.2.5 Follow Up of Matters Raised in Previous Audit Reports

NAO has carried out a follow up of matters raised in the Audit Reports 2019-20 and 2020-21 to report on actions taken by the Authority in response thereto:

Audit Report 2019-20

Out of nine issues highlighted in the Report:

- Matter was resolved in respect of three issues.
- Further action was taken in respect of two issues.
- Matter still not resolved in respect of four issues.

Audit Report 2020-21

Out of five issues highlighted in the Report:

- Matter was resolved in respect of three issues.
- Action was initiated in respect of one issue.
- Action was taken at Department's level but matter was still not resolved in respect of one issue.

Further information is provided from pages **424 to 426** in **Appendix VI.**

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8.3 FOREIGN AFFAIRS, REGIONAL INTEGRATION AND INTERNATIONAL TRADE

8.3.1 Unoccupied Government Owned Buildings and Land

A review of the records relating to six unoccupied Government Owned premises and two plots of land located overseas/locally was carried out.

Summary of Findings

- Value for money was not obtained from the unoccupied land of two acres in Washington.
- Delay in carrying out renovation works at six premises and construction of buildings have entailed payment of rent totalling some Rs 124 million for the past three financial years 2019-20 to 2021-22.

Detailed Findings

Land in Washington -Value for Money not obtained

The residence in Washington, of total surface area 12,180 ft², constructed in 1988 on a plot of land of two acres, was purchased in September 1995 at a cost of US$ 1.43 million.

- The building was unoccupied due to its deplorable state. The Ministry was still to decide whether to dispose or repair the residence.
- Major cleaning and reparation works costing Rs 2.2 million were carried out in April 2021 to enable the new Ambassador to occupy the residence. However, he occupied the residence only from 22 May to 15 October 2021, that is, for some five months. He moved to alternate premises in respect of which rent totalling some Rs 5.2 million was paid for the period 1 October 2021 to June 2022.

Delay in carrying out renovation/upgrading works and construction of building

The occupants of six premises had to vacate same, and in respect of five of them due to their deplorable state. Necessary renovation/upgrading works were not carried out since the vacation of the premises despite funds were already allocated. In the case of the premises located in Pretoria, its ceiling had collapsed, and the Ministry has not yet decided whether to sell or renovate or construct another building for the Chancery.

During the past three financial years 2019-20 to 2021-22, total rental amounting to some Rs 124 million were paid to accommodate the home-based staff/Chancery/Secretariat at different locations. Details are as per Table 8-2.

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Table 8-2 Rent Paid for Financial Years 2019-20 to 2021-22

Mission / Institution	Premises Vacated/Land Owned since	Rent Paid (Rs million)	Remarks
Paris	Jun 17	5.0	
Canberra	Oct 17	6.1	
Pretoria	Oct 18	7.0	
London	Jan 19	13.3	
Washington	Sep 21	5.2	
IOC Mtius	2013	61.6	
New Delhi	2000	10.9	Building not yet constructed
Antananarivo	2018	14.9	Building not yet constructed
Total		**124.0**	

Source: Accommodation file/Treasury Accounting System

Recommendation

The Ministry should ensure that all available Government-owned assets are optimally used, thereby reducing payment of rent, and that value for money is obtained for all expenditure incurred.

Ministry's Response

- On 12 August 2021, Mission in Washington submitted a report from a professional home-inspector where it was found that the current condition of the house would entail serious safety, security and health concerns due to mold growth and several damages to windows and doors allowing ease of entrance into the residence.

- Mission has already initiated procedures to dispose of the building in Washington. The Ministry has received proposals for sale of the building through real estate agents by way of sealed quotations. The quotations will be examined in accordance with procurement procedures and a decision will thereafter be made for the sale of the building.

- Delays in implementing projects were mainly observed for the past two financial years due to travel restrictions which prevented the Project Manager to effect visits for assessments/pre-bid meetings.

8.3.2 Project Management – Delays in Implementation of Capital Projects

Two capital projects were reviewed and shortcomings noted are detailed hereunder.

(a) Construction of Chancery and Staff Residence Project in Addis Ababa

Contracts were awarded for the construction of a five-storey building and for the interior decoration and furnishing works, together with the respective consultancy services, to accommodate the Chancery and the home-based staff, including the Ambassador. The final handing over was effected on 24 May 2022.

Summary of Findings

- The Mission had not claimed refund of Value Added Tax (VAT) totalling USD 938,320 (some Rs 42 million) from the Ethiopian Government.
- Poor planning and delay in moving to the new building constructed to the tune of Rs 238 million in Addis Ababa resulted in the payment of rent totalling some Rs 3.5 million, which could have been avoided.

Detailed Findings

Refund of VAT of USD 938,320 not claimed by Mission

The new VAT legislations 2019 of the Ethiopian Government stipulates *"An organization with a special privilege, such as embassies, consulate offices, international organizations, regional organizations and foreign aid organizations are allowed to claim refund of VAT paid for the purchase of goods and services within a month. The request for refund will be barred by period of limitation if the request is filed one year from the date of transaction.*

The Mission has not claimed VAT refund of a total amount of USD 938,320 (equivalent to some Rs 42 million) on the project from the Ethiopian Government. It should be highlighted that the Return of the amount receivable of some Rs 42 million was also not submitted to the Treasury.

The Ministry should ensure that Mission submits the claim for refund of VAT to the Ethiopian Authorities as early as possible.

Poor planning and delay in moving to the newly constructed building

According to the Project Manager, the building was fully functional and staff could move in as from 1 June 2022. Though the Mission was aware of the eventual completion of the new building, a proper plan was not prepared as shown below:

- As of September 2022, Mission had not yet moved into the new building but continued paying rent for the Chancery and the home-based staff totalling some Rs 3.5 million for the four months after 1 June 2022.

- In December 2021, the Lease Agreement (LA) for the residence of the Ambassador was renewed for the period May to October 2022 at a total cost of Rs 1.5 million without approval of the Ministry. In August 2022, a request to renew the LA further as from November 2022 was not approved by the Ministry. As of October 2022, no correspondence was received from the Mission regarding the action taken at its end.

  Further, the Ministry did not approve the renewal of the LAs for the two Second Secretaries and for the Chancery after the period May and September 2022 respectively and advised them to serve the notice of termination. Mission was also requested to procure a new PABX and filing cabinets from nearby countries in view of the high cost involved if procured from Dubai, and that no provision for rent would be made as from 1 October 2022.

Ministry's Response

- Mission has been requested to initiate the process for the said refunds from the Ethiopian tax Authorities, upon receipt of a statement of payment from the Consultant and Contractors respectively.
- Amended Return of Receivables to include the refund of VAT of USD 938,320 (some Rs 42 million) was sent to the Accountant General on 20 January 2023.
- For the two Second Secretaries, extension of their lease agreement for period June 2022 onwards were not acceded to. Unapproved rent was paid in respect of one Second Secretary's residence for period July to October 2022. On 20 January 2023, Mission was informed that it was decided to open Advance Accounts in the names of Officers who had authorized the payment without approval of the Ministry.
- Telephone system was not included in the building contract, so Mission had to procure and install the PABX system from another supplier.

(b) Electronic Document Management System (EDMS) Project

In April 2019, Government agreed to enlist the services of the e-Governance Academy of Estonia (e-GA) to guide and help the Ministry to develop an EDMS as a business communication platform under a Government to Government (G2G) Agreement. The project was to be implemented in two phases. For Phase 1**,** a total amount of some € 92,736 (Rs 3.8 million) was paid in January 2020 as Consultancy fees to the e-GA to carry out the feasibility study.

Summary of Findings

- A contract was not signed two years after the approval for implementation of Phase 2 in November 2020, and an action plan was not prepared to meet the timeline for technical readiness.
- Thirty-five laptops purchased at a total amount of some Rs 2 million sat idle.

Detailed Findings

Contract not yet signed two years after approval for implementation of Phase 2

On 24 November 2020, the High-Powered Committee recommended, after examining the report of the Due Diligence Committee, that Government may consider the development and implementation of Phase 2 of the EDMS for an amount not exceeding € 380,800. However, a contract for procuring the services of e-GA was not yet signed two years after the approval for implementation of Phase 2.

An action plan to implement the project was also not prepared to meet the timeline for technical readiness. The Ministry has not yet been able to recruit any IT Specialist, which is essential for the project. Further, there was no evidence of preparation for validation of the work processes and flow of work procedures identified by the Consultants, as per the feasibility report.

Laptops purchased not yet put to use

During a survey carried out on 29 July 2022 by NAO, 35 laptops, still in their initial packing, were found idle in the conference room, seven months after the delivery on 21 December 2021.

Recommendation

The Ministry should take appropriate decision on the viability of the project and ensure that value for money is obtained through its implementation.

Ministry's Response

- The EDMS project, being a quite complex one, technical assistance was sought from the Ministry of Information Technology, Communication and Innovation. However, it has not been possible for the Ministry to avail the services of competent IT officers.

- All 35 laptops have already been distributed as at December 2022. A new team has been set up and the project is now being steered to ensure successful implementation thereof.

8.3.3 Storage Fees and Rent/Lease of Office Accommodation/Premises–Nugatory Expenditure of some Rs 4.8 million

At Paragraph 11.4 of the Audit Report for the financial year 2020-21, attention of the Ministry was drawn on the expenditure incurred on rent for which no benefits were derived.

As of September 2022, no benefits were derived from the expenditure totalling some Rs 4.8 million.

Summary of Findings

- Fees totalling some Rs 1.4 million were incurred for storage of furniture and other items which were depreciating in value.

- Some Rs 1.4 million were paid as rent for unoccupied premises by two Missions.

- Rent of some Rs 2 million was paid for unoccupied space for level three of a building in Port Louis.

Detailed Findings

Fees of some Rs 1.4 million incurred for the Storage of Furniture and Other Items

For the period January 2020 to September 2022, a total amount of some Rs 1.4 million, that is Rs 565,000 for Mission in New York and Rs 854,000 for Mission in Riyadh, was paid as fees for storing used furniture, equipment and unserviceable items of home-based staff after their tour of service/change in accommodation.

Prompt action was not taken to dispose of these items. According to Mission in New York, the items were still in storage and had a residual value of some USD 375 (Rs 16,875) while monthly payment of Rs 20,000 was effected as storage fees. As regards Mission in Riyadh, the items (monthly storage fees of SAR 2,200, that is, some Rs 24,200) of the Ambassador would be kept and shifted from Riyadh to Jeddah upon the opening and operation of the new Consulate.

Payment of Rent for Unoccupied Premises/Penalty Fees of some Rs 1.4 million

Rent/penalty fees totalling some Rs 1.4 million, that is Rs 600,000 (USD 14,335) for Mission in Washington and Rs 800,000 (€ 15,317) for Mission in Berlin, were paid for unoccupied premises during the period 1 January 2021 to 5 April 2022. Payments resulted from delay in taking prompt action to terminate leases, penalty fees for late payment of rent and cancellation of contract for provision of telephone and internet.

Rent of some Rs 2 million paid for Unoccupied Space

For the period January 2020 to June 2022, rent totalling some Rs 2 million was paid for unoccupied office space for one level (Level 3) of a building in Port Louis. The Regional Integration Division has been relocated to that level since July 2022.

Recommendation

Prompt decision must be taken by the Ministry to avoid situations which cause wastage of funds.

<u>*Ministry's Response*</u>

- Mission New York - On 23 December 2022, Mission informed that it had disposed of the unserviceable items on 29 November 2022.

- Mission Riyadh – The Mission was instructed to transfer, as far as possible all the items found at the two rented space to only one rented storage area and give a timeline for the finalisation of the selection exercise for the residence of the Ambassador.

- The Ministry is ensuring that officers, upon termination of their tour of service, promptly release their rented accommodation and close follow up is being done.

- Mission Washington - The attention of the Mission was drawn regarding payment of rent of the short-term accommodation which should be effective as from 10 March 2022 to avoid any double payment. Penalty fee for late payment of rent was exceptionally effected and Mission should ensure that such situation does not recur.

- Mission Berlin - During the COVID-19 pandemic, accommodation was kept pending the posting of Officers so as to reduce visits to different buildings and to avoid payment of subsistence allowance. When the Mission was informed that no officer would be posted there, it terminated the lease agreement. However, given that a three-month termination notice was required, rent had to be paid for three additional months.

8.3.4 Mauritius Mission in Kuala Lumpur – Non-compliance with Rules and Procedures

At Paragraph 11.1 of the Audit Report for the financial year 2020-21, it was mentioned that the Chancery at Kuala Lumpur was relocated without prior approval of the Ministry. The latter gave its covering approval for the relocation in May 2022.

A further review of records relating to the relocation of the Chancery was carried out.

Summary of Findings

- Previous landlord has not yet refunded the security deposit (SD) of RM 99,864 (some Rs 900,000).

- Reports of "Etat de lieux" and inventory lists were not available.

Detailed Findings

Previous Landlord not yet refunded Security Deposit of RM 99,864

According to the previous landlord, the Mission had not submitted an official notice of termination of the Lease Agreement (LA). The landlord had not yet refunded the SD of RM 99,864 upon expiry of the LA on 31 October 2021, and instead claimed a total amount of some RM 111,900, which represented RM 78,400 for liquidated damages and some additional charges, and RM 33,500 to restore and reinstate the premises previously occupied by the Mission.

Reports of "Etat de lieux" and Inventory Lists not Available

At time of vacating the premises and moving in to the new location for the Chancery, Mission ought to have done an "Etat de lieux" and drawn up inventory lists of the items on the premises. However, no such reports and lists were available. Hence, NAO could not ascertain the completeness of assets.

Ministry's Response

- On 23 December 2022, the High Commissioner informed the Ministry that the Landlord had refunded an amount of RM 26,912 (some Rs 272,000). Mission was requested to negotiate further with the Landlord to recoup the full amount of deposits due.

- The documents, that is 'Etat des lieux' and Inventory list as at 30 June 2021 in respect of the vacated premises of the Chancery, and Inventory list as at 31 December 2021 in respect of the new location, submitted by Mission were forwarded to the NAO on 11 January 2023.

NAO Comments

- The documents submitted were not dated at time of vacating the premises and moving in the new location for the Chancery. As previously reported, the Ministry was informed that the Chancery had already been relocated to another building prior to the expiry of the previous lease contract on 31 October 2021.

- The document, that is a Reinstatement Checklist signed by one person only and dated 22 December 2021, cannot be considered as an 'Etat des lieux' report. An 'Etat des lieux' should have been carried out in the presence of the Landlord and at least someone from the Mission, and the report should be signed by both parties.

8.3.5 Follow Up of Matters Raised in Previous Audit Reports

NAO has carried out a follow up of matters raised in the Audit Reports 2019-20 and 2020-21 to report on actions taken by the Ministry in response thereto.

Audit Report 2019-20

Out of three issues highlighted in the Report and which required action by the Ministry:

- Further action has not been taken in respect of two issues.
- Action has still not been initiated in respect of one issue.

Audit Report 2020-21

Out of six issues highlighted in the Report and which required action by the Ministry:

- Three issues have been resolved.
- One issue has not yet been resolved.
- Action has been initiated in respect of one issue.
- Action has not been taken in respect of one issue.

Further information is provided from pages **427 to 428** in **Appendix VI.**

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9 – Ministry of Finance, Economic Planning and Development

9.1 Finance, Economic Planning and Development

9.1.1 Supplementary Appropriations – Transfers to Special Funds

Funds were provided through Supplementary Appropriations in 2020-21 and 2021-22 to the tune of Rs 16.7 billion and Rs 2.5 billion respectively for transfers to four Special Funds.

Summary of Findings

- Transfers to Special Funds were effected on the last day of the financial years, that is on 30 June 2021 and 30 June 2022 respectively. The transfers had been accounted as expenditure and charged to the Consolidated Fund in these financial years though the funds would be utilised by the Special Funds in subsequent years.

- Funds appropriated for the COVID-19 Projects Development Fund had remained unutilised to a large extent.

Detailed Findings

Supplementary Appropriation 2020-21 – Transfer to Special Funds on last day of Financial Year

In addition to the sum appropriated in the 2020-2021 budget (Rs 144.3 billion) for the financial year 2020-21, three Supplementary Appropriation (2020-2021) Bills were passed in the National Assembly for a total amount of Rs 41.8 billion, of which one was passed in June 2021 for an amount of Rs 23.6 billion (ESE (2020-2021) No. 2 of 2021) to meet the following, amongst others:

(a) Transfer of Rs 9.2 billion to the National Resilience Fund;

(b) Transfer of Rs 2.5 billion to the National Environment and Climate Change Fund;

(c) Rs 4 billion for the COVID-19 Projects Development Fund; and

(d) Rs 1 billion for the National COVID-19 Vaccination Programme Fund

Transfers to the above Special Funds were effected on the last day of the financial year 2020-21, that is on 30 June 2021. The entire sum of Rs 23.6 billion was charged to the Consolidated Fund in 2020-21 and accounted as Government Expenditure, although a major part of the funds so transferred would only be utilised in the financial year 2021-22 or after.

Supplementary Appropriation 2021-22

A Supplementary Appropriation (2021-22) Bill was passed in the National Assembly in May 2022 for the sum of Rs 9.5 billion in addition to the amount of Rs 145.7 billion appropriated in the 2021-22 budget. Hence, a total of Rs 155.2 billion was provided to meet expenditure from the Consolidated Fund in respect of that financial year.

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Out of the Rs 9.5 billion supplementary appropriations, an amount of Rs 2.5 billion was transferred to a Special Fund, again on the last day of the financial year, that is on 30 June 2022.

COVID-19 Projects Development Fund – Large Amount Remaining Unutilised

At paragraph 2.7 of the Audit Report for the financial year 2020-21, I reported that a total amount of Rs 19 billion (inclusive of Supplementary Appropriation of Rs 4 billion) was provided for the COVID-19 Projects Development Fund. At the close of that financial year, most of the funds allocated had remained unutilised. A total amount of Rs 10.6 billion was held as Investments (Fixed Deposits and Treasury Bills) and some Rs 7.9 billion were kept in banking institutions. As of 30 June 2021, only some Rs 0.51 billion had been spent for the implementation of projects/schemes.

In the financial year 2021-2022, an amount of Rs 8.5 billion was provided under Vote 24-1: 'Centrally Managed Initiatives of Government' for the COVID-19 Projects Development Fund. Additionally, the Supplementary Appropriation of Rs 9.5 billion included an amount of Rs 2.5 billion for the purpose of ensuring the smooth implementation of the National Flood Management Programme (NFMP). The Rs 2.5 billion was transferred to the Fund on 30 June 2022. Hence, a total of Rs 11 billion was appropriated for the COVID-19 Projects Development Fund in 2021-22.

Expenditure incurred by the COVID-19 Projects Development Fund during 2021-22 was only to the tune of Rs 2.27 billion. Movement of funds during the financial years 2020-21 and 2021-22 is as shown in Table 9-1.

Table 9-1 COVID-19 Projects Development Fund – Movement during 2020-21 and 2021-22

	2020-21 Rs billion	**2021-22 Rs billion**
Opening Balance	0	18.5
Annual Appropriation	15	8.5
Supplementary Appropriation	4	2.5
Expenditure	(0.5)	(2.3)
Closing Balance	**18.5**	**27.2**

Source: Receipts and Payments Accounts of the COVID-19 Projects Development Fund

The balance of Rs 27.2 billion as at 30 June 2022 is represented by the following:

Components	**Amount Rs billion**
Fixed Deposit	6.7
Treasury Certificate	12.0
Cash and Cash Equivalents	8.5
Total	**27.2**

In spite of the large sum being held in the COVID-19 Projects Development Fund at the close of financial year 2020-21, and the significant unspent balances from the Rs 8.5 billion appropriated in the 2021-22 budget, yet the Ministry had recourse to supplementary provisions of Rs 2.5 billion.

MOFEPD's Response

- All sums that have been transferred to the Fund are committed for implementation of approved projects, the main ones being the 12,000 Social Housing Project and the National Flood Management Programme. For the period under review, lower amount was spent under these two projects mainly due to delays in implementation in view of complexity of the projects, land acquisition and other procurement issues.

- The purpose of transferring the sums in one financial year was to ensure availability of sufficient funds to complete those projects once the contracts are awarded.

9.1.2 Assessment Review Committee – Cases involving Taxes of Rs 8.4 billion Pending for more than Five Years

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 or the Registrar-General as provided under relevant revenue laws.

Section 19 of the Mauritius Revenue Authority Act 2004 provides that any person who is aggrieved by a decision, determination, notice or claim under any of the enactments specified in the Fifth Schedule may, within 28 days of the date of the decision, determination, notice or claim, as the case may be, lodge with the Clerk to the Committee, written representations, with copy to the person against whose decision, determination, notice or claim the person aggrieved lodges the written representations, specifying the reasons for asking for a review of the decision, determination, notice or claim, as the case may be.

Further, the Income Tax Act, the Value added Tax Act and the Land (Duties and Taxes) Act, as amended, make provision for written representations to the Assessment Review Committee in accordance with section 19 of the Mauritius Revenue Authority Act 2004.

Scope of Audit

The records of the Mauritius Revenue Authority (MRA), including the Customs Department and the Registrar-General's Department (RGD), relating to the collection of revenue and arrears thereof, have been examined for the financial year ended 30 June 2022.

Data/information regarding cases referred to the ARC have been gathered at the level of the above mentioned institutions, analysed and reported by the National Audit Office under the respective Departments of the MRA and the RGD.

Summary of Findings

Some 4,000 cases were pending at the level of ARC as of 30 June 2022, of which some 2,200 were referred by the MRA and some 1,800 cases by the RGD.

<u>MRA</u>

As of 30 June 2022, 17 per cent of cases (370) referred to the ARC by the MRA were pending for more than five years. The amount of tax involved was Rs 8.4 billion, representing some 37 per cent of the total amount of non-collectible taxes of Rs 22.7 billion.

<u>RGD</u>

For the RGD, out of 1,794 cases outstanding at the ARC, 78 per cent, that is 1,407 cases were referred prior to June 2018.

Information regarding the amount of tax in dispute in respect of the 1,794 cases was not available at the level of the RGD.

Detailed Findings

Section 20 (3) of the MRA Act states that representations made by an aggrieved person shall be dealt with as expeditiously as possible and that a panel shall endeavour to:

- *fix the case for hearing within <u>3 months</u> from the date the representations were lodged.*

- *give its decision on the representations <u>no later than 4 weeks</u> from the end of the hearing.*

The ARC, in its mission statement, disclosed that it shall dispose of all revenue disputes referred to it in an effective and timely manner, whilst observing the rights of all parties in an adversarial system.

Significant Number of Cases pending at the ARC as at 30 June 2022

It was, however, noted that a significant number of cases referred to the ARC had remained pending at financial year end. In some instances, cases had been referred to ARC more than ten years back, although regulations provide for representations to be dealt with as expeditiously as possible and decision on the representations be given no later than four weeks from the end of the hearing.

MRA (Including Customs Department)

As of 30 June 2022, a total of 2,185 cases with assessed amount of Rs 22.7 billion were pending at the ARC. An age analysis of these cases revealed that 17 per cent (370 cases) were pending for more than five years. The amount of tax involved was Rs 8.4 billion, representing some 37 per cent of the total amount of non-collectible taxes of Rs 22.7 billion. Details are as shown in Table 9-2.

Table 9-2 Age Analysis of Pending Cases at ARC for MRA as at 30 June 2022

	MRA-ITAX and VAT		**MRA-Customs**		**Total**	
Period	**No. of Cases**	**Amount Rs million**	**No. of Cases**	**Amount Rs million**	**No. of Cases**	**Amount Rs million**
Less than 5 years	1571	14,178.0	244	104.3	1815	14,282.3
More than 5 years but less than 10 years	308	8,238.9	16	30.5	324	8,269.4
More than 10 years	46	159.7	-	-	46	159.7
Total	**1925**	**22,576.6**	**260**	**134.8**	**2,185**	**22,711.4**

Source: Records of the OADR and Customs Departments of the MRA

RGD

For the RGD, out of 1,794 cases outstanding at the ARC, 78 per cent, that is 1,407 cases were referred prior to July 2018. An age analysis of pending cases is as shown in Table 9-3.

Table 9-3 Age Analysis of Pending Cases at ARC for RGD *as at 30 June 2022*

Year	**Cumulative No. of Cases Pending**
2017-18	1,407
2018-19	1,626
2019-20	1,657
2020-21	1,717
2021-22	1,794

Source: Master Database kept by the Valuation Unit of RGD

Information regarding the amount of tax in dispute in respect of the 1,794 cases was not available at the level of the RGD.

MOFEPD's Response

- In many cases there are Counsel appearing and the cases can only be heard when they are available.
- Before 2022, the MRA was allowed to hold informal meetings with taxpayers whilst the cases remained pending before ARC to allow the MRA to consider documents of taxpayers. This practice has now stopped.
- The requirement for Statement of Case and Reply in effect delayed the hearing of cases.
- The hearing of cases had to be reduced post-Covid.
- The Chairperson and Vice-Chairpersons work on contract. This seriously affects the smooth running of ARC. There is constant shortage of staff with the result that the Chairperson and Vice- Chairpersons cannot deal with too many cases at a time as the processing of files will get clogged.
- The word 'endeavour' indicates that there is no obligation on the ARC to deliver a finding within 28 days.
- Measures were taken in successive budgets to allow ARC to expedite cases.

9.1.3 Follow Up of Matters Raised in the Performance Audit Report 2019

Title of Report: "Effectiveness of Internal Audit Function and Audit Committees in Ministries and Government Departments"

Date Issued: February 2019

A follow up of matters raised in the above mentioned report, hereinafter referred to as the Report 2019, was carried out. The management of the Internal Control Cadre (ICC) 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.

The status on the actions taken on the key findings and recommendations since the publication of the Report were discussed with the management of the ICC and are reported below.

- ***Internal Audit Charter (Paragraph 3.2 of Report 2019)***

Finding in Report 2019

The Internal Audit Charter which ensures commitment of management to the important exercise of Internal Auditing was not signed by every Accounting Officer (AO).

Recommendation in Report 2019

Each Ministry/Department should have its Internal Audit Charter signed by its AO.

Status as of October 2022

The recommendation was implemented. For all Ministries/Departments for which ICC provides its services, an Internal Audit Charter is now agreed and signed with the Responsible Officer of that Ministry/Department.

- ***Audit Coverage (Paragraph 3.3 of Report 2019)***

Finding in Report 2019

Ministries were not regularly audited by ICC. In the financial year 2016-17, five Ministries, with budgetary allocations of some Rs 3.7 billion, were not audited. Limited resources available were, however, allocated to special assignments at some Statutory Bodies.

Recommendation in Report 2019

The limited staff resources have to be properly allocated, and Ministries/Departments need to be regularly audited to allow for a maximum coverage.

Status as of October 2022

The recommendation was implemented. Resources were re-allocated to Ministries based on their budgets and risks so as to cover a maximum number of high-risk Ministries/Departments which were previously not audited.

<u>*Ministry's Response*</u>

Internal audit for Ministries/Departments and Constitutional Bodies which do not have a permanent Internal Control Unit are performed at least once in three years.

- ***Audit Planning (Paragraph 3.4 of Report 2019)***

Auditing Core Functions (Paragraph 3.4.1 of Report 2019)

Finding in Report 2019

Audit Plans of selected Ministries/Departments indicated that most of the audit works were on support functions, such as Transport, Warehousing and Human Resource, instead of their core activities.

Recommendation in Report 2019

Audit Plans should cover more of the core activities of auditees. Proper risk assessments need to be done on all auditable areas.

Status as of October 2022

The recommendation was implemented. The Internal Audit Plans for Ministries were prepared annually, based on a risk assessment to prioritise internal audit activities in line with the organisation's strategies, objectives and risks.

Auditing Governance and Risk Management (Paragraph 3.4.2 of Report 2019)

Finding in Report 2019

ICC did not make any provision in Audit Plans of Ministries/Departments for the audit of governance structure and risk management system.

Recommendation in Report 2019

ICC needs to assist management in the setting up of a risk management framework. Good practices that lead to overall good governance should also be promoted and encouraged.

Status as of October 2022

The recommendation was implemented. The management of ICC informed that a dedicated team has been set up to provide support to Ministries in developing a Risk Management Framework.

- ***Audit Report to Management (Paragraph 3.7 of Report 2019)***

Finding in Report 2019

Audit results communicated through Management Letters and Annual Internal Audit Reports were signed and issued by the Heads of the Audit teams posted at the Ministries/Departments, instead of the Management of the ICC. The management of ICC did not take ownership of the audit reports issued.

Recommendation in Report 2019

Reports need to be signed and issued by higher officials of ICC as from the rank of Manager.

Status as of October 2022

The recommendation was implemented. All reports were signed by the Officer in Charge of the Internal Control Unit of the Ministries and these reports were endorsed by the Director Internal Control prior to issued.

- ***IT Tools for Internal Auditing (Paragraph 3.9 of Report 2019)***

Finding in Report 2019

Since 2010, the ICC is equipped with IT tools acquired at a cost of some Rs 2.1 million, to manage, carry out and document its audit activities, and to perform data analytics. However, they have not been efficiently and effectively used since their acquisition mainly due to inadequate IT equipment, non-dispensation of prompt training and non-renewal of licenses.

Recommendation in Report 2019

ICC should get adequate support for the optimal use of the already available IT tools.

Status as of October 2022

The recommendation was implemented. Training were provided to all officers on electronic filing of working papers and on advance excel for data analysis.

- ***Quality Assurance (Paragraph 3.7 of Report 2019)***

Finding in Report 2019

Though a periodic quality assurance review was conducted to ensure that audit work was carried out according to the standard of the Institute of Internal Auditors, yet an Improvement Programme to correct shortcomings detected was not maintained.

Recommendation in Report 2019

ICC should develop and maintain a Quality Assurance and Improvement Programme that covers all aspects of its activities.

Status as of October 2022

The recommendation was partially implemented. ICC has initiated actions to prepare a Quality Assurance and Improvement Programme.

9.1.4 Follow Up of Matters Raised in Audit Report 2019-20

NAO has carried out a follow up of matters raised in the Audit Report 2019-20 to report on actions taken by the Ministry of Finance, Economic Planning and Development (MOFEPD) in response thereto.

Further actions have been taken in respect of the three issues reported.

Further information is provided from pages **429 to 430** in **Appendix VI.**

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9.2 TREASURY

9.2.1 Statement F - Detailed Statement of Investments as at 30 June 2022

Statement F - 'Detailed 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 2022, investments comprised:

(a) Quoted Shares in 14 Companies;

(b) Unquoted Shares in 37 Companies;

(c) Equity Participation in 10 Public Bodies/Companies, being investments other than in the Share Capital of those Bodies/Companies;

(d) Redeemable Preference Shares in one Company; and

(e) Other Investments, including Fixed Deposits in Local Financial Institutions.

Summary of Findings

Valuation of Investments

- As at 30 June 2022, total investments costing Rs 109.1 billion were stated at fair value of Rs 133.7 billion.

- Government's investments registered a fair value loss of Rs 1.8 billion during the financial year 2021-22.

- Investments costing Rs 26.5 billion were measured at fair value of Rs 35.8 billion on the basis of Net Asset Values in Financial Statements which dated back to years 2013 to 2020.

- Investments for a total amount of some Rs 20.9 billion as at 30 June 2022, were in respect of Shares and Equity Participation in companies which had negative net assets and were, therefore, disclosed at zero fair value.

- In the absence of audited Financial Statements of Airport Holding Limited as at 30 June 2022, the fair value of the investment of Rs 26 billion as at that date was based on a valuation carried out in December 2021.

Investments in National Property Fund Limited (NPFL)

- New investments of Rs 11.9 billion and Rs 2.9 billion were effected in financial years 2020-21 and 2021-22 respectively. Expectation of returns or increase in the company's Net Asset Value is remote.

- Loan contracted by NPFL from the Bank of Mauritius was guaranteed by Government to the tune of Rs 4 billion.

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- Investments of Rs 14.8 billion in NPFL were recorded at zero fair value in Government's Financial Statements.

Investments in Airport Holding Limited (AHL)

- Government's investments in Air Mauritius Ltd and Air Mauritius Holding Ltd were transferred to AHL at no consideration. Losses of Rs 887 million were recognised during the financial year 2021-22.

- Government's investment in Airport of Mauritius Ltd (AML) of Rs 2.2 billion, and which was stated at fair value of Rs 12.9 billion, was revalued by a private company for an amount of Rs 39 billion. AHL compensated Government for the purchase of AML shares as follows: Rs 13 billion in terms of cash and Rs 26 billion in terms of issue of 26 million AHL shares. Gain of Rs 26.1 billion was recognised during the financial year 2021-22.

Return on Investments

- Dividends received in the financial year 2021-22 totalled Rs 652.4 million, representing a return of 0.86 per cent on total investments of Rs 75.4 billion in Quoted and Unquoted Shares.

- Investments (at cost) totalling Rs 12.5 billion did not yield any return during the financial year 2021-22.

- Investments (at cost) totalling Rs 49.9 billion and representing some 55.8 per cent of total investments in shares and equity participation did not yield any return since their acquisitions.

Detailed Findings

Statement of Investments – Significant Increase in Investments

The total cost of investments has increased significantly from Rs 72.6 billion as at 30 June 2021 to Rs 109.1 billion as at 30 June 2022, that is an increase of some 50.2 per cent. The fair value of these investments were stated at Rs 133.7 billion, that is an increase of 21.9 per cent only over the previous year's re-stated fair value of Rs 109.7 billion.

The movement of investments during the financial year 2021-22 is shown in Table 9-4.

Table 9-4 Investments as at 30 June 2022

Fair Value/ Amortised Cost	Quoted Shares Rs	Unquoted Shares Rs	Equity Participation Rs	Redeemable Preference Shares Rs	Other Investments Rs	Total Rs
1 July 2021 – Restated*	**704,011,166**	**65,676,646,352**	**31,550,087,048**	**200,000,000**	**11,558,229,071**	**109,688,973,637**
New investments	-	31,225,393,445	423,453,872	-	8,002,000,000	39,650,847,317
Disposal	(38,540,961)	(13,791,119,613)	-	-	-	(13,829,660,574)
Deposit matured	-	-	-	-	(44,400,000)	(44,400,000)
Exchange Difference	-	27,417,238	-	-	-	27,417,238
Fair value gain/(loss)	52,349,290	(1,303,182,592)	(509,213,115)	-	-	(1,760,046,417)
Movement in Interest receivable	-	-	-	-	10,180,050	10,180,050
30 June 2022	**717,819,495**	**81,835,154,830**	**31,464,327,805**	**200,000,000**	**19,526,009,121**	**133,743,311,251**
COST						
1 July 2021 Restated**	**140,251,693**	**46,437,505,940**	**14,347,391,683**	**200,000,000**	**11,510,295,000**	**72,635,444,316**
30 June 2022	**41,073,345**	**75,395,876,845**	**14,010,845,555**	**200,000,000**	**19,467,895,000**	**109,115,690,745**

Source – Statement F: Detailed Statement of Investments as at 30 June 2022 and NAO workings

*Fair value of investments as at 30 June 2021 restated to include dividends capitalised, previously not accounted for and investment in NPFL of Rs 10.2 billion restated to zero fair value.

**Cost of investment as at 30 June 2021 restated to include dividends capitalised, previously not accounted for.

Value of Investments – Total investments costing Rs 109.1 billion stated at fair value of Rs 133.7 billion

Fair value is defined as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

Investments costing Rs 109.1 billion as of 30 June 2022 were measured at fair value/amortised cost totalling Rs 133.7 billion. The fair value/amortised cost of investments was determined as follows:

(a) Quoted Shares – The fair value was based on the market price on the Stock Exchange of Mauritius as at the end of the financial year;

(b) Unquoted Shares and Equity Participation – The fair value was based on the Net Asset figure from the latest audited Financial Statements of investees; and

(c) Other Investments – The amortised cost was calculated taking into consideration interests receivable at year end.

Net loss on Fair Value of Investments of Rs 1.8 billion was registered

Fair value gains of Rs 4.1 billion were recorded in the financial year 2021-22, in relation to investments in 37 companies. However, there were also losses of Rs 5.9 billion in the fair value of investments of 14 other companies.

As of 30 June 2022, Government investments had thus registered a net loss in fair value of Rs. 1.8 billion.

Fair Value based on Net Asset Values in Financial Statements which dated as far back as Year 2013

The fair values of Unquoted Shares and Equity Participation in Companies/Government Bodies were based on the Net Asset Values from the audited Financial Statements of Investees.

An analysis of the fair value of investments by Financial Statements' year-end date was carried out. The outcome is shown in Table 9-5.

Table 9-5 Fair Value of Investments based on Latest Audited Financial Statements

Financial Statement Year End Date	No. of Companies/ Government Bodies	Cost of Investment Rs	Fair Value of Investment Rs
30 June 2022	1	14,780,000,003	-
31 December 2021	9	3,487,635,031	9,812,057,230
30 June 2021	22	18,534,584,580	41,552,532,875
31 December 2020	2	585,000,000	6,000,797,793
30 June 2020	6	25,547,542,366	26,274,869,195
31 December 2019	1	29,000	4,518,409
31 December 2018	1	98,844,218	3,539,607,133
31 December 2013	1	267,887,202	-
Based on Cost	3	105,100,000	105,100,000
Based on Valuation	1	26,000,100,000	26,010,000,000
Total	**47**	**89,406,722,400**	**113,299,482,635**

Source: Treasury's NAV workings

In 11 cases, investments costing Rs 26.5 billion were measured at a total fair value of Rs 35.8 billion on the basis of Net Assets Values stated in Financial Statements dating back to years 2013 to 2020.

Investments Costing Rs 20.9 billion were stated at Zero Fair Value as at 30 June 2022

Investments for a total amount of some Rs 20.9 billion were in respect of Shares and Equity Participation in four companies/entities which had negative net assets and were, therefore, disclosed at zero fair value as at 30 June 2022. Details of these investments are shown in Table 9-6.

Table 9-6 Investments stated at Zero Fair Value as at 30 June 2022

Unquoted Shares	**Year of Investment**	**Cost Price Rs**	**% Shareholding**	**Net Assets Value Rs**	**Net Asset Value as at**
MauBank Holdings	2001-2005, 2015-2016 and 2019	5,196,266,400	100	(658,714,831)	30 June 2020
National Property Fund Ltd	2020-2022	14,780,000,003	100	(852,696,950)	30 June 2022
Mauritius Post Ltd	2001-2016	626,111,200	100	(1,144,340,817)	30 June 2021
Equity Participation					
National Transport Corporation	Prior 1.07.01-2018	267,887,202	100	(606,949,624)	31December 2013
Total		**20,870,264,805**			

Source: Treasury Investment Register and Treasury Workings

Investment in AHL stated at Fair Value of Rs 26 billion based on a Valuation Report

Government holds 26,000,100 shares of Rs 1,000 each in AHL, representing a shareholding of 51 per cent in the Company.

The investment in AHL, which accounted for some 24 per cent of Government's total cost of investments, was measured at fair value of Rs 26 billion based on a valuation carried out in December 2021.

The audited Financial Statements of the AHL group for the year ended 30 June 2022 was not available at time of preparation of the accounts of the Government in December 2022.

New Investments in Shares and Equity Participation

Government invested some Rs 31.6 billion in Unquoted Shares of seven Companies and for Equity Participation in one Government Body during financial year 2021-22. Details of the new investments are shown in Table 9-7.

Table 9-7 New Investments during Financial Years 2020-21 and 2021-22

Companies	2021-22 Rs	2020-21 Rs
African Development Bank	232,135,650	213,756,265
Airports Holdings Ltd	26,000,100,000	-
Eastern & Southern African Trade & Development Bank Ltd	26,755,652	*92,124,554
ISM Ltd	-	5,000,000
EKADA Capital Ltd	-	1
Landscope (Mauritius) Ltd	-	72,804,355
Mauritius Institute of Biotechnology Ltd	100,000,000	-
Mauritius Multisports Infrastructure Ltd	364,442,595	390,139,333
Metro Express Ltd	1,621,959,548	1,264,017,805
National Property Fund Ltd	2,880,000,000	11,900,000,000
SME Equity Fund Ltd	-	250,000,000
The National Fishing Company Ltd	-	100,000
Government Bodies		
Bank of Mauritius	-	8,000,000,000
Wastewater Management Authority	423,453,872	242,142,984
Total	**31,648,847,317**	**22,430,085,297**

Source: Statement D1- Vote 8-104 – Wastewater Services, Vote 24-1 – Centrally Managed Initiatives of Government and Investment Register

* Investments in the Eastern & Southern African Trade & Development Bank has been re-stated due to capitalisation of dividends received in 2020-21

Investments in National Property Fund Ltd (NPFL) with Remote Expectations of Returns or Increase in Net Asset Value

Government had invested Rs 11.9 billion and Rs 2.9 billion in NPFL during financial years 2020-21 and 2021-22 respectively. The money was used as follows:

Financial Year 2020-21

- Rs 4 billion for equity injection in National Insurance Company Ltd (NICL) to ensure its financial viability; and

- Rs 7.9 billion to clear NPFL's immediate debt obligation which comprised:

  (a) Rs 6.7 billion for syndicated loan (Rs 6.4 billion) and the accrued interest (Rs 0.3 billion) from a consortium of four banks;

(b) Rs 520 million for the bridging facility and accrued interest from SBM Ltd (Rs 260 million) and MauBank Ltd (Rs 260 million); and

(c) Rs 650 million for the redeemable preference shares and Rs 81 million for accrued dividends payable to SBM (NFC) Holdings Ltd and SICOM Ltd.

The above debts were contracted to repay the policyholders of Super Cash Back Gold and investors of Bramer Asset Management Ltd.

Financial Year 2021-22

- Rs 680 million for the conversion of Advances due to Government into Equity;

- Rs 1.7 billion for equity injection in NICL by Government through NPFL with a view to redress NICL from its precarious financial situation; and

- Rs 500 million to enable NPFL to pay part of its loan obligations contracted through a line of credit from the Bank of Mauritius (BOM).

Injections in NPFL in both financial years 2020-21 and 2021-22 were utilised to pay the company's past debts obligations and for capital injection in NICL to secure its financial stability.

As a result, Government's capital injections of Rs 14.78 billion over the past two financial years may not yield any dividends or capital gains in the near future.

Loan contracted by NPFL from the Bank of Mauritius guaranteed by Government to the tune of Rs 4 billion

In 2015, NPFL contracted a six-month loan of Rs 3.7 billion through a line of credit from BOM to repay the policyholders of the Super Cash Back Gold Scheme and investors of Bramer Asset Management Ltd.

NPFL had not been able to repay the loan amount and in year 2017, BOM agreed to extend the repayment of the loan, including arrears of interest, to June 2022.

However, in June 2022, NPFL was again not able to meet its obligations due to financial difficulties. Once more, BOM agreed to extend the due date of repayment for another five years up to June 2027 on the same terms and conditions. The new loan balance of Rs 4 billion (Initial Loan of Rs 3.7 billion plus unpaid interest of Rs 300 million) is guaranteed by Government.

This sum represents a Contingent Liability for Government and has been disclosed as such in the accounts of Government. IPSAS requires the disclosure of a contingent liability in the notes to the accounts when it is not probable that an outflow of resources will be required to settle the obligations.

A review of NPFL's audited Financial Statements for the past two financial years revealed that the Company had made losses and had negative Net Asset Values. In the event that

NPFL is unable to improve its financial position, a liability will have to be recognised in the Financial Statements of Government.

MOFEPD's Response

The NPFL has some 5 years to repay the outstanding loan. Between now and 2027, other avenues may be explored for the repayment of the loan.

Investments of Rs 14.8 billion in NPFL recorded at Zero Fair Value

Despite the huge sums of money invested in the previous two financial years, the investments in NPFL were recorded at zero fair value in Government's Financial Statements since NPFL had negative Net Assets Values of Rs 3.1 billion and Rs 853 million as of 30 June 2021 and 30 June 2022, respectively. As a result, the total amount invested during these two financial years of Rs 11.9 billion and Rs 2.9 billion were accounted as fair value loss and contributed significantly to both years' deficit in the Financial Statements of Government.

Setting up of Airport Holdings Ltd and Disposal of Investments

Airport Holdings Ltd (AHL) was incorporated as a private company, in August 2021, in view of the restructuring of the aviation sector in Mauritius, following the COVID-19 pandemic which had severely affected the global aviation industry.

As part of the restructuring exercise, AHL acquired from Government its shares held in Air Mauritius Limited, Air Mauritius Holding Ltd, and Airports of Mauritius Co Ltd (AML). Details of the investments disposed by Government are as shown in Table 9-8.

Table 9-8 Disposal of Investments during Financial Year 2021-22

Quoted Shares	Cost Rs	Fair Value Rs	Disposal Proceeds Rs	Profit/(Loss) on Disposal Rs
Air Mauritius Limited	99,178,348	38,540,961		(38,540,961)
Unquoted Shares				
Air Mauritius Holding Ltd	87,354,608	848,683,789		(848,683,789)
Airports of Mauritius Co Ltd	2,207,085,170	12,942,435,824	39,000,000,000	26,057,564,176
Total				**25,170,339,446**

Source – Statement F: Detailed Statement of Investments as at 30 June 2022 and Treasury Workings

Acquisitions of Shares of Air Mauritius Ltd and Air Mauritius Holding Ltd by AHL at No Consideration

The shares of Air Mauritius Limited were last traded at the price of Rs 5.80 per share on 22 April 2020, the day the shares were suspended by the Stock Exchange of Mauritius.

Government's investments in Air Mauritius Limited and Air Mauritius Holding Ltd were, however, transferred to AHL for no consideration. As such, losses totalling some Rs 887 million were recognised during the year and reflected in the Statement of Financial Performance.

Shares of AML Costing Rs 2.2 billion and stated at Fair Value of Rs 12.9 billion were acquired by AHL for an amount of Rs 39 billion based on a Valuation Report in December 2021

Government's investment in AML of Rs 2.2 billion was stated at fair value of Rs 12.9 billion in the accounts of Government as at 30 June 2021.

The shares of AML were valued by a private company for an amount of Rs 39 billion in December 2021. Based on this new valuation, AHL compensated Government for the purchase of AML shares as follows:

- Rs 13 billion in terms of cash
- Rs 26 billion in terms of issue of 26 million AHL shares

As such, a gain of Rs 26.1 billion was recognised during the year in the Statement of Financial Performance.

Return on Investments

Dividends Received during the Year 2021-22 represent a Return of 0.86 per cent of Total Investment of Rs 75.4 billion

As at 30 June 2022, total cost of investments in Quoted and Unquoted Shares in Companies amounted to some Rs 75.4 billion and dividends received therefrom were some Rs 652.4 million, representing a return of 0.86 per cent only.

The budgeted and actual dividends received from investments during the past five financial years are given in Table 9-9.

Table 9-9 Budgeted and Actual Dividends Received during Financial Years 2017-18 to 2021-22

Period	Budgeted Rs	Actual Rs
July 2017 to June 2018	525,000,000	303,053,677
July 2018 to June 2019	480,000,000	185,865,844
July 2019 to June 2020	613,000,000	*644,437,841
July 2020 to June 2021	150,000,000	*203,021,508
July 2021 to June 2022	340,000,000	*652,434,612

Source: Statement D-Detailed Statement of Revenue of the Consolidated Fund for the financial years 2017-18 to 2021-22 and Treasury Records
** Dividends received included shares received in lieu of dividend*

Dividends received during the financial year 2021-22 were significantly higher compared to the previous financial year. This was mainly due to dividend of Rs 500 million received from Airports of Mauritius Co. Ltd (AML) in the financial year 2021-22. Additionally, it should be noted that no dividend was received from AML in respect of the previous three financial years, 2018-19 to 2020-21 and only Rs 145.1 million were received in 2017-18.

Details of dividends received during the financial years 2020-21 and 2021-22 are shown in Table 9-10.

Table 9-10 Dividends Received during 2020-21 and 2021-22

Details	Investment at Cost 30.06.2022 Rs	Dividend Received 2021-22 Rs	Dividend Received 2020-21 Rs
Quoted Shares			
Alteo Group Ltd	1,140	346	249
Excelsior United Development Companies Ltd	37	11	20
IBL LTD	125	2	2
SBM Holdings Ltd	41,058,573	29,905,230	-
The Bee Equity Partners Ltd	16	14	8
The United Basalt Products Limited	415	15	25
United Docks Ltd	9,600	672	-
The Mauritius Development Investment Trust	2	3	-
Unquoted Shares			
AfrAsia Bank Limited	197	15	-
African Export-Import Bank	37,195,565	-	3,261,917
African Reinsurance Corporation	41,359,796	-	3,171,863
Airports of Mauritius Co Ltd	-	500,000,000	-
Eastern & Southern African Trade & Development Bank Ltd	834,374,228	26,755,652	*92,124,554
Mauritius Housing Company Ltd	59,161,634	-	15,381,513
Mauritius Telecom Ltd	63,625,174	92,256,502	54,081,398
State Informatics Ltd	32,800,000	3,516,150	-
State Investment Corporation Ltd	85,000,000	-	34,999,959
Total	**1,194,586,502**	**652,434,612**	**203,021,508**

Source: Treasury Abstract– Item Code 1412: Dividends and Treasury Records
** Figure restated to include dividends received in 2020-21 now capitalised*

Income from Quasi Corporations – Rs 8.4 billion received in Financial Year 2021-22

Government received income from Quasi Corporations. During the financial year 2021-22, Rs 8.4 billion were received compared to Rs 992.1 million in 2020-21, as shown in Table 9-11.

Table 9-11 Estimated and Actual Revenue Received from Quasi Corporations

Quasi Corporations	Year 2021-22 Estimated Revenue Rs	Year 2021-22 Actual Revenue Rs	Year 2020-21 Actual Revenue Rs
Information and Communication Technology Authority	60,000,000	249,571,767	62,020,691
Financial Services Commission	2,350,000,000	2,220,680,025	866,082,988
Mauritius Ports Authority	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	-
Treasury Foreign Currency Management Fund	-	-	63,999,700
Total	**9,460,000,000**	**8,444,795,232**	**992,103,379**

Source Statement D – Detailed Statement of Revenue of the Consolidated Fund for Financial Years 2020-21 and 2021-22 – Item Code 1413 – Withdrawals from Income of Quasi Corporations

Investments yielding no Returns during the Financial Year 2021-22

Investments (at cost) totalling Rs 12.5 billion did not yield any return during the financial year 2021-22. Details of these investments are given in Table 9-12.

Table 9-12 Investments yielding no Returns during the year 2021-22

	Year of Investment	Cost Price Rs
Quoted Shares		
Lux Island Resorts Ltd	2016	401
Medine Ltd	2014	300
New Mauritius Hotels Ltd	Prior 2001	240
Unquoted Shares		
African Export-Import Bank	1993	37,195,565
African Reinsurance Corporation	2001	41,359,796
Cargo Handling Corporation Limited	1983-2019	943,600,000
Development Bank of Mauritius Ltd	Prior 2001 & 2005-2009	496,150,000
Mauritius Housing Company Ltd	1982	59,161,634
Mauritius Shipping Corporation Ltd	Prior 2001 and 2011	290,693,000
National Real Estate Ltd	2009	500,000,000
PTA Reinsurance Company (ZEP-RE)	2001	6,356,102
Shelter- Afrique	2013	5,169,975
State Investment Corporation Ltd	2001 and 2012	85,000,000
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
Total		**12,485,086,993**

Source: Statement F – Detailed Statement of Investments as at 30 June 2022 and Investment Register

Investments not Yielding any Return since their Acquisition

Investments (at cost) totalling Rs 49.9 billion and representing some 55.8 per cent of total investments in Shares and Equity Participation did not yield any return since they were acquired. Details are given in Table 9-13.

Table 9-13 Investments not yielding any Return since Acquisition

Quoted Shares	**Year of Investment**	**Cost of Investment Rs**	**% Shareholding**
Blue Life Ltd	2013	1,976	Insignificant
United Investment Ltd	Prior 2001	48	Insignificant
Semaris Ltd	2019	472	Insignificant
Unquoted Shares			
African Development Bank	1992-2021	2,468,554,191	0.63
EKADA CAPITAL LTD	2021	1	Insignificant
Industrial Finance Corporation of Mauritius Ltd (formerly Investment Support Programme Limited)	2020	1,000,000	0.06
ISM Ltd	2021	5,000,000	100.00
Landscope (Mauritius) Ltd	2009-2021	3,040,370,633	98.92
MauBank Holdings Ltd	2001-2005 & 2015-2020	5,196,266,400	100.00
Mauritius Africa Fund Ltd	2016-2019	183,980,000	100.00
Mauritius Educational Development Company Ltd	2000-2001	16,000,000	99.94
Mauritius Multisports Infrastructure Ltd	2018-2022	5,238,856,213	97.05
Metro Express Ltd	2018-2022	13,249,743,840	100.00
Multi Carrier Mauritius Ltd	2001-2019	219,000,000	100.00
National Fishing Company Ltd	2021	100,000	100.00
National Housing Development Company Ltd	2007-2008	200,000,000	99.50
National Property Fund Ltd	2015-2022	14,780,000,003	100.00
Polytechnics Mauritius Ltd	2013-2017	299,937,111	100.00
Rodrigues Educational Development Co.	2001-2002	29,000	29.00
The Lux Collective	2018	14	Insignificant
Industrial Finance Corporation of Mauritius (Equity) Ltd (formerly SME Equity Fund Ltd)	2006-2017	355,317,588	39.49
SME Mauritius Ltd	2017	25,000	100.00
The Mauritius Post Ltd	2001-2016	626,111,200	100.00
Equity Participation			
Central Water Authority	1993-2012	1,862,250,913	100.00
Civil Service College	2012	15,000,000	100.00
Economic Development Board	2004-2005	79,782,747	100.00
Mauritius Cooperative Livestock Marketing Federation	1992-1993	450,000	100.00
Mauritius Cane Industry Authority	2013	173,803,732	100.00
National Transport Corporation	Prior 1.07. 2016	267,887,202	100.00
Rose Belle Sugar Estate Board	1987-1996	98,844,218	100.00
Wastewater Management Authority	2017-2022	1,512,426,743	100.00
Total		**49,890,739,245**	

Source: Statement F – Detailed Statement of Investments as at 30 June 2022 and Investment Register

Note: Investments in Companies incorporated in financial year 2021-22 has not been included in the above Table

Treasury's Response

Actual dividend is dependent upon the financial situation of the institutions/enterprises concerned. Furthermore, the primary objective of investment in various entities is not to generate dividends or other financial returns, but to enable them to sustain their operations and improve service delivery.

9.2.2 Public Sector Debt

Public Sector Debt (PSD) in Mauritius is governed by the Public Debt Management Act, wherein it is stated that the PSD shall be constituted of any debt incurred:

(a) through the raising of loans, issuing of securities, overdrafts or by any other means by the Central Government, the Rodrigues Regional Assembly, the Local Government and a Public Enterprise, whether or not the loans are wholly or partly guaranteed by Government; and

(b) by way of advances from the Bank of Mauritius to any entity in the public sector.

PSD includes debts of the Budgetary Central Government (BCG) raised both internally and externally to fund development projects, debts of Public Enterprises and Extra Budgetary Units, whether guaranteed or not by Government.

Summary of Findings

- PSD, which stood at Rs 300.2 billion on 30 June 2018, has registered an increase of some Rs 149.1 billion to reach Rs 449.3 billion as at 30 June 2022, representing an increase of some 49.7 per cent. During the year 2021-22 only, an increase of 7 per cent was noted, bringing PSD from Rs 419.4 billion to Rs 449.3 billion.

- Public Sector Domestic Debt accounted for 75 per cent of total PSD. There was an increase of 9 per cent, from Rs 308.6 billion as at 30 June 2021 to Rs 336.1 billion as at 30 June 2022.

- The PSD as a percentage of Gross Domestic Product (GPD) remained significantly high despite a decline of 6 percentage points from 91.9 per cent (gross basis) as at 30 June 2021 to 86.0 per cent (gross basis) as at 30 June 2022.

- The PSD-to-GDP ratio calculated on a net basis decreased from 75.6 per cent as at 30 June 2021 to 73.8 as at 30 June 2022.

- As of 30 June 2022, BCG Domestic Debt of Rs 327 billion represented some 79 per cent of the total Debt of BCG. Some 20 per cent of these Debts (Rs 65 billion) will mature by 30 June 2023. In addition, 11 per cent of the BCG Domestic Debt (Rs 36.9 billion) will be due for repayment in the financial year 2023-24.

- BCG External Debt has registered a slight decrease of some Rs 600 million from Rs 85.1 billion as at 30 June 2021 to 84.5 billion as at 30 June 2022.

- Over the past five financial years, the issue of financial instruments by Government has exceeded redemption, thus increasing the level of indebtedness.

- Public Corporations debts increased by 35 per cent from Rs 39.5 billion as of 30 June 2021 to Rs 53.2 billion as of 30 June 2022.

- Government debt servicing accounted for 45 per cent of total Government spending for the financial year 2021-22.

- Repayment of External Debts of Rs 4.1 billion was effected in 2021-22 out of the transfer of Rs 18 billion received in 2019-20 from the Special Reserve Fund of the Bank of Mauritius.

- Commitment fees paid in financial year 2021-22 in respect of the Grand Bay Sewerage Project amounted to Rs 2.2 million.

Detailed Findings

Public Sector Debt - Significant Increase over Past Five Financial Years

PSD as at the end of the past five financial years up to 30 June 2022 is shown in Table 9-14.

Table 9-14 Public Sector Debt as at end of Financial Years 2018 to 2022

Financial year ended	Public Sector Debt	Increase over the previous year	Increase over the previous year
	Rs million	Rs million	%
30.06.2018	*300,163	10,060	3.47
30.06.2019	320,654	20,491	6.83
30.06.2020	381,796	61,142	19.07
30.06.2021	419,358	37,562	9.84
30.06.2022	449,295	29,937	7.14

Source: Statements J – Statement of Public Sector Debt for financial years 2017-18 to 2021-22
**Figures for Public Sector Debt for 2017-18 exclude Consolidation Adjustments of Rs 2,063 million.*

The PSD which stood at Rs 300.2 billion on 30 June 2018 has registered an increase of some Rs 149.1 billion to reach Rs 449.3 billion as at 30 June 2022, representing an increase of some 49.7 per cent.

Public Sector Debt – Totalling Rs 449.3 billion as at 30 June 2022

For the financial year 2021-22 only, PSD had increased by Rs 29.9 billion from Rs 419.4 billion to Rs 449.3 billion, that is, by some 7 per cent.

Details are given in Table 9-15.

Table 9-15 Public Sector Debt as at 30 June 2021 and 30 June 2022

Debt Category	**30-Jun-22**	**30-Jun-21**
	Rs	**Rs**
BCG Debt		
BCG – Domestic	326,978,909,558	307,558,573,875
BCG – External	84,458,609,341	85,106,103,556
	411,437,518,899	***392,664,677,431***
Guaranteed by Government		
Extra Budgetary Units	23,851,050	23,851,050
Public Corporations	36,463,335,684	32,985,996,159
	36,487,186,734	***33,009,847,209***
Not Guaranteed by Government		
Extra Budgetary Units	106,437,489	111,936,713
Public Corporations	16,775,961,883	6,519,680,091
	16,882,399,372	***6,631,616,804***
Sub Total	**464,807,105,005**	**432,306,141,444**
Less Consolidation Adjustment	(15,512,334,188)	(12,948,151,009)
Total Public Sector Debt	**449,294,770,817**	**419,357,990,435**
Comprising:		
Total Domestic Public Sector Debt	336,123,628,530	308,559,826,423
Total External Public Sector Debt	113,171,142,287	110,798,164,012

Source: Statement J - Statement of Public Sector Debt as at 30 June 2022 and 30 June 2021

Consolidation Adjustment – Rs 15.5 billion

In line with the IMF Government Finance Statistics Manual whereby inter-sectoral and intra-sectoral transactions are netted off, a consolidation adjustment of Rs 15.5 billion was effected. As such, the PSD figure of Rs 464.8 billion was brought down by an amount of Rs 15.5 billion, representing investments held by Public Corporations and State owned Companies in Treasury Bills, GOM Bonds, Treasury Notes, and Treasury Certificates and domestic loan from SIC Development Co Ltd already accounted in the debts of Public Corporations. The PSD was, thus, reduced to Rs 449.3 billion.

Public Sector Domestic Debt

Public Sector Domestic Debt accounted for 75 per cent of total PSD and comprised short, medium and long-term debt obligations arising from the issuance of Treasury Bills, Treasury Certificates, Treasury Notes, Government of Mauritius Bonds and Silver Bonds.

As of 30 June 2022, Public Sector Domestic Debt obligations totalled Rs 336.1 billion. This represented an increase of 9 per cent (Rs 27.5 billion) over the previous year's debt balance of Rs 308.6 billion.

Public Sector External Debt

Public Sector External Debt obligations amounted to Rs 113.2 billion, that is an increase of 2 per cent (Rs 2.4 billion) over the previous year's balance of Rs 110.8 billion.

Public Sector External Debts constituted some 25 per cent of total PSD and comprised Loans from Foreign Governments and Institutions, Government Securities held by Non-Residents and the International Monetary Fund (IMF) Special Drawing Rights (SDR) Allocations.

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.

PSD to GDP Ratio - Significantly High despite a Decline in the Current Year

The June 2022 issue of the Economic and Social Indicators on National Accounts Estimates comprised a set of revised National Accounts estimates for the period 2018 to 2021, including a first forecast for 2022.

The introduction of the new national accounts benchmarks resulted in a revision of previously published national accounts statistics. The level of GDP has been revised upwards throughout the period 2018 to 2021.

Based on the latest GDP figures released by Statistics Mauritius, as of end of June 2022, the PSD-to-GDP Ratio registered a decrease of some 6 percentage points to reach 86.0 per cent compared to 91.9 per cent as of end of June 2021 (gross basis). Correspondingly, the net PSD-to-GDP Ratio declined to 73.8 per cent as of end of June 2022, with a reduction of some two percentage points, compared to 75.6 per cent as of end of June 2021.

Table 9-16 shows data regarding the PSD-to-GDP Ratio calculated on Gross and Net basis as at the end of each of the previous five financial years.

Table 9-16 Public Sector Debt and Gross Domestic Product – Past Five Financial Years

As at end of	GDP Rs billion	PSD (Gross) Rs billion	PSD (Gross) as a % of GDP	PSD (Net) Rs billion	PSD (Net) as a % of GDP
June 2018	486.0	*300.2	61.8	*N/A*	*N/A*
June 2019	507.8	320.7	63.1	*N/A*	*N/A*
June 2020	471.0	381.8	81.1	322.2	68.4
June 2021	456.3	419.4	91.9	345.0	75.6
June 2022	522.4	449.3	86.0	385.5	73.8

Source: Statistics Mauritius Website Updated on 22 December 2022 and Records of MoFEPD
**Figures for Public Sector Debt for 2017-18 exclude Consolidation Adjustments of Rs 2,063 million*

Despite the decrease over the previous year, the PSD-to-GDP Ratio remains remarkably high as compared to 61.8 per cent (on a gross basis) as of 30 June 2018.

PSD-to-GDP Ratio calculated on Net Basis

Section 7 of the Public Debt Management (PDM) Act 2008, which sets a ceiling on the ratio of PSD to GDP at 65 per cent was repealed by the COVID-19 (Miscellaneous Provision) Act 2020.

Moreover, Section 6(1A) of the PDM Act 2008, as amended by the COVID-19 (Miscellaneous Provisions) Act 2020 stipulates that the public sector debt be computed on a "net basis" after deductions of:

- Any cash balance or cash equivalent held by Government with the bank or any financial institution in excess of an aggregate amount of 200 million rupees;

- Any cash balance or cash equivalent held by non-financial public sector bodies in any financial institution in excess of an aggregate amount of 300 million rupees;

- Any equity investment held by Government or non-financial public sector bodies in any private sector entity; or

- Such other money as may be prescribed.

The above amendments became effective as from 23 March 2020 and the Debt-to-GDP Ratio is now being calculated on both a gross and a net basis.

As of 30 June 2022, cash and cash equivalents and equity investments of Rs 63.8 billion were deducted from the gross PSD figure of Rs 449.3 billion to reach a net PSD figure of Rs 385.5 billion.

Despite the fact that it is now computed on a net basis, and despite a lower PSD-to-GDP ratio of 73.8 per cent as of 30 June 2022 compared to 75.6 per cent as of 30 June 2021, the PSD-to-GDP ratio still remained high.

BCG Domestic Debt - Being 79 per cent of total BCG Debt

BCG Domestic Debt constituted 79 per cent of total Debt of BCG and increased from Rs 307.6 billion in 2020-21 to Rs 327 billion in 2021-22, of which Rs 326.6 billion related to Government Securities and the remaining balance being disbursement from the SIC Development Co Ltd vice the Line of Credit from the Exim Bank of India for implementation of Government Projects.

Government Securities comprised Treasury Bills of Rs 24.4 billion, Treasury Certificates of Rs 14.2 billion, Treasury Notes of Rs 53 billion, GOM Bonds of Rs 228.6 billion and Silver Bonds of Rs 6.4 billion as of 30 June 2022.

Loan from SIC Development Co Ltd

In May 2017, SBM (Mauritius) Infrastructure Development Company Ltd (SBMIDC) entered into a Dollar Credit Line Agreement with Export-Import Bank of India (EXIM) under which EXIM agreed to extend to the SBMIDC a Line of Credit (LOC) for US $ 500 million at 1.8 per cent interest rate per annum. Government guaranteed the loan obligations of SBMIDC. 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, 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. Table 9-17 gives details of the amount disbursed as at 30 June 2022.

Table 9-17 Disbursements from SIC Development Co. Ltd as at 30 June 2022

Implementing Agency	Project	Amount of Loan (USD)	Amount Disbursed* (USD)
Ministry of Arts and Cultural Heritage	National Archives and National Library Project	13,000,000	179,356
Ministry of Local Government & Disaster Risk Management	Setting up of 16 Incinerators	4,000,000	1,620,419
	Acquisition of 20 fire-fighting and rescue vehicles	6,000,000	5,261,244
	Acquisition of high volume water pumps	1,000,000	467,197
Prime Minister's Office, Ministry of Defence, Home Affairs and External Communications and Ministry for Rodrigues, Outer Islands and Territorial Integrity	Forensic Science Laboratory	7,000,000	120,424
	Mauritius Disciplined Forces	24,000,000	163,207
Ministry of Health and Wellness	E-Health Project	16,000,000	-
Total		**71,000,000**	**7,811,847**

Source: Loan Details as per Treasury Ledger
** Amount Disbursed plus Capitalised Interests*

Maturity Structure of Government Securities

The maturity profile of outstanding Government Securities as of 30 June 2022 is shown in Table 9-18 below.

Table 9-18 Maturity Structure of Government Securities

Maturity Period	Treasury Bills Rs m	Treasury Certificates Rs m	Treasury Notes Rs m	GOM Bonds Rs m	Silver Bonds Rs m	Total Rs m	%
2022-23	24,416	14,218	9,032	17,350	-	65,016	20
2023-24	-	-	19,799	17,070	-	36,869	11
2024-25	-	-	24,168	33,782	-	57,950	18
2025-26	-	-	-	31,788	-	31,788	10
2026-27	-	-	-	27,375	-	27,375	8
2027-28 Onwards	-	-	-	101,209	6,414	107,623	33
Total	**24,416**	**14,218**	**52,999**	**228,574**	**6,414**	**326,621**	100

Source: Ledger of Respective Securities

Some 20 per cent of the total debt of Government will mature by June 2023, requiring Rs 65 billion to settle those debts.

In addition, some 39 per cent of the outstanding debts, amounting to Rs 126.6 billion, will be due for repayment between July 2023 and June 2026.

Annual Issue of Financial Instruments exceeds Redemption, resulting in Increase in Debt

Table 9-19 shows the issues and redemptions of the main financial instruments, namely Treasury Bills, Treasury Notes, Treasury Certificates and Government Bonds for the past five financial years.

Table 9-19 Issues and Redemptions of Government Securities in Past Five Financial Years

	30 June 2018 Rs billion	30 June 2019 Rs billion	30 June 2020 Rs billion	30 June 2021 Rs billion	30 June 2022 Rs billion
Issued					
Treasury Bills	37.2	39.7	46.1	31.9	34.8
Treasury Notes	20.1	21.0	21.9	19.7	28.2
Treasury Certificates	-	1.9	7.4	19.6	25.9
GOM Bonds	24.9	27.7	40.4	36.2	39.0
Total	**82.2**	**90.3**	**115.8**	**107.4**	**127.9**
Redeemed					
Treasury Bills	49.9	36.2	33.0	47.6	36.8
Treasury Notes	17.7	19.3	14.8	20.1	32.3
Treasury Certificates	-	-	5.4	11.7	23.6
GOM Bonds	7.2	9.9	11.3	13.5	17.0
Total	**74.8**	**65.4**	**64.5**	**92.9**	**109.7**

Source: Ledger of Respective Securities

Table 9-19 demonstrates that over the past five financial years, the redemption of financial instruments was lower than the issue. Consequently, debts keep increasing over the years. In addition, Silver Saving Bonds and Silver Retirement Bonds to the tune of Rs 157 million were redeemed during the financial year 2021-22.

BCG External Debt – Slight Decrease in Financial Year 2021-22

Table 9-20 shows BCG External Debt as at the end of the past five financial years. BCG External Debt as at 30 June 2022 includes External Loans of Rs 58.7 billion, Government Securities held by Non-Residents of Rs 11.7 billion and IMF SDR Allocations of Rs 14.1 billion.

Table 9-20 BCG External Debt - Past Five Financial Years

Year Ended	Rs billion
30 June 2018	44.5
30 June 2019	40.2
30 June 2020	43.7
30 June 2021	85.1
30 June 2022	84.5

Source: Statement J – Statement of Public Sector Debt

As shown in Table 9-20, after a significant increase in BCG External Debt of Rs 41.4 billion, from Rs 43.7 billion as of end of June 2020 to Rs 85.1 billion as of end of June 2021, there has been a slight decrease of some Rs 600 million as of 30 June 2022, bringing the total to Rs 84.5 billion.

Table 9-21 shows the composition of BCG External debt and its trend over the past three financial years.

Table 9-21 BCG External Debt Composition

	As at 30 June 2020	As at 30 June 2021	As at 30 June 2022
BCG External Debt	**Rs**	**Rs**	**Rs**
Government Securities held by Non-Residents	364,200,000	13,533,450,000	11,664,850,000
External Loans	37,949,367,975	65,684,204,344	58,720,639,574
IMF SDR Allocations	5,374,973,219	5,888,449,212	14,073,119,767
Total	**43,688,541,194**	**85,106,103,556**	**84,458,609,341**

Source: Statement J - Statement of PSD as at 30 June 2020, 30 June 2021 and 30 June 2022

The movement in BCG External Debt over the past three financial years is explained as follows:

- Government Securities held by Non-Residents rose significantly by Rs 13.2 billion from 30 June 2020 to 30 June 2021 and dropped by Rs 1.9 billion as of 30 June 2022.

- Government External Loans which increased from Rs 37.9 billion as of 30 June 2020 to Rs 65.7 billion as of 30 June 2021 mainly due to new loans contracted by Government in its fight against the COVID-19 pandemic and decreased to Rs 58.7 billion as of 30 June 2022, as a result of Government having recourse to fewer loans. Also, capital repayments on Government External Loans exceeded drawdown from these loans.

- Significant increase of Rs 8.2 billion in the amount of IMF SDR Allocations from 30 June 2021 to 30 June 2022 due to a general allocation of SDR by the IMF in August 2021 to assist member countries to cope with the impact of the COVID-19 Crisis, thereby fostering the resilience and stability of the global economy.

New Loan Contracted by Government During Financial Year 2021-22

On 19 February 2021, Government signed a Dollar Credit Line Agreement with the Export Import (Exim) Bank of India for a total amount of US $100 million in connection with the procurement of defence items from India. The line of credit was to be accompanied by a grant of US $5 million. The duration of the loan is 20 years including a grace period of seven years, with interest at the rate of 1.8 per cent per annum.

During the financial year 2021-22, a total amount of US $ 17.9 million equivalent to Rs 778.1 million was disbursed under the Line of Credit for the purchase of a new Passenger Variant Dornier Aircraft (US $ 11.7 million) and an Advance Life Helicopter (US $ 6.2 million).

Debt of Extra Budgetary Units – Rs 130.3 million

The debt of Extra Budgetary Units as of 30 June 2022 stood at Rs 130.3 million comprising Domestic Guaranteed Debt of Small Entrepreneurs of Rs 23.9 million outstanding as far back as December 2010 and a Non-Guaranteed loan of Rs 106.4 million contracted by the University of Mauritius (UoM) during the financial year 2015-16.

The debt of Extra Budgetary Units has decreased by Rs 5.5 million only due to a part repayment of the loan contracted by the UoM from a Commercial Bank

Public Corporations Debts – Rs 53.2 billion

As of 30 June 2022, financial and non-financial Public Corporations Debts stood at Rs 53.2 billion compared to Rs 39.5 billion as of 30 June 2021, showing an increase of 35 per cent. The main factors contributing to the increase in Public Corporation Debt for the financial year 2021-22 were:

- Domestic Non-Guaranteed Debt increased by Rs 10.8 billion mainly due to new loans contracted by STC during the financial year 2021-22. The STC's loan balance was Rs 7.1 billion as of 30 June 2022, compared to a nil balance as at end of the previous financial year.

  In addition, the Development Bank of Mauritius Ltd (DBM) has drawn down an additional amount of Rs 1.8 billion out of a loan contracted from the Bank of Mauritius in February 2021. This special Line of Credit was provided to the DBM for on-lending to eligible beneficiaries in line with the implementation of Government budgetary measures loan schemes 2020-21.

  Further, two additional loans totalling Rs 1.3 billion were contracted by the Airport Terminal Operations Limited from SBM Ltd in September 2021 and March 2022 respectively.

- An increase in Government Guaranteed External Debt of Rs 3.6 billion mainly due to significant disbursement from the Export-Import (EXIM) Bank of India to the SBMIDC, amounting to US$ 50.3 million equivalent to Rs 2.2 billion in respect of the Dollar line of Credit (LOC) Agreement of US$ 500 million signed in May 2017.

- In addition, in January 2022, a new Dollar Credit Line Agreement was signed between SBMIDC and EXIM Bank of India for an additional amount of US $ 190 million in connection with the implementation of the ongoing Metro Express Project and other infrastructure projects. The credit facility is an additional tranche to the existing credit of US $ 500 million which has been extended on the terms and conditions contained in the Dollar Credit Line agreement signed in May 2017.

  However, as of 30 June 2022, a total amount of US $ 17.4 million equivalent to Rs 760.7 million was disbursed to Larsen and Toubro Ltd to meet payments in connection with the construction works under Phase III of the Metro Express project from Réduit to Rose Hill.

BCG Debt Servicing - 45 per cent of Total BCG Expenditure were on Debt Servicing

The BCG debt servicing comprised capital repayments and interest payments on BCG Domestic and External Debts, as well as 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 9-22.

Table 9-22 Government Debt Servicing for Financial Years 2017-18 to 2021-22

	30.06.2018	**30.06.2019**	**30.06.2020**	**30.06.2021**	**30.06.2022**
Particulars	**Rs m**	**Rs m**	**Rs m**	**Rs m**	**Rs m**
***Interests**					
External Debt	675.0	710.6	637.6	577.4	552.0
Domestic Debt	10,703.3	11,937.0	12,727.6	11,837.3	12,698.1
Management Service Charges	4.5	3.5	24.3	70.4	12.6
Sub Total	***11,382.8***	***12,651.1***	***13,389.5***	***12,485.1***	***13,262.7***
Capital Repayments					
External Debt	3,028.9	4,067.2	10,875.1	4,949.4	5,153.6
Domestic Debt	7,508.8	11,356.5	12,352.9	92,979.1	109,829.5
Sub Total	***10,537.7***	***15,423.7***	***23,228.0***	***97,928.5***	***114,983.1***
Total	**21,920.5**	**28,074.8**	**36,617.5**	**110,413.6**	***128,245.8***

Source Treasury Accounting Systems
**Interest is computed on an accrual basis*
Redemption of Treasury Bills, Treasury Certificates and Treasury Notes is included only for the years ending 30 June 2021 and 30 June 2022

Over the past five financial years, interest payments on BCG Debts have increased from Rs 11.4 billion to Rs 13.3 billion, reflecting an increase of 17 per cent.

During the same period, capital repayments increased from Rs 10.5 billion to Rs 115 billion. The Treasury's policy prior to the financial year 2020-21 was not to include the redemption of Treasury Bills, Treasury Certificates, Treasury Notes, Saving Notes and Saving Bonds in Government Debt Servicing in Statement D1, which explained this significant increase. The redemptions of these instruments were Rs 68.2 billion, Rs 55.5 billion and Rs 54.0 billion for the financial years ending 30 June 2018 to 30 June 2020 respectively.

Table 9-23 shows BCG debt servicing as a percentage of total BCG expenditure, in accordance with Statement D1 for the past five financial years 2017-18 to 2021-22.

Table 9-23 BCG Debt Servicing as a Percentage of Total Government Expenditure

Period	**Government Debt Servicing Rs million**	**Total Expenditure Rs million**	**Government Debt Servicing (% of Total Expenditure)**
July 2017 to June 2018	*21,920.5	*135,932.9	16.1
July 2018 to June 2019	*28,074.8	*147,154.4	19.1
July 2019 to June 2020	*36,617.5	*189,556.0	19.3
July 2020 to June 2021	110,413.6	297,277.9	37.1
July 2021 to June 2022	128,245.8	283,659.8	45.2

Source: Statement D1- Detailed Statement of Expenditure of the Consolidated Fund
**Government Debt Servicing and Total Expenditure did not include redemption of Treasury Bills, Treasury Certificates, Treasury Notes, Saving Notes and Saving Bonds*

The amount spent on Government debt servicing totalled Rs 128.2 billion, representing 45.2 per cent of total Government expenditure for the financial year ended 30 June 2022.

Transfer of Rs 18 Billion from the Special Reserve Fund of the Bank of Mauritius in Financial Year 2019-20 for Repayments of External Debt

On 26 November 2019, the Bank of Mauritius (BOM) exceptionally approved the transfer of an amount of Rs 18 billion out of its Special Reserve Fund to Government for the purpose of repaying Government External Debts.

On 11 December 2019, BOM credited Rs 18 billion in the Bank Account of Government held at the BOM. As of 30 June 2022, a total amount of Rs 17.2 billion had been used for repayment of Government external loans obligations, of which Rs 6.7 billion were for early repayment of debts and Rs 10.5 billion for scheduled repayments of debts respectively, as shown in Table 9-24.

Table 9-24 Funds utilised from the Rs 18 billion Transfer from the BOM

	30 June 2020 Rs billion	30 June 2021 Rs billion	30 June 2022 Rs billion	Total Rs billion
Early repayment	6.4	0.3	-	6.7
Scheduled repayment	1.8	4.6	4.1	10.5
Total	**8.2**	**4.9**	**4.1**	**17.2**

Source: Ministry of Finance, Economic Planning and Development

The remaining amount of Rs 800 million was used for the scheduled repayments of Government External Loans in July and August 2022.

