REPUBLIC OF MAURITIUS

NATIONAL AUDIT OFFICE

REPORT OF THE DIRECTOR OF AUDIT

ON THE ACCOUNTS OF THE

REPUBLIC OF MAURITIUS

FOR THE FINANCIAL YEAR

1 JULY 2017 TO 30 JUNE 2018

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THE NATIONAL AUDIT OFFICE

1.0 Preamble

The National Audit Office (NAO), known as the Supreme Audit Institution (SAI) of Mauritius at the international level, is a public office established by the Constitution of the Republic of Mauritius. A SAI is the national auditing authority within the constitutional system of a sovereign state and is an integral part of its governance system. NAO, together with SAIs around the world, is affiliated to the International Organisation of Supreme Audit Institutions (INTOSAI), which operates as an umbrella organisation for the external government audit community.

With the Director of Audit at its head, NAO carries out independent external public sector audit and plays a vital role in the public sector good governance framework. NAO contributes in the improvement of the public sector performance, accountability and transparency through independent and objective assessment and reporting on the financial statements, operations and activities of Government/Public Entities.

In the system of financial control and accountability of Mauritius, the National Assembly is the only authority to appropriate public funds to public sector entities. NAO has the responsibility to provide independent assurance to Parliament and oversight bodies, those charged with governance and the general public that these entities are operating and accounting for their performance in accordance with the purpose intended by the National Assembly.

NAO is empowered to exercise its public-sector audit function through legal provisions made in the Constitution of Mauritius, as well as in several legislations. In the Constitution of Mauritius, provisions have been made for the appointment and removal of the Director of Audit, her independence, security of tenure, authority as well as her specific conditions of service. Furthermore, the Finance and Audit Act spells out the powers and duties of the Director of Audit and provides for her protection, as well as that of her staff against liability, in the execution in good faith of their functions.

2.0 Scope of Report

The Constitution of Mauritius and the Finance and Audit Act require the Director of Audit to audit the accounts of the Republic of Mauritius and to send, within eight months of the close of every financial year, copies of the statements submitted together with a Certificate of Audit and a Report thereon to the Minister responsible for the subject of Finance, to be laid to the National Assembly.

I am submitting this Report together with a Certificate of Audit on the Accounts of the Republic of Mauritius for the financial year 1 July 2017 to 30 June 2018 within the required statutory time-frame.

This Report contains a summary of the significant findings which resulted from audit work carried out by NAO on the accounts of the Republic of Mauritius, including those of the Rodrigues Regional Assembly (RRA) as well as other matters of importance that have come to my notice since my previous Audit Report of 27 February 2018. These audit findings were communicated and discussed with the respective Accounting Officers of Ministries, Government Departments and Commissions of the RRA concerned.

Together with this Report on Government Accounts, I am submitting the following four Performance Audit Reports:

- *Effectiveness of Internal Audit Function and Audit Committees in Ministries and Government Departments*

- *Preparedness for Implementation of Sustainable Development Goals*

- *Government Response to Mitigate the Impact of Flooding*

- *Moving Towards Sustainable Artisanal Fishery in Mauritius*

These Performance Audits were carried out by NAO as per provisions of Section 16(1A) of the Finance and Audit Act. Executive Summaries of these Performance Audit Reports are given at Appendices 1A to 1D.

Also included, at Appendices IIA to VB, are the lists of other public entities which are audited by NAO, together with the status of the submission of their respective financial statements. They comprise Statutory Bodies, Local Authorities, Special Funds, State Owned Companies and Other Bodies.

3.0 Legal Framework

The Constitution of Mauritius and various laws of Mauritius set out the legal framework within which NAO operates. Hereunder, are details of the main provisions.

Independence of the Director of Audit

For SAIs to carry out their public sector audit function objectively and effectively, it is an essential requirement as per the Lima Declaration of Guidelines on Auditing Precepts (the *Lima Declaration*) and ISSAI 10 - *Mexico Declaration on SAI Independence,* for SAIs to be independent of the audited entity and be protected against outside influence.

Legal provisions made regarding the independence of NAO are:

Appointment and Removal of Director of Audit

Section 110 of the Constitution of Mauritius provides for the appointment of the Director of Audit, whose office shall be a public office and who shall be appointed by the Public Service Commission, acting after consultation with the Prime Minister and the Leader of Opposition. It also provides, that in the exercise of her functions, the Director of Audit shall not be subject to the direction or control of any person or authority.

The Director of Audit cannot be removed from office before attaining the retiring age, except for inability to discharge the functions of her office, or for misbehaviour, and even that, only by the President acting on the recommendation of a Tribunal which shall consist of at least three persons who are holding or have held office as a Judge of the Supreme Court. This is spelt out at Section 93 of the Constitution.

Protection from Liability

The Director of Audit, her Office and her staff are given protection from liability under Section 17A of the Finance and Audit Act. As per provisions made in the Act, no action shall lie against the Office of the Director of Audit, the Director of Audit or any officer of her staff, in respect of any act done or omitted to be done by them during and after her appointment, in the execution in good faith, of their functions under the Act. This shall be in addition to and not in derogation of the Public Officer's Protection Act.

Audit Mandate and Duties of the Director of Audit

The Director of Audit has the statutory obligation, as per provisions made in the Constitution of Mauritius and the Finance and Audit Act, to audit:

- **All** Ministries and Government Departments;

- **All** Commissions of the Rodrigues Regional Assembly.

The Director of Audit has the authority, under Section 110 of the Constitution, to audit and report on public accounts of Mauritius and of all Courts of law and all authorities and officers of the Government. Also, in the case of any body corporate directly established by law, the accounts of that body corporate shall be audited and reported upon by the Director of Audit provided it is so prescribed.

She has to satisfy herself, as per Section 16 of the Finance and Audit Act, that:

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

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

(iii) 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.

(iv) 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.

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

Also, the Director of Audit is required to carry out Performance Audit under Section 16 (1A) of the Finance and Audit Act, 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.
The Act also provides that the Director of Audit shall not be required to undertake any examination of accounts partaking of the nature of a pre-audit and involving acceptance by her of responsibility which would preclude her from full criticism of any accounting transactions after those transactions have been duly recorded.

In addition, the Director of Audit is responsible for the audit of the accounts of the following public entities, as per provisions made in various Legislations and Agreements with several institutions:

- 109 Statutory Bodies
- 12 Local Authorities
- 24 Special Funds
- 5 State Owned Companies
- 34 Other Bodies including 6 Donor-funded Projects

Powers of the Director of Audit

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

In the exercise of her duties, the Director of Audit may, under Section 17 of the Finance and Audit Act, inter alia,

- call upon any public officer for any explanations and information which she may require in order to enable her to discharge her duties.
- with the concurrence of the Head of any Ministry or Department, authorise an officer of that Ministry or Department to conduct on her behalf any inquiry, examination or audit and such officer shall report thereon to the Director of Audit.
- without payment of any fee, cause searches to be made in, and extracts to be taken from, any document in the custody of any public officer.
- lay before the Attorney General a case in writing as to any question regarding the interpretation of any enactment concerning the powers of the Director of Audit or the discharge of her duties and the Attorney General shall give a written opinion on such case.

Audit Reports to the National Assembly

The Accountant-General is required, as per Section 19 of the Finance and Audit Act, 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. For the RRA, the Commissioner responsible for the subject of Finance is required, within three months of the close of every fiscal year, to sign and submit to the Director of Audit statements showing fully the financial position of the Island of Rodrigues on the last day of such fiscal year.

As per Section 20(1) of the Finance and Audit Act, the Director of Audit is to submit within eight months of the close of every fiscal year, copies of the statements submitted in accordance with Section 19, together with a Certificate of Audit and a Report upon the examination and audit of all accounts relating to public money, stamps, securities, stores and other property of Government and the RRA, to the Minister responsible for the subject of Finance. The Minister is required as soon as possible thereafter to lay these documents before the National Assembly.

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

The Finance and Audit Act further provides, at Section 17, that, where the Minister fails, within a reasonable time, to lay any report before the National Assembly, the Director of Audit shall send such report to the Speaker of the National Assembly to be by her presented to the National Assembly.

The Director of Audit may also, if it appears to her to be desirable, send a special report on any matter incidental to her powers and duties under the Finance and Audit Act to the Speaker of the Assembly to be by her presented to the Assembly.

4.0 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, as per the Constitution of Mauritius, for the expenditure of public funds and for the raising of revenues by public bodies is the National Assembly. It decides on policy matters and allocates funds for the implementation of these policies. The National Assembly approves the Government Annual Estimates and this approval is given statutory force by the passing of an Appropriation Act each year, whereby the amount allocated for each Government service is set out under a series of "Votes". Subsequently, the Appropriation Act is assented by the President of the Republic of Mauritius and gazetted.

Accounting Officers

The Accounting Officers of Ministries and Government Departments are mainly the Senior Chief Executives, Permanent Secretaries and Administrative Heads. They are responsible for the efficient and effective management of funds entrusted to them, the collection of revenues falling under their responsibility and the delivery of services, as well as for the maintenance of proper financial 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 is to give 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 her to fulfil her obligations. NAO examines the Annual Statements of the Republic of Mauritius, as well as the underlying records. The audit function and the submission of annual Audit Reports to the National Assembly by NAO is the first step in the process of oversight. After the Audit Reports are tabled, other important mechanisms are in place to ensure proper accountability.

Public Accounts Committee

The Public Accounts Committee (PAC) represents Parliament and is one of the main stakeholders of the Report of the Director of Audit. It is a sessional Select Committee, appointed under the Standing Orders of the National Assembly, and consists of a

Chairperson appointed by the Speaker and not more than nine members nominated by the Committee of Selection.

PAC's function is to examine the audited accounts of the Republic of Mauritius for each financial year together with the Report of the Director of Audit on them and such other accounts laid before the National Assembly as the Assembly may refer to the Committee. The PAC is mandated to hold Government officials accountable for the spending of public funds and stewardship over public resources. It is to satisfy itself that public money is spent for the purposes authorised by the National Assembly and has the power, in the exercise of its duties, to send for Government officials, records and to take evidence. Subsequently, the PAC prepares and submits its report and recommendations to the Speaker for tabling in the National Assembly. The Director of Audit and her representatives assist the PAC in the discharge of its duties and attend PAC's meetings.

Also, the 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 Director of Audit's Report thereon.

5.0 Types of Audit undertaken by NAO

NAO carries out two main types of audits so as to fulfil its audit mandate effectively and to provide assurance to the National Assembly on the proper accounting and use of public funds:

I. Regularity Audit;

II. Performance Audit.

These audits provide independent, objective and reliable information and conclusion based on sufficient and appropriate evidence. Public-Sector auditing enhances accountability and transparency, encouraging continuous improvement in the appropriate use of public funds and assets, and in the performance of public administration.

Regularity Audit involves

- The examination and evaluation of financial records and expression of opinion on financial statements.

- The audit of financial systems and transactions, including an evaluation of compliance with applicable statutes and regulations.

- The audit of internal control and internal audit functions.

- Reporting of any other matters arising from or relating to the audit that the NAO considers should be disclosed.

- Reporting on any expenditure incurred which is of an extravagant or wasteful nature, judged by normal commercial practice and prudence.

Performance 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.

6.0 Audit Methodology and Process

NAO conducts its audits in accordance with the International Standards of Supreme Audit Institutions (ISSAIs) issued by INTOSAI. ISSAIs require that the auditor exercises professional judgment and maintains professional scepticism throughout the planning and performance of the audit.

Code of Ethics

SAIs are also required to adopt and implement a Code of Ethics which is consistent with ISSAI 30 – *Code of Ethics*. NAO Code of Ethics comprises a customised version of the International Code of Ethics for Auditors in the Public Sector established by INTOSAI, as well as the Mauritius Code of Ethics for Public Officers.

In accordance with the Code of Ethics, NAO is independent of the Ministries and Government Departments and has fulfilled its ethical responsibilities. At the start of each year, all officers of NAO sign the Code of Ethics declarations. Also, for every audit undertaken, the Code of Ethics declaration Work Paper is signed by the respective team members working on the assignment. NAO officers are required to adhere to these Codes.

Process for Regularity Audit

A risk-based approach is adopted by NAO in order to identify units to be audited and for the conduct of individual audits. Each individual audit involves several activities, namely, the Strategic Planning, the Detailed Planning, the Audit Fieldwork and the Concluding and Reporting stages. These activities include the following:

a) Understanding the entity to be audited and its environment, so as to identify risks that may result in material misstatement of the financial statements, whether due to fraud or error.

b) Assessing these risks, which involves considering a number of factors, such as, the nature of the risks, relevant internal controls and the required level of audit assurance.

c) Designing appropriate audit responses to those risks in order to obtain sufficient appropriate audit evidence on which to conclude.

d) Performing audit procedures identified, collecting and documenting the audit work carried out, as well as audit findings.

e) Evaluating audit evidence to support financial statements and audit reports.

f) Carrying out an exit meeting at the conclusion of the audit, whereby, the management of the audited entity may respond to audit findings, through discussions.

g) Issuing a Management Letter, which is a formal detailed report, to the Accounting Officer who is given the opportunity to give his comments/explanations in writing on matters raised therein.

h) Forming an opinion on the financial statements and any additional objectives on which reporting is mandatory based on conclusions drawn from the audit evidence obtained.

For Ministries and Government Departments and Commissions of RRA, audit findings which are considered significant and of a nature to be brought to the attention of the National Assembly, are communicated through “Reference Sheets” to the relevant Accounting Officer. The latter is given the opportunity to comment on the “true and fair” view of these audit findings and to give any additional explanations he deems necessary. The responses received are taken into consideration by NAO before the inclusion of these significant audit findings in the Report of the Director of Audit and, where appropriate, a summary of the Accounting Officer’s comments are also incorporated.

Process for Performance Audit

NAO carries out Performance Audit in three stages, namely Planning, Executing and Reporting, involving the following processes:

a) Audit topics are selected after identifying risks and issues of performance in potential audit areas. An audit topic is then selected based on its significance, risks and auditability of the performance gap identified.

b) Designing a work plan which includes the audit objective(s) followed by audit questions/sub questions and scope. Suitable audit criteria relevant to the audit objective(s) and questions are identified from different sources.

c) Gathering sufficient and appropriate audit evidence using a suitable methodology to answer audit questions. The answers will help to reach to a conclusion on the audit objective(s).

d) Generating audit findings by analysing and assessing specific evidence and its relation to audit criteria. The causes and effects relevant to the findings are determined.

e) Evaluating the sufficiency, appropriateness of audit evidence and whether they answer the audit questions and the audit objectives.

f) Concluding on the audit objective(s) based upon analysis and findings supported by audit evidence.

g) Preparing a comprehensive draft Performance Audit Report including practicable recommendations based on an analysis of findings.

The draft Report is discussed with management of the audited entity during an exit meeting. A final Report is, thereafter, issued after incorporating the comments and explanations of the audited entity.

7.0 Changes in Reporting Requirements

Report on Performance

Amendment was made to the Finance and Audit Act in 2015 to provide, at Section 4B that every Ministry and Government Department shall, not later than 31 October in every year, submit to the Minister responsible for the subject of finance, a report on its performance in respect of the previous financial year. The first submission of the report was in respect of fiscal year 2016-17.

In August 2018, further amendment was made to the Act. It related to expenditure management, most particularly, on shortcomings reported by the Director of Audit. A new subsection was added to Section 4B of the Finance and Audit Act, making it mandatory for the Report on Performance submitted by Ministries and Government Departments to contain *a statement showing an implementation plan for remedial action and for preventing the recurrence of the shortcomings, including wastage of public funds referred to in the Report of the Director of Audit.*

This new addition to the Finance and Audit Act was made with a view to further strengthening the accountability and transparency of Ministries and Government Departments.

Annual Statements of the Accountant-General

Government has embarked on a move from a mainly Cash Based to International Public Sector Accounting Standards (IPSAS) accruals based Government Accounts with the technical assistance of the International Monetary Fund. In their first report of October 2016, the Consultants provided an integrated road map for the implementation of IPSAS, which identified the main activity areas and the associated steps to be completed. The main areas included agreeing the form and content of the financial statements, making the necessary legal changes, developing a Chart of Accounts and recognising progressively assets, liabilities, revenues and expenses on an accruals basis. The preparation of a Government Assets Register was also required.

The Finance and Audit Act was amended to provide for the legal basis for the new reporting framework. The amendments included revised Annual Statements in line with IPSAS to be submitted by the Accountant General to the Director of Audit. Also, the Statements up to the financial year 2021-22, were to be prepared, as far as possible, in compliance with IPSAS. As from financial year 2022-23 and onwards, the financial statements should be prepared in full compliance with IPSAS.

The first changes were made to Government Accounts for 2016-17 with the recognition of some assets and liabilities, including Loans, Property, Plant and Equipment, Intangible Assets and Long Term Borrowings. In addition to these items, the 2017-18 accounts included Inventories, Depreciation and Amortisation, Prepayments and Accrued Expenses.

As the content of the Annual Statements is expanding, our audit work also increases. In particular the assessment of the completeness, existence and valuation of the non-financial assets requires significant audit attention. This will also be the case with the valuation of the pension benefits liability to be included at a later stage.

In view of the continuous changes being brought to the financial reporting and auditing environment, it is imperative for NAO staff to constantly update their knowledge and enhance their skills. To this end, NAO regularly organises capacity building programmes for the professional development of its staff. Thus NAO, ensures that its staff is well equipped in contributing towards NAO's objective of delivering high quality audit services.

Acknowledgement

I wish to express my sincere thanks to the Heads of Divisions and all the staff of the 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 take this opportunity to thank the Secretary to the Cabinet and Head of the Civil Service, the Financial Secretary, all the Senior Chief Executives, Permanent Secretaries and other Accounting Officers, the Accountant General, and all their staff for their cooperation and collaboration.

KWEE CHOW TSE YUET CHEONG (MRS)
Director of Audit
National Audit Office

27 February 2019

2 - FINANCIAL STATEMENTS

2.1 Accounts 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 fiscal year ended 30 June 2018 includes a Statement of Financial Position showing the assets and liabilities, a Statement of Financial Performance, and other Statements as prescribed by Section 19(3) of the Act.

2.2 Statement A - Statement of Financial Position as at 30 June 2018

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

Prior to 2016-17, a Statement of Assets and Liabilities was being prepared on a cash basis comprising financial assets and liabilities. Since financial year 2016-17, Government has adopted the IPSAS based accrual accounting and financial reporting.

As from financial year 2016-17, the Statement of Assets and Liabilities was replaced by the Statement of Financial Position showing the assets and liabilities of Government. Consequently, the following assets and liabilities which were not recognised previously in the Statement of Assets and Liabilities were being recognised for the first time in the accounts in financial year 2016-17:

- Loans;
- Property, Plant and Equipment;
- Intangible Assets;
- Long Term Borrowings (included in Government Debt).

All transactions were accounted for on a cash basis, except for ‘Cost of Borrowings’ and ‘Carry-Over of Capital Expenditure’ which were accounted for on an accrual basis.

As from financial year 2017-18, the following additional assets and liabilities were recognised for the first time in the Statement of Financial Position:

- Inventories;
- Depreciation and Amortisation;
- Prepayments;
- Accrued Expenses;

- Additional State Lands.

During financial year 2017-18, some expenditure items were reported on an accrual basis, whilst, all revenue was accounted for on cash basis.

Additionally, the following assets and liabilities have not yet been accounted for/disclosed in the Financial Statements:

- Pension Liabilities;
- Other Liabilities, including Provisions;
- Contingent Liabilities;
- Receivables – Exchange and Non-Exchange revenues;
- Finance and Operating Lease.

2.2.1 Five Financial Periods Summary of Assets and Liabilities

Assets and Liabilities for the past five financial periods are shown in Table 2-1.

Table 2-1 Summary of Assets and Liabilities for Past Five Financial Periods

	Financial periods ended				
	31.12.2014 (Rs m)	**30.06.2015 (Rs m)**	**30.06.2016 (Restated) (Rs m)**	**30.06.2017 (Restated) (Rs m)**	**30.06.2018 (Rs m)**
Assets					
Cash and Bank Balances	17,396.7	15,551.3	27,854.1	25,841.7	14,551.8
Loans and Advances	2,523.1	2,813.3	14,827.1	14,455.5	13,547.2
Investments	16,380.2	17,695.6	17,345.9	22,091.5	23,410.9
Inventories	-	-	-	1,602.6	1,392.1
Property, Plant and Equipment	-	-	277,247.4	360,243.7	364,244.3
Intangible Assets	-	-	2,284.7	954.9	922.8
IMF-SDR Deposits	3,725.1	3,998.6	3,518.7	3,398.8	3,443.5
IMF-Reserve Tranche Position	1,767.6	1,586.3	2,036.4	1,205.6	1,031.1
Other Assets	-	-	-	96.9	58.9
Total Assets	**41,792.7**	**41,645.1**	**345,114.3**	**429,891.2**	**422,602.6**
Liabilities					
Deposits and Deferred Income	1,369.0	1,458.5	1,790.0	2,171.8	3,027.4
Government Debt	75,519.1	76,304.1	242,608.6	256,668.8	261,419.2
IMF-SDR Allocations	4,448.6	4,775.3	4,803.7	4,639.9	4,700.9
Other Liabilities	4,603.1	4,431.6	4,528.9	6,565.8	6,522.4
Total Liabilities	**85,939.8**	**86,969.5**	**253,731.2**	**270,046.3**	**275,669.9**
Net (Liabilities)/Assets	**(44,147.1)**	**(45,324.4)**	**91,383.1**	**159,844.9**	**146,932.6**
Represented by:					
Special Funds	7,783.0	7,480.8	7,099.8	7,739.9	4,344.7
Consolidated Fund	(51,930.1)	(52,805.2)	84,283.3	152,105.0	142,587.9

Source: Statement A - Statements of Assets and Liabilities/ Financial Position

2.2.2 Consolidated Fund

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

In accordance with Section 3 of the Finance and Audit Act, the Consolidated Fund was credited with all revenue of Government and any other money properly accruing to it under any enactment, and charged with expenses on the authority of a warrant issued by the Minister to whom the responsibility for the subject of finance is assigned.

The Consolidated Fund has also been adjusted for the purposes of recognising assets and liabilities of the Government.

Retrospective adjustments were made in respect of the first time recognition of assets and liabilities as stated in paragraph 2.2 above and the comparative figures for the previous financial year have been restated. As a result, the Consolidated Fund balance as at 30 June 2017 in the Statement of Financial Position has been restated from Rs 76,295,005,789 to Rs 152,105,019,832.

2.2.3 Property, Plant and Equipment

Property, Plant and Equipment (PPE) owned by Government were recognised at some Rs 364 billion in the Statement of Financial Position as at 30 June 2018.

The accounting policies adopted by the Treasury for the accounting of PPE were based on the historical cost concept, except for State Lands which were recognised at the value estimated by the Government Valuation Department.

Completeness

The PPE figure did not include all the assets owned by Government as detailed below:

- All acquisition values for assets from a defined period of time as disclosed in Note 7 to the Accounts have been captured and aggregated (for example Infrastructure Assets as from 1 July 1990, Ships/Vessels as from 1 July 1992, Aircrafts/Helicopters as from 1 July 1997, Other Vehicles as from 1 July 2007 and Other Machinery and Equipment as from 1 July 2007), and the assets were categorised. As regards existing assets at the level of Ministries/Departments outside the defined range, no identification and valuation were made, and they were not included as PPE.

- Furthermore, all office equipment and furniture acquired under recurrent expenditure items were not included in the PPE figure.

- Assets received as donation were not accounted for.

Department's Reply

Office equipment and furniture acquired under Recurrent Expenditure, as well as assets received as donations are not considered to be material, and as such will be recognised subsequently when details thereof will be made available in the Government Assets Register.