Commitment Fees - Rs 2.2 million Paid During Financial Year 2021-22

Commitment fees are paid on the undrawn balances when disbursements of funds in respect of projects are effected after the scheduled date specified in the Loan Agreement due mainly to delays in the implementation of projects. During the financial year 2021-22, a total amount of Rs 2.2 million was paid as commitment fees to Japan International Cooperation Agency in respect of the Grand Bay Sewerage Project.

Total amount paid as commitment fees on the Grand Bay Sewerage Project since the year 2011 up to 30 June 2022 amounted to some Rs 24.7 million.

9.2.3 Statement of All Outstanding Loans Financed from Revenue as at 30 June 2022

Government provides loans to Statutory Bodies, Private Bodies, Other Bodies and Private Individuals, mainly to fund the implementation of capital projects. A review of the records relating to these loans has been carried out.

Summary of Findings

- Outstanding loans as at 30 June 2022 have reached Rs 10.2 billion, being an increase of 5.2 per cent over the previous year's loans balance of Rs 9.7 billion.
- New loans disbursed during the financial year 2021-22 increased by 11.2 per cent, that is from Rs 564.6 million in the previous year to Rs 627.7 million
- Debts of two Statutory Bodies totalled Rs 6.4 billion, accounting for 62.8 per cent of total outstanding debts of Rs 10.2 billion.
- Loan capital, interests and penalties due for payment by 30 June 2022 have increased significantly by 36.8 per cent, from Rs 1.9 billion to Rs 2.6 billion, mainly due to capital, interests and penalties of two Statutory Bodies remaining unpaid.

Detailed Findings

Increase in Outstanding Loans - Reaching Rs 10.2 billion as of 30 June 2022

As of 30 June 2022, the balance of outstanding loans (principal only) increased by some Rs 500 million to reach Rs 10.2 billion, representing a rise of 5.2 per cent over the previous financial year's figure of Rs 9.7 billion.

During the financial year 2021-22, new loans for a total amount of Rs 627.7 million were advanced to Statutory Bodies, Private Bodies, Other Bodies and Private Individuals. Total reimbursements effected during the same period amounted to Rs 168.8 million. Interests of Rs 29.4 million were capitalised during the year. With an adjustment due to currency revaluation of Rs 13.5 million, total outstanding loans as at 30 June 2022 stood at Rs 10.2 billion. Details are shown in Table 9-25.

Table 9-25 Outstanding Loans as at 30 June 2022

Name of Borrowers	Original Loan Rs	Outstanding Loan Rs
Statutory Bodies		
Central Water Authority	6,263,864,899	3,329,759,443
Wastewater Management Authority	5,283,472,616	3,087,335,253
Mauritius Cane Industry Authority	20,408,214	14,526,192
Sub Total	***11,567,745,729***	**6,431,620,888**
Private Bodies		
Metro Express Limited	900,000,000	917,859,257
Cargo Handling Corporation Ltd	699,000,000	785,972,395
Airport Terminal Operations Ltd	494,130,000	600,898,126
Development Bank of Mauritius Ltd	650,000,000	407,062,750
National Housing Development Co. Ltd	678,108,418	372,073,278
Airports of Mauritius Ltd	513,372,400	361,148,945
Landscope (Mauritius) Ltd	163,121,466	114,185,026
Rodrigues Business Park Development Co. Ltd	220,000,000	95,000,000
Mauritius Cooperative Central Bank Ltd (In liquidation)	81,880,000	81,308,000
Mauritius Housing Company Ltd	4,500,000	231,555
Sub Total	***4,404,112,284***	***3,735,739,332***
Other Bodies		
The Municipal Council of Beau Bassin-Rose Hill	42,000,000	21,000,000
Rodrigues Regional Assembly	14,847,000	14,694,000
Pamplemousses District Council	23,520,000	11,760,000
Riviere du Rempart District Council	18,480,000	9,240,000
Sub Total	***98,847,000***	***56,694,000***
Private Individuals		
Repatriation Expenses	2,827,070	795,589
Sub Total	***2,827,070***	***795,589***
Sinking Fund Contribution		
Mauritius Cane Industry Authority	2,631,395	63,926
Sub Total	***2,631,395***	***63,926***
Total	**16,076,163,478**	**10,224,913,735**

Source: Statement M – Statement of all Outstanding Loans Financed from Revenue as at 30 June 2022

New Loans Disbursed During the Year – Increase of 11.2 per cent

During the financial year 2021-22, new loans for a total amount of Rs 627.7 million were advanced to Statutory Bodies, Private Bodies, Other Bodies and Private Individuals compared to Rs 564.6 million disbursed during financial year 2020-21, representing an increase of 11.2 per cent. Details are shown in Table 9-26.

Table 9-26 New Loans Disbursed during 2021-22 and 2020-21

Organisation/Individuals	**2021-22**	**2020-21**
	Rs	**Rs**
Metro Express Ltd	300,000,000	380,000,000
Development Bank of Mauritius Ltd	168,163,014	23,871,115
Wastewater Management Authority	76,244,033	45,952,370
Rodrigues Business Park Development Co. Ltd	45,000,000	50,000,000
Central Water Authority	38,105,211	64,723,584
Individuals – Repatriation Expenses	235,826	42,020
Total	**627,748,084**	**564,589,089**

Source: Treasury Records

Debts of two Statutory Bodies – Representing 62.8 per cent of total Outstanding Loans

As of 30 June 2022, two Statutory Bodies, namely the Central Water Authority (CWA) and the Wastewater Management Authority (WMA) had outstanding debts totalling Rs 3.3 billion, and Rs 3.1 billion respectively, accounting for 62.8 per cent of the total outstanding loans of Rs 10.2 billion.

Central Water Authority – Outstanding Loans of Rs 3.3 billion as at 30 June 2022

The CWA has received loans from Government to finance the implementation of several water distribution projects. For a very long time, the CWA had not paid back the capital amounts and interests/penalties accrued on those loans.

Despite its inability to repay its debts, during the financial year 2021-22, additional loans were granted to the Authority to enable it to continue the implementation of several capital projects. On 9 May 2022, a new Loan Agreement for a project value of Rs 300 million was signed between Government and the CWA for the implementation of 13 capital projects. As of 30 June 2022, out of the Rs 300 million earmarked, Rs 38.1 million had been disbursed in respect of six projects.

As of 30 June 2022, a total amount of Rs 3.3 billion was owed by the Authority, representing some 32.6 per cent of the total loans outstanding.

NAO drew attention, in several instances, to the fact that the Authority had not been in a position to repay its loans since long. In December 2021, the Ministry of Finance, Economic Planning and Development (MOFEPD) had informed NAO that meetings of the Ad hoc Committee, set up at the level of the CWA to work out an Implementation Plan for price adjustment, were on-going and that proposals were expected to be finalised by the end of February 2022.

However, as of 20 December 2022, information on current development in the matter was not available at the level of MOFEPD.

MOFEPD's Response

An Ad-Hoc Committee has been set up at the level of the CWA with a view to come up with strategies to increase revenue of the Authority and reduce its costs. The Committee will review the proposed price adjustments in User Fees and Charges regulated by CWA Regulations and will also, amongst others:

(1) Work out a turnaround plan to review the business model of the CWA; and

(2) Work out an Implementation Plan for the price adjustments. The Ad-hoc Committee has held its meeting and the proceedings are on-going.

It is expected that the first meeting of the Committee will be held by the end of January 2023.

Wastewater Management Authority – Outstanding Loans of Rs 3.1 billion as at 30 June 2022

Since January 2013, Government has been providing loans to the WMA for the implementation of sewerage projects. The WMA has not been in a position to repay its loans due to financial difficulties. As of December 2022, neither repayment of principal amounts which became due in 2018 nor payment of interests/penalties had been effected by the Authority.

In August 2021, a new Loan Agreement was signed between Government and the WMA for an amount of Rs 135 million to finance projects in connection with House Service Connection (Rs 55 million) and for the Repair/Maintenance/Upgrading of Sewerage Infrastructure (Rs 80 million). As of 30 June 2022, out of the Rs 135 million allocated, Rs 76.2 million were disbursed, of which Rs 52.9 million were in respect of House Service Connection and Rs 23.3 million for Repair/Maintenance/Upgrading of Sewerage Infrastructure.

As of 30 June 2022, WMA's total outstanding loans amounted to Rs 3.1 billion, representing 30.2 per cent of the total loans due by Statutory Bodies, Private Bodies, Other Bodies and Private Individuals.

In December 2021, MOFEPD informed NAO that an exercise had already started to move WMA towards a long term financial sustainability and that a comprehensive report on its financial position had been prepared and same was being considered by an Ad-hoc Committee set up by the WMA Board. It was also stated that the Report would be relayed to the Ministry of Energy and Public Utilities once approved by the WMA Board.

However, as of 20 December 2022, the file pertaining to the recent changes brought to the WMA tariff was not available for consultation at MOFEPD.

MOFEPD's Response

The Ad-hoc Committee, set up at the level of the WMA, has examined a strategic plan with a view to improving the institution's financial situation.

Consequently, 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 is expected that the Ad-hoc Committee will submit its recommendation to the WMA Board in March 2023.

Mauritius Cooperative Central Bank Limited (In liquidation) – Outstanding Loans of Rs 81.3 million as at 30 June 2022

Two loan agreements were signed between Government and the Mauritius Cooperative Central Bank Limited (MCCB Ltd) in 1987 and 1992 for amounts of Rs 880,000 and Rs 81 million respectively. The Bank went into liquidation in April 1996. As per claims issued as at 30 April 2022, the total amount of loans outstanding was Rs 167.5 million, comprising capital Rs 81.3 million and interest of Rs 86.2 million.

In September 2022, the Bank of Mauritius (BOM) informed MOFEPD that the BOM Realisation Account, which has been specifically opened to cover the liabilities of the MCCB Ltd, had insufficient funds to cater for the accumulated arrears due by the MCCB Ltd to Government. Government ranks in the sixth place in the Bank's order of priority in settling its liabilities.

As of December 2022, technical discussions between the BOM, the Treasury and the MOFEPD were ongoing to discuss the way forward.

Loans, Interests/Penalties in Arrears – Significant Increase from Rs 1.9 billion to Rs 2.6 billion

Claims are issued by the Treasury to Statutory and Other Bodies in respect of loan instalments which fall due. Total arrears (capital, interests and penalties) falling due as of 30 June of each financial year are reported in Statement N – Statement of Arrears of Revenue.

As of 30 June 2022, total arrears as per claims issued stood at Rs 2.6 billion (capital: Rs 1.4 billion, interests/penalties Rs 1.2 billion) as compared to Rs 1.9 billion as at 30 June 2021, representing an increase of 36.8 per cent. The increase was mainly due to accumulated principal, interests and penalties remaining unpaid by two Statutory Bodies namely the CWA and the WMA. Details of arrears are shown in Table 9-27.

Table 9-27 Arrears of Capital, Interests and Penalties due as at 30 June 2022

Statutory Bodies	Capital Rs	Interest and penalties Rs	Period due	Remarks
Central Water Authority (Note 1)	638,921,077	509,740,094	1999-2022	No repayment
Wastewater Management Authority (Note 2)	555,190,085	550,226,892	2014-2022	No repayment since 2014
Private/Other Bodies				
Ex. M.C.C.B Ltd	81,308,000	86,215,878	1996-2022	In liquidation
Rodrigues Regional Assembly (Note 3)	14,694,000	13,951,636	2011-2022	Repayment effected only in 2015-16
Airports of Mauritius Ltd	142,361,616	16,439,577	2020-2022	No repayment
Rodrigues Business Park Development Co. Ltd	-	471,096	2021-2022	Repayment effected in July 2022
Total	**1,432,474,778**	**1,177,045,173**		

Source: Return of Arrears

Note 1 – Loan to Central Water Authority

Claims in respect of arrears of principal, interests/penalties totalling Rs 1.1 billion, were issued to the CWA as at 30 June 2022. During the financial year 2021-22, no repayment had been effected by the Authority.

Note 2 - Loan to Wastewater Management Authority

Total loans disbursed to the WMA as per Loan Agreements signed between Government and the WMA since 2014 amounted to Rs 3.1 billion. As of 30 June 2022, claims already issued in respect of principal and interests/penalties totalling some Rs 1.1 billion (principal: Rs 555 million, interests/penalties: Rs 550 million) have remained unpaid.

Note 3 – Loan to the Rodrigues Regional Assembly

A loan of some Rs 15 million was advanced to the Rodrigues Regional Assembly (RRA) to finance development projects in the fisheries sector in 2011. Only part of the loan has been reimbursed in 2015-16. As of 30 June 2022, total amount outstanding stood at some Rs 28.6 million (principal: Rs 14.7 million, interests/penalties: Rs 13.9 million).

Loans were granted to five fishing cooperatives as a contribution towards the purchase of fishing vessels with a view to promoting outer lagoon fishing in Rodrigues. Since there has been default in repayment, the RRA was applying the required actions, as per the Conditions of Use of the Agreement, to repossess the fishing vessels. MOFEPD informed that the RRA was working on a Business Model for the operationalisation of the fishing vessels once repossession would have been completed.

Since the decision to repossess the fishing vessels has already been taken, the loan balance outstanding will not be recovered.

Treasury's Response

The matter is at the level of MOFEPD and no decision has yet been taken regarding the outstanding balance of the loan.

9.2.4 Statement N - Statement of Arrears of Revenue

Arrears of Revenue as at 30 June 2022 – Rs 15.8 billion

Statement N: 'Statement of Arrears of Revenue' as at 30 June 2022 was prepared by the Treasury on the basis of the returns submitted by all Ministries and Government Departments. A review of this Statement and the relevant records was carried out.

Summary of Findings

- Arrears of revenue of Rs 14.2 billion as at 30 June 2021 had registered an increase of some Rs 1.6 billion during the financial year 2021-22 to reach Rs 15.8 billion as at 30 June 2022.

- Arrears of revenue for the Mauritius Revenue Authority (MRA) were Rs 11.2 billion, being some 71 per cent of the total arrears of Government of Rs 15.8 billion.

- The total book balance of arrears of revenue of the MRA as at 30 June 2022 was Rs 37.2 billion, of which Rs 11.2 billion were collectible. The balance of Rs 26 billion, referred to as 'non-collectible' arrears, included an amount of Rs 20.3 billion (78 per cent), being cases outstanding at the Assessment Review Committee (ARC) as of 30 June 2022.

- Arrears in the books of the Treasury as at 30 June 2022, comprising mainly Loans, Interests and Penalties and Accidents Claims, have increased from Rs 1.9 billion to Rs 2.6 billion, that is, by some 37 per cent compared to the previous year.

- During the financial year 2021-22, a total of Rs 394.4 million was written-off by Ministries/Government Departments, being long outstanding and irrecoverable debts.

Detailed Findings

Arrears of Revenue - Increase from Rs 14.2 billion as at 30 June 2021 to Rs 15.8 billion as at 30 June2022

Arrears of revenue which stood at Rs 14.2 billion on 30 June 2021 had registered an increase of some Rs 1.6 billion during the financial year 2021-22 to reach Rs 15.8 billion as at 30 June 2022.

Over the past five years, arrears of revenue have increased by 43 per cent, from Rs 11.0 billion in 2017-18 to Rs 15.8 billion in 2021-22, as shown in Table 9-28.

Table 9-28 Arrears of Revenue as at the end of the Past Five Financial Years

As at	Arrears of Revenue before Write-offs	Amount Written off	Balance of Arrears of Revenue
	Rs	Rs	Rs
30 June 2018	11,161,887,048	152,520,682	11,009,366,366
30 June 2019	13,357,238,625	195,217,597	13,162,021,028
30 June 2020	14,893,095,946	386,624,103	14,506,471,843
30 June 2021	*17,407,972,643	3,182,326,016	*14,225,646,627
30 June 2022	16,170,946,556	394,380,732	15,776,565,824

Source: Annual Reports of the Accountant-General
** Figures restated in 2021-22*

Mauritius Revenue Authority - Arrears of Rs 11.2 billion representing 71 per cent of total Arrears of Government

Arrears of Revenue of the MRA, classified as 'Collectible Debts', and reported in Statement N - 'Statement of Arrears of Revenue' as at 30 June 2022 totalled some Rs 11.2 billion. This represents some 71 per cent of the total arrears of revenue figure of Rs 15.8 billion.

The total book balance of arrears of revenue for the MRA as at 30 June 2022 stood at Rs 37.2 billion.

The remaining sum of some Rs 26 billion not accounted as arrears of revenue in Statement N represented mainly cases under dispute, cases pending under objection at the MRA, cases pending at the ARC, cases being dealt under the Alternative Tax Dispute Resolution and Expeditious Dispute Resolution Tax Schemes and also cases where assessments had been raised, but objections could still be lodged within the statutory time limit of 28 days, referred to as 'Sums Otherwise not Due'.

Details are given in Table 9-29.

Table 9-29 MRA - Book Balance of Arrears as at 30 June 2022

	Customs Rs	Income Tax and Other Taxes Rs	Total Rs
Amount Under Dispute	385,156,816	-	385,156,816
Pending under Objection	-	2,318,081,765	2,318,081,765
Pending at Assessment Review Committee	-	20,348,479,809	20,348,479,809
Pending under Alternative Tax Dispute Resolution and Expeditious Dispute Resolution Tax Schemes	-	612,958,589	612,958,589
Sum Otherwise not Due	-	2,278,487,408	2,278,487,408
Total Non-Collectible	***385,156,816***	***25,558,007,571***	***25,943,164,387***
Pending at Supreme Court and Privy Council	-	42,070,729	42,070,729
Arrears of Revenue	27,163,345	11,165,253,414	11,192,416,759
Total Collectible	***27,163,345***	***11,207,324,143***	***11,234,487,488***
Total Book Balances	**412,320,161**	**36,765,331,714**	**37,177,651,875**

Source: Returns of Arrears of Revenue submitted by MRA

According to the records of the MRA, 78 per cent of non-collectible taxes of the MRA (including Customs) were under examination at the ARC as of 30 June 2022.

Arrears of Revenue of the Treasury - Increase from Rs 1.9 billion to Rs 2.6 billion

Arrears of Revenue in the books of the Treasury as at 30 June 2022, comprising mainly Loans, Interests and Penalties, and Accident Claims, have increased from Rs 1.9 billion to Rs 2.6 billion, that is, by some 37 per cent compared to the previous year. Details of arrears of revenue for the Treasury are given in Table 9-30.

Table 9-30 Treasury - Arrears of Revenue as at 30 June 2021 and 30 June 2022

Items	30 June 2022 Rs	30 June 2021 Rs
Loans, Interests and Penalties	2,609,519,951	1,888,112,528
Accidents Claims	12,859,427	10,484,261
Total	**2,622,379,378**	**1,898,596,789**

Source: Returns of Arrears of Revenue for Treasury as at 30 June 2021 and 30 June 2022

- The arrears figure for Loans, Interests and Penalties of Rs 2.6 billion comprised Rs 1.4 billion as capital repayment due and some Rs 1.2 billion as interests and penalties due by six Statutory Bodies/Other Bodies.

- As for Accident Claims, the arrears which stood at Rs 10,484,261 as at 30 June 2021 (in respect of 165 cases) had increased during 2021-22 by some 23 per cent to reach Rs 12,859,427. As of 30 June 2022, 245 accident cases were involved, of which 76 cases, with claims totalling Rs 3.9 million, were due for more than 10 years since the accidents occurred.

Treasury's Response

Among the 76 cases,

- 23 cases (Rs 2.4 million) have already been referred to the State Law Office (SLO) for legal recovery, out of which 10 cases (Rs 514,000) were lodged by SLO.

- 38 cases (Rs 257,431) are being processed for approval for write off. The remaining cases included claims where partial payment is being effected by the liable parties.

- 42 cases consist of claims outstanding as from July 2020, thus cannot be considered as long overdue.

Arrears of Revenue Written-Off – Rs 394.4 million

During the financial year 2021-22, a total of Rs 394.4 million was written-off by Ministries/Government Departments, being long outstanding and irrecoverable debts. Details are shown in Table 9-31.

Table 9-31 Arrears of Revenue Written-Off

Ministries/Government Departments	2021-22 Rs	2020-21 Rs
Mauritius Revenue Authority	*341,204,159	193,225,968
Treasury	-	2,987,573,941
Registrar- General's Department	-	1,193,083
Ministry of Information Technology, Communication and Innovation (Data Protection Office)	52,905,173	-
Ministry of Labour, Human Resource Development and Training, and Commerce and Consumer Protection (Commerce and Consumer Protection)	141,700	-
Ministry of Blue Economy, Marine Resources, Fisheries and Shipping	-	110,324
Judiciary	129,700	222,700
Total	**394,380,732**	**3,182,326,016**

Source: Treasury Records
* *According to figures obtained from the MRA*

9.2.5 Statement H - Statement of Special Funds Deposited with the Accountant-General

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

As at 30 June 2022, cash balances of seven of the 25 Special Funds were deposited with the Accountant-General and accounted for in the Financial Statements of Government

Summary of Findings

- Rs 15.8 billion, being 73 per cent of the balance of Cash and Cash Equivalents of Rs 21.7 billion in the accounts of Government as at 30 June 2022, were held by the seven Special Funds. An additional amount of Rs 18.9 billion was held as Investments by four of the seven Special Funds. This makes a total of Rs 34.7 billion as at 30 June 2022.

- Funds for a total amount of Rs 11.8 billion were transferred to three Special Funds and charged to Government's expenditure in 2021-22. Most disbursements were made close to the end of the financial year and had remained unspent to a large extent as of 30 June 2022.

- 90 per cent of the total amount of grant disbursed to the COVID-19 Projects Development Fund, since its creation in April 2020, had remained unspent.

- Regular transfers were made by the National Resilience Fund (NRF) to Government. The balance still due to NRF, by Government, at year end was reported under 'deposits' in the Financial Statements of Government.

Detailed Findings

Large Cash/Bank Balances held by Seven Special Funds - Representing 73 per cent of Government's Cash and Cash Equivalents

As at 30 June 2022, cash balances of seven of the 25 Special Funds were deposited with the Accountant-General and accounted for in the Financial Statements of Government.

The seven Special Funds held cash/bank balances of Rs 15.8 billion, representing some 73 per cent of Government's total Cash and Cash Equivalents of Rs 21.7 billion. Further, some Rs 18.9 billion were held as Investments by four of these Special Funds.

This makes a total of Rs 34.7 billion as at 30 June 2022.

Details are as shown in Table 9-32.

Table 9-32 Special Fund Balances as at 30 June 2022

Special Funds	**Investments**	**Bank Balance**
	Rs	**Rs**
Curatelle Fund	-	50,731,933
Morris Legacy Fund	8,000,000	716,719
National Resilience Fund	200,000,000	4,170,290,769
Prime Minister's Relief Fund	74,000,000	174,755,190
National Environment and Climate Change Fund	-	2,394,737,899
COVID-19 Projects Development Fund	18,600,000,000	8,507,430,818
National COVID-19 Vaccination Programme Fund	-	554,065,325
Total	**18,882,000,000**	**15,852,728,653**

Source: Statement H - Statement of Special Funds Deposited with Accountant General as at 30 June 2022

Four of the seven Special Funds, namely the National Resilience Fund (NRF), the National Environment and Climate Change Fund (NECCF), the COVID-19 Projects Development Fund (CPDF) and the National COVID-19 Vaccination Programme Fund (NCVPF) received funds from Government to finance their operations while the remaining three Special Funds did not receive funding from Government.

Funds released to Special Funds charged to Consolidated Fund but have remained unspent to a large extent as at year-end

Government has been transferring significant amount of funds annually to Special Funds for the implementation of various capital projects, specific schemes and programmes in the social and economic sector.

Funds disbursed were accounted as expenditure, under the item 'Grants' whilst the unspent grants, that is the Special Funds balance, at end of each financial year were included in the 'Cash and Cash Equivalent' and 'Investment' figures in the Financial Statements of Government.

Grants for total amount of Rs 12.1 billion, Rs 31.9 billion and Rs 11.8 billion were transferred to Special Funds during the financial years 2019-20, 2020-21 and 2021-22 respectively.

Details of Grants disbursed and the respective funds balances at the end of the three financial years ending 30 June 2020, 30 June 2021 and 30 June 2022 are given in Table 9-33.

Table 9-33 Grants to Special Funds for Financial Years 2019-20 to 2021-22

		National Resilience Fund	National Environment and Climate Change Fund	COVID-19 Projects Development Fund*	National COVID-19 Vaccination Programme Fund*
Financial Year 2019-20		**Rs million**	**Rs million**	**Rs million**	**Rs million**
Vote 26	Estimates	-	100.0	-	-
Grants	Supplementary Estimates	10,000.0	2,000.0	-	-
	Total Provision	10,000.0	2,100.0	-	-
	Actual Expenditure	**10,000.0**	**2,100.0**	-	-
Special Fund Balance as at 30 June 2020		**10,203.3**	**2,437.5**	**-**	**-**
Financial Year 2020-21					
Vote 26	Estimates	-	-	15,000.0	-
Grants	Virements	-	-	-	163.0
	Supplementary Estimates	9,200.0	2,500.0	4,000.0	1,000.0
	Total Provision	9,200.0	2,500.0	19,000.0	1,163.0
	Actual Expenditure	**9,200.0**	**2,500.0**	**19,000.0**	**1,163.0**
Special Fund Balance as at 30 June 2021		**13,564.5**	**3,276.8**	**18,488.0**	**818.3**
Financial Year 2021-22					
Vote 26	Estimates	-	-	8,500.0	-
Grants	Virements	500.0	-	-	-
	Supplementary Estimates	-	-	2,500.0	-
	Total Provision	500.0	-	11,000.0	-
	Actual Expenditure	**500.0**	**-**	**11,000.0**	**-**
Special Fund Balance as at 30 June 2022		**4,370.3**	**2,394.7**	**27,107.4**	**554.1**

Source: Statement D1, Detailed Statement of Expenditure of the Consolidated Fund for the financial years 2019-20, 2020-21 and 2021-22 and Statement H, Statement of Special Funds Deposited with Accountant General as at 30 June 2020, 30 June 2021 and 30 June 2022, and Estimates of Supplementary Expenditure for Years 2019-20, 2020-21 and 2021-22

**Special Funds created in financial year 2020-21*

In addition to the disbursements mentioned in Table 9-33 above, Rs 300 million were transferred to the 'COVID-19 Solidarity Fund' during financial year 2021-22. Since the monies of this Special Fund are not deposited with the Accountant-General, it was not included in Statement H and in the Financial Statements of Government.

The significant unspent balances held by the Special Funds at the end of each financial year, as shown in Table 9-33, could be an indication that there was no urgent need to transfer funds to these Special Funds.

MOFEPD's Response

- Funds are appropriated as transfer to Special Funds for the Implementation of Specific projects, schemes and programmes that have been approved by Government.

- The amount transferred to Special Funds are policy matters that take, inter alia, the following into consideration:

    - Priorities of Government
    - Projects financed under the Funds and their approved project values
    - Expected disbursement plan for each project
    - Fiscal constraints and global economic situation
    - Buffers for rainy days to ensure economic and fiscal resilience
    - Approval of the National Assembly and that the fact that appropriation lapses at the end of the financial year.

- The implementation of many projects spread over more than one financial year. Apart from the COVID-19 Projects Development Fund, bulk of the funds transferred to other Special Funds have been spent, as follows:

Special Fund	***Amount transferred 2019-20 to 2021-22 Rs million***	***Closing Balance as at 30 June 2022 Rs million***	***% Spent***
National Resilience Fund	19,700	4,370	78
National Environment and Climate Change Fund	4,600	2,395	48
National COVID-19 Vaccination Programme Fund	1,163	554	52

NAO Comments

Funds cannot be appropriated for consideration such as 'buffers for rainy days' or 'expected disbursement plan for each project', the more so that the Ministry even had recourse to Supplementary Appropriations to obtain additional funding.

Government's Financial Statements - Overstatement of Expenditure and Deficit for the year

Grants to Special Funds were accounted as expenditure in the accounts of Government. In some instances, the transfers were made on the last day of the financial year and as such funds could only be spent on projects, schemes or programmes in future financial year(s). This has the effect of overstating the expenditure and the deficit for the year in the Financial Statements of Government.

Significant Amounts appropriated through Supplementary Provisions and Disbursed to Special Funds near the close of the financial year

At paragraph 10.2.18 of the Audit Report for the year ended 30 June 2021, it was highlighted that during the financial year 2019-20, funds provided to two Special Funds totalling Rs 12 billion were appropriated through the Supplementary Appropriation (2019-2020) Act 2020 on 30 June 2020 and in the financial year 2020-21, Rs 16.7 billion of the Rs 31.9 billion Grant to Special Funds were appropriated through the Supplementary Appropriation (2020-2021) Act 2021 and the funds were transferred on 30 June 2021.

In the financial year 2021-22, total funds of Rs 8.5 billion approved in the Estimates 2021-2022, were disbursed to the COVID-19 Projects Development Fund on 16 June 2022 and additional funds of Rs 2.5 billion approved by the National Assembly on 13 June 2022 through the Supplementary Appropriation (2021-2022) Act 2022, were disbursed on 30 June 2022.

Additionally, total grants to the NRF of Rs 500 million and to the COVID-19 Solidarity Fund of Rs 300 million in respect of financial year 2021-22 were disbursed on 29 June 2022 and 30 June 2022 respectively.

MOFEPD's Response

It is the prerogative of Cabinet to decide on the timing of the introduction of supplementary appropriation bills into the National Assembly. The sums included in the bills are policy matters that consider several factors. The transfers to Special Funds are, however, usually effected at the end of the financial year mainly because:

- The Supplementary Appropriation Bills are introduced in the National Assembly in the month of April/May.
- Bulk of Government revenues are collected in the month of June.
- There is better visibility on the fiscal performance as we approach the end of a financial year.

Significant Funds appropriated and unspent for the COVID-19 Projects Development Fund

The COVID-19 Projects Development Fund (CPDF) was established by regulations made by the Minister under Section 24 of the Finance and Audit Act, which came into operation on 28 April 2020. The object of the Fund is to contribute to the financing of projects, schemes or programmes in the context of an investment programme following the negative impact of the COVID-19 pandemic on the economy.

Amounts of Rs 19 billion and Rs 11 billion were transferred to the CPDF during financial years 2020-21 and 2021-22 respectively.

At paragraph 2.7 of my Audit Report 2020-21, I mentioned that only Rs 510 million was spent by the CPDF during the financial year 2020-21 out of the budgetary provision of Rs 15 billion and additional funds of Rs 4 billion were appropriated through the Supplementary Appropriation (2020-2021) Act 2021.

During the financial year 2021-22, the total amount spent was Rs 2.5 billion which related to funds transferred to various Ministries, Government Departments and Local Authorities for implementations of projects. The budgetary provisions for grants for the year 2021-22 of Rs 8.5 billion and additional Rs 2.5 billion provided through Supplementary Estimates 2021-2022 were disbursed to the CPDF in June 2022.

As of 30 June 2022, some 90 per cent of the total grant disbursed to the CPDF since its creation in April 2020 had remained unspent. The Special Fund's balances as of the end of the previous two financial years are as detailed below:

- 30 June 2021: Rs 18.5 billion comprising of Bank Balance of Rs 7.9 billion and Investments of Rs 4.6 billion and Rs 6 billion in three Fixed Deposits and Treasury Certificates respectively. The three deposits had a maturity period of one year and the Treasury Certificates had a maturity of 182 days.

- 30 June 2022: Rs 27.1 billion comprising of Bank Balance of Rs 8.5 billion and Investments of Rs 6.6 billion and Rs 12 billion in six Fixed Deposits and Treasury Certificates respectively. The six Fixed Deposits had a maturity period of one year whilst the Treasury Certificates had a maturity of 182 days.

MOFEPD's Response

- The bulk of the funds that have been transferred to the COVID-19 Projects Development Fund are committed for the implementation of 12,000 Social Housing Project and the National Flood Management Programme. The lower spending has been mainly due to delays in their implementation in view of the complexity of the projects and procurement issues.

- As per the disbursement plan included in the National Budget, these transfers were destined to be spent over several years and at the same time ensuring the availability of sufficient funds for the successful completion of these priority projects.

National Resilience Fund – Advances to Government

The NRF's operations are mainly financed from Government Grant and it has been noted that the NRF has regularly advanced money to Government whenever the latter was in need of liquidity. For example, in the financial year 2021-22, funds were advanced to Government on 38 occasions.

Table 9-34 shows the Government Grants disbursed to the NRF and the Advances made by the latter to the Government during the past three financial years.

Table 9-34 Government Grants to NRF and Advances to Government from NRF

Financial Year	**Government Grants**	**Advances**		**Balance due by Government at end of Financial year**
		Number	**Total Amount**	
	Rs million		**Rs million**	**Rs million**
2019-20	10,000	1	29	-
2020-21	9,200	6	5,155	-
2021-22	500	38	33,186	2,095

Source: Statement D1, Detailed Statement of Expenditure of the Consolidated Fund and NRF's Cash Book for the financial years 2019-2020, 2020-21 and 2021-22

The balance of advances of Rs 2,095 million, due by Government to the NRF as of 30 June 2022, is shown as 'Deposits' under 'Liabilities' in the Statement of Financial Position of the Government.

MOFEPD's Response

In the event of a shortfall in the cash balance of the Accountant-General's General Account, it has been customary to make use of monies of Special Funds deposited with the Accountant-General. All such funds are accounted as deposits and are repaid with a few working days.

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9.3 MAURITIUS REVENUE AUTHORITY

9.3.1 Revenue Collection

The Mauritius Revenue Authority (MRA) is the agent of Government responsible for the collection of all major tax revenues and for the enforcement of tax laws in Mauritius.

A review of the revenue records of MRA for the financial year ended 30 June 2022 showed the following:

- Revenue collection of Rs 59.9 billion in 2021-22 represented an increase of 47.5 per cent, compared to the previous year's collection of Rs 40.6 billion.
- Taxes on Income and Value Added Taxes (VAT) constituted 77 per cent of total revenue collections of the MRA.
- Non-collectible debts of some Rs 25.6 billion represented some 70 per cent of total debts of Rs 36.7 billion.
- Total collectible debts of some Rs 11.2 billion as at 30 June 2022 have increased by five per cent, compared to debts of Rs 10.7 billion as at end of the previous financial year.
- Debt recovery was slow for old debts. Debts dating more than one year accounted for 78 per cent of total collectible debts.
- Debts for a total amount of Rs 341.2 million were written off during financial year 2021-22, compared to Rs 84.6 million during financial year 2020-21.

Revenue Collection in 2021-22 increased by 47 per cent compared to Previous Year

During the financial year 2021-22, revenue collected by MRA, in respect of the various types of taxes (excluding Customs and Excise collections) totalled some Rs 59.9 billion, compared to Rs 40.6 billion collected during 2020-21, as shown in Table 9-35.

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Table 9-35 Revenue Collections for 2021-22 and 2020-21

Details	Collections 2021-22 (Rs million)	Collections 2020-21 (Rs million)
Income Tax – Individuals	13,999.00	11,559.72
Income Tax - Companies & Bodies Corporate	16,481.00	11,775.80
Tax Deduction at Source	2,180.00	1,820.78
Value Added Tax	13,548.00	10,873.71
Tax on Specific Services & Gambling	1,930.00	1,774.40
Passenger Fee on Air Tickets	592.20	24.20
Liquor Licences	23.80	22.49
Environment Protection Fee	274.00	42.15
Advertising Structure Fee	35.30	46.07
Special Levy on Banks	1,028.00	949.50
Solidarity Levy on Telecommunication	148.10	156.91
COVID-19 Levy	1,219.00	1,439.18
Shooting and Fishing Lease	0.03	-
Fees for Tax Residency Certificates	102.20	90.34
Passenger Solidarity Fee	20.50	1.85
Social Contribution (CSG)	8,348.00	
Total	**59,929.13**	**40,577.10**

Source: MRA records

(a) Non-Filers

According to the Taxpayers' Register, as at 30 June 2022, there were 616,356 and 23,165 taxpayers registered for Income Tax and Value Added Tax respectively.

During the financial year 2021-22, out of 336,547 income tax payers having filing obligations, a total of 287,396 returns were filed, representing 85 per cent.

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. The non-filers included 19,312 salary earners, 14,514 self-employed individuals and 11,839 companies.

Recommendation

MRA should monitor non-filers to ensure that taxpayers do comply with their tax obligations, thereby bringing in additional revenue for Government.

MRA Response

After the due date for the submission of returns, reminders are sent to non-filers, following which some 12,610 non-filers have subsequently filed their tax returns and declared some Rs 223.7 million as tax.

There is also a 'Non-filers Unit' at the Medium and Small Taxpayers Department and, during the financial year ended 30 June 2022, that Unit has issued 1,453 assessments for an amount of Rs 350 million and 611 automatic claims for an amount of Rs 18 million to non-filers.

(b) Completeness of the Register of Self-Employed Tax Payers

The Register of self-employed tax payers may not be complete as the number of self-employed individuals recorded in the Taxpayers' Register was significantly different from the number of those who made social contribution or those who benefitted from the Self-Employed Assistance Scheme (SEAS). This has an impact on collection of taxes and social contribution as the exact number of self-employed taxpayers is not known.

- According to the Taxpayers' Register, there were 74,091 self-employed individuals who had filing obligations as at 30 June 2022.
- Section 3 of the Social Contribution and Social Benefits Act 2021 requires self-employed individuals to pay a social contribution that is Contribution Sociale Generalisée. According to a list maintained by the MRA, 44,920 self-employed individuals were registered for payment of social contribution for the month of June 2022.

  A large number of self-employed individuals may not be making payment of social contribution.
- During the period March 2020 to April 2022 some 263,000 individuals benefitted from the COVID-19 Self-Employed Assistance Scheme.

The number of self-employed individuals according to records of MRA that is 44,920 differs significantly from the number of beneficiaries of SEAS which totalled 263,000. According to MRA, 238,047 individuals who benefitted from SEAS were not registered for social contribution payment.

Recommendation

MRA must review the number of self-employed individuals having income tax filing obligations and those having obligations to make social contribution payment with a view to optimising collection of revenue.

MRA Response

There are 74,091 individuals having income tax filing obligations under the category 'self-employed' and 44,920 individuals who are registered as self-employed for the payment of social contribution.

Among those 74,091 individuals who have submitted an income tax return, there are 28,256 of them who did not derive business income and did not have any obligation to submit return and make payment for social contribution. Among those 28,256 individuals there are 13,296 who are employees and are paying social contribution through their employers.

Concerning those individuals who benefitted from payment of SEAS, MRA is pursuing its campaign to bring them into the register.

9.3.2 Arrears of Revenue as at 30 June 2022

According to the Statement of Arrears of Revenue as at 30 June 2022, total outstanding debts amounted to Rs 36.8 billion compared to Rs 32.5 billion as of 30 June 2021.

Summary of Findings

- The total debts of Rs 36.8 billion comprised collectible and non-collectible debts amounting to Rs 11.2 billion and Rs 25.6 billion respectively. The latter represented 70 per cent of total debts.
- According to an age analysis of debts, some Rs 8.7 billion of collectible debts were more than one year old.
- The effectiveness of enforcement actions taken by MRA could not be ascertained as the extent of debts recovered could not readily be related to the tax enforcement tools.

Detailed Findings

Collectible and Non-collectible Debts as of 30 June 2022

Details of debts are shown in Table 9-36.

Table 9-36 Arrears of Revenue as at 30 June 2022

	Collectible Debts Rs million	Non-Collectible Debts Rs million	Total Debts Rs million
Arrears of Revenue	11,165		
Cases pending at Supreme Court and Privy Council	42		
Pending under objection		2,318	
Pending at ARC		20,348	
Pending under ATDR and EDRTS		612	
Sum Otherwise not due		2,278	
Total	**11,207**	**25,556**	**36,763**

Source: Statement of Return of Arrears of Revenue as at 30 June 2022
ARC: Assessment Review Committee
ATDR: Alternative Tax Dispute Resolution
EDRTS: Expeditious Dispute Resolution Tax Scheme

"Sum otherwise not due" refers to cases where assessments have been raised but objections can still be lodged within the statutory time limit of 28 days.

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.

Age Analysis and Write Off

An age analysis of collectible debts for the financial year 2021-22 is shown in Table 9-37.

Table 9-37 Age Analysis of Collectible Debts

Period	Amount (Rs million)
Prior to 01.07.1993	9
01.07.1993 - 30.06.2000	62
01.07.2000 - 31.12.2010	826
01.01.2011 - 30.06.2021	7,820
01.07.2021 - 30.06.2022	2,490
Total	**11,207**

Source: Debt Management Unit of MRA

The following were noted:

- Some 78 per cent of total collectible debts for financial year 2021-22 were more than one-year-old.

- Total debts written off during 2021-22 amounted to Rs 341.2 million compared to Rs 84.6 million during 2020-21 and Rs 22 million during 2019-20.

Enforcement Actions

Enforcement actions are provided under Part IVC of the MRA Act. Enforcement actions undertaken by MRA during the financial year 2021-22 are detailed in Table 9-38.

Table 9-38 Enforcement Actions undertaken by MRA in 2021-22

Enforcement Type	Number of Enforcement Actions	Amount Rs million
Final Claims	5699	5,102.4
Agreements	757	756.3
Attachment Order	2971	1,054.9
Inscription	632	2,257.4
Renewal of Inscription	221	611.6
Prior Notice Contrainte	23	198.0
Others	35	238.4
Total	**10,338**	**10,219.0**

Source: Debt Management Unit of MRA

The effectiveness of each enforcement action could not be ascertained as the extent of debts recovered could not readily be traced to the different enforcement actions undertaken.

According to MRA, 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.

Non-Collectible Debts

Non-collectible debts represent mostly tax claims pending under objections at MRA and cases lodged at the Assessment Review Committee (ARC). Non-collectible debts also include those cases referred to as 'Sum otherwise not due'

The following were noted:

- Non-collectible debts represented 70 per cent of total debts as of 30 June 2022.
- Cases pending at the ARC represented 80 per cent of total non-collectible debts.

9.3.3 Objections, Appeal and Dispute Resolutions

Where a person is dissatisfied 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. An objection should be determined within four months from the date it has been lodged. If a taxpayer is not satisfied, appeal is lodged at ARC and subsequently, to the Supreme Court on a point of law.

Summary of Findings

- The OADR Department reviewed 1,859 assessments in the financial year 2021-22. Assessments in respect of 120 cases were reviewed from Rs 260 million to nil and in 557 cases, the total assessed amount was reviewed downward from Rs 590 million to Rs 272 million.
- As of 30 June 2022, 1,925 cases with total assessed amount of Rs 22.6 billion were pending at ARC. Of these, 818 cases with total assessed amount of some Rs 15.3 billion, representing 68 per cent of total assessed amount, related to cases lodged prior to the year 2020.
- Thirty cases with total assessed amount of Rs 191.8 million were pending at the Supreme Court as of 30 June 2022, of which an amount of Rs 139.8 million related to 15 cases lodged prior to the year 2016.
- As at 30 June 2022, 33 cases for assessment totalling Rs 657.2 million were pending at the Alternative Tax Dispute Resolution Panel. One case was pending at the Privy Council for an assessed amount of Rs 63.9 million.

Detailed Findings

Cases Determined at the Objections, Appeal and Dispute Resolutions Department

Total tax amount of Rs 3.2 billion in respect of 1,730 assessments (excluding 129 loss cases) was reduced to Rs 2.7 billion after determination by the OADR Department as shown in Table 9-39.

Table 9-39 Analysis of Cases Determined

	No. of Assessments	Amount of Tax Assessed Rs million	Amount of Tax Determined Rs million
Amount reviewed downward	557	590	272
Amount reviewed to NIL	120	261	-
Assessments maintained	41	525	525
Amount reviewed upward	1,012	1,853	1,900
Amount assessed/determined equal to zero	129	-	-
Total	**1,859**	**3,229**	**2,697**

Source: Listing provided by OADR Department

In respect of 677 cases, the tax assessed was reduced from Rs 851 million to Rs 272 million.

Appeals at the Assessment Review Committee - Pending Cases

As of 30 June 2022, a total of 1,925 cases with total assessed amount of Rs 22.6 billion were pending at ARC, compared to 1,827 cases with total assessed amount of Rs 21.6 billion as at 30 June 2021. Out of the 1,925 cases, 818 cases with total assessed amount of some Rs15.3 billion, representing 68 per cent of total assessed amount, related to cases lodged prior to year 2020.

An age analysis of pending cases at ARC as at 30 June 2021 and 30 June 2022 is shown in Table 9-40.

Table 9-40 Age Analysis of Pending Cases at ARC

	30 June 2021		30 June 2022	
Year	**No. of Assessments**	**Assessed Amount (Rs million)**	**No. of Assessments**	**Assessed Amount (Rs million)**
1999	6	2.7	1	0.1
2007	1	11.6	1	11.6
2008	5	14.4	5	14.4
2009	13	29.8	13	30.0
2010	*2*	1.9	1	1.7
2011	11	27.0	13	27.1
2012	13	76.6	12	74.8
2013	14	131.7	16	131.7
2014	41	153.1	34	121.2
2015	61	2,203.0	41	2,173.0
2016	120	2,088.0	96	1,954.0
2017	160	4,077.0	121	3,859.0
2018	319	4,728.0	238	4,621.0
2019	335	2,550.0	226	2,344.0
2020	409	2,237.0	202	1,688.0
2021	317	3,290.0	485	4,524.0
2022	-	-	420	1,001.0
	1,827	**21,621.8**	**1,925**	**22,576.6**

Source: Listing provided by OADR Department

Supreme Court Cases

Any party who is dissatisfied with the decision of the ARC under Section 20(7) of MRA Act, as being erroneous in law, may lodge an appeal at the Supreme Court against that decision.

As of 30 June 2022, 30 assessments with total assessed amount of Rs 191.8 million were pending at the Supreme Court. Fifteen cases with total assessed amount of Rs 139.8 million, representing 73 per cent of total amount, related to cases lodged prior to the year 2016 as shown in Table 9-41.

Table 9-41 Supreme Court Cases

Year	No of Cases	Amount Assessed (Rs million)
2001	1	0.81
2005	1	2.60
2013	13	136.38
2016	2	11.72
2017	1	0.02
2018	1	17.14
2019	-	-
2020	4	4.91
2021	4	13.20
2022	3	5.07
	30	**191.85**

Source: Listing provided by OADR Department

Alternative Tax Dispute Resolution Panel

Section 21C (2) of the MRA Act provides for the setting up of an Alternative Tax Dispute Resolution Panel. The Panel was set up in April 2017 to deal with applications for review by a person who has been assessed to tax and being dissatisfied, has objected to the assessment or lodged representations at the ARC or appealed at the Supreme Court or Judicial Committee of the Privy Council.

There were 33 cases for assessments totalling Rs 657.2 million which were pending at the Panel as at 30 June 2022. In addition, there was one case pending at the Privy Council for an assessed amount of Rs 63.9 million.

9.3.4 Follow-Up of Matters Raised in Previous Audit Reports

NAO has carried out a follow-up of matters raised in the Audit Reports for 2019-20 and 2020-21 to report on actions taken by MRA in response thereto.

Audit Report 2019-20

Out of the four issues highlighted:

- Further action were taken in respect of the three issues
- Action was completed in respect of one issue.

Audit Report 2020-21

Out of the four issues highlighted:

- Action was taken in respect of two issues.
- Action was initiated in respect of one issue.
- Further action taken in respect of one issue.

Additional information is provided from pages **431 to 434** in **Appendix VI.**

CUSTOMS DEPARTMENT

9.3.5 Arrears of Revenue – Deficient Recovery Procedures

The Return of Arrears of Revenue for the Customs Department as at 30 June 2022 showed a total arrears figure of Rs 412.3 million, of which Rs 385.2 million were classified as "Disputed debts", that is debts where agreement on their settlements had not been reached with debtors. The remaining Rs 27.1 million were classified as "Collectible debts" and accounted for in the Statement of Arrears of Revenue of the Treasury as at 30 June 2022.

Summary of Findings

The following were noted from an examination of the Return of Arrears of Revenue:

- Non-collectible debts were on the high side.
- Significant amount of arrears were due by companies under receivership.
- Cases were adjusted downwards.
- There were delays in detection of wrong classification of goods.
- Non declaration of other costs was noted.
- Arrears in Excise Duty on Petroleum Products were understated.
- Cases of lengthy enquiry and processing time were noted.

Detailed Findings

High level of Non-Collectible Debts

- The percentage of non-collectible to total arrears over the last seven years had remained above 90 per cent, including 93 per cent for the financial year 2021-22.
- The total number of collectible and non-collectible debts decreased from 2,112 as at 30 June 2021 to 584 cases as at 30 June 2022.
- The number of cases at the Assessment Review Committee (ARC) increased from 249 as of 30 June 2021 to 260 as of 30 June 2022. During financial year 2021-22, 103 new cases were referred to ARC, 32 cases were adjusted/waived/settled and 60 cases were under process or payment facilities provided.
- Out of a total of Rs 412.3 million of total arrears of revenue, some Rs 150 million representing 101 cases, were long outstanding ranging from five to 19 years. In 50 out of the 101 cases, arrears totalled some Rs 140 million.

- For one debtor under dispute, arrears amounting to some Rs 20.1 million were outstanding for 12 years.

<u>*MRA Reply*</u>

The low level of collectible debts is mainly due to high level of disputed debts which are beyond control of the Customs Department. Disputed debts are being followed on a regular basis for their timely collection upon determination by the concerned authorities.

Significant Amount of Arrears from Companies under Receivership

As of 30 June 2022, 11 cases with arrears totalling some Rs 153 million were due by eight companies under receivership. They represented 40 per cent of the total non-collectible debts of Rs 385.2 million.

- Some Rs 125 million out of the Rs 153 million were debts owed by companies under receivership during the past five years.

- As at 30 June 2022, Customs Department received the status of receivership from four out of the eight companies. For the other four companies with debt totalling Rs 127.3 million, Customs Department did not seek legal advice on the way forward.

- For one company, with arrears totalling some Rs 124 million, the last status of receivership received dated back to December 2018.

<u>*MRA Reply*</u>

These cases are outside the control of MRA Customs. Ten cases amounting to some Rs 153.7 million are still under receivership and procedure for write off has been initiated in one case with arrears amounting to Rs 26,779.

Cases Adjusted downwards by Rs 65.7 million

78 cases involving arrears totalling some Rs 65.7 million that were referred to the Objection Appeal and Dispute Resolution Department (OADRD), ARC, Court and Director of Public Prosecutions (DPP), were adjusted during the financial year 2021-22. These included six cases, with arrears totalling some Rs 54.7 million, in respect of which DPP advised “no further action”.

In nine other cases with total arrears of some Rs 6.6 million, claims were withdrawn by MRA. It was noted that one case was referred to ARC with arrears amounting to some Rs 815,000, and were due by a company since February 2020. The Company imported three fully built semi-low floor buses in February 2018 and these vehicles were classified under HS Code that attracted zero duty and zero VAT.

The three buses were delivered in March 2018. It was only in April 2018 that Customs Department requested the importer to submit documentary evidence of Public Service Vehicle (PSV) (Bus) Licence for these vehicles. The importer submitted an approved PSV (Bus) Licence for only two vehicles. For the third vehicle with no PSV Licence, a different HS Code which attracted Customs duty and VAT was applicable. As the bus was already delivered, the case was withdrawn by the MRA at ARC in August 2021. The Customs Department did not recover the arrears due to the wrong classification of the goods. Some Rs 815,000 were estimated to have been forgone.

The Customs Department should ensure that all necessary documents are duly submitted prior to delivery of goods.

MRA Reply

The company produced a PSV licence for the third bus only during proceedings at ARC and with the agreement of all parties it was decided not to proceed further with the matter.

Delay in detecting Wrong classification of Goods as per HS Codes

Following a case of wrong classification of HS Codes of goods imported by a company in year 2018, the Customs Department extended the review of Bill of Entries (BOEs) relating to goods imported by the same company. Further cases of wrong classification of HS code were detected in BOEs since July 2020.

Two claims relating to underpayment of VAT, penalties and interests amounting to Rs 32,434 and Rs 1,155,601 were issued in May 2021 and July 2021 respectively. The case was referred to OADRD in September 2021. OADRD informed the Customs Department in October 2021, that the objection was disallowed. The case was lodged at ARC in November 2021. As of 30 June 2022, the amount due by the Company totalled Rs 1,236,976 including VAT, cumulative penalties and interests.

Wrong classification of HS code was not promptly detected by the Customs Department despite the Company has been importing goods since year 2012.

The Customs Department should ensure that cases of wrong classification of goods are timely detected.

MRA Reply

In December 2022, one claim amounting to Rs 33,940 has been settled by the Company and for the second claim, the Company brought to account customs, excise duty and tax of Rs 862,475 and requested waiving of penalties and interests due. The brief or complex (scientific or technical) description of the goods is not sufficient to determine the proper HS Code.

Non-declaration of Other Costs at import of Goods

In November 2020, following a Post Control Audit, the Customs Department detected that a company under declared costs relating to "Participation Commerciale Marchandise and Prestation Logistique" amongst others, for 33 BOEs for the period February 2018 to May 2020.

In January 2021 a notice of claim amounting to some Rs 1.8 million was issued to the Company in respect of the underpayment. The Company made an objection at OADRD which was disallowed in June 2021. The Company lodged an appeal to ARC in August 2021. The case was still outstanding as at 30 June 2022.

The Customs Department did not timely detect the underdeclaration despite the Company was importing goods since April 2016. In August 2022, the Customs Department was informed that the Company was in the process of liquidation.

The Customs Department should ensure that complete sets of documents are duly submitted by importers in order to timely detect any discrepancy.

MRA Reply

The case was still at ARC as at November 2022.

Arrears in Excise Duty on Petroleum Products Understated– Rs 150 million

During the financial year 2021-22, excise duty collected from petroleum products totalled some Rs 4.2 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.

A total amount of some Rs 150 million relating to duties and taxes in respect of fuel already discharged during the month of June 2022 was due by the importer. This amount was not accounted in the Return of Arrears of Revenue submitted to the Accountant General by MRA.

Thus, the total collectible debts of the Customs Department as at 30 June 2022 amounting to Rs 27.1 million was understated by some Rs 150 million.

Recommendation

The amount due by the importer should be accounted in the Return of Arrears of Revenue as at 30 June 2022.

MRA Reply

This matter will be discussed with the Finance and Administration Department on the way forward.

Cases of Lengthy Enquiry and Processing Time

Many disputed cases at the Customs Department have been referred to ARC and Court for determination in an effective and timely manner and also to the Police Service for enquiry.

As at 30 June 2022, the following were noted:

- Out of the 260 cases at the ARC, in 37 cases, arrears totalling some Rs 114 million, were outstanding for more than four years.

- Nine cases with total arrears of Rs 14.3 million were still at Court, of which seven cases totalling Rs 13.9 million were outstanding for more than five years.

- Arrears in respect of 26 cases totalling Rs 45.1 million were outstanding at the Police Service. These included five cases relating to cars that were undervalued and 13 related to cars seized under the Returning Resident Scheme as follows:

  ***Undervaluation of cars*:** 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 that were referred to the Police Service since 2015. Three cases were still under process at the Police Service and the other two at DPP and the Judiciary.

  ***Cars under the Returning Resident Scheme*:** Following investigations carried out by the Fiscal Investigation Department, it was reported that in 13 cases the cars were not used by the beneficiaries of the Returning Resident Scheme thus being in breach of the provisions of Section 5(1) of the Customs Tariff Act and thereby constituting an offence under Section 156 (1) (c) of the Customs Act. These cars were seized by the MRA and the cases were forwarded to Police Service for enquiry.

  As of 30 June 2022, the total amount due in respect of duties and taxes was some Rs 27.5 million.

  During the year 2021, the Police Service informed the Customs Department that the DPP advised "no further action" in three cases where notice of seizure was issued in year 2014 and 2015. There was no objection to the release of the cars to the beneficiaries.

During the year 2022 the Customs Department was advised by the State Law Office and the Legal Services Department (LSD) that there was no legal basis for the continued seizure of the cars and to release same promptly.

LSD further advised the Customs Department that since no notice of claims were raised by the MRA against the User or the Beneficiary, any claim for recovery action in respect of the duty and taxes outstanding would now be time-barred.

It took several years for a decision to be taken as to whether the person should be prosecuted. Hence, in the three cases, due to lengthy enquiry and processing time, Customs Department could not recover arrears totalling some Rs 4 million.

Recommendation

The Customs Department should ensure that legal advice is timely sought, proper procedures are followed, and in particular, appropriate claims are timely raised.

<u>*MRA Reply*</u>

- As at November 2022, in 251 cases out of the 260, some Rs 130.2 million were still outstanding at the ARC.
- Two cases totalling Rs 1.5 million are at ARC following order from Supreme Court.
- Status of the cases of undervaluation of cars was requested from the Police Service in November 2022.
- In four cases arrears amounting to some Rs 6 million, the books and records were updated in December 2022.
- Regular meetings are conducted to discuss cases to ensure that legal advice is requested where appropriate and claims are raised in a timely manner.

9.3.6 Excise Duty on Tobacco Products

Excise duty collected from importation of tobacco products namely cigarettes, cigars, chewing tobacco, amongst others, amounted to Rs 6,345.6 million for the financial year 2021-22. As of 30 June 2022, there were seven importers of such products operating from Private and Public Bonds.

Excise stamps are used as a major control in preventing the risk of excise duty being forgone in the sale of cigarettes. These excise stamps are purchased by importers of cigarettes from the Customs Department and forwarded to the manufacturers in the country of origin to be affixed in the packets. The importers submit quarterly returns of stamps to the Excise Unit for verification purposes.

The records of importers of Tobacco products were examined.

Summary of Findings

- Lapses were noted in the control of Excise Stamps.
- There was inadequate monitoring of activities of one importer of cigarettes.

Detailed Findings

Lapses in the Control of Excise Stamps

The Customs Department records details of excise stamps such as the date, quantity purchased and sold, receipt number, serial numbers and amount paid by importers in a register.

Paragraph 99D (1) of the Regulations, requires that every manufacturer or importer shall keep a record of excise stamps showing the date on which spoiled or damaged stamps are returned to the Director-General, together with the quantity and serial numbers thereof.

According to PART XXIA-EXCISE STAMPS of Excise Regulations, for excisable goods specified in the Twelfth Schedule relating to Tobacco products, at Section 99C 5 (a) it is stated that the Director-General shall cause a stocktaking to be made every calendar quarter in respect of excise stamps used, spoiled or damaged by a manufacturer or importer and those which are returned or not returned to the Director-General.

For the financial year 2021-22:

- 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 to the Customs Department by the importers.

- There was no documentary evidence on whether the Customs Department caused a stocktaking of excise stamps to be made as required by the Regulations.

- During the financial year 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 to the Customs Department.

In the absence of quarterly stocktaking and serial numbers of damaged or spoiled excise stamps, the completeness and accuracy of excise stamps issued to importers could not be ascertained.

Recommendations

Customs Department should ensure that:

- there is appropriate control on the serial numbers of all excise stamps issued to importers.

- the Excise Regulations regarding stocktaking and management of excise stamps are duly complied with.

MRA Reply

The serial numbers of more than 95 per cent of damaged excise stamps with regards to cigarettes are torn and defaced in the machines and are hardly readable.

Inadequate Monitoring of Activities of One Importer of Cigarettes

Sections 67 (3A) and 71A of the Customs Act makes provision as regards recording and online access to the CCTV system, and recording and release of goods in a computer system.

Section 45 (2) of Customs Regulations deals with the obligations of Proprietor or Occupier of Bonded Warehouse as regards physical stocktaking of all goods.

One importer of cigarettes was operating a private bonded warehouse. For the purpose of enforcing control, bonded warehouse operators are required to provide online access to Customs of their CCTV footages and Warehouse Management System (WMS) for goods warehoused or removed from the bonded warehouses. The Bond Unit at Customs Department is responsible for the implementation of trade facilitation measures relating to warehousing and ex-warehousing transactions for economic operators.

- The bonded warehouse of this company was under the control of the Excise Unit instead of the Bond Unit.

- The Customs Department did not have online access to the CCTV system and to the computerised records of the goods for this bonded warehouse as required by Customs Act.

- Stock take 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 these Regulations.

Recommendation

The Customs Department should ensure that the records of the importer/company are properly monitored in accordance with Customs Act along with the Customs and Excise Regulations.

MRA Reply

Needful is being done to have online access to the CCTV and warehouse management systems for this bonded warehouse.

9.3.7 Excise Duty on Sugar Sweetened Products

Since year 2013, Government introduced a new tax on the sugar content of Sugar Sweetened Products (SSPs) and to address the issue of non-communicable diseases such as diabetes.

Excise duty collected by the the Customs Department on SSPs for the financial year 2021-22 totalled Rs 792.7 million, comprised amounts of Rs 633 million and Rs 159.7 million collected from local manufacturers and importers respectively.

The records of local manufacturers of SSPs kept at the Customs Department were examined.

Summary of Findings

- There was insufficient Control on Licensing.

- Inadequate Control on Document Certifying Sugar Content was noted.

- No Stocktaking of Sugar Sweetened Products was carried out.

Detailed Findings

Insufficient Control on Licensing

Local manufacturers have to hold a licence to manufacture and sell sugar sweetened products as stated at Section 9 (1) and Second Schedule of the Excise Act. In case of non-compliance, the manufacturer shall commit an offence as per Section 40 (1) (a) of the Excise Act.

- During financial year 2021-22, following 193 site visits effected at retail outlets by the Customs Department, 22 local manufacturers were found to be operating without a licence. These manufacturers were not subsequently subject to any visits at their premises and examination of their accounting records to assess and determine the excise duty payable on the sugar content.

- 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.

There is a risk of revenue being forgone from the insufficient monitoring of local manufacturers of SSPs.

The Customs Department should ensure that all local manufacturers of SSPs are duly licensed. It should also carry out site visits to assess and determine appropriate excise duties.

<u>*MRA Reply*</u>

Retailers have been requested not to offer for sale products from non-registered manufacturers. The Customs Department has to publish a list of registered manufacturers/importers for consultation prior to accepting any SSP for sale to facilitate them to easily identify registered manufacturers.

Insufficient Control on Document Certifying Sugar Content

Section 33A of the Excise regulations, Part VA – Sugar Sweetened Products, makes provision regarding submission of document certifying sugar content and analysis by the Chief Government Analyst where the Director-General has any suspicion.

Most of the certificates of analysis and documents submitted by the local manufacturers were from the Government Analyst Division (GAD), wherein the latter stated that an unsealed sample was submitted by the manufacturer for testing. It also included the following statement: "*This certificate of analysis refers only to samples submitted to the GAD and tested by the GAD. Validity of the above results do not extend to any consignment or lot as sampling method, procedures and conditions are unknown and are beyond the scope of this Division.*"

- In many cases, the documents submitted by the local manufacturers dated more than five years. Despite this fact and limitations expressed by GAD, the documents were used by the Customs Department to ascertain the accuracy of excise duty collected.

- 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.

Reliance placed on these documents by the Customs Department without independently testing the sugar content may entail risk of excise duty being forgone.

The Customs Department should ensure the accuracy of sugar content in SSPs through regular independent testing.

MRA Reply

The Customs Department reassures NAO that where there is suspicion as to the accuracy of the sugar content of a sugar sweetened product, request is made to the Chief Government Analyst to carry out an analysis of the sugar content of a sample of the product in accordance with the provisions of the law.

No Stocktaking of Sugar Sweetened Products

Section 29 (1)(a) and Section 30 of Excise Regulations make provision for the Director General of the MRA to cause a quarterly stocktaking of the excisable goods in a factory and for manufacturers to keep a record specifying particulars of raw materials received; excisable goods manufactured and deposited; and subsequently removed from an excise warehouse therefrom.

Monthly returns are submitted by local manufacturers with details of the quantity of SSP in stock, quantity produced and sold during the month and sugar content used. Excise duty is paid on the basis of information declared in the monthly returns.

During financial year 2021-22, no quarterly stocktaking of the excisable goods at local manufacturers of SSP was carried out as required by the Excise Regulations.

There is the risk that excise duty is forgone when reliance is placed solely on the monthly returns without causing a quarterly stocktaking of the SSPs.

The Customs Department should ensure the regular inspection of books and records of the manufacturers to ensure the reliability of information submitted in the monthly returns.

MRA Reply

SSPs are perishable products with very short shelf life which makes it difficult to conduct quarterly stocktake. Monitoring is done on a monthly basis based on returns.

9.3.8 Follow Up of matters raised in Previous Audit Reports

NAO has carried out a follow up of matters raised in the Audit Reports 2019-20 and 2020-21 to report on actions taken by the MRA (Customs Department) in response thereto.

Audit Report 2019-20

Out of five issues highlighted in the Report and which required action to be taken by the MRA:

- Three issues were resolved.
- Further actions were taken in two cases.

Audit Report 2020-21

Out of 10 issues highlighted in the Report and which required action to be taken by the MRA:

- Five issues were resolved.
- Actions have been initiated in respect of two issues.
- In three cases, matter was not yet resolved.

Further information is provided from pages **435 to 439** in **Appendix VI.**

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9.4 Corporate and Business Registration Department

9.4.1 Revenue Management – Absence of Proper Records

(a) Trade Fees

Following amendment to The Local Government Act (LGA) in 2019, the Corporate and Business Registration Department (CBRD) started to collect Trade Fees on behalf of the Local Authorities (LAs) as from 3 January 2020.

Summary of Findings

A review of Trade Fees collected on behalf of Local Authorities revealed the following:

- Discrepancies in Trade Fees figures were noted.
- Inability to update database due to incompatibility between systems.

Detailed Findings

Discrepancies in Trade Fees Figures

As at 30 June 2022, deposit for Trade Fees totalled some Rs 68 million and some Rs 70.6 million as per the detailed lists provided by CBRD and the Treasury respectively. Therefore an unexplained difference of Rs 2.6 million was noted.

Inability to update Database

The LAs reported that they were not able to update their database upon payments received from CBRD as the IT systems operated by the LAs (Ebiz) and CBRD (CBRIS) were not compatible.

Recommendations

- For control and monitoring purposes, there should be an interface/linkage between the two systems operated by CBRD and LAs, thus enabling them to have complete and reliable database.
- Reconciliation exercise must be performed to ensure accuracy and completeness of trade fees figures.

Department's Response

Payments made online which are not loaded on CBRIS on a real time basis may be loaded at a later date. Mauritius Network Services Ltd proposed that loading of payment be done at its level instead of the service provider.

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(b) Foreign Registration Fees

Deposit Accounts in Mauritian Rupee or US $ were held for Management Companies/ Foreigners as an alternative to the cash or cheque mode of payment. It is a facility offered to customers who use the amount on deposit to pay Foreign Registration Fees as per Section 355 of The Companies Act.

Findings

Unreconciled Difference

As per the Treasury Accounting System, the deposit account for 'Foreign Registration Fees" amounted to some Rs 15.5 million while the deposit ledger "Reconciliation of Deposit Accounts - CBRIS Report" showed a balance of some Rs 23.5 million (equivalent to US $ 524,047) as at 30 June 2022. No reconciliation was performed and the difference of some Rs 8 million could not be explained.

Unclaimed Deposits

Deposits which have remained unclaimed for more than five years should be transferred to revenue as required under FMM 20.7.31.

As of 30 June 2022, there were 27 deposit accounts totalling some Rs 7.7 million which have remained unclaimed for more than five years, but were not transferred to revenue. These included two companies which have changed their names and 13 defunct companies.

Department's Response

Payments made online are not loaded on CBRIS on a real time basis. The issue is also with the conversion rate of US $ to Rupees.

9.4.2 Follow Up of Matters Raised in Audit Report 2020-21

NAO has carried out a follow up of matters raised in the Audit Report 2020-21 to report on actions taken by the Department in response thereto.

Actions have been initiated by the Department in respect of the four issues highlighted in the report.

Further information is provided from pages **440 to 441** in **Appendix VI.**

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9.5 REGISTRAR-GENERAL'S DEPARTMENT

9.5.1 Revenue Management – Slow Recovery of Debts and Other Issues

As at 30 June 2022, arrears of revenue of the Registrar General's Department (RGD) totalled some Rs 409 million. An analysis of arrears of revenue over the past five years is given in Table 9-42.

Table 9-42 Age Analysis of Arrears of Revenue as of 30 June 2022

Period	Rs million	% of Total Arrears
Prior to 30.06.2018	345	84
2018-19	15	4
2019-20	5	1
2020-21	32	8
2021-22	12	3
Total	**409**	**100**

Source: Statement of Arrears of Revenue and debtors listing provided by RGD

Summary of Findings

The following were noted from an examination of the Return of Arrears of Revenue:

- Recovery of debts was slow.
- There was inadequate follow up of debtors.
- Loss of Revenue due to delays in Reassessment/Revaluation.
- Inadequate Records for Deposits of Home Ownership and Home Loan Payments Schemes.

Detailed Findings

Slow Recovery of Debts

- Out of the total amount of Rs 409 million outstanding as at 30 June 2022, Rs 345 million, representing some 84 per cent of the total arrears, related to period prior to 30 June 2018, that is, since more than four years.
- An amount of Rs 712,000 in respect of Capital Gains Tax (CGT) was outstanding since the financial year 1992-93. The CGT has already been abolished in year 2012.

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- Campement Tax totalling some Rs 12 million was due for more than ten years and some Rs 24 million represented debtors whose taxes were originally under-claimed and reassessments not carried out, and taxes incorrectly declared. Some of these debts may not be recoverable as they relate to cases as far back as financial year 1980-81.

- Out of some Rs 159 million due as at 30 June 2021 by 42 debtors owing more than Rs 1 million each, only an amount of Rs 2.5 million was recovered during the current year. Hence, the recovery of debt is still low.

- Included in the arrears figure were Rs 2.6 million which was already time barred as per Section 44 of The Land (Duties and Taxes) Act and some Rs 72 million owed by six companies which were defunct or in the process of winding up.

Department's Response

- Guidance from the Internal Control Unit for write off and assistance of Accounting Technicians from Treasury to eliminate arithmetical and circular errors from the total arrears is awaited.

- The ultimate recourse is to proceed with seizure which required a policy decision in view of the significant number of cases and sensitivity of issues.

- A new excel sheet of Arrears of Revenue prior to 2015 to detect discrepancies that may have cropped up due to wrong manipulation over years is being worked out and to make an ageing analysis of the debts.

Inadequate Follow Up of Debtors

- Following non-payment by the current year debtors, 371 Inscriptions of privilege were enrolled on the amount due in financial year 2021-22. During the financial year, 536 reminders were issued to the current year debtors only. Debtors for previous years were, however not requested to settle their debts. Hence, no action was taken to recover prior year's debts.

- No correspondence from the Ministry was seen in respect of any decision taken for the recovery of the amount due by the debtors.

- Enrolment of Inscription of privilege was only a means of preventing the debtors from doing any future sales transactions on their immovable properties. No other measures was taken during the financial year for debt recovery.

Department's Response

- The implementation of a Valuation Roll will be the appropriate solution.

- With the reimplementation of Arrears Payment Scheme since 2 August 2022, claims are being sent to debtors of all previous years and not only to current year debtors. As at 26 January 2023, 4,814 reminders have been issued.

__Loss of Revenue due to Delays in Reassessment/Revaluation__

At paragraph 10.5 of the Audit Report for the financial year 2020-21, it was mentioned that delays were noted in the reassessment/revaluation of properties. During the financial year 2021-22 the following shortcomings were noted.

- *Untraceable Debtors*

The Department has still not initiated any action to implement an efficient method of delivery of notices. As at 30 June 2022, additional fees/taxes due, totalling some Rs 1.9 million for 30 cases, could not be claimed as the notices sent were returned undelivered as the debtors were untraceable.

The amount due by these untraceable debtors did not appear in the list of arrears as these persons have not yet been apprised of their status as debtors.

<u>*Department's Response*</u>

The amounts due by untraceable debtors do not appear in the list of arrears.

As from year 2020, information was gathered from Civil Status Division, Mauritius Telecoms Directory and claims were sent to the heirs of deceased debtors.

- *Campement Tax*

At paragraph 10.5 of the Audit Report for the financial year 2020-21, it was reported that a comprehensive data base of all campement owners was not integrated in the Mauritius e-Registry System (MeRS). Campement Tax (CT) was being computed based on market value dating more than four years. For the financial year 2021-22, a data base was still not integrated and no exercise was carried out by the Valuation Department to reassess the market value of the campement.

Therefore, the completeness and accuracy of the arrears figure for CT could not be ascertained.

<u>*Department's Response*</u>

- The two manual registers of Campement Site owners and Campement owners constitute the database.

- CTs is computed on the basis of the market value inserted in the Declaration Forms. The Government Valuer is requested to reassess the value of the campement every 3 years.

- Given that there are only 69 CST cases which include 21 CT cases and only some Rs 3 million is collected as yearly revenue, migration to MeRS would not be cost effective.

Inadequate Records

As per Section 48A (4) of the Registration Duty Act, the Home Ownership Scheme and Home Loan Payment Scheme were introduced with the primary aim of enabling a Mauritian citizen to buy a house or apartment or bare land to construct his residence. Both schemes are financed by the National Resilience Fund (NRF) - Community Support Program.

During the financial year 2021-22, out of an amount out of Rs 1 billion received from NRF to finance both schemes, some Rs 994.8 million were disbursed to beneficiaries. However, the remaining balance of some Rs 5.2 million was not disclosed as deposits in the annual statement of return sent to the Treasury.

The balances as per NRF and the Treasury Accounting System (TAS) were not reconciled. Hence, the correctness of the figures could not be ascertained and any discrepancy might go undetected.

Department's Response

- The reconciliation with TAS reports will be effected as from July 2022.
- The unspent balance will appear in the next annual statement of return sent to the Treasury.

9.5.2 Revenue Management - Cases Pending at the Assessment Review Committee

A person who is aggrieved by the decision of the Objection Committee may lodge a written representation with the Clerk of the Assessment Review Committee (ARC) in accordance with Section 19 of The Mauritius Revenue Authority Act.

The ARC is an independent body which operates without any legal restriction and deadline to hear any representation.

Summary of Findings

A review of the records of the RGD revealed that:

- There were 1,794 cases pending to be resolved at ARC relating to the period January 2017 to June 2022, for which the total collectible amount was not available in the records kept by RGD.
- 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 the MeRS.
- The number of pending cases at ARC relating to period prior to 1 January 2017 was not known.

Detailed Findings

- There were 1,717 and 1,794 cases pending at ARC as at 30 June 2021 and 30 June 2022 respectively, for which the total collectible amount was not available since the report generated from the MeRS with status 'ÁRC' did not include the reassessed amount.

- An analysis of cases pending at ARC over the past five years is given in Table 9-43.

Table 9-43 Age Analysis of Cases Pending at ARC

Period	No of Cases Lodged	Cumulative No of Cases at ARC
Prior to January 2017	Not Known	Not Known
January 2017 to June 2018	-	1,407
2018-19	219	1,626
2019-20	31	1,657
2020-21	60	1,717
2021-22	77	1,794

Source:Master database kept by the Valuation Unit

- For cases relating to period prior to 1 January 2017, representations made to ARC together with their status were not known.

- The data extracted from records of the MeRS in respect of pending cases differed from those provided by the Valuation Unit. As the status of all representations made to ARC was not updated in the MeRS, discrepancies of 64 and 123 pending cases were noted for the two financial years 2020-21 and 2021-22 respectively, as shown in Table 9-44.

Table 9-44 Discrepancy in Number of Pending Cases at ARC

Details	Financial Year 2020-21	Financial Year 2021-22
MeRS	1,653	1,671
Valuation Unit	1,717	1,794
Discrepancy	**64**	**123**

Source: MeRS and Master database kept by the Valuation Unit

Implication

The long time taken by ARC in determining cases represented delay in revenue collection by Government.

Recommendations

- The service provider should be requested to make necessary enhancement to the system to enable consolidated reports generated in respect of ARC cases to include the collectible amounts.

- The status of all cases at ARC should be updated in the MeRS and consistency maintained between the database kept by the Valuation Unit to ensure completeness and accuracy of records.

Department's Response

- The RGD does not have the prerogatives to urge the ARC to give the determinations within a reasonable delay. It can only request so.

- There is another report, namely, Report R29, which gives a comprehensive list of valuation records where status of cases, collectible amounts and other required data can be retrieved therefrom.

- The Report R 37 which is meant to provide records in respect of representations to ARC, is not operational and the service provider is working to restore it and staff have been assigned to update the master database which is kept in excel.

NAO Comment

At time of audit in September 2022, Report R 29 was not up to date.

9.5.3 Follow Up of Matters Raised in Audit Report 2020-21

NAO has carried out a follow up of matters raised in the Audit Report 2020-21 to report on actions taken by the Department in response thereto.

Out of ten issues highlighted in the Report and which required action by the RGD:

- One issue has been resolved.

- Action has been initiated in respect of seven issues.

- Action has been completed at Department's level on one issue.

- Matter has not yet been resolved in respect of one issue.

Additional information is provided from pages **442 to 445** in **Appendix VI.**

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10 – MINISTRY OF ENERGY AND PUBLIC UTILITIES

10.1 Infrastructural Works – Non-reimbursement of Loans by two Statutory Bodies

Over the years, funds were given either as Loans or by way of Shares and Equity Participation to two Statutory Bodies for the carrying out of infrastructural works namely regarding water provision and waste water disposal.

However, reimbursements of capital and interest due by these bodies were no longer being made since the last five years.

As of 30 June 2022, loan balances to the two Statutory Bodies and advances subsequently treated as Shares and Equity Participation, amounted to some Rs 6.4 billion and Rs 1.5 billion respectively as shown in Table 10-1.

Table 10-1 Funds to two Statutory Bodies by way of Loans/Share and Equity Participation

Statutory Bodies	Loan Balances Rs billion	Shares and Equity Participation Rs billion
CWA	3.3	-
WMA	3.1	1.5
Total	**6.4**	**1.5**

Source: Ministry's Records

The non-reimbursement of loans as well as the absence of a Memorandum of Understanding/Agreement detailing the terms and conditions to govern the 'Shares and Equity Participation' were reported at paragraph 6.1 and 6.2 of the Audit Report for 2020-21.

According to the Ministry's reply, non-reimbursement was due to the lack of repayment capacity of these bodies and the fact that their legal frameworks needed to be reviewed.

The attention of the Ministry was, however, drawn to the fact that financing of capital works by means of loans without a workable framework for their refund would not guarantee their reimbursement.

The Ministry reiterated that the non-reimbursement capacity was due to:

(a) existing legal frameworks for these bodies being still under review; and

(b) government policy to ensure proper tariffs for water consumption and disposal of waste water so as to avoid undue hardship to the public.

As reported since 2019-20, the financing of infrastructural works by means of loans, without ensuring that these bodies have the necessary capacity for their repayment, would not guarantee their recovery and so far, the measures taken have not yielded the desired results.

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Ministry's Response

- An Ad hoc Committee has been set up at level of WMA to review the tariffs and the free House Connection Policy. Submission of a Report to the Ministry in that context is expected in March 2023.

- The decision to resort to loan or equity participation for the financing of infrastructural works by the Central Water Authority and the Wastewater Management Authority rests with the Ministry of Finance, Economic Planning and Development (MOFEPD).

- The CWA has approved a Financial Sustainability Plan which is being implemented. In addition, an ad hoc committee at the CWA has been set up to look at medium and long-term measures to increase revenue, user fees and tariffs.

- Sustained actions have been taken at the level of WMA to increase its revenue generating capacity in the short term through the promulgation of the Waste Water (Miscellaneous Waste Water Services) (Fees) (Amendments) Regulations on 21 November 2022, whereby the fees and tariffs have been considerably increased.

Recommendation

Over eighty per cent of the financing package consists of loans to the bodies.

Financing methods, other than loans, has to be explored for the implementation of infrastructural works. Consideration should be given to factors such as the capacity of the institutions to repay their loans in the medium to long term.

10.2 Transfer of Operation of the Water Tank Grant Scheme from the Ministry to a Banking Institution

The Water Tank Grant Scheme (WTGS), introduced in 2011, was managed by the Ministry to support low income families and with restricted water supply. The WTGS was transferred in February 2022 to a Banking Institution to be managed on behalf of the Ministry.

The initial grant quantum of Rs 3,000 and an income threshold below Rs 10,000 for grant entitlement were revised more than once to reach Rs 8,000 and Rs 50,000 respectively in 2019-20, with an added facility of a water pump. A sum of Rs 300 million was then provided in Budget Estimates 2019-20 for a three-year period till 2021-22 to increase support under the WTGS to reach out to 37,500 additional households.

Target - Not Fully Achieved

According to the Ministry's records, some Rs 223 million were disbursed over these three years, thereby reaching 27, 875 households.

The intended target of 37,500 households, has thus not have been fully achieved.

Ministry's Response

The Water Tank Grant Scheme is demand-driven and as such, funds are disbursed to eligible households as and when applications are received and after examination. The Ministry together with other Bodies have been promoting the scheme through diverse strategies, such as outreach campaigns, distribution of flyers among others.

Memorandum of Understanding (MOU) - Unsuitable Mode for Transfer of Operation

The mode of transfer, through an MOU, to the Banking Institution for the management of the WTGS might not be appropriate as:

(a) an MOU with that Institution was reported as being unsuitable as a legal instrument when transfer of money was involved. A separate document was therefore being drafted to that effect; and

(b) an amount of Rs 10,035,000 was disbursed to the Institution in June 2022, in respect of grants already provided by the latter under the WTGS. That disbursement was effected before the signing of the necessary document relating to the transfer of money between the Ministry and the Institution.

Ministry's Response

The MOU between the Ministry and the Banking Institution was legally vetted on 27 December 2021 and found to be in order. It was on 15 September 2022 that in the context of legal advice sought regarding a proposed addendum that the suggestion to enter into a separate agreement was mooted.

A Draft Agreement and a Draft Addendum have been forwarded to MOFEPD for their views, prior to onward transmission to the Attorney General's Office for vetting.

Database- Incomplete for Proper Control

The database regarding beneficiaries was not complete to enable proper monitoring of grants by Ministry/Institution.

Ministry's Response

The Scheme was initially managed at the level of MOFEPD before its transfer to this Ministry in 2011. The names of beneficiaries were recorded manually up to 2016, prior to the electronical recording of the database. Both manual and electronic records of the beneficiaries continued to be maintained. It is considered that electronic updates would be more effective once the relevant electronic platforms are synchronised while ensuring due care in respect of data protection considerations regarding beneficiary details.

10.3 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.

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 9 December 2022, 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 year 2019-20 before the National Assembly, although they had been certified by NAO on 14 February 2022.

NAO is of the view that the Ministry should exercise control over statutory bodies operating under their aegis to ensure that they fulfil their statutory responsibilities regarding the tabling of Annual Report before the National Assembly.

Ministry's Response

The Annual Report of CWA for the financial year 2019-20 has been approved by the CWA Board on 04 March 2022 and is currently being finalised for layout and printing which is expected to be completed by end of February 2023.

10.4 Follow Up of Matters Raised in Previous Audit Reports

NAO has carried out a follow up of matters raised in the Audit Reports for 2019-20 and 2020-21 to report on actions taken by the Ministry in response thereto.

Audit Report 2019-20

Three issues were highlighted in the Report and required actions by the Ministry.

- No further action was taken in one case.
- In respect of two other cases, further actions were taken.

Audit Report 2020-21

For the two issues highlighted in the Report that required actions by the Ministry:

- Further action was taken in respect of one issue.
- Matter was not yet resolved in the other one.

Further information is provided from pages **446 to 448** in **Appendix VI.**

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11 - MINISTRY OF SOCIAL INTEGRATION, SOCIAL SECURITY AND NATIONAL SOLIDARITY

11.1 SOCIAL INTEGRATION DIVISION

11.1.1 Implementation of New Schemes – Issues with Certification of Claims

Following measures announced in the Budget Speech 2021-2022, free sanitary towels and optical glasses were provided to eligible students of grade 6 to 13 classes and those aged up to 21 years, who are registered under the Social Register of Mauritius (SRM).

The Social Integration Division (SID) had disbursed some Rs 3.7 million for the financial year 2021-22 to the National Empowerment Foundation (NEF), which was responsible for the implementation of the schemes and certification of claims for the items. It was noted that the SRM reference/National Identity Card numbers were not recorded on the claims. As such, it is not known how the eligibility criteria was assessed. The SID, as monitoring body, had also not drawn the attention of NEF to this shortcoming.

The Ministry needs to ensure that proper claims are submitted by NEF before disbursement of any related funds.

Ministry's Response

The National Empowerment Foundation has now been requested to henceforth ensure that the SRM number of beneficiaries are included in the certified claims, failing which funds would not be disbursed to them.

11.1.2 Follow Up of Matters Raised in Previous Audit Reports

NAO has carried out a follow up of matters raised in the Audit Reports 2019-20 and 2020-21 to report on actions taken by SID in response thereto.

Audit Report 2019-20

Further action was taken in respect of the one issue highlighted in the Report.

Audit Report 2020-21

Out of six issues highlighted in the Report and which required action by the SID:

- Action was initiated in respect of five issues.
- The matter has not yet been resolved in respect of one issue.

Further information is provided from pages **449 to 452** in **Appendix VI.**

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11.2 Social Security and National Solidarity Division

11.2.1 Cash Management – Cheques Outstanding for more than Four Years

The balance as per the cash book of the Social Security and National Solidarity Division (SSD) in respect of one SBM Account amounted to some Rs 1.3 million as at 30 June 2022. According to the bank reconciliation statement for June 2022, a total amount of some Rs 2.8 million pertaining to cheques drawn prior to year 2018 and issued to the beneficiaries on the Social Register of Mauritius, were outstanding for more than four years.

Ministry's Response

Action is being taken accordingly to clear the outstanding cheques in the Social Aid System and the balance will be credited to the Accountant-General's Account.

11.2.2 Project Management – Delays in Implementation of Capital Projects

Summary of Findings

- *La Marie Elderly Day Care Centre* - The construction of a building to house an Elderly Day Care Centre was completed in May 2015. As of 30 June 2022, the Day Care Centre was not yet set up, nor was the building occupied.

- *Construction of Homes* – The construction of homes for low-income elderly residents has not yet started although two plots of land were vested in SSD in May 2018 and July 2019 and funds were available.

Detailed Findings

La Marie Elderly Day Care Centre – Building still not occupied

The construction of a building at La Marie, costing some Rs 2.4 million, to house a Day Care Centre, was completed in May 2015. In April 2017, a preliminary design estimated at some Rs 6.3 million for the setting up of the Centre was submitted. However, SSD decided not to go ahead with both the setting up of the Centre and with the upgrading and renovation works, due to the high costs involved.

As at 30 June 2022, more than seven years later, the building was still unoccupied. Meanwhile, a total amount of some Rs 1.9 million was incurred for the provision of security services for the period May 2015 to June 2022.

Construction of Homes - Projects not yet started

Two plots of land, one at Flic en Flac and the other at Palmar, were vested in SSD in May 2018 and July 2019 respectively, for the construction of homes for the low-income elderly residents who were living alone.

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The contracts for the cleaning and preparation of both plots to enable the provision of topographical plan and geotechnical investigation, were awarded during the financial years 2018-19 to 2021-22. The contract prices (excluding VAT) were Rs 903,000 for Flic en Flac and Rs 1,044,500 for Palmar.

As of 30 June 2022, more than three years after vesting of the plots, both projects for which an amount of Rs 25 million was budgeted in 2021-22, had not yet started.

Ministry's Response

- The building is located in a remote area and not convenient to be used as an Elderly Day Care Centre. No activity has been held thereat since taking over from the Municipal Council of Vacoas-Phoenix (MCVP). A policy decision is under consideration regarding proposal to hand over the building to MCVP.

- The Ministry of National Infrastructure and Community Development submitted preliminary architectural drawings with cost estimates of Rs 434 million for Palmar and Rs 180 million for Flic en Flac. Same are being reworked to scale down the cost estimates to fit within the project value of Rs 100 million allocated for both Homes.

11.2.3 Payment of Pensions – Slow Recovery of Long Outstanding Overpayments

A follow up of matters raised at paragraph 13.2.5 of the Audit Report 2020-21 revealed that there was not much improvement in the detection and recovery of the pensions overpaid.

Summary of Findings

- As of 30 June 2022, the total amount of overpayment of pensions had increased to Rs 106.3 million.

- Recovery of long outstanding overpayments was slow. Delay in taking action may result in the amounts due becoming time barred.

- Controls on Eligibility for Payment of Basic Widow Pensions (BWP) were inadequate. Some Rs 59.2 million were paid during 2021-22 to 559 BWP beneficiaries. However in the database of the SSD, the same name and National Identity (NID) was recorded as late husband in respect of the 559 beneficiaries.

Detailed Findings

Total Overpayment of Pensions increased to Rs 106.3 million

As at 30 June 2022, the accumulated overpayment of pension benefits stood at some Rs 106.3 million compared to Rs 104.7 million one year before. Moreover, the write off of overpaid pensions totalling some Rs 2 million was approved in August 2022.

Recovery of Long Outstanding Overpayments was slow

Out of the total amount of Rs 104.7 million, refunds of only some Rs 14.2 million were received during 2021-22. Moreover, no refunds were received from 400 long outstanding cases totalling some Rs 45.6 million. The measures for the detection and recovery of overpayments were not effective enough, and delay in taking action may result in the amounts due becoming time barred.

Inadequate Controls on Eligibility for Basic Widow Pensions

During the financial year 2021-22, BWP paid to 20,006 beneficiaries amounted to some Rs 2.14 billion. The controls over eligibility for BWP were inadequate, as described below:

- During the financial year 2021-22, a total of some Rs 59.2 million were paid to 559 BWP beneficiaries. In the Benefits Information System, the same Name and NID number was recorded as ‘late husband of beneficiary’ for 545 widows since 15 December 1992. The same issue was noted in respect of 14 widows since 1 August 2002.

  As of November 2022, the SSD had not taken any action to investigate these cases, and to check whether any of the beneficiaries has remarried. Risk of overpayment of BWP therefore exists.

- A list of religious marriages was not available, and no matching exercise could be performed to identify any case of remarriage.

Recommendation

The SSD needs to strengthen the controls/measures in place so as to prevent, detect and recover the overpayment of pensions as early as possible.

<u>*Ministry’s Response*</u>

- More controls have been implemented over the recent years by SSD to detect the fraudulent encashment of benefits, namely by matching of data retrieved through the Info-Highway and investigation for cases of Mauritians living abroad. The SSD is contemplating the collection of beneficiaries’ information through the issue of a form specifically designed to update records.

- Investigations, follow up actions and monitoring of overpayments are carried out at Local Offices for the 400 cases.

- The Ministry is working on amendments to existing legislations so as to reinforce the mechanism for recovery of overpayments.

- The situation has occurred at the time of migration of data, the field “spouse-NID” is mandatory in the Benefits Information System for all applications for BWP because of the time constraint, a dummy was inserted for the husband’s name with a provisional ID No. created for the purpose.

- The cleansing exercise for replacement of the dummy by the genuine late husband's name and his NIC Number was overlooked over the years. It is expected that the whole exercise (updating of records) would be completed by March 2023.

- The Civil Status (Muslim Family Council) Regulations 2005 has been amended by the Finance (Miscellaneous Provision) Act 2022 - Act 15 of 2022 and provides that where a male person contracts a religious marriage in accordance with Muslim rites, the Council shall inform the Permanent Secretary of the Ministry responsible for the subject of social security.

11.2.4 Social Aid Benefits - Inadequate Controls over Detection of Overpayment

For the financial year 2021-22, total payments in respect of social aid benefits amounted to some Rs 785 million. An examination of the records relating to the payment of social aids revealed that the controls to detect potential overpayment were inadequate.

Summary of Findings

- Matching exercise between SSD's lists of beneficiaries database and the records of the Civil Status Division was not carried out.

- Officers were not complying with the instructions issued by SSD.

Detailed Findings

Matching Exercise not done

Before December 2022, SSD had never carried out any matching exercise in order to detect any overpayment of social aids. For example:

- The lists of social aid beneficiaries were not matched against the lists of deceased persons from the Civil Status Division (CSD).

- For the financial year 2021-22, some Rs 134 million were paid to Abandoned Women (AW) as social aid. However, the list of AW beneficiaries was not matched with the list of married women from the CSD. Hence, there is a risk that social aids were paid to married women who should no longer be considered as abandoned.

Officers not complying with Instructions

As per a letter dated 5 January 2022, the SSD instructed Social Security Officers to, among others, generate from the Social Aid Module a "*list of deceased*" every month before renewing social aid cases and to discontinue cases in case of death of beneficiary. During site visits effected by NAO Officers in September 2022 at five Social Security Offices (SSOs), it was noted that the Officers posted at three of the SSOs were not complying with the instruction.

Recommendation

The SSD should ensure that proper controls, like matching of records, are put in place for the early detection of overpayments of social aids, and that the SSOs strictly follow all instructions issued.

Ministry's Response

- Once death cases are notified in the system (which is live since 07 December 2022), the names of the deceased persons do not appear on paysheets while processing same.

- For remarried (abandoned) Social Aid beneficiaries, matching exercise has been effected. Only nine regular cases were detected and remedial action taken accordingly.

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.

Summary of Findings

- Non-submission of Financial Statements for audit as required under the Statutory Bodies (Accounts and Audit) Act.

- In respect of Special Funds:

  (a) Financial Statements were not submitted for audit; and

  (b) Audited Financial Statements were not laid before the National Assembly.

Detailed 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, including Financial Statements, to the auditor not later than four months after the end of every financial year.

As of 18 January 2023, Statutory Bodies falling under the purview of the Ministry of Social Integration, Social Security and National Solidarity (Social Security and National Solidarity Division), had not yet submitted their Financial Statements for audit for periods as shown in Table 11-1.

Table 11-1 Financial Statements not submitted to NAO for Audit

Statutory Body	Financial Year/ Period	No of Financial Statements	Remarks (Accounts under audit)
National Council for the Rehabilitation of Disabled Persons	2020-21 & 2021-22	2	
Training and Employment of Disabled Persons Board	2018-19 to 2021-22	4	Financial Statements for 2017-18 was submitted on 23.09.2021

Source: NAO records

Special Funds - Financial Statements not submitted for Audit and Audited Financial Statements not laid before the National Assembly

As of 18 January 2023, the National Pension Fund falling under the purview of the Ministry of Social Integration, Social Security and National Solidarity (Social Security and National Solidarity Division), had not yet submitted its Financial Statements for audit for financial years 2018-19 to 2021-22.

As of 9 December 2022, the audited Financial Statements of the following Special Funds had not yet been laid before the National Assembly as shown in Table 11-2.

Table 11-2 Audited Financial Statements not laid before the National Assembly

Statutory Body	Financial Year/ Period	Date Certified	No of Financial Statements
National Pension Fund	2017-18	26.09.2022	1
Non-Government Organisation Trust Fund	2016-17& 2017-18	01.06.2018 21.12.2020	2

Source: National Assembly records

NAO is of the view that the Ministry should exercise control over Statutory Bodies and other entities operating under their 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.

11.2.6 Follow Up of Matters Raised in Previous Audit Reports

NAO has carried out a follow up of matters raised in the Audit Reports 2019-20 and 2020-21 to report on actions taken by SSD in response thereto.

Audit Report 2019-20

Out of four issues highlighted in the Report and which required action by SSD:

- Further action were taken in respect of three issues.
- Action was initiated in respect of one issue.

Audit Report 2020-21

Out of six issues highlighted in the Report and which required action by SSD:

- Three issues have been resolved.
- Actions were initiated in respect of three issues.

Further information is available from pages **453 to 455** in **Appendix VI.**

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12 - MINISTRY OF INDUSTRIAL DEVELOPMENT, SMEs AND COOPERATIVES

12.1 SMEs DEVELOPMENT

12.1.1 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 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 12 January 2023, the Financial Statements for the Small and Medium Enterprises Development Authority (SMEDA), falling under the purview of the Ministry of Industrial Development, SMEs and Cooperatives (SMEs Division), had 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 ceased operation on 18 January 2018.

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

12.1.2 Follow Up of Matters Raised in Audit Report 2020-21

NAO has carried out a follow up of matters raised in the Audit Report for 2020-21 to report on actions taken by the SMEs Division in response thereto.

Out of five issues highlighted in the Report that required action to be taken by the SMEs Division:

- One issue has been resolved.
- Action has been initiated in respect of three issues.
- Further action has been taken in respect of one issue.

Further information is provided from pages **457 to 458** in **Appendix VI.**

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12.2 COOPERATIVES DEVELOPMENT

12.2.1 Rental of Office Space – Non-Renewal of Lease Agreement and Non-compliance with Safety and Health Recommendations

A lease agreement between the Cooperatives Division (CD) and the Service Provider for rental of office space was signed on 15 January 2015 for a three-year duration starting 1 January 2015. Upon expiry of the lease agreement on 31 December 2017, the lease was not renewed and rent of Rs 533,077 was paid on a month to month basis. As of November 2022, that is more than 58 months later, the lease agreement was still not renewed and the Division was still occupying the building despite the recommendation of the Ministry of Public Service, Administration and Institutional Reforms (MPSAIR) to relocate.

Findings

- On 18 June 2021, MPSAIR recommended that CD be relocated due to issues regarding the safety and health of public officers.
- A procurement exercise for the rental of office space was carried out on 23 September 2021 and only one bidder responded. On 24 May 2022, due to non-compliance with the required net useable office space and the high monthly rent, the bid was cancelled.
- The total amount of rent paid for the period January 2018 to November 2022 was Rs 31.4 million.

NAO is of the view that:

- In the absence of a lease agreement, the landlord may issue an order to vacate the building at any time without prior notice. Hence, lease of office space should be supported by a lease agreement signed between the two parties.
- Implementation of the recommendations of the Occupational Safety and Health Division of MPSAIR should be considered since Government would be liable to Public Officers in the event of safety and health hazards occurring.

Ministry's Response

The Ministry is now re-considering to rent the same existing premises on new terms and conditions, upon obtention of all necessary clearances.

12.2.2 Delay in Upgrading of 'Maisons des Pêcheurs" at Tamarin

The project for the upgrading of 'Maisons des Pêcheurs" at Tamarin which was initiated in 2016, aimed at upgrading and equipping the buildings to provide the fishermen cooperatives with the facilities to enable them transform their fish catch into value-added fish products.

The initial cost estimate of the project which was some Rs 1.7 million increased significantly to some Rs 20 million in year 2022.

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During the financial year 2019-20, the project was renamed as ‘Setting up of a Cooperative Seafood Processing Unit at Tamarin’, with the same objectives.

Summary of Findings

A review of the project revealed that there was delay in its implementation which was attributed to several revisions of cost estimates hence increasing the cost of the project significantly from Rs 1.7 million to Rs 20 million.

Detailed Findings

- The Budget of Rs 1.7 million initially provided for the financial year 2017-18 was revised to Rs 8.2 million in August 2017 as the costs of electrical works, cold room and chill room were omitted in the cost estimates.

- The Procurement exercise carried out in May 2018 was cancelled as the lowest bid exceeded the estimated cost by more than 15 per cent and in October 2018 another revised cost estimate totalling some Rs 11.3 million was worked out by the Ministry of National Infrastructure and Community Development (MNICD).

- On 7 October 2020, MNICD submitted another revised cost estimate of Rs 11.6 million for new scope of works which consisted of demolition/renovation, electrical and mechanical works. However, the project was not implemented as funds were not provided in Budget Estimates 2020-21.

- The CD did not go ahead with the project in the financial year 2021-22, though a provision of Rs 10 million was made in the Budget Estimates.

- Subsequently, on 7 April 2022, a final revised cost estimates of some Rs 20 million, including cost of additional works was submitted by MNICD.

The project which was initiated in 2016 and undergone several revisions of cost estimates was still not implemented as of November 2022. Hence, the objective of the project was not achieved. The cost of the project has also increased significantly from Rs 1.7 million to Rs 20 million.

Recommendation

Project design and cost estimates should be properly worked out before embarking on any project to avoid delay in its implementation and cost escalations.

Ministry's Response

The bid was launched on 18 November 2022 with closing date of 16 January 2023.

12.2.3 Co-operative Societies – Non-submission of Financial Statements

Co-operative societies are required under Section 73(3) of the Co-operatives Act to submit, within a period of 3 months after the closing of every financial year, to the Principal Co-operative Auditor (PCA) or auditor, as the case may be, the financial statements together with all relevant documents and such statistical returns as the PCA or auditor may require. Section 73(4) of the same Act requires that the PCA or auditor shall, within 3 months from receipt of the financial statements together with all relevant documents, submit a report on the audit carried out to the President of the Society and the Registrar.

Summary of Findings

A review of the records of the CD revealed that not all co-operative societies were submitting their financial statements to the PCA to be audited or filing audited financial statements to the Registrar.

Detailed Findings

- Only provisional data was available in respect of the number of co-operative societies for Mauritius and Rodrigues that should have submitted their financial statements (FS) for the financial years 2020-21 and 2021-22.
- Based on data available:
    - The PCA had not submitted 91, 203 and 285 audited Financial Statements to the Registrar on due dates for the financial years 2018-19, 2019-20 and 2020-21 respectively.
    - 40 per cent of Mauritian Societies had not submitted their audited Financial Statements, audited by other auditors, to the Registrar on due dates.

The database for co-operative societies was not up to date. Hence the accuracy of the number of societies still in operation, those not complying with the legislation, and those which have ceased operation could not be ascertained by NAO. In the absence of records, no action could also be initiated by the CD against non-compliants.

Recommendation

The Ministry should ensure that co-operative societies comply with the Act.

Ministry's Response

- Figures for expected financial statements depend on the number of appointments made by societies and communicated to the PCA.
- Societies are requested to ensure that external auditors submit audited financial statements on time.
- Appropriate corrective actions are being taken to prevent recurrences and to ensure compliance.

12.2.4 Follow Up of Matters Raised in Audit Report 2020-21

NAO has carried out a follow up of matters raised in the Audit Report for 2020-21 to report on actions taken by the Cooperatives Division in response thereto.

Action has been initiated in respect of the issue highlighted in the report.

Further information is provided at page **456** in **Appendix VI.**

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13 – MINISTRY OF ENVIRONMENT, SOLID WASTE MANAGEMENT AND CLIMATE CHANGE

13.1 ENVIRONMENT AND CLIMATE CHANGE

13.1.1 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.

Special Funds - Audited Financial Statements not laid before the National Assembly

The National Environment and Climate Change Fund had not yet laid its audited Financial Statements, for the financial year 2020-21, before the National Assembly although they had been certified by NAO on 4 May 2022.

Ministry's Response

The Annual Report, dealing with the activities and financial position of the Fund has been finalised and would be submitted to this Ministry after approval of the National Environment and Climate Change Fund Board before the end of February 2023.

13.1.2 Follow Up of Matters Raised in Previous Audit Reports

NAO has carried out a follow up of matters raised in the Audit Reports 2019-20 and 2020-21 to report on actions taken by the Ministry in response thereto.

Audit Report 2019-20

Further actions were taken in respect of the two issues reported.

Audit Report 2020-21

Further actions were taken in respect of the two issues reported.

Further information is provided from pages **459 to 462** in **Appendix VI.**

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13.2 Solid & Hazardous Waste and Beach Management

13.2.1 Procurement Management – Delay in Awarding Fresh Contracts

Launching of fresh bidding exercises were long delayed after the expiry of some major contracts mainly for Operation of the Mare Chicose Landfill and for Cleaning of Public Beaches.

Summary of Findings

- For the Operation of the Mare Chicose Landfill, a 59-month contract with a Contractor was further extended by another 52 months.

- Procurement exercise was unduly delayed for the award of fresh contract for Cleaning of Public Beaches.

Detailed Findings

Operation of the Mare Chicose Landfill

The Solid Waste Management Division (SWMD) of the Ministry awarded a contract for the "*Construction of Cell 7 and for the Operation and Maintenance of Mare Chicose Landfill*" to a Company for the period January 2014 to November 2018 for the sum of Rs 1,590.4 million.

The above contract was subsequently extended four times over the period December 2018 to June 2021 at an additional cost of Rs 393.9 million. Further, three successive emergency contracts totalling Rs 645.6 million were awarded to the same Contractor in respect of the period July 2021 to March 2023.

Thus, procurement exercise for the award of a fresh contract after the expiry of the initial contract in November 2018, has been unduly delayed by 52 months.

A fresh bidding exercise for the "Procurement of Landfill Works for Vertical Expansion of Mare Chicose Landfill and Operation and Post Closure Management of Cells" was launched in December 2020. In April 2022, the Central Procurement Board (CPB) advised the SWMD to cancel the procurement proceedings given that the bidding document was not prescriptive, and to restart a new bidding process. Since then, a revised set of bidding document is being worked out.

Thus, the total contract value awarded to the same Contractor increased from the initial sum of Rs 1,590.4 million to Rs 2,629.9 million, that is by 65.3 per cent.

Ministry's Response

- Four extensions to the contract from December 2018 to 30 June 2021 and three consecutive emergency contracts from 1 July 2021 to 31 March 2023 were due to delays in the procurement of Vertical Expansion Project.

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- It is to be noted that owing to the COVID-19 lock down, the CPB extended the Bid Submission date for the Vertical Expansion tender exercise by four times. It took nine months for CPB to complete the evaluation after which the SWMD was informed on 13 April 2022 to cancel the procurement proceedings for the Vertical Expansion tender exercise.

- Short-term contracts were considered inappropriate at that point in time, as it entails high mobilization and machinery costs. The Ministry had no alternative than to have recourse to short term emergency contracts due to lack of visibility on the evaluation process which normally takes 2 months.

NAO Comments

The contract had expired in November 2018. There were no COVID-19 situations prevailing between December 2018 and February 2020, that is, for some 15 months.

As of 26 January 2023, the revised bidding document was still not finalised. The Ministry informed that the document is in the process of being uploaded on the e-Procurement System after consultation with PPO. There is thus the possibility of further extensions to the contract with the existing Contractor.

Cleaning of Public Beaches - Fresh Procurement Exercise delayed

The SWMD awarded 15 contracts to six companies for Cleaning of Public Beaches in Mauritius. In the financial year 2021-22, the SWMD effected payments totalling Rs 184 million to the Contractors.

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.

Thus, procurement exercise for the award of fresh contracts was unduly delayed at an additional cost totalling some Rs 25.8 million.

Recommendation

Management should put in place a proper mechanism for effective procurement planning processes to ensure that bidding documents are well prepared.

Ministry's Response

Part of the delay was beyond the control of this Ministry as Financial Clearance was not granted for the new procurement exercise in FY 2021-22. This Ministry was requested to hand over the cleaning of beaches to a State-Owned Company. Due to the limitation of the Company to carry out the required services, it was therefore decided to launch a new bidding exercise and seek financial clearance anew.

The sum was paid for the extra months of service delivered. There is no compensation involved.

13.2.2 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.

Annual Reports not laid before the National Assembly as required under the Statutory Bodies (Accounts and Audit) Act

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 9 December 2022, 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 year 2020-21 before the National Assembly, although they had been certified by NAO on 2 May 2022.

Ministry's Response

We have been informed by the Beach Authority that procurement procedures for the publication of the audited Financial Statements for the financial year 2020-21 are under way and the Annual Report would be submitted to this Ministry by 17 February 2023 for laying before the National Assembly.

13.2.3 Follow Up of Matters Raised in Audit Report 2019-20

A follow up of matters raised in Audit Report 2019-20 was carried out. The status of the 11 issues highlighted in the Audit Report and which required action by the SWMD of the Ministry, were as follows:

- One issue has been resolved.
- The Division has completed actions at its end in respect of one issue.
- Further action was taken on four issues.
- Action has been initiated by the Ministry regarding three issues.
- No further action was taken regarding one issue.
- One issue has not yet been resolved.

Further information is provided at page **463** in **Appendix VI.**

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14 – MINISTRY OF FINANCIAL SERVICES AND GOOD GOVERNANCE

14.1 Follow Up of Matters Raised in the Performance Audit Report 2019

Title of Report: "Effectiveness of Internal Audit Function and Audit Committees in Ministries and Government Departments"

Date Issued: February 2019

A follow-up of matters raised in the abovementioned report, hereinafter referred to as Report 2019, was carried out. The Ministry of Financial Services and Good Governance was requested to inform NAO of the actions that have been taken to address the findings and recommendations in Report 2019. The information along with evidences collected through interviews and review of files and documents were analysed and assessed. These were discussed with the Ministry.

The status on actions taken on the key findings and recommendations since the publication of Report 2019 has been determined on the basis of audit observations and information provided by the Ministry in February 2023. These are summarised below.

- ***Audit Committee Charter (Paragraph 3.12 of Report 2019)***

Findings in Report 2019

No mention was made in the Charter for the mandate of an Audit Committee (AC). The span of time for the appointment of AC members on an annual basis was considered too short.

Recommendations in Report 2019

The mandate for the AC should be explicitly stated in the Charter. The term of office for AC members needs to be reviewed

Status as of February 2023

The recommendation was implemented. In August 2022, Government approved a new Audit Committee Charter (ACC) which included the mandate and provided for the appointment of AC members on a two-year basis.

Ministry's Response

Audit Committees across Ministries/Departments have already started applying the provisions contained in the new Charter.

- ***Appointment and Independence of Audit Committee Members (Paragraph 3.13 of Report 2019)***

Findings in Report 2019

The Accounting Officer (AO) appointed the AC Chairperson and members who were all from the same Ministry/Department, and most of them were from the management team.

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The AC Charter did not explicitly mention the range of skills and expertise that AC members should collectively possess.

Recommendations in Report 2019

Independence of the ACs need to be enhanced. A database of individuals willing to serve as AC members should be established and maintained.

Status as of February 2023

The recommendation was partially implemented. Only a list of personal attributes, skills and expertise of members of an AC have been included in the new Charter.

Ministry's Response

A policy decision for the building up of a database of individuals willing to serve as Audit Committee members with a view to ensuring the independence of Audit Committees is yet to be taken. Consultations are being held with key stakeholders in view of the administrative and legal representations.

- ***Training for Audit Committee Members (Paragraph 3.14 of Report 2019)***

Finding in Report 2019

Neither Ministries/Departments nor the Office of the Public Sector Governance (OPSG) provided the necessary training to new and existing AC members to allow them to efficiently and effectively fulfil their roles and responsibilities.

Recommendation in Report 2019

Ministries/Departments should provide AC members with training. A process of continuing education should be established.

Status as of February 2023

The recommendation was partially implemented. Provision has been made in the new Charter for appropriate training to be dispensed to the AC members including the conduct of an induction programme by OPSG. A comprehensive AC handbook, an important tool for training and guidance, has been prepared, but has to be finalised.

Ministry's Response

The Audit Committee Handbook will be used to mount a training programme by OPSG in collaboration with the Civil Service College to empower Audit Committee members in the performance of their roles and execution of their responsibilities effectively.

- ***Responsibilities on Governance Areas (Paragraph 3.15 of Report 2019)***

Finding in Report 2019

In the ACC developed by OPSG, most governance areas were included and the corresponding AC's responsibilities towards these were soundly stated. However, governance structure, a key area, was not covered.

Recommendation in Report 2019

Governance structure should be included in the Charter and oversight on same appropriately defined.

Status as of February 2023

The recommendation was implemented. Elements such as governance structure, values and conflict of interest have been catered for in the new Charter.

- ***Audit Committee Activities (Paragraph 3.16 of Report 2019)***

Finding in Report 2019

Except for follow-up of Auditors' recommendations, the ACs did not undertake the other reviews and oversight activities on the whole range of governance areas mentioned in the Charter.

Recommendation in Report 2019

To be fully operational and effective, the ACs need to fulfil all the roles and responsibilities described in the Charter.

Status as of February 2023

The recommendation was partially implemented.

Ministry's Response

Ministry/Departments have already started applying the provisions contained in the new Charter.

- ***Evaluation of Performance of Audit Committees (Paragraph 3.17 of Report 2019)***

Finding in Report 2019

A proper evaluation of AC was not done.

Recommendation in Report 2019

AC's performance needs to be properly assessed.

Status as of February 2023

The recommendation was partially implemented. The new Charter provides for feedbacks and comments from the AO and the Internal Control Unit as well as for External Auditor may also carry out an assessment on the effectiveness of the committee. It also provides for members to conduct a self-assessment as well as an overall assessment of the AC.

14.2 Follow Up of Matters Reported in Audit Report 2020-21

NAO has carried out a follow up of matters raised in the Audit Report 2020-21 to report on actions taken by the Ministry in response thereto.

Out of seven issues highlighted in the Report:

- Five issues have been resolved.
- Actions have been initiated in respect of two issues.

Further information is provided from pages **464 to 465** in **Appendix VI.**

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15 – Attorney-General's Office, Ministry of Agro-Industry and Food Security

Agro-Industry and Food Security

15.1 IT Projects - Implementation Delays

The Ministry embarked on the development of the National Livestock Identification System (NLIS) and Laboratory Information Management System (LIMS) projects since March 2017 and 2019 respectively. As of October 2022, NLIS was still at preliminary stage and LIMS was at parallel running phase.

National Livestock Identification System

The Animal Production Division (APD) was responsible for the implementation of NLIS. The objective of the system was the setting up of an integrated animal recording system that would enable accurate animal identification. The project was incepted in March 2017 and funds totalling Rs 9 million were allocated for the project from July 2018 to June 2021.

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 TCP comprised the three undermentioned outputs:

(a) *Output 1* – Capacity building to implement and operate a modern database for the APD;

(b) *Output 2* – A system of incentives and disincentives and a communication campaign put in place to encourage farmers to register; and

(c) *Output 3* – The relevant institutional, legislative and policy frameworks are defined to ensure the sustainability of the support being requested and the system being requested to be put in place.

The project comprised two main components, namely Identification of Animals at National Level and Development of NLIS software.

A total amount of Rs 2.3 million was spent as of 30 July 2022.

Laboratory Information Management System

The Laboratory Information Management System is a web-based system donated by the International Atomic Energy Agency to the Food Technology Laboratory (FTL) of the Ministry in 2019. The objective of LIMS was to help in standardising workflows, tests and procedures. The above contract was awarded by the Agency in December 2019 to a foreign firm for some Rs 3 million. The system was planned to go live in September 2022.

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Summary of Findings

- Incomplete identification of animals at national level was delaying the development of NLIS.
- There was delay in the parallel phase before LIMS could go live.

Detailed Findings

National Livestock Identification System

Identification of animals at National level not yet done

Our audit showed the following shortcomings:

- 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. Thus, only 5 per cent of the targeted population of 70,000 animals, have been implanted with microchips.

- As of September 2022, more than five years after its inception, the livestock identification system was still at its preliminary stage.

Delay in the Deliverables of Technical Co-operation Programme (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.

Recommendation

The Ministry should revisit the roadmap for the implementation of NLIS for better service deliverables to farmers in the livestock sector.

Ministry's Response

- The traceability system is being implemented. With the present FAO Technical Co-operation Programme, traceability systems for pig, poultry, deer and honeybees shall be worked out based on group identification.

- The population of 70,000 animals includes pigs (about 30,000) and deer (about 5,000) on which no microchipping will be undertaken. Out of the remaining, 3,500 cattle have already been microchipped and the microchipping of goats has been initiated.

- The NLIS is a new project that involves new technology and new work processes. These are being devised and implemented using available resources and with the help of consultants recruited by FAO. The most significant delay in the project was due to the lockdown as a result of the outbreak of COVID-19.

- The software is now being developed with the assistance of the FAO.

Laboratory Information Management System

Delay for LIMS to go live

Our audit showed the following shortcomings:

- Although training and data input in the system started in July 2020, it was only in July 2022, that is two years later, that LIMS went on parallel live phase.

- Deadline for the completion of the project was not set.

- Bugs and gaps detected were not fixed during the support service.

- User Acceptance Testing was not available for the project.

Recommendations

- The Ministry should complete the parallel phase as soon as possible so that LIMS could go live.

- The Ministry should put in place necessary mechanism to implement LIMS for standardisation of procedures at the laboratory as well as providing accurate control over processes.

Ministry's Response

- Training started in July 2020 but the supplier was not able to come to Mauritius for commissioning due to COVID-19 and it was only in January 2022 that the supplier came.

- The Project Manager of CIB was overseeing the project.

- At September 2022, deadline for completion of the project was not set up as the internet cable was damaged by the Metro Express work and no time frame was available for repairs of the cable. The internet connection was established end of November 2022 and the completion of the project was set by end of January 2023.

- For the period August and September 2022, no intervention could be done as there was no internet connection at FTL for the supplier to have access to the system.

- No User Acceptance Testing was requested by the Supplier.

15.2 Administration of State Land for Agricultural Purposes – Ineffective Monitoring of Compliance with Lease Agreements

The Land Use Division (LUD) was set up to manage agricultural State Lands. It is mandated to provide advice on the use of agricultural land resources and to prevent arable land from being used for non-agricultural purpose.

Summary of Findings

- Agricultural State Lands were not yet leased and were left in an abandoned state.
- Considerable delays were noted in the completion of land surveying contract.
- The Arrears of Revenue figure of Rs 12.8 million was misstated.
- The conditions of Lease Agreement were not complied with.

Detailed Findings

Agricultural State Lands not yet leased

As at September 2022, out of a total of 5,023 plots (10,227.92 A) of agricultural land vested in the Ministry, 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 PINs were assigned to these plots and hence, they could not be leased as per Section 7(2) of the Cadastral Survey Act 2011.

1,972 plots comprising 3,110 A of arable land, representing some 39 per cent, were thus not used for agricultural purposes.

Ministry's Response

- Since 2021, several requests were made to the Ministry of Housing and Land Use Planning for the posting of an additional Land Surveyor to LUD on a full time basis. It was only in mid-June 2022 that the request was acceded to and the survey exercise is improving with the posting of a second Land Surveyor.
- As for the 382.8 A mentioned to be in an abandoned state, 119.27 A have been transferred to Landscope Mauritius. Action has already been initiated for the retrieval of the remaining 263.53 A of abandoned land.
- Application for PIN is made as soon as the survey is completed so as not to delay the allocation of land to the successful applicants of State Land.

Considerable Delay in Completion of Land Surveying Contract

In May 2016, the Ministry signed a contract with a private Land Surveyor for the survey of 3,399 plots of an extent of 6,494 A of State Land for an amount of some Rs 15.2 million. The contract which was expected to be completed in May 2018, was extended up to August 2019.

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.

Ministry's Response

The Department concerned will be advised to follow up on this issue.

Arrears of Revenue figure of Rs 12.8 million misstated

The Arrears of Revenue as at 30 June 2022 stood at Rs 12.8 million, representing an increase of 66 per cent over the arrears figure of Rs 7.7 million as at 30 June 2021. Included in the figure of Rs 12.8 million were some Rs 4.9 million in respect of rent from the lease of agricultural State Lands to planters and companies.

- Unpaid rent in respect of 22 plots of agricultural land 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.

Non-compliance with Conditions of Lease Agreement

(a) Unpaid Rent of Rs 1.7 million by a Company on State Lands of 60 Arpents

Two plots of State Land of a total extent of 60 A at Piton du Milieu were each leased for a period of 20 years as from year 2007 to Company A for Artificial Insemination programme.

- Following Ministry's approvals in 2011 and 2013, both plots 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.
- According to visit effected by officers of LUD in January 2019, the 60 A of State Land were left in an abandoned state. In February 2020, the Attorney General's Office (AGO) advised the Ministry that the pledge would terminate with the expiry of the lease agreement in 2027.

Ministry's Response

As per advice from AGO, the lease agreement is still valid and the land cannot be retrieved although it is abandoned. A claim for the settlement of outstanding rental was made to the Official Receiver in July 2022. Legal procedures for same is underway with the assistance of AGO.

(b) Unpaid Rent of Rs 109,350 by Cooperative Society A on State Land of 20.25 Arpents

Nine plots of State Land totalling 20.25 A at Petit Merlo were leased to a Cooperative Society for the period January 2013 to January 2020 for the purpose of setting up of a dairy farm.

- In November 2016, 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.

- Despite the advice of AGO in February 2020 that the pledge had expired in January 2020, the Ministry did not retrieve the plots for a total extent of 20.25 A.

- A site visit effected by officers of LUD in January 2022 revealed that 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 for the period January 2014 to January 2020 was not yet paid by the Cooperative Society as at September 2022.

Ministry's Response

The Ministry is contemplating to renew the Lease Agreement with that Society on a reduced extent of 10 A which are being used for livestock activities, on the condition that it settles all the arrears on the 20.25 A. Action is being initiated for the retrieval of the remaining 10.25 A which are abandoned.

(c) Unpaid Rent of Rs 84,000 by Cooperative Society B on State Land of 2 Arpents

A plot of State Land of an extent of two arpents was leased to Cooperative Society B at Mon Bois for a period of seven years as from September 2007 for the setting up of a modern farm and slaughter house. The plot included an existing building of 5,000 ft^2.

- In February 2011, the Cooperative Society was wound up. No action was initiated by the Ministry for the lessee to vacate the land though the lease had come to an end on such winding up.

- In May 2022, the lessee had still not vacated 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, covering the period September 2014 to August 2022 since the lessee had been illegally occupying the said plot for eight years.

- As at 30 June 2022, total rent amounting to some Rs 84,000 were still due by the lessee and no lease agreement was signed.

Ministry's Response

The assistance of AGO has been sought to initiate legal procedures to recover the unpaid rent.

(d) Illegal construction of a building on Agricultural State Land

A Cooperative Society was granted a lease for two plots of agricultural land for a total extent of 10 A at Mare D'Albert for livestock production for the period February 2011 to February 2018. A concrete building was illegally constructed by the representative of the Cooperative Society on one of the plots, contrary to the lease agreement. 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.

Ministry's Response

Although no formal request was made to this Ministry regarding the construction of the shed, same is viewed as necessary to shelter livestock. Hence, no action was taken against the Society for the pulling down of that construction. Instead, same is being regularised.

Recommendations

- Necessary amendments should be made in the Arrears of Revenue figure as at 30 June 2022.
- The Ministry should explore all avenues to recoup the arrears. A proper debt recovery mechanism should be set up.
- Due diligence should be exercised by the Ministry before approving the pledge of leased agricultural land by lessees.

15.3 Experiment Stations – Significant Decrease in Operational Activities

The Agronomy and Horticulture Divisions provide seeds and planting materials to the farming community through six Experiment Stations, namely at Richelieu, Barkly, Curepipe, Plaisance, Albion and Roches Brunes.

Summary of Findings

Under-utilisation of cultivable land had led to a reduction in vegetable seeds, and propagating materials of flowers and fruits crops, and expiry of agrochemicals.

- Hydroponic sheds and anti-bird shed were left in abandoned state.
- Building infrastructures were not occupied.

Detailed Findings

Under-utilisation of cultivable land leading to reduction in vegetable seeds and propagating materials of flowers and fruits crops production, and expiry of agrochemicals

There was a significant decrease in the occupancy level of land under cultivation in all the six Experiment Stations. As of June 2022, out of a total of 32 hectares of cultivable land, only 12 hectares, were under cultivation which indicated that available resources were not being optimally used by the Ministry. The staffing position of four out of six stations totalled 129 in 2018 against 61 in 2022. The above includes 14 General workers in 2022 compared to 59 in 2018.

The seeds production of vegetables, and propagating materials of flowers and fruits 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 at these Experiment Stations.

Out of 176 agrochemicals used in the production of vegetable seeds, and propagating materials of fruits and ornamental plants at the six Experiment Stations, agronomical items ranging from 9 to 47 per station were expired. These expired agrochemicals could be attributed to a drastic reduction in the production activities at the stations. The cost of the expired products was not made available.

The Ministry has therefore not fully contributed to agricultural food production by providing quality seeds of vegetables, and propagating materials of fruits and ornamental plants at national level.

Hydroponic Sheds and Anti-bird Shed left in abandoned state

In 2006, two hydroponic sheds of a total area of 384 m^2 found at Albion Experiment Station were jointly developed by the Ministry and the Chinese Agro-Technical Team. The main objective was to experiment, in soilless culture, the production of new varieties of fruits and vegetables, and eventually to work out the best variety to be propagated across the country.

As per the Ministry's records, the activities of the hydroponic project started in early 2006 and ceased in May 2017. 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, previously used for mass production of maize up to 2018 was in an abandoned state,

Building Infrastructures not occupied

The first floor of the main building at the Albion Experiment Station meant for residential purposes has been unoccupied since 2017. It consists of three fully furnished studio bedrooms fitted with domestic appliances, a kitchen and a washing room.

Recommendations

- The Ministry should make maximum use of cultivable lands available at the six experiment stations for the production of different varieties of seeds to achieve its objective of enhancing food security through adequate and timely supply of quality seeds.

- Appropriate actions should be initiated by the Ministry for the disposal of the expired agrochemicals without delay since they are harmful for the environment and the personnel. The stock of agrochemicals should be properly managed to avoid wastage of funds caused by their expiry.

Ministry's Response

Online applications for the disposal of all the expired agrochemicals have already been made with the Interim Hazardous Waste Storage Facility.

The hydroponic unit was a technical assistance. An estimated cost of rehabilitation of the two sheds was more than Rs 3 million. The inputs (fertilizers and nutrients) and maintenance of the hydroponic sheds will also be prohibitive.

Request will be made to the Engineering Division for a survey to determine the list of materials and estimated cost of the rehabilitation of the anti-bird shed. It will be used for cultivation of maize, beans, okra and other relevant crops which are prone to attack by bird/pests.

The building should rather be left unoccupied as a proposal can be obtained anytime from the Embassy of the People's Republic of China for a new Chinese Agricultural Technical Team collaborative project.

15.4 Provision of Security Services to Stations/Compounds – Inadequate Monitoring of Service Provider

Contracts for the provision of Security Services for three lots, each for a period of one year, were awarded to two Contractors for the total sum of Rs 45.2 million as shown in Table 15-1.

Table 15-1 Contracts for Security Services

Lot No	Stations/ Compounds	Contractor	Date signature of contract	Contract Period	No of sites	Contract Amount Rs million
1	Agricultural Services	A	07.01.21	07.01.21-06.01.22	23	32.5
2	National Parks and Conservation Service	B	08.03.21	08.03.21-07.03.22	10	8.9
3	Forestry Services	A	12.10.21	12.10.21-11.10.22	10	3.8
	Total				**43**	**45.2**

Source: Records from Procurement Section

Summary of Findings

The performance of the Contractors was not satisfactory and the conditions of contract were not always complied with. Cases of tampering of the attendance register at some compounds and in some instances, lateness of guards on sites were reported.

- Losses and thefts on sites were reported despite the presence of Security Guards and these were not recouped from the Service Provider.
- Deficient contract performance.

Detailed Findings

Losses on sites not recouped from Service Provider

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 A, contrary to clause 2.6(d) of General Conditions of Contract.

Ministry's Response

There was no penalty clause for deduction of losses in the bidding document.

Deficient Contract performance

Several shortcomings were reported to the Ministry.

- Some sites were often unattended and not supervised regularly.
- Attendance register was not always signed, and cases of forgery and tampering were noted.
- Some security guards were not wearing uniforms and were not provided with protective equipment on sites.
- There were cases of lateness of security guards without any replacement on some sites.
- No regular patrols were effected, and the guards refused to go on rounds in bad weather condition.
- Certificate of character for all security guards and program for supervision were not submitted to the Ministry as per conditions of contract.
- The replacement of a security guard by a person not employed by the Service Provider was also observed.

Penalty clauses as regards damages for non-performance as per conditions of contract were not always applied.

Ministry's Response

It is the responsibility of the Officer in Charge of each Section to specify the shortcomings noted during each month so that the Finance Section can deduct the appropriate amount.

15.5 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.

Summary of Findings

- Non-submission of Report on Performance as required under the Finance and Audit Act.
- Non-submission of Financial Statements for audit as required under the Statutory Bodies (Accounts and Audit) Act.
- Annual Reports not laid before the National Assembly as required under the Statutory Bodies (Accounts and Audit) Act.
- In respect of one Special Fund:

  (a) Financial Statements were not submitted for audit; and

  (b) Audited Financial Statements were not laid before the National Assembly.

Detailed Findings

Non-submission of Report on Performance

As of 13 January 2023, the Report on Performance of the Ministry of Agro-Industry and Food Security for the financial year 2021-22 had not yet been submitted to the Ministry of Finance, Economic Planning and Development, despite the statutory deadline being 31 October 2022.

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 18 January 2023, the following Statutory Bodies falling under the purview of the Ministry of Agro-Industry and Food Security, had not yet submitted their Financial Statements for audit for periods as shown in Table 15-2.

Table 15-2 Financial Statements not Submitted to NAO for Audit

Statutory Body	Financial Year/ Period	No of Financial Statements	Remarks (Accounts under audit)
Mauritius Meat Authority	2021-22	1	
Mauritius Society for Animal Welfare	30.10.2013-31.12.2014 to 2021-22	8	
Sir Seewoosagur Ramgoolam Botanical Garden Trust	2020-21 & 2021-22	2	Financial Statements for 2018-19 & 2019-20 were submitted on 21.10.2022
Small Farmers Welfare Fund	2018-19 to 2021-22	4	Financial Statements for 2017-18 was submitted on 13.12.2021
Sugar Cane Planters Trust	2007-08, 2008-09 & 01.07.2009-24.07.2010	3	Ceased operation on 24.7.2010
Vallee D'Osterlog Endemic Garden Foundation	2020-21 & 2021-22	2	Financial Statements for 2018-19 to 2019-20 were submitted on 18.05.2021

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 9 December 2022, Annual Reports of five Statutory Bodies had not yet been laid before the National Assembly as shown in Table 15-3.

Table 15-3 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
Food and Agricultural Research and Extension Institute	2019-20	01.8.2022	1

Source: National Assembly records

Special Funds: Financial Statements not submitted for audit and audited Financial Statements not laid before the National Assembly

As of 18 January 2023, the National Parks and Conservation Fund had not yet submitted its Financial Statements for financial year 2021-22 for audit.

It had also not yet laid its audited Financial Statements, for the period 2012 to 2019-20, before the National Assembly although they had been certified by NAO between 24 September 2013 to 27 July 2022.

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 for the year 2018-19 for the Small Farmers Welfare Fund have already been prepared and will soon be sent to NAO. Financial statements for 2019-20 and 2020-21 are under preparation.

- FAREI is making arrangements for its Annual Report for 2019-20 to be sent to this Ministry for the laying of same before the National Assembly as per provisions of the Statutory Bodies (Accounts and Audit) Act.

15.6 Follow Up of Matters Raised in Performance Audit Report 2020

Title of Report: "Food Production – Are Agricultural State Lands Optimally Utilised?"

Date Issued: June 2020

A follow up of matters raised in the above-mentioned report, hereinafter referred to as Report 2020, 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 made in Report 2020. The information along with evidences collected through interviews and review of files and documents were assessed. These were discussed with the Ministry.

The status on the actions taken on the key findings and recommendations since the publication of the Report are summarised below.

- ***Monitoring of Agricultural State Lands (Paragraph 3.2 of Report 2020)***

Finding in Report 2020

Twenty-five per cent of the leased plots inspected by LUD in 2019 were abandoned, neglected, not fully utilised or maintained, and not used as per the terms of the leases. A systematic and scientific monitoring and assessment of land resources had not been carried out by LUD.

Recommendation in Report 2020

The LUD needs to carry out a systematic and scientific monitoring of its land resources.

Status as of February 2023

The recommendation was not implemented. The current monitoring and assessment of leased Agricultural State Lands (ASLs) did not indicate how well the plots of land were applied for agricultural development.

Ministry's Response

Visits are carried out regularly by LUD.

- ***Absence of Performance Level in Lease Agreement (Paragraph 3.2.1 of Report 2020)***

Finding in Report 2020

An essential requirement relating to the minimum performance level to be achieved by the lessee or at which it should operate was not spelt out in the lease agreement.

Recommendation in Report 2020

Performance levels to be achieved by lessees or at which they should operate should be explicitly spelt out in lease agreements.

Status as of February 2023

The recommendation was partially implemented. Minimum performance levels were inserted upon the first renewal, in the agreements for leases granted in the livestock sector, but not in the lease agreements for the crop sector.

Ministry's Response

The insertion of performance level clause was contemplated but could not be implemented. It is working on another approach which will guide future lessees on the expected yield for their respective regions.

- ***Sharing of information between stakeholders (Paragraph 3.2.2 of Report 2020)***

Finding in Report 2020

Stakeholders, like Food and Agricultural Research and Extension Institute, Mauritius Cane Industry Authority, Sugar Insurance Fund Board and National Agricultural Products Regulatory Office visit farmers or carry out inspections to assess their activities and provide advice to them where necessary. Important information collected during these visits was not requested by, or shared with LUD.

Recommendation in Report 2020

There should be a memorandum of understanding between the Ministry and the stakeholders for the sharing of information collected through field visits.

Status as of February 2023

The recommendation was partially implemented. LUD requested information from different stakeholders. However, the requested information was not made available and sufficient follow up had not been done by LUD

Ministry's Response

A monthly committee is being set up where representatives of the different stakeholders will share all relevant information.

- ***Inefficiencies in the Survey of State Lands for Leasing (Paragraph 3.2.3 of Report 2020)***

Finding in Report 2020

As of mid-November 2019, the land database showed 4,963 plots spreading over 4,134 ha. Of these, only 668 ha (725 plots) had been surveyed and assigned PINs under the control of LUD.

Recommendation in Report 2020

Service delivery by LUD's Survey Office needs to be enhanced.

Status as of February 2023

The recommendation was partially implemented. 2,545 ha (3,170 plots) out of a total of 4,100 ha had been surveyed and allocated with PINs by the Ministry.

- ***Agricultural State Lands for Bio-Farming (Paragraph 3.3 of Report 2020)***

Finding in Report 2020

A new legislation to regulate all aspects of organic agriculture/bio-farming was not prepared as of December 2019. The Ministry did not carry out any assessment on the 25 ha of ASLs identified as a dedicated bio-farming zone.

Recommendation in Report 2020

A new legislation for organic agriculture/bio-farming covering all aspects of organic farming should be developed. Other suitable regions for organic farming should be identified.

Status as of February 2023

The recommendation was partially implemented. An Organic Agriculture Bill was at the drafting stage at the Attorney General's Office. An extent of 7.43 ha at Britannia for bio-farming was in an abandoned state.

Ministry's Response

As regards identification of new areas same will be considered once the law is passed.

- ***Revitalisation of the Tea Sector (Paragraph 3.4 of Report 2020)***

Finding in Report 2020

As at December 2019, out of the 94 ha allocated to 18 lessees, only six ha were occupied by eight lessees. Furthermore, the plots of land allocated to a foreign Company had never been utilised for tea plantation.

Recommendation in Report 2020

The Ministry should address the reasons for land abandonment in the tea sector in order to attract new tea growers and prevent actual ones from abandoning their plot of lands. The selection criteria for allocation of ASL should be reviewed.

Status as of February 2023

The recommendation was not implemented. Some 38 per cent of the land allocated for tea plantation were abandoned.

Ministry's Response

The reasons for land abandonment are: poor access to fields, high costs and shortage of labour, maintenance of fields for 4-5 years till harvest stage without generating any input for new plantations and ageing growers and no succession. Funds to the tune of Rs 6 million were provided in the National Budget 2022-23 for the rehabilitation of roads and building of appropriate drainage systems in tea plantations.

- ***Changes in the Sugar Sector and their Impact on Lands (Paragraph 3.5 of Report 2020)***

Finding in Report 2020

LUD inspections in 2019 revealed that about 17 per cent of the lands (228 plots – 188 ha) were in an abandoned or neglected state.

Recommendation in Report 2020

Prompt adequate actions need to be taken and appropriate support provided to ensure the viability of the sugar sector, that sugarcane fully fulfils its multifunctional role, and lands are kept under commercial production.

Status as of February 2023

The recommendation was partially implemented. Actions have been taken by the Ministry to provide a number of incentives to planters to keep them in sugarcane cultivation. Some recommendations of the World Bank Report were also implemented as from 2021.

Ministry's Response

An increase in sugar production is expected in subsequent years as a result of the incentives being provided to planters.

15.7 Follow Up of Matters Raised in Previous Audit Reports

NAO has carried out a follow-up of matters raised in Audit Reports 2019-20 and 2020-21 to report on actions taken by the Ministry in response thereto.

Audit Report 2019-20

Out of 16 issues highlighted in the report and which required action by the Ministry:

- Nine issues have been resolved.
- No further action was taken on one issue.
- Further action was taken on six issues.

Audit Report 2020-21

Out of 13 issues highlighted in the report and which required action by the Ministry:

- Action was initiated on nine issues.
- Action was completed on one issue.
- No action was taken on three issues.

Further information is provided from pages **466 to 478** in **Appendix VI.**

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16 - MINISTRY OF YOUTH EMPOWERMENT, SPORTS AND RECREATION

16.1 Disbursements of Rs 201 million to other Entities - Inadequacy of Control Mechanism

As in previous years, disbursements of funds from the Ministry's Vote or Deposit Account and from various other sources, namely Special Funds and Vote of the Ministry of Finance, Economic Planning and Development (MOFEPD) continued to be made to different types of entities. For 2021-22, these amounted to some Rs 201 million as per Table 16-1.

Table 16-1 Disbursements to other Entities

Events/ Recipients	**Sources of Funds**			**Total**
	Ministry's Vote Rs million	**Special Funds Rs million**	**MOFEPD's Vote Rs million**	**Rs million**
ASAC	26.0			26.0
CJSOI	9.0			9.0
MMIL	5.7	2.1	137.0	144.8
NYC		15.7		15.7
MSC		5.4		5.4
Total	**40.7**	**23 .2**	**137.0**	**200.9**

Source: Ministry's Records

- *ASAC - 22nd African Senior Athletics Championships*
- *CJSOI - Comite d'Organisation des 12th Jeux de la Commission de la Jeunesse et des Sports de L'Ocean Indien*
- *MMIL - Mauritius Multisports Infrastructure Ltd*
- *NYC - National Youth Council*
- *MSC- Mauritius Sports Council*

At Paragraph 20.1 of the 2020-21 Audit Report, the mechanism for effective control over such types of disbursements was reported to be inadequate, given:

(a) the different categories of entities benefiting from such funds;

(b) the different legislations governing such entities concerning reporting and accountability requirements. As such, the entities did not fall within Ministry's control;

(c) the different funding sources, that is, from Ministry's Vote, another Ministry, and Special Funds;

(d) the non-specification in the Memorandum of Understanding (MOU)/Agreement, of the relevant body to be responsible for accountability and for control over such disbursements and their usage; and

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(e) regarding International Games, the absence of a proper control framework and an MOU between parties with clearly spelt out terms and conditions for monitoring purposes regarding costs thereof and disbursements for same.

Accordingly, the monitoring of such disbursements for accountability in order to ensure that intended objectives have been achieved in the most economic, efficient and effective manner, could not be ascertained.

It was thus recommended that the Control Framework be reviewed.

Although the Ministry stated that the appropriate control mechanism would be set up, yet no improvement in the control mechanism was noted regarding disbursements for financial year 2021-22, as further elaborated.

Ministry's Response

Disbursements to the NYC, MSC and MMIL are effected after the signature of a Grant Memorandum as prescribed by the Ministry of Finance, Economic Planning and Development. In addition, these entities are required to make requests for fund by filling and signing an application form which is also prescribed by the MOFEPD namely the 'Application for Disbursement of Grants' form. Applicants should submit all the relevant supporting documents, such as receipts in respect of payments effected by them, Cash flows statements, bank statements which show the funds available under their respective bank account.

The applicant should also certify that the funds received are used for the purpose for which they were allocated.

NAO Comment

At paragraph 20.1 of Audit Report 2020-21, attention was drawn to the 'limitations of existing regulations' concerning accountability over disbursements. Financial Instructions/Grant Memorandum required financial statements to be submitted to the Ministry by Recipients. However,

(a) except for Statutory Bodies where financial statements are to be submitted to the Minister to be laid before the National Assembly, there was no such requirement for further action to be taken at Ministry's level regarding financial statements submitted to it by other categories of Recipients; and

(b) there was also no evidence of further actions being taken at the Ministry's level regarding scrutiny of these financial statements.

Given the above and the diversity of Recipients, it was reported that there was need for:

- the Grant Memorandum to be tailored to fulfil the oversight and accountability requirements regarding disbursements to each category of Recipient;
- appropriate documentation to be submitted on a timely basis to the Ministry on request for Grant; and
- strict scrutiny of the validity of such documentation.

16.2 Ministry's Grant for 22nd African Senior Athletics Championships- Rs 26 million

Summary of Findings

The control mechanism was not adequate to ensure effective monitoring and accountability regarding disbursements effected in the context of the African Senior Athletics Championships (ASAC) held in Mauritius in June 2022.

- More than 100 per cent increase in Government contribution from Rs 12 million to Rs 36 million was noted due to cost overrun for the Championships from Rs 36.0 million to Rs 51.2 million; and

- MOU/Addendums were not adequate for control purposes.

Detailed Findings

Increase in Government contribution due to cost overrun

Financial clearance was obtained in July 2021 to utilise the savings from the Ministry's Budget for 2021-22, for an estimated Government's contribution of Rs 12 million, for the Championships. However,

- according to Ministry's records, the expenditure incurred for the Championships, with a revised estimated cost of Rs 36 million, ultimately amounted to some Rs 51.2 million; and

- further disbursements by Government of Rs 3 million and Rs 11 million in May and June 2022 respectively, by way of two Addendums to the MOU were necessary for Government contribution initially estimated at Rs 12 million.

The cost overrun was reported to be due to the accommodation of 235 additional participating Athletes/Officials over and above the estimated number of 450.

- In the absence of further records and final and duly certified statements from relevant parties, the need for further Government contribution could not be assessed.

Inadequacy of MOU/Addendums for control purposes

The following would not allow for control over disbursements effected so far:

- The MOU/Addendums, agreed by the Ministry, an Association and an Organising Committee later set up for the Championships was not legally vetted.

- Inadequacy of MOU/Addendums regarding terms and conditions of disbursements, reports/returns to be submitted to the Ministry, and unclear assignment of responsibility for accountability.
- Disbursements of funds to more than one bank account.

Ministry's Response

It is understood that the current financial situation of private companies in the margins of the COVID-19 pandemic does not favour their contribution to sponsor such sporting events, thus the anticipated amount to be raised from sponsorship was far below expectation. Such a situation had put additional pressure on the use of public funds to finance such a continental level event, which witnessed the participation of a record number of more than 700 athletes and officials from more than 40 African countries. The unprecedented number of foreign participants put additional pressure on the costs of organisation of the championships at all levels. Please note that provision for funds was made in the 2021/22 Budget proposal but was not approved.

The Memorandum of Understanding (MOU) was prepared based on a model previously vetted by the State Law Office. The terms and conditions of the MOU were worked out by the parties to it as they are better placed to know these terms and conditions. The terms and conditions are sufficient to allow control over disbursements. The responsibilities of the parties are spelt out in the MOU.

16.3 Capital Grants to MMIL- Rs 137 million

Capital Grants amounting to some Rs 145 million were disbursed by and through the Ministry of Youth Empowerment, Sports and Recreation (MYESR) to Mauritius Multisports Infrastructure Ltd (MMIL) in 2021-22 compared to some Rs 107.5 million in 2020-21. Disbursement methods are shown in Table 16-2.

Table 16-2 Methods of Disbursements to MMIL

Vote under control of	FY 2021-22 Rs million	FY 2020-21 Rs million
MYESR		
- Reallocation	5.7	
- Deposit Account	2.1	107.5
MOFEPD		
- Departmental Warrant-Capital Expenditure	137.1	
Total	**144.9**	**107.5**

Source: Ministry's Records

Summary of Findings

These disbursement methods did not provide for proper control over Capital Grants to MMIL as:

- Appropriate Control Mechanism for Capital Grants to MMIL has not yet been implemented; and

- Capital Grants to MMIL by means of Departmental Warrants between Ministries was not conducive to proper control.

Detailed Findings

Non-Implementation of appropriate Control Mechanism

As reported at paragraph 20.2 of the Audit Report for the year 2020-21, the disbursement methods, coupled with the absence of the Grant Memorandum or any other Agreement, were not conducive to effective control in ensuring the economic, efficient and effective implementation of intended objectives of disbursements.

It was recommended that an appropriate control mechanism be devised to ensure monitoring and accountability by the relevant parties. Accordingly,

(a) responsibility for control over capital works would rest with the Ministry, under whose Vote they were entrusted, to conform with the Finance and Audit Act requirements relating to 'control over expenditure'; and

(b) it would be ensured that necessary expertise is available at the responsible Ministry for the necessary monitoring, especially regarding transfer of funds to other entity for capital purposes.

However, such mechanism has not yet been implemented.

Capital Grants of Rs 137 million via Departmental Warrant – not conducive to proper control

Grants of a capital nature to MMIL continued to be made mostly at the end of the financial year. As shown in Table 16-2, the grant emanated from the Vote under the control of another Ministry, namely MOFEPD, as follows:

(a) In 2020-21, the amount of Rs 107.5 million was channelled to MMIL through the *Ministry's Deposit Account* from MOFEPD's Vote.

(b) In 2021-22, out of the Rs 145 million granted to MMIL, Rs 137 million were from *Departmental Warrant* received from MOFEPD.

- Terms and Conditions regarding these disbursements were still not stipulated in a Grant Memorandum and thus disbursements might not be in line with financial regulations.

- As reported in Audit Report 2020-21, the absence of a Grant Memorandum and other documentation would not provide for clear responsibility for control over disbursement of Capital Grant and for accountability.

- Documentary evidence was not available to show that 'Estimates for capital works of MMIL' were approved by the Ministry. These Estimates were under the responsibility of MOFEPD. The Ministry's responsibility regarding the monitoring of these capital works to ensure that intended objectives have been achieved, could not be ascertained.

Recommendation

The control mechanism would need to be reviewed, to establish clear responsibility for disbursements and for their subsequent follow up to ensure that intended objectives are achieved, and for accountability.

Ministry's Response

The amount released by the Ministry to MMIL of some Rs 137 million, was obtained from the Ministry of Finance, Economic Planning and Development through Departmental Warrants, and was meant for construction purposes of the Côte D'Or National Sports Complex.

As regards the control mechanism and follow up on the objectives and accountability, the construction of this Sports Complex is completed and is only now operational. Avenues for more accountability regarding the management of funds by MMIL are being explored.

16.4 Disbursement from a Special Fund to Other Entities via Ministry - Rs 79.6 million

A total sum of Rs 128 million was provided in the Budget Estimates for 2021-22 in respect of seven Projects and financed from a Special Fund as shown in Table 16-3:

Table 16-3 Undisbursed balances held in the Deposit Account

Projects	Estimates 2021-22	Disbursements into Ministry's Deposit Account in 2021-22	Disbursements by Ministry to Other Entities 2021-22	Closing Balances in Ministry's Deposit Account as at 30.06.22
	Rs	**Rs**	**Rs**	**Rs**
1	6,000,000	6,100,000	6,100,000	-
2	55,000,000	15,714,481	5,714,481	10,000,000
3	7,000,000	5,531,787	1,727,850	3,803,937
4	23,000,000	22,800,000	-	22,800,000
5	10,000,000	7,300,000	7,300,000	-
6	10,000,000	5,175,000	-	5,175,000
7	17,000,000	16,990,000	11,690,000	5,300,000
Total	**128,000,000**	**79,611,268**	**32,532,331**	**47,078,937**

Source: Ministry's Records

Summary of Findings

Disbursements were made to other Entities for various Projects via a Deposit Account of the Ministry.

However, a proper control mechanism was not in place to ensure that:

(a) funds provided in the Estimates for those Projects were effectively used to meet intended objectives; and

(b) funds were not unnecessarily tied up in the Deposit Account.

Detailed Findings

Effective Control Mechanism not in place to ensure achievement of intended objectives

During the financial year 2021-22, a total amount of some Rs 79.6 million was disbursed from a Special Fund to the Ministry's Deposit Account, out of which, Rs 32.5 million representing 25 per cent of the estimated provision of Rs 128 million, were transferred to other Entities in the same financial year.

The transfer of funds to other Entities from the Special Fund was made via a Deposit Account of the Ministry. At paragraph 20.6 of Audit Report 2020-21, the following were reported:

- Absence of an effective control mechanism/MOU to ensure that funds were released when necessary, that is, whether to Ministry's Deposit Account or to other Entities, so as to avoid unnecessary tying up of funds; and

- Inadequate reporting to the Ministry and any other relevant party, on the use of funds by these Entities for accountability purposes.

These were not addressed in the financial year 2021-22 to ensure that intended objectives are duly achieved.

Unnecessary tying up of funds

As of the end of financial year 2021-22, some Rs 47.1 million out of the Rs 79.6 million, that is, nearly 60 per cent of funds provided by the Special Fund to the Ministry, have remained unutilised in the Ministry's Deposit Account.

Out of the Rs 47.1 million, a total amount of Rs 28 million meant for two Projects, that is, Rs 22.8 million for Project 4 and Rs 5.2 million for Project 6 has remained unutilised in the Ministry's Deposit Account. These projects were stated not to have been undertaken at the end of the financial year 2021-22.

For two other Projects, namely Project 2 and Project 7, funds totalling Rs 72 million were provided under the Special Fund Estimates, to be managed by two Statutory Bodies, A and B, as detailed below:

Projects	**Program**	**Amount Rs million**
2	Upgrading of Youth Centres	55
7	Youth Development Program	17
	Total	**72**

As of 30 June 2022, disbursements of Rs 12.2 million and Rs 5.2 million were made to Statutory Body A and Statutory Body B respectively. These represented 24 per cent of budgeted provision for 2021-22.

The following did not allow for control and accountability regarding disbursements, and to ensure the efficient and effective achievement of intended objectives.

- There was no MOU/agreement signed between Statutory Body B and the Ministry; and

- the Applications for funds were not supported by necessary documents prior to approval of disbursements.

Recommendation

There is need for proper project estimates and feasibility studies to ensure the efficient and effective use of funds for achievement of intended objectives, thereby avoiding the unnecessary tying up of funds.

Ministry's Response

Balances in respect of three projects have been fully used between July and November 2022 and documents regarding expenditure of the Rs 22.8 million were yet to be submitted by the recipient agency as of date.

16.5 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.

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 18 January 2023, the Mauritius Sports Council falling under the purview of the Ministry of Youth Empowerment, Sports and Recreation had not yet submitted its Financial Statements for the financial years 2020-21 and 2021-22 for audit.

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.

Ministry's Response

Once the Financial Statement for financial year 2020-21 is approved by the Board of the Mauritius Sports Council, same is expected to be sent to NAO by end of February 2023.

16.6 Follow Up of Matters Raised in Previous Audit Reports

NAO has carried out a follow up of matters raised in the Audit Reports for 2019-20 and 2020-21 to report on actions taken by the Ministry in response thereto.

Audit Report 2019-20

The four issues highlighted in the Report and which required actions by the Ministry have been resolved.

Audit Report 2020-21

Out of the five issues highlighted in the Report and which required actions by the Ministry:

- Matters were resolved in two cases;
- Matters were not yet resolved in three cases.

Further information is provided from pages **479 to 482** in **Appendix VI.**

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17 - MINISTRY OF NATIONAL INFRASTRUCTURE AND COMMUNITY DEVELOPMENT

17.1 NATIONAL INFRASTRUCTURE

17.1.1 Air Conditioning System at Emmanuel Anquetil Building - Equipment purchased Not Yet Utilised

The Contract for the Supply, Installation, Testing and Commissioning of a new starter drive for Chiller Number 1 at the Emmanuel Anquetil Building was awarded on 7 September 2018 for the sum of Rs 8.8 million, VAT inclusive. The equipment was delivered in June 2020. Due to the COVID-19 pandemic, testing and commissioning were carried out in January 2022 by foreign experts. As of June 2022, two years after delivery, the starter drive could not be used because the chiller was found defective during a test run in January 2022. As of June 2022, some Rs 7.1 million were paid to the supplier of the starter drive.

Faulty issues noted in Chiller

The Emmanuel Anquetil Building has two chillers for its air conditioning system. These chillers form part of a network of pumps and pipes to deliver chilled water in the building.

During a test run effected after installation of the starter drive, it was noted that the Chiller Number 1 was damaged and could not be run, and needed further diagnosis and investigation.

According to the Ministry, the diagnosis is complex and a tender will be launched for that purpose. Meanwhile, the starter drive had to be dismantled from the chiller.

Finding

An amount of Rs 7.1 million has been paid for the starter drive but it has not yet been used more than two years after delivery.

Recommendation

Diagnosis and repairs to the chiller could take time and may further delay the use of the starter drive. In the event of a breakdown of Chiller Number 2, which is presently in use, the occupants of the Emmanuel Anquetil building will be deprived of air-conditioning. The Ministry should therefore speed up with the diagnosis and repairs of the chiller.

Ministry's Response

The starter drive which has been commissioned since January 2022 has still not been put to use as defects have been detected in the chiller to which it is connected. Once the necessary repairs are carried out to the chiller, the starter drive will be put into operation.

The Ministry launched tenders for the diagnosis of the chiller unit in December 2022, but the exercise was unsuccessful. Consequently, a fresh exercise is being launched after review of the specifications and cost estimates thereof.

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17.2 NATIONAL DEVELOPMENT UNIT

17.2.1 Large number of Projects at Design Stage

According to the database maintained by the National Development Unit (NDU), as of 31 August 2022, there were 322 projects at design stage. A total amount of Rs 68.3 million, representing consultancy fees for project design was certified for payment, of which Rs 41.1 million had already been paid.

The main 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.

Summary of Findings

- Out of the 322 projects, 225 were entrusted to Consultants for design prior to the financial year 2020-21 and included some submitted as far back as 2016-17. These projects awaiting design and in respect of which consultancy fees have already been paid, run the risk of being cancelled.

- There were cases where design of projects already carried out had to be reviewed by other Consultants, resulting in increase in consultancy costs and further delays.

- There were cases where designs were finalised after considerable delays resulting in projects not being completed in a timely manner.

Detailed Findings

Design Works Awarded prior to the Financial Year 2020-21 Still Not Completed

Design works for 225 projects were entrusted to Consultants prior to the financial year 2020-21 as shown in Table 17-1.

Table 17-1 Number of Contracts for Design works awarded prior to 2020-21

Year	Number of Projects
2016-17	37
2017-18	24
2018-19	116
2019-20	48
Total	**225**

Source: NDU Database of Projects Design

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Projects awarded for design and which remained incomplete at this stage over several years, were subject to increased risk of cancellation even though consultancy fees have been paid. For instance, 33 projects were cancelled after consultancy costs amounting to some Rs 2.1 million had been incurred.

Design Review by other Consultants at additional costs

There were cases where award of contracts for already designed projects had been delayed and necessitated a design review by other consultants, resulting in additional costs. Designs which were not completed due to persistent delays caused by changes in priorities and unavailability of funds were more likely to become outdated.

Long time taken to finalise design

This mainly occurred in respect of drain works where preliminary and detailed designs carried out by NDU had to be approved by the Land Drainage Authority (LDA). In some cases, the latter required the designs to be modified or revised several times until its requirements were met. For instance, there were cases where the designs had not been finalised after more than one year. This indicated that design for drain works carried out by NDU did not meet the requirements of LDA and included drain works in high risk flood prone areas.

Comments on Specific Projects

The following examples illustrate the issues raised above:

- *Construction of Cut-off drain from Morcellement Tara to Morcellement Raffray*

In October 2019, the zone located between Morcellement Tara and Morcellement Raffray was declared a flood prone area. In July 2020, a Consultant was appointed against consultancy fee amounting to Rs 3,854,800. The Consultant submitted a Preliminary Design Report (PDR) and a Detailed Design Report (DDR) in October and December 2020 respectively. The PDR and the DDR were sent several times to LDA and each time the latter proposed several changes. As of April 2022, the design had still not been finalised. As of 15 September 2021, a total amount of Rs 921,800 was paid to the Consultant for these two reports.

- *Drain Network at Curepipe (Anderson Lane, Higginson Road, Rue Lees, Leclezio street and other locations)*

The DDR was sent to LDA in January 2021 and the latter proposed several modifications and as of April 2022, more than one year later, the designs were not yet finalised. The contract for consultancy services based on the framework agreement of 2018-2020 was cancelled and a new contract for period 2022-2024 was awarded.

As of 10 March 2022, a total amount of Rs 466,897 had been paid to the Consultant.

- *Drain works at Quartier Shell, Roche Bois*

A Consultant was appointed in January 2019 to carry out a study of the proposed works under the project. A PDR was approved in March 2019 and a revised DDR was submitted in January 2020. Total amount paid to the Consultant up to the detailed design stage was Rs 58,001 as of 16 November 2020.

In November 2021, LDA requested NDU to appoint another Consultant to undertake a new holistic and comprehensive hydrographic and hydraulic study of the same proposed works.

A new Consultant was appointed in March 2022 based on the framework agreement. A new PDR was submitted in July 2022. In September 2022, LDA came up with more recommendations which extended the duration of the design stage.

- *Drain Works at Avenue de la Concorde near the University of Technology Mauritius (UTM), La Tour Koenig*

A Consultant was appointed in April 2018 to carry out a study of the proposed drain works at Avenue de la Concorde near UTM, La Tour Koenig. An amount of Rs 144,284 was paid to the Consultant on 07 September 2018.

In July 2021, the designs were sent to LDA for approval and the latter recommended that a holistic catchment-based approach be adopted. Further to this recommendation, the DDR submitted by the Consultant in December 2019 had to be reviewed to cater for a wider catchment.

In January 2022, the consultancy contract was cancelled because the extent of the study recommended by LDA was beyond the scope of services of the Consultant. In May 2022, another Consultant was appointed and a new PDR was submitted on 18 July 2022.

Four years after the appointment of the first Consultant, the design has still not been finalised.

- *Flood mitigation measures in the region of Clemencia*

A first Consultant was appointed by NDU in February 2015 and the latter submitted a DDR in November 2015, with recommendations on measures to alleviate flooding problems.

A second Consultant was appointed in September 2016 to review the design and supervise the works in view of its complex nature.

LDA recommended amendments to be made to the original design. In September 2020, the second Consultant refused to proceed with the project because of considerable delays in its implementation. A total amount of Rs 276,000 was paid for consultancy services as of 9 September 2020.

A third Consultant was appointed in February 2022 for a fee of Rs 5,178,750. The scope of work included review of the work of the second Consultant and a new PDR. A DDR was submitted in April 2022 and LDA recommended certain amendments. A total amount of Rs 297,778 was paid for consultancy services on 01 July 2022.

Recommendations

- NDU has a backlog of projects still at design stage. It should identify which designs have to be completed in priority in order to deliver same on time, within budget and of quality.