Valuation

State Lands were recognised at the value estimated by the Valuation Department. No site visits have been carried out and the valuation exercise was based on information, such as district, locality, site plans, Parcel Identification Number, extent, names of lessees, types and purposes of leases, submitted by the Ministry of Housing and Lands and the Ministry of Agro Industry and Food Security.

Furthermore, the estimated value excluded the value of all improvements which were made on the sites.

For State Lands, the Valuation Department stated that in certain cases, the location plans, zoning status, and lease agreements were not made available to it.

The Valuation Department further stated that notwithstanding the above, the value for State Lands it has provided (Rs 306,684,091,654) was the best estimate and would not change significantly.

Existence

Existence of the reported assets could not be ascertained as a reconciliation exercise between acquisition and actual physical existence was not carried out. There may be the risk that assets acquired since the defined periods are no more in use, obsolete and even stolen/lost;

Department's Reply

A Government Assets Register was put in place as from 1 July 2017 to enable Ministries/Departments to record their physical assets. Every effort is being made to ensure that all assets of Government are recorded in the Register as soon as possible.

Classification

Land and Buildings as detailed in Note 7(ii) to the Accounts included several types and categories of State Lands, which were mainly leased to individuals and companies. These State Lands, which meet the definition and recognition criteria of Investment Property as per generally accepted accounting principles, were included in PPE, instead of being recognised and disclosed separately as Investment Property on the face of the Statement of Financial Position.

Most of the above issues regarding completeness, valuation and existence of PPE were highlighted in the Audit Report for the financial year ended 30 June 2017. In his reply, the Accountant General stated that with the recording of the stock of existing assets in the Government Assets Register by Ministries and Departments, coupled with a more precise inspection and valuation of assets, the PPE figure would gradually be firmed up in the following financial years.

As at end of January 2019, after one year, the Government Assets Register was still in progress, and the recorded amounts were not yet reconciled with physical surveys carried out to substantiate the completeness and existence of the assets recorded as at 30 June 2018.

Department's Reply

As regards the definition and recognition criteria of Investment Property as per applicable standard, appropriate disclosures will be made gradually in the following financial years until full adoption of Accrual-Based IPSAS Accounting. Assets which meet the definition of Investment Property will be recognised as such subsequently.

2.2.4 Government Debt - Rs 261,419,217,893

No appropriate disclosures with regard to risk management for 'Government Debt', such as risks pertaining to liquidity, interest rate, currency, rollover and market risks have been made in the Notes to the Accounts.

Department's Reply

Government should adopt full Accrual-Based IPSAS as from fiscal year 2022-23. Thus, the adoption of Accrual-Based IPSAS will be in a phase manner. There will be a gradual implementation of the new accounting framework and as such, disclosures with regards to risk management for Government Debt will be included in the Financial Statement gradually.

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

The transactions for the financial year ended 30 June 2018 closed with a deficit of Rs 1,235,956,822 compared to a deficit of Rs 7,447,788,349 for financial year ended 30 June 2017.

Table 2-2 shows the revenue and expenditure for the past five financial periods.

Table 2- 2 Revenue and Expenditure for the Past Five Financial Periods

Period	**Revenue (Rs)**	**Expenditure (Rs)**	**Surplus/(Deficit) (Rs)**
Year 2014	107,636,866,249	106,693,317,662	943,548,587
Jan to Jun 2015	55,500,075,726	57,973,968,343	(2,473,892,617)
July 2015 to June 2016	114,753,385,991	112,833,772,710	1,919,613,281
July 2016 to June 2017	123,053,995,739	130,501,784,088	(7,447,788,349)
July 2017 to June 2018	134,696,987,693	135,932,944,515	(1,235,956,822)

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

The decrease in deficit of some Rs 6.2 billion was due mainly to an increase in revenue collected from taxes of some Rs 7.1 billion and transfers from Special Funds of some Rs 4.8 billion, and partly offset by an increase in total expenditure of Rs 5.4 billion.

2.3.1 Sources of Government Revenue

The major source of Government revenue was from taxes where some Rs 91.5 billion were collected during financial year 2017-18. Other sources of Government revenue included Borrowings, Grants, Social Contributions, and Other Revenue (Interest, Dividends, Withdrawals from Quasi Corporations, Rent and Royalties, Sales of Goods and Services and Other Receipts) as shown in Table 2-3.

Table 2-3 Sources of Government Revenue

	12 months to 30.06.2016		**12 months to 30.06.2017**		**12 months to 30.06.2018**	
	(Rs m)	**%**	**(Rs m)**	**%**	**(Rs m)**	**%**
Taxes	78,224	68.2	84,148	68.4	91,490	67.9
Borrowings	22,629	19.7	25,883	21.0	25,676	19.1
Grants	333	0.3	2,904	2.4	2,600	1.9
Social Contributions	1,375	1.2	1,377	1.1	1,349	1.0
Other Revenue	12,192	10.6	8,742	7.1	13,582	10.1
Total Revenue	**114,753**		**123,054**		**134,697**	
Total Expenditure	**112,834**		**130,502**		**135,933**	
Surplus/(Deficit)	**1,919**		**(7,448)**		**(1,236)**	

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

As shown in Table 2-3, Government was highly dependent on borrowings to finance its expenditure during the last three financial years. Borrowings ranked second as a source of Government revenue, and represented some 19 per cent of total revenue for the year ended 30 June 2018.

During 2017-18, some Rs 21.9 billion were spent towards Government debt servicing, comprising Capital Repayments, Interests and Management/ Service Charges, and excluding redemption of Treasury Bills and Treasury Notes. This sum represented some 16 per cent of total Government expenditure.

2.4 Statement of Investments

The Statement of Investments gives details of all investments made out of monies standing to the credit of the Consolidated Fund and Special Funds. The investments comprised Shares in Quoted and Unquoted Companies, Equity Participation and Other Investments.

As of 30 June 2018, the total investments (at cost) were Rs 23.4 billion as shown in Table 2-4.

Table 2-4 Investments as of 30 June 2017 and 30 June 2018

Details	**Cost** **30.06.2018**	**30.06.2017**
	(Rs)	**(Rs)**
Quoted Shares	140,251,221	140,251,221
Unquoted Shares	17,740,839,122	13,985,729,669
Equity Participation	4,907,402,111	4,088,315,060
Sub Total	***22,788,492,454***	***18,214,295,950***
Other Investments	622,359,273	3,877,194,683
Total	**23,410,851,727**	**22,091,490,633**

Source - Statement F – Detailed Statement of Investments as at 30 June 2018

'Other Investments' comprised long term placement with the Development Bank of Mauritius (DBM) Ltd of Rs 603.5 million, EURO placement with MauBank Ltd of Rs 12.9 million, and Fixed Deposit of Rs 6 million with Mutual Aid Ltd in respect of the Morris Legacy Fund.

2.4.1 New Investments

During financial year ended 30 June 2018, Government invested Rs 4.5 billion in six Unquoted Companies and three Government Bodies. Details of the new investments are shown in Table 2-5.

Table 2-5 New Investments during Financial Year Ended 30 June 2018

	Approved Estimates 2017-18 (Rs)	Virement 2017-18 (Rs)	New Investments 2017-18 (Rs)	New Investments 2016-17 (Rs)
Unquoted Companies				
Airport of Rodrigues Ltd	20,000,000	-	20,000,000	40,000,000
Cargo Handling Corporation Ltd	135,000,000	340,811	135,340,811	254,659,189
Mauritius Africa Fund Ltd	-	-	-	59,980,000
MauBank Holdings Ltd	-	-	-	6,000,000
Mauritius Multisports Infrastructure Ltd	900,000,000	(210,000,000)	400,000,000	-
Metro Express Ltd	4,515,000,000	(800,000,000)	2,752,729,159	1,410,296,250
Multi Carrier (Mauritius) Ltd	-	75,000,000	75,000,000	-
Polytechnics Mauritius Ltd (ex-Knowledge Parks Ltd)	-	-	-	115,567,296
SME Equity Fund Ltd	-	-	-	55,317,588
SME Mauritius Ltd	-	25,000	25,000	-
Government Bodies				
Central Water Authority	-	900,000,000	900,000,000	-
National Transport Corporation	125,000,000	2,300,000	127,257,202	-
Waste Water Management Authority	847,000,000	(500,000,000)	108,903,299	-
Total	**6,542,000,000**	**(532,334,189)**	**4,519,255,471**	**1,941,820,323**

Source: Statement D1- Vote 3-103-Water Services, Vote 3-104- Wastewater Services and Vote 27-1 – Centrally Managed Initiatives of Government

Additional funds totalling Rs 95 million were invested in two Unquoted Companies, namely Airports of Rodrigues Ltd and Multi Carrier (Mauritius) Ltd. Government had never received any return/dividends from these Companies. As at 30 June 2017, total investments in these two Companies amounted to Rs 762 million.

Department's Reply

The primary objective of the investments in the entities mentioned above was not to generate cash return or dividend in the short to medium term, but to enable the entities to sustain their operations, undertake capital investments and improve service delivery.

2.4.2 Fixed Deposits with Development Bank of Mauritius Impaired

In 2004, a Fixed Deposit of Rs 25.6 million (equivalent to US $ 1 million) was placed with the Development Bank of Mauritius Ltd for on-lending to the Republic of Comores. A "Contrat de Credit entre le Gouvernement de la Republique de Maurice et le Gouvernement de L'Union des Comores" was signed on 10 January 2002.

According to Article VI of the agreement, repayment of the amount disbursed was to be effected by 20 half yearly equated capital instalments, that is, US $ 49,808 starting from 1 March 2007 and ending on 1 September 2016. No repayment was received from the Government of Comores on the agreed due dates.

In September 2009, the Government of Mauritius agreed to extend the initial repayment period from 10 years to 15 years, with same terms and conditions. Still, no repayments were received from the Republic of Comores.

In June 2018, Government acceded to the request made by the Republic of Comores and the total amount of the loan was written off, and charged to a newly created Item 'Impairment in connection with Loan to the Republic of Comores' under Vote 27-1 – 'Centrally Managed Initiatives of Government'. Hence, the Fixed Deposit with DBM Ltd for the line of credit to Comores was impaired for the total amount of Rs 25.6 million.

2.4.3 Return on Investments

Dividends Received

As at 30 June 2018, total cost of investments in shares in Quoted and Unquoted Companies amounted to Rs 17.9 billion. During 2017-18, dividends received amounted to Rs 303 million, representing a return of some two per cent only. The estimated dividend for financial year ending 30 June 2018 was Rs 525 million.

The budgeted and actual dividends received from investments during the past five financial periods are given in Table 2-6.

Table 2-6 Dividends Received during Financial Periods January 2014 to June 2018

Period	**Budgeted (Rs)**	**Actual (Rs)**
January to December 2014	1,295,000,000	942,836,943
January to June 2015	303,000,000	295,187,828
July 2015 to June 2016	1,519,000,000	319,268,338
July 2016 to June 2017	1,238,500,000	298,024,518
July 2017 to June 2018	525,000,000	303,053,677

Source: Statement D – Detailed Statement of Revenue of the Consolidated Fund for the financial year 2014 to 2017-18

There has been a slight increase in the amount of dividend received during the current financial year compared to that received for the previous financial year as shown in Table 2-6.

Details of dividends received for years ended 30 June 2018 and 2017 are shown in Table 2-7.

Table 2-7 Dividends received during Financial Years ended 30 June 2017 and 2018

Details	Investment at Cost 30.06.2018 (Rs)	Dividend Received 01.07.2017 to 30.06.2018 (Rs)	Dividend Received 01.07.2016 to 30.06.2017 (Rs)
Quoted Shares			
Air Mauritius Limited	99,178,348	-	8,564,658
Alteo Group Ltd	1,140	370	379
Excelsior United Development Companies Ltd	37	33	29
IBL LTD	125	6	3
Lux Island Resorts Ltd	401	-	9
Medine Ltd	300	72	51
New Mauritius Hotels Ltd	240	8	-
SBM Holdings Ltd	41,058,573	74,763,075	44,857,845
Societé de Development Industriel & Agricole Ltée	-	-	1
The Bee Equity Partners Ltd	16	-	171
The United Basalt Products Limited	415	17	16
The Mauritius Development Investment Trust Co Ltd	2	8	5
Unquoted Shares			
AfrAsia Bank Limited	197	-	3
African Export-Import Bank	24,050,034	326,014	241,684
African Reinsurance Corporation	31,561,152	1,818,398	1,925,818
Airports of Mauritius Co. Ltd	2,116,085,170	145,133,100	211,529,150
Air Mauritius Holding Ltd	87,354,608	22,866,276	-
COVIFRA Limitée	-	17,702,361	-
Mauritius Housing Company Ltd	59,161,634	30,013,993	23,892,370
PTA Reinsurance Company (ZEP-RE)	4,679,284	703,003	815,053
Sugar Investment Trust	19,999,980	1,018,577	763,933
State Informatics Ltd	32,800,000	8,708,366	5,433,340
Total	**2,515,931,656**	**303,053,677**	**298,024,518**

Source: Treasury Abstract– Item Code 1412 – Dividends

Withdrawals from Income of Quasi Corporations

Government also received income from Quasi Corporations. During 2017-18, a sum of Rs 1.5 billion was received compared to Rs 1.8 billion in 2016-17 as shown in Table 2-8.

Table 2-8 Original Estimates and Actual Revenue Received from Quasi Corporations

Quasi Corporations	Year ended 30.06.2018 Original Estimates of Revenue (Rs)	Year ended 30.06.2018 Actual Revenue (Rs)	Year ended 30.06.2017 Actual Revenue (Rs)
Bank of Mauritius	-	476,975,812	-
Information and Communication Technology Authority	210,000,000	115,538,200	190,000,000
Financial Services Commission	750,000,000	823,697,927	732,449,915
Mauritius Ports Authority	100,000,000	100,000,000	100,000,000
State Trading Corporation	500,000,000	-	787,092,000
Total	**1,560,000,000**	**1,516,211,939**	**1,809,541,915**

Source Statement D – Detailed Statement of Revenue of the Consolidated Fund for Financial Year 2017-18 – Item Code 1413 – Withdrawals from Income of Quasi Corporations

Investments Yielding No Returns during Financial Year 2017-18

Investments (at cost) totalling some Rs 2.2 billion did not yield any return during 2017-18. Details of these investments are given in Table 2-9.

Table 2-9 Investments Yielding no Returns during 2017-18

	Year of Investments	Cost Price (Rs)
Quoted Shares		
Air Mauritius Limited	Prior 2001	99,178,348
Lux Island Resorts Ltd	2016	401
The Bee Equity Partners Ltd	Prior 2001	16
United Docks Ltd	Prior 2001	9,600
Unquoted Shares		
AfrAsia Bank Limited	2016	197
Cargo Handling Corporation Limited	1983-2017	765,600,000
Development Bank of Mauritius Ltd	Prior 2001 and 2005 – 2009	496,223,953
Editions de L'Ocean Indien Ltée	2000 and 2001	1,140,000
Film Confluences Co. Ltd	2013	1,000,000
Mauritius Shipping Corporation Ltd	Prior 2001 and 2011	135,493,000
Mauritius Telecom Ltd	2000	63,625,174
National Real Estate Ltd	30.06.09	500,000,000
Overseas Telecommunications Services	Prior 2001	28,858
Shelter- Afrique	2013	3,945,144
Stafford Mayer Company South Africa Limited	Prior 2001	15
The State Investment Corporation Limited	2001 and 2012	85,000,000
Equity Participation		
State Trading Corporation	Prior 2001	400,000
Total		**2,151,644,706**

Source: Statement F – Detailed Statement of Investments as at 30 June 2018 and Investment Register

Investments not Yielding any Return Since Acquisition

Investments (at cost) totalling Rs 11.2 billion and representing some 48 per cent of total investments, did not yield any return at all since they have been acquired. Details are given in Table 2-10.

Table 2-10 Investments not Yielding any Return since Acquisition

	Year of Investment	Cost of Investment (Rs)
Quoted Shares		
Blue Life Ltd	2013	1,976
United Investment Ltd	Prior 2001	48
Unquoted Shares		
African Development Bank	1992-1993	584,672,032
Discover Mauritius Ltd	2006-2007	500,000
Eastern and Southern African Trade & Development Bank Ltd	1990-1991	202,789,901
Events Mauritius Ltd	2006-2007	1,800,000
Landscope (Mauritius) Ltd	2009-2016	3,167,566,278
MauBank Holdings Ltd	2001-2005 and 2015-2016	3,196,266,400
Mauritius Africa Fund Ltd	2016	79,980,000
Mauritius Educational Development Company Ltd	2000-2001	16,000,000
Mauritius Road Infrastructure Finance Ltd	2014	100,000
Multi Carrier Mauritius Ltd	2001-2004	209,000,000
National Housing Development Company Ltd	2007-2008	200,000,000
National Insurance Co Ltd	2015	30,000,000
NIC General Insurance Co Ltd	2015	30,000,000
Polytechnics Mauritius Ltd	2013-2017	299,937,111
SME Equity Fund	2006-2017	105,317,588
SME Mauritius Ltd	2017	25,000
The Mauritius Post Ltd	2001-2016	626,111,200
Equity Participation		
Central Water Authority	1993-2012	1,862,250,913
Civil Service College	2012	15,000,000
Economic Development Board (ex-Enterprise Mauritius)	2004-2005	79,782,747
Mauritius Cooperative Livestock Marketing Federation	1992-1993	450,000
Mauritius Cane Industry Authority	2013	173,803,732
National Transport Corporation	Prior 01.07.01-2016	267,887,202
Rodrigues Educational Development	2001-2002	80,000
Rose Belle Sugar Estate	1987-1996	98,844,218
Total		**11,248,166,346**

Source: Statement F – Detailed Statement of Investments as at 30 June 2018 and Investment Register

Department's Reply

Actual dividend is dependent upon the financial situation of the institutions/enterprises concerned. Furthermore, the primary objective of the investment in various entities is not to generate dividend or other financial returns, but to enable them to sustain their operations and improve service delivery.

Interest Received on Other Investments

A total amount of Rs 68 million has been received as interests on fixed deposits during 2017-18 as shown in Table 2-11.

Table 2-11 Interests Received on Other Investments during 2017-18

Consolidated Fund - Long-Term Placements with DBM Ltd	**Investment (Rs)**	**Interest Received (Rs)**
Fixed Deposits	420,000,000	17,493,000
Line of Credit to Madagascar	150,000,000	10,353,802
Education Reform Loan Scheme	33,495,000	3,056,504
Sub Total	***603,495,000***	
MauBank Ltd – Euro placement	12,864,273	805,942
Morris Legacy Fund – Fixed Deposits with Mauritius Civil Service Mutual Aid Association	6,000,000	Credited to Morris Legacy Fund
Total Other Investments held as at 30 June 2018	**622,359,273**	**31,709,248**
Fixed Deposits matured during financial year 2017-18		
State Bank of Mauritius Ltd (matured on 30.9.2017)	3,000,000,000	30,246,475
State Bank of Mauritius Ltd (matured on 1.4.2018)	1,000,000,000	4,520,548
State Bank of Mauritius Ltd (matured on 23.4.2018)	2,000,000,000	1,506,849
DBM Ltd (converted into Shares on 30.6.2018)	200,000,000	Not yet received
Total Interest Received 2017-18		**67,983,120**

Source: Statement D – Detailed Statement of Revenue of the Consolidated Fund for financial year 2017-18 - Item Code 14110051 – Investment of Surplus Balances

Fixed Deposit – Rs 200 million

Government incorporated a public company named NEW DBM LTD on 2 August 2013. In this respect, Government placed an amount of Rs 200 million in a Savings account with DBM Ltd, being money earmarked for share subscription in the NEW DBM LTD.

On 31 October 2014, Government resolved to transfer the Rs 200 million in a fixed deposit placement in the name of NEW DBM LTD with DBM Ltd. The Fixed Deposit has been renewed on each maturity date.

Since the project of setting the NEW DBM LTD did not materialise, on 2 February 2017, the Ministry of Finance and Economic Development (MoFED) instructed DBM Ltd to transfer the Fixed Deposit of Rs 200 million to Government. This placement was also renewed on each maturity date.

Following DBM Turnaround Plan in June 2018, MoFED agreed to the financial re-engineering actions proposed by DBM Ltd and the Fixed Deposit of Rs 200 million was converted into shares with effect from 30 June 2018.

The interest on the above fixed deposit had not been paid to Government.

On 18 January 2019, DBM Ltd acknowledged that the interest on the Fixed Deposit of Rs 200 million for period 3 May 2016 to 29 June 2018 was due and payable to Government and same will be settled by 30 June 2020.

However, the Rs 200 million related to Government fund which was entrusted to DBM Ltd since August 2013, and the amount was placed in a Fixed Deposit as from 31 October 2014. Hence, interest for period 31 October 2014 to 2 May 2016 should also be accrued to Government, even if the Fixed Deposit was in the name of NEW DBM Ltd and since the latter was never operational.

Department's Reply

The Fixed Deposit of Rs 200 million was held by New DBM Ltd for the period October 2014 up to 2 May 2016. As such, no interest was payable to Government for the said period. The Fixed Deposit was transferred in the name of the Government as from 3 May 2016.

2.5 Statement of Special Funds Deposited with the Accountant General

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

Special Funds are built up in different ways as follows:

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

The characteristics of the Special Funds are that:

- they do not form part of the Consolidated Fund.

- they are administered in the manner specified in the enactments or instruments creating them.

- in the absence of any such provision in the enactment or instrument, the Minister to whom the responsibility for the subject of finance is assigned, may by regulations, provide for the administration of such Special Fund, or for the better administration of such Special Fund, as the case may be.

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

2.6 Statement of Public Sector Debt

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

As of 30 June 2018, the PSD amounted to Rs 300.2 billion, compared to Rs 290.1 billion as of 30 June 2017, representing an increase of 3.5 per cent.

Details are given in the Table 2-12.

Table 2-12 Public Sector Debt

Debt Category	30 June 2018 (Rs)	30 June 2017 (Rs)
Government Debt		
Domestic	225,783,100,000	219,200,600,000
External	44,538,204,977	46,232,523,856
	270,321,304,977	***265,433,123,856***
Guaranteed by Government		
Agencies Extra Budgetary Units	91,917,893	113,841,680
Public Enterprises	25,856,881,542	18,963,493,108
	25,948,799,435	***19,077,334,788***
Not Guaranteed by Government		
Public Enterprises	3,892,831,518	5,592,503,875
Total	**300,162,935,930**	**290,102,962,519**

Source: Statement J - Statement of Public Sector Debt as at 30 June 2018 and 30 June 2017

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

External Debt referred to Loans from Foreign Governments and Institutions, Government Securities held by Non Residents and International Monetary Fund (IMF) Special Drawing Rights (SDR) Allocations[1].

2.6.1 Government Domestic Debt

Maturity Structure of Government Domestic Debt

Government Domestic Debt, excluding Government Securities issued for the mopping up of excess liquidity of Rs 0.9 billion, represented 74.9 per cent of total Public Sector Debt figure as at 30 June 2018. Domestic debt composition by instrument comprised Treasury Bills of Rs 25.86 billion, Treasury Notes of Rs 54.39 billion, MDLS of Rs 2.71 billion and GoM Bonds of Rs 141.93 billion.

An indication of the years of maturity of the outstanding Government Domestic Debt as at 30 June 2018 is given in Table 2-13.