- NDU must ensure that the scope of work for consultancy contracts incorporates LDA recommendations on design of drain projects, in order to minimise subsequent modifications.

NDU Response

- Projects remain at design stage due to the fact that the survey of land heavily depends on the status of wayleave and right of entry for sites; both of which are lengthy procedures in terms of identifying, contacting and negotiating with the relevant land owners.

- Review by other Consultants may also result in an increase in cost because Consultants are remunerated on the basis of project values. At Preliminary Design Report (PDR) stage, Consultants are paid 10 per cent of the percentage fee of the project value while at Detailed Design Report (DDR) stage, they are paid 15 per cent of the percentage fee of the project value.

- Designs must be approved by the Land Drainage Authority (LDA) at both the PDR and DDR levels. The LDA also recommended the appointment of a new Consultant to undertake a holistic survey in the event that the present Consultant is not in a position to carry out complex works requiring specialised knowledge.

17.2.2 Large number of Projects Earmarked but not Undertaken

The financing of capital projects at NDU during financial year 2021-22 was mainly from the following sources:

- NDU own budget (Vote 18-2) for the construction and upgrading of roads and amenities.

- COVID-19 Projects Development Fund (PDF) for the construction and upgrading of roads, amenities and drains.

Summary of Findings

- 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, Works Orders for only 84 drain projects were issued during 2021-22.

Detailed Findings

Road Works and Amenities - Projects earmarked but not undertaken

The number of projects earmarked to be undertaken and the actual number of Works Orders issued during 2021-22 are shown in Table 17-2.

Table 17-2 Number of Projects Earmarked and Works Orders Issued

	Roads	Amenities
NDU Own Budget		
No. of projects earmarked to be undertaken	175	71
No. of Works Orders issued	101	13
COVID-19 Project Development Fund		
No. of projects earmarked to be undertaken	149	58
No of Works Orders Issued	11	9

Source: NDU Records

During 2021-22, expenditure incurred on road works and amenities projects financed from NDU own budget amounted to Rs 214.7 million, representing only 45 per cent of the voted provision of Rs 475 million.

For road works and amenities financed by the COVID-19 Project Development Fund, only 21 per cent of the budgeted sum was spent. The actual expenditure amounted to Rs 81.7 million compared to the budgeted amount of Rs 388 million.

Drain Works not constructed/upgraded

According to the 2021-22 Budget Speech, a sum of Rs 11.7 billion was expected to be spent under a National Flood Management Programme over a period of three years. This consisted of the construction and upgrading of some 1,500 drain projects across the island by various implementing agencies (NDU, Local Authorities, Road Development Authority and Drain Infrastructure Construction Ltd).

Some 900 drain projects have been entrusted to NDU for a period of three years as from financial year 2021-22. Only 84 Work Orders for drain projects were issued during 2021-22 with payment totalling Rs 647.9 million.

Reasons Why Projects earmarked were not undertaken

Projects earmarked were not being undertaken mainly due to the following:

(i) Cancellation of several projects with causative factors being:

- Large differences between cost estimates and actual bids received.
- Inadequate procurement procedures.

(ii) Substantial time taken for the acquisition of land for essential infrastructure.

(iii) Changes in projects design.

Comments on Specific Projects

Some examples of projects illustrating the above issues are as follows:

- Bidding exercise for the construction of drains and resurfacing of roads at St Georges Street, Port Louis was carried out in January 2022. The bid was cancelled because the lowest responsive bid amounting to Rs 8.1 million was 35 per cent higher than the cost estimates of Rs 6 million.

- For the construction of drain works in the region of New Grove and Vieux Grand Port, bids were launched through the e-procurement system in November 2021. The exercise was cancelled because the lowest evaluated responsive bid of Rs 25.2 million was 29 per cent above the cost estimates of Rs 19.5 million.

- Bidding exercise for the construction of drain networks at Malakoff Road, La Marie was launched in November 2021. The exercise was cancelled because the lowest responsive bid of Rs 67.5 million was substantially above the cost estimates of Rs 45 million.

- For the project "Upgrading of Cremation Ground at Pamplemousses", the location for the opening of bids was wrongly selected as the Central Procurement Board instead of National Development Unit in the e-procurement system. The bidding exercise was cancelled.

- The region of La Source, Flacq was declared high-risk flood prone area by LDA on 30 June 2020. A Works Order was issued to the Consultant in November 2020. Detailed design report was submitted in December 2021 after the views and comments of LDA and NDU were considered.

  The Ministry of Housing and Land Use Planning (MHLUP) was requested to initiate procedures for land acquisition in April 2022. The procedures were not yet finalised as of September 2022.

- LDA declared the area at Queen Victoria, Flacq as high-risk flood-prone in June 2020. In December 2021, the Consultant submitted drawings for Phase 2 of this project to determine the extent of land required to be acquired for drain works. In May 2022, the MHLUP was requested to proceed with the land acquisition procedures. Land acquisition was not yet completed as of September 2022.

Recommendations

- To avoid funds being tied up, realistic budgets should be prepared considering all the constraints underlying the implementation of projects.

- Cost estimates of projects must be based on reasonable assumptions and factors such as market rates. This will avoid cancellation of bids received.

- Land acquisition is a major issue, requiring appropriate measures to reduce the time taken for acquisition.

NDU Response

- NDU has already initiated action and a Gantt Chart was prepared to highlight the responsibilities of all relevant stakeholders. Regular monthly meetings were convened since July 2022 to implement projects on a fast-track basis and to expedite land acquisition, wayleave, right of access and right of entry. Meetings are also held on a fortnightly basis to expedite some 60 Emergency Drain Projects.

- Following the enactment of the LDA Act and the setting up of LDA, the finalisation and approval of the design of drain projects rest with LDA. More so, it is practically impossible to implement 300 drain projects yearly due to the severe limitation with regards to the NDU's capacity in terms of human resources and the time-frame of three years. A realistic time-frame for the completion of 300 drain projects would be more than ten years.

17.2.3 Outstanding Payments to Contractors

According to records maintained by NDU, outstanding payments due to Contractors/ Consultants as of July 2022 amounted to some Rs 183 million. This included a sum of Rs 74.2 million in respect of 43 projects which were already completed. Some 28 projects were completed prior to the financial year 2020-21 and some as far back as 2016-17.

The reasons for which payments were outstanding are shown in Table 17-3.

Table 17-3 NDU Projects - Outstanding Payments

Reasons for outstanding Payments	No of Projects	Outstanding Amount (Rs million)
Non-submission/late submission of Tests Results	15	23.2
Non-submission/late submission of final claim	14	30.9
Snag list not cleared	9	16.9
Others	5	3.2
Total	**43**	**74.2**

Source:NDU: List of Outstanding payments

- Due to the non-submission of tests results on materials, it could not be ascertained whether materials used in construction works were in accordance with specifications. There were also cases where tests results were submitted with delay of two to three years after completion of works.

- In some cases, contractors have not yet submitted their final claims for payment while in other cases final claims were submitted between two to six years after completion date.

- Snag lists refer to defects identified after practical completion of projects. These should be remedied prior to the end of defects liability period. The outstanding payments may imply unremedied defects.

Recommendations

NDU should closely monitor outstanding payments to contractors. The above list may not be exhaustive as there may be other cases of non-compliance. Non-submission of tests results should be taken seriously as such results provide indication on the quality of works carried out by Contractors.

Procurement Policy Office Directive 63 of 8 February 2022 deals with delay on part of contractors to submit payment claims for works projects. The Directive requires a Project Manager to make his own assessment of money due to a contractor at final account stage and issue a final payment certificate. NDU should ensure compliance with the Directive.

NDU Response

- The issue of 28 projects completed prior to 2020-21 and outstanding payments could not be disbursed from the National Flood Management Programme as they were not listed in same. However, the Ministry of Finance, Economic Planning and Development has agreed to disburse funds for these projects subject to the assurance from the Internal Control unit of the NDU. As at date, 70 projects and 73 claims have already been certified while only 25 payments are outstanding.

- The Procurement Policy Office Directive 63 was issued in February 2022 and the NDU is complying with same. However, it is also highlighted that, prior to the issue of Directive 63, due to the late submission of test results and certificates, processing of claims was delayed resulting in the non-closure of projects.

17.2.4 Slow implementation of Drain Projects in High Risk Flood-Prone Areas

At paragraph 21.2 of the Audit Report for the financial year ended 30 June 2021, it was highlighted that out of 60 drain projects identified by LDA in the years 2019 and 2020 in high-risk flood-prone areas, only seven were completed as of October 2021.

The status of these 60 drain projects as of October 2021 and August 2022 is shown in Table 17-4.

Table 17-4 Status on Drain Projects as of October 2021 and August 2022

Status	**Number of Projects**	
	As of October 2021	**As of August 2022**
Completed	7	9
Under Construction	16	14
Design Stage	28	23
Bidding Stage	5	10
Consultant to be appointed	4	-
Transfer to DICL	-	3
Transfer to Local Authority	-	1
Total	**60**	**60**

Source: NDU Projects files

During the financial year 2021-22, the implementation of four of the above projects was entrusted to the Drain Infrastructure Company Limited (DICL) and to a Local Authority. During the same period, eight new projects were identified, bringing the total to 64. As of August 2022, seven of the eight new projects identified were at design stage and one at construction stage.

Projects at Design Stage

23 projects were still at design stage as of August 2022 due to the following:

- Land acquisition issues.

  Seventeen projects, including six of the eight new ones, had issues regarding land acquisition. The issues related to search for land ownership, valuation of land, legal matters and wayleaves/right of entry to carry out surveys with regard to acquisition process.

- Awaiting clearances from services such as Central Electricity Board (CEB), Central Water Authority (CWA) and Mauritius Telecom (MT).

- Amendments to designs of drain projects.

Projects at Bidding Stage

Ten projects were still at bidding stage for the following reasons:

- Bidding documents needed to be revised.
- Awaiting financial clearances prior to award of the contracts.

Recommendations

- In respect of emergency drain projects in high risk flood-prone areas, the time taken to complete each step of the procurement process should be reduced.
- Designs of drain projects should be finalised within set time frames prior to the procurement exercises.
- Land acquisition procedures should be reviewed. A fast track system could be set up at the MHLUP for the processing of land acquisition requests for NDU projects.

NDU Response

- Procurement procedures can only start when all clearances have been obtained and land acquisition has been finalised. As such, NDU cannot accurately set milestones.
- As highlighted, NDU has already set up, as from July 2022, a Fast Track Committee which comprises all relevant stakeholders with the objective to expedite land acquisition procedures. As at date, eight meetings of the Fast Track Committee have been held.

17.2.5 Follow Up of Matters Raised in Previous Audit Reports

NAO has carried out a follow-up of matters raised in the Audit Reports 2019-20 and 2020-21 to report on actions taken by the NDU in response thereto.

Audit Report 2019-20

In respect of the two issues reported, NDU has taken further action on one issue and one issue has been resolved.

Audit Report 2020-21

Out of six issues highlighted in the report:

- Two issues have been resolved.
- NDU has taken further action in respect of one issue reported.
- Action has been initiated in respect of three issues.

Further information is provided from pages **483 to 486** in **Appendix VI.**

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18 - MINISTRY OF INFORMATION TECHNOLOGY, COMMUNICATION AND INNOVATION

18.1 Development of a ChatBot System – Implementation Issues

The Government Chatbot system was expected to respond to enquiries which would otherwise require a phone call or a movement of a citizen to a Government Office. The system would be accessible through the Government portal and websites of Ministries and Government Departments using artificial intelligence and machine learning technologies.

The contract for the development of the Government Chatbot system was awarded in September 2021 to a Joint Venture comprising a local firm, as lead partner, and two other foreign companies for the sum of Rs 12.5 million. The award also included a software maintenance contract for a period of four years starting after the warranty period of one year, for the total sum of Rs 6.5 million excluding VAT. The duration of the project was 16 months and was to be implemented in two phases, as follows:

Phase I: Development of the Chatbot for three pilot sites, namely Government Online Centre, Citizen Support Unit and Civil Status Division, were to be completed within four months by mid-February 2022.

Phase II: Voice Enabled feature, transactional feature and roll out of the Chatbot for 20 Ministries annually. It was proposed to implement Phase II within 12 months.

Payments to the Contractor totalled Rs 8.75 million as at 30 June 2022, representing 70 per cent of the contract value.

Summary of Findings

The review of the Project showed the following as of October 2022:

- Completed applications at pilot sites were not operationalised.
- Development of Phase II of the project had not yet started and Roll out of completed applications with enhanced features to intended Ministries and Government Departments had been deferred.

Detailed Findings

Completed Applications under Phase I not operationalised at Pilot Sites

User and Operational Acceptance Testing of the Chatbot application at the three pilot sites were signed off in May 2022. Phase I was completed with a slight delay and the Chatbot was live on 3 June 2022.

As per the tender document, the Contractor was to enter into a separate agreement to operate and support the system for a period of one year after the go live of Phase I, thereby enabling the taking over of the service by officers of the Ministry. For this service, the Contractor was to receive an additional sum of Rs 3.1 million over the contract price.

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The Contractor did not enter into the agreement. Given the complexity of the project, and pending the implementation of the operation and support contract, the Chatbot was deactivated in July 2022 at the three pilot sites, that is, within a month after it went live.

Development of Phase II not yet started and Roll Out of the Completed Application Deferred

The Contractor did not start the Phase II components of the contract, which were to start immediately on completion of Phase I.

A Performance Review Committee set up at the Ministry in July 2022 following the deactivation of the Chatbot at the pilot sites, concluded the following among others:

- Phase I of the project was delayed due to the poor contribution of the lead partner.
- List of issues in respect of Phase I were still pending and unresolved.
- Phase II did not start due to the lack of commitment of the lead partner and its dependency on the foreign partners.

In August 2022, the lead partner informed the Ministry that the Joint Venture would not be able to proceed further with the implementation of the project due to unforeseen circumstances, but it had no objection to the foreign partners executing Phase II of the project as per the contract. It was also confirmed that all the credentials, source code, IP and other project resources were in the possession of the foreign partners.

Following legal advice requested by the Ministry in September 2022, the Attorney General's Office recommended that the recomposed Joint Venture, comprising the foreign partners only, should confirm that they were willing to proceed with the project and an amendment to the contract should be prepared to reflect the changes.

On 26 September 2022, the recomposed Joint Venture submitted an undertaking that they were willing to complete Phase II and would provide Operation and Support services. Subsequently, a Project Plan was submitted.

Ministry's Response

- A work plan has been submitted by the recomposed Joint Venture and Phase I reactivation is scheduled for January 2023. Phase II is expected to be operational by March 2023. The project implementation is being closely monitored at the level of the Ministry, whereby all relevant stakeholders are party to.
- The marketing aspect of the project was removed from the scope of assignment; and same is being covered under the 'Marketing of e-Government projects' contract.

18.2 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.

Summary of Findings

- Non-submission of Report on Performance as required under the Finance and Audit Act.

- Non-submission of Financial Statements for audit as required under the Statutory Bodies (Accounts and Audit) Act.

- Annual Reports not laid before the National Assembly as required under the Statutory Bodies (Accounts and Audit) Act.

Detailed Findings

Non-submission of Report on Performance

As of 13 January 2023, the Report on Performance of the Ministry of Information Technology, Communication and Innovation for the financial year 2021-22 had not yet been submitted to the Ministry of Finance, Economic Planning and Development, despite the statutory deadline being 31 October 2022.

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 18 January 2023, the Mauritius Research and Innovation Council falling under the aegis of the Ministry of Information Technology, Communication and Innovation had not yet submitted its Financial Statements for the financial years 2020-21 and 2021-22 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 9 December 2022, the Mauritius Research and Innovation Council had not yet laid its audited Financial Statements for the period 1 September 2019 to 30 June 2020, before the National Assembly.

The audited Financial Statements of the Mauritius Research Council for the period 1 July 2019 to 31 August 2019 was not yet laid though certified on 7 September 2022.

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 financial statements of the Mauritius Research and Innovation Council (MRIC) for the year 2020-21 is currently being worked out. Once same is completed, the MRIC will work on the financial statement for the year 2021-22.

- The audited financial statements of MRIC which forms part of the Annual Report 2019-20 has been submitted for printing since 26 December 2022. Once same is received it will be submitted to the Ministry to be laid before the National Assembly.

18.3 Follow Up of Matters Raised in Previous Audit Reports

NAO has carried out a follow up of matters reported in the Audit Reports for 2019-20 and 2020-21 to report on actions taken by the Ministry in response thereto.

- One of the issues reported in 2019-20 has been resolved in December 2022.

- No further action is envisaged by the Ministry in respect of two issues reported in 2019-20.

- Action was initiated by the Ministry regarding the issue reported in 2020-21.

Further information is provided from pages **487 to 489** in **Appendix VI.**

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19 – MINISTRY OF LABOUR, HUMAN RESOURCE DEVELOPMENT AND TRAINING, AND COMMERCE AND CONSUMER PROTECTION

19.1 LABOUR, HUMAN RESOURCE DEVELOPMENT AND TRAINING

19.1.1 Registry of Associations – Poor Monitoring over Non-submission of Returns

The objectives of the Registry of Associations (RoA) are to register associations, trade unions and their respective rules to enable the organisations to have their legal status and to ensure that they operate within their respective legal framework.

Summary of Findings

A review of the records maintained by the Registry of Associations revealed that the database for associations was not updated. There was no proper follow up of Annual Returns submitted by associations and no action was taken against Trade Unions for non-submission of their Returns.

Detailed Findings

Annual Returns – Associations

The list of associations which have not submitted their Annual Returns was kept in excel files and was not updated.

- As per records of RoA, 10,854 associations were registered as at 30 June 2022, of which, 10,629 associations did not file their returns on due dates.

  The record of associations which failed to submit returns was last updated in year 2016. Data from these two records could not be reconciled.

- Proper monitoring was not done in cases where Annual Returns were not submitted and it was noted that 426 associations had not made returns for more than 10 years.

Given that the list of registered associations was not up to date, the RoA was not in a position to comply with Sections 15 and 23 of the Registry of Associations Act. Moreover, the non-submission of Returns by associations demonstrated that the RoA was not able to ensure that associations were operating within their respective legal framework.

Annual Returns – Trade Unions

Out of 428 Trade Unions, some 424, representing 99 per cent, had not submitted their returns on time as per Section 25 (1) of the Employment Relations Act, which stipulates that every trade union shall, not later than 4 months after its accounting date, submit to the Registrar an annual return in the approved form which shall include, among others, certified copies of the statements of receipts and payments and of the assets and liabilities and a list of members of the managing committee.

No action was seen taken against these Trade Unions for non-submission of Returns.

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Ministry's Response

- Notices are currently being issued to 9,337 Associations which did not submit Annual Returns under Section 15(1)(c) of the Registry of Associations Act.

- Trade Unions are being requested to submit their Annual Returns not later than 31 January 2023 failing which appropriate actions will be taken to cancel their registration.

19.1.2 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.

Summary of Findings

- Non-submission of Financial Statements for audit as required under the Statutory Bodies (Accounts and Audit) Act.

- Annual Reports not laid before the National Assembly as required under the Statutory Bodies (Accounts and Audit) Act.

Detailed 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, including Financial Statements, to the auditor not later than four months after the end of every financial year.

As of 18 January 2023, the Trade Union Trust Fund falling under the aegis of the Ministry of Labour, Human Resource Development and Training had not yet submitted its Financial Statements for the financial year 2021-22 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 9 December 2022, Annual Reports of three Statutory Bodies had not yet been laid before the National Assembly as shown in Table 19-1.

Table 19-1 Annual Reports including Audited Financial Statements not laid before the National Assembly

Statutory Body	Financial Year/Period	Date Certified	No of Financial Statements
Mauritius Institute of Training and Development	2020-21	02.05.2022	1
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

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

This Ministry has been informed by the MITD that the final report will be ready by end of February 2023.

19.1.3 Follow Up of Matters Raised in Audit Report 2020-21

NAO has carried out a follow up of matters raised in the Audit Report 2020-21 to report on actions taken by the Ministry in response thereto.

Out of the five issues highlighted in the report that required action to be taken by the Ministry:

- One issue has been resolved.
- Actions have been initiated by the Ministry in respect of four issues.

Further information is provided from pages **490 to 492** in **Appendix VI.**

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19.2 COMMERCE AND CONSUMER PROTECTION

19.2.1 Transfer to Price Stabilisation Account – Ministry's Directives Contrary to Regulations

Section 4 of the Consumer Protection (Control of Price of Petroleum Products) Regulations 2011, made under Section 35 of the Consumer Protection (Price and Supplies Control) Act provides that the State Trading Corporation (STC) shall set up, for the purpose of stabilising the retail price of a petroleum product, a Price Stabilisation Account (PSA),

(a) into which any surplus in respect of every consignment of a petroleum product and any windfall gain arising out of an increase in the retail price shall be credited; and

(b) out of which any deficit in respect of every consignment of a petroleum product and any windfall loss arising out of a decrease in the retail price shall be debited.

Section 3 (2) (ga) and (gb) of the above Regulations, amended in November 2015 and April 2020, stipulate that STC shall, in computing the retail price of petroleum product, take into account any contribution made to the construction of storage facilities for petroleum products and the contribution made to the COVID-19 Solidarity Fund.

Summary of Findings

This Office is of the view that, in terms of Section 4 of the Regulations, only surpluses in respect of consignments of petroleum products and windfall gains arising out of increases in the retail prices may be credited to PSA.

The Ministry of Commerce and Consumer Protection had issued directives to STC, which were contrary to the respective Sections of the Regulations:

- A transfer of Rs 800 million from the item "*Contribution to the construction of storage facilities for petroleum products*" to PSA was contrary to Sections 3 (2) (ga) and 4 (a) of the Regulations.

- Some Rs 520 million collected by STC were not remitted to the COVID-19 Solidarity Fund but were instead credited to PSA. The deferral of the date of remittance was contrary to Section 3 (2) (gb) of the Regulations, which was effective as from 6 April 2020.

Detailed Findings

Transfer of Rs 800 million to the Price Stabilisation Account

On 29 June 2021, the Ministry informed STC that financial clearance has been obtained for the transfer of Rs 800 million from the item "*Contribution to the construction of storage facilities for petroleum products*" to PSA in order to limit the increase in the retail prices of Mogas and Gas Oil. However, this transfer of funds was contrary to Sections 3 (2) (ga) and 4 (a) of the Regulations.

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Some Rs 520 million not remitted to the COVID-19 Solidarity Fund

The Ministry, on 6 August 2020, informed STC that Government has approved that the date for the remittance of the revenue collected by STC to the COVID-19 Solidarity Fund be deferred to 15 August 2020. Hence, some Rs 520 million collected by the STC for the period 6 April to 31 August 2020 were not remitted to the COVID-19 Solidarity Fund as required under Section 3 (2) (gb) of the Regulations, but were instead credited to PSA.

Recommendation

The Ministry should consider making necessary amendments to the Regulations to enable transfers to PSA in exceptional circumstances, where it is deemed necessary in the interest of the consumers.

Ministry's Response

With the injection of funds to the order of Rs 800 million in PSA, the increase in the retail prices of Mogas and Gas Oil was limited to only Rs 2.30 (VAT inclusive) per litre for each product, which ultimately benefitted the consumers since PSA was in deficit of some Rs 305 million as at 30 June 2021.

Moreover, revenue collected in respect of the COVID-19 Solidarity Fund was also remitted to PSA to avoid depletion, and a major increase (10 per cent) in the retail price of those two items.

The Ministry has initiated actions to seek necessary clearance for amendments to be brought to the Consumer Protection (Control of Price of Petroleum Products) Regulations 2011.

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20 - MINISTRY OF HEALTH AND WELLNESS

20.1 Provision of Security and Cleaning Services to Hospitals and Health Institutions – Value for Money not obtained

Security Services

From October 2012 to June 2021, more than Rs 350 million were paid to Contractor A, the sole company providing security services to all hospitals and other health institutions. Since the start of the contract, Contractor A had not complied with the conditions of the contract, and its poor performance was repetitively reported to the Ministry of Health and Wellness (MOHW) by the different health institutions.

During the financial year 2021-22, the Ministry has paid Rs 93.2 million (VAT inclusive) to four service providers (including Contractor A) for the provision of security services in 52 Health Institutions/Departments. The security services provided by the four service providers in all health institutions were still well below the standards set by the Ministry, albeit they were informed of the various shortcomings.

Cleaning Services

On 19 November 2019, MOHW awarded a two-year contract for the cleaning of toilet blocks/premises, bathrooms, and sluices in all hospitals and other health institutions to Contractor Z for a total amount of Rs 105.5 million (VAT exclusive). The contract excluded the costs for cleaning wards, other rooms and yards which are undertaken by attendants (Hospital Services) employed by MOHW.

Summary of Findings

- The Ministry opted for a month-to-month renewal of the contracts despite the poor performance of the service providers.
- Penalty clauses have not been applied for non-compliance with the scope of service and performance specifications laid down in the bidding documents.
- There was a lack of proper monitoring measures, leading to poor level of security and cleaning services.
- Proper procurement procedures have not been followed in selecting the most appropriate provider for security services.

Detailed Findings

Contracts renewed on a Monthly Basis Despite Poor Performance of Service Provider

In 2015, despite the poor performance of Contractor A for security services, the Ministry opted for a month-to-month renewal of the contract as a temporary measure which lasted for some six years until the award of new contracts to four companies in the year 2021. The Ministry did not have any contingency plan in case of non/poor performance of the contractor.

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On 6 December 2021, the Ministry informed Contractor Z that it has approved the extension of the contract for cleaning services on a month-to-month basis, under the same terms and conditions until a new contract is signed. The different health institutions were not satisfied with the cleaning services provided by Contractor Z and corrective measures had not been taken by the latter to redress the situation. As of August 2022, procedures for the selection of a new service provider were not yet initiated at the Ministry's level.

Ministry's Response

The Ministry had no other option to ensure service delivery. However, a new procurement exercise has been initiated and launched at the level of the Central Procurement Board (CPB) through Open National Bidding (ONB). Evaluation is being conducted at CPB level.

Penalty Clauses not applied for Non-Compliance with the Scope of Service

The service and performance specifications laid down in the bidding documents provide for a list of penalties for defaults that should be deducted from any amount due or that may become due to the contractor. The examination of a sample of payments revealed that penalty clauses had not been applied as:

(a) most of the health institutions did not flag the various defaults in the returns where penalty clauses have to be applied prior to payments to service providers; and

(b) late arrivals and early departures of contractors' personnel were wrongly calculated by the officers posted at the health institutions.

NAO was informed that the officers responsible to oversee the security services delivered and for preparing the returns for payments were not conversant with the conditions and performance criteria laid down in the bidding documents and also how to compute the penalties to be applied.

Ministry's Response

- Penalty will henceforth be properly applied as per bidding documents for all shortcomings noted.
- The Finance Section checks all computations prior to effecting payments.
- Meetings were held at Hospital's level to inform all concerned staff on the correct application and computation of penalty clauses as per bidding documents.
- Penalty clauses are being applied whenever required for non-compliance to the scope of service and performance specifications as laid down in bidding documents.
- Staff who were not fully conversant with the computation and calculation of penalty clauses have been explained on same in view to avoid wrong computation.

Lack of Proper Monitoring Measures leading to Poor Level of Security and Cleaning Services

Various shortcomings were raised by staff of hospitals in connection with service delivery by Contractors A and Z.

There was a lack of monitoring by the Ministry over the provision of security services. The Ministry did not have a mechanism to ensure that all Security Guards (SGs) were present at their posts and comply with the specifications/criteria set out in the bidding documents.

- In a meeting held at one hospital on 25 March 2022, it was reported that SGs who had been convicted of larceny and possession of drugs were posted there.

- The hours of work of SGs were not in accordance with those stipulated in the bidding documents.

- On 23 February 2021 and 14 October 2022, one Hospital Administrator reported that some SGs did not appear to be in a state which could be considered as fit for duty.

- During a site visit carried out by NAO on 24 August 2022 at one Area Health Centre, it was noted that the SG was not attending duty since 14 July 2022.

- In September 2021, the Ministry proposed to set up a Performance Review Committee for the continuous assessment of the performance of the service providers in line with Directive No 35 issued by the Procurement Policy Office (PPO). No information was available to confirm whether the Committee has been set up.

NAO carried out site visits at different health institutions and it was observed that there was inadequate control by the Ministry to ensure that proper cleaning services were delivered by Contractor Z.

- There was inadequate supervision by the service provider over its cleaners posted at different health institutions. Site supervisors were not posted at some sites.

- At most of the health institutions, several cleaners posted were aged above 65 years contrary to Section III (Scope of Service and Performance Specifications) of the Bidding Documents which requires that the profile of cleaning personnel shall preferably not be above 65 years.

- One officer posted at a health institution had been working day and night shifts for both the cleaning and security services Companies.

Ministry's Response

- At Performance Review Committee Level, Regional Health Services Administrators (RHSAs) of the health institutions have been requested to convene meetings with the defaulting service providers, highlight shortcomings and apply the relevant penalties. Such meetings should be properly documented for submission to the Procurement Section for vendor rating.

- Strict measures of monitoring have been put in place for both services. Same is being carried out on a daily basis. The level of service delivery is being closely followed so that penalty clauses are applied as and when needed.

Proper Procurement Procedures not followed in selecting the Provider for Security Services

Since the start of the contract, the Ministry was not satisfied with the services provided by Company A. Its poor performance was repetitively reported by the different health institutions but there was no evidence that the Ministry reported the matter to the PPO.

A tender exercise for the provision of security services for all hospitals and health institutions was launched on 8 March 2018. The Bid Evaluation Committee (BEC) recommended the re-launching of the tender since the Ministry did not follow the correct procedures to warn Company A of its poor performance. The Ministry did not implement BEC's recommendation

In September 2019, the Ministry recommended that the tender for security services be launched at CPB. The tender was launched in June 2020 through CPB.

The first award was quashed in November 2020 by the Independent Review Panel (IRP) as important information and documents were missing, and a new evaluation exercise was deemed necessary. The bids were re-evaluated in March 2021 and the outcome was different to the first one.

In June 2021, Company A was awarded three out of six lots, representing 51 per cent of the whole contract value of Rs 170 million, despite adverse reports on its previous performance.

In January 2022, the Independent Commission Against Corruption (ICAC) conducted an investigation on security services provided by Contractor A for the period September 2021 onwards. The procurement files were taken by ICAC but the Ministry did not deem it necessary to keep copy of the relevant documents for necessary records and follow up.

Ministry's Response

A vendor rating mechanism has been introduced and henceforth, all suppliers will be rated on their past performances. Hence, proper procurement procedures in selecting the most appropriate bidder will be followed.

Conclusion

Despite recurrent feedback from hospitals and health institutions on poor service delivery by the service providers over several years, the Ministry did not take necessary actions to ensure an improved quality of service. Instead, the Ministry opted for month-to-month renewal of contracts as a temporary measure which spanned over years.

Recommendations

The Ministry should:

- Apply penalty clauses for non-compliance with the scope of service and performance specifications as laid down in bidding documents.
- Ensure that all conditions of the contract are duly complied with.
- Monitor the services provided by contractors.
- Hold regular meetings with service providers and ensure that feedback on service delivery is forwarded to the Procurement Unit of the Ministry for follow-up.

20.2 Ophthalmology Services – Long Waiting Lists for Eye Surgeries

MOHW has taken several initiatives to curtail the long waiting list of cataract surgeries at the Subramania Bharati Eye Hospital (SBEH), including the following:

(a) opening of the New Souillac Hospital (NSH) for eye surgeries in January 2015;

(b) setting up of an Ophthalmology Unit at the Dr. A G Jeetoo Hospital in October 2019; and

(c) performance of extra sessions of surgeries at SBEH whenever the need arose.

Summary of Findings

Despite the above-mentioned measures the following problems have been identified:

- Patients waited for more than five years to get an appointment for eye surgeries.
- Surgeries were cancelled due to the unavailability of medical items at SBEH.
- The Ophthalmology Unit at Dr A G Jeetoo Hospital was closed in September 2021.
- Extra sessions for cataract operations had not yet started as of 30 October 2022 at SBEH.

Detailed Findings

Patients waited for more than five years to get an appointment for eye surgery

As at 31 December 2021, there were 6,604 patients waiting for eye surgery in Mauritius, out of which 3,940 patients, that is 60 per cent, were on the waiting list for more than six months.

As per records produced to audit at SBEH and NSH, 9,341 eye surgeries were performed during the period July 2021 to June 2022. It was noted that 16 patients waited for more than five years and 191 patients waited between two to five years to be operated.

Overall, the average waiting time for cataract surgery which was 10.4 and 6.6 weeks at SBEH and NSH respectively in 2015, has reached 49 weeks and 19.5 weeks as at 31 October 2022.

Surgeries were cancelled due to the unavailability of medical items at SBEH

Surgeries were cancelled or postponed at SBEH due to a lack of medical disposables. For instance, vitrectomy cases were not undertaken due to the unavailability of vitrectomy packs, and cataract cases were rescheduled until the acquisition of Intra-Ocular Lens (IOL). Moreover, on 13 May 2022, the Medical Superintendent of SBEH requested the urgent procurement of 600 boxes of Stellaris Phaco Pack BL 5113 for the operation theatre. It was only in October 2022, that is, five months later, that the item was received in store.

Closure of Ophthalmology Unit at Dr A G Jeetoo Hospital

In 2017, when the average waiting time for cataract surgery at SBEH was 36 weeks, the Ministry decided to set up a unit for Ophthalmology service of Dr. A G Jeetoo Hospital in order to decrease the long waiting list for cataract surgery at SBEH.

The Unit which started its operation in October 2019, was closed in September 2021. The equipment for eye surgery was transferred to NSH, which has only two operation theatres and five equipment for eye surgery.

Extra sessions for cataract operations not yet started as of 30 October 2022

In May 2022, MOHW decided to carry out extra sessions of eye surgeries for a period of three months in order to reduce the long waiting list. In July 2022, the Consultant in Charge of SBEH was informed by the Acting Director – Pharmaceutical Services of the Ministry that out of the 22 drugs requested to carry out the extra sessions, 19 were either not available or could only be partially supplied.

As of 31 October 2022, the extra sessions for eye surgeries were still not performed and the quantity of drugs required for the extra sessions were not yet acquired.

Conclusion

The limited number of operation theatres, bed capacity and the closure of the Ophthalmology Unit at Dr A G Jeetoo Hospital in 2021, coupled with the non-availability of medical items, resulted in MOHW not being able to achieve its objective to curtail the long waiting list of cataract surgeries at SBEH. Patients still have to wait for an average of 49 weeks to undergo cataract eye surgery.

Recommendations

- The Ministry should explore additional ways and means to reduce the waiting time for eye surgeries and urgent cases should be treated as early as possible.

- Proper actions should be taken by the Ministry to ensure the availability of consumables and pharmaceutical products in order not to hamper service delivery.

20.3 Laser Photocoagulator Machines not Optimally used

MOHW decided to decentralise the conduct of argon laser therapy in order to clear backlogs at SBEH. In July 2017, seven laser photocoagulator machines were procured at a total cost of some Rs 19.8 million and were installed at SBEH, NSH, Queen Elizabeth Hospital in Rodrigues, two regional hospitals and two mediclinics.

Summary of Findings

- The number of patients undergoing retinal screening was significantly below that recommended in the clinical guideline issued by MOHW in July 2019.

- Service delivery was hampered due to the frequent breakdowns of the laser photocoagulator machines.

- Five machines at the hospitals/mediclinics in Mauritius were not optimally used while the one at SBEH was being overused.

- Waiting time to get an appointment for laser therapy has not improved following the acquisition of the additional seven laser machines.

- Conditions in the bidding documents and the Maintenance Agreement were not complied with.

Detailed Findings

Number of Patients undergoing Retinal Screening significantly below that recommended in Guideline

Patients were referred for argon laser treatment following results obtained from retinal screening tests. According to the clinical guidelines for chronic diabetology issued by MOHW in 2019, the frequency of routine eye screening should be at least once yearly.

Health statistics for the last three years revealed that the attendance for retinal screening was even lower than the first attendance for treatment of Diabetes Mellitus at health institutions as shown in the Table 20-1.

Table 20-1 Attendance of Diabetes and Retinal Screening Patients at Health Institutions

Year	First Attendance for Diabetes Mellitus at Health Institutions	Attendance of Patients for Retinal Screening
2019	32,669	29,980
2020	35,964	24,256
2021	39,141	21,189

Source: Health Statistics Reports (MOHW Website)

The waiting list for retinal photography as at 30 September 2022 was 8,888, representing on average one-third of annual retinal screening cases performed.

Moreover, a register for blind and partially sighted patients was not kept by MOHW. Thus, it was not possible to ascertain the number of persons who have become visually handicapped through diabetes and whether there was a proper follow-up of these people.

Service Delivery hampered by frequent breakdown of Photocoagulator Machines

According to the user guide of the World Health Organisation (WHO) on the technical specification for medical devices, in the event that the equipment supplied has been malfunctioning for more than five percent of the time in one single year of the warranty period, that is for more than 18 natural days, the supplier shall extend the warranty period for a duration of six times the breakdown period.

The following were noted:

- The estimated time to repair the machines according to the maintenance agreements was not complied with and there was no evidence of an extension of warranty/maintenance periods in accordance with the user guide of WHO.

- At time of audit in November 2022, three of the seven machines were not functional.

- Hospitals records revealed that patients were returned without the laser procedure even though their eyes were dilated.

- At one hospital, it was reported that breakdowns of laser machines were creating a backlog in the delivery of care to patients.

- The laser machine at a regional hospital was erratic before the commissioning exercise.

Ministry's Response

- Maintenance works during warranty period were carried out satisfactorily without major breakdowns occurring during warranty period at SBEH or Dr. A G Jeetoo hospital. Technical interventions at mainly SBEH were dealt with rapidly and resolved almost on the same day.

- There was no major equipment breakdown and hence no extension during warranty period at neither SBEH nor Dr A G Jeetoo hospital. There was indeed a breakdown during the post warranty period at Dr A G Jeetoo hospital for approximately three months i.e. from end of July 2022 till end of October 2022. The scanner board was faulty.

- There is no provision in the maintenance agreement for extension of contract in case of downtime of more than 5 %. Necessary sanction to compensate for the downtime period shall be done by re- adjustment in payment of fees to the contractor.

Laser Machines not optimally used while another one overused

Site visits effected by NAO in August and September 2022 at the health institutions where the laser machines were installed revealed the following:

- Five laser machines were not optimally used while the one at SBEH was being overused. Statistics on the number of cases performed and the waiting list for laser therapy in Rodrigues were not available.

- No explanation was provided for several idle periods of the laser machines.

- The total number of cases performed for each machine (excluding Rodrigues) was less than 100 cases (ranging between 27 and 99 cases) during the two years warranty compared to 268 cases at SBEH for one month.

No improvement in waiting time for appointment despite acquisition of new laser machines

Five years back, when argon laser was carried out only at SBEH, the average waiting time for a patient to get an appointment for laser therapy was some eight weeks. Despite having six centres for laser therapy in Mauritius, the objective for patients to have prompt laser treatment has not been achieved.

- Statistics for SBEH and NSH showed that, as at 30 September 2022, the average waiting time for laser therapy was 7 and 9.7 weeks respectively.

- As at 22 August 2022 there were 109 patients waiting for argon laser therapy since 3 January 2020 at the NSH, that is, for more than 31 months. It was also observed that there were 82 argon laser cases which were performed at NSH from September 2019 to July 2022.

- At SBEH, a list of patients waiting for laser therapy was not available. In August 2022, there were 39 patients on waiting list since 19 May 2022 at three health centres.

Non-compliance with conditions of the Bidding Documents and Maintenance Agreement

The supplier of the laser photocoagulator machines did not comply with the conditions of the bidding documents and maintenance agreements as follows:

- There was no evidence of yearly calibration by factory-trained service technicians/engineers on the laser machines as stipulated in the bidding documents.
- Planned preventive maintenance was not carried out on the laser machine in Rodrigues during the two-year warranty period.
- The agreed uptime of the machine was not adhered to by the supplier.
- For Rodrigues, commissioning, maintenance and contract management of medical equipment are overseen independently by the Biomedical Engineer staff posted over there. Laser equipment issues have not been reported to Dr A G Jeetoo hospital.

Recommendations

The Ministry should ensure that:

- Patients have the opportunity for eye screening and are channelled for appropriate treatment where necessary.
- Medical Equipment is timely commissioned and properly calibrated and maintained.
- Conditions of the bidding documents and maintenance agreement are adhered to by the contractor.
- Optimum use of equipment is made to reduce waiting time to get an appointment for laser therapy.

20.4 Electronic Inventory Management System at the Ministry – Stock Management Issues

In 2018, the Ministry of Finance, Economic Planning and Development (MOFEPD) decided to introduce a computerised inventory management system (Electronic Inventory Management System - EIMS) across all Ministries/Departments. This system would automate the stock management system in Government warehouses and also provide an interface with the Government Asset Register (GAR) system so as to have a comprehensive register of assets.

Implementation of the EIMS at MOHW started in January 2020 to enable real-time stock control of drugs and consumables worth billions of rupees, and enhance the decision process at the Ministry. After nearly three years of operation, the objective of the EIMS to obtain a real-time stock balance of inventories has still not been achieved despite several enhancements in the system.

Summary of Findings

- The system to manage stocks worth billions of rupees was based on an unsecured web information system.

- The lack of planning and user requirements at the design stage led to additional costs for system enhancement.

- Lack of embedded control in the recording of transactions in the EIMS which may lead to unauthorised transactions was noted.

- Decisions were made based on inaccurate stock balances.

- There were inadequate training, monitoring and corrective actions to ensure that EIMS had been properly implemented and used efficiently in all hospitals.

- Discrepancy was noted between the stock value as per EIMS and the Returns of inventories submitted to Treasury.

Detailed Findings

EIMS based on an Unsecured Web Information System

The EIMS webpage displayed a "Not Secure" warning, indicating that the webpage is not providing an encrypted connection, thus rendering it possible for a third-party to read information transmitted between the web-based system and anyone visiting it.

EIMS at MOHW is thus exposed to the risks of modification, loss and leakage of sensitive information.

Ministry's Response

The system has now been secured.

Lack of Planning and User Requirements at Design Phase

The requirements of MOHW were not considered at the design stage and all new requirements were being treated as enhancements and were billed to MOFEPD as the implementing agency**.** Most of the 99 system enhancements costing some Rs 700,000 pertained to MOHW and at time of audit, there were 12 additional system enhancements still pending.

MOHW has not ensured that internet connectivity, computers and necessary manpower were available prior to embarking on EIMS. For instance, implementation of EIMS was delayed by a further six months at Victoria Hospital and Central Health Laboratory due to the unavailability of internet connectivity, computer hardware, and the non-migration on EIMS of a list of stock items not produced to MOFEPD.

Lack of Embedded Control in the System

The system allowed transactions to be recorded in a non-chronological way.

- Drugs already issued by the Central Supplies Division (CSD) were recorded after a long delay, and in some cases after up to 32 months. Had these transactions been recorded at the relevant date, there would have been a negative stock balance for several items in EIMS.

- In some cases, store items issued by CSD were not seen accounted as receipts at the hospitals.

- At time of audit in November 2022, there were several requests from hospitals dated as far back as June 2020 which were not yet recorded in EIMS and there is the risk that fictitious issues are made for these requests.

- At one hospital, there were two requests for drugs, one was subsequently cancelled by the hospital and the other one was rejected by CSD. However, it noted that drugs were issued by CSD (Section A) upon these requests. There was no evidence that drugs were actually delivered to the said hospital. There is the risk that CSD was recording fictitious issues so as to reconcile its physical balance with that of EIMS.

Ministry's Response

- EIMS was an off-the-shelf IT system meant to be customised to meet each Public Body's specific needs. This is the reason why so many enhancements were made.

- It takes time to procure the service and to get connectivity, make electrical and data cabling etc.

Decisions were made based on inaccurate Stock Balances

As MOHW deals with life-saving items, it is of utmost importance that the inventory records of both the Main Store and the hospitals are up-to-date and accurate.

Cases were noted where the hospitals had recourse to the local purchase of drugs although, as per EIMS, there was a stock balance. Consequently, hospitals had to pay a higher price for the drug and in one case up to 18 times the price the Ministry would have paid under its annual tender.

Other issues relating to stock balances were noted:

- At CSD Section A and Section A1, there were 196 requests from hospitals for the period June 2020 to September 2022 which were still pending and were not recorded in EIMS as of mid-November 2022.

- At the five regional hospitals, there were around 93,000 Goods Forms 5 which were used for the issue of items to wards and other departments that have not been recorded in EIMS.

- Information was not posted in EIMS to enable the Ministry to generate maximum/minimum stock and reorder levels.

- The expiry dates of X-Ray films were not recorded in EIMS and were not transferred to the expired items ledger. It was noted that these expired X-ray films were being used at the hospitals and the use of expired digital x-ray films may cause fogging, and degradation in image quality.

Ministry's Response

- All pending requests (IDRs) since September 2020 have now been closed at CSD.

- The EIMS was not providing real-time information as it was not updated at that time.

Inadequate Training, Monitoring and Corrective Actions to ensure proper implementation and efficient use of EIMS in all hospitals

The objectives of introducing a new system to provide real-time stock position have not been attained. In fact, the shortage of staff, lack of proper training and supervision, the system being wrongly used, and some departments still using manual records, have mainly hindered the implementation of EIMS.

- At CSD, it was reported that only one staff per section was provided with training and would then carry out on-site training.

- From September 2020 to March 2022, there was no formal meeting at the Ministry to consider problems encountered at the hospital level.

- Users at hospitals were either not properly making entries in EIMS or were not using it at all. For instance, at the surgical store of one hospital, receipts from CSD amounting to some Rs 59 million and issues to wards were neither recorded in EIMS nor in the manual ledgers since August 2020. At the General Store of the same hospital, issues were input in batches in EIMS at the end of each month.

- At the Pharmacy Unit of another hospital, entries for requests only were made in EIMS. Once the requests were finalised, all receipts and issues of the drugs were recorded in the manual ledgers.

Ministry's Response

- Four one-day training sessions were organised in December 2019 by MOFEPD at the Central Information System Division to allow some 100 officers from the Procurement and Supply Cadre as well as Pharmacy Cadre of this Ministry to be trained.

Discrepancy between Stock Value as per EIMS and Returns submitted to Treasury

The Finance and Audit Act was amended in July 2017 to provide for the Annual Statements of Government to be prepared in compliance with International Public Sector Accounting Standards (IPSAS) as from the financial year 2022-23 onwards. The Statement of Financial

Position of Government will include Inventories, comprising mainly of distributable items and consumables, and the Inventories of drugs, consumables and other items of MOHW will be a significant amount. Hence, reliable figure must be provided to Treasury for the preparation of the Annual Statements.

There was a difference of some Rs 1.4 billion between the stock value in EIMS and the figure provided to Treasury in respect of the stock of drugs, consumables and other items as at 30 June 2022. There was no evidence that the Accounting Officer of MOHW ensured that the returns of inventories were accurate and complete in accordance with Treasury Circular No 5 of 2022.

It was noted that the health institutions submitted their returns of inventory directly to the Accountant General without the involvement of the senior officials of the Ministry.

The inventory figures submitted to the Accountant General was inaccurate due to the following:

Non-submission of returns or incomplete returns resulting in the understatement of stock

- Only 12 Hospitals/Departments sent their returns of inventories totalling Rs 2 billion to the Accountant General. No returns were submitted by 144 health institutions.

- Except for the Sections at CSD, the other returns of inventories submitted did not include the stock figure of pharmaceuticals products.

- Proper workings were not provided to substantiate the value of stock of Rs 1.8 billion out of the Rs 2 billion reported by the 12 Hospitals/Departments.

Ministry's Response

- Returns were submitted by Departments, outstations directly to the Treasury. Some of these did not submit any returns and others might have submitted erroneous figures.

- Returns of Inventories for CSD will be channelled through the Ministry prior to submission to the Treasury.

Opening inventory balances in EIMS incorrect since the migration of data not properly carried out

In August and September 2019, the Officers-in-Charge of the five warehouses at CSD and the Regional Health Directors were requested by management to ensure that the ledger balances in their respective store sections tally with the physical stock balances prior to the migration of data to EIMS. However, it was noted that contrary to the instructions given, the actual closing balance of the store items at CSD as per the previous computerised system, was transferred to EIMS without any reconciliation with the physical stock. Also, there was no evidence that the shortages/deficient items, amounting to some Rs 298 million, which were recorded in the previous computerised system for the period 1 January 2017 to 31 December 2019, were migrated to EIMS.

At the Regional Hospitals, balances in the manual ledgers were not migrated to EIMS as there was a backlog in the posting of store issues, dating as far back as year 2017 at one hospital.

Entries in EIMS after the physical inventory exercises erroneous

Physical stocktakes were carried out by MOHW staff from 4 to 14 September 2020 at CSD (Section A) and amongst others, shortages of some Rs 125.9 million between the physical stock and the balance as per EIMS were noted. There were 495 Goods Issue Notes (GINs) from January to September 2020 which have not been recorded in EIMS. Two years after the physical inventory exercise, procedures for write-off have not been initiated for these shortages as per the Financial Instructions of 2012 on Losses, Deficiencies and Write-off of Goods. The unposted GINs were recorded as issues as at end of September 2020 and also as discrepancies in EIMS in October 2020, resulting in the same transactions being accounted twice and thus understating the stock balance.

A second physical survey exercise was carried out between 1 and 6 August 2022 in all health institutions and at the CSD in order to have an updated status on the stock of pharmaceutical products. Several discrepancies were again noted between the actual stock and the stock balance in EIMS for CSD (Section A). However, it was noted that the adjustments made in EIMS following the stocktake were not according to the survey report submitted on 22 August 2022. No explanation could be provided to NAO on these differences.

Ministry's Response

- Circular was issued to hospitals and outstations to centralise all returns to Headquarters for onward transmission to Treasury after consolidation.

- As at date (17 February 2023) the physical stock balances tally with EIMS balances at CSD.

- In August 2022, a physical inventory of all stock items at the Central Supplies Division was made and stock amounts were reconciled on the system. Since then the system is maintained and real time information is available at the Central Supplies Division.

- As at date no backlogs exist at CSD and inputs on EIMS are being done on a daily basis. Henceforth, Return of Inventories for CSD will be channelled through the Ministry prior to submission to the Treasury.

Recommendations

The Ministry should ensure that:

- All existing shortcomings are resolved before implementing EIMS at other Health Institutions.

- All backlogs are cleared and inputs in EIMS are not delayed.

- Correct procedures are followed regarding discrepancies recorded after a physical inventory exercise, and timely actions are taken for shortcomings noted.

- Important EIMS reports should be used for decision making.

20.5 Land Infrastructure Assets – Land Ownership and Usage Shortcomings

Some 800,000 m^2 of state and private lands were allocated to MOHW for the operation of its existing 150 health facilities and provision of some 60 new construction projects.

Summary of Findings

The scrutiny of MOHW records revealed several land ownership and use issues:

- A consolidated and updated database of lands was not mainained.

- There was an absence of documentary evidence for land ownership.

- Health Centres were constructed on private and leased lands.

- Lands vested in MOHW were not optimally used.

Detailed Findings

No Consolidated and Updated Database of Lands

MOHW did not have a consolidated land database with all relevant details, such as ownership, extent of land and location. Land records were fragmented in files that were not always available. Absence of land data limits the planning and decision-making capacity of MOHW regarding project identification, land use optimisation, costly land acquisition, and avoidance of construction delays.

Ministry's Response

The Minister would liaise with the Ministry of Housing, Land Use and Planning (MOHLUP) to request for an updated list of all State Lands vested in this Ministry.

Absence of Documentary Evidence for Land Ownership

NAO reconciled a list of state lands vested in MOHW by MOHLUP with the existing land records of MOHW. Some omissions were seen as MOHW did not have a mechanism to detect and clear land ownership issues with MOHLUP, the lead Ministry in land matters:

The list from MOHLUP contained 95 plots of land of a total area of some 300,000 m^2 and excluded some 300,000 m^2 of land occupied by the five regional hospitals not yet vested in MOHW.

The Jawaharlal Nehru Hospital occupies 92,972 m^2 of land owned by the Rose Belle Sugar Estate Board.

The Sir Seewoosagur Ramgoolam National hospital was built on 85,132 m^2 at Powder Mills land under the control of the Ministry of Agro-Industry and Food Security.

The Victoria Hospital occupied 25 acres of land for which ownership details were not provided by MOHW.

Health Centres constructed on Private and Leased Lands

There were also cases where Health Centres were constructed on private and leased lands. One Community Health Centre was constructed by the former National Trust Fund for Community Health on a private land.

A Medi-Clinic is being constructed on two leased plots of annexed private land. For one plot, MOHW paid annual lease rentals together with Rs 5.5 million to the lessor to demolish existing structures and for site clearance.

Sub Optimal Use of Lands vested in MOHW

In many instances lands under the control of MOHW were not optimally used. Some were lying undeveloped or not used as intended while others were squatted as detailed below.

Land set apart for Leper Hospital - Under Section 123 of the Public Health Act 1925, 96,619m^2 (22A89) of land opposite the SSRH Hospital was set apart in 1926 to establish a Leper Hospital. As of October 2022, most of the land was still undeveloped. No action was seen taken by MOHW to unlock the above lands.

Unused Lands not divested - The Ministry did not conduct a survey of unused lands for divesting. Many vested lands including prime lands (Pas Geometriques) were unused and MOHLUP was not informed as of October 2022.

Vested lands not used as intended - Following the closure of a Government Owned Corporation, 37,400 m^2 of state lands and buildings were vested in MOHW in 2010 for three specific purposes, namely to relocate the Transport Division from a heritage site, for warehousing, and to set up a Health Centre. However, none of the intended projects materialised as of October 2022. MOHW was still using the heritage site despite a divesting request was being made repeatedly by the Ministry of Arts and Culture.

Ministry's Response

The land of the ex-Government Printing site situated at La Tour Koenig has been vested in MOHW for the relocation of the Vagrant Depot and relocation is under process.

Vested land illegally occupied - Three plots of vested land were illegally occupied by squatters. In two cases, compensation in kind and cash were envisaged to free the state lands. In the other case, the squatted land was even excised from the vested plot size.

Recommendations

- The Ministry should compile a database of all lands that were allocated for its use so as to enhance its planning and decision-making capacity regarding its capital projects.

- The Ministry needs to clear land ownership issues with MOHLUP.

- MOHW needs to compile a list of idle and unused state lands for subsequent divesting so as to allow MOHLUP to optimise state land use and avoid acquisition costs.

Ministry's Response

- Management took note of the land information and ownership anomalies. Management concurred that it was important for MOHW to have a database for all lands for planning and control purposes.

- Management also agreed that unused lands will be henceforth divested.

20.6 Construction of Community Health Centres - Implementation Issues

Four contracts for the construction of Community Health Centres (CHCs) at Grand Bay, Phoenix, Roche Bois and New Eastern Suburb St Francois were awarded to three Contractors for the total amount of Rs 140.8 million. Works completed as at September 2022 were valued at Rs 62.3 million.

Summary of Findings

The following shortcomings were identified:

- The non-availability of relevant documents hampered the review of the projects.

- There were inordinate delays in the project completion of the CHCs.

- The Ministry was not financially compensated for prejudice suffered due to poor contractor's performance

- The defaulting contractors were not sanctioned despite fundamental breaches of contract conditions.

- There were disruptions in services dispensed at temporary health centres pending the occupation of the newly constructed CHCs.

Detailed Findings

Non- availability of Project Documents

The original bid documents in respect of three projects could not be made available for audit purposes. File/records at MOHW did not contain the renewed performance securities for three out of the four contracts. Audit observations were therefore limited to the available information.

Inordinate Project Completion Delays

At time of audit, only the CHC at Phoenix was completed and occupied. However, the project was delayed by some 235 days and the retention money was not yet released as of November 2022. Another CHC at Grand Bay was substantially completed since July 2022 (delays totalling 282 days) but not yet occupied as of November 2022. The two remaining CHCs were still at 14 and 45 per cent completion although completion dates as per contract were July and April 2022 respectively. Delays were attributable both to the Contractor (slow progress of works) and the MOHW for lapses in specifications and vesting of land free from squatters, amongst others.

Ministry's Response

- Roche Bois CHC- The issue of illegal squatters is beyond control of the Ministry. The State land was vested in MOHW and squatters were already present at that point in time.

- St Francois CHC- MOHLUP has informed this Ministry that the matter was at State Law Office (SLO) level and the second phase is not yet awarded. The MOH&W is still awaiting vesting from MOHLUP.

Poor Contractor's performance- Prejudice not financially compensated

Regarding the contract for CHC at Roche Bois, MOHW exceptionally waived 90 days of delay without cost on the grounds that the Contactor did not have sufficient financial and infrastructural capacity to carry out two projects simultaneously. The Ministry did not carry out a comprehensive due diligence on the financial capacity of the Contractor prior to award of two contracts to the same contractor. The financial statements for the financial year 2018-19 filed at the Central Business Registration Department showed that the Contractor held some Rs 1 million as cash but also had liabilities amounting to Rs 23 million.

Ministry's Response

- The Consultant is responsible for the contract administration of the project and based on the assessment and recommendations of the former, the Ministry approved the waiver. The Consultant monitors the day-to-day activity of the Contractor.

- The Departmental Bid Committee of the Ministry will be requested to include Professional in finance to form part of BEC in the future.

Sanctioning the Defaulting Contractor

MOHW did not take timely actions against two defaulting contractors who were awarded three contracts. Despite the fundamental breaches of contract such as unauthorised stoppages of work, delays beyond maximum LD prescribed period and recurring slow progress of works, MOHW did not issue warning letters in view of the following actions:

- Exclusion of bidder to participate in bidding exercises under section 35(1A) (a) of the Public Procurement Act (PPA).

- Proposal to suspend, debar or disqualify bidder as provided under section 53 of the PPA.

As highlighted in Circular No. 6 of 2022 issued by the PPO, failure to take prompt action against defaulting contractors keep them eligible for future bidding and award of contracts.

Ministry's Response

- The Ministry has requested consultant to work out all the pending work and give the required notices to the contractor for termination of contract in light of poor performance.

- For Roche Bois CHC, the Consultant Ltd will be requested to adhere to the contractual provision and advise the Ministry on any form of sanction to be applied to contractors accordingly.

Disruption of Health Services

MOHW had to set up temporary health centres at Grand Bay and St Francois, pending the occupation of the new premises. In view of the project completion delays, these health centres continue to provide the healthcare in a disrupted manner and in less patient-centric environment at the shared/rented locations. For the CHC at St Francois, monthly rentals of Rs 49,450 including VAT are currently being paid by MOHW.

Recommendations

- MOHW needs to ensure that all contract documents are made available for audit purposes.

- The Ministry should comply with all its legal obligations governing capital projects including taking timely action to sanction contractors in breach of conditions of contract.

- The Ministry has the duty to explore avenues to assert its rights to obtain compensation for the prejudice caused by the defaulting and poorly performing contractors.

- MOHW needs to ensure that capital projects are well planned and implemented in an economic, efficient and effective manner.

20.7 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.

Summary of Findings

- Non-submission of Report on Performance as required under the Finance and Audit Act.

- Annual Reports not laid before the National Assembly as required under the Statutory Bodies (Accounts and Audit) Act.

Detailed Findings

Non-submission of Report on Performance

As of 18 January 2023, the Report on Performance of the Ministry of Health and Wellness for the financial year 2021-22 had not yet been submitted to the Ministry of Finance, Economic Planning and Development, despite the statutory deadline being 31 October 2022.

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 9 December 2022, the Trust Fund for Specialised Medical Care, falling under the purview of the Ministry of Health and Wellness had not yet laid its audited Financial Statements for the financial year 2020-21 before the National Assembly, although they had been certified by NAO on 13 April 2022.

NAO is of the view that the Ministry should exercise control over statutory bodies to ensure that they fulfil their statutory responsibilities regarding the tabling of annual report before the National Assembly.

20.8 Follow Up of Matters Raised in Previous Audit Reports

NAO has carried out a follow-up of matters raised in the Audit Reports for 2019-20 and 2020-21 to report on actions taken by the MOHW in response thereto.

Audit Report 2019-20

Out of the 18 issues highlighted in the report and which required action by the MOHW:

- Action was initiated in six cases.
- No further action was taken in six cases.
- In four cases matter was resolved.
- Action was completed in one case.
- Further action was taken in respect of seven issues.

Audit Report 2020-21

Out of 18 issues highlighted in the report and which required action by the MOHW:

- No action was taken in eight cases.
- Action was initiated in seven cases.
- In two cases matter was resolved.
- In one case action was taken at Ministry's level but matter was not yet resolved.

Further information is provided from pages **493 to 503** in **Appendix VI.**

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21 – MINISTRY OF BLUE ECONOMY, MARINE RESOURCES, FISHERIES AND SHIPPING

21.1 Registration of Artisanal Fishers – Non-compliance with Revised Conditions

In September 2021, Government approved the issue of 500 new artisanal fisher cards with revised conditions applicable to newly registered artisanal fishers as well as to applicants for registration as artisanal fishers.

As of July 2022, the Ministry had issued 210 new artisanal fisher cards.

Registered artisanal fishers are entitled, amongst others, to Bad Weather Allowance (BWA), compensation of Rs 52,500 on reaching the retirement age or upon relinquishing of registration card, Canot scheme, financial assistance for purchase of materials for construction of fish trap, scholarship, stipends and funeral grant.

During the financial year 2021-22, some Rs 132 million were disbursed by the Ministry and Rs 1.7 million by the Fishermen Welfare Fund in respect of the above benefits.

Summary of Findings

- Some artisanal fishers were registered in 2022 though they did not meet the required conditions for registration at time of application.
- BWA was paid to 105 newly registered artisanal fishers without due consideration to their attendance at cleaning activities, which is one of the newly required conditions for BWA.

Detailed Findings

Non-compliance with Required Conditions for Registration as Artisanal Fishers

The fishing activities of the applicants were to be monitored by the Ministry for a consecutive period of six months and the fisher should have fished for more than 75 per cent of the fishing days excluding bad weather days, Sundays and public holidays in any month.

However, no report on the attendance of applicant fishers could be produced to NAO by the Ministry.

Other conditions were not met by some of the artisanal fishers registered in 2022. For example:

- Five fishers were above 50 years old.
- Character certificates of 112 fishers were not available.
- Recommendation letters from registered fishers, whose boat were used by 98 applicants for fishing, were missing.
- Medical certificates issued by a Government Medical Officer to certify that the fishers were medically fit to work at sea, were not available for 117 fishers.

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Ministry's Response

In respect of the Character Certificates, a list of applicant fishers was sent to the Acting Commissioner of Police to ascertain whether they were borne on Police record. The registration was based on the reply of the Acting Commissioner of Police.

Non-Compliance with New Condition for Registered Fishers

BWA totalling some Rs 2.4 million was paid to 105 newly registered fishers for the period 16 March to 15 June 2022 without consideration to their attendance at cleaning activities which is one of the newly required conditions for payment of BWA.

Ministry's Response

- Due to lack of officers monitoring is not being done in all fish landing stations daily. However, necessary actions are being taken by the Ministry to remedy the situation.

- Rubber boots have been issued to Fisheries Posts and handed to fishers by end of September 2022.

- Zones were not yet defined and Personal Protective Equipment (PPE) was not yet provided at that point in time. As at date, PPE have been distributed to all fishers.

21.2 Shipping Division Computerised Information System - Nugatory Expenditure

The objective of the Shipping Division Computerised Information System (SDCIS) project is to improve the performance and quality of services to shipping operators. It covers the whole operation life cycle of the Shipping Division through a centralised software application and includes, amongst others, the following:

(a) Online registration of ships;

(b) Survey and Certification of ships;

(c) Training, certification and assessment of seafarers;

(d) Endorsement of Standards of Training Certification and Watchkeeping (STCW) certificates;

(e) Issue of port clearance;

(f) Verification of authenticity of STCW certificates; and

(g) Invoicing and Issue of receipts for payments.

In September 2014, the contract for the SDCIS was signed between the Ministry and a private company for some Rs 2.8 million. The contract was to be completed in February 2016. As of September 2016, the Ministry had already disbursed some Rs 2 million representing 70 per cent of the contract value. No further payment was effected.

Summary of Findings

- Value for money was not obtained from the SDCIS. As of October 2022, the system was not operational.

- Due to non-renewal of the Performance Guarantee, the Ministry could not take any action against the supplier.

Detailed Findings

Value for Money Not Obtained

As of October 2022, that is eight years after the award of contract, the User Acceptance Test was not yet finalized and the system was not operational.

In August 2018, following an IT audit carried out by the Ministry of Information Technology, Communication and Innovation (MITCI), 18 system security risks were reported. Since then, no meeting was convened between the Ministry, MITCI and the supplier for follow up and remedial actions.

In May 2021, MITCI pointed out that the supplier did not meet some elements requested in the tender document during implementation of the project. The supplier was accordingly informed in June 2021, but no remedial action was yet taken by the supplier as of October 2022.

Non-renewal of Performance Guarantee

The original Performance Guarantee amounting to Rs 835,317, which expired in April 2015, was extended up to December 2016. Subsequently, the Performance Guarantee was not renewed. This precluded the Ministry from taking the necessary corrective action.

Ministry's Response

The project should start anew following a lot of changes that have occurred since the start of the project.

21.3 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.

Summary of Findings

- Non-submission of Financial Statements for audit as required under the Statutory Bodies (Accounts and Audit) Act.

- Annual reports not laid before the National Assembly as required under the Statutory Bodies (Accounts and Audit) Act.

Detailed 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, including Financial Statements, to the auditor not later than four months after the end of every financial year.

As of 18 January 2023, the following Statutory Bodies falling under the purview of the Ministry of Blue Economy, Marine Resources, Fisheries and Shipping, had not yet submitted their Financial Statements for audit for periods as shown in Table 21-1.

Table 21-1 Financial Statements not submitted to NAO for Audit

Statutory Body	Financial Year/ Period	No of Financial Statements	Remarks (Accounts under audit)
Fishermen Investment Trust	2014 to 2021-22	8	Unsigned financial statements for the year 2014 was submitted on 18.10.2022 for audit
Mauritius Oceanography Institute	2018-19 to 2021-22	4	Financial Statements for 2017-18 was submitted on 24.09.2021 for audit.
Seafarers' Welfare Fund	2021-22	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 9 December 2022, the Mauritius Oceanography Institute, had not yet laid its audited Financial Statements for the period 1 January 2016 to 30 June 2017 before the National Assembly, although they had been certified by NAO on 16 August 2022.

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.

21.4 Follow Up of Matters Raised in Previous Audit Reports

NAO has carried out a follow up of matters raised in the Audit Reports for 2019-20 and 2020-21 to report on actions taken by the Ministry in response thereto.

Audit Report 2019-20

Out of the eight issues highlighted in the report:

- One issue was resolved.
- Further actions have been taken on two issues.
- Matters have not been resolved in respect of four issues.
- No action has yet been initiated on one issue.

Audit Report 2020-21

Action has been initiated in respect of the issue highlighted in the Report.

Further information is provided from pages **504 to 508** in **Appendix VI.**

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22 – MINISTRY OF GENDER EQUALITY AND FAMILY WELFARE

22.1 Lack of Oversight over the Operation of Child Day Care Centres

The Ministry is responsible for the registration of Child Day Care Centres (CDCCs) in accordance with the Children`s Act 2020 (Child Day Care Centres Regulations 2022). The certificate of registration of a CDCC is valid for a period of three years and is renewable for a further period of three years. Compliance with the regulations is assessed by the Licensing and Enforcement Section of the Ministry.

The Ministry has been implementing a one- off grant scheme since 2015 to enable CDCCs in operation for at least one year to upgrade their standards for registration and be in conformity with the CDCCs Regulations. A CDCC can benefit from a cash grant up to a maximum of Rs 500,000. The improvement works should be completed within six months.

Summary of Findings

- Most of the CDCCs in operation were not registered with the Ministry.
- Non-compliance with the CDCCs Regulations 2022 were noted.
- The main objective of the one-off grant scheme was not achieved.

Detailed Findings

Most of the CDCCs in operation were not registered with the Ministry

As of 30 September 2022, 1,372 CDCCs had been issued with Business Registration Numbers as trade operators by the Companies and Business Registration Department (CBRD). As per the Ministry’s records, only 406 of those CDCCs have applied for registration in accordance with the CDCCs Regulations, of which only 138 (representing 34 per cent) were registered as shown in Table 22-1.

Table 22-1: Registration Status of CDCCs

Status of Registration	Number of CDCCs
Registered	138
Unregistered	76
Deregistered*	149
Closed	43
Total	**406**

Source: CDCCs Register
**Previously registered CDCCs whose registration has not been renewed*

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Non-compliance with the CDCCs Regulations 2022

- Regulation 3 of the CDCCs Regulations 2022 requires the setting up of an Advisory Committee which shall oversee the assessment and evaluation of CDCCs applications for registration. As of October 2022, the Advisory Committee was not yet set up.

- In the absence of adequate monitoring and control, most of the CDCCs were not in compliance with the Regulations and were operating without a certificate of registration.

Objective of the one-off Grant Scheme not achieved

Grant disbursed to 57 CDCCs during the period 2015 to 2022 totalled Rs 12 million. As of October 2022, as per Ministry's records, only 18 beneficiaries were registered with the Ministry. The remaining beneficiaries were not yet registered due to delay in the completion of the upgrading works and non-compliance with the Regulations.

Based on the small number of CDCCs which have taken advantage of the one-off grant scheme, the objective set for the registration and ensuring compliance with the Regulations has not been fully achieved.

Recommendations

- The Ministry should work in collaboration with CBRD to identify all CDCCs in operation and to ensure compliance with the Regulations.

- As provided by Regulation 3 of the CDCCs Regulations 2022, the Advisory Committee should be set up by the Ministry so that it can discharge its functions as required by legislation.

Ministry's Reply

- Necessary action is being taken to identify CDCCs in operation which are registered at CBRD. An updated list of businesses registered as CDCCs at CBRD will be requested and a meeting will be held with the Ministry of Local Government and Disaster Risk Management.

- The Ministry of Finance, Economic Planning and Development will be recommended to do away with the one-off grant scheme as it is not helping the majority of CDCCs to get registered.

22.2 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.

Summary of Findings

- Non-submission of Financial Statements for audit as required under the Statutory Bodies (Accounts and Audit) Act.

- Annual Reports not laid before the National Assembly as required under the Statutory Bodies (Accounts and Audit) Act.

Detailed 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, including Financial Statements, to the auditor not later than four months after the end of every financial year.

As of 18 January 2023, the following Statutory Bodies falling under the purview of the Ministry had not yet 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/ Period	No of Financial Statements	Remarks (Accounts under audit)
National Women Council	2019-20 to 2021-22	3	
National Adoption Council	2021-22	1	Financial Statements for 2020-21 was submitted on 3 November 2021

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 9 December 2022, the National Women Council had not yet laid its audited Financial Statements for the period 8 March 2018 to 30 June 2019, before the National Assembly, although it had been certified by NAO on 25 July 2022.

NAO is of the view that the Ministry should exercise control over Statutory Bodies and other entities operating under their 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.

<u>Ministry's Response</u>

- The Financial Statements of the National Women Council in respect of the financial year 2019-20 will be submitted by end of February 2023 and those of 2020-21 and 2021-22 are still under preparation.

- The Financial Statements of the National Adoption Council for the financial year 2021-22 will be submitted for audit by end of February 2023.

22.3 Follow Up of Matters Raised in Performance Audit Report 2018

Title of Report: "Responses to Cases of Child Maltreatment"

Date Issued: February 2018

A follow up of matters raised in the above mentioned report, hereinafter referred to as Report 2018, was carried out. The Ministry of Gender Equality and Family Welfare was requested to inform NAO of the actions that have been taken to address the findings and recommendations in Report 2018. 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 key findings and recommendations since publication of Report 2018 has been determined on the basis of audit observations and information provided by the Ministry in February 2023. These are summarised below.

- ***Strategy on Protection Services (Paragraph 3.2 of Report 2018)***

Finding in Report 2018

An overarching national policy framework, law or strategy that would have provided a comprehensive framework for the priorities and outcomes to be achieved for children in the area of child protection was unavailable.

Recommendation in Report 2018

As the National Child Protection Strategy 2014-2022 and the activities of the Action Plan are too costly to implement, the Ministry should prepare a synopsis of the priority activities, and make preliminary demand for necessary funding.

Status as of February 2023

The recommendation was partially implemented. The guiding principles outlined in the National Child Protection Strategy are now catered for in the Children`s Act 2020.

<u>Ministry's Response</u>

The implementation of the National Child Protection Strategy laid emphasis on goals which are child protective and are fully captured in the newly proclaimed Children`s Act 2020. A ten-year Strategic Plan for Children 2023 – 2033 has to be developed.

- ***Case Management (Paragraph 3.3 of Report 2018)***

Finding in Report 2018

Certain core elements of the case management process, such as case planning, assessment and monitoring progress and case closure, were not followed by the Ministry.

Recommendation in Report 2018

All children who are currently placed in alternative care and their families, as well as all new cases reported should have care/case plans that are subject to formal review. A case management plan should also be developed to effectively address the child maltreatment.

Status as of February 2023

The recommendation was implemented. Core elements of case management process such as case planning, assessment and monitoring of progress and case closure are being followed.

Ministry's Response

Case management plans have already been developed and implemented for children in all the Residential Care Institutions (RCIs).

- ***Child Protection Register (Paragragh 3.3.2 of Report 2018)***

Finding in Report 2018

The input in the Child Protection Register was low, as only some 1,100 out of 3,000 new cases were input from the launching date in 2014 till the end of November 2017.

Recommendation in Report 2018

The Ministry should optimise the use of the Child Protection Register and ensure that data pertaining to child maltreatment cases reported at the Ministry has been promptly inserted therein.

Status as of February 2023

The recommendation was implemented. The Child Protection Register is fully operational in all six outstations of the Child Development Unit and there was no backlog.

- ***Residential Care Institutions (Paragraph 3.4 of Report 2018)***

Finding in Report 2018

As at September 2017, only four of the 19 RCIs with a total of 81 children were registered with the Board set up under the Residential Care Homes Act. However, these registered RCIs did not have a contract or a Memorandum of Understanding (MoU) signed with the Ministry.

Recommendation in Report 2018

The Ministry should have contracts and MoUs with all the RCIs and ensure that they comply with the conditions contained therein. It should also ascertain that all of them are duly registered and provide a standard service for the benefits of the children.

Status as of February 2023

The recommendations were partially implemented. As at August 2022, out of 14 Non-Governmental Organisations (NGOs) running RCIs, eight have already been registered.

Ministry's Response

The registration of NGOs that manage RCIs is being closely monitored.

- ***Rehabilitation and Reintegration (Paragraph 3.7 of Report 2018)***

Finding in Report 2018

During the period January 2014 to November 2017, 219 children from the RCIs were integrated either with their biological families or other relatives. None of the 143 children placed in foster homes since the inception of the Foster Care Programme in 2002 had integrated their biological families.

Recommendation in Report 2018

The Ministry should identify factors preventing the rehabilitation of parents and work out solution to facilitate the reintegration of children in their biological families.

Status as of February 2023

The recommendation was implemented. Since September 2020, continuous rehabilitative work for the child to reintegrate his/her family environment is being carried out by the newly set-up child rehabilitative services.

Ministry's Response

The child rehabilitative services have been revamped and now consist of a rebonding section and a back-to-home section.

- ***Monitoring, Review and Evaluation (Paragraph 3.8 of Report 2018)***

Finding in Report 2018

Monitoring, review and evaluation of measures and programmes were not well developed. For RCIs, monitoring and review were not carried out with a view to determining the continuing appropriateness of care and treatment.

Recommendation in Report 2018

All the programmes and measures should be monitored, reviewed and evaluated by the Ministry.

Status as of February 2023

The recommendation was implemented. The Ministry, through its Planning and Research Unit monitors, reviews and evaluates all programmes.

22.4 Follow Up of Matters Raised in Previous Audit Reports

NAO has carried out a follow up of matters raised in Audit Reports 2019-20 and 2020-21 to report on actions taken by the Ministry in response thereto.

Audit Report 2019-20

Out of the eight issues highlighted in the report:

- Further actions have been taken at Ministry's level in respect of three issues reported.
- Five issues have been resolved.

Audit Report 2020-21

Out of the seven issues highlighted in the report:

- Four issues have been resolved.
- Action has been initiated in respect of two issues.
- Further action has been taken at Ministry's level on one issue.

Further information is provided from pages **509 to 514** in **Appendix VI.**

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23 - MINISTRY OF ARTS AND CULTURAL HERITAGE

23.1 National Archives - Absence of Lease Agreements and Fire Certificate

A total amount of Rs 4,678,077 was paid in 2021-22 for the rental of space for three offices of the National Archives as its proposed relocation in a newly constructed building has not yet been materialised.

Summary of Findings

- Three offices were being occupied without duly renewed lease agreements.
- The main office at Coromandel is operating without a Fire Certificate.

Detailed Findings

Non-Renewal of Lease Agreements

The lease agreements of the offices occupied by the National Archives were not renewed.

- The lease agreements for the Main Office and the Gate Post at Coromandel expired on 30 April 2016 and 30 April 2018 respectively. The lease agreements were not finalised as Government has already embarked on the construction of a new building for the National Archives and the National Library.
- The lease agreements for the Records Centre at Port Louis expired on 30 September 2017. The new lease agreement was submitted to the Ministry of Arts and Cultural Heritage (MACH) since December 2020 but has not yet been approved.

Ministry's Response

- The lease agreements for the period 2017-20 could not be finalised as the offices at Coromandel had obtained the Fire Certificate in June 2020. Works were being carried out by the lessor to obtain the Fire Certificate.
- The tender documents for the construction of the building to house the National Archives and the National Library have been finalised by the financing authority.
- The lease agreements for the Records Centre at Port Louis for periods 2017-20 and 2020-23 are being finalised.

Main Office at Coromandel operating without a Fire Certificate

Section 19(5) of The Mauritius Fire and Rescue Service Act provides that '*No premises shall be occupied or used unless the owner has been issued with a Fire Certificate*'. A fire safety inspection was effected in October 2020 by the Mauritius Fire and Rescue Service (MFRS). However, a Fire Certificate has not yet been issued in respect of the Main Office at Coromandel due to shortcomings reported by MFRS.

According to a Circular issued by the Ministry of Public Service, Administrative and Institutional Reforms it is the responsibility of the occupant to ensure that the building has been issued with a relevant Fire Certificate by MFRS.

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The non-compliance with safety standards represents a major risk for Government and historical documents are exposed to the risk of fire.

Ministry's Response

Tender for the relocation of the National Archives was launched on 22 November 2021 and was still at evaluation stage.

23.2 Digitisation of Documents of National Archives – Implementation Issues

The Electronic Archives System (EAS), a web-based portal developed to manage and preserve records held by the National Archives, was initiated in June 2009. The main objective of the EAS was to provide users with online access to records, including partly damaged documents inaccessible in original format.

The contract for the supply and delivery of a Turnkey Solution for an EAS was awarded on 26 June 2009 for some Rs 17.9 million to Company A. The digitisation process was to be undertaken in different phases and Phase 1 of the project which comprised the scanning, indexing and uploading of 526,447 pages was completed in March 2013, and records were accessible online since June 2013.

Phases 2 and 3 of the Project, which were merged, also started in 2013, and involved the implementation of a Document Management System (DMS) and the digitisation of some 1.5 million pages of historical information on indentured immigration which were available in bound volumes. The contract for the implementation of the DMS was awarded to Company B on 11 September 2018 for some Rs 10.6 million. The project was to be completed in three months. The scope of the contract included the following:

- The capturing, integrating and storing of all existing and new records/documents in a central database to enable quick access and retrieval of records; and
- A web-based application subscription portal providing online access to users upon payment.

Summary of Findings

- The DMS project which was partly commissioned could not go live due to non-migration of existing digitised data.
- There was delay in finalisation of the project.
- Expected benefits were not obtained despite expenditure of some Rs 54 million incurred on digitisation of documents.

Detailed Findings

DMS unable to Go Live due to Non-Migration of Existing Digitised Data

Problems were encountered in November 2018, during first Phase of the project for the migration of data. The foreign partner of the Service Provider submitted a quotation of € 12,000 to provide a system for the migration of data. However, the migration was not carried out as the foreign partner was not agreeable to the payment conditions, that is 50 per cent advance payment and submission of a Bank Guarantee or Letter of Credit.

The DMS was partly commissioned in July 2019, that is six months after the initial scheduled completion date. However, the system could not go live due to the non-migration of digitised data.

Company B which was awarded the contract for DMS, was also awarded a contract for the extraction of past data and scanned documents for an amount of Rs 494,500 on 16 August 2019. The contract for the migration of data was thus awarded 11 months after that for the DMS. The data migration was completed on 11 September 2019.

Additional modules, namely the process for walk-in users and the development of a web interface, were not included in the initial contract and these were implemented in May and August 2020 respectively, against additional payment of Rs 326,400.

The system could not go-live as the module "Subscription and Printing Fees" was not yet finalised. Government had approved the promulgation of the National Archives (Access to Public and Destruction of Public Records) (Amendment) Regulations in May 2022. As of November 2022, the Regulations have not yet been promulgated.

Ministry's Response

- The two modules were not included in the contract through oversight.
- Following approval of Government on 27 May 2022 for the charging of fees for the printing of digital images and access to the online database for adults (both Mauritian citizen and non-citizen) and students, the Software Developer was requested to prepare an appropriate Software Requirement Specification (SRS). Besides, taking into account new requirements from the Treasury in an e-mail dated 6 August 2022, such as introduction of the Instant Payment System of the Bank of Mauritius, amongst others, the Software Developer will soon bring forth the amendments. Thereafter, Regulations will be promulgated.

Delay in finalisation of Project

The digitisation of 1.5 million pages of historical documents which formed part of Phases 2 and 3 of EAS was delayed due to the following:

- Technical specifications were not finalised two years after cancellation of a bid exercise in early 2020 due to non-responsiveness of bidders.

- Since November 2019, the Government Online Centre (GOC) had informed that it did not have the required disk storage space and advised the procurement of a separate infrastructure to cater for the needs of the project. However, storage space was not secured prior to the launching of tender.

- The scanning exercise required the refurbishment of an office within the premises of the National Archives, electrical works and the installation of air conditioners therein. These were not yet completed in view of the proposed relocation of the National Archives.

<u>*Ministry's Response*</u>

- The storage of 5 TB was confirmed by GOC in March 2022 and tender would be floated shortly.

- The site readiness was kept in abeyance as Government has decided to relocate the National Archives.

- The tender for Scanning, Indexing and Uploading of 500,000 pages of Historical Documents was launched on 25 January 2023 with closing date of 23 February 2023.

Expected Benefits not obtained

During the period July 2009 to June 2022, some Rs 54 million were disbursed under the capital budget of the Ministry for the EAS. Additional expenditure was incurred under recurrent budget on maintenance of software.

Users could not access the 526,447 scanned images uploaded during Phase 1 and migrated to the new system since September 2019. Regulations for subscription and printing fees with regard to the Web Subscription Portal have not yet been promulgated, so that local and foreign researchers could not access the EAS and effect payment online.

No benefit has yet been derived from the above expenditure as researchers could not have online access to historical documents.

<u>*Ministry's Response*</u>

- The online access will be operational upon promulgation of the Regulations.

- Once the system will go live, users will be able to fully benefit from the digitisation, which is a tedious exercise.

23.3 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.

Summary of Findings

- Non-submission of Report on Performance as required under the Finance and Audit Act.

- Non-submission of Financial Statements for audit as required under the Statutory Bodies (Accounts and Audit) Act.

- Annual reports not laid before the National Assembly as required under the Statutory Bodies (Accounts and Audit) Act.

- Financial Statements were not submitted for audit in respect of two Special Funds.

Detailed Findings

Non-submission of Report on Performance

As of 13 January 2023, the report on performance of the MACH for the financial year 2021-22 had not yet been submitted to the Ministry of Finance, Economic Planning and Development, despite the statutory deadline being 31 October 2022.

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 18 January 2023, the following Statutory Bodies falling under the purview of the Ministry, had not yet 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	Remarks (Accounts under audit)
Arabic-speaking Union	2020-21 & 2021-22	2	
Creole-speaking Union	2021-22	1	Financial Statements for 2020-21 were submitted on 08.12.2022
Malcom de Chazal Trust Fund	2021-22	1	Financial Statements for 2020-21 were submitted on 25.08.2022
Marathi-speaking Union	2021-22	1	
Mauritian Cultural Centre Trust	2004-05 to 2021-22	17	
Mauritius Film Development Corporation	2018-19 to 2021-22	4	
Mauritius Museums Council	2017-18 to 2021-22	5	
Mauritius Society of Authors	2020-21 & 2021-22	2	Financial Statements for 01.01.2016 to 30.06.2017, 2017-18 to 2019-20 were submitted on 19.08.2022
Mauritius Tamil Cultural Centre Trust	2020-21 & 2021-22	2	
National Art Gallery	2018-19 to 2021-22	4	
National Heritage Fund	2020-21 & 2021-22	2	Financial Statements for 2018-19 and 2019-20 were submitted on 22.02.2022
Nelson Mandela Centre for African Culture Trust Fund	2019-20 to 2021-22	3	
Sanskrit-speaking Union	2020-21 & 2021-22	2	
Professor Basdeo Bissoondoyal Trust Fund	04.04.2005-30.06.2006 2006-07 to 2021-22	16	
Tamil-speaking Union	2020-21 & 2021-22	2	
Urdu-speaking Union	2019-20 to 2021-22	3	
Bhojpuri-speaking Union	2021-22	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 9 December 2022, Annual Reports of 17 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
Bhojpuri-speaking Union	2019-20 & 2020-21	04.03.2021 & 23.08.2022	2
Conservatoire Nationale de Musique François Mitterand Trust Fund	2020-21	29.08.2022	1
Creole-speaking Union	2017-18 & 2018-19	13.03.2020 & 04.10.2021	2
Islamic Cultural Centre Trust Fund	2017-18 to 2018-19 & 2020-21	03.06.2020 05.11.2020 21.04.2022	3
Le Morne Heritage Trust Fund	2020-21	26.07.2022	1
Malcom de Chazal Trust Fund	2003-04, 01.01.2016 to 30.06.2017, 2017-18 to 2019-20	04.07.2013 30.06.2022	5
Mauritius Council of Registered Librarians	2017-18	27.02.2019	1
Mauritius Film Development Corporation	2017-18	29.04.2022	1
Mauritius Museums Council	2015	30.06.2022	1
Marathi-speaking Union	2020-21	12.08.2022	1

Mauritius Tamil Cultural Centre Trust	2011 to 2013 2014, 2015-16 to 2019-20	18.08.2021 30.06.2022	9
Mauritius Telugu Cultural Centre Trust	2020-21	19.04.2022	1
National Art Gallery	2014 to 2017-18	31.05.2018 to 14.05.2020	4
National Heritage Fund	2007-08 to 2015 & 01.01.2016 - 30.06.2017 2017-18	19.11.2012 to 29.10.2021 20.04.2022 to 1.08.2022	10
Nelson Mandela Centre for African Culture Trust Fund	2017-18 & 2018-19	30.06.2022 8.11.2022	2
Sanskrit-speaking Union	2019-20	17.08.2022	1
Telugu-speaking Union	2017-18 to 2020-21	04.08.2021 03.08.2022	4

Source: National Assembly records

Special Funds - Financial Statements not submitted for Audit

As of 18 January 2023, the following Special Funds had not yet submitted their Financial Statements for audit for periods as shown in Table 23-3.

Table 23-3 Financial Statements not submitted to NAO for Audit

Special Fund	Financial Year/ Period	No of Financial Statements
National Arts Fund	2020-21 & 2021-22	2
President Fund for Creative Writing	2018-19 to 2021-22	4

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

- Statutory Bodies falling under the purview of this Ministry have been requested to submit their Annual Reports which include their financial statements to the Board within statutory limit.

- A circular will be issued to all Statutory Bodies falling under the purview of this Ministry to submit their Annual Reports to the Ministry to be tabled at the National Assembly.

23.4 Follow Up of Matters raised in Audit Report 2019-20

NAO has carried out a follow up of matters raised in the Audit Report 2019-20 to report on actions taken by the Ministry in response thereto:

Further action was taken at the Ministry's level but the matter was not yet resolved in respect of one issue highlighted in the Report.

Further information is provided at page **515** in **Appendix VI.**

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24 – Ministry of Public Service, Administrative and Institutional Reforms

24.1 Construction of Civil Service College – Shortcomings in Contract Management

The Government of India (GOI) had agreed to provide a grant of USD 4.74 million for the construction of the Civil Service College.

The contract for the new Civil Service College at Le Réduit Triangle, comprising an academic block of three storeys and an auditorium, was awarded to a local company for the sum of Rs 395.8 million and was signed in December 2021. A foreign company was appointed as Project Consultant in February 2020 for a lump sum contract of Rs 16.3 million. The project was scheduled for completion in 548 calendar days.

As of mid-September 2022, some 11 per cent of the works were completed and a total amount of Rs 68.7 million was disbursed for the construction project.

Summary of Findings

- The Retention Money was not in compliance with the Conditions of Contract.
- No detailed breakdown of the lump sum price was submitted.

Detailed Findings

Retention Money – Non-compliance with Conditions of Contract

According to Section 45.1 of the General Conditions of Contract and as specified in the Particular Conditions of Contract, the proportion of payments to be retained is 10 per cent of the value of works certified, up to a limit of five per cent of the contract amount.

In June 2022, a first payment of Rs 18.7 million was effected to the Contractor, based on the progress of works completed, after deduction of only an amount of Rs 886,906 (five per cent of the total value of work done) as security deposit instead of Rs 1,773,812 (that is 10 per cent of the value of works certified).

Ministry's Response

Through oversight, only five per cent of the value of the works was retained instead of 10 per cent. Corrective action has been taken to retain 10 per cent of all future claims. The overpayment of Rs 886,906 will be recouped when the next claim will be submitted for payment.

Recommendation

The Ministry should recover the excess payment against future bills.

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No Detailed Breakdown of Lump Sum Price

According to clause 14.1(d) of Fédération Internationale des Ingénieurs-Conseils (FIDIC), the Contractor should submit to the Engineer within 28 days of the commencement date, a proposed breakdown of each lump sum price in the schedule.

Contrary to FIDIC, no detailed price breakdown was available for the lump sum price of Rs 19.7 million and Rs 4.5 million for the Academic Block and Auditorium respectively, included in the bid document for Bill of Quantities.

Out of the above total amounts of Rs 24.2 million, some Rs 4.2 million have already been disbursed to the Contractor.

Ministry's Response

The Consultant, in consultation with the Building Contractor, is currently working on the detailed breakdown of prices for the Academic Block and the Auditorium. The report is expected by mid-February 2023.

24.2 Follow Up of Matters Raised in Previous Audit Reports

NAO has carried out a follow up of matters raised in Audit Reports for 2019-20 and 2020-21 to report on actions taken by the Ministry in response thereto.

Audit Report 2019-20

Out of the four issues highlighted in the report:

- Matter was resolved in respect of two issues.
- No further action was taken in respect of one issue.
- Matter was not resolved in respect of one issue.

Audit Report 2020-21

Matter was not resolved in respect of the three issues reported.

Further information is provided from pages **516 to 518** in **Appendix VI.**

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PART IV

AUDIT OF OTHER PUBLIC SECTOR BODIES

25 – STATUTORY BODIES, LOCAL AUTHORITIES, SPECIAL FUNDS AND OTHER BODIES

25.1 Financial Reporting – Financial Statements not Submitted for Audit or not Laid before the National Assembly

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).

- **113** Statutory Bodies (SBs)
- **12** Local Authorities (LAs)
- **18** Special Funds (SFs)
- **6** State-Owned Companies (SOCs)
- **30** Other Bodies (OBs) including **8** Donor-Funded Projects (DFPs)

As of 21 February 2023 -

(a) 43 SBs have not yet submitted a total of 143 Financial Statements to my Office for audit purposes;

(b) 78 Financial Statements in respect of 36 SBs were certified by NAO but have not yet been laid before the National Assembly;

(c) a total of 12 Financial Statements in respect of 5 SFs have not yet been submitted for audit purposes;

(d) 14 Financial Statements in respect of 5 SFs were certified by NAO but were not yet laid before the National Assembly; and

(e) 8 OBs have not yet submitted a total of 26 financial statements to NAO for audit purposes.

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 the NAO for audit purposes.

A comparison of the number of Financial Statements not submitted to NAO as reported in the Audit Report for 2020-21 and 2021-22 is shown in Table 25-1.

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Table 25-1 Financial Statements not yet Submitted to NAO for Audit

PSB	FS not Submitted Audit Report 2020-21		FS submitted during period March 2022 to February 2023		FS still not submitted as of February 2023		FS i.r.o financial year 2021-22 not submitted as of February 2023		FS not yet submitted Audit Report 2021-22	
	No. of PSBs	No. of FS	No. of PSBs	No. of FS	No. of PSBs	No. of FS	No. of PSBs	No. of FS	No. of PSBs	No. of FS
SBs	44	132	20	30	33	102	41	41	43	143
SFs	5	11	2	4	3	7	5	5	5	12
OBs	14	32	11	14	5	*19	7	7	8	26

Source: NAO Records
**Includes one financial statements i.r.o additional OB audited by NAO*

A similar exercise regarding audited financial statements not laid before the National Assembly is shown in Table 25-2.

Table 25-2 Audited Financial Statements not yet Laid Before the National Assembly

PSB	Reported in Audit Report 2020-21		Laid during period March 2022 to February 2023		Still not Laid as of February 2023		Reported in Audit Report 2021-22	
	No. of PSBs	No. of FS	No. of PSBs	No. of FS	No. of PSBs	No. of FS	No. of PSBs	No. of FS
SBs	37	95	28	59	12	36	36	78
SFs	5	13	3	3	2	10	5	14

Source: NAO Records

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.

At Appendix II, a list of the Statutory Bodies whose accounts are audited by the Director of Audit is given.

As of 21 February 2023:

- ➢ 43 Statutory Bodies had not yet submitted a total of 143 Financial Statements to my Office for audit purposes. Appendix IIA refers.

- ➢ 78 Financial Statements in respect of 36 Statutory Bodies had been certified but have not yet been laid before the National Assembly. Appendix IIB refers.

Of the 132 Financial Statements reported not submitted to NAO in the Audit Report 2020-21, 30 (23 per cent) have subsequently been submitted, as shown in Table 25-3.

Table 25-3 Financial Statements Reported not Submitted to NAO for Audit in the Audit Report 2020-21 Submitted subsequently

Period of Financial Statements	No of Financial Statements	
	Reported in Audit Report 2020-21	Submitted Subsequently
Prior 2017-18	42	3
2017-18	26	2
2018-19	17	5
2019-20	10	9
2020-21	37	11
Total	**132**	**30**

Source: NAO records

Of the 95 audited Financial Statements reported not laid before the National Assembly in the Audit Report for 2020-21, 59 (62 per cent) have subsequently been laid, as shown in Table 25-4.

Table 25-4 Audited Financial Statements Reported not Laid Before the National Assembly in the Audit Report 2020-21 Laid subsequently

Period of Financial Statements	No of Financial Statements including Audit Report Laid	Financial Statements Certified		
		After 2019-20	In 2018-19	Prior To 2018-19
Prior 2017-18	36	14	4	18
2017-18	4	4	-	-
2018-19	4	4	-	-
2019-20	15	15	-	-
Total	**59**	**37**	**4**	**18**

Source: National Assembly records

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.

As of 21 February 2023, all local authorities have submitted their Financial Statements for respective period and also all audited Financial Statements were published in the Government Gazette.

At Appendix III is a list of the Local Authorities audited by the Director of Audit.

25.1.3 Special Funds

All SFs 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 SF shall prepare Financial Statements in accordance with International Public Sector Accounting Standards (IPSAS).

The Director of Audit is responsible for the audit of 18 SFs, listed in Appendix IV.

As of 21 February 2023:

- a total of 12 Financial Statements in respect of 5 SFs have not yet been submitted for audit purposes. Details are at Appendix IVA.

- 14 Financial Statements in respect of 5 SFs were already certified but not yet laid before the National Assembly though required by Regulations as shown in Appendix IVB.

25.1.4 State-Owned Companies, Other Bodies and Project Accounts

The Director of Audit is responsible for the audit of 6 SOCs and 29 OBs including 7 DFPs. The list of these Companies/Bodies/Project Accounts is given at Appendix V.

As of 21 February 2023, 8 of these organisations have not yet submitted a total of 26 Financial Statements to NAO for audit purposes. Appendix VA refers.

25.2 Pension Funds – 72 Public Sector Bodies Reported Deficits Totalling Rs 40 billion

At paragraph 29.2 of the Audit Report for the financial year 2020-21, I pointed out that the financial statements of 72 PSBs submitted to NAO showed that pension funds under their Defined Benefit Pension Plans were running deficits totalling Rs 33.3 billion as at 30 June 2020 consisting of Rs 26.9 billion for 60 SBs and Rs 6.4 billion for 12 LAs.

Based on the Financial Statements submitted for the financial year ended 30 June 2021, it is noted that:

(a) The aggregate deficit of the 60 SBs has increased from Rs 26.9 billion as of 30 June 2020 to Rs 33 billion as of 30 June 2021.

(b) As regards the 12 LAs, their aggregate pension deficit has increased from Rs 6.4 billion to Rs 7.1 billion.

(c) Nine of the SBs had aggregate deficits of Rs 27.9 billion and five of the LAs had aggregate deficit of Rs 5.2 billion as shown in Table 25-5.

Table 25-5 Pension Fund Deficits of Statutory Bodies and Local Authorities as at 30 June 2020 and 30 June 2021

Statutory Bodies	**30 June 2021 Rs**	**30 June 2020 Rs**
Private Secondary Education Authority	9,531,995,111	6,445,323,410
Central Electricity Board	6,644,464,000	7,361,737,000
Mauritius Revenue Authority	3,503,015,657	2,389,585,416
Central Water Authority	2,276,820,717	2,018,372,793
University of Mauritius	1,389,209,031	999,081,480
Mauritius Cane Industry Authority	1,254,772,914	1,232,379,564
Mauritius Broadcasting Corporation	1,184,420,088	912,748,343
Mauritius Institute of Education	1,123,808,395	941,038,574
Mahatma Gandhi Institute	1,015,713,896	854,917,499
	27,924,219,809	**23,155,184,079**
51 other statutory bodies	**5,053,106,299**	**3,757,831,552**
Total for 60 Statutory Bodies*	**32,977,326,108**	**26,913,015,631**
Local Authorities		
The City Council of Port Louis	1,720,664,491	1,591,850,542
The Municipal Council of Curepipe	947,866,219	874,435,135
The Municipal Council of Vacoas/Phoenix	933,383,076	825,260,451
The Municipal Council of Beau Bassin/Rose Hill	881,872,741	829,666,445
The Municipal Council of Quatre Bornes	689,566,766	625,565,166
	5,173,353,293	**4,746,777,739**
7 Other Local Authorities	**1,918,925,503**	**1,642,015,669**
Total for Local Authorities	**7,092,278,796**	**6,388,793,408**
Gross Total	**40,069,604,904**	**33,301,809,039**

Source: NAO Analysis of SBs and LAs Financial Statements
**3 of the 60 Statutory Bodies did not submit Financial Statements for the financial year ended 30 June 2021. Their respective balances as at 30 June 2020 have been used for the purpose of the analysis.*

<u>*Ministry's Response*</u>

The Ministry of Finance, Economic Planning and Development has set up a Technical Committee to look into the financial position of the pension funds of Statutory Bodies and to come up with appropriate recommendations to address the cash and actuarial deficits by these bodies.

The Technical Committee met on several occasions and submitted a report on its main findings with respect to the current financial position of the pension funds. The Committee has also made a number of policy recommendations to address the cash and actuarial deficits being faced or likely to be faced by some pension funds. Some of these recommendations can be implemented in the short term, while others can only be considered in the medium to long term.

In line with the short-term recommendations of the Technical Committee, provision has been made in the 2022-23 Budget to:

(a) inject cash in Statutory Bodies Pension Funds (SBPFs) that are facing cash deficits to meet their annual pension obligations;

(b) increase the contribution rate of 24 SBPFs to 18 per cent per annum;

(c) increase the funding level of 9 SBPFs to 60 per cent in financial year 2022-23; and

(d) contribute towards increasing the funding level of another 18 SBPFs to 60 per cent over a period of 10 years, starting as from financial year 2022-23.

As for the medium to long term recommendations, these need to be studied thoroughly, particularly their implications for the National Budget, the employees and the overall public sector pension system. In addition, their implementation would depend on the economic situation and the fiscal space available to Government.

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APPENDICES

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ANNEX

National Audit Office
Overview of Mandate and Audit Process

1.1 Introduction

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

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

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

1.2 NAO in the Accountability Process

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

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

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

National Assembly

The only authority for the expenditure of public funds and for the raising of revenues by public bodies is that which is given by Parliament through the National Assembly. The National Assembly approves the Government Annual Estimates and this approval is given statutory force by the passing of an Appropriation Act each year, whereby the amount

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allocated for each Government service is set out under a series of "Votes". Subsequently, the Appropriation Act is assented by the President of the Republic of Mauritius and gazetted.

Accounting Officers

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

Accountant-General

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

National Audit Office

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

Public Accounts Committee

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

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

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

1.3 Mandate of the NAO

1.3.1 Audit Portfolio

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

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

1.3.2 Types of Audit

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

Regularity Audit involves:

- Examination and evaluation of financial records and expression of opinions on Financial Statements

- Audit of accounting systems and transactions including an evaluation of compliance with applicable statutes and regulations

- Audit of internal control and internal audit functions

- Reporting of any other matters arising from or relating to the audit that NAO considers should be disclosed

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

1.3.3 Legal Framework

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

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

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

Constitution

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

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

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

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

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

(a) that all reasonable precautions have been and are taken to safeguard the collection of public money;

(b) that all laws, directions or instructions relating to public money have been and are duly observed;

(c) that all money appropriated or otherwise disbursed is applied to the purpose for which Parliament intended to provide and that the expenditure conforms to the authority which governs it;

(d) that adequate directions or instructions exist for the guidance of public officers entrusted with duties and functions connected with finance or storekeeping and that such directions or instructions have been and are duly observed; and

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

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

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

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

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

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

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

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

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

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

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

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

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

The Director of Audit shall, within 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.

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

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

(a) he has obtained all the information and explanations which to the best of his knowledge and belief were necessary for the purpose of the audit;

(b) in his opinion, to the best of his information and according to the explanations given to him, the financial statements give a true and fair view of the financial performance of the statutory body for the financial year and of its financial position at the end of the financial year;

(c) this Act and any directions of the Minister, in so far as they relate to the accounts, have been complied with;

(d) in his opinion, and, as far as could be ascertained from his examination of the financial statements submitted to him, any expenditure incurred is of an extravagant or wasteful nature, judged by normal commercial practice and prudence; and

(e) in his opinion, the statutory body has been applying its resources and carrying out its operations economically, efficiently and effectively.

Section 9 provides that, on receipt of the annual report including the audited financial statements and the audit report, the Board shall, not later than one month from the date of receipt, furnish to the Minister to whom responsibility for the Statutory Body is assigned, such reports and financial statements. The latter shall, at the earliest available opportunity, lay a copy of the annual report and audited accounts of every statutory body before the National Assembly.

1.7 Audit of Local Authorities - Local Government Act

As per **Section 136,** the Chief Executive of every local authority, shall, within four months of the end of every financial year submit the approved annual report including (financial statements) to the Director of Audit.

As per **Section 138**, the Director of Audit shall address to the Minister (to whom responsibility for the subject of Local Government is assigned) and to the Local Authority concerned, a copy of the certified financial statements and his report on every Local Authority audited by him.

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

(1) The Director of Audit shall make a **report to the Council** on the financial statements which have been audited.

(2) The report shall state –

(a) the work done by him;
(b) the scope and limitations of the audit;
(c) whether he has obtained all information and explanations that he has required;
(d) any item of account which, in his opinion, is contrary to law;
(e) any loss or deficiency which, in his opinion, is wholly or partly due to the negligence or misconduct of any person;
(f) any sum which, in his opinion, ought to have been so brought to account but which, due to willful default or negligence, has not been brought into account;
(g) any failure to recover any rate, fee or other charge in the manner specified in section 101;
(ga) whether, in his opinion, the local authority has applied its resources and carried out its operations economically, efficiently and effectively;
(h) whether, in his opinion, the financial statements give a true and fair view of the matters to which they relate, and where they do not, the aspects in which they fail to do so, and whether the financial statements have been prepared in accordance with the Accounting Standards approved by the Minister to whom responsibility for the subject of finance is assigned.

(3) A report under subsection (1) shall state whether the instructions of the Minister, if any, in regard to the financial statements have been complied with.

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

1.8 The Public Procurement Act

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

1.9 Audit Methodology

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

(a) NAO adopts a risk based approach by which audit resources are directed towards those areas of the financial statements that are more likely to contain material misstatements as a consequence of the risks faced by the client. We identify and assess the risks of material misstatement, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. *(ISSAI 2315 Identifying and assessing the Risks of Material Misstatements through Understanding the Entity and Its Environment; ISSAI 2330 The Auditor's Responses to Assessed Risks)*

(b) We do not test all transactions but use sampling methods to select transactions and balances for testing. It is not cost effective to seek absolute certainty and therefore we look for reasonable assurance. Additionally, examining all data may still not provide absolute certainty because some data may not have been recorded. Audit sampling enables us to obtain and evaluate audit evidence about some characteristics of the items selected in order to form or assist in forming a conclusion concerning the population from which the sample is drawn. *(ISSAI 2530 Audit Sampling)*

(c) The primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management. Our objective as auditors is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error. Owing to the inherent limitations of an audit (e.g. Client may provide incomplete information or falsify documents and use of sampling by audit), there is an unavoidable risk that some material misstatements of the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the standards. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Consequently, fraud might remain concealed to us even if a thorough audit is conducted. *(ISSAI 2240 The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements)*

(d) Similarly, the primary responsibility for preventing and detecting corruption rests with the administrative or law enforcement authorities, such as the Police Service, the Financial Intelligence Unit and the Independent Commission Against Corruption.

1.10 Current Reporting Practices

1.10.1 Audit Report on Ministries/ Government Departments

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

The NAO also issues reports on performance audits carried out in accordance with Section 16(1A) of the Finance and Audit Act – these reports are submitted to the Minister responsible for the subject of finance.

Summary of Audit Report Process

- Audit findings discussed with officers responsible for the matters audited.
- Draft management letter issued to the Accounting Officer.
- Matters raised discussed at a meeting with management.
- Final management letter issued – auditee given opportunity to comment on matters raised.
- Findings deemed to be of significance communicated to the Ministry through “Reference Sheet”.
- Ministry has the opportunity to comment on the truth and fairness of the audit findings.
- A summary of comments of management is included in the report, where appropriate.
- The Audit Report is submitted to the Minister responsible for the subject of Finance.

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

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

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

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

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

Summary of Audit Report Process –Statutory Bodies and Local Authorities

- Audit findings discussed with officers responsible for the matters audited.

- Draft management letter issued to the Chief Executive Officer.

- Matters raised discussed at a meeting with management.

- Final management letter issued – auditee given opportunity to comment on matters raised and, if necessary, to amend Financial Statements.

- Following response to management letters and submission of amended financial statements (if applicable), the Audit Report is issued to the Board.

- The Report gives an opinion on whether the Financial Statements show a true and fair view and may include matters of importance that need to be brought to the attention of users

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

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

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Statutory Bodies audited by the Director of Audit

1	Aapravasi Ghat Trust Fund
2	Agricultural Marketing Board
3	Arabic-speaking Union
4	Beach Authority
5	Bhojpuri-speaking Union
6	Bus Industry Employees Welfare Fund
7	Central Electricity Board
8	Central Water Authority
9	Chagossian Welfare Fund
10	Chinese-speaking Union
11	Civil Service Family Protection Scheme Board
12	Competition Commission
13	Conservatoire National de Musique François Mitterand Trust Fund
14	Construction Industry Development Board
15	Creole-speaking Union
16	Early Childhood Care and Education Authority
17	Economic Development Board
18	Employees Welfare Fund
19	Fashion and Design Institute
20	Financial Reporting Council
21	Fishermen Investment Trust
22	Fishermen Welfare Fund
23	Food and Agricultural Research and Extension Institute
24	Gambling Regulatory Authority
25	Higher Education Commission
26	Hindi-speaking Union
27	Human Resource Development Council
28	Information and Communication Technologies Authority
29	Islamic Cultural Centre Trust Fund
30	Land Drainage Authority
31	Law Reform Commission
32	Le Morne Heritage Trust Fund
33	Mahatma Gandhi Institute
34	Malcom De Chazal Trust Fund
35	Manufacturing Sector Workers Welfare Fund

Continued

Statutory Bodies audited by the Director of Audit *(Continued)*

36	Marathi-speaking Union
37	Mauritian Cultural Centre Trust
38	Mauritius Broadcasting Corporation
39	Mauritius Cane Industry Authority
40	Mauritius Council of Registered Librarians
41	Mauritius Examinations Syndicate
42	Mauritius Ex-Services Trust Fund
43	Mauritius Film Development Corporation
44	Mauritius Institute of Education
45	Mauritius Institute of Health
46	Mauritius Institute of Training and Development
47	Mauritius Marathi Cultural Centre Trust
48	Mauritius Meat Authority
49	Mauritius Museums Council
50	Mauritius Oceanography Institute
51	Mauritius Qualifications Authority
52	Mauritius Renewable Energy Agency
53	Mauritius Research and Innovation Council (*previously Mauritius Research Council*)
54	Mauritius Revenue Authority
55	Mauritius Society for Animal Welfare
56	Mauritius Society of Authors
57	Mauritius Sports Council
58	Mauritius Standards Bureau
59	Mauritius Tamil Cultural Centre Trust
60	Mauritius Telugu Cultural Centre Trust
61	Mauritius Tourism Promotion Authority
62	Media Trust
63	National Adoption Council
64	National Art Gallery
65	National Children's Council
66	National Computer Board
67	National Co-operative College
68	National Council for the Rehabilitation of Disabled Persons
69	National Heritage Fund
70	National Library

Continued

Statutory Bodies audited by the Director of Audit *(Continued)*

71	National Productivity and Competitiveness Council
72	National Solidarity Fund
73	National Transport Corporation
74	National Wage Consultative Council
75	National Women Entrepreneur Council
76	National Women's Council
77	National Youth Council
78	Nelson Mandela Centre for African Culture Trust Fund
79	Open University of Mauritius
80	Outer Islands Development Corporation
81	Private Secondary Education Authority
82	Professor Basdeo Bissoondoyal Trust Fund
83	Public Officers' Welfare Council
84	Quality Assurance Authority
85	Rabindranath Tagore Institute
86	Rajiv Gandhi Science Centre Trust Fund
87	Ramayana Centre
88	Road Development Authority
89	Sanskrit-speaking Union
90	Seafarers' Welfare Fund
91	Senior Citizens Council
92	Sir Seewoosagur Ramgoolam Botanic Garden Trust
93	Sir Seewoosagur Ramgoolam Foundation
94	Small Farmers Welfare Fund
95	St Antoine Planters Cooperative Trust
96	State Trading Corporation
97	Sugar Industry Labour Welfare Fund
98	Sugar Insurance Fund Board
99	Tamil-speaking Union
100	Telugu-speaking Union
101	Tourism Authority
102	Tourism Employees Welfare Fund
103	Town and Country Planning Board
104	Trade Union Trust Fund

Continued

Statutory Bodies audited by the Director of Audit *(Continued)*

105	Training and Employment of Disabled Persons Board
106	Trust Fund for Specialised Medical Care
107	Université des Mascareignes
108	University of Mauritius
109	University of Technology, Mauritius
110	Urdu-speaking Union
111	Utility Regulatory Authority
112	Vallée D'Osterlog Endemic Garden Foundation
113	Wastewater Management Authority

Source: NAO Records

* Sugar Cane Planters Trust - *Ceased operation as from 25/07/2010*
Financial statements for the financial years 2007-08, 2008-09 and period 01.07.2009-24.07.2010 have not yet been submitted for audit.

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Statutory Bodies - Financial Statements not yet Submitted to NAO for Audit

Sn	Statutory Body	No. of Financial Statements	Financial Year/Period
1	Arabic-speaking Union	2	2020-21 & 2021-22
2	Bhojpuri-speaking Union	1	2021-22
3	Creole-speaking Union	1	2021-22
4	Early Childhood Care and Education Authority	2	2020-21 & 2021-22
5	Fishermen Investment Trust	8	2014 to 2021-22
6	Mahatma Gandhi Institute	1	2021-22
7	Malcom de Chazal Trust Fund	1	2021-22
8	Marathi-speaking Union	1	2021-22
9	Mauritian Cultural Centre Trust	17	2004-05 to 2021-22
10	Mauritius Film Development Corporation	4	2018-19 to 2021-22
11	Mauritius Meat Authority	1	2021-22
12	Mauritius Museums Council	5	2017-18 to 2021-22
13	Mauritius Oceanography Institute	4	2018-19 to 2021-22
14	Mauritius Research and Innovation Council	2	2020-21 & 2021-22
15	Mauritius Society for Animal Welfare	8	30.10.2013-31.12.2014 to 2021-22
16	Mauritius Society of Authors	2	2020-21 & 2021-22
17	Mauritius Sports Council	2	2020-21 & 2021-22
18	Mauritius Tamil Cultural Centre Trust	2	2020-21 & 2021-22
19	National Adoption Council	1	2021-22
20	National Art Gallery	4	2018-19 & 2021-22
21	National Council for the Rehabilitation of Disabled Persons	2	2020-21 & 2021-22

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Statutory Bodies - Financial Statements not yet Submitted to NAO for Audit *(Continued)*

Sn	Statutory Body	No. of Financial Statements	Financial Year/Period
22	National Heritage Fund	2	2020-21 & 2021-22
23	National Transport Corporation	6	01.01.2016-30.06.2017 to 2021-22
24	National Women's Council	3	2019-20 to 2021-22
25	Nelson Mandela Centre for African Culture Trust Fund	3	2019-20 to 2021-22
26	Outer Islands Development Corporation	2	2020-21 & 2021-22
27	Professor Basdeo Bissoondoyal Trust Fund	16	04.04.2005-30.06.2006 to 2021-22
28	Rajiv Gandhi Science Centre Trust Fund	2	2020-21 & 2021-22
29	Sanskrit-speaking Union	2	2020-21 & 2021-22
30	Seafarers' Welfare Fund	1	2021-22
31	Sir Seewoosagur Ramgoolam Botanic Garden Trust	2	2020-21 & 2021-22
32	Sir Seewoosagur Ramgoolam Foundation	5	2017-18 to 2021-22
33	Small and Medium Enterprises Development Authority (*closed*)	2	01.01.2016-30.06.2017 & 01.07.2017-18.01.2018
34	Small Farmers Welfare Fund	4	2018-19 to 2021-22
35	Sugar Cane Planters Trust (*ceased operation on 25.07.2020*)	3	2007-08 to 01.07.2009-24.07.2010
36	Tamil-speaking Union	2	2020-21 & 2021-22
37	Telugu-speaking Union	1	2021-22
38	Trade Union Trust Fund	1	2021-22
39	Training and Employment of Disabled Persons Board	4	2018-19 to 2021-22
40	Université des Mascareignes	3	2019-20 to 2021-22

Statutory Bodies - Financial Statements not yet Submitted to NAO for Audit *(Continued)*

Sn	Statutory Body	No. of Financial Statements	Financial Year/Period
41	University of Technology, Mauritius	3	2019-20 to 2021-22
42	Urdu-speaking Union	3	2019-20 to 2021-22
43	Vallée D'Osterlog Endemic Garden Foundation	2	2020-21 to 2021-22
	TOTAL	**143**	

Source: NAO records

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Statory Bodies

Audited Financial Statements not yet Laid before the National Assembly

Sn	Statutory Body	No. of Financial Statemen	Financial Year/ Period	Date Certified *
1	Beach Authority	1	2020-21	02.05.2022
2	Bhojpuri-speaking Union	2	2019-20	04.03.2021
			2020-21	23.08.2022
3	Central Water Authority	1	2019-20	14.02.2022
4	Conservatoire National de Musique François Mitterand Trust Fund	1	2020-21	29.08.2022
5	Creole-speaking Union	2	2017-18	13.03.2020
			2018-19	04.10.2021
6	Food and Agricultural Research and Extension Institute	1	2019-20	01.08.2022
7	Information and Communication Technologies Authority	1	2020-21	17.06.2022
8	Islamic Cultural Centre Trust Fund	3	2017-18 to 2020-21	03.06.2020 to 21.04.2022
9	Le Morne Heritage Trust Fund	1	2020-21	26.07.2022
10	Malcom de Chazal Trust Fund	5	2003-04 & 01.01.2016-30.06.2017 to 2019-20	04.07.2013 to 30.06.2022
11	Manufacturing Sector Workers Welfare Fund	1	2019-20	15.07.2021
12	Marathi-speaking Union	1	2020-21	12.08.2022
13	Mauritius Council of Registered Librarians	1	2017-18	27.02.2019
14	Mauritius Examinations Syndicate	1	2020-21	27.04.2022

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Statutory Bodies
Audited Financial Statements not yet laid before the National Assembly (*Continued)*

Sn	Statutory Body	No. of Financial Statements	Financial Year/ Period	Date Certified *
15	Mauritius Film Development Corporation	1	2017-18	29.04.2022
16	Mauritius Institute of Training and Development	1	2020-21	02.05.2022
17	Mauritius Meat Authority	1	2019-20	11.08.2021
18	Mauritius Museums Council	1	2015	30.06.2022
19	Mauritius Oceanography Institute	1	01.01.2016-30.06.2017	16.08.2022
20	Mauritius Research and Innovation Council	1	01.09.2019-30.06.2020	05.10.2022
21	Mauritius Research Council	1	01.07.2019-31.08.2019	07.09.2022
22	Mauritius Tamil Cultural Centre Trust	9	2011 to 2019-20	18.08.2021 to 30.06.2022
23	Mauritius Telugu Cultural Centre Trust	1	2019-20	17.06.2021
24	National Art Gallery	4	2014 to 2017-18	31.05.2018 to 14.05.2020
25	National Heritage Fund	10	2007-08 to 2017-18	19.11.2012 to 01.08.2022
26	National Women's Council	1	08.03.2018-30.06.2019	25.07.2022
27	Nelson Mandela Centre for African Culture Trust Fund	1	2017-18	30.6.2022
28	Open University of Mauritius	1	2020-21	22.04.2022

Statutory Bodies
Audited Financial Statements not yet laid before the National Assembly (*Continued)*

Sn	Statutory Body	No. of Financial Statements	Financial Year/ Period	Date Certified *
29	Private Secondary Education Authority	2	2019-20	13.08.2021
			2020-21	18.04.2022
30	Quality Assurance Authority	1	17.01.2020-30.06.2021	13.04.2022
31	Sanskrit-speaking Union	1	2019-20	17.08.2022
32	Sir Seewoosagur Ramgoolam Foundation	7	2006-07 to 2013	20.10.2015
33	State Trading Corporation	1	2020-21	06.10.2022
34	Telugu-speaking Union	4	2017-18 to 2020-21	04.08.2021 to 03.08.2022
35	Trade Union Trust Fund	5	2015 to 2019-20	09.12.2021
36	Trust Fund for Specialised Medical Care	1	2020-21	13.04.2022
	TOTAL	**78**		

Source: National Assembly records

* *Where a period is indicated, it implies that the Financial Statements were certified on different dates within that period*

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Local Authorities audited by the Director of Audit

1	The City Council of Port Louis
2	The District Council of Black River *(Including 13 Village Councils)*
3	The District Council of Flacq *(Including 23 Village Councils)*
4	The District Council of Grand Port *(Including 24 Village Councils)*
5	The District Council of Moka *(Including 16 Village Councils)*
6	The District Council of Pamplemousses *(Including 18 Village Councils)*
7	The District Council of Rivière Du Rempart *(Including 19 Village Councils)*
8	The District Council of Savanne *(Including 17 Village Councils)*
9	The Municipal Council of Beau Bassin-Rose Hill
10	The Municipal Council of Curepipe
11	The Municipal Council of Quatre Bornes
12	The Municipal Council of Vacoas-Phoenix

Source: NAO records

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Special Funds audited by the Director of Audit

1	Cooperative Development Fund
2	COVID-19 Projects Development Fund
3	COVID-19 Solidarity Fund
4	Curatelle Fund
5	Lotto Fund
6	Morris Legacy Fund
7	National Arts Fund
8	National COVID-19 Vaccination Programme Fund
9	National Environment and Climate Change Fund *(Previously National Environment Fund)*
10	National Parks and Conservation Fund
11	National Pensions Fund
12	National Resilience Fund
13	Non-Governmental Organisation Trust Fund
14	President Fund for Creative Writing
15	Prime Minister's Relief Fund
16	Recovered Assets Fund
17	Rodrigues Subsidy Account
18	Treasury Foreign Currency Management Fund

Source: NAO records

* National Solidarity Fund and Sugar Industry Labour Welfare Fund – *Not included in the above list since they are listed as Statutory Bodies*

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Appendix IVA

Special Funds - Financial Statements not yet Submitted to NAO for Audit

Sn	Special Fund	No. of Financial Statements	Financial Year/Period
1	Curatelle Fund	1	2021-22
2	National Arts Fund	2	2020-21 & 2021-22
3	National Parks and Conservation Fund	1	2021-22
4	National Pensions Fund	4	2018-19 to 2021-22
5	President Fund For Creative Writing	4	2018-19 to 2021-22
	TOTAL	**12**	

Source: NAO records

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APPENDIX IVA

SPECIAL FUNDS - FINANCIAL STATEMENTS NOT YET SUBMITTED TO NAO FOR AUDIT

Special Funds
Audited Financial Statements not yet Laid before the National Assembly

Sn	Special Fund	No. of Financial Statements	Financial Year/ Period	Date Certified *
1	Cooperative Development Fund	1	2020-21	30.06.2022
2	National Environment and Climate Change Fund (*Previously National Environment Fund*)	1	2020-21	04.05.2022
3	National Parks and Conservation Fund	9	2012 to 2019-20	24.09.2013 to 27.07.2022
4	National Pensions Fund	1	2017-18	26.09.2022
5	Non-Governmental Organisation Trust Fund	2	2016-17 2017-18	01.06.2018 21.12.2020
	TOTAL	**14**		

Source: National Assembly records

* *Where a period is indicated, it implies that the Financial Statements were certified on different dates within that period.*

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State-Owned Companies, Other Bodies and Project Accounts audited by the Director of Audit

State-Owned Companies

1	CEB (Green Energy) Co. Ltd
2	CEB (Fibernet) Co. Ltd
3	CEB (FACILITIES) Co. Ltd
4	Financial Services Institute Company Ltd
5	National Empowerment Foundation
6	SME Mauritius Ltd

Other Bodies

1	Association of District Councils
2	Association of Urban Authorities
3	Allied Health Professionals Council
4	Discharged Persons' Aid Committee
5	Financial Intelligence Unit
6	Independent Commission Against Corruption
7	Independent Police Complaints Commission
8	Indian Ocean Rim Association for Regional Cooperation
9	Institute for Judicial and Legal Studies
10	Integrity Reporting Services Agency
11	Mauritius International Arbitration Centre
12	National Archives Research and Publication Fund
13	National Committee on Corporate Governance
14	National Human Rights Commission
15	National Savings Fund
16	National Social Inclusion Foundation
17	Parole Board
18	Postal Authority
19	Residential Care Home Fund
20	Roman Catholic Diocese of Port Louis Religious Subsidy Act
21	Responsible Gambling and Capacity Building Fund
22	Statutory Bodies Family Protection Fund

Continued

State-Owned Companies, Other Bodies and Project Accounts audited by the Director of Audit

International Donor Agencies – Project Accounts

1 Biennial Update Report

2 EU Funded Project- Promotion and Protection of Human Rights in Mauritius and Rodrigues

3 Food-Sec Semence Project

4 Global Fuel Economy Initiative

5 Nationally Appropriate Mitigation Actions (NAMA) Project for Low Carbon Island Development Strategy

6 SADC Trade Related Facility

7 Transformation of Belle Mare into Climate – Smart Agriculture Village Project

8 UNFPA Improved Quality of Life of Population

Source: NAO records

State-Owned Companies and Other Bodies
Financial Statements not yet Submitted to NAO for Audit

Sn	Other Body	No. of Financial Statements	Financial Year/Period
1	Allied Health Professionals Council	1	2021-22
2	Institute for Judicial and Legal Studies	1	2021-22
3	Mauritius International Arbitration Centre	1	2021
4	National Archives Research and Publication Fund	12	01.07.2009-31.12.2010 to 2021-22
5	National Empowerment Foundation	2	2020-21 & 2021-22
6	National Human Rights Commission	1	2021-22
7	National Savings Fund	4	2018-19 to 2021-22
8	Responsible Gambling and Capacity Building Fund	4	2018-19 to 2021-22
	TOTAL	**26**	

Source: NAO Records

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FOLLOW UP OF MATTERS RAISED
IN
PREVIOUS AUDIT REPORTS

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Appendix VI

The Judiciary				
Matters Reported in Audit Report 2019-20				
Ref	**Issues/Findings**	**Status as of February 2022**	**How matters addressed during Period Under Review**	*** Current Status**
4.1	**Absence of Proper Accounting Records for Sale by Levy**			
	No Register was kept at the Finance Section. No detailed listing for deposits and ageing analysis were available.	Action Initiated	***Information obtained at time of audit*** Action was being taken to complete the overdue Revenue Collection and Case Management System (RCCMS) Project. ***Information provided by the Judiciary on 24 February 2023*** Proper Accounting Records are available at the Finance Section and same tally with the Treasury Accounting System (TAS).	Further Action Taken
4.2	**Shortcomings in Deposits for Suitors Monies**			
	No detailed listing for deposits and ageing analysis were available.	Action Initiated	***Information obtained at time of audit*** Action was being taken to complete the overdue RCCMS Project. ***Information provided by the Judiciary on 24 February 2023*** There are no records kept at the Finance Section for cases where bails have lapsed: the relevant information is available at the District Courts.	Action Still Not Initiated

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

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Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

The Judiciary (continued)				
Matters Reported in Audit Report 2019-20				
Ref	**Issues/Findings**	**Status as of February 2022**	**How matters addressed during Period Under Review**	*** Current Status**
4.2	**Shortcomings in Deposits for Suitors Monies(*continued*)**			
	There were 27 settled cases for which deposits were not repaid	No Action Taken	***Information obtained at time of audit*** Deposits not yet repaid. ***Information provided by the Judiciary on 24 February 2023*** Payments are made to beneficiaries as and when certified bills are received from Court Managers of District Courts.	Action Still Not Initiated
	Unidentified balances for Deposits for Suitors Monies of Rs 2.2 million at 30 June 2020. Balance increased to Rs 3.2 million at 30 June 2021.	Action Initiated	***Information obtained at time of audit*** The unidentified balances were gradually being disseminated to the relevant court upon receipt of the relevant information from the various Courts and the ledgers updated. ***Information provided by the Judiciary on 24 February 2023*** As regards the unidentified balances for Deposits for Suitors Monies of Rs 2.2 million, these deposits were made during the COVID-19 pandemic. Deposits were made directly to the Bank and no information was available at the Treasury. The Treasury has advised the Manager of Finance Section to credit these deposits in a sub item – Miscellaneous Deposit (Suitors' Monies). These deposits will be paid to the beneficiaries after receipt of the bills for payment.	Further Action Taken

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

The Judiciary (continued)				
Matters Reported in Audit Report 2019-20				
Ref	**Issues/Findings**	**Status as of February 2022**	**How matters addressed during Period Under Review**	*** Current Status**
4.2	**Shortcomings in Deposits for Suitors Monies(continued)**			
	No decision was taken to transfer the dormant balances of Deposits for Suitors Monies, totalling Rs 53 million, to the Consolidated Fund.	Action Initiated	***Information obtained at time of audit*** ▪ Matters was referred to Ministry of Finance, Planning and Economic Development (MOFEPD) which in turn has sought the advice of the Attorney-General's Office. ▪ Decision still not taken by MOFEPD. ***Information provided by the Judiciary on 24 February 2023*** With regard to the dormant balances of Deposits for Suitors Monies, authorisation was sought from MOFEPD to credit all these dormant deposits in the Miscellaneous Revenue Item and same will be refunded to beneficiaries out of the Refund of Revenue. The reply is still being awaited in spite of reminders sent to the MOFEPD. A fresh reminder to inquire about the matter will be sent to the MOFEPD.	Further Action Taken
	Revenue Collection Case Management System (RCCMS) not yet implemented after more than three years.			
4.3	Delay to implement the RCCMS since June 2018. The Judiciary had also to disburse some Rs 2 million to SIL for the maintenance of its existing Case Management System for the period July 2018 to June 2021.	Action Initiated	***Information obtained at time of audit*** Action is being taken to complete the overdue RCCMS Project. ***Information provided by the Judiciary on 24 February 2023*** As regards the RCCMS, action has been taken at Department level. There has been delay from the supplier.	Further Action Taken

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

The Judiciary (continued)				
Matters Reported in Audit Report 2019-20				
Ref	**Issues/Findings**	**Status as of February 2022**	**How matters addressed during Period Under Review**	*** Current Status**
4.6	**Arrears of Revenue – Inadequate Records**			
	No Revenue Register was kept. The debtor’s figures were still being worked out from Court Files.	Action Initiated	***Information obtained at time of audit*** Action is being taken to complete the overdue RCCMS Project. ***Information provided by the Judiciary on 24 February 2023*** All details in relation to unpaid fine and costs are already provided in the Return of Arrears of Revenue which is prepared and submitted on a half yearly basis. Once RCCMS is implemented, Court Managers will ensure that all entries are properly recorded in the system.	Further Action Taken
4.8	**New E-Judiciary System – Deliverables not yet carried out**			
	Phase 2 of the new E-Judiciary project was still under implementation in February 2022, that is, overdue by more than three years from scheduled date of completion.	Action Initiated	***Information obtained at time of audit*** Integration of E-Judiciary with RCCMS are yet to be provided by the supplier. ***Information provided by the Judiciary on 24 February 2023*** As at January 2023, the matter has been resolved.	Matter Resolved

**Refer to Note on Page 518 for glossary of terms used under the “Current Status” column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Prime Minister's Office, Ministry of Defence, Home Affairs and External Communications and Ministry for Rodrigues, Outer Islands and Territorial Integrity - Civil Aviation				
Matters Reported in Audit Report 2019-20				
Ref	**Issues/Findings**	**Status as of February 2022**	**How matters addressed during Period Under Review**	*** Current Status**
5.3.1	**Debt Recovery-Slow Recovery of Arrears**			
	No major improvement noted in recovery of arrears.	Action Initiated	An amount of some Rs 44 million was recovered during the year. Hence bringing the arrears of revenue as at 30 June 2022 to some Rs 23 million.	Further Action Taken
	Arrears of revenue for debts over five years old were not referred to the Attorney-General's Office for legal recovery.	Action Initiated	The Department has initiated action to write off the arrears	Further Action Taken
	Some Rs 3.8 million of the total arrears was due by one foreign airline company which was placed under "Reconstruction" for the period July 2008 to December 2011.	Action Initiated	***Information provided in January 2023*** DCA was informed on 24 January 2023 that the company is proceeding with the verification and approval of the claim.	Further Action Taken
	Amount of Rs 17.4 million owed by the local airline company which had been placed under Voluntary Administration	Action Initiated	Some Rs 8.9 million was recovered in October 2021 and the Department has initiated action to write off the remaining arrears.	Further Action Taken

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

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

Matters Reported in Audit Report 2019-20

Para	Issues/Findings	Status as of February 2022	How matters addressed during Period Under Review	* Current Status
5.4.1	**Lapses in Asset Management -Acquisition of Air Conditioning System**			
	Rs 575,000 overpaid to Contractor	Action Taken at Department's Level	The overpayment was recouped against Liquidated Damages applied. Contractor has withdrawn the case which was pending at court.	Matter Resolved
	Lapses in Asset Management -Digital Hot Foil Stamping Machine not Operating as Required since Purchase			
	The digital hot foil machine procured in 2016, did not operate as planned since its purchase. The amount of Rs 488,000 may be considered as nugatory expenditure.	Action Initiated	Equipment has been disposed.	Matter Resolved

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column..*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

<table>
<tr><td colspan="5">Prime Minister’s Office, Ministry of Defence, Home Affairs and External Communications and Ministry for Rodrigues, Outer Islands and Territorial Integrity -Police Service</td></tr>
<tr><td colspan="5">Matters Reported in Audit Report 2019-20</td></tr>
<tr><td>Para</td><td>Issues/ Findings</td><td>Status as of February 2022</td><td>How matters addressed during Period Under Review</td><td>* Current Status</td></tr>
<tr><td rowspan="2">7.1.2</td><td colspan="4">Lapses in the maintenance of aircrafts and inadequate resources for proper provision of service</td></tr>
<tr><td>Only two of the four aircrafts were operational.
Approval of request made since November 2019 to purchase a new aircraft had still not been obtained at time of audit</td><td>Action Initiated</td><td>Passenger Variant Aircraft was delivered on 10 April 2022 and commissioned on 27 April 2022.
The Leased Passenger Variant Aircraft was returned to Lessor on 22 March 2022.</td><td>Matter Resolved</td></tr>
<tr><td rowspan="2">7.1.3</td><td colspan="4">Asset Management-Objectives of Coastal Surveillance Radar System not attained</td></tr>
<tr><td>Three out of the eight radars were not operational.</td><td>Action Taken at Department’s Level</td><td>Information Obtained at Time of Audit

One radar at St. Brandon is not operational. CSRS coverage is undertaken by NCG ships and Aircrafts.

Information Provided by the Department in February 2023
Procurement of new CSRS will be financed by the Japanese grant. Technical specifications are being worked out.</td><td>Further Action Taken</td></tr>
</table>

**Refer to Note on Page 518 for glossary of terms used under the “Current Status” column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Prime Minister's Office, Ministry of Defence, Home Affairs and External Communications and Ministry for Rodrigues, Outer Islands and Territorial Integrity -Police Service (continued)

Matters Reported in Audit Report 2019-20

Para	**Issues/ Findings**	**Status as of February 2022**	**How matters addressed during Period Under Review**	*** Current Status**
7.1.3	**Asset Management-Remotely Operated Vehicle (ROV) defective since receipt in June 2014**			
	Rs 12.8 million were paid and liquidated damages were retained for late delivery of ROV. An Arbitrator was appointed to settle dispute regarding liquidated damages applied.	Action Taken at Department's Level	***Information Obtained at the Time of Audit*** The case was called before the Arbitrator on 10 November 2022 and was postponed. ***Information Provided by the Department in February 2023*** The case was postponed for March 2023.	Matter Not Yet Resolved
7.1.4	**Procurement Management- Procurement of Ready-made Trousers of Present Design**			
	Shortcomings were noted by the PPO in March 2020. An alleged case of manipulated test report and conflict of interest was referred to ICAC.	Action Taken at Department's Level	ICAC has requested submission of all tender documents. As of December 2022, the outcome of the inquiry was not known at the level of the Police Service.	Matter Not Yet Resolved
7.1.5	**Non-repayment of Advances Motor Car/Motor Cycle**			
	Irregular repayments were not properly monitored resulting in non-recovery of outstanding balances.	Action Taken at Department's Level	Five cases were still pending and same were still being processed.	Further Action Taken

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Prime Minister's Office, Ministry of Defence, Home Affairs and External Communications and Ministry for Rodrigues, Outer Islands and Territorial Integrity -Police Service (continued)

Matters Reported in Audit Report 2020-21

Para	**Issues/ Findings**	**How matters addressed during Period Under Review**	*** Current Status**
	Interdicted Officers – Lengthy Process to Settle Cases - More than 50 per cent of Cases still under Police Inquiry		
5.4.1	Measures to Counter Bottlenecks and Reduce Interdiction Periods Not Effective. Nugatory Expenditure - Officers Dismissed after Long Period of Interdiction.	The Commissioner of Police chaired regular meetings to streamline matters. Fast track mechanism was still ineffective. During period August 2021 to June 2022, six officers were dismissed from service after completion of criminal proceedings. The total salary disbursed to these dismissed officers amounted to some Rs 9 million.	Action Initiated
	Safe City Project (SCP) – Not Fully Operational Two Years after Scheduled Completion Date		
5.4.3	Deliverables were not met as per Contract	IVS Cameras are being installed on poles of MT. Relocation of some sites in progress to cater for proximity to high voltage CEB sites, the Metro express project and new projects being undertaken by the Road Development Authority. Remedial action in progress to provide power supply to certain sites.	Matter Resolved
	Details of Advance payment Effected for Supply of Electricity not Available.	The remaining balance will be known after receipt of final invoice and the Treasury will accordingly be informed. 55 additional IVS Cameras are being installed and thereafter CEB will submit a final invoice on the detailed expenses.	No Action Taken

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Prime Minister's Office, Ministry of Defence, Home Affairs and External Communications and Ministry for Rodrigues, Outer Islands and Territorial Integrity -Police Service (continued)

Matters Reported in Audit Report 2020-21

Para	**Issues/ Findings**	**How matters addressed during Period Under Review**	*** Current Status**
5.4.3	SCP not fully Operational and Maximum Benefits not derived.	The Face Recognition Capabilities were exempted from the Data Protection Act. On 30 December 2021, the advice of the Data Commissioner was sought. The protocols and guidelines to uphold the right of privacy of an individual will be worked out with the assistance of the Attorney-General's Office (AGO) and the Data Protection Office. Advice of AGO is awaited. As of December 2022: ▪ Only 158 of 300 ITS Cameras were installed. ▪ The Face Recognition Capabilities of surveillance cameras have still not been enabled. ▪ The Location-Based System under the Emergency Response Management System was not yet operational due to non-finalisation of agreement with one Telecommunication Operator. ▪ The contract for an Independent Security Audit was not yet awarded. The terms of reference were still under preparation by the Police Service. ▪ The storage capacity of SCP was not enhanced. The surveillance cameras have the capacity to store data for a period of 30 days on a 24-hour basis. After 30 days, the footages were automatically overwritten by new ones. An enhanced storage capacity is conditional for elucidating cases which require footages for periods exceeding 30 days. ▪ The Due Diligence exercise reported on the absence of a Disaster Recovery site. This might result in loss of data.	Action Initiated

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Prime Minister's Office, Ministry of Defence, Home Affairs and External Communications and Ministry for Rodrigues, Outer Islands and Territorial Integrity -Police Service (continued)

Matters Reported in Audit Report 2020-21

Para	**Issues/ Findings**	**How matters addressed during Period Under Review**	*** Current Status**
	Deficiencies in Asset Management		
5.4.4	Limited Capacity for Operation of Maritime Coastal Surveillance - Obsolete Coastal Surveillance Radar System.	***Information Obtained at Time of Audit*** Provision for a new Coastal Surveillance Radar System (CSRS) financed by the Japanese grant had already been initiated. The Japanese Consultant has undertaken a survey in June 2022. ***Information Provided by the Department in February 2023*** The Japanese Consultant is working on the technical specifications.	Action Initiated
	High maintenance cost and unserviceability of Helicopters. Long period of unserviceability of helicopters.	As of November 2022, six helicopters, including one on lease were operational. Some Rs 243 million were disbursed for the maintenance of the helicopters for the past six financial years. The helicopters were grounded for routine servicing. The contract for acquisition of a helicopter was signed on 17 January 2022 and due for delivery by June 2023.	Action Initiated
	Implementation of Advance Passenger Information and Passenger Name Record System delayed due to Inadequate Planning.	APIS is operational except for the cooling system at Police IT Unit and Letter of Acceptance for cooling system issued on 14 December 2022.	Action Initiated
	Procurement of Automatic Fingerprint Identification System not finalised since more than Three Years.	***Information Obtained at Time of Audit*** The existing system is only compatible with Microsoft XP version whereas system support is no more provided by Microsoft. In November 2022, bidding documents were submitted to Central Procurement Board for vetting. ***Information Provided by the Department in February 2023*** Tender was launched and closing date fixed for 15 March 2023.	Action Initiated

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Prime Minister's Office, Ministry of Defence, Home Affairs and External Communications and Ministry for Rodrigues, Outer Islands and Territorial Integrity - Police Service (continued)			
Matters Reported in Audit Report 2020-21			
Para	**Issues/ Findings**	**How matters addressed during Period Under Review**	*** Current Status**
5.4.5	**Delay in Procurement Impacting on Service Delivery**		
	Non-compliance with PPO Directive – Procurement Lead Time Exceeded.	Non-compliance with Directives still noted in financial year 2021-22.	No Action Taken
	Portable Drug Screening Devices - Tender was not finalised due to inadequate market survey and inappropriate specifications.	Portable Drug Screening Devices have been procured and issued to ADSU on 15 September 2022.	Matter Resolved
	Contract for Supply of Overalls - Contractor was not reported to PPO for Non-performance.	***Information Obtained at Time of Audit*** A Technical Committee was set up to examine all aspects of specifications, cost estimates and appropriate market surveys prior to launching of quotations. As of September 2022, the tender exercise was not yet finalised. ***Information Provided by the Department in February 2023*** Matter already sorted out and delivery expected by 15 February 2023.	Action Initiated
5.4.6	**Inadequate Controls over Collections**		
	Delayed Remittance of Collections.	***Information Obtained at Time of Audit*** A Divisional Order No. 5/21 dated 23 November 2021 has been released for strict compliance regarding the proper procedures to be followed. Late handing over of remittances were still noted at Police Stations ***Information Provided by the Department in February 2023*** The Divisional Order will be reviewed for better control and accountability.	Action Initiated

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Prime Minister's Office, Ministry of Defence, Home Affairs and External Communications and Ministry for Rodrigues, Outer Islands and Territorial Integrity -Police Service (continued)			
Matters Reported in Audit Report 2020-21			
Para	**Issues/ Findings**	**How matters addressed during Period Under Review**	*** Current Status**
5.4.6	**Inadequate Controls over Collections**		
	Tardy Preparation of Bank Reconciliations.	Reconciliations were made monthly.	Matter Resolved
	Irregularity in Revenue Collection - Enquiry still Ongoing after more than six years.	The documents which were in custody of ICAC have been taken over by CCID. The services of the Internal Control Cadre were enlisted for verifications and analysis of documents to ascertain the total amount of revenue which has not been banked. The Anti Money Laundering/Combating the Financing of Terrorism (AML/CFT) Unit of the CCID, Mauritius Revenue Authority, Integrity Report Services Agencies. Financial Intelligent Unit and AMF/CFT Task Force have been notified for further probing and initiation of action in respect of an interdicted officer. On completion of enquiry, the findings will be submitted to the Office of the Director of Public Prosecutions for advice.	Action Initiated

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Prime Minister's Office, Ministry of Defence, Home Affairs and External Communications and Ministry for Rodrigues, Outer Islands and Territorial Integrity – Prison Service				
Matters Reported in Audit Report 2019-20				
Ref	**Issues/Findings**	**Status as of February 2022**	**How matters addressed during Period Under Review**	*** Current Status**
7.2.1	**Ineffective Close Circuit Television Camera System at one Prison**			
	The cameras and the DVRs were not functioning since August 2018.	Action Initiated	Contract for new camera system was awarded in August 2021 and commissioned in July 2022.	Matter Resolved
7.2.3	**Asset Management - Government Asset Register not Updated**			
	Assets acquired for some Rs 25 million during financial years 2017-20 were not recorded in the Government Asset Register.	Action Initiated	***Information obtained at time of audit*** • Assets acquired as from July 2022 are being recorded in the GAR system. • Assets acquired during the period 2017 – June 2022 have yet to be recorded in the GAR. ***Information provided by Department in February 2023*** Assets acquired during period 2017-June 2022 have not yet been recorded in the GAR. The GAR is expected to be updated by June 2023.	Further Action Taken
7.2.5	**Advances to Dismissed / Retired Officers not yet Recouped**			
	Advance Account as at 30 June 2020 included some Rs 300,000 representing total amount due by six dismissed/retired Officers.	Action Initiated	***Information obtained at time of audit*** Full and partial settlements were made in three cases and one case respectively. Other recovery methods were being considered for a remaining balance of some Rs 122,000. ***Information provided by Department in February 2023*** Two of them have already paid their outstanding balances whereas only one officer was not honouring his loan. The Attorney-General's Office was apprised of this through a correspondence as to course of action for the recovery of the outstanding balance.	Further Action Taken

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Prime Minister's Office, Ministry of Defence, Home Affairs and External Communications and Ministry for Rodrigues, Outer Islands and Territorial Integrity – Prison Service (continued)				
Matters Reported in Audit Report 2019-20				
Ref	**Issues/Findings**	**Status as of February 2022**	**How matters addressed during Period Under Review**	*** Current Status**
7.2.6	**Mismanagement in Accounting and Disposal of Cigarettes**			
	Poor control over stock of cigarettes. A stock of 252,398 cigarettes valued at some Rs 1.8 million was unaccounted and untraceable at four prisons. In July 2020, the case was referred to the Police Service for enquiry.	Action Taken at Department's Level	***Information obtained at time of audit*** Action by the Prison Service was kept pending due to the on-going Police enquiry. On 28.02.2022, the Police Service reported that enquiry into the matter was completed and disposed on 03.02.2022 due to insufficient evidence to establish a criminal case. No further action was thereafter initiated at Prison Service level.	Further Action Taken
7.2.7	**Prohibited Articles found within Premises of Prisons**			
	Additional security measures have been implemented. The Prison Service was planning to acquire a body scanner to assist in the detection of prohibited articles within the prison premises.	Action Taken at Department's Level	A body scanner was installed and operated on 22 December 2021.	Matter Resolved
7.2.9	**No improvement in the Operation of Imprest Accounts**			
	Nine imprests exceeding Rs 5,000 were not operated through bank accounts.	Action taken at Department's level	The Prison Service sought authority of MOFEPD and Treasury for derogation for non-operation of the Imprest through a bank account. Authority from Accountant-General was obtained on 18 May 2022.	Matter Resolved

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Prime Minister's Office, Ministry of Defence, Home Affairs and External Communications and Ministry for Rodrigues, Outer Islands and Territorial Integrity – Prison Service (continued)

Matters Reported in Audit Report 2020-21

Ref	Issues/ Findings	How matters addressed during Period Under Review	* Current Status
5.5.1	**Non-compliance with Financial Instructions – Computerised Salaries History Cards Not Updated**		
	The Computerised Salary Card System was not maintained as required by Financial Instructions No. 1 of 2021.	***Information obtained at time of audit*** As at November 2022, 75% of the backlog has been cleared. The remaining 25 % would be cleared by early 2023. ***Information provided by Department in February 2023*** Clearance of the remaining backlog of 25% of the Salaries cards is being considered.	Further Action Taken
5.5.2	**Absence of Timely Action to Recover Advance Account of some Rs 4 million**		
	In July 2019, the Ministry of Finance, Economic Planning and Development advanced Rs 4 million to the Prison Service for the settlement of payment totalling Rs 3.1 Million and the negative balance in the Detainee's Deposit Account. The Prison Service was advised to identify the culpable officers, to review the existing system of Detainee's Private Cash Account, and to transfer the Advance account in the name of officer(s) found guilty. • As of December 2021, that is after more than two years since funds were advanced, no amount has yet been recovered.	***Information obtained at time of audit*** Investigation was still ongoing.	Matter Not Yet Resolved
	• No officer has yet been designated to ensure timely submission of monthly returns from the different prisons to the Finance Section for reconciliation with the Detainees' Deposit Account.	An Officer was designated on 11 January 2022 to ensure timely submission of monthly returns from the different prisons to the Finance Section.	Further Action Taken

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Ministry of Housing and Land Use Planning, and Tourism				
Matters Reported in Audit Report 2019-20				
Para	**Issues/ Findings**	**Status as of February 2022**	**How matters addressed during Period Under Review**	*** Current Status**
	Administration of State Lands - Inadequate Controls			
22.1	A comprehensive register of all State Lands was not maintained by the Ministry. The Ministry informed that the delay is due mainly to constant changes in specifications of the State Land Register Software Solution as required by the service users and to confinement period of COVID- 19 pandemic.	Action Initiated	The lease component of the State Land Register Software Solution was implemented but actions are not being taken to feed the database.	Further Action Taken
	Land Acquisition – No Improvement in the Processing Time			
22.2	The Ministry informed NAO that the "Acquisition" module of the State Land Register Software Solution (SLRSS) was not fully operational. The Acquisition Unit is using the system to record and update data as and when files are being processed. Preliminary data/information were being recorded and the system was expected to be fully operational by early 2021. Data migration of all acquisition files was effected but the updated status was not yet available. The Acquisition Monitoring Committee is meeting regularly for monitoring.	Action Initiated	The "Acquisition" module of the State Land Register Software Solution is still not fully operational. Updated status of all acquisition files migrated in the SLRSS is still not available. The Acquisition Unit is recording and updating data when processing the files. During the financial year 2021-22, the Acquisition Monitoring Committee met on only four occasions.	Further Action Taken

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Ministry of Housing and Land Use Planning, and Tourism (continued)				
Matters Reported in Audit Report 2019-20				
Para	**Issues/ Findings**	**Status as of February 2022**	**How matters addressed during Period Under Review**	*** Current Status**
22.3	**Arrears of Revenue – Lapses Still Noted in Accounting of Lease Rental and Debt Management**			
A	The NAO continuously reported on the misstatement of the arrears figure and inefficient measures for recovery of debts.	No Action Initiated	Rentals in respect of leases with no signed lease agreement were still accounted as arrears. LOI cases were not tagged in the revenue system.	Action Still Not Initiated
B	The measures and enforcement mechanisms put in place at the Ministry proved to be inadequate and ineffective. In 2020-21, the enforcement unit was not set up, the framework for debt recovery was implemented and no changes were brought to the revenue system so that all Letter of Intent (LOI) cases are tagged with a notification. The Ministry informed that the issues raised will be resolved with the coming into operation of the finance module in the State Land Register Software Solution.		No significant improvement was noted in the debt recovery and enforcement mechanisms. The finance module in the State Land Register Software Solution was not yet operational.	Action Still Not Initiated
22.4	**Land Administration, Valuation and Information Management System (LAVIMS) – Revamping Not Yet Implemented and Valuation Roll Not Yet Completed**			
	Cadastre Component- Revamping was not yet implemented and controls for processing of PIN was not improved. For the LAVIMS 2.0 project, documents were still being finalised for launching of the tender.	Action Initiated	***Information obtained at time of audit*** The tender for revamping of LAVIMS had not yet been launched and no significant improvement was noted in the processing of PIN.	Further Action Taken

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Ministry of Housing and Land Use Planning, and Tourism (continued)				
Matters Reported in Audit Report 2019-20				
Para	**Issues/ Findings**	**Status as of February 2022**	**How matters addressed during Period Under Review**	*** Current Status**
	Land Administration, Valuation and Information Management System (LAVIMS) – Revamping Not Yet Implemented and Valuation Roll Not Yet Completed (*continued*)			
22.4	Financial clearance for a Project Manager was being sought.		***Information provided by the Ministry in January 2023*** • The LAVIMS 2.0 Project was delayed mainly due to time taken for converting the bidding document from paper based to e-document at the request of Procurement Policy Office (PPO). This exercise was time consuming as PPO had to revamp the system to cater for a two-envelope (technical and financial) bidding exercise and also due to the COVID 19 pandemic. Upon completion of the exercise, the PPO advised the Ministry in October 2022, to carry out a mock bidding exercise to ensure effectiveness of the e-Procurement System. This was completed successfully. The draft bid document is presently at the Central Procurement Board for vetting. • The launching of bids is expected in February 2023.	
	Valuation Component **-** Valuation Roll (VR) was not yet completed. The Valuation Module Enhancement was not yet completed. There was delay in the production of the VR for the Municipal Council of Quatre Bornes (MCQB) and The Property Valuation Bill was not yet finalised.	Action Initiated	Except for functionality Case type F- Publication of VR, the User Acceptance Testing (UAT) was signed off in May 2021. Functionality Case type F- Publication of VR was neither tested on staging environment nor on live environment as this can be done only when the final Cadastral Database is populated and generated for the MCQB.	Further Action Taken

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Ministry of Housing and Land Use Planning, and Tourism (continued)				
Matters Reported in Audit Report 2019-20				
Para	**Issues/ Findings**	**Status as of February 2022**	**How matters addressed during Period Under Review**	*** Current Status**
22.5	**Valuation Lists - Updating Delays Resulting in Loss of Revenue to Government and Municipal Councils**			
	Out of the 17,358 outstanding rating cases for the five City/Municipal Councils, 3,784 cases were outstanding in financial year 2020-21. The Ministry informed that major part of delay was attributable to the restrictions due to COVID-19 Pandemic, limited human resource capacity and limited resource capacity.	Action Initiated	Out of the 3,784 cases that were outstanding in financial year 2020-21, some 1700 cases were still outstanding as of October 2022.	Further Action Taken
22.6	**State Land Register Software Solution – Not Yet Operational**			
	The State Land Register Software Solution (SLRSS) was not operational due to delays in the implementation process. The expected completion date of the project was October 2019. The Ministry informed that the delay was due mainly to constant changes in specifications which were not foreseen at the time of drafting and to the confinement period owing to COVID-19 Pandemic, the project was expected to be completed in 2022 at no additional cost.	Action Initiated	***Information obtained at time of audit*** As of October 2022, the SLRSS was not fully operational. ▪ A comprehensive database of all State Lands inclusive of all uncommitted State Lands was not yet available. The database of land vested to Ministries and other Government Departments was not complete. ▪ The finance module had not yet gone live. ▪ The Document Management and Archives System was not optimally used.	Further Action Taken

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Ministry of Housing and Land Use Planning, and Tourism (continued)				
Matters Reported in Audit Report 2019-20				
Para	**Issues/ Findings**	**Status as of February 2022**	**How matters addressed during Period Under Review**	*** Current Status**
22.6	**State Land Register Software Solution – Not Yet Operational (*continued*)**			
			Information provided by the Ministry in January 2023 *A comprehensive State Land Register Not Yet Available* • All data available in digital format has already been uploaded in the system. Information available in paper format will be uploaded as and when resources are made available. *Finance Module Not Operational* • Negotiations are ongoing with State Informatics Ltd for the latest available information to be migrated to the system. • Several enhancements/changes have had to be carried out. The system is available throughout the Ministry. Operational testing has been carried out for the Registry, Survey and Acquisition and housing modules are functional. As regards the Finance Module, operational testing is ongoing and is expected to be completed by February 2023.	

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Ministry of Housing and Land Use Planning, and Tourism (continued)				
Matters Reported in Audit Report 2019-20				
Para	**Issues/ Findings**	**Status as of February 2022**	**How matters addressed during Period Under Review**	*** Current Status**
22.7	**State Land Leased to a Statutory Body - Lease Agreement Not Yet Renewed**			
	The Ministry informed that once all issues to the lease are cleared, a new industrial lease on the value assessed by the Valuation Department and on new terms and conditions will be finalised.	Action Initiated	New lease agreement was signed on 20 October 2022.	Matter Resolved

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Ministry of Housing and Land Use Planning, and Tourism (continued)			
Matters Reported in Audit Report 2020-21			
Para	**Issues/ Findings**	**How matters addressed during Period Under Review**	*** Current Status**
	State Lands Leased for Industrial Projects Remain Undeveloped for Years		
12.1	Master plans were developed by the Ministry for the regions of Balaclava, Les Salines and Palmar. State lands found in these regions were granted to promoters. However, several years after, in most cases, the promoters have not yet started their respective project. ▪ No significant development at Balaclava and Les Salines despite Government support; and ▪ No development at Palmar due to delays in decision making. **Balaclava-** The Ministry informed that deed of amendment was not finalised as there was a change in purpose for one of the promoters and another promoter requested for a further delay of six months as from 1 October 2021 to start the construction works. **Les Salines-** Out of the nine plots of land reserved during the period 2005 to 2014, construction works were ongoing at only two plots.	No development was noted in respect of the master plans developed in the regions of Balaclava, Les Salines and Palmar.	No Action Taken

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

<table>
<tr><td colspan="4">Ministry of Housing and Land Use Planning, and Tourism (continued)</td></tr>
<tr><td colspan="4">Matters Reported in Audit Report 2020-21</td></tr>
<tr><td>Para</td><td>Issues/ Findings</td><td>How matters addressed during Period Under Review</td><td>* Current Status</td></tr>
<tr><td>12.1</td><td>Palmar- As of November 2021, no development was carried out due to delay in finalising the lease agreement.

The Ministry informed that the letter of Comfort is issued by the Economic Development Board. In view of the fact that the whole area is not serviced by road infrastructure and utility serves, the site within the master plan cannot, for the time being, be developed.</td><td></td><td></td></tr>
<tr><td rowspan="2">12.2</td><td colspan="3">Construction of Social Housing Units and Rehabilitation- Targets Not Achieved</td></tr>
<tr><td>The social housing programmes and the rehabilitation works on the National Housing Development Housing Estates are undertaken by the National Housing Development Company (NHDC Ltd).

It was noted in 2020-21 that the targets set were not achieved and there was inadequate monitoring by the Ministry over activities carried out by NHDC Ltd.

The Ministry informed NAO that delays were mainly attributable to the restrictions due to the COVID-19 pandemic, inclement weather and contractual dispute. Budgeted Funds could not be used for implementation of Housing projects due to:</td><td>The remaining housing Units targeted for construction in 2020-21 were completed in 2021-22.</td><td>Action Completed</td></tr>
</table>

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Ministry of Housing and Land Use Planning, and Tourism (continued)			
Matters Reported in Audit Report 2020-21			
Para	**Issues/ Findings**	**How matters addressed during Period Under Review**	*** Current Status**
	Construction of Social Housing Units and Rehabilitation- Targets Not Achieved (*continued*)		
12.2	▪ Delays in construction attributed to the restrictions due to COVID-19 pandemic; ▪ Change in scope of works to comply with requirements of different authorities; and ▪ Lengthy procedures for acquisition of land.		
	Regular site visits could not be carried out due to the restrictions attributed to the COVID-19 pandemic. And limited human resource capacity.	The 157 housing units are delivered.	
	As of October 2021, there were 157 unallocated housing units, out of which 27 were unallocated for more than three years.	The NHDC Ltd is updating its database when new applications are obtained.	
	Regarding the review of the database of applicants, the Ministry informed that the NHDC Ltd has appointed an auditing firm for the complete overhauling of the present database. The database has been updated as at end of November 2021 and will henceforth be regularly maintained and updated.		
	The last Annual Report and the audited financial statements of the NHDC Ltd received at the Ministry relates to the year ended 31 December 2018. Annual Reports and audited Financial Statements for periods ended 31 December 2019 and 31 December 2020 were not yet submitted to the Ministry.	The NHDC Ltd has submitted the Annual Reports for period 2019 to 2022 and actions have been initiated for same to be tabled in the National Assembly.	