Table 2-13 Maturity Structure of Government Domestic Debt

Years of Maturity	Treasury Bills (Rs m)	Treasury Notes (Rs m)	MDLS (Rs m)	Bonds (Rs m)	Total (Rs m)	Percentage
2018-19	25,855.7	19,308.9	1,610.1	10,120.0	56,894.7	25.30
2019-20	-	14,890.0	1,098.5	11,459.6	27,448.1	12.20
2020-21	-	20,194.7	-	13,641.6	33,836.3	15.05
2021-22	-	-	-	16,126.6	16,126.6	7.17
2022-23 and Onwards	-	-	-	90,583.5	90,583.5	40.28
Total	**25,855.7**	**54,393.6**	**2,708.6**	**141,931.3**	***224,889.2**	**100.00**

Source: Ledger of Respective Securities

*The figure excludes the balance of securities issued for the mopping up of excess liquidity of Rs 893.9 million.

According to the maturity profile of the Government Domestic Debt, 25.30 per cent of total debt will mature within one year, and Rs 56.9 billion will be required to settle these debts.

[1] IMF SDR Allocations represent obligations which arise through the participation of the Republic of Mauritius in the SDR Department of the IMF, and 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.

Additionally, some 12.20 per cent amounting to Rs 27.45 billion of the outstanding debts will fall due for repayment in the financial year ended 30 June 2020.

As shown in Table 2-13, there was a concentration of maturities in the near term and then spread thereafter.

Government of Mauritius Securities Issued for Mopping up of Excess Liquidity

The Bank of Mauritius (BoM) intervened for mopping up excess liquidity in the economy. Accordingly, BoM issued securities on behalf of Government. The balance of these securities stood at Rs 893.9 million (Nominal Value) as at 30 June 2018 and comprised five-year GoM Savings Bonds.

Total proceeds of Rs 893.9 million from the issue of the above instrument, were deposited with BoM and included in the Statement of Assets and Liabilities under 'Cash and Bank Balances'.

Some Rs 12,931 million, representing Treasury Bills issued for Liquidity Management were fully repaid during financial year 2017-18.

2.6.2 Public Sector Debt Figures for Past Five Financial Periods

The Public Sector Debt figures as at the end of the past five financial periods to 30 June 2018 are given in Table 2-14.

Table 2-14 Public Sector Debt as at end of Financial Periods 2014 to 2018

Financial period ended	Public Sector Debt (Rs)	Increase over the previous year (Rs)	Increase over the previous year %
31.12.2014	237,700,464,181	17,833,195,940	8.11
30.06.2015	251,788,430,234	14,087,966,053	5.93
30.06.2016	274,395,029,246	22,606,599,012	8.98
30.06.2017	290,102,962,519	15,707,933,273	5.72
30.06.2018	300,162,935,930	10,059,973,411	3.47

Over the past five financial periods, Public Sector Debt has been increasing. The figure for 30 June 2018 has increased by Rs 62.5 billion when compared to Rs 237.7 billion recorded for 31 December 2014.

2.6.3 Government Debt Servicing

The Government debt servicing comprised capital repayments and interest payments on Domestic and External Debts, as well as management service charges.

Total Government debt servicing during the past five financial periods is shown in Table 2-15.

Table 2-15 Government Debt Servicing for Financial Periods 2014 to 2018

Particulars	**Year ended**	**6 months ended**		**Year ended**	
***Interests**	**31.12.2014 (Rs m)**	**30.06.2015 (Rs m)**	**30.06.2016 (Rs m)**	**30.06.2017 (Rs m)**	**30.06.2018 (Rs m)**
External Debt	643.3	348.4	668.9	720.6	675.0
Domestic Debt	9,474.3	4,522.6	9,354.1	10,153.6	10,703.3
Management Service Charges	16.1	9.4	11.6	7.2	4.5
Sub Total	***10,133.7***	***4,880.4***	***10,034.6***	***10,881.4***	***11,382.8***
Capital Repayments External Debt	2,831.2	1,120.6	2,579.0	6,695.2	3,028.9
**Capital Repayments Domestic Debt	60,466.7	32,268.0	70,386.9	90,261.5	75,710.2
Total	**73,431.6**	**38,269.0**	**83,000.5**	**107,838.1**	**90,121.9**

Source Treasury Accounting Systems

* Interest is computed on an accrual basis
**including redemption of Treasury Bills and Treasury Notes.

Interest payments on Public Debt amounted to some Rs 11.4 billion for the financial year ended 30 June 2018, and some Rs 4.5 million were incurred in respect of management service charges.

It was the Treasury's policy to include capital repayments in respect of domestic long term debt and external debt only in the Detailed Statement of Expenditure of the Consolidated Fund (Statement D1), whilst issue and redemption of Treasury Bills and Treasury Notes during financial year 2017-18 were not included, but were accounted for as "Below the Line" transactions.

New issues of Treasury Bills, Treasury Notes and GoM Bonds for the financial year ended 30 June 2018 amounted to Rs 37.2 billion, Rs 20.1 billion and Rs 24.9 billion respectively. There was no issue of securities for the purpose of mopping up excess liquidity. Redemption of Treasury Bills, Treasury Notes and GoM Bonds amounted to Rs 49.9 billion, Rs 17.7 billion and Rs 7.2 billion respectively, whilst the redemption of GoM Savings Notes, MDLS and GoM Savings Bond amounted to Rs 603.4 million, Rs 323.7 million and Rs 6.4 million respectively.

Table 2-16 shows Government debt servicing as a percentage of total Government expenditure for the past five financial periods 2014 to 2018. The Government Debt Servicing and the total expenditure have been adjusted to include the redemption of Treasury Bills and Treasury Notes to arrive at the total cost for Government debt servicing.

Table 2-16 Government Debt Servicing as a Percentage of Total Government Expenditure

Period	**Government Debt Servicing* (Rs m)**	**Total Expenditure* (Rs m)**	**Government Debt Servicing as a % of Total Expenditure**
January to December 2014	73,431.6	157,203.8	46.7
January to June 2015	38,269.0	82,111.9	46.6
July 2015 to June 2016	83,000.5	179,922.5	46.1
July 2016 to June 2017	107,838.1	210,026.0	51.3
July 2017 to June 2018	90,121.9	204,134.3	44.1

**including redemption of Treasury Bills, Treasury Notes, Saving Bonds and Saving Notes*

Government debt servicing to the tune of Rs 90,121.9 million for the financial year ended 30 June 2018, represented a decrease of 16.4 per cent when compared to last year figure of Rs 107,838.1 million.

Some 44.1 per cent of the total Government expenditure for financial year ended 30 June 2018 were on Government debt servicing.

Furthermore, as per Statement A - ‘Statement of Financial Position’ as at 30 June 2018, Government debt stood at Rs 261.4 billion (cost price) and this represented 94.8 per cent of total Government liabilities, and 61.9 per cent of total reported assets of Rs 422.6 billion.

2.6.4 Issue and Redemption of Main Financial Instruments by the Government

Table 2-17 shows issues and redemptions of the two main financial instruments, namely Treasury Bills and Treasury Notes by Government for the past five financial periods.

Table 2-17 Issues and Redemptions of Treasury Bills and Treasury Notes for Financial Periods 2014 to 2018

Details	Year ending 31 Dec 2014 (Rs billion)	6-month period ending 30 June 2015 (Rs billion)	Year ending 30 June 2016 (Rs billion)	Year ending 30 June 2017 (Rs billion)	Year ending 30 June 2018 (Rs billion)
Issues					
Treasury Bills	33.0	16.1	58.5	67.7	37.2
Treasury Notes	19.4	8.6	16.3	19.1	20.1
Total	**52.4**	**24.7**	**74.8**	**86.8**	**57.3**
Redemption					
Treasury Bills	36.6	17.2	50.1	63.4	49.9
Treasury Notes	14.7	6.9	16.8	16.1	17.7

Source- Report of Director of Audit and Treasury Financial Statements

From Table 2-17, it was observed that, except for financial year 2017-18, the redemption of these two financial instruments was lower than the issue during every other financial periods mentioned above.

Moreover during financial year ended 30 June 2018, bonds amounting to Rs 24.9 billion were issued whilst redemption of same totalled some Rs 7.2 billion.

2.6.5 Government Debt – External and Public Enterprises Debt

Table 2-18 shows the balances of Government External Debt and the Public Enterprise Debt from end of December 2014 to end of June 2018.

Table 2-18 Government Debt – External and Public Enterprise Debt

Debts (As at)	31.12.14 (Rs billion)	30.06.15 (Rs billion)	30.06.16 (Rs billion)	30.06.17 (Rs billion)	30.06.18 (Rs billion)
Government - External	51.4	54.7	53.5	46.2	44.5
Public Enterprise	21.0	25.1	23.0	24.6	29.7
Total	**72.4**	**79.8**	**76.5**	**70.8**	**74.2**

Source: Accountant General's Report- Statement J - Statement of Public Sector Debt

Government External Debt has decreased by Rs 1.7 billion, when compared with that as at 30 June 2017. This was mainly due to the repayment of several external loans by Government. During financial year 2017-18, repayment of external loans to the tune of some Rs 3 billion was effected, while loans as per agreed schedule disbursed by Foreign Government and Lending Institutions totalled some Rs 0.8 billion. There were also differences due to loss in exchange rates.

The Public Enterprise Debt as at 30 June 2018 showed a net increase of some Rs 5.1 billion and Rs 6.7 billion as compared to end of financial years 2017 and 2016 respectively. This was mainly due to the increase in Domestic Debt and External Debt of Public Enterprises guaranteed by Government, and included the following:

- New loan of Rs 6.4 billion taken by National Property Fund Ltd from SBM Bank (Mauritius) Ltd in September 2017, and accrued interests thereon for the period September 2017 to June 2018 of some Rs 186 million.

- Interest of some Rs 293 million for the period July 2016 to June 2018 on previous loan of Rs 3.5 billion taken by National Property Fund Ltd from the Bank of Mauritius Ltd. The loan is payable by one bullet repayment of capital and interest in June 2022.

- Loans totalling some Rs 788 million disbursed to Mauritius Telecom Ltd by EXIM Bank of China in May/June 2018.

- Interest amounting to some Rs 68.5 million for period September 2017 to June 2018 accrued on loan of Rs 3 billion taken by MauBank Holdings from the SBM Bank (Mauritius) Ltd in 2016-17.

Department's Reply

Most of the borrowings are being used for financing major infrastructure projects which are important for sustaining economic growth, creating employment opportunities and improving the quality of life of our citizens.

2.7 Public Sector Debt and Gross Domestic Product

The Public Debt Management Act was amended in October 2017, with the main amendment being that the total outstanding amount of public sector debt shall, at the end of each fiscal year, not exceed 65 per cent of the Gross Domestic Product (GDP) at current market prices for that fiscal year. Prior to amendment, the ceiling was 60 per cent.

In the previous definition of Public Sector Debt, Government Securities issued for mopping up excess liquidity International Monetary Fund Special Drawing Rights Allocations, and cash and cash equivalent were excluded. Furthermore, the debt of public enterprises was discounted in line with the level of fiscal risks represented by them. The amended definition of Public Sector Debt refers to gross debt, that is, it does not exclude the above and public enterprises debt is not discounted.

Table 2-19 shows data published on the website of the Ministry of Finance and Economic Development (MoFED) as regards Public Sector Debt (PSD) and PSD as a percentage of Gross Domestic Product (GDP) as at end of December 2014 to end of June 2018. The figures for GDP are reactualised figures as at December 2018.

Table 2-19 Public Sector Debt and Gross Domestic Product

As at end of	PSD (Rs billion)	GDP* (Rs billion)	PSD as a % of GDP
December 2014	238.0	392.1	60.7
June 2015	251.9	400.6	62.9
June 2016	274.4	422.1	65.0
June 2017	290.1	446.6	65.0
June 2018	300.2	471.0	63.7

Source: Ministry of Finance and Economic Development's Records and Website
*Reactualised figures as at December 2018

PSD has increased considerably year after year since December 2014. At the end of June 2018, PSD stood at some Rs 300.2 billion, an increase of some Rs 10.1 billion as compared to end of June 2017. As at end of June 2016, June 2017 and June 2018, PSD as a percentage of GDP stood at 65, 65 and 63.7 respectively.

2.7.1 Management of Loans

As previously reported, Commitment Fees were still being paid on undrawn balances. Commitment Fees are paid when disbursement of funds in respect of projects are effected after the scheduled date specified in the Loan Agreements due to delays in the implementation of projects. During 2017-18, some Rs 4.2 million were paid as Commitment Fees in respect of three loans, and none in respect of seven other loans.

The cumulative amount of Commitment Fees on the 10 loans since their respective agreements were signed was some Rs 125.4 million as shown in Table 2-20.

Table 2-20 Commitment Fees Paid during Financial Year 2017-18

Funding Agency (Amount) – Initial Period of Withdrawal	Project	Disbursed up to 30.06.18	Up to 31.12.14 (Rs m)	Commitment Fees Paid During 18-month period ended 30.06.16 (Rs m)	2016-17 (Rs m)	2017-18 (Rs m)	Up to 30.06.18 (Rs m)
Japan International Cooperation Agency (JPY 7,012 million) - 5 Nov 2010	Grand Bay Sewerage Project	JPY 138,291,560	8.51	3.00	2.26	2.06	**15.83**
Exim Bank of India (US $ 48.5 million) - 30 March 2011	Offshore Patrol Vessel	US $ 48.5 million	19.33	6.00	-	-	**25.33**
Exim Bank of China (CNY 580 million) – 30 April 2012	Bagatelle Dam	CNY 580 million	21.05	1.40	0.40	-	**22.85**
Exim Bank of India (US $ 46 million) – 8 July 2014	Specialised Defence Equipment	US $ 22 million	-	1.80	0.31	0.06	**2.17**
Exim Bank of India (US $ 18 million) – 8 August 2014	Fast Attack Waterjet	US $ 18 million	-	2.95	1.28	-	**4.23**
Agence Française de Developpement (€ 27 million) – 26 June 2015	Restructuring Cargo Handling Corp	€ 26,870,398	-	4.90	4.08	2.10	**11.08**
Exim Bank of China (CNY 480 million) – 25 Feb 2009	P. Wilhems Sewerage Lot 2	CNY 480 million	40.07	-	-	-	**40.07**
African Development Bank (US $ 420 million and € 186 million) – 30 May 2013	Public Sector Efficiency Programme	US $ 324 million and € 146 million	0.02	-	-	-	**0.02**
European Investment Bank (€ 35 million) – 1 Dec 2013	Plaine Wilhems Sewerage Project	€ 27.5 million. Undisbursed amount of € 7.5 million cancelled in 2015	3.34	-	-	-	**3.34**
Loan from IBRD for APEI – Regional Loan 8603 - (€ 13.7 million) – May 2016		€ 13.7 million	**-**	**-**	0.44	**-**	**0.44**
Total			**92.32**	**20.05**	**8.77**	**4.22**	**125.36**

Source: Treasury Accounting System

Loan from Japan International Cooperation Agency for Grand Bay Sewerage Project - JPY 7,012,000,000

In my previous Audit Reports, mention was made that the delay in the Grand Bay Sewerage Project Phase I B was due to the fact that procedures for the procurement of the services of a Consultant required longer time than initially foreseen. Moreover, due to budgetary constraints, MoFED contemplated deferring the project to 2018-19. Thereafter, some 10 months were required for a mutual agreement to start the project by the last quarter of 2016.

The Project was further delayed as a result of the need to reduce the scope of the works for the Project, the lengthy procedures for land acquisition and the review and approval of the bidding documents for the works by the Funding Agency. The bids for the works contract were finally invited on 15 February 2018, and in January 2019, bids received were being evaluated by the Central Procurement Board.

Based on the revised implementation schedule provided by the Wastewater Management Authority, works were expected to start by February 2019 and first disbursement for the works contract was planned for March 2019. The closing date for the disbursement of the loan was extended from 4 November 2018 to 4 April 2025 by the Funding Agency.

Commitment Fees paid during financial year 2017-18 amounted to some Rs 2 million.

Loan from Exim Bank of India for Specialised Defence Equipment- US $ 46 million

There were delays in finalising the procurement procedures for Specialised Defence Equipment. Commitment Fees paid during 2017-18 amounted to some Rs 60,000.

Loan from AFD for Restructuring of Cargo Handling Corporation Limited - € 27 million

The loan was made available to the Cargo Handling Corporation Limited (CHCL) to invest in new equipment, as well as rehabilitation of existing equipment and restructuring of its organisation. Due to delays in the project, Commitment Fees of some Rs 2.1 million was paid by Government on the undisbursed amount during financial year 2017-18.

2.8 Statement of Outstanding Loans

Government advanced loans from revenue to Statutory Bodies, Private Bodies, Other Bodies and Private Individuals, mainly, to finance capital projects. Total amount of loan due to Government (Capital only) as at 30 June 2018 amounted to Rs 10 billion. Details are shown in Table 2-21.

Table 2-21 Loans due to Government as of 30 June 2018

Name of Borrowers	Original Loan (Rs)	Outstanding Loan (Rs)
Statutory Bodies		
Central Electricity Board	335,994,300	-
Central Water Authority	5,963,717,787	3,026,435,728
Mauritius Cane Industry Authority (ex SPMPC)	20,408,214	17,565,680
Mauritius Cane Industry Authority (ex MSIRI)	2,631,395	532,740
Mauritius Meat Authority	5,717,943	5,669,085
Irrigation Authority	278,370,422	287,570,743
National Transport Corporation	156,022,528	154,071,447
Rose Belle Sugar Estate	96,577,646	95,991,386
Mauritius Broadcasting Corporation	67,268,268	67,268,268
Wastewater Management Authority	4,582,372,616	3,098,634,931
Sub Total	***11,509,081,119***	***6,753,740,008***
Private and Other Bodies		
Development Bank of Mauritius Ltd	534,165,876	259,656,239
Mauritius Housing Company Ltd	62,644,315	7,469,151
Bus Companies	25,555,614	4,460,006
Mauritius Cooperative Central Bank (MCCB) Ltd (in liquidation)	81,880,000	81,308,000
National Housing Development Co Ltd	776,223,428	522,428,752
Landscope (Mauritius) Ltd	163,121,466	163,121,466
Mauritius Shipping Corporation	107,200,000	107,200,000
Cargo Handling Corporation Ltd	515,000,000	505,293,512
Airports of Mauritius Ltd	513,372,400	340,768,960
MauBank Ltd	8,000,000	8,000,000
Polytechnics Mauritius Ltd	486,000,000	626,101,105
Airport Terminal Operations Ltd	494,130,000	511,333,077
SPV/Build Mauritius Fund	4,300,000,000	-
The Pamplemousses District Council	23,520,000	16,464,000
The Riviere Du Rempart District Council	18,480,000	12,936,000
The Municipal Council of B. Bassin R. Hill	42,000,000	37,800,000
Rodrigues Regional Assembly	14,847,000	14,694,000
Sub Total	***8,166,140,099***	***3,219,034,268***
Private Individuals		
Repatriation Expenses	2,827,070	799,097
Small Scale Industries	546,277	169,147
Sub Total	***3,373,347***	***968,244***
Total	**19,678,594,565**	**9,973,742,520**

Source: Statement M – 'Statement of all Outstanding Loans Financed from Revenue' as at 30 June 2018
Note: The original amounts of foreign loans are stated at their rupee equivalent on date of issue

As of 30 June 2018, the Wastewater Management Authority and Central Water Authority owed some Rs 3.1 billion and Rs 3 billion respectively, representing some 61 per cent of the total outstanding amount of some Rs 10 billion.

2.8.1 Loans in Arrears

Arrears with regard to loans comprised capital due but not yet paid and interest and penalty due in respect of claims issued by the Treasury as at 30 June 2018. Eight Statutory Bodies and eight Other Bodies have not repaid their loan instalments, accrued interests and penalties by the due dates. As at 30 June 2018, total arrears amounted to Rs 2.9 billion, comprising capital of Rs 1.3 billion and interests and penalties of Rs 1.6 billion. Details are shown in Table 2-22.

Table 2-22 Arrears of Capital and Interest and Penalty due as of 30 June 2018

Statutory Bodies	**Arrears Capital (Rs)**	**Interest and Penalty Due (Rs)**	**Period due**	**Remarks**
Central Electricity Board	-	865,142	2011-2015	Arrears interest
Central Water Authority (*Note 1)*	552,244,803	374,418,615	1999-2018	Insufficient repayment
Irrigation Authority (*Note 2)*	274,904,395	214,435,820	1983-2018	No repayment since Aug1996
National Transport Corporation (*Note 3)*	154,071,448	305,764,593	1988-2018	No repayment
Mauritius Meat Authority *(Note 4)*	5,669,085	-	1986-1990	No repayment since 1980
Rose Belle Sugar Estate *(Note 5)*	83,115,849	114,897,187	1982-2018	Request for write off
Mauritius Broadcasting Corporation	-	3,363,413	2017-2018	Arrears interest
Wastewater Management Authority	46,049,631	433,474,703	2014-2018	Outstanding since 2014
Other Bodies				
National Housing Development Co Ltd	-	4,958,904	2017-2018	Paid after year end (02.07.18)
Small Scale Industries (*Note 4*)	169,147	1,163,980	1985-2017	No repayment since 1993-94
MCCB Ltd (In liquidation) (*Note 6)*	81,308,000	73,200,438	1996-2018	In liquidation
Development Bank of Mauritius	-	609,868	2017-2018	Loan converted into equity
Bus Companies (*Note 4*)	4,460,006	-	1979	No repayment since 1995
Mauritius Shipping Corporation *(Note 7)*	103,000,000	41,238,234	2011-2018	Outstanding since 2011
Rodrigues Regional Assembly *(Note 8)*	14,694,000	7,228,332	2011-2018	Insufficient repayment
The Municipal Council of Beau Bassin Rose Hill	-	594,247	2017-2018	Arrears interest
Total	**1,319,686,364**	**1,576,213,476**		**2,895,899,840**

Source: The Treasury's Records

Note 1 - Central Water Authority

Claims in respect of arrears on capital, interests and penalties issued to the Authority as at 30 June 2018 amounted to Rs 927 million, that is, some 32 per cent of total arrears of Rs 2.9 billion. During 2017-18, no repayment in respect of arrears has been effected by the Authority.

Note 2 - Irrigation Authority

The Irrigation Authority contracted 15 loans totalling Rs 278 million during the years 1979 to 2011. Total arrears as at 30 June 2018 amounted to Rs 489 million (capital - Rs 275 million and interests plus penalties - Rs 214 million). Since August 1996, that is, some 22 years back, no repayment has been effected by the Authority despite regular claims being issued.

Note 3 - National Transport Corporation

Total arrears of Rs 460 million (Capital Rs 154 million and Interest plus Penalties – Rs 306 million) were in respect of 11 loans contracted by the National Transport Corporation (NTC) in the years 1986 to 1998. The original amounts of these loans totalled Rs 156 million. The Corporation has been effecting regular monthly repayments of Rs 10,000 as interest in respect of only one loan contracted in year 1995 (Indian Line of Credit Loan of Rs 41.6 million). No repayments have been effected in respect of the other loans since a long time.

Note 4 - Loans to Mauritius Meat Authority, Small Scale Industries and Bus Companies

As at 30 June 2018, total arrears in respect of the Mauritius Meat Authority, Small Scale Industries and Bus Companies stood at Rs 5.7 million, Rs 1.3 million and Rs 4.5 million respectively. These loans were long overdue. The last repayment effected by the Mauritius Meat Authority, Bus Companies and Small Scale Industries dated as far back as the years 1980, 1995 and 1993-94 respectively. In March 2016, the matter was referred to MoFED for a decision on whether the loans could be written off. As at December 2018, the decision of MoFED was being awaited.

Note 5 - Rose- Belle Sugar Estate

Total arrears in respect of three loans contracted by the Rose-Belle Sugar Estate as at 30 June 2018 amounted to Rs 198 million (Capital Rs 83 million and interest Rs 115 million). Due to financial difficulties being faced by the Rose Belle Sugar Estate, several requests have been made to MoFED by the Ministry of Agro Industry and Food Security since 2010 for the write off of the loans arrears. In line with the 2016-17 Budget Speech, on 29 July 2016, the Rose Belle Sugar Estate was required to submit its plan to turn around its financial situation to MoFED for consideration. As of December 2018, there was no development in the matter.

Note 6 – Mauritius Cooperative Central Bank (In liquidation)

As per the order of priority set out in the schedule to the Mauritius Cooperative Central Bank (MCCB) Liquidation Act, Government was ranked at the 6th position to be repaid.

As at end of November 2017, the only outstanding case before payment to Government was a case lodged at the Supreme Court by another creditor for an amount of Rs 45 million, excluding interest and other costs. The case was heard on 15 January 2018 and has now been fixed for Merits on 11 March 2019. The exact date of payment to Government in respect of the outstanding balance was still not known.

Note 7 - Mauritius Shipping Corporation

Three loans totalling Rs 107.2 million were advanced to the Mauritius Shipping Corporation in the years 2010 to 2013. The Corporation has never effected any repayment of capital and interest due on those loans. Total arrears as at 30 June 2018 amounted to Rs 144 million.

Note 8 - Rodrigues Regional Assembly

A loan of Rs 15 million was advanced to the Rodrigues Regional Assembly to finance development projects in the Fisheries Sector in year 2011. As at 30 June 2018, total capital and total interest repayments of only Rs 153,000 and Rs 17,000 respectively were effected. Arrears as at 30 June 2018 amounted to Rs 22 million. (Capital - Rs 14.7 million, and interests and penalties - Rs 7.3 million).

Department's Reply

Repayment notice is sent to loanees on a regular and timely basis as per terms and conditions of their respective contract.

2.8.2 Debt Restructuring of Development Bank of Mauritius Ltd

In line with measures announced in the 2018-19 Budget for the Development Bank of Mauritius (DBM) Ltd to finance Micro, Small and Medium Sized Enterprises (MSMEs), the following financial re-engineering actions in respect of Government Loans as proposed by the Bank were approved by MoFED on 28 June 2018.

- conversion into share capital of DBM of an amount of Rs 79.9 million worth of Government Loans dating back to the nineties and 2000's;

- reviewing the terms and conditions of Government loans by bringing down the interest payable by DBM Ltd to Government at three per cent per annum;

- rescheduling the Government loan of Rs 110.5 million (Educational Infrastructure of Private Aided Secondary Schools) with accrued interests of Rs 16 million being paid over four years and the capital amount repayable over 18.5 years starting in October 2018.

As of 30 June 2018, the Rs 79.9 million Government Loans (capital only) which consisted the balances of three loans have been converted into equity. The outstanding loan of Rs 79.9 million included a sum of Rs 17.8 million which was overdue and previously included in arrears of revenue.

2.8.3 *New Loans Disbursed*

During 2017-18, Government disbursed new loans totalling Rs 1.5 billion to four Bodies as stated in Table 2-23:

Table 2-23 New Loans Disbursed during 2017-18

Bodies	(Rs)
Waste Water Management Authority	255,009,473
Central Water Authority	447,696,933
Cargo Handling Corporation Ltd	299,776,087
Airport Terminal Operations Ltd	494,130,000
Total	**1,496,612,493**

Source: Advance Ledgers

Loan to Wastewater Management Authority - Rs 255 million

During 2017-18, loan disbursed to Wastewater Management Authority (WMA) amounted to Rs 255 million. As of 30 June 2018, total loans disbursed to the Authority as per Loan Agreements signed between Government and the WMA since 2014 amounted to Rs 3.1 billion as shown in Table 2-24.

Table 2-24 Loans to Wastewater Management Authority

Date of Loan Agreement	Amount of Loan Disbursed (Rs)	Loan Repayment Period
6 May 2014	920,992,616	March 2018 – September 2027
19 August 2014	307,700,000	March 2019 – September 2028
14 November 2014	394,788,725	October 2019 – April 2029
23 February 2015	140,170,223	April 2020 – October 2029
25 May 2015	141,492,383	September 2020 – March 2030
25 May 2015	401,909,462	September 2020 – March 2030
15 September 2016	536,572,049	June 2021 – December 2030
11 August 2017	255,009,473	June 2022 – December 2031
Total	**3,098,634,931**	

Source: Advance Ledger

As per the Loan Agreements, interest was accrued as from the date of the first drawdown of the loans by the WMA. The latter was unable to pay the interests on their due dates. As of 30 June 2018, claims already issued in respect of capital and interests plus penalties due totalling Rs 480 million have remained unpaid as shown in Table 2-22.

Loan to Central Water Authority – Rs 447.7 million

On 11 July 2017, a new Loan Agreement was signed between Government and the Central Water Authority to enable the latter to continue the implementation of capital projects. Total disbursement during 2017-18 amounted to some Rs 447.7 million in respect of eight projects, namely Bagatelle Water Treatment Plant and Associated Works (Rs 327.6 million), Non-Revenue Water Projects in Upper Mare aux Vacoas System (Rs 61.4 million), Midlands Dam/Piton du Milieu Project (Rs 29.4 million), Pailles Water Treatment Plant (Rs 18.5 million), Construction of New Pumping Station at Plaine Lauzun (Rs 2.0 million), La Nicoliere Water Treatment Plant (Rs 4.7 million), Mont Blanc Water Treatment Plant (Rs 2.9 million) and Riviere du Poste Water Treatment Plant (Rs 1.2 million).

Loan to Cargo Handling Corporation Ltd – Rs 299.8 million

On 25 June 2015, Government entered into a Credit Facility Agreement with the Agence Française de Développement (AFD) for an amount of € 27 million. On 13 October 2015, an On-Lending Agreement was signed between Government and the Cargo Handling Corporation Ltd (CHCL) to enable the latter to invest in new equipment, as well as rehabilitation of existing equipment and to restructure its organisation. It was also agreed that all amounts disbursed to CHCL by Government under the above mentioned Agreement would be in the combined forms of equity (52 per cent) and loan (48 per cent).

As of 30 June 2018, out of a total disbursement of Rs 1.1 billion to CHCL by Government, a sum of Rs 515 million was in the form of loan.

Loan to Airport Terminal Operations Ltd – Rs 494 million

A loan for the sum of US $ 15,000,000 (in EURO equivalent) was advanced to Airport Terminal Operations Ltd to allow the Company to service its loans with the EXIM Bank of China as per Loan Agreement signed on 14 July 2017. The duration of the loan is five years with fixed interest rate of 0.529 per cent per annum.

2.9 Statement of Arrears of Revenue

Statement N – 'Statement of Arrears of Revenue' as at 30 June 2018 was prepared by the Treasury on the basis of the returns submitted by all Ministries and Government Departments.

As of 30 June 2018, arrears of revenue of Government totalled Rs 11.3 billion. The arrears of revenue as at the end of the past five financial periods are given in Table 2-25.

Table 2-25 Arrears of Revenue as at end of Past Five Financial Periods

As at	Arrears of Revenue (Rs)	Increase over end of Previous Financial Period (Rs)
31 December 2014	8,471,499,677	85,259,172
30 June 2015	9,084,401,110	612,901,433
30 June 2016	9,323,651,370	239,250,260
30 June 2017	11,078,307,392	1,754,656,022
30 June 2018	11,292,393,765	214,086,373

Source: Annual Reports of the Accountant-General

Annual increases have been noted in the arrears of revenue figure. There was an increase of Rs 214 million as at end of 2017-18 as compared to the end of the previous financial year.

2.9.1 Arrears of Revenue – Mauritius Revenue Authority

Arrears of the Mauritius Revenue Authority (MRA) classified as 'Collectible Debts' and reported in Statement N – 'Statement of Arrears of Revenue' as at 30 June 2018 totalled Rs 6.7 billion. This represented some 60 per cent of the total arrears figure of Rs 11.3 billion.

The total book balance of arrears of revenue for the MRA as at 30 June 2018 stood at Rs 25.2 billion. The remaining sum of Rs 18.4 billion represented mainly disputed claims pending under objection at the MRA, cases lodged at the Assessment Review Committee (ARC), Supreme Court and Privy Council, 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 2-26.

Table 2-26 Mauritius Revenue Authority - Book Balance of Arrears of Revenue

Arrears of Revenue	Rs
Pending under Objection	4,128,083,484
Pending at Assessment Review Committee	11,883,463,422
Sum Otherwise not Due	1,746,082,617
Amount under Dispute (Customs)	682,986,098
Collectible Debts	6,749,356,869
Total	**25,189,972,490**

Source: Returns of Arrears of Revenue submitted by MRA

2.9.2 The Treasury – Rs 3 billion

Arrears in the books of the Treasury as of 30 June 2018 comprised mainly Loans, Interests and Penalties, Guarantee Fee and Accidents and Claims, as shown in Table 2-27.

Table 2-27 Treasury Arrears of Revenue as of 30 June 2017 and 2018

Arrears of Revenue	**30 June 2018 (Rs)**	**30 June 2017 Restated (Rs)**
Loans, Interests and Penalties	2,895,899,840	2,450,596,162
Guarantee Fee	113,616,680	163,260,614
Accidents and Claims	9,685,146	7,681,432
Total	**3,019,201,666**	**2,621,538,208**

Source: Returns of Arrears of Revenue for Treasury as at 30 June 2018 and 30 June 2017

Arrears of Revenue for Loans, Interest and Penalties – Rs 2.9 billion

The arrears figure of Rs 2.9 billion comprised Rs 1.3 billion as capital repayment due, and Rs 1.6 billion as interests and penalties due by eight Statutory Bodies and eight Other Bodies

There has been an increase of Rs 445 million, that is, some 18 per cent when compared to the previous year end figure of Rs 2.4 billion.

Arrears of Revenue for Guarantee Fee – Rs 113 million

As per Section 8(3)(a) of the Public Debt Management Act, a public enterprise may be required to pay an annual fee not exceeding one per cent of the amount of any loans, bank overdraft or credit facilities taken by any public enterprise or any institution providing services to Government, or to any public sector entity guaranteed by Government.

Arrears of revenue for 'Guarantee Fee' has not been included in Statement N – 'Statement of Arrears of Revenue' in previous years and was being accounted for the first time during financial year 2017-18. The figures in respect of end of financial year 2016-17 had been restated in Statement N – 'Statement of Arrears of Revenue' as at 30 June 2018. Thus, amounts of Rs 113 million and Rs 163 million were accounted as arrears of revenue (Guarantee Fee) for end of 2017-18 and 2016-17 respectively.

Of the Rs 113 million of arrears of revenue as at 30 June 2018, Rs 13 million referred to Guarantee Fees due, in respect of a loan and a bond guaranteed by Government in favour of the Central Electricity Board (CEB) on 19 June and 24 July 2009 respectively. Both the bond and the loan had been fully repaid by the CEB since July 2012 and July 2015 respectively, but the corresponding Guarantee Fees, which were due annually, had not been paid to Government.

Arrears of Revenue for Accidents and Claims – Rs 9.7 million

The arrears of revenue of Rs 9.7 million, in respect of accidents, have increased by some 26 per cent when compared to the previous financial year end which stood at Rs 7.7 million.

Of the outstanding amount for Accidents and Claims of Rs 9.7 million, some 49 per cent with claims totalling Rs 4.8 million were due for more than 10 years since the accidents occurred. Consequently, the possibility of recovery for such long overdue claims was remote.

Furthermore, some 20 cases for claims totalling Rs 1 million, which were time barred as per the Attorney General's Office were accounted as arrears of revenue as at 30 June 2018 by the Treasury.

Department's Reply

The cases where the claims were due for more than 10 years since the accidents occurred have been referred to the Solicitor General. Action will be taken in the light of advice obtained.

As for the 20 cases which were time barred, advice from the Solicitor General has been received in respect of 14 of them for a total amount of Rs 912,891. Action has been initiated for the write-off of these 14 cases.

2.9.3 Arrears of Revenue Written-Off

For the period 1 July 2017 to 30 June 2018, a total of Rs 153 million was written-off by Ministries/Departments/Statutory Body, being long outstanding and irrecoverable debts, compared to Rs 199 million for period 1 July 2016 to 30 June 2017. Details are shown in Table 2-28.

Table 2-28 Arrears of Revenue Written-Off

Ministries/Departments/Statutory Body	**1 July 2017 to 30 June 2018 (Rs)**	**1 July 2016 to 30 June 2017 (Rs)**
Treasury	-	129,603,495
Registrar- General's Department	14,586,709	-
Judiciary	504,928	21,080,545
Corporate and Business Registration	65,083,463	46,741,463
Ministry of Agro-Industry and Food Security	1,085,375	1,126,751
Ministry of Industry, Commerce and	-	39,900
Mauritius Revenue Authority	71,260,207	-
Total	**152,520,682**	**198,592,154**

Source: Treasury's Records

2.10 Compensation Arising out of Government Liability

The Item of Expenditure 'Compensation Arising out of Government Liability' related to payment of compensation whereby the State has been summoned to pay damages to third parties. A sum of Rs 105 million was paid during financial year 2017-18. The compensation included an amount of Rs 83.9 million paid to a private Contractor. Details of the case are as follows:

2.10.1 Compensation Paid to a Private Contractor - Rs 83.9 million

In May 2008, the Contractor lodged a case against the District Council of Rivière du Rempart (DCRR), claiming Rs 183.5 million in respect of costs, legal charges, loss and expenses and damages incurred on the contracts of the construction of a market fair at Rivière du Rempart.

Three contracts for a total sum of some Rs 51 million were awarded to the Contractor during the period February 2003 to October 2004, and total payments effected as at September 2005 was Rs 42.8 million.

The last Valuation Certificate could not be finalised and was therefore the major source of contention by both parties.

The Contractor called for arbitration to resolve outstanding issues. Several arbitration sittings were held. From January 2012 to July 2013, a first Arbitrator delivered three interim awards totalling some Rs 11.55 million to the Contractor. The proceedings were stopped in January 2014 as the Arbitrator stepped down for ethical reasons. As outstanding issues were not agreed upon by DCRR and the Contractor, the latter appealed to the Supreme Court. On 13 February 2015, a Judge was appointed as Arbitrator to resolve the disputes.

As of July 2018, four awards were delivered by the second Arbitrator as detailed in Table 2-29.

Table 2-29 Awards Granted

Date	Amount Awarded (Rs)	Details
20.08.15	3,536,250	Liquidated damages including VAT
30.07.16	11,181,928	Interest on previous interim award
23.09.16	83,859,806	Unsettled claims and loss and expenses
07.10.16	9,200,000	Legal charges and consultancy fees
Total	**107,777,984**	

The three awards of Rs 3.5 million, Rs 11.2 million and Rs 9.2 million were settled by DCRR. However, DCRR could not honour its obligations in respect of the interim award made on 23 September 2016 for the payment of Rs 83.9 million (Rs 72.9 million plus VAT) as funds were not available.

The Contractor, through legal proceedings, was about to seize the vehicles of the Council as a result of non-payment of the award. MoFED had to step in to prevent seizure of the Council's vehicles. The amount of Rs 83.9 million was settled on Saturday 5 May 2018 by MoFED after the green light received from the Office of the Solicitor General.

The latter also drew the attention of MoFED that there was a second claim concerning interests to be paid on the sum of Rs 72.9 million since 2005, and a third claim for an amount of Rs 43.7 million, representing damages and prejudice for what the Contractor considered to be wrongful acts and doings of the ex-Pamplemousses - Rivière du Rempart District Council.

As of 30 June 2018, four payments under the interim awards totalling Rs 107.8 million have already been effected to the Contractor jointly by the DCRR and MoFED.

On 31 December 2018, the Arbitrator awarded interests at the rate of 15.33 per cent per annum on the sum of Rs 72.9 million to be compounded on a daily basis for the period 10 October 2005 to 3 May 2018. The Arbitrator also awarded additional interests on the interests accrued for the above mentioned period at the legal rate of 3.5 per annum per annum as from 4 May 2018 until date of payment.

The contested amount of some Rs 8.2 million (Rs 51 million less Rs 42.8 million) will turn out over the years to more than Rs 450 million, being compensation plus interests and is a huge sum for a project valued at some Rs 51 million at the material time.

MoFED's Reply

The signed award of the Arbitrator has been issued on 3 January 2019. The DCRR has lodged a case in the Supreme Court for a 'recours en annulation' of the award whereby it is contended that the award is null and void as the Arbitrator had the obligation under the law to deliver a signed and edited award at latest by midnight on 31 December 2018, which he did not do.

The matter came before the Judge on 4 February 2019. The Contractor has filed its affidavit. The matter has now been fixed for 18 February 2019 for the DCRR to file its second affidavit.

The DCRR has successively, at Court Hearings held in November 2017, December 2017 and January 2018, raised objections on the payment of compound interest. However, these objections have been turned down by the Arbitrator.

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3 – PRIME MINISTER'S OFFICE, MINISTRY OF FINANCE AND ECONOMIC DEVELOPMENT AND EXTERNAL COMMUNICATIONS

National Development Unit

3.1 General

The main business activities of the National Development Unit (NDU) are, among others, construction of major drainage infrastructure, construction and resurfacing of roads, and provision of amenities like playground, cremation ground and sports infrastructure.

As per Budget 2017-18, a total amount of Rs 1,268 million was provided for NDU to finance its activities, of which Rs 203 million were for staff costs and procurement of goods/other works and Rs 1,065 million were for the implementation of capital projects.

As at 30 June 2018, NDU had spent a total of Rs 943 million, that is Rs 260 million for staff costs and procurement of goods/other works and Rs 683 million for capital projects. An overall balance of Rs 325 million, which represented some 25 per cent of the Rs 1,268 million, had thus remained unspent.

3.1.1 Managing Funds for Capital Projects

Of the sum of Rs 1,065 million earmarked for capital projects, Rs 720 million were to be spent on drains projects and Rs 250 million for the construction and upgrading of roads.

Observations

Expenditure incurred on drain projects was only Rs 367 million, that is about 51 per cent of the Rs 720 million as at 30 June 2018. NDU had not been able to issue Works Orders (WOs) for all major drain works planned. According to a list of 31 major drains projects, the time frame for implementation of these works has been rescheduled for 2018-19.

According to the records of the Engineering Section, total WOs issued for the construction and upgrading of roads amounted to Rs 689 million. However, prior to issues of WOs of Rs 439 million that exceeded the voted amount of Rs 250 million, clearances were not sought from the Ministry of Finance and Economic Development (MoFED).

NDU's Reply

In the context of the Budget 2017-18, NDU had submitted a list of tentative projects for implementation and the rough estimated cost of 1,400 projects (for roads, drains and amenities) amounted to around Rs 3.5 billion. During the Estimate Committee held with MoFED, the latter had agreed to provide part of this amount in the budget on the understanding that should the need for additional fund arise in the course of the financial year, MoFED would provide same.

It is to be noted there was urgency to award project to cater for adverse climatic changes throughout the year; and management always ensures that funds are available for expenses to be met by end of the financial year.

3.1.2 Management of Capital Projects

At paragraph 3.23 of the Audit Report for the financial year ended 30 June 2017, mention was made among others, that:

- The records on Projects/WOs kept at the Engineering and Finance Sections were not updated and reconciled among them;

- NDU had not been able to produce an accurate breakdown in terms of the amounts and the related financial period/year of committed WOs that were still outstanding as at a particular period/year end.

For 2017-18, NDU had still not initiated any appropriate actions so as to arrive at an accurate breakdown of the outstanding commitments totalling some Rs 1,141 million as at 30 June 2018. The shortcomings noted are detailed hereunder:

Records of Projects

The Engineering and Finance Sections were each maintaining records in the form of database of Projects/WOs/Consultancy Contracts (CCs) undertaken. Each Section input information, such as name of project, contract amount, completion date and amount paid, that related to particular WOs/CCs in their respective database.

There was thus a duplication of input of same information. Moreover, any updates on revised contract amounts/amounts paid, were not recorded concurrently in each database.

Further, no proper mechanism was set up to ensure that the WOs/CCs issued and completed, and of revised contract amounts, amounts paid and any outstanding amounts were accurately recorded at both Sections. Reconciliation between the two sets of database was also not carried out. It could not therefore be ascertained whether reports generated from both sets of database were accurate and reliable.

A few discrepancies noted were:

- 512 WOs/CCs totalling some Rs 970 million issued during 2017-18 as per Engineering Section did not tally with the 514 WOs/CCs for Rs 897 million as per the Finance Section. There was a net difference of Rs 73 million.

- Following a sample check, amendment/updating had to be made to the database of either the Finance or Engineering Section with regard to the six cases of discrepancies, that is changes in the revised amounts of particular WOs and payments effected to the respective Contractors.

Outstanding Commitments

According to the database of the Finance Section submitted in September 2018, outstanding commitments for WOs/CCs as at 30 June 2018 totalled some Rs 1,141 million as detailed in Table 3-1.

Table 3-1 Outstanding Commitments

Period	Amount (Rs million)
Prior to 2015	230
Jan 2015 – Jun 2016	52
Jul 2016 – Jun 2017	189
Jul 2017 – Jun 2018	670
Total	**1,141**

Source: Finance Section Records

The accuracy of the amounts of outstanding commitments for each period mentioned in Table 3-1 could not be ascertained due to discrepancies already highlighted and for some other reasons.

Period Prior to 2015 – Rs 230 million

The Finance Section could not certify with certainty the outstanding commitments for WOs/CCs undertaken prior to 2015 totalling some Rs 230 million. This figure could not be substantiated with supporting documents for payments. The more so, as per the Engineering Section, the outstanding commitments totalled some Rs 10 million based on claims for payments.

NDU was facing much problems to clear long outstanding claims due to missing information and other issues. It had been able to recoup some Rs 6.7 million representing excess payments effected during the last two years.

Period July 2016 to June 2017 – Rs 189 million

At paragraph 3.23.2 of the Audit Report for the financial year ended 30 June 2017, mention was made that the Finance Section had ascertained that the outstanding figure of Rs 254 million for July 2016 to June 2017 was correct. An attempt to reconcile that figure with payments of Rs 153 million effected from July 2017 to September 2018 indicated that the outstanding commitments for that period should amount to Rs 101 million instead of Rs 189 million as at 30 June 2018.

Period July 2017 to June 2018 – Rs 670 million

This figure of Rs 670 million could also not be ascertained given that the WOs/CCs issued should amount to Rs 970 million instead of Rs 897 million. Moreover, of the

Rs 897 million, payments of Rs 186 million were effected leaving a sum of Rs 711 million as outstanding instead of Rs 670 million.

Risk

NDU might have taken decisions based on wrong management information obtained from the database.

Recommendations

Proper records should be maintained of all Projects/WOs issued, any outstanding balances brought forward, payments during the year, any balances outstanding at end of each financial period/year end, and all such records should be duly reconciled.

To avoid duplication/errors in input, NDU should consider maintaining only one master database wherein all information is recorded. Tasks should be segregated in such a way that one team should be responsible for input in the database and another team for review. All amendments to the database should be duly approved.

NDU's Reply

The outstanding figure prior to 2015 has been reviewed to Rs 230 million after performance of overtime. More accurate and reliable figures, can only be obtained after perusal of more than 200 files. It was difficult to trace certain project files which dated back to 2012.

3.1.3 Over Estimation of Project Amount

There was no adequate planning of works to be carried out and the works were not properly defined given that substantial difference was noted between the estimated cost of work at time of award of contracts and the actual/revised cost at time of completion of the Works.