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Vice-Prime Minister's Office, Ministry of Education, Tertiary Education, Science and Technology				
Matters Reported in Audit Report 2019-20				
Ref	**Issues/ Findings**	**Status as of February 2022**	**How matters addressed during Period Under Review**	*** Current Status**
11.1	**Early Digital Learning Programme – Compliance and Implementation Issues**			
	Delay in finalising the Classroom Management Software. As of December 2020, the Agreement for the Non-Disclosure, Data Protection and Security, Service Level and other related matters was not finalised.	Action Initiated	The Non-Disclosure Agreement has been signed on 15 December 2022.	Matter Resolved
	Security issues – Theft perpetrated at schools causing an increase in number of stolen Tablets and PCs.	Action Taken	***Information obtained at time of audit*** The Ministry is working with the Commissioner of Police to strengthen the security in schools. Sensitisation sessions for Heads of Primary School have been carried out by the Crime Prevention Unit. ***Information provided by Ministry in January 2023*** The value of the stolen devices was deducted from the monthly amount payable to the Security Service Providers.	Further Action Taken
11.2	**School Requisites - Free Textbook Scheme for Grade 7, 8 and 9 – Inadequate Control Mechanism**			
	Inadequate monitoring and control over the receipt of textbooks. Out of 679,160 textbooks received in January 2020, details of deliveries of 172,517 were not available and no records were provided for the 272,272 textbooks directly delivered to the Private Secondary Education Authority.	Action Initiated	***Information obtained at time of audit*** Schools were requested to submit recapitulation sheets with the number of textbooks received and delivered for those textbooks which could not be traced back to the distribution lists. Reconciliation was in progress. ***Information provided by Ministry in January 2023*** The reconciliation exercise for textbooks at Zone Level have been completed.	Matter Resolved

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Vice-Prime Minister's Office, Ministry of Education, Tertiary Education, Science and Technology (continued)				
Matters Reported in Audit Report 2019-20				
Ref	**Issues/ Findings**	**Status as of February 2022**	**How matters addressed during Period Under Review**	*** Current Status**
11.3	**Procurement of watch and security services for schools and institutions-Delay in awarding the contract**			
	Renewal of contract on a month to month basis since December 2016. On 4 February 2020, the contract was awarded to another bidder after the bids were re-evaluated for the sum of Rs 313.2 million. On 10 February 2020, the award of the contract was again challenged by the first successful bidder. The bidding exercise was subsequently cancelled in accordance with Section 39(1) of the Public Procurement Act. On 17 March 2020, the successful bidder issued a notice for leave to apply for an Order of Certiorari before the Supreme Court.	Action Initiated	***Information obtained at time of audit*** According to court judgement, the grounds for judicial review have not been substantiated and the application was therefore dismissed with costs. As of November 2022, the bidding documents for the launching of the tenders were being processed. ***Information provided by Ministry in January 2023*** The draft bidding document are being input on the e-Procurement System prior to submission to the Central Tender Board.	Further Action Taken

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Vice-Prime Minister's Office, Ministry of Education, Tertiary Education, Science and Technology (continued)				
Matters Reported in Audit Report 2019-20				
Ref	**Issues/ Findings**	**Status as of February 2022**	**How matters addressed during Period Under Review**	*** Current Status**
11.4	**Capital Projects – Lapses in procurement procedures and contract management/Delays in execution of projects**			
	Delays in execution of projects due to poor performance of contractors. -Sir Leckraz Teeluck SSS Flacq -Royal College Curepipe	Action Taken at Ministry's Level	***Information obtained at time of audit*** The MNICD has been requested to submit a performance report on the defaulting contractor. Ten contractors were reported to the Procurement Policy Office in February 2021. ***Information provided by Ministry in January 2023*** • Sir Leckraz Teeluck SSS Flacq: Bids documents and drawings for outstanding works in the science block and phase II are under preparation at the level of the MNICD. • Royal College Curepipe: The Project has been completed.	Further Action Taken
	Significant delays in award of contract and inadequate monitoring of project.	Action Initiated	The performance of Contractors is monitored by the MNICD and a report should be provided to the Ministry on poor performing Contractors.	Further Action Taken

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Vice-Prime Minister's Office, Ministry of Education, Tertiary Education, Science and Technology (continued)			
Matters Reported in Audit Report 2020-21			
Ref	**Issues/ Findings**	**How matters addressed during Period Under Review**	*** Current Status**
7.1	**Asset Management –Government Asset Register (GAR) not updated**		
	Delay in recording in the GAR	***Information obtained at time of audit*** Buildings/schools evaluated by the Valuation Department was submitted to the Accountant-General on 30 July 2021 for input in the GAR. The input of the remaining assets was in progress. ***Information provided by Ministry in January 2023*** The recording of: • The valuation of buildings has been completed, • Non-Financial Assets (NFA) in GAR system has started as from July 2022, and • NFA on ADI template for period ending June 2022 was in progress.	Action Initiated
7.2	**Lease of Office Space for Central Store Division – Lapses in Procurement**		
	Office space was not utilised for intended purpose. As of 25 October 2021, the office space for the Procurement Section could not be utilised as the necessary amenities and fit-out works were not yet provided. The building leased for the Procurement Section was used to store old furniture and unserviceable items.	***Information obtained at time of audit*** As of 14 October 2022, the lessor was notified of the Ministry's intention to terminate the Lease Agreement with a notice of 6 months as from that date without the need for payment of any compensation whatsoever to the other Party. ***Information provided by Ministry in January 2023*** Needful is being done to remove and transfer items lying thereat to other locations before the end of the 6 months' notification period.	Action Initiated

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column..*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Vice-Prime Minister's Office, Ministry of Education, Tertiary Education, Science and Technology (continued)			
Matters Reported in Audit Report 2020-21			
Ref	**Issues/ Findings**	**How matters addressed during Period Under Review**	*** Current Status**
7.3	**Delay in the setting up of the Special Education Needs Authority (SENA) (*continued)***		
	No Grant Memorandum was signed between the NGOs and the Ministry before disbursement of grants.	***Information provided by Ministry in January 2023*** Grant memorandum has been signed between SENA and the SEN Institutions including those run by the Service Diocésain de l'Éducation Catholique (SeDEC) prior to disbursement of funds. SENA has started to register NGOs and Grant Memorandum is being prepared.	Matter Resolved
7.4	**Lapses in Capital Project Management and Procurement Procedures**		
	Poor performance of Contractors resulting in delays for completion of the projects and termination of contracts.	***Information obtained at time of audit*** Swimming Pool at Melrose GS- As of September 22, the contract was terminated and MNICD was requested to submit bid estimate. The bidding exercise for the re-launching of bid was not yet done. ***Information provided by Ministry in January 2023*** Bid documents and drawings are under preparation at the level of the MNICD. ***Information gathered at time of audit*** Swimming Pool at Permal Soobrayen: Bids were launched on 29 July 2022. ***Information provided by Ministry in January 2023*** Evaluation exercise in progress.	Action Initiated

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Vice-Prime Minister's Office, Ministry of Education, Tertiary Education, Science and Technology (continued)			
Matters Reported in Audit Report 2020-21			
Ref	**Issues/ Findings**	**How matters addressed during Period Under Review**	*** Current Status**
7.4	**Lapses in Capital Project Management and Procurement Procedures (*continued*)**		
	Non-compliance with procurement rules and procedures.	***Information obtained at time of audit*** Reconstruction of Robinson GS Survey is being carried out by MNICD for launching of bids to complete the outstanding works. ***Information provided by Ministry in January 2023*** Survey is ongoing	Action Initiated
	Lapses in project management.	***Information obtained at time of audit*** Mt Ory GS- Liquidated damages applied but outstanding works were not attended. Sir Leckraz Teelock SSS- On termination of the contract, the outstanding works were estimated to be Rs 1,800,000 (excluding VAT and contingency) by the MNICD on 1 July 2022 and agreed by the Ministry. ***Information provided by Ministry in January 2023*** Mt Ory GS -The works represent new requirements submitted by Head Master on 17 June 2021 after completion of the project. Sir Leckraz Teelock SSS -Bids documents and bid drawings for outstanding works in Science Block and Phase II are under preparation at the level of the MNICD.	Action Initiated

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Vice-Prime Minister's Office, Ministry of Education, Tertiary Education, Science and Technology (continued)			
Matters Reported in Audit Report 2020-21			
Ref	**Issues/ Findings**	**How matters addressed during Period Under Review**	*** Current Status**
	Lapses in Capital Project Management and Procurement Procedures (*continued*)		
7.4	Contractor debarred due to fraudulent practice and delay in the start of projects due to insolvency.	***Information gathered at time of audit*** Abdool Raman GS Phase II-Advice from the Attorney-General's Office was sought as regards the cancellation of the bidding exercise and the relaunch of bids. ***Information provided by Ministry in January 2023*** Following Government approval on 9 December 2022, the Central Procurement Board was requested to launch tender.	Action Initiated
	Governance Issues – Non-compliance with Statutory Bodies (Accounts and Audit) Act		
7.5	Five statutory bodies falling under the purview of the Ministry did not submit their financial statements to the NAO for period 2017-18 to 2020-21. (UTM, Early childhood care and Education Authority, Rajiv Gandhi Science Centre Trust Fund, SSR Foundation, University des Mascareignes). Four statutory bodies had not yet laid their financial statements to the National Assembly (MES, PSEA, SSR Foundation and UTM).	***Information obtained at time of audit*** UTM submitted only for the year 2017-18, Rajiv Gandhi Science Trust fund submitted only 2017-18 and 2018-19. No Financial Statements laid to National Assembly. ***Information provided by Ministry in January 2023*** Financial Statements submitted to NAO: **SBs** – **Financial Year** – **Date** ECCEA – 2019-20 – 20 September 2022 RGSCTF – 2019-20 – 30 November 2022 UTM – 2019-20 – 25 November 2022	Matter Not Yet Resolved

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Ref	Issues/ Findings	Status as of February 2022	How matters addressed during Period Under Review	* Current Status
Vice Prime Minister's Office, Ministry of Local Government and Disaster Risk Management				
Matters Reported in Audit Report 2019-20				
Ref	**Issues/ Findings**	**Status as of February 2022**	**How matters addressed during Period Under Review**	*** Current Status**
8.1.1	**Acquisition of 17 Tipper Lorries at the cost of Rs 42.3 million – Delivery Delayed**			
	The Ministry served a Notice of Default for Termination of Contract on the Supplier on 12 April 2021. In the light of legal advice obtained, a Technical Committee was to be set up to advise on the safety standards and efficiency requirements of the vehicles now being proposed, as to whether they were technically fit and proper for their designated use.	Action Initiated	***Information obtained at time of Audit*** A Technical Committee comprising three Mechanical Engineers was set up in January 2022. In July 2022, after assessing the list of technical requirements of the lorries as submitted by the Supplier, the Committee concluded that additional information was needed. The Supplier submitted the additional information in September 2022, and was being examined by the Technical Committee in November 2022. ***Information Provided by the Ministry in January 2023*** The Technical Committee submitted its report on 6 January 2023, which contained the following findings and recommendations: • The Technical Committee maintained that the Supplier was in breach of the contract, and highlighted that there were still major non-conformances regarding the Power Take-Off and Tipper Mechanism.	Further Action Taken

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Vice Prime Minister's Office, Ministry of Local Government and Disaster Risk Management (continued)				
Matters Reported in Audit Report 2019-20				
Ref	**Issues/ Findings**	**Status as of February 2022**	**How matters addressed during Period Under Review**	*** Current Status**
8.1.1	**Acquisition of 17 Tipper Lorries at the cost of Rs 42.3 million – Delivery Delayed (*continued*)**			
			• The Ministry might consider requesting the Supplier to proceed with necessary tests to be carried out by the foreign manufacturer and Supplier itself, to confirm whether the 17 tipper lorries were technically fit and proper for its designated use and that safety standards and efficiency were met, at the end of the testing and commissioning exercise, the foreign manufacturer/ supplier would have to submit all compliance certificate. On 23 January 2023, the Ministry had requested the Contractor for the necessary tests to be carried out within one month.	

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column..*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Vice Prime Minister's Office, Ministry of Local Government and Disaster Risk Management (continued)				
Mauritius Fire and Rescue Service				
Matters Reported in Audit Report 2019-20 and 2020-21				
Ref	**Issues/ Findings**	**Status as of February 2022**	**How matters addressed during Period Under Review**	*** Current Status**
8.2.1 in AR 2019-20 and 8.2.3 in AR 2020-21	**Fire Certificate – Absence of Proper Management Information System for Fire Risk Management**			
	MFRS did not have a comprehensive computerised database of all prescribed premises in the island.	Action Initiated	***Prescribed Premises – Government Buildings*** In July 2022, the Secretary for Public Service issued a circular on Fire Certificates for Government Owned and Leased buildings, requiring Ministries and Departments to carry out an assessment of buildings under their purview that do not have a Fire Certificate and to classify these buildings into those requiring minor improvements and those requiring major improvements for the obtention of Fire Certificates. Priority to obtain Fire Certificates will be given to those buildings requiring minor improvements.	Further Action Taken
	Inconsistencies in the Register of Applications. Processing of Fire Certificate Applications not in compliance with statutory periods under the MFRS Act.	Action Initiated	***Register of Applications*** Since September 2021, all applications for Fire Certificate are done on the National e-Licensing Platform (NELS). Shortcomings and inconsistencies in the Fire Certificate module in NELS, as identified till date, are being addressed by the Economic Development Board.	Further Action Taken
	Inadequate Follow Up on Conditions attached to issue of Fire Certificates and on expired Fire Certificates.	Action Initiated	***Follow Ups*** Reminders were sent to owners of buildings with expired Fire Certificate to submit fresh applications.	Further Action Taken

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Ref	Issues/ Findings	Status as of February 2022	How matters addressed during Period Under Review	* Current Status
Ministry of Land Transport and Light Rail and Foreign Affairs, Regional Integration and International Trade (Land Transport and Light Rail)				
Matters Reported in Audit Report 2019-20				
10.2.1	**Inadequate measures for reducing road accidents involving Auto/Motor Cycles**			
	Inadequate enforcement of Regulations regarding speed violations.	Action Taken at Ministry's level	***Information obtained at time of Audit*** Joint crackdown operations were conducted by the NLTA and the Police Service and 1,810 contraventions have been established for the period 1 January 2021 to 26 January 2022 in respect of registration plates for auto/motor cycles not in conformity with the specifications in the Road Traffic (Construction and Use of Vehicles) (Amendment No. 2) Regulations 2021. ***Information Provided by the Ministry in February 2023*** The Ministry is liaising with the Commissioner of Police to depute five police officers to the National Land Transport Authority to assist in crackdown operations.	Further Action Taken
	Inability of speed cameras to capture speed violations. Out of 10,008 images pertaining to speed violations by Auto/Motor cycles, 7,751 were rejected.	Action Taken at Ministry's level	Amendments to Road Traffic (Construction and Use of Vehicles) Regulations 2010 are currently underway regarding the positioning of registration plates.	Matter Not Yet Resolved
	Objectives of setting up Motor Cycle Driving Schools were not yet attained.	Action Initiated	Enforcement by the Police Service as well as aggressive sensitisation campaigns in order to reduce number of accidents involving auto/motor cycles on roads.	Matter Not Yet Resolved

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Ministry of Land Transport and Light Rail and Foreign Affairs, Regional Integration and International Trade (Land Transport and Light Rail)				
Matters Reported in Audit Report 2019-20				
Ref	**Issues/ Findings**	**Status as of February 2022**	**How matters addressed during Period Under Review**	*** Current Status**
10.2.1	**Inadequate measures for reducing road accidents involving Auto/Motor Cycles*(continued*)**			
	No regulations were passed to make it mandatory for a learner driver to follow a course in a Motor Cycle Driving School and to pass a driving theory test.	Action Initiated	Presently, it is not mandatory for a learner driver to learn driving techniques in a Driving School for motor car. Validity of provisional driving licence maintained up to March 2026. As for new provisional licences, applicants have a validity period of six months in accordance with Regulations already in force.	No Further Action Taken
	Non-compliance with Regulations regarding roadworthiness tests for Auto cycles.	Action Initiated	***Information Obtained at Time of Audit*** Arrangements are still being made by the Ministry to provide for the examination of autocycles at the Vehicle Examination Stations in the context of the revision of the Contract Agreement which would be signed between the NLTA and the Vehicle Examination Stations. ***Information Provided by the Ministry in February 2023*** The Contract Agreement is at the level of the Attorney-General's Office for vetting.	Further Action Taken
	Auto cycles were not examined for fitness.	Action Initiated	Autocycles are still not examined for fitness.	No Further Action Taken

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Ministry of Land Transport and Light Rail and Foreign Affairs, Regional Integration and International Trade (Land Transport and Light Rail) (continued)				
Matters Reported in Audit Report 2019-20				
Ref	**Issues/ Findings**	**Status as of February 2022**	**How matters addressed during Period Under Review**	*** Current Status**
10.2.2	**Maintenance of Traffic Signal Equipment – Absence of Competitive Prices**			
	Following tender exercises in the financial years 2013-14 to 2020-21 with exception of financial year 2015-16, response was received from only one single bidder. In the absence of competitive bids, fairness and reasonableness of contract price cannot be ascertained.	Action Taken at Ministry's Level	Following a bid exercise launched on 10 August 2021, three bids were received. The award was eventually made to the same current Contractor for an amount of Rs 23.9 million.	Matter Not Yet Resolved

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Ministry of Land Transport and Light Rail and Foreign Affairs, Regional Integration and International Trade (Land Transport and Light Rail) (continued)			
Matters Reported in Audit Report 2020-21			
Ref	**Issues/ Findings**	**How matters addressed during Period Under Review**	*** Current Status**
9.1.2	**Construction and Installation of Traffic and Road Safety Devices**		
	Repeated increase of contract value.	A Framework Agreement over a two-year contract period has been adopted by the TRMSU to prevent such occurrences. Agreement was made on 16 February 2022 between the Ministry and the construction company following invitation for Framework Agreement and proposal submitted on 11 November 2021.	Action Initiated
	Absence of Competitive Bids.	For the current contract period 2021-23, the Ministry has adopted the Framework Agreement for bidding on a zone-wise basis and by type of works. The bidding exercise has been carried out through an Open International Bidding. .	Matter Resolved
	Lapses in the preparation of Bills of Quantities.	TMRSU has to adapt to dynamic traffic and road safety issues and had to include several items in the BOQ even if they are not regularly used. In the event there is an unforeseen situation, the TRMSU should be able to respond as fast as possible.	Action Initiated

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Ministry of Land Transport and Light Rail and Foreign Affairs, Regional Integration and International Trade (Land Transport and Light Rail)
National Land Transport Authority

Matters Reported in Audit Report 2019-20

Ref	Issues/ Findings	Status as of February 2022	How matters addressed during Period Under Review	* Current Status
10.3.1	**Lapses in the Operation of the Free Travel Scheme**			
	Delays in reviewing payment methodology proposed by Consultant. Cashless Bus Ticketing System not yet developed.	Action Initiated	Rs 1.25 billion paid as Free Travel Scheme in 2021-22. Payment methodology is under consideration.	Matter Not Yet Resolved
	Terms and Conditions of agreement with Cooperative Societies and Bus companies not reviewed since 2011.	Action Initiated	Terms and Conditions of agreement is a policy decision and has not yet been reviewed.	Matter Not Yet Resolved
	Inadequate control over payment to bus operators of Rodrigues.	Action Taken at Department's Level	***Information Obtained at Time of Audit*** Records were being updated. In the absence of an updated database, there is a risk that payment of free travel subsidy is made to bus operators whose fitness certificates have not been renewed and hence are not operating. ***Information Provided by NLTA in February 2023*** The NLTA office in Rodrigues is informed of buses having no valid Fitness Certificates and prompt action is taken at their level.	Matter Resolved
	Non-compliance with Road Traffic Regulations regarding submission of appropriate returns by bus operators.	Action Initiated	Amendments to the Road Traffic Regulations are under consideration.	Further Action Taken

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Ministry of Land Transport and Light Rail and Foreign Affairs, Regional Integration and International Trade (Land Transport and Light Rail))- National Land Transport Authority (continued)

Matters Reported in Audit Report 2019-20

Ref	Issues/ Findings	Status as of February 2022	How matters addressed during Period Under Review	* Current Status
10.3.2	**Revenue Management- Lapses in the Revenue Collection System**			
	Non-compliance with Financial Instructions regarding cash surveys.	Action Taken at Department's Level	Cash collected are reconciled daily with system generated report by Chief Cashier.	Matter Resolved
	Lapses in the internal control system over electronic receipts.	Action Initiated	The Rodrigues Office has been included in the Annual Audit Plan of the Internal Control Unit of the NLTA for financial year 2021-22.	Further Action Taken
	Absence of rotation of Cashiers	Action Initiated	20 Licensing and Registration Officers recruited and are serving as Cashiers.	Matter Resolved
10.3.3	**Passenger Information System - Project Objective not yet Attained**			
	The project value was Rs 25.1 million. The system did not provide citizens with information about buses arrival time and waiting time at 34 bus shelters where digital boards were installed.	Action Initiated	System deactivated.	Matter Not Yet Resolved
10.3.4	**Motor Vehicle Licences- Slow Operation of Online Payment System**			
	A sum of Rs 5.7 million was spent. Only 967 payments were made Online compared to 1,000 payments per day as per specifications. The Collecting Agent's system was not connected to the Registration and Licensing System of the NLTA and collections were not reflected therein.	Action Initiated	The Mauritius Post Ltd was not connected with the Registration and Licensing System (RLS) of the NLTA. As of June 2022, some 77 per cent of MVL renewed were not yet input in the RLS. The online module could not be used due to the backlog of input.	Matter Not Yet Resolved

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Ministry of Land Transport and Light Rail and Foreign Affairs, Regional Integration and International Trade (Land Transport and Light Rail) National Land Transport Authority (continued)-

Matters Reported in Audit Report 2020-21

Ref	Issues/ Findings	How matters addressed during Period Under Review	* Current Status
9.2.1	**Lapses in Internal Control System Over Zero Payment Receipts**		
	Zero Payment Receipts	Report developed for 'No payment transactions'.	Matter Resolved
	Gap in Sequence of Receipts	Source of problem identified. Parameters in report were not accurate. Report being modified to display all receipt numbers.	Matter Resolved
9.2.2	**Rodrigues Office - Incomplete Management Information System and Inadequate Control on Revenue Collection**		
	Incomplete Management Information System for Vehicle Registration	Updating of database is still ongoing. All transactions are being input on the RLS since February 2020.	Action Initiated
	Inadequate control on Revenue Collection	Action initiated but no progress as at end November 2022	Matter Not Yet Resolved
	Absence of Internal Audit on Records of Rodrigues Office.	Being covered by Internal Control staff posted to Rodrigues	Matter Resolved

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column..*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Ministry of Foreign Affairs, Regional Integration and International Trade				
Matters Reported in Audit Report 2019-20				
Ref	**Issues/Findings**	**Status as of February 2022**	**How matters addressed during Period Under Review**	*** Current Status**
10.4.1	**Salaries and Allowances - Inadequate Control over Overtime and Lapses in Payment of Allowances**			
	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.	Action initiated	Reply was still being awaited from the Ministry of Public Service, Administrative and Institutional Reforms since 19 January 2021.	No Further Action Taken
10.4.5	**Construction of Residences and other Projects in New Delhi and Ex-Indian Ocean Commission (IOC) Secretariat Building**			
	Rs 13 million provided for the Construction of Residences in New Delhi were not spent	Action Initiated	Pre-bid meeting not held and no further development	No Further Action Taken
	No decision has yet been taken for the renovation of the Ex Indian Ocean Commission (IOC) Secretariat Building located in Quatre Bornes. For 2019-20, rent paid to house the IOC Secretariat amounted to Rs 19.8 million. In November 2020, the Ministry reverted back to its decision of renovating the building.	No Action Taken	No further development. For 2020-21 and 2021-22, rent paid to house the IOC Secretariat amounted to Rs 20.7 million and Rs 19.6 million respectively.	Action Still Not Initiated

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Ministry of Foreign Affairs, Regional Integration and International Trade (continued)			
Matters Reported in Audit Report 2020-21			
Ref	**Issues/Findings**	**How matters addressed during Period Under Review**	*** Current Status**
11.2	**Acquisition of Service Vehicle – Procurement Procedures not followed**		
	Neither the approval of the Ministry was sought for the purchase of the Service Vehicle (SV) nor could evidence be produced that the procurement procedures were duly followed for such purchase.	The SV was disposed in March 2022.	Matter Resolved
11.3	**Advance Accounts - Outstanding Security Deposits (SD) not cleared and Advance Account not opened**		
	Court Case for non-refund of SD of INR 12,510,000 (Rs 6.6 million) pending since March 2002.	Court case still ongoing.	Matter Not Yet Resolved
	No follow up in respect of the recoverability and validity of the long outstanding SDs totalling some Rs 3 million.	The amount has not been recovered.	No Action Taken
	Advance Account not opened for payment of Rs 771,000 effected as SD.	Advance Account opened.	Matter Resolved
11.4	**Rent of Office Accommodation and Lease of Premises – Nugatory Expenditure of some Rs 4.4 million**		
	Rent of some Rs 770,000 were paid for unoccupied space of a building in Port Louis for the period December 2020 to November 2021.	The Office space was unoccupied up to June 2022. The Regional Integration Division has been relocated to the building since July 2022.	Matter Resolved
	Nugatory expenditure of some Rs 3.6 million due to rent paid for unoccupied premises at five Missions	For 2021-22, other cases of rent totalling some Rs 1.4 million was paid for unoccupied premises at the Missions in Washington and Berlin. Ministry directed Missions to take prompt actions for termination of lease to prevent unnecessary payment of rentals for unoccupied space.	Action Initiated

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Ministry of Finance Economic Planning and Development				
Matters Reported in Audit Report 2019-20				
Ref	**Issues/Findings**	**Status as of February 2022**	**How matters addressed during Period Under Review**	*** Current Status**
5.5.2	**Electronic Inventory Management System (E-IMS) Project - Delay in implementation due to lack of proper planning**			
	As of October 2020, the E-IMS was deployed to only 63 sites, representing a completion rate of only some 35 per cent of the total number of sites to be covered, although more than two years have elapsed since the initiation of the project.	Action Initiated	▪ As of mid-February 2023, E-IMS has been implemented in some 175 out of 182 sites initially identified. ▪ During the implementation phase, additional sites were added. At time of audit in September 2022, an updated implementation plan had been worked out targeting a total of 238 sites	Further Action Taken
	Implementation at the Ministry of Health and Wellness (MOHW)			
	There was a lack of proper planning and coordination between MOFEPD and the MOHW. The complexity and specificity of transactions at the various sites of the MOHW had not been taken into account at the very start of the project.	Action Initiated	Regarding the MOHW, a weekly Steering Committee was set up in July 2022 to resolve issues raised, but the Committee met only twice. The outcome of the meetings was not known	Further Action Taken

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Ministry of Finance Economic Planning and Development(continued)				
Matters Reported in Audit Report 2019-20				
Ref	**Issues/Findings**	**Status as of February 2022**	**How matters addressed during Period Under Review**	*** Current Status**
5.5.3	**Annual Report on Performance - Low Level of Compliance on the part of Ministries and Government Departments**			
	Annual Report 2018-19 By 31 October 2019, deadline for submission, only five Reports were received. By 31 October 2020, one year later, a total of 20 Reports were received. **Annual Report 2019-20** As at 31 October 2020, eight Reports were received. Two more Reports were received in November 2020.	Action Taken at Ministry's Level	MOFEPD issued circulars requesting Accounting Officers of Ministries/Departments to submit their Annual Report on Performance, together with the financial highlights by the statutory deadline. There has been improvement in the compliance rate. As of 15 February 2023, compliance rate has improved and was as follows: **Financial Year: 2018-19 2019-20 2020-21** *Compliance (%): 70 60 87.*	Further Action Taken

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Ministry of Finance, Economic Planning and Development -Mauritius Revenue Authority				
Matters Reported in Audit Report 2019-20				
Ref	**Issues/Findings**	**Status as of February 2022**	**How matters addressed during Period Under Review**	*** Current Status**
5.7.1	**Collectible Debts-Credit Balances**			
	Credit balances totalled some Rs 4.3 billion and represented some 49 per cent of the total Collectible Debts of Rs 8.8 billion. These credit balances have arisen due to unallocated payments.	Action Initiated	The credit balances as at 30 June 2022, totalled Rs 1.1 billion and represented some 9.8 per cent of the total Collectible Debts of Rs 11.2 billion. ***Information obtained at time of audit*** MRA has taken actions to investigate and clear credit balances through the setting up of a Clearing Unit in March 2021.	Further Action Taken
	Debt Recovery- Enforcement Actions			
	Debt recovered during the year could not be readily traced to the different enforcement actions undertaken, and hence, their effectiveness could not be assessed.	Action Initiated	According to MRA, a Debt Management Module has been included in its computerised system. Testing is ongoing and the module is expected to go live in financial year 2022-23.	Further Action Taken
5.7.3	**Arrears of Social Contribution include those for companies in process of winding up or defunct**			
	Arrears included companies/employers which were defunct or in the process of winding up, where the probability of recovery of debts is remote.	Action Initiated	MRA informed that it did not have the authority to write off these debts and had provided the necessary information about the companies/employers that were defunct or in the process of winding up to the Ministry of Social Integration, Social Security and National Solidarity (MSISSNS) when sending the list of debtors as at 30 June. It is up to MSISSNS to decide to write off the debts and MRA will update its records accordingly	Action Completed

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Ministry of Finance, Economic Planning and Development -Mauritius Revenue Authority (continued)				
Matters Reported in Audit Report 2019-20				
Ref	**Issues/Findings**	**Status as of February 2022**	**How matters addressed during Period Under Review**	*** Current Status**
	Social Contributions-Debts amounting to Rs 377 million not migrated			
5.7.3	***Social Contributions -Debts amounting to Rs 377 million not migrated*** Out of Rs 1.5 billion of debts referred to MRA for recovery action, some Rs 1.1 billion were loaded in the MRA computer system. The balance of some Rs 377 million had not been migrated.	Action Initiated	***Information obtained at time of audit*** Mails were sent to the Ministry of Social Integration, Social Security and National Solidarity in June 2022 regarding an update on these non-migrated debts and arrears.	Further Action Taken

Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Ministry of Finance, Economic Planning and Development -Mauritius Revenue Authority (continued)			
Matters reported in Audit Report 2020-21			
Ref	**Issues/Findings**	**How matters addressed during Period Under Review**	*** Current Status**
10.3.2	**Collectible Debts-Credit Balances**		
	Credit balances of Rs 4.3 billion as of 30 June 2020 was reduced to Rs 1.4 billion as of 30 June 2021.	MRA has taken actions to investigate and clear credit balances through the setting up of a Clearing Unit in March 2021. Credit balances cleared during 2021-2022 totalled Rs 231 million. However, there were 6,398 new cases totalling Rs 226.1 million during 2021-22.	Further Action Taken
	Arrears of Revenue PAYE & TDS		
	Arrears of Revenue in respect of PAYE as at 30 June 2021 were Rs 731 million, representing a decrease of five per cent with respect to the previous year's figure. As far as TDS was concerned, Arrears of Revenue as of 30 June 2021 have increased from Rs 168 million, as at 30 June 2020 to Rs 202 million as at 30 June 2021, representing an increase of some 20 per cent.	Arrears in respect of PAYE and TDS debts was Rs 617.9 million and Rs 174.6 million respectively as at 30 June 2022. ***Information obtained at time of audit*** MRA informed NAO that the debts had arisen as a result of payments not being allocated due to lack of relevant details and that it was working in collaboration with the Treasury to have the issue resolved.	Action Initiated

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column..*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Ministry of Finance, Economic Planning and Development -Mauritius Revenue Authority (continued)			
Matters reported in Audit Report 2020-21			
Ref	**Issues/Findings**	**How matters addressed during Period Under Review**	*** Current Status**
	Self- Employed Assistance Scheme (SEAS)		
10.3.5	***Self- Employed Assistance Scheme*** Some Rs 6.1 million were paid as allowances under the SEAS to recipients of social benefits including Basic Retirement Pensioners and Basic Widows Pensioners who, according to Section 24, Sub-section 150 C (3) of the COVID-19 (Miscellaneous Provisions) Act 2020 were not eligible to such allowances.	The MRA issued letters, in September 2022, to the SEAS beneficiaries. They were also individually contacted by phone regarding the refund of the SEAS payments. As at 16 November 2022, 168 individuals had refunded a total amount of Rs 1,019,966.	Action Taken
10.3.7	**Government Wage Assistance Scheme (GWAS)**		
	The amount disbursed by MRA under the GWAS to some 41,000 employers totalled Rs 9.09 billion of which Rs 7 billion were on account of the tourism sector.	According to section 111Z (1) of the Income Tax Act (ITA), every employer having benefited from the GWAS in an income year shall be liable to the COVID-19 Levy. As at 30 September 2022, an amount of Rs 2.6 billion has been collected as COVID Levy.	Action Taken

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column..*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Ref	Issues/Findings	Status as of February 2022	How matters addressed during Period Under Review	* Current Status
Ministry of Finance, Economic Planning and Development- Customs Department				
Matters Reported in Audit Report 2019-20				
5.8.1 (v)	**Deficient Recovery Procedures - Cases of Lengthy Enquiry and Processing Time**			
	Amount due by an entity totalled Rs 52.54 million Fiscal Investigation Department took 30 months to submit its report and a further 30 months to submit clarifications.	Action Taken at Department's Level	**Information obtained at time of audit** Adjusted in the Statement of Arrears of Revenue as at 31 December 2021.	Matter Resolved
	Amount due by a company totalled Rs 1.9 million in respect of three Customs Offence Reports raised in year 2009. The case was referred to Director of Public Prosecutions for advice.	Action Taken at Department's Level	**Information obtained at time of audit** Adjusted in the Statement of Arrears of Revenue as at 31 December 2021.	Matter Resolved
5.8.1 (c) (iii)	**Significant Amount of Arrears Written Off/Adjusted/to be Written off Resolved**			
	Wrong classification of yatch- Short payment of duties and taxes amounting to some Rs 25 million. Companies dissolved and did not possess any assets.	Action Initiated	**Information obtained at time of audit** Pending review and awaiting write-off. **Information provided in February 2023** Approval for write off has been obtained and arrears will be adjusted in Statement of Arrears of Revenue as at 30 June 2023.	Further Action Taken
5.8.3 (b)	**Port Surveillance and Inspection – Inadequate CCTV Coverage and Under utilisation of Drones**			
	No Agreement between Cargo Handling Corporation Ltd (CHCL) and MRA. No control on cameras owned by CHCL. Customs has only viewing access of the images of cameras belonging to CHCL.			
	MRA Customs has only viewing access of the images of cameras belonging to CHCL.	Action Initiated	**Information obtained at time of audit** CHCL has given its agreement for MRA to have access to its cameras by way of a letter.	Further Action Taken

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column..*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21
(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Ministry of Finance, Economic Planning and Development- Customs Department (continued)

Matters Reported in Audit Report 2019-20 (*continued*)

Ref	Issues/Findings	Status as of February 2022	How matters addressed during Period Under Review	* Current Status
5.8.3 (c)	**Inadequate Control and Monitoring of CCTV Live Images in Customs CCTV Control Room.**			
	Cameras viewed by only one officer at a time. Difficult to have a complete overview.	Action Initiated	**Information obtained at time of audit** New CCTV Control Room operational as from June 2022.	Matter Resolved

Matters reported in Audit Report 2020-21

Ref	Issues/Findings	How matters addressed during Period Under Review	* Current Status
10.3.10 (c)	**Inadequate Follow up of Arrears**		
	Amount due by an entity totalled Rs 1.9 million. Customs Offence Reports raised in year 2011. It was only in 2018 that the LSD lodged the case at Court.	**Information obtained at time of audit** Adjusted in the Statement of Arrears of Revenue as at June 2022.	Matter Resolved
10.3.10 (e)	**Delay in detecting Wrong Classification of Goods as per HS Codes**		
	Amount due by entity totalled Rs 6.7 million relating to wrong classification of HS Codes upon importation of detergents.	**Information obtained at time of audit** Case not yet resolved and still at ARC. **Information provided in February 2023** MRA informed that it undertakes regular follow up with ARC	Matter Not Yet Resolved

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Ministry of Finance, Economic Planning and Development-Customs (continued)			
Matters reported in Audit Report 2020-21			
Ref	**Issues/Findings**	**How matters addressed during Period Under Review**	*** Current Status**
10.3.10 (e)	**Delay in detecting Wrong Classification of Goods as per HS Codes (*continued*)**		
	Amount due by entity totalled Rs 2.3 million relating to wrong classification of HS Codes upon importation of wet wipes.	Adjusted in the Statement of Arrears of Revenue as at December 2021.	Matter Resolved
10.3.10 (f)	**Cases of Wrong declaration of Sugar Content on Excisable Goods at Import**		
	Amount due by entity totalled Rs 6 million arising from wrong declaration of sugar content on Excisable goods.	**Information obtained at time of audit** Cases are at ARC, OADRD and LSD. **Information provided in February 2023** MRA informed that it undertakes regular follow up with ARC, OADRD and LSD.	Matter Not Yet Resolved
10.3.11	**Excise Unit-Inadequate Monitoring of Alcoholic products**		
10.3.11 (a)	There was no evidence of regular tests carried out for alcohol using the standard alcoholometer at excise factories.	**Information obtained at time of audit** Tests were carried out for alcohol using the standard alcoholometer during financial year 2021-22.	Matter Resolved

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Ministry of Finance, Economic Planning and Development-Customs (continued)			
Matters reported in Audit Report 2020-21			
Ref	**Issues/Findings**	**How matters addressed during Period Under Review**	*** Current Status**
10.3.11	**Excise Unit-Inadequate Monitoring of Alcoholic products(*continued*)**		
10.3.1(b)	**Inadequate monitoring visits to operators/dealers**		
	Quarterly visits at factories were not carried out regularly, as required by the Act.	**Information obtained at time of audit** Quarterly visits at factories carried out during financial year 2021-22.	Matter Resolved
	Visits to dealers were not stipulated in the Act.	**Information obtained at time of audit** Visits to dealers still not stipulated in the Act. Visits carried out by Customs as an enforcement measure. **Information provided in February 2023** MRA informed that the Finance Act 2022 has been amended to include a new sub section relating to risk management for the purpose of enforcing control on excisable goods	Action Initiated
10.3.11(c)	**Non-Submission of Monthly returns of Excise Stamps**		
	Four dealers of cigarettes and 11 operators of alcoholic products did not submit their returns for the financial year 2020-21.	**Information obtained at time of audit** The dealers of cigarettes and operators of alcoholic products have submitted their returns.	Matter Resolved
10.3.12	**Auction Sales – Lapses in the Auction Process**		
10.3.12 (a)	**Shortcomings in Bidding Exercise**		
	As at 30 June 2021, there were only some 6,000 bidders registered on the E-Auction Platform. Thus, the goods being auctioned may not attract a large number of bidders.	**Information obtained at time of audit** As at 30 September 2022, there were 6,590 bidders registered on the E-Auction Platform. **Information provided in February 2023** MRA has recently launched its Facebook page where auctions are posted and same is cascaded to twitter also.	Action Initiated

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Ministry of Finance, Economic Planning and Development-Customs (continued)			
Matters reported in Audit Report 2020-21			
Ref	**Issues/Findings**	**How matters addressed during Period Under Review**	*** Current Status**
	Auction Sales – Lapses in the Auction Process ***(continued)***		
	Shortcomings in Bidding Exercise ***(continued)***		
10.3.12 **10.3.12 (a)**	The computerised Customs Management System (CMS). could not generate a full inventory report of past transactions as at 30 June 2021.	**Information obtained at time of audit** The actual system does not allow extraction of a detailed inventory listing and same will be considered upon implementation of new system.	Matter Not Yet Resolved

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Ministry of Finance, Economic Planning and Development (Corporate and Business Registration Department)			
Matters reported in Audit Report 2020-21			
Ref	**Issues/Findings**	**How matters addressed during Period Under Review**	*** Current Status**
10.4.1	**Revenue Management**		
	▪ A discrepancy of Rs 0.5 million was noted between TAS and CBRIS reports in respect of revenue collected. ▪ Refunds of some Rs 1.1 million, representing overpaid fees by debtors effected through TAS were not updated in the respective debtors accounts in CBRIS. ▪ Online payments by companies resulted in skipped receipts due to slowness in connectivity. Number of skipped receipts generated by the three different reports by CBRIS differed. During the financial year 2020-21, a significant increase in the number of skipped receipts were noted.	The Department informed that the matter has again been referred to the Service Provider. A meeting was held with Mauritius Network Services, the Service Provider, Government Online Centre and the representatives of the Internal Control Unit of the Ministry of Finance, Economic Planning and Development.	Action Initiated
	Slow Recovery of Arrears		
	During financial year 2020-21, some Rs 14 million out of Rs 99 million was recovered, representing 14 per cent. The annual rate of recovery for the past five financial years was slow, ranging from 3 to 14 per cent of total arrears.	As at 30 June 2022, arrears recovered decreased to Rs 9.5 million representing 8.6 per cent.	Action Initiated

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Ministry of Finance, Economic Planning and Development (Corporate and Business Registration Department) (continued)			
Matters reported in Audit Report 2020-21			
Ref	**Issues/Findings**	**How matters addressed during Period Under Review**	*** Current Status**
10.4.1	**Slow Recovery of Arrears (*continued*)**		
	▪ Total arrears of Rs 110 million as at 30 June 2021 included Rs 41 million relating to years prior to 1 July 2017.	Some 9 per cent of arrears was recovered and arrears prior to 30 June 2018 totalling some Rs 50 million was still significant. The Department informed that compounding of offences was an efficient system of recovery of arrears.	Action Initiated
	▪ The CBRIS does not cater for specific relevant information, such as, periods to which payments relate. ▪ Unavailability of list of debtors for one category of company totalling some Rs 2.2 million.	The issues relating to CBRIS have been referred to the service provider.	Action Initiated

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Ministry of Finance Economic Planning and Development (Registrar- General's Department)			
Matters Reported in Audit Report 2020-21			
Ref	**Issues/Findings**	**How matters addressed during Period Under Review**	**Current Status**
	Cash Report		
	Total Collections generated by the Treasury Accounting System (TAS) and the Revenue Collection Report form the Mauritius e-Registry System (MeRS) differ		
10.5	A discrepancy of Rs 400 million was noted between the two systems.	During the year under review the discrepancy between the two systems was Rs 500 million. The MeRS did not cater for the conversion as the legislations provide for collection of revenue in foreign currencies only for transactions under specific schemes. ***Information provided in January 2023.*** ▪ Assistance of the Treasury has been sought to guide its Finance Unit~~,~~ on how to reconcile these two reports. ▪ This issue would be considered when designing the new system.	Action Initiated.
	Revenue collected by other institutions		
	Some Rs 24.8 million were collected by other Government Institutions on behalf of the RGD as per TAS while MeRS showed collections for a total amount of Rs 21.6 million. A difference of Rs 3.2 million was noted for which no reconciliation was carried out.	***Information provided in January 2023*** RGD is awaiting: ▪ Assistance of the Treasury to guide the Finance Unit on the reconciliation. ▪ Assistance of the Director, Financial Operations to give directives to the other institutions to inform the RGD on the same date as the amounts are collected at these institutions and indicated in TAS.	Action Initiated.

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Ministry of Finance Economic Planning and Development (Registrar- General's Department) (continued)			
Matters Reported in Audit Report 2020-21			
Ref	**Issues/Findings**	**How matters addressed during Period Under Review**	**Current Status**
10.5	**Short Remittances of collection not yet recovered**		
	The Commissioner of Police apprised the Department on 15 December 2021 that the case had been sent to the Office of the Director of Public Prosecutions (DPP) for advice since 22 April 2021	Following a request by RGD for an update on 28 July 2022, the Police Service informed that it has not been apprised of the outcome of the case. ***Information provided in January 2023*** RGD was awaiting the DPP to proceed further.	Action Completed
	Loss of Revenue due to delays in reassessment of property		
	Reassessment of Immovable Property was not carried out within the prescribed period of five months from date of registration as required under Section 28(6)(a) of the Land Duties & Taxes Act.	During the financial year 2021-22 cases were reassessed within the prescribed period	Matter Resolved
	Campement Tax (CT) is levied on campement site together with any building or structure or part thereof, flat or apartment thereon used at any time for the purposes of residence		
	A data base of campement owners was not integrated in the MeRS. CT is collected on or before 31 July in every financial year and is computed on the basis of the market value of the campement. In the absence of records, it could not be ascertained whether revaluation exercise was carried out.	During the financial year 2021-22, the same situation prevailed. ***Information provided in January 2023*** ▪ Since only some Rs 3 million collected from 69 campement owners it would not be cost effective to consider migration to MeRS ▪ Awaiting the Ministry of Housing and Land Use Planning, and Tourism to update the list of owners who have opted for 60 years lease, hence not eligible for payment of tax at RGD ▪ A reminder was sent to the Valuation Department on 28 December 2022 for revaluation of Campement Site Tax.	Action Initiated

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Ministry of Finance Economic Planning and Development (Registrar-General's Department) (continued)			
Matters Reported in Audit Report 2020-21			
Ref	**Issues/Findings**	**How matters addressed during Period Under Review**	**Current Status**
10.5	**Overstatement of Arrears of Revenue**		
	The arrears figure was overstated by some Rs 6 million due to arithmetical errors.	***Information provided in January 2023*** During the financial year 2021-22, an overstatement of Rs 10 million was noted. Assistance of the Treasury has been sought to guide Technical Staff on the compilation of data.	Action Initiated
	Non-Migration of Data to the Mauritius e-Registry System (MeRS)		
	Data on Arrears of Revenue of some Rs 327 million, representing 79 per cent of debts, are kept on manual records and were still not migrated in the MeRS as of 30 June 2021. The records kept in Excel format with no inbuilt control are prone to alteration without the appropriate authority.	***Information provided in January 2023*** The same situation prevailed during financial year 2021-22. Department informed that no provision was made when the current system was designed, this issue would be considered when the new one would be designed. Tenders will be relaunched after two unsuccessful exercises. Assistance of the Treasury has been sought to provide guidance for the reconciliation exercise.	Action Initiated

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Ministry of Finance Economic Planning and Development (Registrar General's Department) (continued)			
Matters Reported in Audit Report 2020-21			
Ref	**Issues/Findings**	**How matters addressed during Period Under Review**	**Current Status**
10.5	**Incomplete debtors list**		
	An amount of Rs 15 million owed by 195 debtors relating to years prior to 2015 for which determination had been received since more than five years and others which were neither referred to the Objection Unit nor the Assessment Review Committee were wrongly classified as current year debtors.	A significant decrease of some Rs 13.5 million was noted during financial year 2021-22.	Action Initiated
	Long outstanding debts unlikely to be recovered.		
	The arrears figure also included: Some Rs 159 million related to 42 debtors owing more than Rs 1 million each. This 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 27 million – amount due in respect of debtors whose taxes were either originally underclaimed or reassessment not carried out. Campement tax due totalling Rs 12 million for more than ten years.	No action was taken to recover arrears relating to years prior to June 2017 amounting to some Rs 335 million of the arrears figure of Rs 414 million. The same situation prevailed during the financial year 2021-22. ***Information provided in January 2023*** Awaiting assistance of the Internal Control Unit to proceed with write off.	Matter Not Yet Resolved
	Ineffective mechanism for recovery of arrears.		
	Debt management was still a critical risk to RGD due to low recovery being 7.6 per cent of the amount due of Rs 377 million as at 30 June 2020. The valuation mechanism was not reviewed.	Arrears Payment Scheme was reintroduced since August 2022 as a means of recovery. Office of Public Sector Governance (OPSG) recommended the establishment of a Recovery Unit at the RGD and the latter has sought the advice of the OPSG on the recruitment of an Attorney at law.	Action Initiated

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Ministry of Energy and Public Utilities				
Matters Reported in Audit Report 2019-20				
Ref	**Issues/Findings**	**Status as of February 2022**	**How matters addressed during Period Under Review**	*** Current Status**
6.2.2	**Loans to WMA - Non-reimbursement due to inadequate planning**			
	Non-reimbursement of loans to Government due to non-generation by the WMA of adequate revenue through waste water management.	Action Initiated	A report on long term financial sustainability stated to have been worked out after end of financial year 2019-20 remained to be approved by the WMA Board. An amount of Rs 385.1 million with respect to loan was written off by Government in August 2021. A report was expected by WMA Board for onwards transmission to the Ministry in March 2023 from an Adhoc Committee set up to review tariffs.	No Further Action Taken

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Ministry of Energy and Public Utilities (continued)				
Matters Reported in Audit Report 2019-20				
Ref	**Issues/Findings**	**Status as of February 2022**	**How matters addressed during Period Under Review**	*** Current Status**
	Review of legal and financing framework			
6.2.3	Proposed amendments to the WMA Act to review the framework under which WMA was currently operating, and to propose a new agreement compatible with the new financing arrangement of capital projects, were not yet finalised.	Action Initiated	A Waste Water (Miscellaneous Waste Water Services) (Fees) (Amendment) Regulation was gazetted on 12 November 2022 to come into operation on 21 November 2022. As of December 2022, amendments to the WMA Act and other Bill were yet to be finalised. The Act would be amended after consideration of a Bill to consolidate fragmented legislations in the field of water and waste water. Consultation with stakeholders, with respect to a first draft of the Water Resources Bill was on-going.	Further Action Taken
	Loans to CWA- Non-reimbursement of loans			
6.3.1	Non-repayment of outstanding loans/interest by CWA.	Action Initiated	According to the Ministry, an Ad-hoc Committee was set up at the level of the CWA to review the latter business model. Another Ad-hoc Committee comprising of representatives of the Ministry, MOFEPD and CWA was set up in November 2022 to look into the financial situation of the CWA and to come up with appropriate recommendations.	Further Action Taken

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Ministry of Energy and Public Utilities (continued)			
Matters Reported in Audit Report 2020-21			
Ref	**Issues/Findings**	**How matters addressed during Period Under Review**	**Current Status**
	Loans to CWA for the implementation of Capital Projects -Non-reimbursement of loans		
6.1	As of 30 June 2021, outstanding loans stood at Rs 3.3 billion. Reason advanced in respect of non-reimbursements of outstanding loans was due to CWA's inability to generate sufficient revenue.	Various proposals, with respect to Price Adjustments in User Fees & Charges, and with regard to other Cost Reduction and Revenue Optimisation as part of CWA's Financial Sustainability measures, were being considered at the level of CWA.	Further Action Taken
	Capital Investments in WMA through Loans and Equity Participation – Recoverability of Loans Uncertain		
6.2	Funds provided by Government to WMA were through (i) Loans which totalled some Rs 3.37 billion as of 30 June 2020 and (ii) Shares and Equity Participation which totalled some Rs 1.1 billion as of 30 June 2021. The loans were no longer being reimbursed to Government due to incapacity for repayment. According to WMA, insufficient customer base and tariffs being charged did not allow the WMA to recover capital investment cost.	Review of tariffs were being considered by an Ad-hoc Committee and a report was expected for approval by the WMA Board prior to submission of report to the Ministry in March 2023. Amendments to the WMA Act and a Water Resources Bill to consolidate fragmented legislations in the field of water and waste water for long term financial sustainability were still under consideration.	Matter Not Yet Resolved

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Ministry of Social Integration, Social Security and National Solidarity (Social Integration Division)				
Matters Reported in Audit Report 2019-20				
Ref	**Issues/Findings**	**Status as of February 2022**	**How matters addressed during Period Under Review**	*** Current Status**
19.1.3	**Social Housing for Vulnerable Groups – No Improvement regarding Control over Disbursement of Capital Grants** **Proper monitoring not done and funds disbursed to NEF were not optimally utilized /committed**			
	Out of the total amount of Rs 375 million already disbursed to NEF for financial years 2016-17 to 2019-20.	Action Initiated	According to the SID, as of 31 December 2022, NEF had incurred expenditure totalling some Rs 275 million out of the funds disbursed of Rs 375 million. It also reported that unspent funds would be used for the implementation of Lot 5A and 6 projects for the construction of housing units and the acquisition of NHDC housing units. ***NAO's Comment*** As of 31 December 2022, unspent funds at NEF totalled some Rs 100 million. As of end January 2023, only contract for Lot 5A has been awarded for the price of some Rs 18.6 million.	Further Action Taken

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Ministry of Social Integration, Social Security and National Solidarity (Social Integration Division)(continued)			
Matters Reported in Audit Report 2020-21			
Ref	**Issues/Findings**	**How matters addressed during Period Under Review**	*** Current Status**
	Social Housing Projects for Vulnerable Groups – Inability to meet Demand for NHDC Housing Units		
13.1.1	According to NEF, the demand for the National Housing Development Corporation (NHDC) houses was some 1,500 as of August 2021. However, only 98 housing units were delivered to eligible SRM beneficiaries as of October 2021.	Acquisition of 107 NHDC housing units for the total cost of Rs 47.3 million was made by NEF during 2021-22. However, as of October 2022, only 12 of the 107 housing units were handed over to the beneficiaries. The SID also reported that the delay in delivery of the remaining 95 housing units was due to delay in completion of procedures between the Ministry of Housing and Land Use Planning, and Tourism and the NHDC for deeds of sale to be drawn between the NEF and the NHDC.	Action Initiated
	Empowerment Support Scheme - Lapses in the Implementation of the Scheme		
13.1.2	***Recertification of Beneficiaries*** - Two important aspects, namely the evaluation of households with regard to their obligations (mentioned in the social contract), and the integration of the SRM with other Government registers/systems in operation at other relevant institutions, were overlooked in the process.	The SID informed that: • Prior to the extension of all existing contracts, assessment of the compliance with the conditions of the social contract is carried out by the NEF. This is also required for the continued payment of the monthly subsistence allowance to the beneficiaries. • Proposal for the integration of the SRM with other Government systems has already been made to the Social Security Division (SSD) and matter was taken up at consultative meetings with the "Agence Francaise de Developpement" whose final report on the review of the social protection sector is awaited.	Action Initiated

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Ministry of Social Integration, Social Security and National Solidarity (Social Integration Division) (continued)			
Matters Reported in Audit Report 2020-21			
Ref	**Issues/Findings**	**How matters addressed during Period Under Review**	*** Current Status**
13.1.2	**Empowerment Support Scheme - Lapses in the Implementation of the Scheme *(continued)***		
	Proxy Means Test (PMT) - Since the implementation of the Marshall Plan in December 2016, PMT2 based on the Household Budget Survey (HBS) 2012 figures was used. However, for the recertification exercise done in 2020, PMT2 was still used despite that it dated more than eight years back.	The PMT2 will be updated once the HBS 2022 is completed.	Matter Not Yet Resolved
	SRM Database - Poor Process Design and Other Shortcomings in the new SRM Database.	Request was made to the SSD for enhancements to the SRM since October 2021and reiterated in September 2022.	Action Initiated
	Monitoring and Evaluation Unit - The M&E Unit was not yet fully operational as of November 2021 as the recruitment of a M&E Officer had not yet been made.	Scheme of service for the post of M&E officer has been prescribed on 14 September 2022.	Action Initiated
13.1.3	**Provision of Tablets to SRM Children - Equipment purchased in Excess of Requirement**		
	Some 650 Tablets costing Rs 7.5 million were procured in excess of requirement due to improper estimate of the number of tablets required for distribution. Warranty of these equipment, which was of one-year duration, was due to expire in April 2022.	Of the remaining 650 tablets, 325 of them were issued by NEF to SRM children attending grade 9/9+ classes, following approval of the Ministry. The SID reported that above proposal was raised at the level of Government in January 2022. ***NAO's comments*** • Government had approved distribution of tablets to students of grade 10 to 13 classes but its approval for students of grade 9 and 9+ was not seen even though matter was discussed at the level of Government as reported by the SID. • Some 270 tablets, warranty of which was already expired, were still in stock as of end of July 2022.	Action Initiated

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Ministry of Social Integration, Social Security and National Solidarity – Social Security and National Solidarity Division				
Matters Reported in Audit Report 2019-20				
Ref	**Issues/Findings**	**Status as of February 2022**	**How matters addressed during Period Under Review**	*** Current Status**
15.1.1	**Construction of new Recreation Centre at Riambel Project – Considerable delay in Project Implementation**			
	The Recreation Centre (RC) was not operational as of December 2021.	Action Initiated	The SSD had informed that works outside the RC need to be completed prior to its operation. ***Information obtained at time of audit*** The works were not even started as at July 2022. ***Information provided in February 2023*** The works order for the access road will be issued by the end of February 2023.	Further Action Taken
15.1.2	**Overpayment of Social Aid - Inadequate Control over Recovery of Overpayment of Social Aid**			
	Control measures over recovery of arrears were not adequate as: ▪ Overpayment of social aid stood at Rs 5 million as at 30 June 2020. ▪ The overpayment module in the Social Aid system was not used for recording of manual refunds at Local Offices.	Action Initiated	As at 30 June 2022, the overpayment of social aid has increased to some Rs 8.3 million. The recovery of overpayment functionality of the Social Aid Module has gone live on 12 April 2022.	Further Action Taken
15.1.3	**Social Assistance Benefits – Lapses in Fund Management**			
	Absence of Memorandum of Understanding (MOU) between the SSD and the Mauritius Post Limited (MPL)	No Decision Taken Regarding MOU	A draft MOU has been worked out by the Ministry and submitted to MPL for views on 11 January 2023, prior to vetting by Attorney-General's Office.	Action Initiated

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Ministry of Social Integration, Social Security and National Solidarity – Social Security and National Solidarity Division (continued0

Matters Reported in Audit Report 2019-20

Ref	Issues/Findings	Status as of February 2022	How matters addressed during Period Under Review	* Current Status
15.1.4	**Advance Accounts – Outstanding Amounts not Cleared**			
	As of September 2020, Advance Accounts totalling Rs 2.3 million were outstanding in respect of: ▪ Car loans to three Advisers – Rs 827,000 ▪ Losses Social Aid - Rs 660,000 ▪ Repatriation expenses - Rs 302,000 ▪ Non-warrant overpayments – Rs 504,000	Action Initiated	One Adviser has settled his car loan of Rs 172,810 on 18 November 2021. ▪ According to the SSD, no action required for Losses amounting to Rs 660,000 as the Officer concerned retired from the service on 31 July 2016. ▪ The other cases with outstanding amounts totalling some Rs 1,145,000 were still pending.	Further Action Taken

Matters Reported in Audit Report 2020-21

Ref	Issues/Findings	How matters addressed during Period Under Review	* Current Status
13.2.1	**Anti-Influenza Vaccines – Nugatory Expenditure of some Rs 16.5 million**		
	Overestimation of doses required and poor storage condition of the vaccines.	65,000 doses of anti-influenza vaccines were purchased as at 30 June 2022. The coil evaporator was repaired.	Matter Resolved

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Ministry of Social Integration, Social Security and National Solidarity – Social Security and National Solidarity Division (continued)			
Matters Reported in Audit Report 2020-21			
Ref	**Issues/Findings**	**How matters addressed during Period Under Review**	*** Current Status**
13.2.2	**Social Assistance Benefits – Outstanding Cheques of some Rs 5.9 million not cleared**		
	No details were available regarding cheques totalling some Rs 5.9 million outstanding since September 2017.	Outstanding cheques for a total amount of Rs 5.9 million were cleared in April 2022.	Matter Resolved
13.2.3	**Rental of Buildings – Lapses in Monitoring and Non-compliance with Fire Safety Requirements**		
	▪ A total amount of Rs 720,000 was paid for office space occupied by two institutions which were no longer operating under the aegis of the SSD.	***Information obtained at time of audit*** A policy decision in respect of refunds from the two institutions was still pending. ***Information provided in February 2023*** ▪ Provision for the amount to be refunded, that is Rs 149,600 for one institution, will be made in the next Budget 2023-2024. ▪ On 18 January 2023, the other Institution has requested that the amount be written off. The SSD has in turn instead requested the Institution to make its own arrangements to pay back funds the amount due.	Action Initiated
	▪ 40 minor and 5 major improvements required to comply with the Fire Safety Standards, had still not been completed.	▪ Out of 38 Social Security Offices, 34 hold valid Fire Certificates. Online applications for Fire Certificate are being were made for Quatre Bornes, Phoenix,La Flora and Grand Gaube Social Security Offices.	Action Initiated

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Ministry of Social Integration, Social Security and National Solidarity – Social Security and National Solidarity Division (continued)			
Matters Reported in Audit Report 2020-21 (*continued*)			
Ref	**Issues/Findings**	**How matters addressed during Period Under Review**	*** Current Status**
13.2.4	**Inadequate Control over Payment of Mileage Allowance**		
	▪ Copies of the Vehicle Registration Books were not filed in eight Medical Officers Personal Files. ▪ Ownership of vehicle was not in the name of one Medical Officer for which mileage allowance was being claimed.	As per PRB 2021, Medical Officers are now entitled for fixed travelling allowance.	Matter Resolved
	Some Rs 178,000 were paid as mileage allowance.	***Information obtained at time of audit*** Overpayment of mileage allowance was not refunded. ***Information provided in February 2023*** As at 31 December 2022, Rs 17,778 has been recouped from the salary of the Medical Officer and the remaining Rs 159,997 is expected to be recouped in nine monthly instalments ending September 2023.	Action Initiated

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Ministry of Industrial Development, SMEs and Cooperatives (Cooperatives Division)			
Matters reported in Audit Report 2020-21			
Ref	**Issues/Findings**	**How matters addressed during Period Under Review**	*** Current Status**
14.2.1	**E-Registration Project**		
	The contract for the Co-operative Division e-Registration Project (CDeRP) software which was signed with a Service Provider for Rs 1.6 million on 15 March 2017 was terminated on 14 July 2020. Since the completion of the correction, resolution of bugs and issues of the CDeRP on 13 August 2021, the system though available for use, was not being optimally utilised.	On 14 December 2022, the Ministry informed NAO that the Service Provider detected unforeseen bugs and operational issues cropped up during User Acceptance Testing which required further change requests. Since the Content Management System software from which CDeRP had been developed, would reach its end of life in November 2023, hence impossible to add new functionality to the system, CD is considering other alternatives for the project.	Action Initiated

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Ministry of Industrial Development, SMEs and Cooperatives (SME Division)			
Matters reported in Audit Report 2020-21			
Ref	**Issues/Findings**	**How matters addressed during Period Under Review**	*** Current Status**
14.1.1	**Electronic Document Management System (eDMS)-Lapses in Project Management**		
	▪ The contract was awarded to a private company on 14 January 2019 for a contract value of some Rs 5.3 million. ▪ Failure to address several pending issues following the commissioning exercise, the contract was terminated on 3 April 2020 and liquidated damages of some Rs 500,000 arising were not claimed. Evidence of damages estimated at Rs 10 million by the Ministry was not available to support a legal claim. The Office of Public Sector Governance had agreed to carry out the study of the eDMS project during the next financial year.	A reminder was sent to the Ministry of Financial Services and Good Governance requesting updates on 10 October 2022	Further Action Taken
14.1.2	**Grant to SME Mauritius Ltd – Non-compliance with Procedures for Disbursements**		
	Noncompliance with Conditions specified in Financial Instructions ▪ Only one Grant Memorandum was drawn for both Recurrent and Capital Grants ▪ SME Mauritius Ltd did not submit all the documents at time of requests, as required by Circular 4 of 2014 enclosing Financial Instructions No 2 of 2014.	Grant Memoranda used for the financial year 2021-22 were as per the formats specified in the Financial Instructions.	Matter Resolved

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Ministry of Industrial Development, SMEs and Cooperatives (SME Division) (continued)			
Matters reported in Audit Report 2020-21			
Ref	**Issues/Findings**	**How matters addressed during Period Under Review**	*** Current Status**
	Grant to SME Mauritius Ltd – Noncompliance with Procedures for Disbursements (continued)		
14.1.2	**Internal Audit- Non-compliance with Annual Internal Audit Plan** The internal audit of the SME Mauritius Ltd was not carried out as per the Annual Internal Audit Plan 2020-21 of the Ministry although during the financial year 2020-21, grant disbursed to SME Mauritius Ltd amounted to Rs 69.5 million.	Following a policy decision, on 12 July 2022, the Ministry requested SME Mauritius Ltd, to make necessary arrangement for the enlistment of an Internal Auditor.	Action Initiated
	SME Registration Unit – Unavailability of an Updated Record of Active SMEs		
14.1.3	Three different databases were maintained for some 43,000 SMEs. ▪ Registration Certificate Number of SMEs was available in the SME Online Registration Portal but not included in the 'Master List. ▪ The three databases were not merged. ▪ Completeness and accuracy of the number of active registered SMEs by sector could not be ascertained.	The Master List has been updated in November 2022. The Ministry informed that the contract for the consultancy services for a Centralised IT System will be awarded by mid-February 2023.	Action Initiated Action Initiated

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Ministry of Environment, Solid Waste Management and Climate Change (Solid Waste Management Division)				
Matters Reported in Audit Report 2019-20				
Ref	**Issues/Findings**	**Status as of February 2022**	**How matters addressed during Period Under Review**	*** Current Status**
15.2.1	**Significant Costs to Government for Solid Waste Disposal and Inefficient Solid Waste disposal process**			
	The Ministry does not have an effective plan to transform the process of collections and disposal of solid waste. There is no operational plan.	Action not initiated	***Information provided by the Ministry in February 2023*** The Strategic & Action Plan of Solid Waste Management Phase 2, pertaining mainly to the implementation of major sorting and composing facilities which was approved by Cabinet in August 2021, does constitute the operation plan when coupled with procurement plan.	Action Initiated
	There is no segregation of solid wastes at source of generation.	Action not initiated	***Information provided by the Ministry in February 2023*** Segregation of solid waste at Household level requires several milestones to be met in prior such as; ▪ coming in force of a proper regulatory framework/legislations, ▪ construction and commissioning of the regional composting and sorting facilities, ▪ Awareness/sensitisation campaign, ▪ procurement and distribution of bins in relevant areas. All these require a time frame for implementation as per established procedures. Action with regard to infrastructures has already been initiated. The regulatory framework will be passed at the next sitting of the National Assembly together with several regulations which is being drafted at the level of the Attorney-General's Office.	Action Initiated

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Ministry of Environment, Solid Waste Management and Climate Change -Solid Waste Management Division (continued)				
Matters Reported in Audit Report 2019-20				
Ref	**Issues/Findings**	**Status as of February 2022**	**How matters addressed during Period Under Review**	*** Current Status**
15.2.1	**Significant Costs to Government for Solid Waste Disposal and Inefficient Solid Waste disposal process (*continued*)**			
	More than 50 % of total wastes is organic wastes but its disposal could not be diverted from the Landfill. .	Action Initiated	In January 2022, a Consultancy contract was awarded for preparation of supplementary feasibility study and Request For Proposal (RFP) document for setting up and operation of the Regional composting plants and sorting units on Public-Private Partnership. The Consultant submitted the feasibility report in May 2022 and the RFP document in October 2022.	Further Action Taken.
	Critical deficiencies in the IT System for Weighbridges at Transfer Stations and Landfill.			
	The last IT Security Audit was carried out in 2017 and 14 shortcomings were reported.	Action Initiated	As of end of December 2021 eight shortcomings had not yet been addressed and same would be considered in the technical specifications of the new tender document. A contract has been awarded in June 2022 for development and the operation of new software, which addresses the recommendations of the IT Security. ***Information provided by the Ministry in February 2023*** The software is now in the process of being prepared and will be delivered in April 2023	Further Action Taken
	Amount overclaimed by Contractor at Mare Chicose Landfill.			
	In April 2019 the case of "suspected fraudulent practices on carting away of leachate at Mare Chicose Landfill" (MCL) was reported to Police Service but the outcome was not known.	Action Initiated	***Information provided by the Ministry in February 2023*** The Police Service has filed the case	Action Completed

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Ministry of Environment, Solid Waste Management and Climate Change -Solid Waste Management Division (continued)				
Matters Reported in Audit Report 2019-20				
Ref	**Issues/Findings**	**Status as of February 2022**	**How matters addressed during Period Under Review**	*** Current Status**
15.2.1	**Amount overclaimed by Contractor at Mare Chicose Landfill (*continued*)**			
	The irregularities were not reported to the Ministry of Finance, Economic Planning and Development.	Action Initiated	No information is available.	No Further Action Taken
	No control mechanism has been put in place- there was still no CCTV camera system at the MCL.	Action Initiated	The Ministry proposed to implement the CCTV camera system under the forthcoming Vertical Expansion Project. ***Information provided by the Ministry in February 2023*** This item is being considered for implementation in the current emergency contract. A Technical Enforcement Officer has been deployed on a daily basis from 8.00 to 16.00 hrs to ensure compliance by Contractor.	Further Action Taken
	Two additional overpayments totalling Rs 29.6 million were identified by the Ministry in October 2021, of which only Rs 14.3 million were recovered.	Action Initiated	On 28 January 2022 the Ministry informed NAO that the claim of Rs 29.6 million was referred for determination to its Consultant responsible for supervision of operation at MCL. ***Information provided by the Ministry in February 2023*** The Police Service has filed the case. However, this Ministry has maintained the deduction of the Rs 14.3 million based on the same reasoning tendered by the Attorney-General's Office on a previous similar case.	Matter Not Yet Resolved

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Ministry of Environment, Solid Waste Management and Climate Change -Solid Waste Management Division (continued)				
Matters Reported in Audit Report 2019-20				
Ref	**Issues/Findings**	**Status as of February 2022**	**How matters addressed during Period Under Review**	*** Current Status**
15.2.1	**Amount overclaimed by Contractor at Mare Chicose Landfill (*continued*)**			
	Non-availability of Contract Documents for Payments of Rs 574.2 million			
	Contract documents were not produced to NAO.	**15.2.1**	Most of the contract documents were provided to NAO.	Matter Resolved
15.2.1	**Operation of Mare Chicose Landfill- Lack of control over payments.**			
	The Contractor was paid monthly based on weights for carting away of leachate and waste operation but the quantities were not crosschecked by the Technical Section.	No Action Taken	***Information provided by the Ministry in February 2023*** With regard to certification of quantities of leachate and waste based on weighbridge records, the technical team of the Ministry effects checks that goes beyond the face value data by conducting exercises such as water balance models and regular checks on the weighbridge data. This is how the suspected fraudulent practices were identified.	Action Initiated
	Cleaning of Public Beaches			
	No formal agreement with Beach Authority.	Action Initiated	***Information provided by the Ministry in February 2023*** An agreement has been prepared and will be signed accordingly where the responsibilities of each party has been clearly spelt out.	Further Action Taken

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Ministry of Environment, Solid Waste Management and Climate Change -Environment and Climate Change Division

Matters Reported in Audit Report 2019-20

Ref	Issues/Findings	Status as of February 2022	How matters addressed during Period Under Review	* Current Status
15.2.2	**Living Environment Unit - Resources not Utilised Optimally:**			
	▪ Absence of proper control mechanism ▪ High overheads ▪ Manpower for maintenance and embellishment of Motorway not used optimally	Action Initiated	A costing of labour for the main sites has been undertaken by the Lead Analyst	Further Action Taken
15.2.3	**The National Environment Laboratory – Significant assets exposed to risk due to tardy repairs of roof leakage.**			
	Long outstanding repairs of roof leakage	Action Initiated	Advice of Ministry of National Infrastructure and Community Development sought on additional M & E works required concurrently but not foreseen at the time of award of contract in June 2021	Further Action Taken

Matters Reported in Audit Report 2020-21

Ref	Issues/Findings	How matters addressed during Period Under Review	* Current Status
15.1.1	**Solar Water Heater Scheme**		
	Dormant Funds of Rs 62.9 million at the Development Bank of Mauritius (DBM) Ltd:	In August 2022, it was agreed that DBM Ltd would refund the amount in four equal instalments during the financial year 2022-23 as well as all accrued interests.	Further Action Taken
15.1.2	**Coastal Protection and Beach Rehabilitation Works – Lapses in Project Management**		
	▪ Rs17.9 million has been overpaid to the Consultancy Firm. ▪ Significant delays to complete Projects.	A Due Diligence Committee was set up in April 2022 and it concluded an overpayment of Rs 18 million. A Negotiation meeting was held in August 2022 and a further one on 11 January 2023 for amicable settlement. Out of five remaining projects three were completed and two were still in progress.	Further Action Taken

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

<table>
<tr><td colspan="4">Ministry of Financial Services and Good Governance</td></tr>
<tr><td colspan="4">Matters Reported in Audit Report 2020-21</td></tr>
<tr><th>Ref</th><th>Issues/ Findings</th><th>How matters addressed during Period Under Review</th><th>* Current Status</th></tr>
<tr><td rowspan="4">16.1</td><td colspan="3">Non-Compliance with Rules and Inadequate Oversight of Public Bodies</td></tr>
<tr><td>Non-Compliance with Legislations and Circulars
▪ Non-Submission of a Report on Performance of the Ministry.
▪ Non-Compliance regarding Key Performance Indicators (KPI).</td><td>Information obtained at time of audit
The Annual Reports have been submitted to Ministry of Finance, Economic Planning and Development on 27 January 2022.
Information provided by Ministry in February 2023
The Corruption on Risk Assessment (CRA) on “the use of Public Vehicle” was completed in February 2021. The Ministry has finalised a CRA on overtime un March 2022.
The Ministry has ensured the submission of the Annual report FY 2021-22 to the Ministry of Finance Economic Planning and Development on 31 October 2022 in accordance with Circular No.16 of 2016</td><td>Matter Resolved</td></tr>
<tr><td colspan="3">Inadequate Financial Oversight of the Ministry on Statutory Bodies and Other Entities</td></tr>
<tr><td>State-Owned Entities: Late submission of Financial Statements for Audit
▪ Non-compliance of the Financial Services Commission (FSC) with the Provisions of the Statutory Bodies (Accounts & Audit) Act (SBA)
▪ Non-compliance with the Provisions of the Financial Services Act (FSA)</td><td>The audited accounts for the financial year ended 30 June 2021 were filed with the Corporate and Business Registration Department on:
NICL – 24 January 2022
NICG – 24January 2022
NPFL – 22 July 2022</td><td>Matter Resolved</td></tr>
</table>

**Refer to Note on Page 518 for glossary of terms used under the “Current Status” column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Ministry of Financial Services and Good Governance (continued)			
Matters Reported in Audit Report 2020-21			
Ref	**Issues/ Findings**	**How matters addressed during Period Under Review**	*** Current Status**
16.1	**Inadequate Financial Oversight of the Ministry on Statutory Bodies and Other Entities (*continued*)**		
	▪ Non-compliance with the Provisions of the Financial Services Act (FSA)	On 6 June 2022, Financial and Intelligence Unit had submitted Financial Statements for financial years 2019-20 and 2020 -21 to NAO. The Audited Financial Statements for financial year 2020-21 were submitted on30 June 2022. On 13 June 2022 the FSC had submitted a Performance Agreement duly signed by the Chairperson and the Chief Executive.	Matter Resolved
	Special Funds - Late Submission of Financial Statements for Audit and Audited Financial Statements not laid before the National Assembly		
	The Recovered Assets Fund (RAF) submitted its Financial Statements for the financial years 2018-19 and 2019-20 on 17 February 2022 to NAO.	The Annual Reports of RAF for financial years 2018-19 and 2019-20 were laid before the National Assembly on 7 June 2022.	Matter Resolved
	Inadequate Oversight of the Ministry on the SOE under its aegis		
	Asset Transfer	The list of assets transferred were made available in August 2022.	Matter Resolved
	Assets held overseas	On 15 February 2022, the Administrator had confirmed that all overseas assets have already been sold and the funds have been transferred to the National Property Fund Ltd (NPFL). Funds received from the Special Administrator amounted to Rs 6,835,916,526.	Action Initiated
	Assets Disposal	As at 30 August 2022, the NPFL has disposed 5 out of the 18 remaining assets.	Action Initiated

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Attorney-General's Office, Ministry of Agro Industry and Food Security				
Matters Reported in Audit Report 2019-20				
Ref	**Issues/Findings**	**Status as of February 2022**	**How matters addressed during Period Under Review**	*** Current Status**
16.1.1	**Heifer Farm**			
	Essential amenities omitted in the construction contract			
	Essential amenities such as drains, septic tank and absorption pit were omitted in the contract.	Action Initiated	The Ministry converted the Heifer farm into a Cattle Reproduction Farm.	Matter Resolved
	Feasibility study not carried out			
	It was only after the construction that it came to light that the project would not be feasible.	Action Taken at Ministry's level	The Ministry converted the Heifer farm into a Cattle Reproduction Farm.	Matter Resolved
16.1.2	**Cattle Reproduction Farm**			
	Additional amenities not provided for			
	Waste disposal system, cooling tank, maternity pen and mating pen, required to meet the objectives of the Cattle Reproduction Farm, had not been provided for.	Action Initiated	***Information obtained at time of audit*** Due to lack of fund, the additional amenities could not be provided and has worsened the living conditions of the animals at the farm. The prevailing situation was also causing much hardship to the staff posted on the sites. ***Information provided by the Ministry in February 2023*** Additional funds of Rs 7 million have been solicited from the Ministry of Finance, Economic Planning and Development for the rehabilitation of the ex-Livestock zone buildings. The scope of works is currently being worked out by the Engineering Division in order of priority.	Further Action Taken

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Attorney-General's Office, Ministry of Agro Industry and Food Security (continued)				
Matters Reported in Audit Report 2019-20				
Ref	**Issues/Findings**	**Status as of February 2022**	**How matters addressed during Period Under Review**	*** Current Status**
16.1.2	**Additional amenities not provided for (*continued*)**			
	The Farm was not adequate to house 43 animals and the conditions in which they were kept were not appropriate.	Action Initiated	***Information obtained at time of audit*** Upon site visit effected by Audit on 9 August 2022, the farm was seen overcrowded with 75 animals, consisting of 20 heifers, 30 lactating cows, four pregnant cows, 20 males and one bull. The conditions in which these animals were kept have worsened. ***Information provided by the Ministry in February 2023*** Additional space would become available with the operationalisation of the ex-Livestock zone buildings.	Further Action Taken
	Milking of cows could not be done in the absence of a cooling tank.	Action Initiated	***Information obtained at time of audit*** A milking machine was acquired in August 2021 for the sum of Rs 86,250. The machine has broken down six times and as from 14 January 2022 it was not operational. Meanwhile, milking of the 19 cows was manually being done by the stockman. It was a very time-consuming exercise, thus affecting the operational activities of the farm. The cooling tank has still not been acquired. ***Information provided by the Ministry in February 2023*** The setting up of a milking parlour with a fixed milking machine is being envisaged for milking in optimum conditions.	Further Action Taken