112 WOs totalling Rs 178 million, issued and completed during 2017-18, were subsequently revised to Rs 129 million, that is a decrease of some Rs 49 million. For instance, for five WOs, the estimated cost of works exceeded by more than 50 per cent the actual cost at time of completion. The overestimate had arisen due to change in, among others, scope of work, asphaltic concrete wearing course minimum 40 mm thick, concrete class 30/20 and road base/crusher run.

Recommendation

NDU should follow its Procedure Manual for capital projects with regard to 'Initiating a Project' and 'Developing the Project Initiation Document' to avoid significant change in scope of works when works would be actually executed.

NDU's Reply

At times there are substantial difference mainly because each project comprises provisional sum for relocation of services, and other miscellaneous works which often are not used during the construction, and WOs value also comprise a minimum of 10 per cent of contingencies which are often not used.

All necessary measures are taken by the NDU to avoid significant change in scope of works after award of a contract.

3.1.4 Award of Contract under Framework Agreement

An examination of WOs/CCs issued during 2016-17 and 2017-18 under the Framework Agreements for the periods of 2015 to 2017 and 2018 to 2020 and a scrutiny of a sample of 55 projects of a total contract value of some Rs 288 million revealed the following:

Cancellation of Works Orders

As per the database of the Engineering Section, of the 512 WOs/CCs of contract values amounting to Rs 970 million issued during 2017-18, 42 WOs for a total of Rs 59.6 million were cancelled and five amounting to Rs 8.2 million were terminated.

According to conditions of the Framework Agreement, '*where a contractor is selected for one or more zones, no new contract will be awarded to that contractor where the aggregate value of contracts under execution at any one time by that contractor has reached 75% or more of its average annual turnover based over the past three years'*. Despite the fact that the aggregate value of contracts under execution had not reached 75 per cent of their average annual turnover, the Contractors had refused to accept new WOs awarded to them.

Some of the reasons for cancellation of WOs were as follows:

- Contractors declined the offer of WOs due to the fact that several WOs were issued to them and they had to complete ongoing site works;
- A Contractor was issued a WO but informed, on 17 August 2018, that he would not be able to start the work before 14 January 2019 as he had to fulfil his present commitments with NDU, and his supervisory team and precast yard were fully booked;
- Work load and mobilisation capacities were fully involved with ongoing projects for NDU and Contractor would be able to accept work only after four months;
- Still have ongoing commitment with NDU and Contractor had negative financial resources.

Refusal of Works Orders

As per conditions of the Framework Agreement, '*The Contractor shall carry out and complete all Works Orders which may be issued to him during the Contract period in accordance with the terms of the Contract and within the time allowed for in the Works Orders irrespective of its value and the date of issue. The Employer will, however, take all reasonable steps so as to avoid the issue of Works Orders to the Contractor towards the end of the Contract Period'*.

A few Contractors refused to accept certain WOs issued to them and agreed to carry out same if rescheduled some four to five months later. Contractor's refusal of WOs was more frequent when the second Framework Agreement 2018 to 2020 was awarded. NDU had also not considered the capabilities of some Contractors to accept further contracts given that they had to complete on going WOs and were awarded WOs under the second Framework Agreement.

Accepting and Declining Orders

'Accepting and Declining Orders' of the Framework Agreement, that is '*Following receipt of an Order, the Contractor shall . Public Body*' and '*The Selected Contractor in agreeing to accept such an Order ... pursuant to Clause 8.5*', provide only orders for accepting. There was no provision for 'Declining Order' in case a Contractor/lowest bidder declined an offer.

Priority Drain Projects

Certain projects initially in the priority list of year 2016-17 were still not completed as at November 2018. With regard to the implementation of three projects, the following were observed:

- Delays were encountered during detailed design stage and also re-awarding the contract upon subsequent refusal of the first lowest bidder, then the second and so on until the next bidder accept the award. This refusal of bidders turned out that the particular WO was finally awarded to the bidder who quoted higher than the first lowest bidder. For instance, for the project '*Micoin Rd, CGrenier - initial Contract Value (iCV) of some Rs 7.3 million*', there was a difference of Rs 2 million between the lowest bidder and the third lowest who accepted the award.

- The Framework Agreement is established so as to select a pool of lowest bidders to whom would be awarded WOs to be carried out as and when required during the agreed periods/years. NDU would thus not need to carry out new exercise for tenders thereby saving considerable time.

  Subsequent refusal of bidders therefore defeats the purpose of the Framework Agreement. For instance, the WO '*Strauss Lane, Res Vallijee - iCV of some Rs 2.8 million'* was issued to fourth bidder. The Contractor had not even started works on site at the intended completion date of 20 April 2018. As per conditions of contract, the contract was terminated and the performance bond of Rs 285,020 was forfeited. Following the breach of contract, the Contractor informed NDU that he was awarded many WOs within the same period of time and to reconsider awarding the said contract. The drain work re-awarded in September 2018 therefore delayed considerably the completion of the project.

- All three projects were urgent drain works in 2016 and Consultants were even appointed to supervise them to speed up the process. However, the three projects, which were behind their respective scheduled Intended Completion Date, were not yet completed as at November 2018.

- As per the Framework Agreement, '*the Consultant shall submit a status report on each project within one month or an appropriate period before the scheduled completion date.*" As at November 2018, such Status Report of the WO for '*MJeanne, Q Soeur - iCV of some Rs 2.3 million'* was not seen.

Recommendation

The Framework Agreement needs to be reviewed taking into consideration the above issues raised.

NDU's Reply

Delays occurred in the implementation of the three projects because of wayleaves issues and refusal from the lowest and the second lowest Contractor.

The Framework Agreement have been reviewed for the period 2018 to 2020 in consultation with the PPO and CPB for a more efficient and timely implementation of project.

Ministry of Finance and Economic Development

3.2 Office Accommodation – SICOM Tower

3.2.1 Lease Agreement

On 20 May 2015, a Lease Agreement was entered into between SICOM Ltd and Government of Mauritius, represented by the Ministry of Finance and Economic Development (MoFED) for the rental of 161,036 square feet of office space at the SICOM Tower in Ebene, comprising Ground Floor plus 14 others to house Ministries/ Departments/ Government Agencies/ Institutions for an initial period of 10 years, starting on 1 April 2015. The agreed monthly rental was Rs 34 per square foot, inclusive of Syndic Fees and amenities (including partitioning).

The rental charges have so far been met under Vote 27-1: 'Centrally Managed Initiatives of Government'. Payments have been effected solely by MoFED in favour of all the occupants of the SICOM Tower as, in accordance with the Lease Agreement, MoFED had a contractual obligation with SICOM Ltd.

As from financial year 2018-19, provision has been made under the Vote of each Ministry/ Department occupying office space at SICOM Tower for the payment of their respective rental charges.

On 1 October 2018, in line with the above and following advice from the Office of the Solicitor General, MoFED requested SICOM Ltd to terminate the Lease Agreement signed in 2015 and enter into new lease agreement with each Ministry/Department occupying the premises of SICOM Tower.

As at mid-November 2018, reply from SICOM Ltd in respect of termination of Lease Agreement was still awaited.

Ministry's Reply

On 6 December 2018, SICOM Ltd informed that they were agreeable to the termination of the lease, but had proposed that the termination notice be suspended and that both MoFED and SICOM Ltd agreed on an action plan.

3.2.2 Revised Rental Charges

According to the Lease Agreement, the rental price would be revised every three years. SICOM Ltd has thus requested new monthly rental of Rs 36.64 per square foot as from April 2018.

The yearly rental payable for office space at SICOM Tower will henceforth be Rs 68,770,138 as compared to Rs 63,815,081 previously.

3.2.3 Amount due to SICOM Ltd

At paragraphs 6.1.1 and 6.1.3 of the Audit Report for the financial year ended 30 June 2017, mention was made of outstanding amounts of Rs 7,409,958 and Rs 8,440,611 in respect of rental charges as at 30 June 2017 and fit out works and other additional works as at October 2017 respectively.

As at 30 June 2018, an amount of Rs 16,089,287 as shown in Table 3-2 was still due to SICOM Ltd.

Table 3-2 Amount due by SICOM as at 30 June 2018

Item	Amount (Rs)
Rental for months prior to July 2017	7,707,843
Additional Fit out Works	8,381,444
Total	**16,089,287**

Outstanding Rental charges

As at 30 June 2018, a sum of Rs 7,707,843 was still due as rental charges as shown in Table 3-3.

Table 3-3 Rental Charges due to SICOM Ltd as at 30 June 2018

		Outstanding Rental Charges
Floor	**Period Due**	**(Rs)**
Level 10 occupied by FIU	Period April 2016 - June 2017	5,630,497
Ground Floor	August - September 2015	1,012,360
Level 1	August - September 2015	792,812
Levels 5 and 6	Period 21- 31 December 2015	272,174
Total		**7,707,843**

- With regard to rental due for Level 10 allotted to the Financial Intelligence Unit (FIU), it was explained that the latter took more time to move to SICOM Tower in view of the nature of its work and security requirements. The upgrading works had to be undertaken in compliance with international standards and in terms of FIU's security requirements. Moreover, the works had to be stopped on two occasions due to acts of vandalism and robbery on that Level.

- For the Ground Floor and Level 1, the rental charges being claimed were for office space originally meant for the Ministry of Business, Enterprise and Cooperatives. All works requested were completed on 27 July 2015. Subsequently, on 25 August 2015, SICOM was informed that MoFED would now occupy the Ground floor and Level 1 and that new arrangements had to be made regarding fit-out works based on new layouts submitted by MoFED. SICOM insisted that as all prior works requested, including change in layouts had been completed since 27 July 2015, rental as from August 2015 was due.

- As far as Levels 5 and 6 were concerned, SICOM was claiming rent for the full month of December 2015 when in fact keys were handed over on 21 December 2015. As per Lease Agreement, rental charges are due upon date of delivery.

MoFED was of the view that payment of a full month rent was not warranted. Rent should be claimed for period 21 to 31 December 2015 only.

Observations

The office space on Level 10 was allocated to FIU on 11 April 2016, and it was only on 22 August 2017 that the FIU moved to SICOM Tower. Level 10 has remained unoccupied from April 2016 to July 2017. The claim from SICOM amounting to Rs 5,630,497 was settled on 30 October 2018.

As far as outstanding rental charges for Ground Floor, Levels 1, 5 and 6 totalling Rs 2,077,346 were concerned, SICOM Ltd had been requested, since February 2018, to waive the rental due. No decision had yet been communicated by SICOM Ltd as at end of January 2019.

Ministry's Reply

SICOM Ltd has informed that the rental for Ground Floor, Levels 1, 5 and 6 amounting to Rs 2,077,346 have already been accounted for in their records and VAT on that amount paid to the Mauritius Revenue Authority cannot be waived. Needful is being done to settle this claim.

Claims for Fit Out Works

Of the amount of Rs 8,381,444 (Rs 8,440,611 less Rs 59,167, representing claim revised downwards) still outstanding in respect of Fit Out Works and other additional works requested by MoFED at the SICOM Tower, claims totalling Rs 3,224,814 were settled in August 2018.

The remaining amount of Rs 5,156,630, representing claims not recommended by the Ministry of Public Infrastructure and Land Transport (MPI) was still due. These included Development Fee totalling Rs 653,689, which according to MPI should not be settled as they were not provided for in the conditions of the lease of SICOM Tower.

3.2.4 Rental of Office Space at Belmont House

On 4 October 2017, MoFED issued a Letter of Intent to the landlord of Belmont House to signify its intention to rent an area of 4,456 square feet available on the 5th Floor. This decision was taken in view of the imminent recruitment of some 30 additional Analysts, and the available office space would not be sufficient to accommodate these officers.

On 7 December 2017, the Valuation Department was of the opinion that the proposed monthly rental of Rs 24.20 excluding VAT, per square feet with the existing amenities was fair and reasonable.

Observations

- The effective date of the Lease Agreement with Belmont Ltd was 1 December 2017. As at that date, all clearances for the go-ahead of the Lease Agreement had not yet been obtained.

Clearances	**Date Received**
Valuation Department	07.12.17
Commissioner of Police	08.12.17
Fire Services	15.12.17
Energy Services Division	19.01.18

- Rent for leased premises at Belmont House was claimed and paid for with effect from 1 December 2017. Officers who were required to effect site visits confirmed that at beginning of December 2017, the premises on the 5th Floor were still occupied by the previous tenant.

- As of November 2018, the office space was not yet occupied by the Ministry. Rent paid for unoccupied office space at Belmont House for period December 2017 to November 2018 amounted to Rs 1,488,126.

3.2.5 Relocation of Independent Review Panel

In December 2017, office space was initially leased at Belmont House to accommodate some Units/Sections of MoFED and new Analysts soon to be recruited. However, no Section was interested to move there, and eventually, in February 2018, the Independent Review Panel (IRP) agreed to relocate to Belmont House, but requested new office layout and changes to be brought to the existing partitioning in some offices.

There were delays in the finalisation of the IRP's relocation due to the fact that the Panel had to be reconstituted. Layout proposals for partitioning works at Belmont House were finally approved by IRP in July 2018.

MoFED requested MPI to consider the project with utmost priority and to place it on a fast track basis as the IRP has to be urgently relocated at Belmont House to free up space at Emmanuel Anquetil Building to accommodate new staff to be recruited.

Preliminary drawings together with Cost Estimates were finally prepared and submitted by MPI in August 2018.

3.2.6 Renovation Works

The Architecture Division of the MPI was responsible for the preparation of the Bid Documents for renovation works to be carried out at Belmont House and to supervise the works till completion.

In September 2018, MPI informed MoFED that since Belmont House is a private building, it would not be involved in detailed working drawings. The preliminary drawings would be transmitted to the owner of the building for necessary action at his end.

Observations

- In the past, as per usual practice, the MPI has always assisted Ministries renting private buildings in the preparation of the scope of works, finalisation of bid documents, supervision of the works from start to finish and certification of all claims thereto. The new stand of the MPI has greatly hampered the go ahead of the renovation works, which in turn has led to a standstill in the relocation of the IRP to Belmont House.

- As of December 2018, rent was still being paid for unoccupied office space, and it was not known when IRP would be able to move to its new office accommodation at Belmont House as the requested renovation works have still not started.

Ministry's Reply

A procurement exercise has been undertaken and it has been assessed that the renovation works would be completed by mid-June 2019 following which the IRP will be relocated there.

3.3 MauBank Holdings Ltd

MauBank Holdings Ltd was incorporated on 3 September 2015 as a public company limited by shares with stated capital of Rs 100,000, fully subscribed by Government, and was also the major shareholder of MauBank Ltd with shareholding above 99 per cent.

With the creation of the MauBank Holdings Ltd, the objective of Government was to invest capital in it, which would in turn reinvest these funds into the capital of MauBank Ltd created to take over the merged activities of the Mauritius Post and Cooperative Bank (MPCB) Ltd and National Commercial Bank (NCB) Ltd.

The longer term objective of the MauBank Holdings Ltd was to realise partial disposal of its stake in MauBank Ltd once the latter would realise substantial profits and capital growth to enable Government to recoup its investments.

3.3.1 Equity Injection in MauBank Holdings Ltd

During financial year 2015-16, Government injected a total amount of Rs 1,600.1 million as equity in MauBank Holdings Ltd:

- Rs 1,600 million as onward equity investment by the MauBank Holdings Ltd in MauBank Ltd to enable the latter to meet its Capital Adequacy Ratio;

- Rs 100,000 as Stated Capital of MauBank Holdings Ltd.

In September 2016, a further sum of Rs 6 million was provided to MauBank Holdings as equity injection by Government to enable the Company to meet its operating expenses.

3.3.2 Loans of MauBank Holdings Guaranteed by Government

In 2016-17, MauBank Holdings Ltd took a loan of Rs 3,000 million from a private Bank. As at 30 June 2018, accrued interests for the period September 2017 to June 2018 thereon amounted to Rs 68,511,332. Both the loans and accrued interests were guaranteed by Government.

3.3.3 Advances to MauBank Holdings ltd

In November 2017, a sum Rs 3 million was advanced from the Consolidated Fund to MauBank Holdings to meet its operating expenses for the period November 2017 to January 2018. It was agreed that this amount would be cleared by the Company upon generation of income from its investments.

In December 2017, MauBank Holdings requested another advance of Rs 60 million from Government to enable payment of interests due to the private Bank. The advance was expected to be cleared by 31 March 2018. In July 2018, four months after the due date for repayment of the advance of Rs 60 million, MauBank Holdings requested for an extension up to 31 December 2018, and same was acceded to.

These two advances were still due as at 30 June 2018.

Observations

- As at October 2018, as MauBank Holdings Ltd was not in a position to refund the loan to the private Bank Ltd, it had no option other than to apply for an extension of the existing facility of Rs 3,000 million with the Bank for a period of two years. Government, as major shareholder of MauBank Holdings Ltd, was requested to extend its existing guarantee to the Bank.

- MauBank Ltd was still striving to consolidate its performance and resolve the issues inherited from the taking over of the ex-MPCB and ex-NCB. MauBank Holdings, on the other hand, was still injecting capital into MauBank Ltd to keep it afloat, and none of these injections were viewed as ‘growth capital’.

- Government had as at 30 June 2018, already injected some Rs 3,200 million as equity into MauBank Holdings Ltd. Details are given in Table 3-4.

Table 3-4 Equity in MauBank Holdings Ltd as at 30 June 2018

		Rs
Prior to 1 July 2015	Shares in ex-MPCB	890,166,400
	Shares in ex-NCB	700,000,000
2015-16	Invested in MauBank Ltd	1,600,100,000
2016-17	Operating Expenses of MauBank Holdings Ltd	6,000,000
Total		**3,196,266,400**

Ministry's Reply

The two advances of Rs 3 million and Rs 60 million had been cleared on 29 January 2019.

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Mauritius Revenue Authority

3.4 Revenue Collection

The Mauritius Revenue Authority (MRA) is the main revenue collecting agency of Government. Tax collection in Mauritius is primarily based on a self-assessment system whereby the obligation of each and every taxpayer, be it a company, an individual or any form of business, is to submit to the MRA, a return of all income, other than exempt income, derived by him during the preceding year and to pay tax, calculated on the chargeable income at the appropriate rate. Post-assessment audits and other verifications are subsequently carried out; and the MRA may take appropriate action, including the raising of assessments and the application of penalties and surcharges, as provided for in the law.

For the year 2017-18, according to the Statements submitted to my Office under Section 10 (5a) of the MRA Act, there was a total of some 307,000 taxpayers registered as at 30 June 2018, of which were some 149,200 PAYE taxpayers, 77,000 self-employed, 72,400 companies and some 8,400 partnership and other forms of businesses. There were also some 18,900 VAT registered individuals and Companies.

Revenue collected in 2017-18 by the MRA in respect of different tax types (excluding Customs and Excise collection) totalled Rs 61,388,902,125 as compared to Rs 57,175,722,039 in 2016-17. This represents an increase of 7.4 over the preceding year. Details are as shown in Table 3-5.

Table 3-5 MRA - Revenue Collection

Taxes	**Collection 2016-17 (Rs)**	**Collection 2017-18 (Rs)**
Income Tax – Individuals	8,661,474,933	9,526,713,963
Income Tax - Companies & Bodies Corporate	11,881,052,571	12,403,035,086
Tax Deduction at Source (TDS)	1,236,186,349	1,391,724,282
Value Added Tax	30,231,215,733	32,988,878,194
Taxes on Specific Services and Gambling	1,891,290,624	1,969,284,400
Passenger Fee on Air Tickets	1,651,539,540	1,629,640,494
Environment Protection Fee	382,504,623	400,045,837
Advertising Structure Fee	57,588,713	51,652,131
Special Levy on Banks	845,843,866	845,693,342
Special Levy on Telecommunication	313,261,686	158,329,797
MRA – Penalties	23,763,401	23,904,599
Total	**57,175,722,039**	**61,388,902,125**

Source: Accountant General's Report

Of the total collection of some Rs 61.4 billion, tax revenue in respect of VAT and Income Tax (Individuals, Companies & Bodies Corporate) totalled Rs 54.9 billion, representing 89.4 per cent thereof.

3.4.1 Statement of Arrears of Revenue

The MRA is required to submit a Statement of Arrears of Revenue to the Accountant General (AG) on a half yearly basis in respect of half year ending 30 June and 31 December, not later than 30 September and 31 March, respectively.

The Statement of Arrears for the half year ended 30 June 2018 was submitted to the AG on 27 September 2018 and comprised:

- a summary of 'Total Book Balances' by tax type of collectible as well as non-collectible debts;

- an analysis of Collectible debts by year.

Collectible debts comprise taxes, penalties and interests due for payment at year end and also cases that are disputed at either the Supreme Court and/or Privy Council.

Non-Collectible debts, on the other hand, represent tax claims pending under ‘Objection’ at the MRA, cases lodged at the Assessment Review Committee (ARC) and also those cases where assessments have been raised but objections can still be lodged within the statutory time limit of 28 days, described as ‘Sum otherwise not due’.

Details of Collectible and non-Collectible debts are as shown in Table 3-6.

Table 3-6 MRA - Collectible and Non-Collectible Debts

	Collectible Debts (Included in AG's Annual Report as Arrears)		**Non- Collectible Debts**	
	No of Debtors	**Amount (Rs)**	**No of Debtors**	**Amount (Rs)**
Arrears of Revenue including cases pending at Supreme Court & Privy Council	82,247	6,721,413,845	N/A	N/A
Pending under objection	-	-	572	4,128,083,484
Pending at ARC	-	-	1,260	11,883,463,422
Sum otherwise not Due	-	-	1,331	1,746,082,617
Total	**82,247**	**6,721,413,845**	**3,163**	**17,757,629,523**

Source: Statement of Arrears of Revenue submitted to Accountant General

3.4.2 Non Collectible Debts

A person/licensee who is dissatisfied with an assessment issued by the MRA, has the opportunity to object to the assessment within 28 days of the date of the notice of assessment. All objections are dealt with independently by the Objections, Appeals and Dispute Resolutions Department of the MRA to ensure that the Officer who has raised the assessment is in no way involved in the handling of the objection.

Further, Section 19 of the MRA Act provides that any person who is aggrieved by a decision 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 (ARC), written representations specifying the reasons for asking for a review of the decision, determination, notice or claim.

Observations

- Non-Collectible debts of some Rs 16 billion, which were pending under Objection and ARC, represented some 238 per cent of collectible debts of Rs 6.7 billion. These were not accounted for in the Annual Report of the AG.

- In terms of amount of taxes under dispute, some 67 per cent (Rs 11,883,463,422) were in respect of cases referred to the ARC. Some of these cases dated as far back as the year 1999.

3.4.3 *Collectible Debts - Rs 6,721,413,845*

Total arrears of revenue of the MRA (excluding customs and excise) as of 30 June 2018 stood at Rs 6,721,413,845, as compared to Rs 7,374,003,498 as of 30 June 2017. This represents a decrease in arrears of some nine per cent.

Details are shown in Table 3-7

Table 3-7 MRA - Collectible Arrears by Tax Type

Taxes	**As at 30 June 2017 (Rs)**	**As at 30 June 2018 (Rs)**	**% of Total Arrears**
Income Tax (Including companies & body corporates)	3,433,219,577	3,281,151,857	48.82
Value Added Tax	3,316,573,419	2,789,182,857	41.50
Betting & Gaming Tax	166,256,204	174,727,040	2.59
Environment Protection Fee (EPF)	44,015,303	17,637,266	0.26
Pay As You Earn (PAYE)	183,402,662	234,907,777	3.50
TDS	116,726,415	126,782,953	1.89
Others	111,802,904	97,024,095	1.44
Sales Tax	2,007,014	-	-
Total	**7,374,003,498**	**6,721,413,845**	

Source: Debt Management Unit

Observations

- Of the total debts of Rs 6.72 billion as of 30 June 2018, some Rs 6 billion were in respect of Income Tax (Individuals and Companies & Body Corporates) and VAT debtors. This represents some 90 per cent of total arrears;

- An age analysis of the above debts is as shown in Table 3-8.

Table 3-8 MRA - Age Analysis of Debts

Period	Arrears as of 30 June 2018 (Rs)	% of Total Arrears
1993-1999	150,197,760	2.23
2000-2009	904,779,476	13.46
2010-2015	2,494,493,100	37.11
2016-2017	1,503,007,631	22.36
2018	1,668,935,878	24.84
Total	**6,721,413,845**	

Source: Collectible Debt Report - Debt Management Unit

Some 15.7 per cent of the total Collectible debts relate to years prior to 2010 and 37.1 per cent of the total amount outstanding was for the period 2010 to 2015. For the most recent years 2016 to 2018, some Rs 3.2 billion were still outstanding. This represents 47 per cent of the total figure of Rs 6.7 billion.

A further analysis of the arrears, stratified by amount and number of taxpayers, is as shown in Table 3-9.

Table 3-9 MRA – Arrears stratified by Amounts Due

Range (Rs m)	Number of Cases	Amount (Rs)	% of Total Amount
Less than 10	86,587	4,674,051,911	69.54
10 – Less than 50	53	936,193,028	13.93
50 – Less than 100	4	250,138,866	3.72
100 – Less than 200	0	-	-
200 – Less than 250	1	230,633,668	3.43
Above 250	2	630,396,372	9.38
Total	**86,647**	**6,721,413,845**	

Source: Collectible Debt Report - Debt Management Unit

- As of 30 June 2018, nearly Rs 2.1 billion of arrears were in respect of only 60 cases. This represents some 30 per cent of total arrears of Rs 6.7 billion. Included therein were:

  - 53 cases where taxpayers owed MRA a total of Rs 936,193,028, in the range of Rs 10 million to Rs 50 million;

- 7 cases involving arrears of some Rs 1.1 billion, which is approximately 16.5 per cent of total debts.

➢ Of the 86,587 cases involving less than Rs 10 million each, more than 3,390 involved amounts of less than Rs 100.

MRA's Reply

➢ Out of the three cases where the amount owed was more than Rs 200 million each, two cases for a total amount of Rs 527 million have been settled in October 2018. The other case is a drug trafficker who is in prison and has no property.

➢ As regards small debts of less than Rs 100, a mass write off has already been done in August 2018.

3.4.4 Enforcement and Recovery of Arrears

Recovery of Arrears is one of the main functions of the Debt Management Unit. Arrears are recovered either from settlements made voluntarily by taxpayers or recovery efforts undertaken by MRA using various enforcement tools provided under Tax Acts.

The percentage of debts recovered during 2017-18 in respect of outstanding debts as of 30 June 2017 is as shown in Table 3-10.

Table 3-10 MRA - Rate of Recovery of Arrears

Period	Arrears as of 30 June 2017 (Rs)	Total Collections 2017-18 (Rs)	% of Opening Arrears
1993-1999	165,003,061	1,503,042	0.91
2000-2009	1,036,658,703	31,635,092	3.05
2010- June 2015	3,946,050,631	295,099,439	7.48
July 2015-Jun 2017	2,226,291,103	543,715,600	24.42
	7,374,003,498	**871,953,173**	**11.82**

Source: Statement of Arrears of Revenue submitted to the Accountant General

Observations

➢ According to the Statement of Arrears submitted to the Accountant General, out of the outstanding debts of Rs 7.4 billion as of 30 June 2017, some 872 million had been collected during 2017-18. This represents 11.8 per cent of the outstanding debts.

➢ As shown in Table 3-10, old debts are still difficult to recover. As for example, debts prior to 2000, which amounted to Rs 165 million, only 0.9 per cent had been collected therefrom. Similarly, debts relating to 2000-09 and 2010-15 which amounted to

Rs 1 billion and Rs 4 billion respectively, only 3 and 7.5 per cent had been collected. Several cases were selected for verification on the computerised system and it was noted that, in several cases, the taxpayer had passed away. An analysis showed that there were more than 660 cases involving some Rs 44 million, where the taxpayer had passed away but still listed as a debtor at the MRA. Details as regards to the age of debt are as illustrated in Table 3-11.

Table 3-11 MRA – Debts Due by Persons who have Passed Away

Period	Number of cases	Amount Owed (Rs m)
1992-1999	25	1.30
2000-2005	72	11.60
2006 -2010	312	6.29
2011-2015	145	21.78
2016-2018	114	3.11
Total	**668**	**44.08**

Source: Collectible Debt Report -Debt Management Unit

MRA's Reply

- Total arrears collected amounted to Rs 2.6 billion. However, the report to AG is only in respect of collection of arrears at start of the year. Collections made on current debts (assessments raised and paid during any of the two half year periods) are not accounted in those reports and therefore does not correctly show the total arrears collected during the year.

- When a taxpayer dies, it does not necessarily mean that the debt is irrecoverable and should be written off. It may happen that the taxpayer has property and the heirs of the taxpayer would be responsible to pay the debt. However, particular attention will be given to these cases and appropriate actions taken accordingly.

Enforcement Tools

One of the main objectives of the Debt Management Unit is to enforce payment of any tax due by making use of enforcement tools provided in the relevant revenue laws, amongst others, Income Tax Act, VAT Act and Gambling Regulatory Act. Provisions have also been made to the effect that there is no limitation of action for recovery of arrears by the MRA.

In the first instance, when a debt is not settled within the due date, reminders are issued to the taxpayer requesting him to settle the tax due together with accrued penalties and interests. In case of failure to effect payment of the amount due following reminders, enforcement actions are then taken to recover the tax due.

During 2017-18, final claims were issued in 18,954 cases whereby the tax amount totalled Rs 7.4 billion. In addition, agreements were also reached in 953 cases for a total amount of Rs 370.8 million.

Enforcement actions provided under various Tax Acts undertaken by MRA during 2017-18 are laid down in Table 3-12.

Table 3-12 MRA - Enforcement Actions Undertaken

Enforcement Tools	No. of Cases	Amount (Rs)
Attachment Order (Salary)	5	135,208
Attachment Order	2138	799,631,545
Distress Warrants	10	24,997,674
Inscription	496	1,128,536,697
Renewal of Inscription	230	723,064,532
Objection to Departure	19	83,428,975
Prior Notice Contrainte	10	67,681,671

Source: Debt Management Unit

Although Prior Notice Contrainte were issued in 10 cases, no Contrainte was issued. Further, no Prosecution was undertaken during 2017-18.

The outcome following enforcement action was not readily available. I have been informed that an amount of Rs 10 million has been earmarked in 2018-19 for the development of the Debt Management Module to address shortcomings in the current system.

Customs

3.5 Arrears of Revenue

The Statement of Arrears of Revenue as of 30 June 2018 showed total arrears of some Rs 710.9 million, consisting of duties, taxes, penalties and interests outstanding in respect of imported goods that have already been delivered, and cases where Customs Offence Reports (CORs) have been raised due to breach of Customs legislations.

Of the total arrears of some Rs 710.9 million, Rs 682.9 million (96 per cent) were classified as "*under dispute*", that is those debts where the debtors have refused payments while the remaining Rs 28 million (4 per cent) were classified as "*collectible debts*", that is where settlement has been agreed upon by the debtors. Only collectible debts are included in the Annual Report of the Accountant General for the year ended 30 June 2018.

3.5.1 Long Outstanding Debts

As per Debtors' Age Analysis, some Rs 242.2 million (34 per cent) of the total arrears of revenue figure, as shown in Table 3-13, were outstanding for long period of time, ranging from six to 19 years. Had all avenues for the recovery of debts been explored on a timely basis, such long outstanding debts would not have arisen.

Table 3-13 Analysis of Arrears of Revenue for the past 19 years

Year	No. of cases	Balance as at 30 June 2018 (Rs)	No. of Years outstanding
1999-2001	6	47,324,862	17-19
2002-2004	9	7,348,035	14-16
2005-2007	9	38,611,207	11-13
2008-2010	20	29,244,651	8-10
2011-2012	47	119,747,728	6-7
Total	**91**	**242,276,483**	

Of the total arrears of some Rs 710.9 million, some Rs 441.7 million (62.1 per cent) were owed by only 17 debtors, as shown in Table 3-14.

Table 3-14 Amount owed by 17 Debtors

Year	No. of cases	Balance as at 30 June 2018	No. of Years case pending
2007	1	37,641,537	11
2010	1	18,570,360	8
2012	4	76,595,961	6
2014	8	50,537,168	4
2015	2	190,351,705	3
2018	1	68,012,924	
Total	**17**	**441,709,655**	

MRA's Reply

Customs has already taken necessary steps to ensure timely recovery of arrears, namely: recovery powers, as in the VAT Act; setting up of a Debt Review Committee (DRC) in 2017; and setting up of a Debt Monitoring Unit in 2010.

As at 29 January 2019, the status of the 91 cases were: 36 cases (Rs 68,198,619) have been approved for write off by the MRA's Board; 11 Police cases (Rs 30,127,604); 23 Court cases (Rs 64,676,282); one Assessment Review Committee (ARC) case (Rs 1,029,961); 15 Legal Service Department (LSD) cases (Rs 54,610,006); one case (Rs 2,283,411) under process; three cases (Rs 20,480,751) in Receivership; and one case (Rs 869,849) will be referred to DRC.

As at 29 January 2019, the status of the 17 cases were: three cases (Rs 62,999,289) have been approved for write off by the MRA's Board; three LSD cases (Rs 144,201,676); two Court cases (Rs 10,003,027); two Police cases (Rs 9,242,247); two Office of the Director of Public Prosecutions (DPP) cases (Rs 99,561,691); one ARC case (Rs 68,012,924); three cases (Rs 23,738,562) in Receivership and one case (23,950,239) with Attorney General's Office (AGO).

3.5.2 Pending Review – No Further Action

As of 30 June 2018, the total arrears of revenue figure included 39 debtors for a total amount of some Rs 69.2 million, as shown in Table 3-15, which were assessed and classified by the LSD for "*No Further Action*". These related to cases which arose during period 2005 to 2016 where the likelihood of recovery was assessed to be remote. However, the amount of some Rs 69.2 million still appeared in the total arrears of revenue figure as of 30 June 2018.

Table 3-15 Pending Review – No Further Action

Year	No. of cases	Balance as of 30 June 2018 (Rs)
2005-07	4	38,160,082
2008-10	7	3,424,429
2011-13	19	27,285,398
2014-16	9	415,959
Total	**39**	**69,285,868**

Details of two of the 39 cases are summarised below:

- In 2007, a COR for an amount of some Rs 37.6 million was raised against a Company for imports made during period 2001 to 2004. After inquiry, the LSD had, on 13 May 2016, recommended "*No Further Action*". The sum of some Rs 37.6 million was, however, still included in the total arrears of revenue figure as of 30 June 2018.

- In 2012, a COR for some Rs 5.7 million was raised against a Company which had benefited from excise duty concession, previously listed under the First Schedule to the Excise Act, on a vehicle acquired for the transportation of tourists. The Company had, in fact, not used the vehicle for the purpose for which the duty concession was granted but had instead, rented same to an individual on long term basis. Since 2014, the LSD had recommended "*No Further Action*". However, the amount of some Rs 5.7 million still appeared in the total arrears of revenue figure as of 30 June 2018.

Appropriate action had not been taken in due time. Hence, this has resulted in the total arrears of revenue figure as of 30 June 2018 being overstated by some Rs 69.2 million.

MRA's Reply

Action has been initiated with regards to the 39 cases as follows: 37 cases (Rs 68,108,175) have been approved for write off by the MRA's Board; one case (Rs 307,844) has been kept in abeyance; and one case (Rs 869,849) will be referred to DRC.

3.5.3 Status of Debts

Imported Yacht – Rs 23,950,239

At paragraph 6.5.3 of the Audit Report for the year ended 30 June 2017, I mentioned that the two Companies which had been dissolved in June 2014 and June 2015 respectively before settlement of debts, had not yet been reinstated, as advised by the AGO. As of 30 June 2018, the amount outstanding totalled Rs 23,950,239, inclusive of penalties and interests.

Since 11 July 2016, the AGO had advised to reinstate both Companies and to have a "*Saisie Conservatoire*" on the imported yacht. As of 30 September 2018, more than two years after the advice, the two Companies have not yet been reinstated and a "*Saisie Conservatoire*" has not yet been applied.

The imported yacht was placed under Customs surveillance since February 2012 and has remained idle in the Port area for more than six years.

MRA's Reply

Several meetings were held with the AGO for re-instatement of the said Companies since 2016. Last meeting was held on 16 January 2019 where the AGO requested additional information from Customs and provided a draft motion for the restoration of the Companies at the Registrar of Companies. All documents/information have already been sent to the AGO on 16 February 2019.

Company A – Rs 955,330

At paragraph 6.8.1 of the Audit Report for the year ended 30 June 2017, I mentioned that on 17 February 2012, the Court had ordered the two motorcycles which were wrongly declared, to be forfeited and destroyed, and that appropriate action had not been taken for the remaining 72 motorcycles.

In May 2018, the 72 motorcycles were disposed of by Auction Sales at a very low total selling price of Rs 413,897 (Rs 5,748 per unit). However, the penalties and interests of Rs 955,330 were still included in the total arrears of revenue figure as of 30 June 2018.

MRA's Reply

As at 29 January 2019, the MRA's Board has already approved the write off of Rs 955,330.

Company B – Rs 159,040,121

A claim of Rs 48,922,714 was issued to Company B in 2008 for unlawful removal of goods from bonded warehouse in August 2007. Due to lengthy processing time, the claim became time barred in 2014. In January 2015, a COR for the sum of Rs 48,922,714 was raised against the Company which was referred to the DPP in December 2016. Meanwhile, on 5 June 2017, the Company went in Receivership. As of 30 June 2018, the amount due, inclusive of interests and penalties, stood at Rs 97,636,599.

The second claim for the sum of Rs 40,841,202 (duties and taxes) was raised in March 2018 following a shortage of 79,633 litres of whisky noted during a physical survey carried out at the request of the Receiver Manager, in June 2017, in the said Company's Bonded Warehouse. As of 30 June 2018, the amount due, inclusive of interests and penalties, amounted to Rs 61,403,522.

It has to be noted that the total outstanding debts of some Rs 159 million represented 22 per cent of the total arrears of revenue figure as of 30 June 2018. In the event of failure to recover the said amount, this would represent a significant loss of revenue to the Government.

MRA's Reply

On 26 March 2018, the AGO, on behalf of the MRA, filed a proof of claim for the amount due together with penalty and interest. On 4 April, 20 April and 4 December 2018, reminders were sent to the Receiver Manager to provide an update on the claim made by the MRA. In December 2018, the Receiver Manager informed the MRA that the receivership was still in progress and no distribution of funds has been made.

Recommendations

Decision has to be taken in respect of all cases that have been classified by LSD for "*No Further Action*".

There is an urgent need to follow up the case of the imported yatch with the AGO to reinstate both Companies and to apply a "*Saisie Conservatoire*" on the yacht, as advised by the AGO. Undue delay would result in significant loss of revenue.

Follow up should be made with the Receiver Manager for the recovery of the amount due by Company B.

3.6 Scanning

Scanning helps to reduce clearance time and avoids the inconvenience and risk linked to physical inspection. Since year 2008, a scanner of make Smiths Heimann, was in use at the Mauritius Post Ltd (MPL). Scanning was done on a sample basis after the screening of parcels/packets by Customs Officers. As per the Scanning Register, an average of 1,691 to 2,682 parcels/packets has been scanned on a monthly basis, as shown in Table 3-16.

Table 3-16 Number of parcels/packets scanned

Period	Total No. of parcels/packets scanned	Average parcels/packets scanned per month	Average parcels/packets scanned per working day
1 July–31 Dec 2017	10,148	1,691	70
1 Jan–30 June 2018	16,095	2,682	111

The percentage of parcels/packets scanned per day could not be computed in the absence of total number of parcels/packets received at the MPL during that day. Hence, it could not be ascertained whether the number of scanning done was representative of the population.

The scanner has a capacity of scanning a large volume of parcels/packets per day. However, it has been operated for only 10 to 30 minutes on several days, with an average of 70 to 111 parcels/packets being scanned per working day, based on risk profiling and targeting done by Customs.

Although parcels/packets were received twice per day at MPL, scanning was done only once. Moreover, during the financial year 2017-18, scanning had been done only on 15 Saturdays. All the unscanned parcels/packets were kept under the sole control of MPL and hence, there existed the risk for the parcels/packets to be tampered with.

Recommendation

A maximum number of parcels/packets has to be scanned on a daily basis with a view to preventing illicit drugs and other prohibited products from entering the country.

MRA's Reply

The scanner used by Customs at MPL is a big deterrent and discourages potential fraudsters and smugglers from concealing drugs/narcotics in parcels/packets.

It was decided to increase the number of scanning of parcels/packets up to 75 per cent by the end of 2019.

The location where the parcels/packets are stored is under camera surveillance and kept under lock by MPL. There is minimum risk of tampering of these parcels/packets.

3.7 Patrol Boats

Customs is responsible for the prevention of smuggling of illicit goods and drug trafficking, and for the control of goods entering, leaving and transiting the Port.

Cobra 27, a fibre glass boat, was acquired in 2002 at a cost of Rs 1,390,000, for harbour control while a Fast Interceptor Boat (FIB), a highly capable speed boat, was acquired in March 2016 at a cost of Rs 23,430,628, for offshore patrols.

During financial year 2017-18, Cobra 27 and the FIB have effected only 70 and 69 patrols respectively during weekdays. With regard to patrol effected during weekend, Cobra 27 and the FIB have effected one and four patrols on Saturdays respectively. No patrol was effected on Sundays. Hence, maximum use of the two patrol boats and the skippers have not been made as they were kept on standby most of the time.

As of February 2018, Cobra 27 had undergone repairs and maintenance on several instances since 2012 for a total cost of some Rs 1.3 million. The FIB had broken down 14 times and the total cost of repairs and maintenance amounted to some Rs 988,000 as of 31 May 2018. Despite the major repairs and maintenance, efficient use of the two patrol boats have not been made.

Recommendation

Customs should make maximum use of the two patrol boats so as to enhance control in the Port and surrounding areas. This would act as a deterrent for illegal transactions and prevent drug trafficking from taking place.

MRA's Reply

The skippers were on stand-by and were ready for immediate deployment. They can also be urgently called for urgent patrols even if they are off duty.

Customs has already put in place a patrol plan to maximise the use of the skippers and the patrol boats, including Saturdays and Sundays.

A Memorandum of Understanding is being drafted for joint harbour patrol by Customs, the National Coast Guard and the Mauritius Port Authority.

3.8 Drones

In February 2018, due to the increasing need of protecting the borders, Customs acquired two drones for aerial surveillance of the Port and surrounding areas, at a total cost of Rs 978,937.

The two drones have not been efficiently used. For the period May to September 2018, of the 153 working days, Drone 1 was not used for 137 days and for period April to September 2018, of the 183 working days, Drone 2 was not used for 161 days.

Customs could not make effective use of Drone 1 for Port surveillance due to its low capacity as it could cover only three kilometres and used for only 12 to 15 minutes compared to Drone 2 which could cover five kilometres and operated for 22 to 25 minutes.

Recommendation

Customs needs to come up with a policy to make effective use of the two drones for aerial surveillance of the Port and surrounding areas. They should be used for the surveillance of inaccessible and hazardous areas and hence, be an effective tool for Customs to prevent illicit products from entering the country.

MRA's Reply

Surveillance operations are done by CANS as and when required, based on risk profile and targeting. Using the drones routinely with predetermined routes will only hamper the surveillance exercise and make it predictable to the smugglers/traffickers. It is also true that these drones have their limitations based on their specifications and cannot be used when there is bad weather. However, alternative means like CCTV surveillance were used by CANS when the drones are not usable.

Corporate and Business Registration Department

General

The main functions of the Corporate and Business Registration Department are, among others, the incorporation, registration and striking-off of companies, and the registration of documents that must be filed under the Companies Act. For such activities, the Department is collecting different types of revenue, such as registration/license fees and fines, lodging and others through different modes of payment, namely online, cash, cheques, credit card, and deposits in either Mauritian Rupees or US Dollar.

3.9 Revenue Collection

At paragraph 6.10 of the Audit Report for the financial year ended 30 June 2017, attention was drawn to the difference in amounts of evenue collected as per the Corporate Business Registration Information System (CBRIS) report and the Treasury Abstract (TA).

For 2017-18, difference in the amounts between the two records was still noted, and other shortcomings are detailed below:

3.9.1 CBRIS Report and TA

As at 30 June 2018, collection of revenue, namely Company License, Fines and Lodging and Others totalled some Rs 201.8 million and US $ 674,080 as per CBRIS report. These payments in US $ were converted into rupees according to the Bank of Mauritius' Indicative Exchange Rate that prevailed on the day particular payment was received. As per the TA, collections totaled Rs 223.1 million, and included the equivalent in rupees of the US $ 674,080. It was therefore difficult to reconcile and ascertain the accuracy of the amounts of collections from both records given that the equivalent in rupees of the US $ 674,080 was not available in CBRIS report.

It was also noted that refunds for overpaid fees totalling Rs 713,670 were adjusted in the TA only and not in CBRIS. According to the Finance Section, following monthly reconciliations carried out, the net difference between the two records was Rs 101,748.

3.9.2 Reports from CBRIS

The completeness and the accuracy of revenue of some Rs 337.3 million and US $ 1.3 million collected during 2017-18 could not be ascertained as the reports generated from CBRIS could not be relied upon due to the following:

Deposits Accounts

From the 'Miscellaneous Reports' of CBRIS, revenue of Rs 337.3 million and US $ 1.3 million included Rs 129.6 million and US $ 663,199, which represented deposits wrongly accounted twice, once when payment was effected from the deposit account and, the second time, when the same amounts were credited to the different revenue items.

Gap Detection on Receipts issued

On 25 October 2017, the System Developer identified scenarios that could have caused the gaps in receipts issued. It seemed that the System Developer has not yet been able to solve the problem of large gaps in the receipts issued, which were detected during 2017-18 as follows:

- As per the Daily Cash and e-Payment Reports, the serial number of the first receipt issued was 1972905 and of the last one was 4015313. Hence, 2,042,409 receipts were supposed to have been issued during 2017-18;

- According to the 'Total revenue collected for a specified period' report, only 186,458 receipts were issued for the Rs 337.3 million and US $ 1.3 million collected, resulting in 1,855,951 gaps for that same period. As per another report 'List of Skipped Receipt by Period', only 1,563,320 gaps were noted.

Recommendations

Proper reconciliation exercise should be carried out to clear all differences between CBRIS and Treasury Abstract.

The System Developer should initiate action so that all the identified weaknesses are promptly taken care of, thereby ensuring accuracy, completeness and reliability of the reports generated from CBRIS.

Department's Reply

The System Developer has been requested to generate separate reports for revenue and deposits respectively.

The 'Gap Detection on Receipts issued' has been reported to the System Developer to investigate into the issue. The Department is proposing to have two different sequences, namely one for the Cash Office and one for online payments.

3.10 Arrears of Revenue

As of 30 June 2018, arrears of revenue amounted to some Rs 79 million. At paragraph 6.11 of the Audit Report for the financial year ended 30 June 2017, mention was made that the decrease in arrears since January 2013 was mainly due to the write off of significant amount of arrears. For 2017-18, arrears written off amounted to some Rs 65 million. Another list of companies with irrecoverable arrears totalling some Rs 12 million, and which had not responded to the compounding exercise, was sent to the Director Internal Control for approval for write off.