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Attorney-General's Office, Ministry of Agro Industry and Food Security (continued)				
Matters Reported in Audit Report 2019-20				
Ref	**Issues/Findings**	**Status as of February 2022**	**How matters addressed during Period Under Review**	*** Current Status**
16.1.2	**Additional amenities not provided for (*continued*)**			
	Since the operation of the Farm in December 2019, six calves were born and four calves got "Septic arthritis".	Action Initiated	***Information obtained at time of audit*** As at September 2022, a maternity pen was still under construction at the Ex-Livestock Zones. Meanwhile, the calves were born in the dirty pens in very poor hygienic condition. ***Information provided by the Ministry in February 2023*** Additional space would become available to house the new born calves.	Further Action Taken
	The Engineering Division was still working on the specifications of the drainage system.	Action Initiated	***Information obtained at time of audit*** Contract for the construction of vehicle dip, drains and track road has been awarded on 21 December 2021. The start and completion dates were scheduled on 3 February and 3 August 2022 respectively. As at 9 August 2022, the project was only 30 per cent completed and the situation has worsened. ***Information provided by the Ministry in February 2023*** Works pertaining to the construction of vehicle dip, drains and track road have been completed on 28 November 2022.	Matter Resolved

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Ref	Issues/Findings	Status as of February 2022	How matters addressed during Period Under Review	* Current Status
Attorney-General's Office, Ministry of Agro Industry and Food Security (continued)				
Matters Reported in Audit Report 2019-20				
16.1.2	**Merging of the infrastructures of Cattle Reproduction Farm and Livestock Zone**			
	The Ministry decided to merge the infrastructure of the Cattle Reproduction Farm with that of the Livestock Zone which was still under construction.	Action Initiated	***Information obtained at time of audit*** As of August 2022, the merging process was not completed and the ex-livestock zone buildings were still not put to use. ***Information provided by the Ministry in February 2023*** A number of works have already been completed or is set to be completed within this financial year for the operationalisation of the ex-Livestock zone buildings. Additional funds have been requested to allow remaining works to be initiated.	Further Action Taken
16.2.3	**Turkey Quarantine Unit remaining idle**			
	The Ministry contemplated to convert the Turkey Quarantine into a Pet Quarantine. However, the Livestock and Veterinary Division (LVD) informed that the building was not suitable for that purpose.	Action Taken at Ministry's Level	In June 2021, the building was handed over to the MSAW. The MSAW has adapted the building to be used as a dog holding facility.	Matter Resolved
16.2.4	**Inappropriate location of the Quarantine noted by Veterinary Officer**			
	The Quarantine was constructed near the motorway and could affect the health of turkey due to pollution.	Action Taken at Ministry's Level	Decision was taken to stop the turkey project and to hand over the building to MSAW.	Matter Resolved

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Attorney-General's Office, Ministry of Agro Industry and Food Security (continued)

Matters Reported in Audit Report 2019-20

Ref	Issues/Findings	Status as of February 2022	How matters addressed during Period Under Review	* Current Status
16.3	**Sheep Reproduction Farm**			
16.3.1	**Quarantine Unit for imported sheep not available**			
	A second batch of 50 animals was acquired from same supplier and was transferred directly to the Sheep Reproduction Farm without going through a quarantine period.	Action taken at Ministry's Level	The Ministry informed that all imported sheep underwent quarantine. The importer kept the animals on his premises approved by the LVD. The transfer to the farm was made only after the quarantine period.	Matter Resolved
16.3.2	**Fodder plantation for the Sheep Reproduction Farm was not yet completed**			
	11.25 arpents of land were bulldozed at a cost of Rs 780,000. However, fodder had not been planted on the whole area.	No Action Taken	***Information obtained at time of audit*** Due to lack of General Workers, the remaining bulldozed land could not be cultivated. ***Information provided by the Ministry in February 2023*** Since recruitment in October 2022, General Workers have been posted to the Salazie Outstation and therefore plantation and maintenance of Guatemala grass have resumed.	Matter Resolved
16.4	**Security Services at Agricultural Stations/Compounds**			
16.4.1	**Lot No. 3 awarded to Contractor B despite its poor performance**			
	Despite adverse reports on the performance of Contractor B, the contract for Lot No. 3 for financial year 2019-20 was awarded to same Contractor.	Action Taken at Ministry's Level	New contract was awarded to another Contractor for a period of one year as from 12 October 2021.	Matter Resolved

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Attorney-General's Office, Ministry of Agro Industry and Food Security (continued)				
Matters Reported in Audit Report 2019-20				
Ref	**Issues/Findings**	**Status as of February 2022**	**How matters addressed during Period Under Review**	*** Current Status**
16.4.3	**Contractor A did not comply with conditions of contract**			
	Several security guards were above age and did not always wear uniforms on sites. A performance appraisal conducted by the Ministry revealed several instances where Contractor A did not comply with conditions of contract.	Action Initiated	With the new contract the problem of non-compliance with the conditions of contract was still ongoing.	No Further Action Taken
16.4.4	**Inadequate monitoring at level of Ministry**			
	Only one meeting was held in September 2019 at the Ministry with the Contractor.	Action Taken at Ministry's Level	Regular meetings were carried out at the Ministry for proper monitoring of watchmanship services for the new security service contracts.	Matter Resolved
16.5	**Mauritius Society of Animal Welfare – Non-submission of Annual Report since 2014**			
	Annual Reports were not submitted since its coming into operation on 30 October 2013, contrary to the Statutory Bodies (Accounts and Audit) Act.	Action Initiated	***Information obtained at time of audit*** The OPSG initiated a review as from January 2022 over non-submission of financial statements and other aspects. The final correspondence between OPSG and MSAW was December 2022. No Financial Statements have yet been submitted. ***Information provided by the Ministry in February 2023*** The Financial Statements for the years 2014 and 2015 are under process.	Further Action Taken

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Attorney-General's Office, Ministry of Agro Industry and Food Security (continued)			
Matters Reported in Audit Report 2020-21			
Ref	**Issues/ Findings**	**How matters addressed during Period Under Review**	*** Current Status**
18.1	**Melrose Livestock Zone Project – Lapses in Project Management**		
	Delay in setting up of the Livestock Zone		
	The building was handed over to the Ministry on 18 January 2021, 34 months after the contractual completion date. A snag list highlighting all defects that needed remedial action, was not available.	Defects were not resolved and as at August 2022 numerous shortcomings were noted. Decision was taken to merge the building with the Cattle Reproduction Farm. As at August 2022 the building has still not been put in use.	No Action Taken
	Livestock Zone project set aside by the Ministry		
	Decision was taken by the Ministry, to merge the infrastructure of the Livestock Zone with that of the Cattle Reproduction Farm.	***Information obtained at time of audit*** As at August 2022, the building had not yet been put to use. ***Information provided by the Ministry in February 2023*** Infrastructural work is required for the merging of the Livestock Zone with the Heifer Farm and actions have been initiated since previous financial year.	Action Initiated
	Merging process of the infrastructure of the Livestock Zone not completed		
	Sufficient funds were not provided in the budget for 2020-21 to carry out the additional works at the Livestock Zone. The buildings were unoccupied since the handing over of keys in January 2021.	***Information obtained at time of audit*** Only Rs 5 million were provided in the budget for the farm project. Hence, additional works could not be carried out at the Livestock Zone Building. The fund was used for the construction of dips and drains at the Cattle Reproduction Farm.	Action Initiated

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Attorney-General's Office, Ministry of Agro Industry and Food Security (continued)			
Matters Reported in Audit Report 2020-21			
Ref	**Issues/ Findings**	**How matters addressed during Period Under Review**	*** Current Status**
	Merging process of the infrastructure of the Livestock Zone not completed (continued)		
18.1	The additional works which were essential for the operation of the Livestock Zone building were not done.	***Information provided by the Ministry in February 2023*** Vehicle dip, drains and access roads were taken over on 28 November 2022. Reconditioning of exercise yards were completed on 6 December 2022. Procurement exercise is being initiated for fencing works. As regards to electrical network, approval of the MOFEPD is being sought for an additional amount of Rs 3.3 million prior to launching of tender. For the setting up of the milking parlour, the cost estimate is being prepared.	
	The Albion Duck Farm - Reduction in Operational Activities		
	Reduction in the number of parent stock of ducks		
18.2	Over the past three years the number of parent stock has decreased significantly. This has impacted negatively on the production of eggs and ducklings. The number of eggs placed in hatcher for production of ducklings has decreased to 8,340 in 2020-21.	***Information obtained at time of audit*** The production of duck during 2021-22 was still very low as commissioning of the new incubator was carried out on 20 April 2022. ***Information provided by the Ministry in February 2023*** Research in new duck genetics has to be carried out to decide which types to be imported as present parent stock are all local.	Action Initiated

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Attorney-General's Office, Ministry of Agro Industry and Food Security (continued)			
Matters Reported in Audit Report 2020-21			
Ref	**Issues/ Findings**	**How matters addressed during Period Under Review**	*** Current Status**
18.2	**The Albion Duck Farm - Reduction in Operational Activities (*continued)***		
	A new Duck Incubator acquired for Rs 667,000 still not installed and commissioned		
	As of October 2021, the installation, testing and commissioning of the incubator were still not done. However, no liquidated damages could be applied for the delay since such provision was not included in the terms and conditions of the contract. Meanwhile, the small defective hatcher was being used, resulting in wastage of productive eggs	***Information obtained at time of audit*** The Duck Incubator was installed and commissioned on 20 April 2022. Meanwhile, the defective hatcher was used for period July 2021 to June 2022, setting was done for 1,001 eggs and some 185 ducks were hatched. After commissioning, the number of eggs placed in setting was still very low. ***Information provided by the Ministry in February 2023*** Trials from duck eggs are still being carried out as there are issues with the temperature and humidity control of setter and hatcher.	Action Initiated
	Non-compliance with bio-security norms, leading to an increase in contaminated eggs		
	During a visit effected on 30 September 2021, a large number of pigeons, were observed in the different pens. These pigeons could act as vector for spreading diseases to the ducks and the contamination of the eggs.	***Information obtained at time of audit*** During visit effected on 14 September 2022, the problem was not resolved, some pigeons were seen in the ducks' pens ***Information provided by the Ministry in February 2023*** An ongoing surveillance programme has been put in place whereby samples of duck eggs from all pens are sent to the Food Technology Laboratory on a monthly basis for analysis. An ongoing rodent control program is also in place and the contract is re-launched every year.	Action Initiated

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Attorney-General's Office, Ministry of Agro Industry and Food Security (continued)			
Matters Reported in Audit Report 2020-21			
Ref	**Issues/ Findings**	**How matters addressed during Period Under Review**	*** Current Status**
18.4	**Construction of a National Wholesale Market (NWM) – Delay in Construction Works and Operation of the Market**		
	EOT not assessed resulting in non-application of liquidated damages		
	There was no evidence that Extension of Time (EOT) from the re-scheduled completion date of May/June 2021 to date of completion of works of main building of 28 October 2021 has been assessed and an EOT order has been issued. Liquidated damages for delay in completion of works has not been charged to the Contractor.	***Information obtained at time of audit*** The construction of the NWM was not completed on the scheduled contractual completion date to be operational in December 2020. As at October 2022, works in respect of the sewerage treatment plant, permanent water supply connection and generator set, had not started and some Rs 438.6 million were paid to the Contractor. Consultant's approval as regards to the EOT up to of the date of completion of works of main building of 28 October 2021 was not produced. Delay damages up to a maximum of 10 per cent of the project value was not applied, contrary to General Conditions of Contract. ***Information provided by the Ministry in February 2023*** The construction works were delayed due to adverse climatic conditions and extension of time was granted to the Contractor as per Conditions of Contract. Liquidated damages were not applied to the Contractor as the building works were completed as per contract.	No Action Taken
18.4	**Regulations for the operation of the NWM not finalised**		
	As of November 2021, the four draft Regulations necessary for the operation of the NWM were not yet finalised.	***Information obtained at time of audit*** Proposed amendments to Mauritius Agricultural Marketing Act have been included in The Finance (Miscellaneous Provisions) Act 2021 to allow the AMB to operate and manage the NWM.	Action Completed

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21
(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Attorney-General's Office, Ministry of Agro Industry and Food Security (continued)			
Matters Reported in Audit Report 2020-21			
Ref	**Issues/ Findings**	**How matters addressed during Period Under Review**	*** Current Status**
18.4	**Regulations for the operation of the NWM not finalised (*continued*)**		
		Information provided by the Ministry in February 2023 Following amendments brought to the Mauritius Agricultural Marketing Act through the Financial (Miscellaneous Provisions) Act 2021, draft regulations have been prepared anew in order to provide for the operational and managerial procedures in respect of the NWM. These draft Regulations have been sent to the Attorney-General's Office on 12 December 2022.	
18.5	**Government Asset Register not Properly maintained**		
	Non-compliance with deadline for submission of GAR Template and delay in clearing backlog		
	All updated data on excel sheet were to be migrated to the GAR software prior to 31 December 2021. Deadline for the submission of the excel sheet was set to 20 December 2021 as GAR users had to undertake the migration process as from 3 January 2022. As of October 2021, the GAR excel template for the recording of assets was updated only up to June 2019.	On 6 June 2022, a training for Trainers Course to use the GAR Software was provided to the officers of the Ministry. All the different sections of the Ministry were requested to update list of GAR users and submit to Office Management Executive by 15 September 2022.	Action Initiated

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Attorney-General's Office, Ministry of Agro Industry and Food Security (continued)			
Matters Reported in Audit Report 2020-21			
Ref	**Issues/ Findings**	**How matters addressed during Period Under Review**	*** Current Status**
18.5	***Incomplete records of Non-Financial Assets***		
	The Plant Registers at the Richelieu Engineering Division and Transport Section were not properly kept. A Master Register was not kept at the Head Office of the Ministry. Control over Government assets was poor at the LVD. The LVD had not submitted any Return of Non-Financial Assets to the Treasury for inclusion in the GAR.	The officer posted at the Transport Division was still waiting for password to be able to use GAR Software.	Action Initiated
	Surveys of Assets – Dormant, Unserviceable and Unrecorded Assets were found		
	At the Agricultural Chemistry Division of the Food Technology Laboratory, 12 items of equipment in good condition were not in use and not recorded in an Asset Register while 8 other items of equipment were dormant.	At the Food Technology Laboratory of the Ministry, the GAR software had not yet been installed and the officers did not receive any training. The Excel template was still being used.	No Action Taken
	At the Bacteriology Section and Serelogy Section of the Animal Health Laboratory of the LVD, 18 items of equipment which were broken since more than 3 years were still kept in the laboratory. These broken items had not been returned to Stores and taken on charge in an Unserviceable Stores Ledger.	At the Veterinary Division, the GAR Software had been installed but the officer who was using same was transferred. Thus, the software was not being updated since May 2022. Request have been made for new login and password.	Action Initiated

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Attorney-General's Office, Ministry of Agro Industry and Food Security (continued)			
Matters Reported in Audit Report 2020-21			
Ref	**Issues/ Findings**	**How matters addressed during Period Under Review**	*** Current Status**
	Continuation of Service beyond Compulsory Retirement Age of 65 years – relevant prior approval not sought and some Rs 438,000 overpaid		
18.6	According to the NIC and birth certificate of an Officer, his date of birth was 14 July 1955. In the Ministry's records his date of birth was wrongly recorded as 14 July 1956, thus allowing the Officer to attend duty up to 4 December 2020, that is, more than four months beyond the compulsory retirement age of 65 years. On 11 December 2020, the Officer was called upon to retire from the Public Service. However, the latter was paid salary and travelling allowances up to 31 December 2020. An amount of Rs 208,235 was thus overpaid to him for period 14 July 2020 to 31 December 2020. Since the Officer had retired more than four months beyond the compulsory retirement age of 65 years, the option to cash the accumulated vacation leave did not arise. However, an amount of Rs 230,370, representing 210 days' vacation leave was nevertheless paid to him. The Ministry should initiate action to recover the total amount overpaid of Rs 438,605.	In June 2021, the Treasury informed the Ministry that retiring benefits have been duly paid to the retired officer and Rs 24,901 being overpayment have been deducted thereon. No action had yet been initiated to recover the remaining amount of Rs 413,704 still due.	Action Initiated

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Ministry of Youth Empowerment, Sports and Recreation				
Matters Reported in Audit Report 2019-20				
Ref	**Issues/Findings**	**Status as of February 2022**	**How matters addressed during Period Under Review**	*** Current Status**
18.1(a)	**Inadequate control over Grants to Extra Budgetary Units- Mauritius Multisports Infrastructure Limited (MMIL)**			
	In September 2019, MMIL submitted a first grant application and other documents namely: (i) a revised estimate of Rs 105.2 million; (ii) a progress report and (iii) a cash flow forecast for financial year 2019-20. These documents were, however, not signed by MMIL. MMIL's request for additional fund of Rs 69 million was not supported by a duly signed statement of expenses.	Action Initiated	***Information obtained at time of audit*** On 15 January 2021, MMIL was required to ensure that all documents submitted for disbursement of funds must henceforth be signed by a senior officer and that any revised estimates and cash flow statements should be approved by the board before submission to the Ministry.	Matter Resolved
18.2	**Inadequate control over Cash Book**			
	There was no authorisation for operation of the bank account.	Action Taken at Ministry's Level	Ministry has sent an official correspondence to Bank with details of all signatories	Matter Resolved
	Cash book maintained on excel was not appropriate for control over disbursements and bank reconciliations.	Action Initiated	Internal Control was required to carry out frequent checks.	Matter Resolved
18.3	**Security of services**			
	There was inadequate monitoring of services and compliance by Service Provider.	Action Taken at Ministry's Leve1	Ministry has requested the Service Provider to remedy the situation regarding security guards and submission of Certificates of Character.	Matter Resolved

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Ministry of Youth Empowerment, Sports and Recreation (continued)			
Matters reported in Audit Report 2020-21			
Ref	**Issues/Findings**	**How matters addressed during Period Under Review**	*** Current Status**
20.1	**Disbursements by the Ministry to other Entities – Inadequacy of Control**		
	Different sources of financing and diversity of Recipients required an appropriate Control Framework to ensure proper oversight over grants and accountability.	***Information obtained at time of audit*** Appropriate Control and Accountability Mechanism not yet designed and implemented. ***Information provided by Ministry in February 2023*** This Ministry's entities have different sources of financing and their relevant control mechanism are as follows: **(i) Financing budget/ Estimates** The Ministry stays guided by the modus operandi of MOFEPD Financial Instructions No. 2 of 2014. **National Resilience Fund (NRF) and Lotto Fund** All entities benefitting from Ministry's grants, that is, MMIL, MSC, NYC, TFES are guided by the NRF Manual and Ministry's letter dated 30 June 2021. Agreements are duly signed.	Matter Not Yet Resolved
20.2	**MMIL – Inadequacy of Control Mechanism**		
	Transfer of balance of Capital Grant by MOFEPD to MMIL via Ministry's Deposit Account was not appropriate to establish clear responsibility for control and accountability. There was need for appropriate control mechanism to be set up regarding grant of a capital nature.	***Information obtained at time of audit*** Transfer of balance of Capital Grant was made in 2021-22 through Departmental Warrant instead of Deposit Account. This mechanism was also not appropriate for control and accountability.	Matter Not Yet Resolved

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Ministry of Youth Empowerment, Sports and Recreation (continued)			
Matters reported in Audit Report 2020-21			
Ref	**Issues/Findings**	**How matters addressed during Period Under Review**	*** Current Status**
20.2	**MMIL – Inadequacy of Control Mechanism (*continued*)**		
		Information provided by Ministry in February 2023 The amount of Capital Grant was released by MOFEPD to the Ministry twice, initially on its Deposit Account and subsequently through a Departmental Warrant. The Capital Grant was meant for the construction of the Cote d'Or National Sports Complex and the release of Funds was against the issue of Share Certificates by MMIL (the original of the Share Certificates have been submitted to the Treasury). The construction of the Sports Complex has been completed and is now fully operational. The Ministry stays guided by the modus operandi of MOFEPD regarding the release of funds of MMIL.	
20.3	**MSC- Control shortcomings**		
	Incompleteness of the Grant Memorandum and of progress reports	***Information obtained at time of audit*** • Outputs and Performance Indicators were specified in Grant Memorandum for 2021-22; and • Appropriate Progress Reports submitted.	Matter Resolved

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Ministry of Youth Empowerment, Sports and Recreation (continued)			
Matters reported in Audit Report 2020-21			
Ref	**Issues/Findings**	**How matters addressed during Period Under Review**	*** Current Status**
20.4	**State Recognition Allowance Scheme for the Retired Athletes – Lack of Proper Monitoring**		
	The non-availability of Life Certificates from retired athletes or other documents from the Trust Fund for Excellence in Sports (TFES) would not ensure that intended objectives of grant were fully met.	***Information obtained at time of audit*** Retired athletes would have to submit annually a form to confirm their live status and any other information to the TFES for the payment of allowances.	Matter Resolved
20.8	**Non-optimum use of Office Space**		
	Rental costs of Rs 17.8 million incurred by the Ministry for its Head Office remained on the high side for 2020-21 due to non-optimum use of the space rented.	***Information obtained at time of audit*** Lease Agreement for the Ministry's Head Office was renewed for a further period of one year on the same terms and conditions after its expiry on 28 February 2022. Officers of Team Mauritius, (Sports Technical Cadre of the Ministry) was accommodated in another location in May 2022, thereby freeing further office space. Unnecessary costs might be incurred for unutilised rental office space. ***Information provided by Ministry in February 2023*** The existing office layout cannot be modified without altering the scope of services of the present rental agreements. After assessing the space office requirements of the Ministry, a bidding exercise will be carried out.	Matter Not Yet Resolved

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Ministry of National Infrastructure and Community Development (National Development Unit)				
Matters Reported in Audit Report 2019-20				
Ref	**Issues/Findings**	**Status as of February 2022**	**How matters addressed during Period Under Review**	*** Current Status**
5.2.3	**Delays in Completion of Projects**			
	Delays noted in execution of 39 Work Orders out of 133 issued in financial year 2019-20. Delays occurred due to changes in site conditions and inadequate resources deployed on site by Contractors.	Action initiated	***Information obtained at time of audit*** Delays were again noted in 2021-22 in respect of 48 per cent of completed projects. ***Information obtained in February 2023*** NDU informed that it carries out regular monitoring during projects implementation. The main reasons for delay were beyond its control and which included land acquisition, relocation of services, right of entry/way leaves issues.	Further Action Taken.
5.2.5	**Land Drainage Master Plan not yet prepared**			
	Delay in preparation of the Master Plan. Part 1 and 2 expected to be delivered in April and September 2021 respectively.	Action Taken at Department's Level	The Land Drainage Master Plan was approved in July 2022.	Matter Resolved

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Ministry of National Infrastructure and Community Development (National Development Unit)			
Matters reported in Audit Report 2020-21			
Ref	**Issues/Findings**	**How matters addressed during Period Under Review**	*** Current Status**
21.1	**Lapses in Design of Projects and Cost Estimation**		
	Lapses in Design of Projects		
	In several cases, there were no proper verifications of site conditions prior to award of contracts leading to changes in design.	There were still cases of inadequate site verifications. NDU informed that site meetings are held with all stakeholders prior to start of projects for clearances.	Action Initiated
	Cost Estimation		
	Due to delay in finalising Framework Agreements, NDU had to carry out 47 separate procurement exercise and as at August 2021, 24 were cancelled mostly because of large differences between cost estimates and lowest substantially evaluated bids.	There were still cases where bidding exercises were cancelled due to large gap between estimates and bids received. NDU informed that due to COVID-19 pandemic, bidders were quoting high prices in anticipation of the volatile market. To address the issue of high quotes a meeting was held with all relevant stakeholders including the Procurement Policy Office.	Action Initiated
21.2	**Inadequate planning in finalising framework agreements and implementing Emergency Projects**		
	Framework Agreements (FA) A new FA for amenities had not been finalised one year after the expiry of the existing one in November 2020. For Drain Works, no new agreement was finalised 10 months after the expiry of the existing agreement in January 2021.	During 2021-22 new framework agreements were issued for drains and amenities following an e-Procurement bidding exercise that was carried out in August 2021.	Matter Resolved

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Ministry of National Infrastructure and Community Development (National Development Unit) (continued)			
Matters reported in Audit Report 2020-21			
Ref	**Issues/Findings**	**How matters addressed during Period Under Review**	*** Current Status**
21.2	**Inadequate planning in finalising framework agreements and implementing Emergency Projects (*continued*)**		
	Emergency Drain Projects in High Risk Flood Prone Areas not completed		
	60 projects were determined as high-risk in flood prone areas by the LDA and were to be implemented by the NDU under Directive 41. Only 7 were completed with 28 at design stage and 5 at bidding stage.16 were under construction and in 4 cases Consultant had to be appointed.	***Information obtained at time of audit*** During 2021-22, only nine projects were completed. The remaining 47 projects were at the following stages: 23 were at design, 10 at bidding and 14 were under construction. ***Information obtained in February 2023*** NDU informed that a Coordinating Committee has already been set up since July 2022 with representatives from Ministries/Departments including Ministry of Housing and Land Use Planning, and Tourism, Valuation Department, Land Drainage Authority and Forestry Services.	Action Initiated
21.3	**Delays in Completion of Projects and Poor Performance of a Contractor**		
	Delays in Completion of Projects		
	Out of 152 work orders issued during financial year 2020-21, 47 were completed with delays and included 17 with delays of more than six months.	***Information obtained at time of audit*** Out of 218 Work Orders issued in 2021-22, 104 projects were completed with delays. 89 Work Orders were completed with a delay of less than six months and 15 projects were completed with a delay of more than six months. NDU informed NAO that it carries out regular monitoring during projects implementation. The main reasons for delay were beyond its control and which included land acquisition, relocation of services, right of entry/way leaves issues.	Further Action Taken

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Ministry of National Infrastructure and Community Development (National Development Unit) (continued)			
Matters reported in Audit Report 2020-21			
Ref	**Issues/Findings**	**How matters addressed during Period Under Review**	*** Current Status**
	Delays in Completion of Projects and Poor Performance of a Contractor		
	Poor Performance of a Contractor		
21.3	Out of 77 work orders issued to a Contractor, 32 were completed with delays, 15 were cancelled as works did not start, 23 were re-awarded to other contractors and in seven cases there were termination of contracts.	Contractor was excluded from procurement exercises for a period of six months.	Matter Resolved

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Ministry of Information Technology, Communication and Innovation				
Matters Reported in Audit Report 2019-20				
Ref	**Issues/Findings**	**Status as of February 2022**	**How matters addressed during Period Under Review**	*** Current Status**
9.2	**Data Protection Office (DPO)- Absence of Management Information System and Uncollectible Arrears**			
	The DPO did not have a proper information system for the management of revenue from Registered Controllers. The list of Registered Controllers was kept in Excel format. Registration was processed manually and with delays. A contract was awarded to a Local Company for the sum of Rs 3.55 million for the computerisation of the DPO in December 2021. The application was to be installed and commissioned within 10 months, that is, by October 2022.	Action Initiated	***Information obtained at time of audit*** The computerisation project was being implemented in two phases. The computerised system was not operational: the first phase of the project was still in progress as of 31 October 2022. Registration of new Data Controllers and Processors, and the renewal of existing Data Controllers and Processors were still being done manually. During the year under review, 5,927 new applications for registration were received. The Ministry stated that Phase I was delayed due to difficulties faced during downtime of the test payment gateway of the Bank of Mauritius and of an additional change request. The DPO was verifying all amendments prior to signing off of User Acceptance Testing. ***Information provided in January 2023*** The system went live since 7 December 2022. All issues encountered, which are minor, are being tackled with the support of the supplier.	Matter Resolved

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Ref	Issues/Findings	Status as of February 2022	How matters addressed during Period Under Review	* Current Status
Ministry of Information Technology, Communication and Innovation(continued)				
Matters Reported in Audit Report 2019-20				
9.3	**School Net II Project for Secondary Schools – Nugatory Expenditure of Rs 81.7 million**			
	The equipment procured under the Project remained unutilised and could not be redeployed.	Action Initiated	A new IT project is being implemented.	No Further Action Envisaged
	Action to terminate the contract and to recoup liquidated damages of some Rs 12.2 million from the Receiver Manager had not materialised.	Action Taken at Department's Level	Ministry informed that needful had been done to terminate the contract. 53 of the 63 servers procured were still at the secondary schools, 9 servers were given to the CISD and 1 server redeployed to the e-Gov Unit of the MOETEST.	No Further Action Envisaged

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Ministry of Information Technology, Communication and Innovation (continued)			
Matters reported in Audit Report 2020-21			
Ref	**Issues/Findings**	**How matters addressed during Period Under Review**	*** Current Status**
22.2	**New Certification Authority Project – Marketing of the System not carried out**		
	The Certification Authority (CA) project, developed at the cost of some Rs 44.1 million, with the aim of offering secure digital service (Mausign Digital Signatures) enabling the creation of legally enforceable records for electronic transactions became live on 10 August 2021. In the absence of a proper marketing strategy/ plan, taking up of the CA products and services were not as expected and the objectives of the project were not being met. The CA project was not promoted in governmental organisations.	In June 2022, with the view to sensitising the public on e-Government projects, the Ministry awarded a contract of Rs 11.9 million to a local communication company for the marketing of five e- Government Projects, namely MauSign, MoKloud, Mo Rendez Vous, the Chat Bot, and the fasil website. The National Computer Board, (NCB) being the registered Certificate Authority licence holder of the Government, has also embarked on marketing initiatives at its level, including among others: engagement sessions with the public and private sector, emailing campaigns targeting companies, stakeholders and Government Email System Users. At date of audit in October 2022, the Chat Bot project, which was being developed at the cost of some Rs 12.5 million, was not yet operational. Also, it was stated that the marketing campaign for fasil.mu had been completed, while Mo Kloud was ongoing and the campaign for Mo Rendez Vous and Mausign would then follow. Reports received from NCB in October 2022 showed that taking up of the four-operating e-Government projects, that is, of their products and services, were still very low: In the period August 2021 to October 2022, 578 Digital Certificates had been issued and 707 certificates reissued. As for server certificates and Application Service Providers, they were new products for which taking up was slow, despite engagement sessions.	Action Initiated

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Ministry of Labour, Human Resource Development and Training, and Commerce and Consumer Protection			
Matters reported in Audit Report 2020-21			
Ref	**Issues/Findings**	**How matters addressed during Period Under Review**	*** Current Status**
23.1	**Non- Renewal of Lease Agreement**		
	Labour Division		
	Out of the 16 offices which were leased by the Labour Division, 11 lease agreements had already expired as of October 2021. The time lapse between the dates of expiry to October 2021 ranged between 9 to 41 months.	***Information obtained at time of audit*** ▪ The Ministry informed that the signature of the lease agreements was under process. ▪ As of November 2022, 7 out of 17 lease agreements were still not renewed. ***Information provided in January 2023*** ▪ 7 lease agreements have still not been renewed. ▪ Action has been taken and relevant clearances being awaited.	Action Initiated
	Human Resource Development and Training Division		
	The Human Resource Development and Training Division also leased 16 offices, out of which 9 lease agreements had already expired and the time gap between the dates of expiry to October 2021 ranged between 6 to 101 months	***Information obtained at time of audit*** As of November 2022, three lease agreements were still not renewed. ***Information provided in January 2023*** ▪ Clearance for renewal of one lease agreement was obtained on 3 October 2022. ▪ For one Employment Office, tenders were launched five times. However, bids were not to Ministry's requirements. For the other Employment Office, a new lease agreement for renting was being vetted by the Attorney-General's Office.	Action Initiated

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Ministry of Labour, Human Resource Development and Training, and Commerce and Consumer Protection (continued)			
Matters reported in Audit Report 2020-21			
Ref	**Issues/Findings**	**How matters addressed during Period Under Review**	*** Current Status**
23.1	**No Lease Agreement**		
	The National Remuneration Board (NRB), the Commission for Conciliation and Mediation and the Registry of Associations had been relocated to another building since August 2018 before clearances were obtained from the Police Service and the Ministry of National Infrastructure and Community Development.	***Information obtained at time of audit*** • The Ministry informed that the lease agreement would be signed with the lessor as soon as the issue of "syndic fees" would be sorted out. ▪ As of November 2022, lease agreement for the NRB was not signed. ***Information provided in January 2023*** Lease agreements have been signed.	Matter Resolved
	Absence of Fire Certificates		
	Labour Division		
	Out of 16 offices leased by the Labour Division, eight offices did not have Fire Certificate as required by Section 19 (1) of the Mauritius Fire and Rescue Service Act 2013.	***Information obtained at time of audit*** ▪ The Ministry informed that the issue of Fire Certificates for the remaining eight offices were under process. ▪ As of November 2022, Fire Certificates were still not available for five offices. ***Information provided in January 2023*** Fire certificates were pending for three Labour Offices. Owners had been requested to initiate action at their end.	Action Initiated

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Ministry of Labour, Human Resource Development and Training, and Commerce and Consumer Protection (continued)			
Maters reported in Audit Report 2020-21			
Ref	**Issues/Findings**	**How matters addressed during Period Under Review**	*** Current Status**
	Absence of Fire Certificates		
	Human Resource Development and Training Division		
23.1	2 out of 16 offices did not have a Fire Certificate.	***Information provided in January 2023*** For one office, following request made by the Ministry, the lessor was requested to initiate action to renew the Fire Certificate and application was made in November 2022. For another office, the Fire Certificate was under process.	Action Initiated

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Ministry of Health and Wellness				
Matters Reported in Audit Report 2019-20				
Ref	**Issues/Findings**	**Status as of February 2022**	**How matters addressed during Period Under Review**	*** Current Status**
3.3.6	**Procurement of ICU Ventilators - Rs 77.9 million**			
	50 ventilators were acquired from a foreign company which had never supplied any medical equipment to the Ministry. The ventilators were of poor quality, were not Food and Drug Administration (FDA) standard approved, and were not functional.	Action initiated	Based on the advice of the Attorney-General's Office, this Ministry has been liaising with the Ministry of Foreign Affairs, Regional Integration and International Trade and the Mauritius Mission, Paris: (i) to seek updated quotes from law firms split into fees for legal opinion and separately for court proceedings; (ii) to store the ventilators at the cost of this Ministry at a cheaper warehouse pending the drawing up of an expert report confirming that the ventilators were indeed defective; and (iii) for the transfer and storage of ventilators in a secure place In parallel, the Ministry is liaising with the freight forwarder of the Mauritian Mission, Paris, to obtain quotes for storage in Spain.	Further Action Taken

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Ministry of Health and Wellness (continued)				
Matters Reported in Audit Report 2019-20				
Ref	**Issues/Findings**	**Status as of February 2022**	**How matters addressed during Period Under Review**	*** Current Status**
13.1	**Medical Equipment (ME): Impact on Health Services**			
	Unavailability of ME due to breakdown or non-acquisition of important ME giving rise to long waiting lists for diagnosis.	Action initiated	All Medical Equipment are now under a maintenance contract and are maintained regularly to avoid breakdowns.	Matter Resolved
	Lack of oversight from the Ministry over usage and maintenance of ME which hampered the smooth running of the health services.	Action initiated	Bidding documents are now prepared to provide for maintenance from three to five years post warranty	Matter Resolved
	Absence of important records.	Action initiated	Records of Medical Equipment have been compiled and are maintained on a regularly basis	Matter Resolved
	ME remaining idle during their warranty period.	Action initiated	No reply from Ministry	No Further Action Taken
	Faulty ME and unserviceable items representing serious health hazards and occupying unnecessary space were not disposed of in the absence of a disposal protocol.	Action initiated	Action for the disposal of Medical Equipment is initiated by the procurement section upon request from the user department	Matter Resolved

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Ministry of Health and Wellness (continued)

Matters Reported in Audit Report 2019-20

Ref	Issues/Findings	Status as of February 2022	How matters addressed during Period Under Review	* Current Status
13.2	**Renal Health Services - Gaps in Overall Management**			
13.2.1 – 13.2.9	Addressing Renal health services in an integrated, planned, and controlled manner.	Action Initiated	MOHW has set up a Nephrology Unit in all hospitals. An acting Consultant in Charge has been appointed and conducts meetings/ lectures since March 2022 about Chronic Kidney Disease Management in primary care. Through the setting up of the Nephrology Units in all hospitals, patients with renal diseases are now being referred to the Nephrologists at earlier stages of the disease, according to established clinical guidelines.	Further Action Taken
	Using Renal information system to improve early detection and to set up a renal registry.	Action Initiated	A Digital National Renal Registry has been developed and is expected to Go Live in March 2023. The development of e-Health will further enhance the Renal Information System.	Further Action Taken
	Establishing preventive strategies and piloting renal health education program.	Action Initiated	The MOHW has put in place awareness programmes about kidney diseases. The Nephrologists and Physicians frequently intervene in the media as assisted by the Health Information Education and Communication (HIEC) Department. The Ministry has also carried out the launching of an informative booklet concerning renal diseases and dialysis in March 2022 for patients and public at large.	Further Action Taken

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Ministry of Health and Wellness (continued)				
Matters Reported in Audit Report 2019-20				
Ref	**Issues/Findings**	**Status as of February 2022**	**How matters addressed during Period Under Review**	*** Current Status**
13.2	**Renal Health Services - Gaps in Overall Management (*continued*)**			
13.2.1 – 13.2.9	Enhancing the cost-effectiveness of dialysis and fostering a Public Private Partnership to mop all dialysis needs.	Action Initiated	Hemodialysis in Mauritius is already very cost effective as compared to other countries. The MOHW has already an agreement with six Private Clinics that absorbs around 1/3 of the total number of dialysis patients. In the line with Ministry's policy to accommodate the maximum number of patients in the Government Hospitals, all existing Dialysis Units were expanded. Additional machines were purchased and new Dialysis Units have been set up at different hospitals over the past years to improve and expand the service.	Further Action Taken
	Improving capacity for renal transplant surgeries locally and setting up a bank of kidneys.	Action Initiated	Renal transplant surgeries has now restarted at Victoria Hospital since October 2022 by two visiting Renal transplant teams. A total of 11 renal transplants have been carried out and a further 10 renal transplants are planned to be performed. Two General Surgeons are undergoing training in renal transplantation locally. Arrangement is also being made for another surgeon to be trained in France. The project of the setting a Renal Transplant Unit at Jawaharlall Nehru Hospital is being finalised by the MNICD.	Further Action Taken

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Ministry of Health and Wellness (continued)				
Matters Reported in Audit Report 2019-20				
Ref	**Issues/Findings**	**Status as of February 2022**	**How matters addressed during Period Under Review**	*** Current Status**
13.3	**Regulatory controls over Medical Products (MP) are inadequate to ensure that they are supplied in a safe, effective and ethical manner to the Public**			
13.3.1 – 13.3.6	The MOHW/Board displayed poor information management skills regarding medical products, people and establishments which it was mandated to regulate and license.	Action Initiated	No reply from Ministry	No Further Action Taken
	Existing legal provisions to regulate all aspects of MP were complex, fragmented, and in some cases outdated, resulting in regulatory gaps.	Action Initiated	New legislation – "Medical and Healthcare Products Bills" was still under preparation, to cater for regulatory Gaps with the support of the WHO.	Further Action Taken
	Several legal provisions were inadequately implemented, leading to compliance failures and restricted enforcement on behalf of the MOHW/Board.	Action Initiated	Referring to sec. 11(b) of the Pharmacy Act 1983, registration of Pharmacy Technicians applied only to those students sitting for the Pharmacists examination conducted by the Pharmacy Board at that time. Such examinations are no longer conducted.	No Further Action Taken
	Several regulatory controls were ineffective as they were not systematically implemented and monitored. • The Ministry informed the NAO that Pharmacy Technicians in the private sector will be registered and a register will be set up for them.	No Action Taken	Referring to sec. 11(b) of the Pharmacy Act 1983, registration of Pharmacy Technicians applied only to those students sitting for the Pharmacists examination conducted by the Pharmacy Board at that time. Such examinations are no longer conducted.	Action Completed

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Ministry of Health and Wellness (continued)				
Matters Reported in Audit Report 2019-20				
Ref	**Issues/Findings**	**Status as of February 2022**	**How matters addressed during Period Under Review**	*** Current Status**
13.3	**Regulatory controls over Medical Products (MP) are inadequate to ensure that they are supplied in a safe, effective and ethical manner to the Public**			
	MOHW is working with the ADSU Interpol, Police, MRA and Inspectors of the Ministry of Commerce and Consumer Protection amongst others for enforcement of laws.	Action Initiated	No reply from Ministry	No Further Action Taken
	The Board did not license any Dangerous Drugs Handlers as required under Section 8 of the Dangerous Drugs Act.	Action Initiated	No reply from Ministry	No Further Action Taken
	Integrity issues in regulatory processes were handled by the MOHW/Board in a soft and inadequate manner. • The Ministry has informed the NAO that a code of practice for Pharmacists has already been gazetted in December 2021. • A circular for private work for the Pharmacy Technician has not yet been issued by the Ministry.	Action Taken at Ministry's Level	To be a Pharmacy Technician in the Private Sector, it does not require a particular qualification, contrary to those working in the Public Sector. Technicians learn the job in service with their colleague technicians.	No Further Action Taken

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Ministry of Health and Wellness (continued)			
Matters reported in Audit Report 2020-21			
Ref	**Issues/Findings**	**How matters addressed during Period Under Review**	*** Current Status**
24.1	**Quarantine Facilities – Inadequate Monitoring and Control**		
	Delay in signature of contracts between quarantine facilities/treatment centres and MOHW		
	As of October 2021, contracts in respect of 14 quarantine facilities/treatment centres had not yet been signed.	Several reminders were issued to the concerned hotels. The duly signed agreements have not been submitted to the Ministry as at date.	Matter Not Yet Resolved
	Non-compliance with protocol for quarantine facilities for Medical and Nursing Officers		
	For a sample of invoices from the hotels examined, the names of 14 Nursing Officers/ Health Care Assistants who worked in these quarantine facilities could not be traced in the staff list of the Ministry.	Doctors and paramedical staff who were already in post were requested to continue providing their services at the quarantine facilities to manage public health concerns.	No Action Taken
24.3	**Waiting List for Angiography Examinations-Delay in obtaining appointment due to long waiting lists.**		
	The limited number of angiography machines in public hospitals led to a long waiting list for an angiography examination/angioplasty		
	As at September/October 2021, there were some 900 patients who had been on the waiting list for an angiography examination/angioplasty resulted in patients who had to wait for a long period to undergo such treatment. Unstable patients who required angiography procedures were postponed/delayed due to shortage of beds or non-functional machines.	Three new angiography machines have recently been acquired. Two of the three have already been installed. It is expected that that the waiting time will be reduced with the installation of these machines.	Action Initiated

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Ministry of Health and Wellness (continued)			
Matters reported in Audit Report 2020-21			
Ref	**Issues/Findings**	**How matters addressed during Period Under Review**	*** Current Status**
24.3	**Waiting List for Angiography Examinations-Delay in obtaining appointment due to long waiting lists (*continued*)**		
	Service delivery was disrupted due to inoperative angiography machines		
	The root causes for long waiting list of patients for an angiography examination was a lack of sufficient angiography machines and breakdowns encountered on existing ones.	In case of breakdown or pending repairs, patients requiring urgent attention are redirected to other public or even private health institutions for examinations.	Matter Resolved
24.4	**Chronic wards at the Brown Sequard Mental Health Care Centre (BSMHCC) – The Unfavourable Condition of Living and Well-being of In-patients**		
	The lack of space and inappropriate infrastructure were the sources of many inconveniences for these patients		
	Patients were staying in wards which were poorly ventilated and without the recommended distance between the beds. The wards did not have sufficient toilet and bathroom facilities and were poorly maintained.	Corrective measures have been taken. Renovation works have been initiated. The Ministry of Finance, Economic Planning Development has provided Funds in budget 2022-23 for patients to be transferred to Private Homes and first batch is scheduled early 2023.	Action Initiated
	Absence of timely decision-making resulted in unpropitious conditions of the patients		
	No remedial action was taken for complaints raised by Ward Managers/Officer in Charge in respect of the following: ➢ Presence of rats, pigeons and dogs which posed serious threats to the patients. ➢ Non-availability and inadequate supply of water from the solar water heater. Beds were covered with rust, mattresses were torn and bedsheets/blankets were not always cleaned.	Requests have been made with the Rodents Control Unit for the presence of rats. The Ministry of National Infrastructure and Community Development has submitted the scope of works for the appointment of a Consultant for a Centralised Water Heating System. Procurement for new solar water heaters for all wards is being made at the Ministry's level. The Medical Superintendent has issued a Circular to Nursing Administrators to ensure that patients' beds and other laundry items are clean.	Action Initiated

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Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Ministry of Health and Wellness (continued)			
Matters reported in Audit Report 2020-21			
Ref	**Issues/Findings**	**How matters addressed during Period Under Review**	*** Current Status**
24.4	**Chronic wards at the Brown Sequard Mental Health Care Centre (BSMHCC) – The Unfavourable Condition of Living and Well-being of In-patients (*continued*)**		
	Many patients were not receiving their eligible benefits		
	One third of the long stay patients were not paid the inmate allowance. Basic items requested by Ward Managers were either not supplied or supplied after a long delay. No information was available as to the manner in which the inmates were spending their allowances as they were not allowed to leave the hospital premises and the canteen was not operational.	Needful is being done by the MHCAC as these patients do not have proper documents. The Procurement and Supply Department of the BSMHCC has been requested to do needful regarding items required by Ward Managers.	Action Initiated
	Lack of Supervision over quality of fruits and poor storage and delivery of meals		
	Bad quality of fruits was supplied and given to patients. There was no covered link between the kitchen and the chronic wards. Food prepared nearly two hours before serving to patients were placed in trolleys which were not equipped with electrical fitting. Unsuitable utensils were used to carry hot food.	The Ministry has requested the Ministry of National Infrastructure & Community Development to provide scope of works for the construction of covered corridors/passage. Hospital Administrators check on the quality of the fruits and vegetables received regularly and the quality of food prepared by Catering Department has improved. Management will ensure that meals served meet quality standards.	Matter Resolved
	Lack of recreational therapy for patients		
	Only 18 to 28 per cent of the long-stay patients visited the Occupational Therapy (OT) and Welfare Department (WD). The OT Unit was far from the Chronic Wards whilst WD was short of staff resulting in lack of recreational therapy and facilities	All existing recreational facilities to be made accessible to eligible patients.	Action Initiated

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Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Ministry of Health and Wellness (continued)			
Matters reported in Audit Report 2020-21			
Ref	**Issues/Findings**	**How matters addressed during Period Under Review**	*** Current Status**
24.4	**Chronic wards at the Brown Sequard Mental Health Care Centre (BSMHCC) – The Unfavourable Condition of Living and Well-being of In-patients (*continued*)**		
	Stable and unstable patients staying in the same wards		
	As of December 2021, the two long-awaited projects, namely, the midway and the residential care homes had not materialised. There was 21 to 31 percent of the patients in the Chronic Wards who were well stabilised.	A provision for Rs 15 million has been made in the Budget 2022-23 for reintegration programme of stabilised patients from Brown Sequard Hospital under the National Social Inclusion Foundation (NSIF). A Technical Committee has been set under NSIF to work out the modalities to implement the programme and the design training programme for personnel involved.	Action Initiated
	Patient Satisfaction and Patient Safety Issues – Inadequate Enhancement Measures		
	Patients' satisfaction surveys to measure their experience with the health services were not carried out to gauge the quality of health care.	The daily average of 22,000 persons attending the various public health institutions is a testimonial of the satisfaction of the Ministry's clients. The conduct of a patient satisfaction survey on a sample basis across main services is envisaged. WHO has been approached for technical assistance for the conduct of patient satisfaction survey.	Action Initiated
	Systems for complaints making, acknowledgement, tracking, and outcome were not well designed and not known to all. A database consolidating all complaints escalating from health service points to the Ministry was not kept.	No reply from Ministry.	No Action Taken

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

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(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Ministry of Health and Wellness (continued)			
Matters reported in Audit Report 2020-21			
Ref	**Issues/Findings**	**How matters addressed during Period Under Review**	*** Current Status**
	Patient Satisfaction and Patient Safety Issues – Inadequate Enhancement Measures (*continued*)		
24.5	Alleged Medical Malpractices (MM) continued to occur. Total contingent liabilities for Government has risen from Rs 1 billion (July 2019) to some Rs 1.4 billion as of December 2021.	No reply from Ministry.	No Action Taken
	The Ministry did not address MM, litigations, and patient safety from a strategic and prevention perspective. Information regarding adverse events and litigations was still not compiled/known.	No reply from Ministry.	No Action Taken
	No database of Medical Officers with their disciplinary records was compiled to ascertain whether disciplinary actions were taken and if the cases were referred to the Medical Council.	No reply from Ministry.	No Action Taken
	Cross-contamination of patients in hospitals during the pandemic could raise Hospital-Acquired Infection (HAI) rates that were already high before the pandemic.	No reply from Ministry.	No Action Taken
	MOHW did not establish a proper affiliation mechanism to assess formally the capacity of NGOs to undertake, execute and sustain the services entrusted to them.	The MOHW involves NGOs in a participatory manner to address health issues of social concerns such as health promotion, HIV and AIDS, Harm Reduction and during the formation of a number of action plan, strategic plan and policy paper.	No Action Taken
	MOHW collaboration and partnership with NGOs was unstructured as both were not coordinating issues related to people's healthcare, empowerment, literacy, and performance agreements.		No Action Taken

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Ministry of Blue Economy, Marine Resources, Fisheries and Shipping				
Matters Reported in Audit Report 2019-20				
Para	**Issues/ Findings**	**Status as of February 2022**	**How matters addressed during Period Under Review**	*** Current Status**
20.1	**Asset Management and Disrupted Service Delivery**			
	Government Asset Register was incomplete. The Ministry informed that the updating is ongoing.	Action Initiated	Government Asset Register updated up to December 2021 only and all assets owned by the Ministry not recorded.	Further Action Taken
	Proper training could not be provided at the Mauritius Maritime Training Academy (MMTA) and the Fisheries Training and Extension Centre (FiTEC) due to damaged/non-operational vessels. The Ministry informed that a Maintenance Agreement is being worked out to maintain vessels belonging to MMTA and FiTEC.	Action Initiated	***Information obtained at time of audit*** Proficiency in Survival Crafts and Rescue Boat' course was suspended since October 2015 due to deficiencies found in MMTA's lifeboats. At the FiTEC, out of the three vessels belonging to FiTEC, only one vessel "Investigator" was operational. There is no maintenance plan for boats and vessels. ***Information provided by Ministry in December 2022*** Terms of reference for the dry-docking and repairs of vessels *Sphyrna II* is in preparation.	Further Action Taken
20.2	**Lapses in the Administration and Use of Multi-Purpose Support Vessel**			
	There was limited use of the vessel since its acquisition. There was no duly signed Commissioning Certificate.	Action Initiated	Commissioning exercise was completed in September 2021.	Matter Resolved

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Ministry of Blue Economy, Marine Resources, Fisheries and Shipping (*continued*)				
Matters Reported in Audit Report 2019-20				
Para	**Issues/ Findings**	**Status as of February 2022**	**How matters addressed during Period Under Review**	*** Current Status**
20.3	**Mainstreaming Biodiversity into the Management of Coastal Zones in Mauritius - Project Still Not Implemented**			
	There was delay in finalisation of Wetlands Bill. The Ministry informed that the Consultant was due to draft the regulations and undertake some consultations works with stakeholders.	Action Initiated	Discrepancies were reported in the GIS data set for mangrove and coral areas in May 2021. The Wetlands Bill was still not yet finalised.	Matter Not Yet Resolved
20.4	**Off Lagoon Fishing Scheme - Objectives Not Yet Achieved**			
	The Off Lagoon Fishing Scheme was not successful. Amount of Rs 12 million earmarked under this scheme for each of the three financial year 2018-19, 2019-20 and 2020-21 respectively lapsed. The Ministry decided to address several shortcomings that were noted in the Scheme prior to launching fresh exercise. The Scheme is currently being reviewed in consultation with the Attorney-General's Office. The Ministry informed that the project was on a pilot basis and has met with several issues. The Ministry proposed to implement the Scheme with another financial institution.	Action Initiated	For the financial year 2021-22, out of the Rs 12 million earmarked, Rs 4 million was disbursed to MauBank only representing grant in favour of Societe Cooperative des Pecheurs Reunis.	Matter Not Yet Resolved
20.5	**Electronic Reporting System Still Not Operational**			
	Delay was still noted in the implementation of the project.	No Action Taken	The project was still not yet operational due to the following:	Action Not Yet Initiated

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Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Ministry of Blue Economy, Marine Resources, Fisheries and Shipping (*continued*)				
Matters Reported in Audit Report 2019-20				
Para	**Issues/ Findings**	**Status as of February 2022**	**How matters addressed during Period Under Review**	*** Current Status**
20.5	**Electronic Reporting System Still Not Operational (*continued*)**			
	The contract ended on 7 November 2021. However, the system was still lying dormant at Albion Fisheries Research Centre. EUR 56,400, representing full payment for the second year of contract was effected to the supplier in October 2021 though the system was not yet installed.		▪ Sea Trial has still not been done. ▪ The ERS Regulations, which shall standardise the implementation of the ERS project among various fishing fleets, were still at a draft stage. ▪ According to the contract agreement, CLS shall organise the installation of IRIDIUM beacons on board fishing vessels and the training of the captain/skippers with the assistance of local distributors. This has not yet been done. ▪ Longline Fishery Configuration has not yet been done.	
20.6	**The Way Forward for Fishermen Investment Trust and National Ocean Council Not Yet Finalised**			
	Under Ecofish Programme, the Indian Ocean Commission, has appointed a Consultant for the formulation of the new Terms of Reference for the National Ocean Council.	Action Initiated	During the financial year 2021-22, the consultant was recruited and the latter submitted his report 'Reactivation of the National Ocean Council' in June 2022. In September 2022, the report was not yet presented to Government for approval.	Matter Not Yet Resolved

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Ministry of Blue Economy, Marine Resources, Fisheries and Shipping (*continued*)				
Matters Reported in Audit Report 2019-20				
Para	**Issues/ Findings**	**Status as of February 2022**	**How matters addressed during Period Under Review**	*** Current Status**
	The Way Forward for Fishermen Investment Trust and National Ocean Council Not Yet Finalised *(continued)*			
20.6	As per section 30 of the Finance (Miscellaneous Provisions) Act 2021, the Fishermen Investment Trust Act has been repealed. However, the proclamation date has not been determined yet as there are a few issues to be addressed prior to repealing the Act.	Action Initiated	The proclamation date has still not been fixed. The fishing boat “FIT 2”, renamed “Zygeana” was still under repairs and was due to undergo sea trial. It would subsequently be taken on charge by FiTEC and used for training of fishers.	Matter Not Yet Resolved

**Refer to Note on Page 518 for glossary of terms used under the “Current Status” column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Ministry of Blue Economy, Marine Resources, Fisheries and Shipping (*continued*)			
Matters reported in Audit Report 2020-21			
Ref	**Issues/Findings**	**How matters addressed during Period Under Review**	*** Current Status**
	Government-Owned Barachois – Lack of control over Barachois		
	Due to the absence of a proper legal framework, the Ministry could not exercise effective control and oversight over the 19 Government-Owned barachois. It was observed that: ▪ Only seven barachois were vested in the Ministry. ▪ Only two barachois were active with fish farming and/or aquaculture activities. Important aspects such as ownership, management, leasing and fees for barachois are not provided for in the Fisheries and Marine Resources Act. The Ministry could not exercise effective control and oversight over the 19 barachois. The Ministry informed that it would proceed with the enactment of the relevant legislations once the barachois are vested in the Ministry. In the meantime, a draft policy for the allocation of Barachois has been forwarded to the Attorney-General's Office for vetting.	As of October 2022, the Fisheries and Marine Resources (Vested Barachois) regulations and barachois policy were not finalised and enacted. The draft legislations were still at Attorney- General's Office for vetting.	Action Initiated

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Ministry of Gender Equality and Family Welfare

Matters Reported in Audit Report 2019-20

Ref	Issues/ Findings	Status as of February 2022	How matters addressed during Period Under Review	* Current Status
8.3.1	**Construction of a Model Shelter at La Colombe-Project not completed due to delay in addressing sanitary Issues**			
	The operations of the shelter had ceased since 2019 due to lack of appropriate amenities for its residents and staff. Forty-one residents of the shelter were relocated to other centres due to the problem of overflowing of the existing absorption pit, thus entailing additional costs in respect of management fees to the service provider and rental for the Marguerite Shelter. However, as of October 2022, the sanitary issues have still not been addressed.	Action Initiated	***Information obtained at time of audit*** The Ministry has decided to renovate the shelter La Colombe. Major renovation works of the existing shelter were completed in April 2022. It was decided that additional toilet blocks will have to be built to improve sanitation closer to the boundary walls followed by a leaching field. Estimated project value for the construction of Leaching Field and toilet blocks was Rs 18,406,500. As of October 2022, the bidding documents were still under preparation. ***Information provided by Ministry in February 2023*** *Bids have been launched on 2 December 2022.As at 11 January 2023, five bids have been received and are being evaluated.*	Further Action Taken
8.3.3	**Residential Care Institutions-Non-compliance with Regulations**			
	In accordance with the Place of Safety for the Welfare and Protection of Children Regulations 2019, no Residential Care Institutions (RCIs) should be in operation unless it obtains a licence designating it as a Place of Safety.	Action Initiated	***Information obtained at time of audit*** As of September 2022, 7 out of 14 Shelters have been registered under the Residential Care Institutions Regulations 2022, three applications have been kept in abeyance and the remaining four still had to submit their application.	Further Action Taken

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Ministry of Gender Equality and Family Welfare (continued)				
Matters Reported in Audit Report 2019-20				
Ref	**Issues/ Findings**	**Status as of February 2022**	**How matters addressed during Period Under Review**	*** Current Status**
8.3.3	**Residential Care Institutions (RCI) -Non-compliance with Regulations (*continued*)**			
	Most RCIs were not yet designated as Place of Safety.		With the promulgation of the Children's Act and its Regulations, NGOs which were expected to register have been given a moratorium until October 2022 to comply with the prevailing legislations. Concurrently, the Ministry is also working on reviewing the law ***Information provided by Ministry in February 2023*** The registration of seven NGOs that manage RCIs is being closely monitored. Three NGOs have submitted their applications under the Residential Care Institutions for Children Regulations 2022 and are still being processed due to missing documents.	
8.3.5	**Child Protection Register (CPR)**			
	System was underutilised. The number of cases of child abuse/neglect reported from January to September 2020 were 4341 while only 277 EPOs were recorded in the CPR. Records for EPOs prior 2020 were not recorded in the CPR.	Action Taken at Ministry's Level	As of October 2022, all EPO's have been input in the CPR. The CPR is being kept up to date.	Matter Resolved

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Ministry of Gender Equality and Family Welfare (continued)				
Matters Reported in Audit Report 2019-20				
Ref	**Issues/ Findings**	**Status as of February 2022**	**How matters addressed during Period Under Review**	*** Current Status**
8.3.6	**Shelters/Residential Care Institutions-lapses in Administration**			
	Administrative records were still not properly kept.	Action Initiated	Regular site visits are carried out by the Enforcement Officers to ensure that records are properly kept.	Matter Resolved
8.3.6 (b)	**Shelters/Residential Care Institutions-lapses in Administration: Tardy Declaration**			
	As per records of the Ministry, it was found that 37 minors admitted at ten shelters from 2012 to 2022, were undeclared at the Civil Status Office as of September 2022.	Action Initiated	***Information obtained at time of audit*** The Ministry has started with the declaration of minors in cases of abandoned and/or undeclared children where the parents are untraceable ***Information provided by Ministry in January 2023*** The Ministry is declaring children whose parents remain untraceable despite several police searches.	Further Action Taken
8.3.6	Non-accountability of funds disbursed to NGOs. The NGOs and Trust Fund, and the Government Shelters did not submit a detailed breakdown of income and expenditure to the Ministry.	No Action Taken	The NGO's report to the National Social Inclusion Fund which provides funds to them. Statement of accounts are submitted by Shelter Manager to the Ministry,	Matter Resolved
	Lack of ongoing specialised training to Caregivers. Details of the Capacity Building Programmes implemented for caregivers during the financial year ended 30 June 2020 were not available.	Action Initiated	Training are provided by Enforcement Officers with the assistance of family welfare protection officers and psychologists.	Matter Resolved

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Ministry of Gender Equality and Family Welfare (continued)				
Matters Reported in Audit Report 2019-20				
Ref	**Issues/ Findings**	**Status as of February 2022**	**How matters addressed during Period Under Review**	*** Current Status**
8.3.7	**Governance Issues-Non-compliance with Legislation**			
	Annual reports of the National Children's Council including its audited financial statements and Audit Report were not laid before the National Assembly.	Action Initiated	Document laid on 23 March 2021	Matter Resolved

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Ministry of Gender Equality and Family Welfare (continued)			
Matters Reported in Audit Report 2020-21			
Ref	**Issues/ Findings**	**How matters addressed during Period Under Review**	*** Current Status**
26.1	**Government-Owned Shelters-Lapses in Contract Management**		
	Contracts not renewed due to inadequate follow up.	Contracts were renewed	Matter Resolved
	Performance securities had already lapsed and not renewed.	***Information obtained at time of audit*** Association for Population and Development has submitted its performance securities. Children's Foundation has applied for a performance security certificate with its bank. Close follow up is being ensured	Action Initiated
	Non-compliance with conditions of contracts-no statements of accounts submitted to the Ministry for Shelters La Marguerite and La Cigogne and no evidence that their accounts were inspected.	Statement of receipts and payments seen for the year ended 31 December 2021, duly audited.	Matter Resolved
26.2	**Foster Care System Non- compliance with Regulations**		
	Visits to the Foster Homes were not regular	Reports in respect of reviews /contacts (including visits at home, visits at school and others) with Foster Homes and/or Foster Children were seen.	Matter Resolved
26.4	**Monitoring of Shelters and Child Development Care Centres**		
	Delay in setting up the Information Management System.	***Information obtained at time of audit*** The proposed project cost has been estimated to be Rs 8 million. Funds to the tune of Rs 1 million are provided in the 2022-23 budget with Rs 6 million projected in 2023-24 budget estimates. Working sessions have already started with the Central Informatics Bureau A Project brief has been approved by the Ministry.	Action Initiated

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Ministry of Gender Equality and Family Welfare (continued)			
Matters Reported in Audit Report 2020-21			
Ref	**Issues/ Findings**	**How matters addressed during Period Under Review**	*** Current Status**
26.4	**Monitoring of Shelters and Child Development Care Centres (*continued*)**		
		Information provided by Ministry in February 2023 *Consultations with CIB are ongoing.*	
26.5	**Governance Issues-Non-compliance with Legislation**		
	Non-submission of Financial Statements for Audit.	National Women Entrepreneur Council has submitted its Financial Statements.	Matter Resolved
	As of 12 January 2022, Statutory Bodies falling under the purview of the Ministry, have not submitted their Financial Statements for audit for financial year 2019-20 and 2020-21.	On 11 April 2022, the Ministry had written to National Women Council and requested to submit the Financial Statements for the period 2019-20 and 2020-21 to the National Audit Office.	Further Action Taken

*Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Ministry of Arts and Cultural Heritage				
Matters Reported in Audit Report 2019-20				
Ref	**Issues/ Findings**	**Status as of February 2022**	**How matters addressed during Period Under Review**	*** Current Status**
	Non-compliance with repayment terms of Advance			
14.4	The Mauritius Society of Authors (MASA) was granted an interest-free advance of Rs 2 million in February 2016 to cater for its software upgrade, purchase of licenses and additional computers. The advanced amount was to be set off against an annual reimbursement of Rs 500,000 as from July 2017.	Action Initiated	***Information Obtained at Time of Audit*** Expenditure for the software upgrade, purchase of licenses and computers was met from capital grant received from the Ministry instead of the Advance Account. On 27 December 2021, the Ministry again requested MASA to effect its first instalment of Rs 500,000 by January 2022. In April 2022, MASA informed the Ministry that reimbursement would be effected upon improvement of the financial situation. As of 30 June 2022, no reimbursement had yet been made by MASA. ***Information Provided by the Ministry in February 2023*** An amount of Rs 50,000 has been reimbursed by MASA on 30 September 2022.	Further Action Taken

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Ministry of Public Service, Administrative and Institutional Reforms				
Matters Reported in Audit Report 2019-20				
Para	**Issues/ Findings**	**Status as of February 2022**	**How matters addressed during Period Under Review**	*** Current Status**
23.1	**Lease of Office Space - Excess Office Space and Wrong Determination of Rent Payable**			
	Possible Overpayment of Rent Rs 22.1 million as Lease payment were based on the gross floor area instead of the net floor usable area under the previous agreement April 2015 to December 2020.	Action Initiated	Valuation Department confirmed that lease payment be based on net floor useable area. The matter has been taken up with the lessor.	Matter Not Yet Resolved.
	For the occupancy space of 4,773m^{2}, the space occupied per staff of the Ministry is on average, five times the space required for each employee under OSHA. The annual rental cost per staff is Rs 112,000, which appears to be on the high side.	Action Initiated	Space has been used by the Public Officers Welfare Council and a gymnasium has been set up on one floor.	Matter Resolved.
	The Ministry has not considered alternatives such as acquisition or construction of its own building instead of rental.	No Action Taken	No response from Ministry.	No Further Action Taken
	Rental on a month to month basis – The lease agreement between the private company and the lease has expired but has not yet been reviewed.	Action taken at Ministry's level	The lease agreement was renewed.	Matter Resolved

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Ministry of Public Service, Administrative and Institutional Reforms (continued)			
Matters reported in Audit Report 2020-21			
Ref	**Issues/Findings**	**How matters addressed during Period Under Review**	*** Current Status**
28.1	**Construction of Civil Service College**		
	Significant escalation of Cost Estimate-and Non-Compliance with the Public Procurement Act and Regulations		
	The construction of the College was estimated to cost Rs 294 million in 2018. The lowest tender of Rs 396 million received on 13 August 2021 far exceeded the cost estimate. As such, the Ministry does not appear to be exempted from the provisions of the PPA. The ratio of GOI contribution tends to be 46 per cent at time of tender in July 2021, which is below the prescribed rate of 50 per cent.	The tender was awarded to the lowest evaluated substantially responsive bidder in November 2021. Some 11 per cent of works have been completed. Although the project value has increased to Rs 396 million, the ratio of GOI contribution is still above 50 per cent based on the prevailing USD rate of exchange of Rs 44.3, which is the legal requirement for exemption from the provisions of the PPA.	Matter Not Yet Resolved

**Refer to Note on Page 518 for glossary of terms used under the "Current Status" column.*

Follow Up of Matters Raised in Audit Report 2019-20 and 2020-21

(Status has been determined on the basis of findings of NAO and/or information provided by the Ministry/Department)

Ministry of Public Service, Administrative and Institutional Reforms (continued)			
Matters reported in Audit Report 2020-21			
Ref	**Issues/Findings**	**How matters addressed during Period Under Review**	*** Current Status**
28.1	**Construction of Civil Service College *(continued)***		
	Significant escalation of Cost Estimate-and Non-Compliance with the Public Procurement Act and Regulations*(continued)*		
	Contrary to Section 3(1A) of the PPA, the Ministry did not submit any due diligence report and supporting documents and recommendations to the High-Powered Committee.	No due diligence report was required. A due diligence exercise is undertaken when there is an offer from only one service provider/contractor or recourse to direct procurement to ensure that the procurement constitutes value for money.	Matter Not Yet Resolved
28.2	**Lease Agreement for Office Space - Wrong Determination of Rent Payable**		
	The gross area of 5,574 m^2 was used instead of the net usable area of 4,751 m^2 as assessed by the Valuation Department for determination of rent payable. This has caused an excess payment of Rs 17.3 million for a period of some 54 months.	The Attorney-General's Office advised the Ministry and the latter replied that any claim for overpayment will not succeed as the agreement signed between the parties was based on gross area instead of net useable space.	Matter Not Yet Resolved

NOTE: GLOSSARY OF TERMS USED FOR STATUS ON FOLLOW UP	
Matter Resolved	The issue has been resolved and requires no further action.
Matter Not Yet Resolved	The issue has not yet been resolved despite action(s) taken.
Action Completed	Ministry/Department has already completed actions at its end, but the matter has yet to be resolved as it is dependent on outcomes, advice or decisions from other stakeholders.
Further Action Taken	Ministry/Department has taken further action(s) towards resolving the issue in respect of which it had already initiated action.
Action Initiated	Ministry/Department has taken some actions at its end but not all under its purview.
No Action Taken	The Ministry /Department has not taken any action to address the issue.
Action Still Not Initiated	No action has yet been initiated by the Ministry/Department

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AUDIT CERTIFICATE

AND

ANNUAL STATEMENTS

NATIONAL AUDIT OFFICE

CERTIFICATE OF THE DIRECTOR OF AUDIT

ON THE ANNUAL STATEMENTS OF GOVERNMENT

Report on the Audit of the Annual Statements

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 2022, and the statement of financial performance, the statement of changes in net assets or equity, the statement of cash flow 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 2022, and of its financial performance and its cash flows for the year then ended in accordance with Section 19(3A) (a) of the Finance and Audit Act, and the accounting basis as disclosed in Note 2.1.B (i) to the accounts.

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 in 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.

Key Audit Matters

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Management's Responsibility for Compliance

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 2021-22, 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 mentioned in my Report for the financial year 2021-22, 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.