3.10.1 Debt Recovery System

Recovery of arrears was still slow, with only Rs 9.4 million, representing about 7 per cent of the Rs 134 million due at 30 June 2017, having been recovered during the ensuing financial year ended 30 June 2018.

The Department has not yet implemented other measures for recovery of outstanding arrears, and was still relying on the issue of reminders and on compounding exercises as mentioned at paragraph 7.9.1 of the Audit Report for the 18-month period 1 January 2015 to 30 June 2016.

The deadline for payment of registration fees for 2018 was 20 January 2018. Thus, in March and April 2018, reminders were sent to Companies, which had failed to pay registration fees for 2018. Compounding exercise was thereafter carried out for those Companies, which still defaulted. As at January 2019, some 1,400 Companies with outstanding fees totalling Rs 4.6 million had not responded to this compounding exercise, and would be removed from the list of operating companies.

3.10.2 Age List of Debtors

As per the 'Statement of Arrears of Revenue' reported to the Accountant General, arrears were some Rs 79 million as at 30 June 2018. However, a 'Debtors Ageing Analysis' report totalling some Rs 144 million generated from CBRIS was produced instead of the Rs 79 million.

The Finance Section had made adjustments of Rs 65 million for write off and a net balancing figure of 10 million, that is collections of Rs 9.4 million and debtors of Rs 19.4 million as at 30 June 2018, to the arrears of Rs 134 million as at 30 June 2017, to arrive at the arrears figure of Rs 79 million. The accuracy of the amount of Rs 79 million could not be ascertained.

Department's Reply

There is a very efficient system of recovering arrears in place at the Department. Compounding of offences have reduced arrears of revenue significantly and has proved to be an efficient and effective method of collecting revenue.

Necessary actions will be taken to ensure that arrears written off or cumulated are not taken into account when the reports are generated at a particular date.

Registrar-General's Department

3.11 Revenue Collection: Short Remittances

On 20 September 2017 a Departmental Inquiry Committee reported irregularities in collections of Rs 398,700 that were short remitted during the period 21 April to 18 August 2017 by a Cashier. Receipts for registration of 25 documents were altered. On 25 September 2017, the matter was reported to the parent Ministry for the setting up of a Departmental Board of Enquiry (DBE) and to the Mauritius Police Force (MPF) for investigation.

Observation

As of December 2018, some 15 months later, no reports from the DBE and MPF were available. The officer has been transferred to another Ministry since 2 October 2017, but the sum short remitted has still not been refunded to Government.

The above irregularity was attributed to inadequate control over cash collections as follows:

- no reconciliation with Treasury Accounting System was made in respect of revenue collected by other Government Ministries/ Departments on behalf of Registrar General's Department (RGD).

- access to the computerised system of the Mauritius e-Registry Project (MeRP) to alter receipts was given to all cashiers instead of limiting same to Senior Officers at the Cash Office.

Department's Reply

Two Senior Officers have been designated to alter receipt in such cases and a manual record is kept counter-signed by both the Cashier and the Senior Officer showing clearly the reason and the amount involved. It is contemplated to make an enhancement to the system to automate this control. Our supplier is still working on this issue.

3.11.1 Arrears of Revenue - Rs 403.5 million

Revenue management continued to be a high risk area for the RGD due to the lengthy procedures to finalise cases under objections following reassessment exercises and also to deal with defaulting debtors. The arrears of revenue of the RGD of Rs 403.5 million as at 30 June 2018 included registration duty and land transfer tax on land transactions of Rs 362.9 million, that is 90 per cent. The movement in debtors is shown in Table 3-17.

Table 3-17 Movement in Debtors

Description	Amount (Rs m)
Balance at 1 July 2017	369.3
New Cases	169.0
Penalty	0.1
Payments	(49.3)
Adjustments	(71.0)
Write-off	(14.6)
Balance at 30 June 2018	**403.5**

Observations

No details were available for negative debtors adjustments of Rs 71 million and for debtors written-off of Rs 14.6 million;

The above debtors balance of Rs 403.5 million did not include the following pending claims totaling Rs 641.5 million in respect of 4,899 cases as follows:-

- 1,969 Cases of Untraceable debtors (Rs 56 million)
- 728 Cases at Objection Unit for 4,732 buyers and sellers (Rs 346.6 million)
- 2,202 Cases at Assessment Review Committee (Rs 238.9 million)

Objections were allowed in 10 cases, involving additional duty/tax of Rs 14.7 million, on ground that they were not assessed by the Objection Unit within the legal delay of four to six months as from the date of objection. Thus, revenue of Rs 14.7 million has been forgone on these cases. Due to the above, the deposits of Rs 0.9 million for seven cases had to be refunded by RGD.

As of January 2019, the outcome of 220 debtors owing Rs 43.8 million, referred to the Mauritius Revenue Authority for recovery in March 2017, was not known.

I mentioned at paragraphs 6.12 and 6.16 of the Audit Report for the financial year ended 30 June 2017 the following issues.

- 17 companies and 10 individuals owed Rs 75.1 million since a long time. They have not settled any of their debts as of 31 December 2018.

- The outcome of the assessment of Rs 212.4 million by the Valuation Unit on four companies that were lodged at the Assessment Review Committee between March and October 2015 was not known as of January 2019.

3.11.2 Effectiveness of Recovery Measures

No proper action has been taken to review the Valuation mechanism despite assurance given by management to have a Valuation Roll as a tool that would enable the availability of the open market values of immovable properties, prior to registration.

No Attorney-at-Law has been posted to the RGD.

Department's Reply

Only 141 cases involving an amount of Rs 8,860,137 are pending at the Objection Unit as at January 2019.

The Valuation Roll is still in preparation at the Valuation Office. As such, we have to continue with the existing valuation mechanism.

This department has been trying hard to recruit an Attorney-at-Law to be posted at this department who will expedite matters in recovery. A new attempt has been made this January and it is expected that an Attorney-at-Law may be enrolled.

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4 – DEPUTY PRIME MINISTER'S OFFICE, MINISTRY OF ENERGY AND PUBLIC UTILITIES

4.1 Loan to Wastewater Management Authority for Construction of Wastewater Infrastructure

Prior to 2013, implementation of sewerage projects by the Wastewater Management Authority (WMA) was financed through grants from Government. Since 2013, the WMA was granted loans by Government to finance those projects. As at 30 June 2017, seven loans agreements for a total amount of some Rs 4.2 billion were signed between Government of Mauritius and WMA. Another loan agreement for an amount of Rs 353 million was signed on 11 August 2017.

At paragraph 5.1 of the Audit Report for financial year 2016-17, it was reported that as at 30 June 2017, though capital repayment was not yet due on any of the above loans, claims in respect of interests and penalties accrued on those loans were not paid by the WMA.

During 2017-18, some Rs 255 million were disbursed by the Ministry as loan, and some Rs 109 million by way of shares and equity to the WMA. No interest payment was effected by WMA. Moreover, on 31 March 2018, the first capital repayment of one of the loans amounting to some Rs 46 million became due.

Principal amount, interests and penalties accrued on loans already disbursed in respect of claims issued as at 30 June 2018 totalled some Rs 479.5 million as shown in Table 4-1.

Table 4-1 Principal Amount, Interests and Penalties due by the Wastewater Management Authority

Date of Loan Agreement	Amount of Loan as per Agreement (Rs)	Amount Disbursed as at 30 June 2018 (Rs)	Loan Repayment Period	Principal Amount, Interest and Penalty due on Claims issued up to 30 June2018 (Rs)
06.05.2014	920,992,616	920,992,616	Mar 2018 to Sep 2027	*252,146,193
19.08.2014	307,700,000	307,700,000	Mar 2019 to Sep 2028	55,758,020
14.11.2014	507,450,000	394,788,725	Oct 2019 to Apr 2029	62,264,105
23.02.2015	200,000,000	140,170,223	Apr 2020 to Oct 2029	19,370,371
25.05.2015	182,230,000	141,492,383	Sep 2020 to Mar 2030	17,258,368
25.05.2015	1,056,000,000	401,909,462	Sep 2020 to Mar 2030	37,167,915
15.09.2016	1,055,000,000	536,572,049	Jun 2021 to Dec 2030	30,422,553
11.08.2017	353,000,000	255,009,473	Jun 2022 to Dec 2031	5,136,810
Total	**4,582,372,616**	**3,098,634,931**		**479,524,335**

Source: Claims from the Treasury

* The sum of Rs 252,146,193 included an amount of Rs 46,049,631 in respect of principal amount due on 31 March 2018.

On 11 July 2018, the WMA informed the Ministry that it was not in a position to repay the interests on loans granted as the revenue being derived from wastewater charges just covered its operational expenditure and that it would not be financially sustainable to pay back the investment in wastewater projects. It was further stated that the customer base, as well as the present tariff applied, was not sufficient to recover the capital investment costs incurred in the implementation of wastewater projects.

On 26 July 2018, the Ministry requested the Ministry of Finance and Economic Development (MoFED) to analyse the financial situation of the WMA and to consider the possibility for rescheduling its loans.

Ministry's Reply

MoFED has recommended the Ministry to:

- Review the framework, including the 'Contrat de Maitrise d'Ouvrage Délégué' and 'Contrat de Délégation', under which WMA is currently operating and propose a new agreement compatible with the new financing agreement of capital projects by Government.

- Come up with a business plan to demonstrate future financial viability of the WMA incorporating proposal, including rescheduling of the loans taken by the WMA during the period 2013 to 2016-17 and subsequent repayment to Government.

- Ensure that WMA meets its financial obligation on loans provided by Government as from financial 2017-18.

- Ensure that the WMA uses its own fund to manage, maintain and run any wastewater system, including public sewers or equipment and invest in priority projects/equipment to preserve public health and to ensure a sustainable and clean environment.

4.2 Bagatelle Dam Project

4.2.1 Construction Contract – Increase in Project Value

The contract for the 'Construction Works of the Bagatelle Dam Project' was awarded to a foreign construction Contractor for the sum of Rs 3,332 million (inclusive of 2.5 per cent discount and 10 per cent Contingencies) in June 2011. The commencement date was 1 December 2011, and the original completion date was scheduled for 30 November 2014.

In July 2014, following design changes of the spill way and the 'Cut Off Wall' (COW), the contract value was revised to Rs 5,654 million (inclusive of Rs 1,966 million for the COW), that is, an increase of some 70 per cent over the original contract amount. The completion date was extended to 30 June 2017, with the introduction of a new key milestone, namely 'Dam Ready for Impounding' at latest by 31 December 2016.

In May 2016, Government approved an increase in the project value (for both construction works and consultancy services) from some Rs 6.4 billion to Rs 7.1 billion, including a

Contingency Sum of Rs 575 million to cover costs of pending claims from the Construction Contractor. The value of the Construction Contract was increased from some Rs 5.6 billion to Rs 6.1 billion, that is, an increase of nine per cent as a result of increase in quantities of bill items, cost indexation exceeding the provisions in the existing contract and variation works.

As of 30 June 2018, total payments under the Construction Contract amounted to Rs 6,273 million (including Rs 1,921 million for COW and Rs 360 million for contractual claims).

4.2.2 Claims and Disputes with the Construction Contractor

At paragraph 5.2.5 of the Audit Report for the financial year ended 30 June 2017, mention was made that the Construction Contractor had submitted 28 claims for extension of time and additional costs totalling some Rs 2.7 billion to the Ministry. 13 claims totalling some Rs 360 million had already been assessed by the Consultant and paid by the Ministry during the period May 2013 to June 2017.

I also mentioned that in June 2017, in an attempt to settle all claims amicably in line with the Construction Contract, the Contractor proposed an amount of Rs 746.9 million (excluding two claims for amounts of Rs 19.8 million and Rs 13 million respectively already determined by the Consultant) as a final settlement. The Consultant examined the proposal and was of the opinion that a total amount of Rs 400.2 million could be paid in respect of all claims. This amount excluded a claim for which a Court decision was awaited, but was inclusive of the sum of some Rs 360 million already paid. The decision was communicated to the Contractor on 1 August 2017 to which the latter disagreed.

On 11 April 2018, the Contractor sought confirmation from the Ministry as to whether it would still want to proceed with the amicable settlement, and on 18 May 2018, the Ministry informed that it would wish to find an amicable settlement in the matter and that legal advice was being sought accordingly.

In April 2018, the Consultant submitted his final assessment of a claim for additional costs arising from change in Labour Laws amounting to some Rs 9.2 million. Since an amount of Rs 1.7 million had already been paid to the Contractor and included in the amount of Rs 360 million, the Ministry approved payment of the remaining amount of Rs 7.5 million to the Contractor, which as at 30 June 2018 was not yet settled by the Ministry.

Ministry's Reply

The Contractor has not agreed to the amount determined by the Consultant. However, it has not pursued the matter further with the Ministry since May 2018.

As for the amount of Rs 7.5 million, payment was being processed by the Ministry as at end of January 2019.

4.2.3 Consultancy Contract

Following termination of the Consultancy Contract for the "Detailed Design and Construction Supervision of the Bagatelle Dam Project" with the first Consultant, in

February 2014, a second Consultant was appointed on 25 March 2014 to take over the Consultancy Services Contract for ‘’Lot 1 – Inception, Expert Review and Design Take Over, and “Lot 2 – Construction Supervision’’ for a total amount of Rs 183.6 million.

In May 2016, Government approved an increase in cost of consultancy of the second Consultant from Rs 183.6 million to Rs 226.7 million (23.4 per cent) to cover cost of increased scope of work, extension of the contract for the supervision of construction works from January to July 2017 and additional services in connection with assessment of claims submitted by the Contractor. Addendum 1 to the contract was signed on 14 October 2016 bringing the contract value to Rs 226.7 million.

On 27 June 2017, the Consultant claimed additional cost of €116,495 and Rs 701,600 over and above the actual contract ceiling for additional works carried out.

During 2017-18, the ceiling amount for the contract was reviewed by the Ministry to cater for additional mobilisation of personnel from the Consultant to complete the construction works on site and for the Defect Liability Period. On 8 January 2018, Addendum 2 to the contract was signed and the ceiling amount of the contract was increased from Rs 226.7 million to Rs 228.6 million.

As at 30 June 2018, total payments to the second Consultant amounted to Rs 227.1 million (including price adjustments).

4.2.4 Performance Certificate

The Taking Over Certificate was issued by the Consultant on 30 June 2017 subject to minor outstanding works which should be completed during the Defects Liability Period from 1 July 2017 to 30 June 2018. On 31 October 2018, the Consultant issued the Performance Certificate certifying that all works have been completed on 30 June 2018, except for two minor outstanding works.

As of mid-November 2018, the Final Certificate was not yet issued by the Consultant.

Ministry’s Reply

The Contractor was expected to complete all outstanding remedial works identified by the Consultant by April 2019. The Final Certificate will be issued on satisfactory completion of works.

4.2.5 Seepages from Cascade River Meanders

On 27 May 2017, the Consultant reported that seepages were observed from the Meanders of the Cascade River, mainly from Meander 4. As mentioned at paragraph 5.2.8 of the Audit Report for the financial year ended 30 June 2017, the seepages were being closely monitored at the level of the Water Resources Unit.

4.2.6 Construction of Bagatelle Water Treatment Plant

The contract for the ‘Construction of the Bagatelle Water Treatment Plant’ was awarded to the successful bidder by the Central Water Authority (CWA) for the sum of some

Rs 1 billion on 10 November 2016. As mentioned at paragraph 5.2.9 of the Audit Report for the financial year ended 30 June 2017, the award of the contract had been considerably delayed due to challenge made by two aggrieved bidders and legal procedures initiated by one of them. The duration of the project was 22 months. The commencement date was 2 February 2017 and the original completion date was scheduled on 1 December 2018.

Due to delay in the implementation schedule, the completion date has been extended to 20 February and further to 23 June 2019.

Ministry's Reply

The Bagatelle Water Treatment Plant was expected to be operational by June 2019. Pending commissioning of the Treatment Plant, some 43,000 m^3 water per day was being released in the Terre Rouge River as and when required for treatment at Pailles Water Treatment Plant. An additional 5,000 m^3 was also being released daily for distribution in the region of Rose Hill, after being treated through a mobile treatment plant.

4.3 Rivière des Anguilles Dam Project

At paragraph 5.3 of the Audit Report for the financial year ended 30 June 2017, mention was made that the Rivière des Anguilles Dam Project was initiated as a priority project to meet the increasing demand of water supply for domestic and irrigation purposes and the tourism sector in the southern and part of western regions of Mauritius by Government. This Dam will meet the forecasted potable water demand up to year 2050.

I also mentioned that as of June 2017, several activities relating to the Project, including land acquisition for the construction of a quarry site, were not yet completed. The Ministry explained that the land acquisition activities were expected to be completed during the detailed design stage.

4.3.1 Contract for the Design Review and Construction Supervision

On 13 October 2017, the contract for 'Consultancy Engineering Services for the Design Review and Construction Supervision of the Rivière des Anguilles Dam' was awarded to a foreign company in association with a local one for the sum of € 3,334,980 and some Rs 30 million exclusive of local taxes. The contract between the Ministry and the Consultant was signed on 15 January 2018, and the commencement date was 22 January 2018.

The final Inception Report was submitted by the Consultant on 11 September 2018 in accordance with the Terms of Reference.

In September 2018, the Consultant was paid a total amount of Rs 5.8 million, representing 15 per cent of the lump sum amount for Phase 1.

A sum of Rs 4 million was also paid to the Meteorological Service Department for the purchase of meteorological data in May 2018.

As at 31 October 2018, total amount spent under the Rivière des Anguilles Dam Project was Rs 184.6 million.

4.3.2 Geophysical Investigations

The aim of the Geophysical Investigations was to investigate the entire dam foundation and identify possible anomalies. Invitation for bids for the ‘Geophysical Investigations’ were launched through Restricted Bidding given the specialised nature of the works on 31 October 2018. The closing date for submission of bids was 18 December 2018. The cost for the Geophysical Investigations was estimated at Rs 14.3 million as per the Inception Report submitted by the Consultant on 11 September 2018.

4.3.3 Geological and Geotechnical Investigations

The Consultant submitted the final bid documents for the Geological and Geotechnical Investigations. As per the Inception Report, the cost of the Investigations was estimated at Rs 19.1 million. Bids for procurement of consultancy services relating to the Geological/Geotechnical Investigations were launched on 15 November 2018 through Open National /International Bidding. The closing date was 7 January 2019 and was subsequently extended to 14 January 2019.

Ministry’s Reply

As at end of January 2019, bids for both Geophysical Investigations and Geological and Geotechnical Investigations were under evaluation.

5 – MINISTER MENTOR'S OFFICE, MINISTRY OF DEFENCE AND RODRIGUES

Rodrigues Regional Assembly

5.1 Financial Statements for the year ended 30 June 2018

5.1.1 Submission of Financial Statements

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

The financial statements of the RRA for the year ended 30 June 2018, duly signed, were submitted to the National Audit Office on 28 September 2018, that is, within the statutory time limit. These statements comprise the Statement of Assets and Liabilities and other Statements as required under Section 19(6) of the Finance and Audit Act.

5.1.2 Annual Report

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

As of 31 October 2018, Annual Reports reviewing the activities for the year 2015, six-month period ended 30 June 2016 and the financial year 2016-17 were not yet finalised.

RRA's Reply

Annual Reports for the year 2015 and six-month period ended 30 June 2016 have already been printed. Annual Report for 2016-17 was being vetted.

5.1.3 Statement A- Statement of Assets and Liabilities

The accounts were prepared on a cash basis. Current liabilities, such as pension, passage benefits and the monetary value of accumulated sick leave as of 30 June 2018 were not recognised. Arrears of Revenue of Rs 37,486,685 were accounted for in Statement I.

RRA's Reply

Pension and passage benefits are funded under the Accountant General's vote and are transferred as and when required upon request by the RRA.

Assets and liabilities for the past three financial periods are as per Table 5-1.

Table 5-1 Assets and Liabilities of RRA for the Past Three Financial Periods

	30 June 2016 (Rs)	30 June 2017 (Rs)	30 June 2018 (Rs)
Assets			
Cash and bank balances	248,069,505	212,627,844	170,265,814
Advances	55,486,977	66,520,996	82,183,237
	303,556,482	**279,148,840**	**252,449,051**
Liabilities			
Rodrigues Consolidated Fund	29,124,920	74,223,942	55,313,766
Deposits	219,403,144	139,289,208	117,090,792
Loan- Government of Mauritius	55,028,418	65,635,690	80,044,493
Total	**303,556,482**	**279,148,840**	**252,449,051**

5.1.4 Advances - Rs 82,183,237

The above figure represents the total outstanding loans advanced to Members and Officers of the RRA for acquisition of motor vehicles, Cooperative Societies and a Company owned by RRA. However, an amount of Rs 1,131,892 overpaid to a Contractor for the repairs of tractors was not recognised as advances.

A breakdown of outstanding advances as at the end of the past three financial periods is shown in Table 5-2.

Table 5-2 Balance of Advances as at end of Past Three Financial Periods

Details	30 June 2016 (Rs)	30 June 2017 (Rs)	30 June 2018 (Rs)
Advances to RRA Members	4,370,966	2,912,666	6,792,366
Motorcar loans to RRA Officers	24,003,566	37,191,350	49,762,518
Motorcycle loans to RRA Officers	9,807,675	9,765,834	9,066,007
Advances to Cooperative Societies for Fibre Glass Boats	14,694,000	14,694,000	14,694,000
Advance Account Personal	88,800	88,800	-
Advance to Rodrigues Trading and Marketing Co. Ltd	2,521,970	1,868,346	1,868,346
Total	**55,486,977**	**66,520,996**	**82,183,237**

Advances to RRA Members - Rs 6,792,366

At paragraph 3.4.2 of the Audit Report for the year ended 30 June 2017, I reported that a former Member of the Regional Assembly, who was granted a car loan of Rs 1.6 million in September 2011 had ceased payment and that the car was seized and sold in November 2012. The net proceeds amounting to Rs 832,757 was remitted to RRA. The outstanding balance of Rs 743,976 could not be recouped. In December 2016, the former Member was ordered by Court to pay Rs 950,000 in 12 monthly instalments, inclusive of interests starting from January 2017. However, as of September 2018, no refund was effected despite several reminders.

Another former Member who was granted a car loan of Rs 525,000 in March 2015 had not effected any repayment since February 2017. As of September 2018, the outstanding car loan was Rs 341,250. No action was taken by RRA to recover the outstanding amount.

RRA was encountering difficulties for the recoupment of the outstanding amount of Rs 1,447,888 due by three other former Members for non-payment and irregular payments. These advances should have been settled upon cessation as Member of the Regional Assembly.

RRA's Reply

Correspondences have been addressed to the former Members of the Regional Assembly on 25 January 2019 to request them to settle the amount due.

Advances to Cooperative Societies - Rs 14,694,000

At paragraph 3.4.3 of the Audit Report for the financial year ended 30 June 2017, I reported that five Cooperative Societies were each granted loan of some Rs 2.9 million in December

2011 for the acquisition of fibre glass boats and that the amount advanced had still not been repaid.

No refund was effected since 8 August 2016.

Advances to Rodrigues Trading and Marketing Co. Ltd – Rs 1,868,346

At paragraph 3.4.4 of the Audit Report for the year ended 30 June 2017, I reported that out of an advance of Rs 2,621,970 made to Rodrigues Trading and Marketing Co. Ltd (RTMC) in November 2013, the outstanding balance was Rs 1,868,346 as at 30 June 2017.

No repayment was effected since that date.

RRA's Reply

The Executive Council has approved the conversion of the debt into shares in favour of the RRA.