C. ROMOOAH
Director of Audit

National Audit Office
Level 14, Air Mauritius Centre
Port Louis

28 February 2023

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STATEMENT A

Statement of Financial Position as at 30 June 2022

	Notes	30 June 2022 Rs	30 June 2021 Restated Rs
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	4	21,673,055,130	42,510,361,764
Receivables from Non-Exchange Transactions	5	8,396,838,180	7,873,299,105
Receivables from Exchange Transactions	6	276,255,673	2,181,951,406
Loans and Advances	7	3,131,732,958	3,397,142,640
Investments	8	19,432,000,104	11,129,359,332
Inventories	9	2,795,719,906	2,488,422,543
Prepayments		40,903,469	39,503,416
		55,746,505,420	**69,620,040,206**
NON-CURRENT ASSETS			
Receivables from Non-Exchange Transactions	5	9,922,523,636	9,002,644,726
Receivables from Exchange Transactions	6	2,292,058,916	1,788,359
Loans and Advances	7	11,231,274,737	10,427,998,417
Investments	8	114,311,311,147	98,559,614,305
Other Financial Assets	10	14,927,948,673	6,437,193,423
Biological Assets	11	786,693,343	-
Property, Plant and Equipment	12	528,853,727,038	514,705,148,873
Intangible Assets	13	1,014,773,321	884,342,357
		683,340,310,811	**640,018,730,460**
Total Assets		**739,086,816,231**	**709,638,770,666**
LIABILITIES			
CURRENT LIABILITIES			
Payables	14	1,175,300,637	1,648,929,438
Social Benefits Liabilities	15	154,444,800	197,947,584
Provisions	16	50,000,000	-
Deposits	17	4,181,282,706	7,049,182,627
Government Debt	18	75,292,727,805	86,062,092,051
Financial Guarantee Liabilities	19	139,784,961	113,689,361
Employee Benefit Obligations	20	2,658,597,248	2,769,446,947
		83,652,138,157	**97,841,288,008**
NON-CURRENT LIABILITIES			
Payables	14	413,200	255,242,896
Deposits	17	778,188,229	1,375,759,258
Government Debt	18	331,427,720,836	300,707,247,028
Financial Guarantee Liabilities	19	2,766,044,259	2,385,501,828
Employee Benefit Obligations	20	171,316,554,857	135,258,787,031
		506,288,921,381	**439,982,538,041**
Total Liabilities		**589,941,059,538**	**537,823,826,049**
Net Assets		**149,145,756,693**	**171,814,944,617**
NET ASSETS/EQUITY			
Consolidated Fund	22	87,466,366,212	66,057,137,590
Accumulated Surplus	22	26,896,774,510	69,231,335,545
Special Funds	22	34,782,615,971	36,526,471,482
		149,145,756,693	**171,814,944,617**

29 December 2022

S.D. RAMDEEN
Accountant-General

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STATEMENT AA

Statement of Financial Performance for the financial year 2021 - 2022 (Classification of Expenses by Function)

	Notes	Year Ended 30 June 2022 Rs	Year Ended 30 June 2021 Restated Rs
Revenue			
Revenue from Non-Exchange Transactions			
Taxation	23	106,166,408,585	88,124,297,234
Fines, Penalties and Forfeits		483,898,026	312,331,483
Grants and Aid	24	2,880,414,394	2,217,365,408
Other Transfers	25	648,723,246	58,380,930,099
Social Contributions		8,626,054,010	5,987,507,212
		118,805,498,261	**155,022,431,436**
Revenue from Exchange Transactions			
Licences	26	2,726,230,102	2,499,627,556
Finance Income		336,107,539	420,509,926
Dividends	27	9,097,229,844	1,195,124,888
Rent and Royalties		1,490,393,138	563,084,210
Sales of Goods and Services		1,763,287,464	1,516,133,536
Other Revenue	28	538,914,558	485,434,901
		15,952,162,645	**6,679,915,017**
Total Revenue		**134,757,660,906**	**161,702,346,453**
Expenses			
General Public Services		27,240,404,602	69,623,641,397
Public Order and Safety		11,732,357,457	10,736,897,861
Economic Affairs		18,790,125,700	7,572,465,302
Environmental Protection		1,163,162,524	1,076,038,331
Housing and Community Amenities		1,268,454,977	1,380,337,118
Health		12,365,540,783	12,340,964,913
Recreation, Culture and Religion		794,418,547	864,756,770
Education		15,949,049,973	14,673,149,355
Social Protection		53,123,446,900	50,356,814,177
Depreciation and Amortisation	12 &13	4,971,693,391	4,871,367,494
Finance Costs	34	14,399,598,905	12,708,586,111
Total Expenses		**161,798,253,759**	**186,205,018,829**

STATEMENT AA

Statement of Financial Performance for the financial year 2021 - 2022
(Classification of Expenses by Function)

	Notes	Year Ended 30 June 2022 Rs	Year Ended 30 June 2021 Restated Rs
Other Gains/(Losses)			
Gain on Sale of Investments		25,170,339,426	-
Gain/(Loss) on Disposal of Property, Plant and Equipment		45,142,056	(568,893)
Gain/(Loss) on Foreign Exchange Transactions		4,004,640,489	(5,696,297,270)
Fair Value Loss on Investments		(1,760,046,417)	(27,996,943,371)
Fair Value Gain on Other Assets		340,000	-
Surplus/(Deficit) for the year		**419,822,701**	**(58,196,481,910)**

29 December 2022

S.D. RAMDEEN
Accountant-General

STATEMENT AB

Statement of Financial Performance for the financial year 2021 - 2022
(Classification of Expenses by Nature)

	Notes	Year Ended 30 June 2022 Rs	Year Ended 30 June 2021 Restated Rs
Revenue			
Revenue from Non-Exchange Transactions			
Taxation	23	106,166,408,585	88,124,297,234
Fines, Penalties and Forfeits		483,898,026	312,331,483
Grants and Aid	24	2,880,414,394	2,217,365,408
Other Transfers	25	648,723,246	58,380,930,099
Social Contributions		8,626,054,010	5,987,507,212
		118,805,498,261	**155,022,431,436**
Revenue from Exchange Transactions			
Licences	26	2,726,230,102	2,499,627,556
Finance Income		336,107,539	420,509,926
Dividends	27	9,097,229,844	1,195,124,888
Rent and Royalties		1,490,393,138	563,084,210
Sales of Goods and Services		1,763,287,464	1,516,133,536
Other Revenue	28	538,914,558	485,434,901
		15,952,162,645	**6,679,915,017**
Total Revenue		**134,757,660,906**	**161,702,346,453**
Expenses			
Employee Costs	29	47,078,986,660	41,976,911,610
Subsidies		1,814,562,023	7,904,429,479
Grants	30	38,784,106,735	55,599,332,687
Social Benefits	31	37,715,200,156	37,181,726,765
Operating Expenses	32	12,244,679,780	11,082,114,917
Depreciation and Amortisation	12 &13	4,971,693,391	4,871,367,494
Financial Guarantee Expense		270,986,517	494,630,862
Other Expenses	33	4,518,439,592	14,385,918,904
Finance Costs	34	14,399,598,905	12,708,586,111
Total Expenses		**161,798,253,759**	**186,205,018,829**

STATEMENT AB

Statement of Financial Performance for the financial year 2021 - 2022 (Classification of Expenses by Nature)

	Notes	Year Ended 30 June 2022 Rs	Year Ended 30 June 2021 Restated Rs
Other Gains/(Losses)			
Gain on Sale of Investments		25,170,339,426	-
Gain/(Loss) on Disposal of Property, Plant and Equipment		45,142,056	(568,893)
Gain/(Loss) on Foreign Exchange Transactions		4,004,640,489	(5,696,297,270)
Fair Value Loss on Investments		(1,760,046,417)	(27,996,943,371)
Fair Value Gain on Other Assets		340,000	-
Surplus/(Deficit) for the year		**419,822,701**	**(58,196,481,910)**

S.D. RAMDEEN
Accountant-General

29 December 2022

STATEMENT AC

Statement of Changes in Net Assets or Equity for the financial year 2021 - 2022

	Notes	Consolidated Fund (Cash basis) Restated Rs	Accumulated Surplus Restated Rs	Special Funds Restated Rs	Total Rs
Balance at 1 July 2020		**49,161,736,901**	**133,119,198,180**	**13,042,525,766**	**195,323,460,847**
Prior year adjustments					
- First-time recognition of Other Investments at amortised cost	8 & 37	-	26,566,076	10,542,939	37,109,015
- Restatement of Financial Guarantee Liability	37	-	(7,515,032)	-	(7,515,032)
- Adjustment relating to Valuation of Roads and Bridges	37	-	213,885,000	-	213,885,000
- Dividend Capitalised relating to previous years	8 & 37	87,542,932	(87,542,932)	-	-
Restated Balance at 1 July 2020		**49,249,279,833**	**133,264,591,292**	**13,053,068,705**	**195,566,939,830**
Changes in Accounting Policies					
- First-time recognition of Receivables from Non-Exchange Transactions (Income Tax - Companies & bodies Corporate)	5	-	3,506,019,347	-	3,506,019,347
- First-time recognition of Other Property, Plant and Equipment (Sniffer Dogs)	12	-	7,030,000	-	7,030,000
- First-time recognition of Expected Credit Loss on Receivables	37	-	(541,965,427)	-	(541,965,427)
Changes in net assets or equity for 2020-2021					
Equity Participation in Bank of Mauritius		8,000,000,000	-	-	8,000,000,000
Net movement attributable to Consolidated Fund (Restated)		8,807,857,757	(8,807,857,757)	-	-
Net movement in Special Funds (Restated)		-	-	23,473,402,777	23,473,402,777
Deficit for the year (Restated)		-	(58,196,481,910)	-	(58,196,481,910)
Restated Balance at 30 June 2021		**66,057,137,590**	**69,231,335,545**	**36,526,471,482**	**171,814,944,617**
Change in Accounting Policies					
- First-time recognition of Biological and other related Assets		-	826,869,601	-	826,869,601
- First-time capitalisation of Property, Plant and Equipment relating to Special Funds	12	-	682,138,839	-	682,138,839
- First-time recognition of Provisions	16	-	(50,000,000)	-	(50,000,000)
Changes in net assets or equity for 2021-2022					
Net loss on remeasurement of Employee Benefit Obligations	21	-	(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		-	-	(1,743,855,511)	(1,743,855,511)
Surplus for the year		-	419,822,701	-	419,822,701
Balance at 30 June 2022		**87,466,366,212**	**26,896,774,510**	**34,782,615,971**	**149,145,756,693**

29 December 2022

S. D. RAMDEEN
Accountant-General

STATEMENT AD

Statement of Cash Flow for the financial year 2021 - 2022

	Year Ended 30 June 2022 Rs	Year Ended 30 June 2021 Rs
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts		
Taxation	104,865,498,770	83,535,198,419
Fines, Penalties and Forfeits	439,054,833	326,542,769
Grants and Aid	2,760,581,448	1,997,957,226
Licences	2,855,458,659	2,492,950,351
Finance Income	182,605,429	197,631,580
Rent and Royalties	1,139,015,970	491,035,980
Sales of Goods and Services	1,742,895,961	1,522,335,254
Transfers	23,610,000	55,150,000,000
Social Contributions	8,348,345,653	5,246,915,962
Receipts of Special Funds	43,375,139,191	7,938,020,893
Other Receipts	63,880,158,657	30,888,684,914
Payments		
Employee Costs	(46,121,044,183)	(40,295,660,844)
Subsidies	(1,814,562,023)	(7,904,429,479)
Grants	(26,962,261,782)	(23,739,983,707)
Social Benefits	(37,758,702,940)	(36,983,779,181)
Operating Expenses	(12,592,661,924)	(10,841,711,504)
Finance Costs	(12,939,637,485)	(12,732,105,531)
Payments by Special Funds	(56,928,067,701)	(16,355,889,496)
Other Payments	(71,047,390,612)	(33,714,008,762)
Net Cash Flows from Operating Activities	**(36,551,964,079)**	**7,219,704,844**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property, Plant and Equipment and Intangible Assets	(7,063,589,689)	(7,672,868,710)
Proceeds from Sale of Property, Plant and Equipment and Intangible Assets	52,576,212	353,730
Purchase of Investments	(12,927,261,621)	(24,664,648,205)
Proceeds from Sale of Investments	13,044,400,000	4,400,000
Dividends	9,070,474,192	1,103,000,333
Issue of Loans and Advances	(637,821,258)	(883,695,119)
Proceeds from repayment of Loans and Advances	492,466,060	100,500,320
Net Cash Flows from Investing Activities	**2,031,243,896**	**(32,012,957,651)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Government Debt	128,533,350,651	135,233,485,979
Redemption/Repayment of Government Debt	(114,983,079,194)	(97,928,501,077)
Net Cash Flows from Financing Activities	**13,550,271,457**	**37,304,984,902**
Net (Decrease)/Increase in Cash and Cash Equivalents	**(20,970,448,726)**	**12,511,732,095**
Cash and Cash Equivalents at beginning of year	**42,510,361,764**	**29,496,903,293**
Gains on Foreign Exchange Transactions	133,142,092	501,726,376
Cash and Cash Equivalents at end of year	**21,673,055,130**	**42,510,361,764**

S.D. RAMDEEN
Accountant-General

27 December 2022

STATEMENT AE

Statement of Comparison of Budget Estimates and Actual Amounts for the financial year 2021 - 2022 (Classification of Expenses by Function)

	Original Estimates (a) Rs	Total Provisions* (N1) (b) Rs	Actual Amount (c) Rs	Difference (N2) Rs
REVENUE				
Tax Receipts	110,115,000,000	110,115,000,000	107,720,957,429	2,394,042,571
Social Contributions	9,407,000,000	9,407,000,000	9,803,831,682	(396,831,682)
External Grants	4,228,000,000	4,228,000,000	2,880,414,394	1,347,585,606
Other Revenue	13,950,000,000	13,950,000,000	12,786,461,015	1,163,538,985
Reimbursement of Loan by Parastatal Bodies	770,000,000	770,000,000	168,689,481	601,310,519
Equity Sale	-	-	13,000,000,000	(13,000,000,000)
Issue of Government Securities	116,002,000,000	116,002,000,000	127,913,007,204	(11,911,007,204)
Financing from SIC Development Co. Ltd	827,000,000	827,000,000	207,276,371	619,723,629
Issue of Government Securities Held by Non-Residents	-	-	226,329,146	(226,329,146)
Loans from Foreign Governments and International Organisations	4,151,000,000	4,151,000,000	1,175,161,097	2,975,838,903
Total Revenue	**259,450,000,000**	**259,450,000,000**	**275,882,127,819**	**(16,432,127,819)**
Financing from cash and cash equivalents	**5,000,000,000**	**14,500,000,000**	**7,460,146,256**	**(2,460,146,256)**
Total Financing	**264,450,000,000**	**273,950,000,000**	**283,342,274,075**	**(18,892,274,075)**
EXPENDITURE				
General Public Services	138,617,600,000	142,255,374,275	159,109,566,646	(20,491,966,646)
Public Order and Safety	13,906,300,000	13,907,589,191	13,344,009,307	562,290,693
Economic Affairs	20,381,200,000	23,681,430,500	21,328,666,908	(947,466,908)
Environmental Protection	2,432,900,000	2,375,521,225	1,667,588,950	765,311,050
Housing and Community Amenities	4,179,500,000	3,889,322,000	2,468,190,204	1,711,309,796
Health	13,100,000,000	16,416,000,000	14,721,609,780	(1,621,609,780)
Recreation, Culture and Religion	972,200,000	981,450,000	859,636,191	112,563,809
Education	17,241,300,000	17,221,652,000	16,692,011,217	549,288,783
Social Protection	52,819,000,000	52,991,000,000	53,150,994,872	(331,994,872)
Total Expenditure	**263,650,000,000**	**273,719,339,191**	**283,342,274,075**	**(19,692,274,075)**
Contingencies (N3)	800,000,000	230,660,809	-	800,000,000
Total Expenditure including Contingencies	**264,450,000,000**	**273,950,000,000**	**283,342,274,075**	**(18,892,274,075)**

** 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

27 December 2022

STATEMENT AF

Statement of Comparison of Budget Estimates and Actual Amounts for the financial year 2021 - 2022 (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	**133,771,000,000**	**133,771,000,000**	**131,195,504,767**	**2,575,495,233**
Tax Receipts	110,115,000,000	110,115,000,000	107,720,957,429	2,394,042,571
Social Contributions	9,407,000,000	9,407,000,000	9,803,831,682	(396,831,682)
Recurrent Grants	299,000,000	299,000,000	884,254,641	(585,254,641)
Other Revenue	13,950,000,000	13,950,000,000	12,786,461,015	1,163,538,985
Recurrent Expenditure	**135,299,640,000**	**143,799,236,081**	**139,493,584,619**	**(4,193,944,619)**
Compensation of Employees	35,628,898,000	38,976,838,000	37,217,480,731	(1,588,582,731)
Purchase of Goods and Services	11,435,724,000	14,444,882,654	12,665,244,565	(1,229,520,565)
Interest (Accrual basis)	13,500,000,000	13,499,864,000	13,250,072,596	249,927,404
Subsidies	1,606,750,000	1,859,662,750	1,814,562,023	(207,812,023)
Grants to Parastatal Bodies/Local Authorities/RRA	22,202,864,000	24,716,618,393	24,400,325,930	(2,197,461,930)
Social Benefits	46,920,710,000	46,900,387,000	47,279,646,286	(358,936,286)
Other Expense	3,404,694,000	3,178,122,475	2,866,252,488	538,441,512
Contingencies (N3)	600,000,000	222,860,809	-	600,000,000
Recurrent Balance	**(1,528,640,000)**	**(10,028,236,081)**	**(8,298,079,852)**	**6,769,439,852**
CAPITAL BUDGET				
Capital Revenue	**3,929,000,000**	**3,929,000,000**	**1,996,159,753**	**1,932,840,247**
Capital Grants	3,929,000,000	3,929,000,000	1,996,159,753	1,932,840,247
Capital Expenditure	**27,300,360,000**	**27,665,878,419**	**22,740,065,736**	**4,560,294,264**
Acquisition of Non-Financial Assets	13,856,170,000	11,823,956,267	8,026,730,639	5,829,439,361
Grants to Parastatal Bodies/Local Authorities/RRA	2,823,690,000	2,294,850,110	1,851,569,398	972,120,602
Transfers to Special Funds	8,500,000,000	11,800,000,000	11,800,000,000	(3,300,000,000)
Other Transfers	1,920,500,000	1,739,272,042	1,061,765,699	858,734,301
Contingencies (N3)	200,000,000	7,800,000	-	200,000,000
Capital Balance	**(23,371,360,000)**	**(23,736,878,419)**	**(20,743,905,983)**	**(2,627,454,017)**
Budget/Actual Balance (Before Net Acquisition of Financial Assets)	**(24,900,000,000)**	**(33,765,114,500)**	**(29,041,985,835)**	**4,141,985,835**
Net Acquisition of Financial Assets	**6,230,000,000**	**6,864,749,500**	**(6,725,579,754)**	**12,955,579,754**
Domestic	**5,897,000,000**	**6,218,393,500**	**(7,358,721,208)**	**13,255,721,208**
Loan to Parastatal Bodies	1,223,000,000	1,106,293,500	627,512,258	595,487,742
Reimbursement of Loan by Parastatal Bodies	770,000,000	770,000,000	168,689,481	601,310,519
Equity Purchase/Participation	5,444,000,000	5,882,100,000	5,182,456,015	261,543,985
Equity Sale	-	-	13,000,000,000	(13,000,000,000)
Foreign	**313,000,000**	**326,356,000**	**322,638,552**	**(9,638,552)**
Equity Purchase/Participation	313,000,000	326,356,000	322,638,552	(9,638,552)
Net SDR Transactions	**20,000,000**	**320,000,000**	**310,502,902**	**(290,502,902)**
IMF Subscription	20,000,000	320,000,000	310,502,902	(290,502,902)
Adjustment for difference in cash and accrual interest	**510,000,000**	**510,000,000**	**317,565,201**	**192,434,799**

STATEMENT AF

Statement of Comparison of Budget Estimates and Actual Amounts for the financial year 2021 - 2022 (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	**(30,620,000,000)**	**(40,119,864,000)**	**(21,998,840,880)**	**(8,621,159,120)**
Domestic Financing	**32,953,000,000**	**42,452,864,000**	**25,750,924,640**	**7,202,075,360**
Government Securities	**27,126,000,000**	**27,126,000,000**	**18,083,637,992**	**9,042,362,008**
Issue of Government Securities	116,002,000,000	116,002,000,000	127,913,007,204	(11,911,007,204)
Redemption of Government Securities	88,876,000,000	88,876,000,000	109,829,369,212	(20,953,369,212)
Financing from SIC Development Co. Ltd	**827,000,000**	**826,864,000**	**207,140,392**	**619,859,608**
Drawdown	827,000,000	827,000,000	207,276,371	619,723,629
Repayment of Foreign Loans	-	136,000	135,979	(135,979)
Financing from cash and cash equivalents	**5,000,000,000**	**14,500,000,000**	**7,460,146,256**	**(2,460,146,256)**
Foreign Financing	**(2,333,000,000)**	**(2,333,000,000)**	**(3,752,083,760)**	**1,419,083,760**
Government Securities Held by Non-Residents	**(2,184,000,000)**	**(2,184,000,000)**	**(773,097,063)**	**(1,410,902,937)**
Issues	-	-	226,329,146	(226,329,146)
Redemptions	2,184,000,000	2,184,000,000	999,426,209	1,184,573,791
Foreign Loans	**(149,000,000)**	**(149,000,000)**	**(2,978,986,697)**	**2,829,986,697**
Loans from Foreign Governments and International Organisations	4,151,000,000	4,151,000,000	1,175,161,097	2,975,838,903
Repayment of Foreign Loans	4,300,000,000	4,300,000,000	4,154,147,794	145,852,206
	-	-	-	-

** 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 36 for explanation on variances.

27 December 2022

S.D. RAMDEEN
Accountant-General

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Republic of Mauritius is an island found in the East Coast of Madagascar. It got its independence on 12 March 1968. The country has a Westminster type of Parliamentary Government. The core vision of Mauritius in 2030 is:

- to place the country among the High-Income Countries of the world;
- to become a country where the society and the economy are inclusive, with a better sharing of prosperity, a narrower gap between the poor and rich and no families and children living in absolute poverty; and
- where the population across all strata enjoy a higher quality of life and a higher standard of living in a clean and safe environment.

Under the Finance and Audit Act, 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.

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 are not included in the approved Estimates.

The approved Estimates covers the fiscal year from 1 July 2021 to 30 June 2022.

B Financial Statements

(i) Following the amendments made to the Finance and Audit Act in July 2017, the financial statements of the Government for the financial year 2022-2023 and onwards will have to be prepared in compliance with International Public Sector Accounting Standards (IPSAS).

For the financial year 2021-2022, the financial statements have been prepared in accordance with Section 19 (3A)(a) of the Finance & Audit Act 1973, as subsequently amended, that is, as far as possible in compliance with IPSAS and present fairly the financial transactions and financial position of Government as at 30 June 2022.

NOTES TO THE FINANCIAL STATEMENTS

Accordingly, the elements of the financial statements have been accounted for as follows:

ELEMENTS	ACCOUNTING BASIS
Revenue	
Revenue from Non-Exchange Transactions	Accrual
Revenue from Exchange Transactions (except for Dividends which are on cash basis)	Accrual
Expenses	
Employee Costs	Accrual
Subsidies	Cash
Grants	Partial Accrual
Social Benefits	Accrual
Operating Expenses	Accrual
Depreciation and Amortisation	Accrual
Financial Guarantee Expense	Accrual
Other Expenses (excluding Other Transfer Payments)	Accrual
- Other Transfer Payments (except for Transfers to Regional/International Organisations,Insurance & Compensation arising out of Government Liability)	Cash
Finance Costs	Accrual

ASSETS AND LIABILITIES	MEASUREMENT BASIS
Assets	
Receivables from Non-Exchange Transactions	At Cost Less Expected Credit Losses
Receivables from Exchange Transactions	At Cost Less Expected Credit Losses
Loans and Advances	At Cost
Investments	
- Equity Investments and Redeemable Preference Shares	At Fair Value
- Other Investments	At Amortised Cost
Other Financial Assets	
- IMF -SDR Deposits	At Cost
- IMF -Reserve Tranche Position	At Cost
Inventories (excluding Donated Inventories from Non-Exchange Transactions and Agricultural Produce)	Lower of Cost and Current Replacement Cost
- Donated Inventories from Non-Exchange Transactions and Agricultural Produce	At Fair Value
Biological Assets	At Fair Value
Property, Plant and Equipment (excluding Land, Roads, Bridges and Donated Assets and Other Assets)	At Cost

NOTES TO THE FINANCIAL STATEMENTS

ASSETS AND LIABILITIES	MEASUREMENT BASIS
- Land	
• Acquired before 30 June 2018	At a value estimated by Government Valuation Department
• Acquired after 30 June 2018	At Cost
- Roads and Bridges	
• Acquired before 30 June 2020	At a value estimated by the Road Development Authority
• Acquired after 30 June 2020	At cost
- Donated Assets	Initially at fair value
- Other Assets	At Fair Value
Intangible Assets	At Cost
Prepayments	At Cost
Liabilities	
Payables	At Cost
Deposits	At Cost
Government Debt	
- Domestic Debt and External Debt (except for Silver Retirement/Savings Bonds which are recognised at cost plus accrued interest)	At Amortised Cost
- IMF -SDR Allocations	At Cost
Financial Guarantee Liabilities	At the higher of the best estimate of expenditure required to settle the liability and the amount initially recognised less cumulative amortisation
Social Benefits Liabilities	At Cost
Provisions	At Cost
Employee Benefit Obligations	
- Short-Term Employee Benefits	At Cost
- Post-Employment Benefits (except Defined Benefit Plans)	At Cost
- Defined Benefit Plans	At an amount estimated by an independent actuary

(ii) 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, Government Departments and Special Funds' bank balances and investments.

2.3 Reporting Period

The financial statements cover the financial year of the Government of Mauritius from 01 July 2021 to 30 June 2022.

2.4 Authorisation Date

The financial statements were authorised for issue on 29 December 2022 by Mr. S.D. Ramdeen, the 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 policy 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 policy 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

(ii) Loans and Advances

Loans and Advances are recognised at cost. Loans are the outstanding balances due by Statutory and Other Bodies and 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.

(iii) Investments

These represent mainly investments made out of monies standing to the credit of the Consolidated Fund and Special Funds in accordance with Section 3(4)(a) and 9(3)(a) of the Finance and Audit Act.

Initial Recognition of Investments

On initial recognition, investments are measured at fair value.

NOTES TO THE FINANCIAL STATEMENTS

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)	Fair Value Through Surplus or Deficit
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) IMF 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/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/losses recognised in the Statement of Financial Performance as foreign exchange gains or losses.

2.8 Inventories

Inventories comprise mainly of distributable items, consumables and agricultural produce. Inventories, except for agricultural produce and donated inventories, are measured at lower of cost and current replacement cost. The cost has been determined using First In First Out Basis (FIFO).

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. A gain or loss arising on recognition of agricultural produce at fair value are recognised in surplus or deficit.

Donated inventories from non-exchange transactions for nil or nominal consideration are initially measured at its fair value at the date of receipt.

2.9 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.

2.10 Biological Assets

Biological assets are split into the following categories:

(i) Bearer Biological Assets (other than bearer plants);
(ii) Consumable Biological Assets; and
(iii) Agricultural Produce (classified under inventories).

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, fruit bats, fish, ewes, rams, bull, cows, heifers, ducks, broiler chicken, hatchable eggs) and bees.

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, sheep and cattle weaners.

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, the Government 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 fair value has been estimated by Ministry of Agro Industry and Food Security and Ministry of Fisheries. The costs to sell relating to biological assets was considered to be insignificant.

The fair value of biological assets is determined based mainly on market prices, quantity and weight.

2.11 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.

NOTES TO THE FINANCIAL STATEMENTS

(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	120M
2	A Roads	75M
3	B Roads	65M

  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 & 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 & Equipment:

- Medical Equipment;
- Office Equipment; and
- Machinery.

NOTES TO THE FINANCIAL STATEMENTS

(ii) Land and Buildings

- Land

Land represents the estimated value of State Lands (main land) and Outer Islands. The valuation methodology is as follows:

State Lands acquired before 30 June 2018

These have been estimated by the Government Valuation Department and revised as at 30 June 2022, based on the information provided by various Ministries and Departments. The direct comparison method has been used to some extent based on freehold sales evidence for various uses in the different regions of the island.

The methodology adopted for 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.

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.

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 2.5M/Arpent used previously for valuation in respect of financial year 2018-2019, has been maintained for financial year 2021-2022.

For campement sites, valuation has been carried out based on Pas Geometriques sales evidences (leasehold sites).

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.

State Lands acquired after 30 June 2018

These have been recognised at cost.

Outer Islands

These have been recognised at the value estimated by the Government Valuation Department as at 30 June 2018.

- Buildings

Buildings represent residential and non-residential buildings, whether purchased, constructed or upgraded.

NOTES TO THE FINANCIAL STATEMENTS

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. As from financial year 2021-2022, capital expenditure incurred under Special Funds have also been included.

(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 had been used as it is considered to be more appropriate.

(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.

(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.

2.12 Intangible Assets

Intangible assets include licenses, computer 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 expensed in the Statement of Financial Performance in the period in which the expenditure is incurred.

NOTES TO THE FINANCIAL STATEMENTS

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.

2.13 Financial Liabilities

(i) Payables

Payables are recognised at 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;
(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 money deposited with the Government under Section 8 of the Finance and Audit Act and are recognised at their carrying amounts.

(iii) Government Debt

a) Domestic and External Debts

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 the amount payable at maturity to the holders of these instruments, due to the short term nature of these liabilities.

NOTES TO THE FINANCIAL STATEMENTS

- Treasury Notes, Government of Mauritius Bonds, Inflation-Indexed Bonds, Other Long-Term Securities, 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 Retirement/Savings Bonds

These instruments are recognised at 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) International Monetary Fund (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/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.

2.14 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

NOTES TO THE FINANCIAL STATEMENTS

(b) the present obligation can be measured in a way that achieves the qualitative characteristics and takes into account constraints on information.

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.

2.15 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.

2.16 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.

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. The liabilities have not been discounted for the time value of money and are presented as current liabilities.

The short-term employee benefits consist of salaries, wages, salary compensation, overtime, travelling and transport, allowances, end of year bonus, social security contributions, accumulated paid leave, passage benefits, and allowance in lieu of passage benefits.

Accumulated paid leave (annual sick leave and bank of sick leave and vacation leave upon retirement) and end of year bonus are accrued 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

(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. 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.

2.17 Contingent Assets and Contingent Liabilities

The Government does not recognise a contingent asset, but discloses 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 in the notes to the financial statements. 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.

2.18 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 International Trade and Transactions and Other Taxes.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year 2021-2022, 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. For the financial year 2020-2021, revenue was recognised on cash basis.
	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.
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.

NOTES TO THE FINANCIAL STATEMENTS

Tax Type	Revenue Recognition Point
	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 assessments is recognised in the financial year in which the Assessment, Objection or Appeal is finalized, that is, after the resolution of the dispute.

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

- 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 (previously presented as 'Contribution Sociale Généralisée' (CSG))

Social Contributions is recognised on an accrual basis.

2.19 Revenue from Exchange Transactions

Revenue from exchange transactions consist of Licences, Finance Income, Dividends (previously presented as Dividends and Withdrawals from Income of Quasi Corporations), Rent and Royalties, Sales of Goods and Services and Other Revenue.

For the financial year 2021-2022, these revenues except for Dividends have been recognised on an accrual basis. Dividends have been recognised on a cash basis.

2.20 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.

(iii) Operating Expenses

These are recognised in the period when goods are received or services are rendered.

Operating expenses include rental expense on operating leases which are recognised on a straight-line basis over the lease terms. The Government does not currently hold any assets under a finance lease. The Government leases various offices, warehouses, equipment in connection with safe city projects, rental of network lines amongst others. Rental contracts of offices, warehouses, equipment in connection with safe city projects and network lines are made for fixed periods between 2 to 10 years which may be extended. All other rental contracts are for short term lease, normally less than one year.

NOTES TO THE FINANCIAL STATEMENTS

(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 on financial liabilities are measured at amortised cost and are recognised using the effective interest rate method.

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 and Intangible Assets, estimating the fair value of certain categories of Property Plant and Equipment, Biological Assets and 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 and estimation to compute the value for Financial Guarantee Liabilities. The actual results could differ from those estimates. Changes in estimates are reflected in the period in which they become known.

4. CASH AND CASH EQUIVALENTS

The total cash and cash equivalents are made up as follows:

	30 June 2022	30 June 2021
	Rs	Rs
Cash and Bank balances	18,928,625,991	40,292,906,562
Remittances	2,744,429,139	2,217,455,202
Total	**21,673,055,130**	**42,510,361,764**
Comprising :		
Local currency balances	19,037,456,885	37,382,086,848
Foreign currency balances - at local banks	2,573,682,737	5,058,706,042
Foreign currency balances - at external banks	61,915,508	69,568,874

As at 30 June 2022, there is no significant cash and cash equivalents balances that are not available for use.

Cash and cash equivalents include an amount of Rs 15,852,728,653 (2021: Rs 25,567,657,163) for Special Funds.

NOTES TO THE FINANCIAL STATEMENTS

Non-cash transactions

Non-cash transactions amounted to Rs 1,828,649,306 (2021: Rs 3,187,854,497) as follows:

	30 June 2022	30 June 2021 (Restated)
	Rs	Rs
Donated Property, Plant and Equipment	13,637,541	339,850,603
Loans Write-Off	-	2,300,000,000
Payment by the funding agencies directly to the contractor in respect of works for the Government	1,102,703,200	287,049,663
Conversion of Advances to Equity Instruments	680,000,000	-
Others	32,308,565	260,954,231
Total	**1,828,649,306**	**3,187,854,497**

5. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	30 June 2022	30 June 2021 (Restated)
	Rs	Rs
Taxes on Income and Profits	9,859,386,370	9,825,558,029
Taxes on Property	16,079,254	15,671,407
Taxes on Goods and Services	7,749,512,299	6,621,872,021
Taxes on International Trade and Transactions	2,007,884	4,203,417
Other Taxes	155,590,237	142,545,709
Fines, Penalties and Forfeits	112,005,878	67,289,785
Social Contributions	1,018,299,607	740,591,250
	18,912,881,529	17,417,731,618
Less : Loss Allowance	(593,519,713)	(541,787,787)
Total	**18,319,361,816**	**16,875,943,831**
- Within one year	8,396,838,180	7,873,299,105
- After one year	9,922,523,636	9,002,644,726
Total	**18,319,361,816**	**16,875,943,831**

NOTES TO THE FINANCIAL STATEMENTS

The ageing of receivables from non-exchange transactions are as follows:

	30 June 2022
	Rs
Less than 1 year	9,685,692,665
Between 1 to 5 years	5,048,712,087
Between 5 to 10 years	2,438,278,813
Over 10 years	1,146,678,251
Total	**18,319,361,816**

During the financial year 2021-2022, an amount of Rs 339,654,694 was written off. Out of this amount, an amount of Rs 18,135,133 (2021: Rs 1,413,283) was charged directly through surplus or deficit as no loss allowance in respect of these amounts were previously recognised (Refer to Note 33). The remaining amount of 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 2022	30 June 2021 (Restated)
	Rs	Rs
Loss Allowance as at 01 July	541,787,787	-
Receivables Write-Off	(321,519,561)	-
Impairment Loss	373,251,487	541,787,787*
Loss Allowance as at 30 June	**593,519,713**	**541,787,787**

* Loss allowance on receivables from non-exchange transactions amounting to Rs 541,787,787 has been recognised for the first time in the financial statements for the financial year 2020-2021.

Refer to Note 37(i) for details on the prior year adjustments.

NOTES TO THE FINANCIAL STATEMENTS

6. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	30 June 2022	30 June 2021 (Restated)
	Rs	Rs
Licences	83,461,361	212,689,918
Finance Income	1,031,900,716	905,495,078
Rent and Royalties	1,096,354,560	744,977,392
Sales of Goods & Services	298,757,572	331,415,542
Other Revenue	195,488,838	139,100,940
	2,705,963,047	2,333,678,870
Less: Loss Allowance	(137,648,458)	(149,939,105)
Total	**2,568,314,589**	**2,183,739,765**
- Within one year	276,255,673	2,181,951,406
- After one year	2,292,058,916	1,788,359
Total	**2,568,314,589**	**2,183,739,765**

The ageing of receivables from exchange transactions are as follows:

	30 June 2022
	Rs
Less than 1 year	275,939,245
Between 1 to 5 years	1,973,493,859
Between 5 to 10 years	304,253,159
Over 10 years	14,628,326
Total	**2,568,314,589**

During the financial year 2021-2022, an amount of Rs 53,049,473 (2021 : Rs 1,527,304,336) was written off. Out of this amount, an amount of Rs 2,600 (2021 : Rs 1,526,409,775) was charged directly through surplus or deficit as no loss allowance in respect of these amounts were previously recognised (Refer to Note 33). The remaining amount of Rs 53,046,873 (2021: Rs 894,561) was written off against loss allowance (Refer to table below).

NOTES TO THE FINANCIAL STATEMENTS

The changes in the loss allowance in respect of receivables from exchange transactions are as follows:

	30 June 2022	30 June 2021 (Restated)
	Rs	Rs
Loss Allowance as at 01 July	149,939,105	136,059,734
Receivables Write-Off	(53,046,873)	(894,561)
Impairment Loss	40,756,226	14,773,932*
Loss Allowance as at 30 June	**137,648,458**	**149,939,105**

* Impairment loss amounting to Rs 14,773,932 has been restated to include an amount of Rs 177,639 in respect of rent and royalties which has been recognised for the first time in the financial year 2020-2021.

Refer to Note 37(ii) for details on the prior year adjustments.

7. LOANS AND ADVANCES

	30 June 2022			30 June 2021		
	Current Rs	Non-Current Rs	Total Rs	Current Rs	Non-Current Rs	Total Rs
Loans	2,188,418,608	8,043,074,724	10,231,493,332	1,476,463,087	8,250,816,245	9,727,279,332
Advances	943,314,350	3,188,200,013	4,131,514,363	1,920,679,553	2,177,182,172	4,097,861,725
Total	**3,131,732,958**	**11,231,274,737**	**14,363,007,695**	**3,397,142,640**	**10,427,998,417**	**13,825,141,057**

(i) Loans

	30 June 2022	30 June 2021
	Rs	Rs
Loans as per *Statement M- Statement of all Outstanding Loans financed from Revenue*	**10,224,913,735**	**9,723,121,744**
Interest Capitalised on Accrual Basis	6,579,597	4,157,588
Loans as per *Statement A- Statement of Financial Position*	**10,231,493,332**	**9,727,279,332**

NOTES TO THE FINANCIAL STATEMENTS

The ageing of the loans are as follows:

	30 June 2022
	Rs
Less than 1 year	2,188,418,608
Between 1 to 5 years	4,366,501,624
Between 5 to 10 years	2,796,214,116
Over 10 years	880,358,984
Total	**10,231,493,332**

(ii) Advances

	30 June 2022	30 June 2021
	Rs	Rs
Government Officers (include Motor Cars and Motor Cycles Advances)	1,993,255,919	1,996,697,288
Parastatals/Local Government/Corporate Bodies	978,405,921	1,995,601,514
Ministries/Departments	1,159,852,523	105,562,923
Total	**4,131,514,363**	**4,097,861,725**

8. INVESTMENTS

Details of investments are shown below:

	30 June 2022	30 June 2021 (Restated)
	Rs	Rs
Equity Investments	114,017,302,130	97,930,744,566
Redeemable Preference Shares	200,000,000	200,000,000
Other Investments	19,526,009,121	11,558,229,071
Total	**133,743,311,251**	**109,688,973,637**
- Within one year	19,432,000,104	11,129,359,332
- After one year	114,311,311,147	98,559,614,305
Total	**133,743,311,251**	**109,688,973,637**

Refer to Note 37(iii) for details on the prior year adjustments.

NOTES TO THE FINANCIAL STATEMENTS

(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: i) ISM Ltd, National Fishing Company Ltd and Mauritius Institute of Biotechnology Ltd, where their costs have been deemed to be their market value as no audited financial statements are available due to their recent incorporation; ii) Airport Holdings Ltd , whereby the latest valuation carried out in 2021 was considered - Government's investment in the company was valued at Rs 26 billion
Equity Participation	Level 3	Based on the Net Asset figure from the latest audited financial statements of investees
Redeemable Preference Shares	Level 3	Based on the value disclosed in the latest audited financial statements of investees

NOTES TO THE FINANCIAL STATEMENTS

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 2022	**Rs**	**Rs**	**Rs**	**Rs**
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**
30 June 2021 (Restated)				
Quoted investments	704,011,166	-	704,011,166	704,011,166
Unquoted investments	-	65,676,646,352	65,676,646,352	65,676,646,352
Equity participation	-	31,550,087,048	31,550,087,048	31,550,087,048
Redeemable Preference Shares	-	200,000,000	200,000,000	200,000,000
Total	**704,011,166**	**97,426,733,400**	**98,130,744,566**	**98,130,744,566**

There have been no transfers between Level 1 and Level 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 2020	**102,808,682,624**
Prior year adjustments :	
Dividends capitalised	87,542,932
Fair value loss on investment	(87,542,932)
Balance at 30 June 2020 (restated)	**102,808,682,624**
Additions during the year	22,337,960,742
Dividends capitalised	1
Gains on foreign exchange transactions	248,405,841
Fair value loss on investment	(17,799,294,743)
Restatements:	
Dividends capitalised	92,124,554
Gains on foreign exchange transactions	12,099,849
Fair value loss on investment	(10,273,245,468)
Balance at 30 June 2021 (restated)	**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	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**

(ii) Other Investments

Other Investments have been recognised at amortised cost for the first time in the financial statements for the financial year ended 30 June 2022 and prior year figures have been restated retrospectively.

A reconciliation of amortised cost is shown below:

	Government	Special Funds	Total
	Rs	Rs	Rs
Balance at 30 June 2020	**594,695,000**	**320,000,000**	**914,695,000**
Movement in interest receivable	26,566,076	10,542,939	37,109,015
Balance at 30 June 2020 (restated)	**621,261,076**	**330,542,939**	**951,804,015**
Additions during the year	-	10,600,000,000	10,600,000,000
Redemption of fixed deposits	(4,400,000)	-	(4,400,000)
Movement in interest receivable	(17,446,324)	28,271,380	10,825,056
Balance at 30 June 2021 (restated)	**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**

Additional details in respect of investments are provided in the Statement F - Detailed Statement of Investments as at 30 June 2022.

NOTES TO THE FINANCIAL STATEMENTS

9. INVENTORIES

	30 June 2022	30 June 2021
	Rs	Rs
Inventories consist of the following:		
Inventories for Distribution and Consumption	2,583,421,318	2,475,108,237
Donated inventories	174,800,329	13,314,306
Agricultural Produce	37,498,259	-
Total	**2,795,719,906**	**2,488,422,543**

Inventories amounting to Rs 23,802,873 (2021: Rs 14,846,205) was written-off during the financial year 2021-2022.

Agricultural Produce has been recognised for the first time in the financial statements for the financial year 2021-2022. Due to unavailability of information, the comparative information for the financial year 2020-2021 have not been recognised.

10. OTHER FINANCIAL ASSETS

	30 June 2022	30 June 2021
	Rs	Rs
IMF -SDR Deposits	12,509,787,642	4,313,379,338
IMF -Reserve Tranche Position	2,418,161,031	2,123,814,085
Total	**14,927,948,673**	**6,437,193,423**

IMF- SDR Deposits represent the rupee equivalent of the deposit of SDR 207,203,854 (2021: SDR 70,911,549) by the IMF to the Republic of Mauritius.

IMF – Reserve Tranche Position of the Republic of Mauritius with IMF stood at SDR 40,052,821 (2021: SDR 34,915,303), whilst the Quota amounted to SDR 142,200,000 (2021: SDR 142,200,000).

The movement in the Reserve Tranche is as follows:

	30 June 2022	30 June 2021
	Rs	Rs
Balance as at 1 July	**2,123,814,085**	**1,920,129,985**
(Loss)/Gain on Foreign Exchange Transactions	(16,155,956)	184,784,100
Transactions during the year	310,502,902	18,900,000
Balance as at 30 June	**2,418,161,031**	**2,123,814,085**

NOTES TO THE FINANCIAL STATEMENTS

11. BIOLOGICAL ASSETS

	30 June 2022
	Rs
Bearer Biological assets	7,893,984
Consumable Biological Assets (N1)	778,799,359
	786,693,343

N1: Consumable Biological Assets exclude agricultural produce. Agricultural produce has been recognised under Inventory (Refer to Note 9).

Biological Assets have been recognised for the first time in the financial statements for the financial year 2021-2022. Due to unavailability of information, the comparative information for the financial year 2020-2021 have not been recognised.

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	Other Assets	Asset Under Construction (AUC)	TOTAL
	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
COST								
At 30 June 2020	**115,953,064,672**	**10,464,897,826**	**10,021,103,330**	**367,211,814,127**	**29,724,450,398**	-	**4,306,962,274**	**537,682,292,627**
Adjustment[1]	218,250,000	-	-	-	-	-	-	218,250,000
At 30 June 2020 (Restated)	**116,171,314,672**	**10,464,897,826**	**10,021,103,330**	**367,211,814,127**	**29,724,450,398**	-	**4,306,962,274**	**537,900,542,627**
Additions	1,381,446,333	251,570,491	1,002,240,847	1,390,633,238	1,241,016,033	-	2,442,773,443	7,709,680,385
Transfer from AUC	863,266,303	-	-	-	1,224,400,738	-	(2,087,667,041)	-
Disposal	-	(725,000)	(5,508,790)	-	-	-	-	(6,233,790)
Impairment	-	(48,552,341)	-	-	-	-	-	(48,552,341)
Adjustment[1]	44,249,358	-	-	-	-	-	-	44,249,358
Adjustment[2]	-	-	-	-	-	7,030,000	-	7,030,000
At 30 June 2021 (Restated)	**118,460,276,666**	**10,667,190,976**	**11,017,835,387**	**368,602,447,365**	**32,189,867,169**	**7,030,000**	**4,662,068,676**	**545,606,716,239**
Additions	524,069,206	1,244,982,266	988,122,946	1,115,589,212	596,580,680	900,000	3,533,102,802	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[3]	-	-	-	10,899,120,323	-	2,678,000	-	10,901,798,323
At 30 June 2022	**119,013,774,802**	**11,789,789,654**	**11,996,381,148**	**380,617,156,900**	**33,438,630,686**	**10,048,000**	**7,512,973,525**	**564,378,754,715**

NOTES TO THE FINANCIAL STATEMENTS

	Infrastructure, Plant and Equipment			Land and Buildings				
	Infrastructure Assets	Transport Equipment	Other Machinery & Equipment	Land	Buildings	Other Assets	Asset Under Construction (AUC)	TOTAL
	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
DEPRECIATION								
At 30 June 2020	**7,649,583,436**	**4,887,500,612**	**6,240,910,834**	**-**	**7,453,346,421**	**-**	**-**	**26,231,341,303**
Adjustment[1]	4,365,000	-	-	-	-	-	-	4,365,000
At 30 June 2020 (Restated)	**7,653,948,436**	**4,887,500,612**	**6,240,910,834**	**-**	**7,453,346,421**	**-**	**-**	**26,235,706,303**
Charge for the year	2,450,161,438	607,881,622	964,160,221	-	643,718,962	-	-	4,665,922,243
Disposal	-	(725,000)	(4,586,167)	-	-	-	-	(5,311,167)
Adjustment[1]	5,249,987	-	-	-	-	-	-	5,249,987
At 30 June 2021 (Restated)	**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**
Carrying Amounts								
At 30 June 2021 (Restated)	**108,350,916,805**	**5,172,533,742**	**3,817,350,499**	**368,602,447,365**	**24,092,801,786**	**7,030,000**	**4,662,068,676**	**514,705,148,873**
At 30 June 2022	**106,436,062,885**	**5,766,581,025**	**3,838,010,863**	**380,617,156,900**	**24,672,893,840**	**10,048,000**	**7,512,973,525**	**528,853,727,038**

1. Relates to Infrastructure Assets (Roads). Refer to Note 37 (iv) on prior year adjustments.
2. Relates to Sniffer Dogs. Refer to Note 37(iv) on prior year adjustments.
3. (a) Rs 10,899,120,323 relates to the Revised Land estimate, further to the Valuation Department Report as at 30 June 2022.

   (b) Under Other Assets, Bearer Plants and Plants to maintain the ecosystem amounting to Rs 2,678,000 have been recognised for the first time in the financial statements for the financial year 2021-2022. Due to unavailability of information, the comparative information for the financial year 2020-2021 have not been recognised.

NOTES TO THE FINANCIAL STATEMENTS

Land value of Rs 306,684,091,654 as at 30 June 2018 , has been revised by Rs 10,899,120,323 to Rs 317,583,211,977 as at 30 June 2022.

The value of Other Assets (Sniffer Dogs) as at 30 June 2022 increased to Rs 7,370,000. The net increase of Rs 340,000 arised from additions of Rs 900,000 and disposal of Rs 560,000 during financial year 2021-2022.

Asset Under Construction included an amount of Rs 682,138,839 in respect of Infrastructure Assets in financial year 2021-2022. This amount consists of Rs 625,266,969 from the COVID-19 Projects Development Fund and Rs 56,871,870 from the National Environment and Climate Change Fund.

Donated assets amounting to Rs 10,754,444 (2021 (Restated): Rs 384,099,962) have been recognised in the financial year 2021-2022.

As at 30 June 2022, contractual commitments for the acquisition of Property, Plant and Equipment amounted to Rs 1,917,516,985 (2021: Rs 2,449,462,519).

NOTES TO THE FINANCIAL STATEMENTS

13. INTANGIBLE ASSETS

	Licences & Software	Asset Under Development (AUD)	Total
	Rs	Rs	Rs
COST			
At 30 June 2020	**2,734,480,350**	**125,014,514**	**2,859,494,864**
Additions	146,290,568	122,755,964	269,046,532
Impairment	-	(153,086)	(153,086)
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**
AMORTISATION			
At 30 June 2020 (Restated)	**2,043,850,689**	**-**	**2,043,850,689**
Charge for the year	200,195,264	-	200,195,264
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**
Carrying Amounts			
At 30 June 2021	**636,724,965**	**247,617,392**	**884,342,357**
At 30 June 2022	**956,470,701**	**58,302,620**	**1,014,773,321**

Donated assets amounting to Rs 2,883,097 have been recognised in the financial year 2021-2022.

As at 30 June 2022, contractual commitments for the acquisition of Intangible Assets amounted to Rs 9,947,768 (2021: Rs 1,887,923).

NOTES TO THE FINANCIAL STATEMENTS

14. PAYABLES

	30 June 2022	30 June 2021 (Restated)
	Rs	Rs
Cost of Borrowings	36,090,982	13,907,394
Accounts Payable	884,183,173	1,225,644,186
Retention Money on Contracts	60,998,702	453,258,327
Carry-over of Capital Expenditure	194,440,980	211,362,427
Total	**1,175,713,837**	**1,904,172,334**
- Within one year	1,175,300,637	1,648,929,438
- After one year	413,200	255,242,896
Total	**1,175,713,837**	**1,904,172,334**

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 2022	30 June 2021 (Restated)
	Rs	Rs
Accrued Interest on Re-opening of Government Securities:		
Government Bonds	16,962,000	6,080,000
Treasury Notes	15,150,000	5,227,000
Management Charges payable on:		
Domestic Debts	1,251,638	987,357
External Debts	2,727,344	1,613,037
Total	**36,090,982**	**13,907,394**

Please refer to Note 37(v) for details on the prior year adjustments.

NOTES TO THE FINANCIAL STATEMENTS

15. SOCIAL BENEFITS LIABILITIES

	30 June 2022	30 June 2021 (Restated)
	Rs	Rs
Balance as at 1 July	**197,947,584**	**-**
Payments made during the year	(37,758,702,940)	(36,983,779,181)
Charge for the year	37,715,200,156	37,181,726,765
Balance as at 30 June	**154,444,800**	**197,947,584**
- Within one year	154,444,800	197,947,584
- After one year	-	-
Total	**154,444,800**	**197,947,584**

Refer to Note 37(vi) for details on the prior year adjustments.

Social Benefits liabilities includes Income Support and other allowances paid to eligible recipients under the Income Tax Act, Social Aid Act and National Pensions Act. These are mainly funded through Budget appropriation but also includes financing from Special Funds.

16. PROVISIONS

As at 30 June 2022, provisions to the amount of Rs 50 million have been made in respect of legal cases. These have been recognised for the first time in the financial statements for the financial year 2021-2022.

17. DEPOSITS

	30 June 2022	30 June 2021 (Restated)
	Rs	Rs
Grants	132,111,595	518,969,326
Deposits held with Mauritius Revenue Authority (MRA)	382,665,480	171,322,241
Other Deposits	4,444,693,860	7,734,650,318
Total	**4,959,470,935**	**8,424,941,885**
- Within one year	4,181,282,706	7,049,182,627
- After one year	778,188,229	1,375,759,258
Total	**4,959,470,935**	**8,424,941,885**

The amount of liabilities recognised in respect of Grants that are subject to conditions are Rs 132,111,595 (2021: Rs 518,969,326). The figure for 30 June 2021 was amended from Rs 284,071,732 to Rs 518,969,326 due to a reclassification from 'Other Deposits'.

NOTES TO THE FINANCIAL STATEMENTS

Deposits held with MRA represent amounts received from individuals at the time of lodging an objection against an assessment raised by the MRA. Please refer to note 37(vii) for details of prior year adjustments.

18. GOVERNMENT DEBT

	30 June 2022	30 June 2021
	Rs	Rs
Domestic and External Debts	392,647,328,874	380,880,889,867
IMF -SDR Allocations	14,073,119,767	5,888,449,212
Total	**406,720,448,641**	**386,769,339,079**
- Within one year	75,292,727,805	86,062,092,051
- After one year	331,427,720,836	300,707,247,028
Total	**406,720,448,641**	**386,769,339,079**

Details of the total debt of the Government are provided in Statement J –Statement of Public Sector Debt as at 30 June 2022.

A. Domestic and External Debts

Domestic and External Debts consist of outstanding balances of:

(i) Government of Mauritius (GOM) Treasury Bills, GOM Treasury Notes and Treasury Certificates issued by the Government for the financing of Government's borrowing requirement;

(ii) GOM Securities issued by the Government for mopping up of excess liquidity;

(iii) GOM Bonds and other long-term Securities issued by the Government;

(iv) Silver Savings Bonds (SSB) and Silver Retirement Bonds (SRB); and

(v) Loans from domestic and foreign sources.

NOTES TO THE FINANCIAL STATEMENTS

	Domestic Debt (N1)	External Debt	Total
	Rs	Rs	Rs
Balance at 30 June 2020	**306,559,410,110**	**33,257,946,621**	**339,817,356,731**
Cash Flows:			
- Issue/ Receipt	108,949,847,498	26,283,638,481	135,233,485,979
- Redeemed/ Repayment	(93,018,891,370)	(4,909,609,707)	(97,928,501,077)
Non-Cash Movement:			
- Direct Payments	67,641,481	-	67,641,481
- Capitalised Interest on Conversion from SRB to SSB	23,953,476	-	23,953,476
- Capitalisation of Interest	1,139,433	-	1,139,433
-Expenses Disbursed Directly out of the Loan Proceeds	-	14,817,761	14,817,761
- Losses on Foreign Exchange Transactions	9,194,644	6,546,690,629	6,555,885,273
- Debt Forgiveness (N2)	-	(152,872,482)	(152,872,482)
- Other Changes (N3)	(338,289,274)	(2,413,727,434)	(2,752,016,708)
Balance at 30 June 2021	**322,254,005,998**	**58,626,883,869**	**380,880,889,867**
Cash Flows:			
- Issue/ Receipt	128,139,336,350	394,014,301	128,533,350,651
- Redeemed/ Repayment	(110,828,931,400)	(4,154,147,794)	(114,983,079,194)
Non-Cash Movement:			
- Direct Payments	204,768,526	778,101,728	982,870,254
- Capitalised Interest on Conversion from SRB to SSB	33,802,504	-	33,802,504
- Capitalisation of Interest	2,507,845	-	2,507,845
- Expenses Disbursed Directly out of the Loan Proceeds	-	3,045,068	3,045,068
- Losses/(Gains) on Foreign Exchange Transactions	19,942,787	(3,984,578,073)	(3,964,635,286)
- Other Changes (N3)	15,033,440	1,143,543,725	1,158,577,165
Balance at 30 June 2022	**339,840,466,050**	**52,806,862,824**	**392,647,328,874**

	30 June 2022	30 June 2021
	Rs	Rs
- Within one year	75,292,727,805	86,062,092,051
- After one year	317,354,601,069	294,818,797,816
Total	**392,647,328,874**	**380,880,889,867**

NOTES TO THE FINANCIAL STATEMENTS

The maturity analysis of domestic and external debt is as follows:

	30 June 2022	30 June 2021
	Rs	Rs
Less than 1 year	75,292,727,805	86,062,092,051
Between 1 to 5 years	171,344,454,620	152,791,949,620
Between 5 to 10 years	67,288,512,142	69,773,053,856
Over 10 years	78,721,634,307	72,253,794,340
Total	**392,647,328,874**	**380,880,889,867**

N1: Domestic Debt includes Government Securities held by non-residents.

N2: The loan "Economic & Technical Cooperation - New Wards & OT Victoria Hospital" from the Government of the People's Republic of China has been written off during the financial year ended 30 June 2021.

N3: 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 (2021: SDR 96,805,549) made to the Republic of Mauritius, that is, Rs 14,073,119,767 as at 30 June 2022 (2021: Rs 5,888,449,212) is shown as liability and is also included in the Statement J - Statement of Public Sector Debt as at 30 June 2022.

19. FINANCIAL GUARANTEE LIABILITIES

	30 June 2022	30 June 2021 (Restated)
	Rs	Rs
Balance as at 1 July	**2,499,191,189**	**1,911,292,355**
Increases (New Guarantees)	520,327,393	649,372,497
Remeasurement	(249,340,876)	(154,741,634)
Losses on Foreign Exchange Transactions	135,651,514	93,267,971
Balance as at 30 June	**2,905,829,220**	**2,499,191,189**
- Within one year	139,784,961	113,689,361
- After one year	2,766,044,259	2,385,501,828
Total	**2,905,829,220**	**2,499,191,189**

Details of the loan guaranteed by the Government as at 30 June 2022 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 2022.

The prior year adjustment amounting to Rs 8,614,311 has been recognised as at 30 June 2021.

Refer to Note 37(viii) for details on the prior year adjustments.

NOTES TO THE FINANCIAL STATEMENTS

20. EMPLOYEE BENEFIT OBLIGATIONS

	30 June 2022	30 June 2021
	Rs	**Rs**
Liability in respect of Defined Benefit Plan (Refer to Note 21)	149,859,960,526	116,791,541,957
Accrued Sick Leave	9,427,078,682	7,502,597,860
Accrued Vacation Leave	9,654,518,879	8,546,146,865
Accrued Passage Benefits	4,041,397,096	3,689,162,874
Accrued Bonus	992,196,922	1,041,321,453
Accrued Basic Salary (PRB 2021)	-	457,462,969
Total	**173,975,152,105**	**138,028,233,978**
- Within one year	2,658,597,248	2,769,446,947
- After one year	171,316,554,857	135,258,787,031
Total	**173,975,152,105**	**138,028,233,978**

21. DEFINED BENEFIT PLAN

Amounts Recognised in Statement of Financial Position at End of Year:

	30 June 2022	30 June 2021
	Rs	**Rs**
Defined Benefit Obligations	149,859,960,526	116,791,541,957
Fair Value of Plan Assets	-	-
Liability Recognised in Statement of Financial Position at End of Year	**149,859,960,526**	**116,791,541,957**

	Year Ended 30 June 2022	Year Ended 30 June 2021
	Rs	**Rs**
Amounts Recognised in Statement of Financial Performance:		
Charge to Surplus or Deficit	7,646,923,153	7,537,414,996
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)

NOTES TO THE FINANCIAL STATEMENTS

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:

	Year Ended 30 June 2022	Year Ended 30 June 2021
Discount Rate	5.15%	6.50%
Future Salary Increases	2.50%	4.00%
Future Pension Increases	1.50%	3.00%
Mortality before Retirement	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.

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 at the end of the reporting period.

- 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.

22. 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 Surplus; and
c) Special Funds.

The value of Net Assets/Equity of the Government as at 30 June 2022 amounted to Rs 149,145,756,693 (2021(Restated): Rs 171,814,944,617). The movement in the Net Assets/ Equity is provided in Statement AC – Statement of Changes in Net Assets or Equity for the financial year 2021- 2022.

NOTES TO THE FINANCIAL STATEMENTS

(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.

(b) Accumulated Surplus

This represents the accumulated surplus to date, of the Budgetary Central Government of Mauritius 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 2021- 2022.

(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 2022 disclosed in Statement H – Statement of Special Funds Deposited with the Accountant-General as at 30 June 2022 amounted to Rs 34,734,728,653 and comprise of investments at cost and cash balances to the amount of Rs 18,882,000,000 and Rs 15,852,728,653 respectively. Details of Special Funds are provided in Statement H – Statement of Special Funds Deposited with the Accountant-General as at 30 June 2022.

Investments of Special Funds have been recognised at amortised cost for the first time in the financial statements for the year ended 30 June 2022 and comparative figures have been restated. The total balance of Special Funds in the Statement of Financial Position includes investments at amortised cost and amounted to Rs 34,782,615,971 (2021(Restated): Rs 36,526,471,482).

A reconciliation of the figure in investments by Special Funds disclosed in Statement H – Statement of Special Funds Deposited with the Accountant-General as at 30 June 2022 to the figure reported in Statement A – Statement of Financial Position as at 30 June 2022 is shown as follows:

	Year ended 30 June 2022 Rs	**Year ended 30 June 2021 Rs**
Opening Balance (at cost)	**10,920,000,000**	**320,000,000**
Additions during the year	8,002,000,000	10,600,000,000
Redemption of fixed deposits	(40,000,000)	-
Closing Balance (at cost)	18,882,000,000	10,920,000,000
Total interest receivable	47,887,318	38,814,319
Closing Balance (at amortised cost)	**18,929,887,318**	**10,958,814,319**

NOTES TO THE FINANCIAL STATEMENTS

23. TAXATION

	Year Ended 30 June 2022	Year Ended 30 June 2021 (Restated)
	Rs	Rs
Taxes on Income and Profits	33,959,578,569	27,699,617,536
Taxes on Property	33,772,617	39,570,922
Taxes on Goods and Services	69,216,078,724	38,681,766,809
Taxes on International Trade and Transactions	1,526,118,366	19,970,285,522
Other Taxes	1,430,860,309	1,733,056,445
Total	**106,166,408,585**	**88,124,297,234**

For the financial year under review, revenue from taxation have been measured on an accrual basis. However, the comparative figures for the year 2020-2021 for Taxes on Income and Profits were recognised on a partial accrual basis and hence is not entirely comparable.

24. GRANTS AND AID

	Year Ended 30 June 2022	Year Ended 30 June 2021
	Rs	Rs
Grants from Foreign Governments	1,729,775,550	1,334,478,570
Grants from International Organisations	110,638,968	312,866,497
Grants from Other General Government Units	1,039,999,876	570,020,341
Total	**2,880,414,394**	**2,217,365,408**

25. OTHER TRANSFERS

	Year Ended 30 June 2022	Year Ended 30 June 2021 (Restated)
	Rs	Rs
Transfer of Surplus Cash Balances from Statutory Bodies and Special Funds	-	150,000,000
Contribution from Bank of Mauritius (N1)	-	55,000,000,000
Contribution in respect of Tourism Development Projects on State Lands	23,610,000	-
Concessionary Loans	239,845,251	2,680,356,224
Goods in-kind	285,267,995	397,414,268
Debt Forgiveness	-	152,872,482
Others	100,000,000	287,125
Total	**648,723,246**	**58,380,930,099**

N1: This represents a One-off Solidarity Contribution from Bank of Mauritius.

NOTES TO THE FINANCIAL STATEMENTS

26. LICENCES

	Year Ended 30 June 2022	Year Ended 30 June 2021
	Rs	Rs
Road Motor Vehicle Licences	1,802,014,171	1,704,328,693
Company and Other Licences	924,215,931	795,298,863
Total	**2,726,230,102**	**2,499,627,556**

27. DIVIDENDS

	Year Ended 30 June 2022	Year Ended 30 June 2021 (Restated)
	Rs	Rs
Dividends from Quoted and Unquoted Investments	652,434,612	203,021,509
Similar Distributions from Quasi Corporations	8,444,795,232	992,103,379
Total	**9,097,229,844**	**1,195,124,888**

28. OTHER REVENUE

	Year Ended 30 June 2022	Year Ended 30 June 2021 (Restated)
	Rs	Rs
Civil Service Family Protection Scheme	347,681,352	312,270,667
Miscellaneous Revenue	191,233,206	173,164,234
Total	**538,914,558**	**485,434,901**

29. EMPLOYEE COSTS

	Year Ended 30 June 2022	Year Ended 30 June 2021 (Restated)
	Rs	Rs
Wages, Salaries, Compensations and Allowances	29,214,988,589	27,458,142,212
Contributions to Defined Contribution Plan, Family Protection Scheme, National Savings Fund and Social Contributions	2,028,372,299	1,789,460,100
Amount Recognised in respect of Defined Benefit Plans (Note 21)	7,646,923,153	7,537,414,996
Other Employee Benefits	8,188,702,619	5,191,894,302
Total	**47,078,986,660**	**41,976,911,610**

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

30. GRANTS

	Year Ended 30 June 2022 Rs	Year Ended 30 June 2021 Rs
Donations and Contributions	426,298,673	29,783,095,328
Capital Grants	13,701,825,343	4,209,046,254
Current Grants	24,655,982,719	21,607,191,105
Total	**38,784,106,735**	**55,599,332,687**

31. SOCIAL BENEFITS

	Year Ended 30 June 2022 Rs	Year Ended 30 June 2021 (Restated) Rs
Pension (Retirement, Widow, Invalid and Others)	36,497,418,816	35,518,665,809
Other Social Benefits	1,217,781,340	1,663,060,956
Total	**37,715,200,156**	**37,181,726,765**

Social benefits have been measured on an accrual basis for the financial year 2021-2022. However, the comparative figures for the year 2020-2021 were recognised on a partial accrual basis and hence are not entirely comparable.

32. OPERATING EXPENSES

	Year Ended 30 June 2022 Rs	Year Ended 30 June 2021 Rs
Cost of Utilities	857,641,984	846,730,915
Fuel and Oil	308,254,864	267,018,515
Rental Expense	1,152,083,915	1,145,769,653
Office Expenses	122,320,626	123,400,037
Maintenance	1,310,032,264	1,203,534,770
Cleaning Services	955,525,606	937,009,235
Medical Supplies, Drugs and Scientific Equipment	2,999,005,005	2,732,338,878
Travelling and Mission Expenses	611,526,249	241,223,590
Other Operating Expenses	3,928,289,267	3,585,089,324
Total	**12,244,679,780**	**11,082,114,917**

NOTES TO THE FINANCIAL STATEMENTS

33. OTHER EXPENSES

	Year Ended 30 June 2022	Year Ended 30 June 2021 (Restated)
	Rs	Rs
Transfers	2,548,019,485	7,973,453,146
Insurance	26,456,745	9,269,038
Compensation arising out of Government Liability	19,513,050	13,948,495
Refund/Payment of taxes icw projects and schemes financed by Development Partners or under Special Programmes	212,908,682	192,358,199
Impairment Loss on Receivables from Exchange Transactions (N1)	40,756,226	14,596,293
Impairment Loss on Receivables from Non-Exchange Transactions (N2)	373,251,487	-
Receivables from Exchange Transactions Write-Off (N1)	2,600	1,526,409,775
Receivables from Non-Exchange Transactions Write-Off (N2)	18,135,133	1,413,283
Loans, Advances and Inventories Write-Off	23,860,413	2,497,112,925
Others	1,255,535,771	2,157,357,750
Total	**4,518,439,592**	**14,385,918,904**

N1: Refer to Note 6 - *Receivables from Exchange Transactions*
N2 : Refer to Note 5 - *Receivables from Non-Exchange Transactions*

34. FINANCE COSTS

	Year Ended 30 June 2022	Year Ended 30 June 2021 (Restated)
	Rs	Rs
Interest Expense on Domestic Debt	12,490,015,511	11,863,702,175
Interest Expense on External Debt	1,896,900,390	774,474,813
Management Charges	12,683,004	70,409,123
Total	**14,399,598,905**	**12,708,586,111**

35. TRANSACTIONS WITH INTERNATIONAL FINANCIAL ORGANISATIONS

(i) International Monetary Fund- 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 2022 stood at Rs 5,911,380,000 (2021: Rs 6,220,530,000).

NOTES TO THE FINANCIAL STATEMENTS

(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 2022 stood at Rs 9,196,738 (2021: Rs 9,196,738).

36. 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 2021-2022. The original estimates of expenditure amounting to Rs 145,700 million (2021: Rs 144,300 million) were passed by the National Assembly on 29 June 2021 and Supplementary Estimates amounting to Rs 9,500 million were passed on 13 June 2022 (2021: Rs 41,780 million).

The Statements AE and AF - Statement of Comparison of Budget Estimates and Actual Amounts for the financial year 2021-2022 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 2021-2022 differed from the original estimates as there was a Supplementary Estimates approved in relation to the resurgence of COVID-19 pandemic 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	(2,575,495,233)	(1.9%)	The shortfall in recurrent revenue was mainly due to the following: (i) lower consumption than expected; (ii) temporary closure of our borders with our main tourist markets following the spread of the new Omicron variant; (iii) casinos and gaming houses were not authorised to operate until 15 October 2021 in view of COVID-19 pandemic; and (iv) non remittance of surplus cash balance by the State Trading Corporation (STC) following the determination by Privy Council in the case of STC vs Betamax.

NOTES TO THE FINANCIAL STATEMENTS

Budget line item	Variance amount Rs	Variance percentage	Explanation
			The lower revenue was partly offset by higher collection from income tax and property tax.
Recurrent Expenditure	4,193,944,619	3.1%	Recurrent expenditure was higher mainly due to: (i) increase in salaries following implementation of the PRB Report with effect from 1st January 2021 and its impact on other staff related costs and public service pensions; (ii) purchase of PCR test kits, rapid antigen test kits and other medical disposables related to COVID-19 pandemic and payments to hotels used as quarantine centres during the period March 2021 to September 2021; and (iii) implementation of a subsidy on electricity tariff for a 12-month period as from 1st January 2022. These were partly offset by funds appropriated for contingencies and underspending on certain schemes such as Youth Employment Programme and allowance in connection with National Minimum wage.
Capital Revenue	(1,932,840,247)	(49.2%)	Capital revenue was lower due to lower disbursement in respect of grant funded projects.
Capital Expenditure	(4,560,294,264)	(16.7%)	Capital expenditure was lower mainly due to delays in implementation of some projects such as construction of roads, hospitals, dam, police training academy, pipe replacement and water distribution projects. The lower spending was, however, partly offset by additional transfer to COVID-19 Projects Development Fund to ensure smooth implementation of the National Flood Management Programme announced in the Budget Speech.
Net Acquisition of Financial Assets	(12,955,579,754)	(208%)	There was disposal of shares held by Government in Airport of Mauritius Co. Ltd to Airport Holdings Ltd.

NOTES TO THE FINANCIAL STATEMENTS

37. PRIOR YEAR ADJUSTMENTS

Prior year adjustments have been made to the carrying amounts of items presented in the Statement A - Statement of Financial Position as at 30 June 2022 and Statement AC - Statement of Changes in Net Assets or Equity for the financial year 2021-2022. 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 2021-2022.

(i) Receivables from Non-Exchange Transactions

Receivables from Non-Exchange Transactions (Gross) was understated by Rs 1,731,136,010 in the financial year 2020-2021. Relevant adjustments have been made to restate the comparative figures.

Loss allowance on receivables from non-exchange transactions amounting to Rs 541,787,787 has been recognised for the first time in the financial statements for the financial year 2020-2021. In this respect, prior year figures have been restated retrospectively.

(ii) Receivables from Exchange Transactions

Receivables from Exchange Transactions was understated by Rs 63,209,196 in the financial year 2020-2021. Relevant adjustments have been made to restate the comparative figures.

Impairment loss amounting to Rs 14,773,932 has been restated to include an amount of Rs 177,639 in respect of rent and royalties which has been recognised for the first time in the financial year 2020-2021.

(iii) Investments

Equity Investments - Unquoted Investments

Dividends capitalised to the amount of Rs 91,922,937 and Rs 201,617 were received in financial year 2020-2021 with respect to investments in Eastern & Southern African Trade & Development Bank and PTA Reinsurance Company respectively. The costs of these investments have been increased retrospectively and this has impacted on gains on foreign transactions. The comparative gains on foreign transactions has increased by Rs 12,099,849 and the fair value loss on investments has increased by Rs 104,224,403.

As at 30 June 2021, the fair value of National Property Fund Ltd (NPFL) amounted to Rs 10,169,021,065 based on a fair valuation exercise relying on NPFL's unaudited financial statements for the financial year 2020-2021. The fair value has been restated to NIL as at 30 June 2021 based on the audited accounts received this year. Comparative fair value loss on investments has therefore increased by Rs 10,169,021,065.

Prior to financial year 2020-2021, dividends capitalised to the amount of Rs 87,542,932 were also received. Adjustments to comparative figures are shown in Note 8 – Investments.

Other Investments

Other investments have been recognised at amortised cost instead of cost for the first time in the financial statements for the year ended 30 June 2022. In this respect, the prior year figures have been restated retrospectively by Rs 37,109,015 and Rs 10,825,056 for financial year 2019-2020 and 2020-2021, respectively.

NOTES TO THE FINANCIAL STATEMENTS

(iv) Property, Plant and Equipment

I. *Infrastructure Assets*

Roads cost were undervalued by :

a) Rs 218,250,000 in the financial year 2019-2020 and the corresponding depreciation of Rs 4,365,000 charged in financial year 2019-2020 and 2020-2021; and

b) Rs 44,249,358 in respect of roads construction being financed by the Private Sector in financial year 2020-2021. The corresponding depreciation adjustment of Rs 884,987 was subsequently charged in financial year 2020-2021.

II. *Transport Equipment*

An Aircraft which was decommissioned in December 2020 was impaired by Rs 48,552,341 in financial year 2020-2021.

III. *Other Assets*

Sniffer Dogs valued at Rs 7,030,000 were recognised in financial year 2020-2021.

(v) Payables

Cost of Borrowings

These have been restated by Rs 2,600,394 in the financial year 2020-2021 due to adjustment to management charges.

Accounts Payable

Accrual with respect to employer share of Social Contributions has been recognised for the first time in the financial statements for the year ended 30 June 2022. In this respect, the prior year figures have been restated retrospectively by Rs 86,892,308.

(vi) Social Benefits Liabilities and Accounts Payables

Social benefits liabilities have been recognised in the financial statements for the year ended 30 June 2022. In this respect, the prior year figures have been restated retrospectively by Rs 197,947,584 and this includes a reclassification of Rs 433,475 from accounts payable to social benefits liabilities.

(vii) Deposits

Deposits have been restated to include an amount of Rs 171,322,241 representing deposits held with the MRA for objections raised against assessments. These were previously recognised net in the amount receivable from exchange and non-exchange transactions.

(viii) Financial Guarantee Liabilities

Financial Guarantee Liabilities as at 30 June 2021 were understated by Rs 8,614,311. Relevant adjustments have been made to restate the comparative figures. This has also resulted in the opening balance as at 1 July 2020 being restated by Rs 7,515,032.

NOTES TO THE FINANCIAL STATEMENTS

(ix) Adjustments to Consolidated Fund and Accumulated Surplus

Consolidated Fund balance has been restated by Rs 7,808,232,665 following a misclassification between Accumulated Surplus and Consolidated Fund.

(x) Adjustments to Special Funds

Special Funds balance has been restated by Rs 38,814,319 following other investments being accounted at amortised cost.

The new accounting policies provide a fair presentation and more relevant information in accordance with international best practice.

The effects of the above changes are illustrated below:

	30 June 2021	Increase/(Decrease)	30 June 2021 (Restated)
	Rs	Rs	Rs
Statement of Financial Performance (Classification of Expenses by Nature) (extract)			
Revenue			
Taxation	86,592,522,100	1,531,775,134	88,124,297,234
Fines, Penalties and Forfeits	312,286,483	45,000	312,331,483
Other Transfers	58,336,680,740	44,249,359	58,380,930,099
Social Contributions	5,957,754,386	29,752,826	5,987,507,212
Finance Income	518,539,618	(98,029,692)	420,509,926
Dividends	1,103,000,334	92,124,554	1,195,124,888
Rent and Royalties	562,403,703	680,507	563,084,210
Sales of Goods and Services	1,455,186,400	60,947,136	1,516,133,536
Other Revenue	404,851,533	80,583,368	485,434,901
Expenses			
Employee Costs	41,890,019,302	86,892,308	41,976,911,610
Social Benefits	36,995,410,629	186,316,136	37,181,726,765
Depreciation and Amortisation	4,866,117,507	5,249,987	4,871,367,494
Financial Guarantee Expense	493,531,584	1,099,278	494,630,862
Other Expenses	14,326,737,483	59,181,421	14,385,918,904
Finance Costs	12,705,985,717	2,600,394	12,708,586,111
Other Gains/(Losses)			
Loss on Disposal of Property, Plant and Equipment	-	(568,893)	(568,893)
Fair Value Loss on Investments	(17,723,697,903)	(10,273,245,468)	(27,996,943,371)
Loss on Foreign Exchange Transactions	(5,708,397,119)	12,099,849	(5,696,297,270)

NOTES TO THE FINANCIAL STATEMENTS

	30-Jun-21 (Adjusted) Rs	Increase/ (Decrease) Rs	30-Jun-21 (Restated) Rs	30-Jun-20 Rs	Increase/ (Decrease) Rs	1-Jul-20 (Restated) Rs
Statement of Financial Position (extract)						
ASSETS						
Receivables from Non-Exchange Transactions	15,686,595,608	1,189,348,223	16,875,943,831	8,526,959,101	-	8,526,959,101
Receivables from Exchange Transactions	2,120,530,569	63,209,196	2,183,739,765	3,390,602,048	-	3,390,602,048
Investments	119,847,169,646	(10,158,196,009)	109,688,973,637	104,351,791,950	37,109,015	104,388,900,965
Property, Plant and Equipment	514,707,671,843	(2,522,970)	514,705,148,873	511,450,951,324	213,885,000	511,664,836,324
LIABILITIES						
Payables	1,815,113,107	89,059,227	1,904,172,334	1,583,357,706	-	1,583,357,706
Deposits	8,253,619,644	171,322,241	8,424,941,885	2,449,102,325	-	2,449,102,325
Social Benefits Liabilities	-	197,947,584	197,947,584	-	-	-
Financial Guarantee Liabilities	2,498,091,910	1,099,279	2,499,191,189	1,903,777,323	7,515,032	1,911,292,355
NET ASSETS/EQUITY						
Consolidated Fund	73,952,913,187	(7,895,775,597)	66,057,137,590	49,161,736,901	87,542,932	49,249,279,833
Accumulated Surplus	70,731,421,219	(1,500,085,674)	69,231,335,545	133,119,198,180	145,393,112	133,264,591,292
Special Funds	36,498,200,102	28,271,380	36,526,471,482	13,042,525,766	10,542,939	13,053,068,705

NOTES TO THE FINANCIAL STATEMENTS

38. RECONCILIATION: BUDGETARY RESULT WITH DEFICIT

	Year Ended 30 June 2022	Year Ended 30 June 2021 (Restated)
	Rs	Rs
Budget Balance as presented in the Statement of Comparison of Budget Estimates and Actual Amounts (Statement AF)	**(29,041,985,835)**	**(30,419,771,571)**
Prepayments	4,446,268	(792,633)
Accruals	430,345,786	(724,033,429)
Inventories	269,799,104	103,358,254
Depreciation and Amortisation	(4,971,693,391)	(4,871,367,494)
Net Movement in Investments	23,511,400,060	(28,014,389,695)
Loss on Foreign Exchange Transactions	4,004,640,489	(5,696,297,270)
Subscriptions to International Organisations	(90,502,902)	(369,592,232)
Capitalisation of Dividends	26,755,652	92,124,555
Net Movement in Loan to Statutory and Other Bodies	31,930,026	22,874,012
Net movement in Receivables	1,610,595,174	4,110,363,243
Government Debt Writen-Off	-	152,872,482
Net Movement in Non-Financial Assets	8,016,569,404	7,769,908,639
Carry-over of Capital Expenditure	(78,358,313)	140,893,595
Net Movement in Employee Benefits	(2,136,134,249)	(2,457,527,205)
Net Movement in Financial Guarantee Expenses	(270,986,517)	(494,630,861)
Interest and Other Adjustments in respect of Government Debt	(896,998,055)	2,459,525,700
Surplus/(Deficit) as presented in the Statement of Financial Performance (Statements AA & AB)	**419,822,701**	**(58,196,481,910)**

NOTES TO THE FINANCIAL STATEMENTS

39. RECONCILIATION: DEFICIT WITH NET CASH FLOWS FROM OPERATING ACTIVITIES

	Year Ended 30 June 2022	Year Ended 30 June 2021 (Restated)
	Rs	Rs
Surplus/(Deficit) as presented in the Statement of Financial Performance (Statements AA & AB)	**419,822,701**	**(58,196,481,910)**
(a) (Gains)/Losses Adjustments		
(Gains)/Losses on Foreign Exchange Transactions	(4,004,640,489)	5,696,297,270
	(4,004,640,489)	**5,696,297,270**
(b) Non-Cash Adjustments		
Donations	(119,832,946)	(219,408,182)
Net Movement in Loan to Statutory and Other Bodies	(31,930,026)	(22,874,012)
Net movement in Receivables	(1,610,595,174)	(4,110,363,243)
Capitalisation of Dividends	(26,755,652)	(92,124,555)
Government Debt Written-Off	-	(152,872,482)
Loans and Advances Written-Off	57,540	2,482,340,439
Net Movement in Investments	(23,511,400,060)	28,014,389,695
Direct Payment by Funding Agency	15,918,728	3,469,718
Interest Accrued	323,118,116	(246,950,338)
Depreciation and Amortisation	4,971,693,391	4,871,367,494
Net Movement on Non-Financial Assets	(59,119,597)	(335,112,768)
Net Movement in Employee Benefit Obligations	2,136,134,249	2,457,527,205
Interest and Other Adjustments in respect of Government Debt	896,998,055	(2,459,525,700)
Net movement in Financial Guarantee Expense	270,986,517	494,630,862
	(16,744,726,859)	**30,684,494,133**
(c) Working Capital Movement		
(Decrease)/Increase in Deposits	(3,676,814,189)	5,804,517,319
(Increase)/Decrease in Advances	(1,027,177,758)	244,737,810
(Decrease)/Increase in Special Funds	(1,752,928,510)	23,445,131,397
(Increase)/Decrease in Prepayments	(4,446,268)	792,633
(Decrease)/Increase in Payables	(377,276,627)	549,060,670
(Decrease)/Increase in Social Benefits Liabilities	(43,502,784)	197,514,109
(Increase) in Inventories	(269,799,104)	(103,358,254)
	(7,151,945,240)	**30,138,395,684**
(d) Classification Adjustments		
Dividends	(9,070,474,192)	(1,103,000,333)
	(9,070,474,192)	**(1,103,000,333)**
Net Cash flows from Operating Activities	**(36,551,964,079)**	**7,219,704,844**

NOTES TO THE FINANCIAL STATEMENTS

40. RECONCILIATION: BUDGETARY RESULT WITH NET CASH FLOW

	Operating Activities	Investing Activities	Financing Activities	Total
	Rs	Rs	Rs	Rs
Budget Balance as presented in the Statement of Comparison of Budget Estimates and Actual Amounts (Statement AF)	**(21,015,255,195)**	**(8,026,730,639)**	**-**	**(29,041,985,835)**
(a) Basis Differences				
Carry-over of Capital Expenditure	(74,273,075)	(20,515,196)	-	(94,788,271)
Interest Accrued	317,565,202	-	-	317,565,202
Interest Capitalised	5,552,913	-	-	5,552,913
Advances (increase)/decrease	(347,120,218)	313,467,580	-	(33,652,638)
Deposits (decrease)	(3,676,814,189)	-	-	(3,676,814,189)
Payables increase	5,481,137	-	-	5,481,137
Investments and Other Securities (increase)	-	(12,927,261,621)	-	(12,927,261,621)
Proceeds from Sale of Investments	-	13,044,400,000	-	13,044,400,000
Loans to Statutory and Other Bodies (increase)	-	(458,822,778)	-	(458,822,778)
Net movement in Non-Financial Assets	(69,280,832)	69,280,832	-	-
Dividends	(9,070,474,192)	9,070,474,192	-	-
Donations	(119,832,946)	-	-	(119,832,946)
Subscriptions to International Organisations	(90,502,902)	-	-	(90,502,902)
Borrowings increase	-	-	13,550,271,457	13,550,271,457
Direct Payment by Funding Agency	15,918,728	966,951,526	-	982,870,254
Non-Cash Adjustment relating to Investments	(680,000,000)	-	-	(680,000,000)
(b) Entity Differences				
Special Funds (net)	(1,752,928,510)	-	-	(1,752,928,510)
Net Cash Flow as presented in the Statement of Cash Flow (Statement AD)	**(36,551,964,079)**	**2,031,243,896**	**13,550,271,457**	**(20,970,448,726)**

NOTES TO THE FINANCIAL STATEMENTS

41. 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 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	-	18,319,361,816	-	-	18,319,361,816
Receivables from Exchange Transactions	-	2,568,314,589	-	-	2,568,314,589
Loans and Advances	-	14,363,007,695	-	-	14,363,007,695
<u>Investments</u>					
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
<u>Other Financial Assets</u>					
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**	**50,178,632,773**	**19,526,009,121**	**114,217,302,130**	**205,594,999,154**

The table below shows the classification and measurements basis for the different categories of financial liabilities and their respective balances at 30 June 2022:

Category	Cost	Amortised Cost	Total
	Rs	Rs	Rs
Payables	1,175,713,837	-	1,175,713,837
Deposits	4,959,470,935	-	4,959,470,935
<u>Government Debt</u>			
Domestic Debt and External Debt	-	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	**20,208,304,539**	**395,553,158,094**	**415,761,462,633**

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 40.6% of the total external debt as at 30 June 2022 (2021: 33.8%). To mitigate this 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 increase and decrease in the interest rate:

	Year Ended 30 June 2022		**Year Ended 30 June 2021**	
	Rs Million	**Rs Million**	**Rs Million**	**Rs Million**
Government Debt:				
Inflation-Indexed Bonds:	+10 bp	-10 bp	+10 bp	-10 bp
Impact on Surplus or Deficit	+10	-10	+10	-10
External Debts:	+10 bp	-10 bp	+10 bp	-10 bp
Impact on Surplus or Deficit	+34	-34	+29	-29

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 44 million for the financial year 2021-2022 (2020/2021: Rs 39 million).

(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.

NOTES TO THE FINANCIAL STATEMENTS

Accordingly, the share of external debt in Government debt portfolio stood at 20.5% at 30 June 2022 (Based on nominal value) (2021: 21.7%). 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 (2021: 5%- restated) in exchange rates:

		Year ended 30 June 2022 Rs Million	**Year ended 30 June 2021 (Restated) Rs Million**
Impact on profit (Appreciation of MUR)	+5%	+3,640	+3,579
Impact on loss (Depreciation of MUR)	-5%	-3,640	-3,579

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 profits by Rs 3,640 million for financial year 2021-2022 (2020-2021(restated): Rs 3,579 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 at 30 June 2022 has remained unchanged at 5 years compared to last year.

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.

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42. OPERATING LEASE ARRANGEMENTS

Lease expense has been recognised in the Statement of Financial Performance under item rental expense (Refer to Note 32- *Operating Expenses*).

The outstanding commitments under non-cancellable operating leases, which fall due are as follows:

	30 June 2022	30 June 2021
	Rs	Rs
Within 1 year	1,559,555,949	527,765,055
Between 1 to 5 years	4,688,024,826	707,312,940
More than 5 years	11,985,483,225	122,399,401
Total	**18,233,064,000**	**1,357,477,396**

43. RELATED PARTY TRANSACTIONS

(i) Key Mangement 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.

44. CONTINGENT ASSETS

Contingent Assets amounted to Rs 338 million as at 30 June 2022 with respect to claims by the Government from the insurance company related to the MV- Wakashio Disaster.

45. CONTINGENT LIABILITIES

As at 30 June 2022, there was no known contingent liability to be disclosed.

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46. MATERIAL EVENTS AFTER REPORTING DATE

No events have occurred after the reporting date, which are of such importance that they would require adjustments to or disclosure in the financial statements.

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