The Company has been requested to initiate action accordingly.

5.1.5 Rodrigues Consolidated Fund - Rs 55,313,766

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

For the financial year 2017-18, a grant of Rs 3,425 million was received and a total amount of Rs 32,065,954 was collected as revenue. The total expenditure of Rs 3,475,976,130 exceeded the total revenue of Rs 3,457,065,954 giving rise to a shortfall of Rs 18,910,176. An amount of Rs 21 million was transferred from RCF to finance the recurrent expenditure.

The excess expenditure of Rs 18,910,176 financed from RCF was not subject to any debates by the Regional Assembly.

RRA's Reply

Henceforth, the prior approval of the Executive Council will be sought.

5.1.6 Deposits - Rs 117,090,792

Deposits held under different Commissions as of 30 June 2018 amounted to Rs 117,090,792.

Security Deposits - Rs 11,156,814

Individual balances of security deposits totalling Rs 11,156,814 could not be traced in the absence of a Deposit Ledger. Appropriate records would need to be maintained for identification and status of each security deposit.

RRA's Reply

The Security Deposits will be monitored by the Deposit Section of the Finance Section at Central Administration. Deposit Ledger will be introduced.

Deposit Accounts –European Union Funded Projects

At paragraph 3.4.5 of the Audit Report for the year ended 30 June 2017, I had expressed concern that projects might not be completed within the scheduled implementation period.

Four projects, for increasing the production of water supply while ensuring its quality were financed jointly by RRA and the European Union (EU) to the tune of Rs 22,396,359 and Rs 62,327,650 respectively. Details of these projects are as shown in Table 5-3.

Table 5-3 Projects funded jointly by RRA and European Union

Projects	Balance as at 01 July 2017 (Rs)	Amount disbursed during 2017-18 (Rs)	Balance as at 30 June 2018 (Rs)	Start Date	Contractual completion date
Improving the water quality and safety	15,799,327	1,787,036	14,012,291	08.04.2015	08.04.2018
Rehabilitation of Cascade Pigeon Dam, upgrading works at Creve Coeur	22,276,704	2,178,086	20,098,618	21.01.2016	21 .07.2018
Rain Water Harvesting with first flush system for low income household	9,506,440	1,264,537	8,241,903	21.12.2016	21.07.2018
Rehabilitation and upgrading of Songes desalination plant and burying of associated pipe lines	34,142,537	15,359,337	18,783,200	21.01.2016	21.07.2018

The above projects were not completed within the scheduled implementation period and were ongoing as of September 2018. Extension of time from EU was requested. Various issues, such as poor procurement planning and project implementation were identified.

Improving Water Quality and Safety

The project which started on 8 April 2015 consisted of securing boreholes and purchasing equipment for laboratory and was due for completion on 8 April 2018.

The scheduled completion date was extended to October 2018. However, equipment for laboratory was not yet purchased.

RRA's Reply

Fencing works were expected to be completed by 27 December 2018. Water pumps would be delivered by 29 December 2018 and quotations were being sought for the two remaining pumps, for which no responsive bids were received.

Rehabilitation of Cascade Pigeon Dam and Upgrading Works at Creve Coeur

The main objectives of the project were to increase the production of potable water, reduce water leakage and improve water distribution in the northern region of Rodrigues. The project started on 21 January 2016 and was scheduled for completion on 21 July 2018.

However, three procurement exercises were unsuccessful as the bids were substantially above the estimated cost and negotiation with bidders did not materialise. It was thereafter decided that pipes and fittings would be procured and works would be performed with in-house labour. Procurement of fencing works and water pumps would be split. An extension of time of 12 months was requested by RRA on 30 March 2018.

RRA's Reply

Fencing works and laying of pipes are expected to be completed by mid-March 2019. Bids exercise for five pumps have been completed while those for two others will be opened on 28 February 2019.

Rain Water Harvesting With First Flush System for Low Income Households

The objective of the project was the setting up of a rainwater harvesting system to capture and store rain water by constructing a two-metre cube concrete water tank for each low income household. The completion was scheduled for 21 July 2018.

On 2 April 2018, RRA requested for an extension of time of four months due to the slow shipment of moulds.

RRA's Reply

The 50 moulds ordered in January 2018 were delivered in lots of seven sets on each vessel coming to Rodrigues as from April 2018.

Burying of Associated Pipe Lines at Songes

The agreed time frame for the implementation of the project was from 21 January 2016 to 21 July 2018. The completion date was rescheduled for January 2019, due to unavailability of plant and equipment on the local market.

5.1.7 Loans - Rs 80,044,493

Loans were granted for the issue of advances to Members and Officers of RRA and to other bodies. Loans as at end of three past financial periods are as per Table 5-4.

Table 5-4 Loans as at end of Past Three Financial Periods

	30 June 2016 (Rs)	30 June 2017 (Rs)	30 June 2018 (Rs)
RRA Members	5,606,214	4,172,581	7,397,281
RRA Officers	34,692,204	46,769,109	57,953,212
Fibre Glass Boats	14,730,000	14,694,000	14,694,000
Total	**55,028,418**	**65,635,690**	**80,044,493**

Fibre Glass Boats - Rs 14,694,000

In 2011, a loan of Rs 14,847,000 was granted to RRA for the acquisition of five fishing boats for Cooperative Societies. Only an amount of Rs 170,000 (Capital Rs 153,000 and interest Rs 17,000) was refunded from June 2015 to August 2016.

According to the Treasury, the loan outstanding as of 30 June 2018 amounted to Rs 21,922,332. This included Rs 4,812,296 as interest and Rs 2,416,036 as penalty.

The fishing boats were rarely used by the Cooperative Societies. RRA was previously financing the operational cost. It was not known whether appropriate maintenance was carried out on these fishing boats and their sea worthiness could not be ascertained.

The RRA would need to take appropriate action concerning the loan repayment.

RRA's Reply

Action is being taken for the repossession of the five fishing vessels. Legal advice will be sought on the modus operandi for recovery of unpaid loans.

5.1.8 Statement B - Abstract Account of Revenue and Expenditure of the Rodrigues Consolidated Fund

Financial Allocation to RRA

Government approved a budget allocation of Rs 3,425 million for financial year 2017-18 comprising Rs 2,600 million and Rs 825 million for recurrent and capital expenditure respectively.

The recurrent grant included a sum of Rs 75 million for contingencies to cater for any unforeseen expenditure. Any expenditure incurred under this item requires prior clearance of the Ministry of Finance and Economic Development (MoFED).

MoFED's clearance was not seen though the Rs 75 million budgeted for contingencies were spent.

RRA's Reply

Monthly request for fund was referred to the Ministry of Defence and Rodrigues for approval and release of funds. The amount requested was deducted from the grant of Rs 2,600 million which includes contingencies. When approval was conveyed for the release of funds, it was understood that approval was also conveyed for deduction from Contingencies.

Revenue – Rs 32,065,954

Revenue collected by RRA amounted to Rs 32,065,954 in 2017-18. Other items of revenue such as Motor Vehicle Licence Fees, Stamp Duties and Company Annual Registration Fees totalling Rs 20,273,700 were not accounted for as revenue of RRA and were remitted to the Treasury. Table 5-5 shows the revenue collected for the past three financial periods.

Table 5-5 Revenue collected for the Past Three Financial Periods

Item Description	**Jan - June 2016**	**2016-17**	**2017-18**
	(Rs)	**(Rs)**	**(Rs)**
Taxes	1,909,508	2,512,662	2,891,800
Social Contribution	262,440	510,980	601,665
Other Revenue	12,482,009	78,870,865	28,572,489
Total	**14,653,957**	**81,894,507**	**32,065,954**

Lease of State Land - Rs 12,088,335

A total amount of Rs 12,088,335 was collected in respect of lease of State Land. Table 5-6 shows the rent collected from the lease of State Land for the past three financial periods.

Table 5-6 Rental of State Land for the Past Three Financial Periods

Lease Type	**Jan-June 2016**	**2016-17**	**2017-18**
	(Rs)	**(Rs)**	**(Rs)**
Residential	2,671,965	5,619,202	5,607,334
Commercial	664,382	1,593,727	1,663,930
Industrial	1,756,464	6,086,518	4,803,290
Agricultural	17,056	32,834	13,781
Total	**5,109,867**	**13,332,281**	**12,088,335**

Property Income for financial year 2017-18 had decreased by Rs 1,243,946 as compared to financial year 2016-17.

Expenditure - Rs 3,475,976,130

Over the past years, Government Contribution to finance capital and recurrent expenditure has gradually increased as detailed in Table 5-7.

Table 5-7 Expenditure and Government Contribution

Financial period	**Recurrent Expenditure (Rs)**	**Capital Expenditure (Rs)**	**Total Expenditure (Rs)**	**Government Contribution (Rs)**
Jan-Dec 2013	1,581,492,739	392,500,382	1,973,993,121	1,972,229,044
Jan-Dec 2014	1,706,610,735	485,324,928	2,191,935,664	2,170,913,800
Jan-Dec 2015	1,985,333,390	579,019,285	2,564,352,675	2,539,149,545
Jan-June 2016	1,008,802,420	231,544,049	1,240,346,469	1,230,526,946
2016-17	2,394,177,104	808,850,390	3,203,027,494	3,166,232,008
2017-18	2,650,976,938	824,999,192	3,475,976,130	3,425,000,000

Total expenditure for the financial year 2017-18 exceeded Government Contribution by Rs 50,976,130.

In May 2018, RRA requested an additional contribution of Rs 40 million to meet its financial commitments. The Ministry of Finance and Economic Development approved the transfer of an amount of Rs 21 million from the RCF. As this amount was insufficient to finance the outstanding financial commitments, an amount of Rs 29,976,130 was used out of revenue collected by RRA.

5.1.9 Statement F - Investments Rs 59,731,590

The RRA held investments in seven Companies and none of these yielded any returns since their incorporation. As of 30 June 2018, the total investments were Rs 59,731,590 as shown in Table 5-8.

Table 5-8 – Investments as of 30 June 2018

Company	Date of Incorporation	No. of shares held	Total investment as at June 2018 (Rs)	Status of Company
Discovery Rodrigues Co. Ltd	15 November 2006	2,000	2,000,000	In operation
Rodrigues Water Co. Ltd	29 October 2007	17,000	17,000,000	Wind up
Rodrigues Trading and Marketing Co. Ltd (RTMC)	08 June 2007	1,300,000	11,092,000	In operation
Rodrigues General Fishing Co. Ltd	08 June 2007	6,400	6,400,000	Wind up
Rod Clean Co. Ltd	19 September 2007	4,200	21,188,590	In operation
Rodrigues Housing & Property Development Co. Ltd	12 January 2010	300,000	3,000,000	Wind up
Rodrigues Educational Development Co. Ltd	-	51,000	51,000	In operation
Total			**59,731,590**	

Winding up of Companies

Three of the Companies were wound up as of September 2018 and thus removed from the Register of Companies of the Corporate and Business Registration Department (CBRD). However, these three Companies in which RRA had invested Rs 26.4 million were still accounted for in the Statement of Investments. These investments had been impaired and were unlikely to be recouped.

Companies in Operation

The other four Companies were in operation. Three of them were fully owned by RRA, except the Rodrigues Educational Development Co. Ltd, which was 51 per cent owned.

- No returns on investment were received from these Companies;
- Annual Returns were not submitted to the CBRD.

Annual Reports

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

September 2018, Annual Reports were not submitted by the three Companies as shown in Table 5-9.

Table 5-9   Annual Reports Not Submitted

Company	**Annual Reports Not Submitted**
Discovery Rodrigues Co. Ltd	2015-16, six-month period ended 31 December 2016, 2017
Rod Clean Co. Ltd	2017
Rodrigues Educational Development Co. Ltd	2017

Discovery Rodrigues Co. Ltd

Discovery Rodrigues Co. Ltd was incorporated in November 2006 with a share capital of Rs 2 million.

- Financial statements since 2016 were not filed with the Registrar of Companies of CBRD;
- According to the financial statements for the year ended 31 December 2015, some Rs 5.3 million were collected by the Company as entrance tickets for Ile aux Cocos and Caverne Patate;
- Some Rs 21.5 million were disbursed by RRA as operational and promotional costs for the past three financial years.

Rodrigues Trading and Marketing Co. Ltd

The Rodrigues Trading and Marketing Co. Ltd was owned by RRA and State Trading Corporation (STC) in the ratio 60:40. In April 2018, RRA acquired the shares of STC for Rs 1,092,000. However, no share certificate was produced.

Rod Clean Co. Ltd

RRA was financing the operational costs since its incorporation in September 2007. During financial year 2017-18, an amount of Rs 30,655,932 was disbursed to meet its operational costs.

5.1.10 Statement I - Arrears of Revenue Rs 37,486,685

Arrears of Revenue as of 30 June 2018 of Rs 37,486,685 represented an increase of 13.8 per cent as compared to 30 June 2016. This might be attributed to inefficient recovery procedures and absence of enforcement action. Details of arrears are shown in Table 5-10.

Table 5-10 Arrears of Revenue as at end of Past Three Financial Periods

Division/Unit	**June 2016 (Rs)**	**June 2017 (Rs)**	**June 2018 (Rs)**
Fisheries	106,335	110,538	122,838
Judicial	1,412,330	1,349,180	1,238,205
Rental of Government Property	26,226,861	28,884,059	30,387,281
Water Unit	2,585,759	2,748,349	2,924,033
Health	793,535	743,585	860,785
Rental of Snacks Stalls	-	11,750	28,750
Rental of kiosk	5,000	13,000	13,000
Low cost Housing	1,162,355	1,343,530	1,243,210
Sand Removal	12,080	12,080	12,080
Tourist Enterprise	10,500	7,000	39,500
Registration of Factory	28,675	39,075	31,800
Miscellaneous	594,203	594,203	594,203
Total	**32,937,633**	**35,856,349**	**37,486,685**

Rental of Government Property

There were 15,398 lessees of State Land according to records maintained at the Cadastral Office.

However, these records were not updated and were unreliable due to incorrect addresses, death of lessees and wound-up Companies. Follow up action to ensure collection of rental of leases was therefore ineffective.

Claims were issued to some 5,000 debtors as of 30 June 2018. However, some 10 per cent of claims were returned undelivered to the Cadastral Office. No attempt was made to verify the reasons for which the claims had not been delivered. RRA would need to:

- Maintain an updated database;
- Take appropriate actions in respect of non-compliant lessees;
- Carry proper investigation to ascertain whether State Land vested was being used for the intended purpose;
- Retrieve the land in absence of firm commitment or non-occupation and for reallocation to other applicants.

RRA's Reply

Following the award of contract for restructuring of the RRA, proposals have been made for an improved structure for the Cadastral Office which includes a Debt Recovery Unit. Currently, reminders are being issued more frequently.

Tourist Enterprise – Rs 39,500

Arrears in respect of Tourist Enterprise pertaining to 34 licence holders were accounted for a total amount of Rs 39,500 as at 30 June 2018. However, this was understated as 60 Tourism Enterprise Licence holders owing an amount of Rs 1,323,500 had not settled their licences fees as of 30 June 2018.

RRA would need to:

- Review the list of holders of Tourism Enterprise Licences;
- Update its records and compute the arrears of revenue;
- Enforce payment of the appropriate licence fees and surcharge.

RRA's Reply

The amount of Rs 39,500 refers to arrears in respect of Pleasure Craft only. The Tourist Enterprise Licensing system is being upgraded and is expected to be fully operational by July 2019.

Unaccounted Arrears - Trade Licence fees

Regulation 10 of the Rodrigues Regional Assembly (Licences) Regulations stipulates that "Any fees payable under Third Schedule in respect of any financial year shall become due as from 1 July of that year and may be paid in 2 equal instalments, the first to be on or before 31 July of that year and the second instalment on or before 31 January of the following year".

According to records maintained at the Licensing Unit, 1,886 out of a total of 4,515 registered economic operators holding trade licences had not paid the required trade fees as at 30 June 2018. The arrears totalling Rs 16,464,520 was not accounted for in the Statement of Arrears of Revenue.

An efficient mechanism would need to be set up for timely collection of revenue and prompt recovery of arrears.

RRA's Reply

The Commission is currently working on the setting up of an efficient mechanism for the timely collection of revenue and prompt recovery of arrears. The Commission for Tourism was requested to submit a list of unpaid Trade Licenses for consideration.

Internal Control and Project Monitoring

5.2 Internal Control

At paragraph 3.8 of the Audit Report for the year ended 30 June 2017, I drew attention that the Internal Control Unit (ICU) was not adequately staffed and that the ICU should be strengthened. The ICU is required to assess the adequacy of the internal control systems so as to ensure that the objectives of the Rodrigues Regional Assembly (RRA) have been met in an efficient and economic manner.

Internal control is designed and effected by management and those charged with governance to provide reasonable assurance in respect of the reliability of financial reporting, efficiency and effectiveness of operations, compliance with the applicable legislations and safeguarding of assets against unauthorised acquisition, use or disposal.

Loopholes in Internal Control of RRA arose due to an absence of:

- Standard Operating Procedure Manual (SOPM), documenting the various policies and procedures in all Commissions to ensure achievement of objectives;
- Regular, relevant and reliable flow of management information, including variance analysis to anticipate risk for strategic planning, monitoring of performance and ensuring prompt remedial action;
- Audit Committee to effectively oversee the evaluation of the internal control system in place;
- Risk assessments to identify risks relating to procurement, project management and those relevant to the preparation of financial statements, and to assess the likelihood of their occurrence and prompt response to manage these risks.

RRA's Reply

SOPM will be introduced and documented. ICU will adopt a proactive approach through an effective management information so as to provide reasonable assurance that risks are mitigated and prompt remedial action is taken. The issue of Audit Committee will be forwarded to the Office of Public Sector Governance.

5.2.1 Internal Control Unit

The RRA has over the years, been provided with increased budgetary provisions to finance the recurrent and capital expenditure at the level of the different Commissions. Total revenue of RRA for the year 2017-18 amounted to Rs 3.46 billion, while total expenditure for the same period amounted to Rs 3.47 billion. Financial transactions which did not relate to revenue or expenditure, particularly Advances and Deposits, amounted to some Rs 82 million and Rs 117 million respectively.

The main role of internal audit is to review, analyse, evaluate, appraise and test systems in view of assessing the level of compliance and the adequacy of existing managerial controls to mitigate risks for achievement of organisational objectives.

Inadequate Human Resources

The number of Officers posted at the ICU were not commensurate with the substantial increase in the volume of transactions and expenditure as it was serviced by only four officers, of whom, two were from the Internal Control Cadre and the other two being Support Officers from RRA.

During the period November 2017 to March 2018, the ICU was functioning with only the two Support Officers of RRA, despite several control weaknesses noted across all the Commissions, as reported in previous internal audit reports.

Audit Plan

The ICU did not complete all the assignments included in the 2017-18 Audit Plan, thus failing to improve the effectiveness of risk management, control and governance processes of RRA. Audit Plan for the year 2018-19 was not yet prepared as of October 2018.

Work Performed

A review of the work performed by the ICU was carried out and the following were noted:

- There was no evidence of evaluation by internal audit of the potential risk for the occurrence of fraud and how that risk was managed and mitigated;

- Absence of testing of systems for identification of control breakdowns;

- Substantial expenditure incurred in respect of capital projects had remained outside the ambit of ICU.

The extent, to which the roles and functions of ICU were carried out, was limited and the objective of adding value to RRA's operations was thus not achieved.

RRA's Reply

A meeting was held with the representative of the Ministry of Finance and Economic Development to review the staffing of ICU. The Director of Internal Control will be requested to ensure continuity in posting of staff.

ICU will assist RRA in the implementation of a Risk Management Framework. The ICU will ensure that adequate mandays are allocated for the audit of capital projects.

Recommendations

In view of the increased budget allocation and emerging challenges faced by RRA, it is imperative to empower ICU so as to ensure a wide coverage of risky areas, compliance with legislations, financial integrity and efficiency of operations. ICU should be equipped with adequately skilled staff to meet expectations and add value to RRA.

5.3 Project Monitoring

Over the past financial periods 1 January 2015 to 30 June 2018, expenditure incurred on capital projects by the RRA totalled some Rs 2.4 billion. Works were not properly supervised and monitored resulting in accumulated delays in the completion of several projects. Delays were also due to failure to mobilise adequate resources by a few Contractors who had been awarded more than one contract concurrently. Instances were noted where the Contract Period was extended on several occasions and Extension of Time (EOT) was not justified. There were also cases where the EOT granted to Contractors was not substantiated and Liquidated Damages were not applied.

Performance Securities and Insurance Policies were not always renewed to cover the Contract and Defect Liability Periods. Some Contractors failed to submit Updated Programme of Works and did not comply with Notices to Correct to complete outstanding works and rectify defects. Although there were fundamental breaches of contract, the RRA did not resort to termination procedures and no action was taken for the disqualification of the defaulting Contractor, as a potential bidder on grounds of repeated failure to comply with the terms of the contract or material breach of contract, in the performance of one or more contracts, as provided in the Public Procurement (Disqualification) Regulations. Further, a performance review for continuous assessment of Contractors' performance was not done.

Consultants did not fully comply with their Terms of Reference. These included certification of variations without obtaining prior approval of the Commission, Certificates of Completion issued although works were not completed and release of Retention Money without issue of Defect Liability Certificates.

Several projects involving substantial investments were completed and handed over to the respective Commission but were not operational and the buildings were not yet put to use. These included a Slaughter House constructed at a cost of Rs 59 million in 2014. Some Rs 99 million were disbursed for the installation of four Desalination Plant but the contract was terminated in February 2015 due to the non-performance of the Contractor. In 2017, Rs 61.3 million were disbursed by the RRA for the acquisition of a hotel and a building for the setting up of a technopole and a proposed museum respectively but these two projects have not yet materialised. In the same year, a Lycée costing some Rs 18 million was built but was not yet operational. A Respite Care Centre, costing some Rs 30 million was not operational although some 20 months have elapsed since taking over of the Centre.

Chief Commissioner's Office

5.4 Construction of La Ferme College at Pistaches – Rs 88.45 million

At paragraph 3.11 of the Audit Report for the year ended 30 June 2017, I reported that delays were encountered in the construction of the Secondary School at Pistaches awarded on 24 August 2015 for the sum of Rs 88,451,739. Students had thus to be temporarily accommodated in another school. The school at Pistaches was operational as from the second term on 24 April 2017 as an Annex College and registered with the Private Secondary Education Authority on 18 December 2017.

5.4.1 Completion of Works and Taking Over

Works for the two Phases were carried out concurrently. The revised completion dates for Phases 1 and 2 were 4 October 2016 and 4 January 2017 respectively. According to the Taking-Over Certificate (TOC), works for the two Phases were completed on 4 October 2016 and 9 January 2017 respectively. However, the works for both Phases were not completed on dates specified on the TOC as evidenced by a letter dated 30 March 2017 regarding outstanding works. The Contractor was requested to complete a minimum of two classrooms before the end of the first term school holidays.

5.4.2 Liquidated and Ascertained Damages

The Particular Conditions of Contract provided for liquidated and ascertained damages (LD) at Rs 75,000 per day up to a maximum of 10 per cent of the final contract price when the completion date was later than the Intended Completion Date. LD totalling Rs 2.4 million for 32 days were deducted from payments made to the Contractor up to August 2017.

Out of the Rs 2.4 million, an amount of Rs 2 million was thereafter refunded to the Contractor. No further extension of time was granted after the revision of the contractual date for completion. Hence, the refund of LD was not justified as the works for both Phases were not completed on dates specified on the TOC.

5.4.3 Release of Retention Money and Defects Liability Certificate

According to the General Conditions of Contract (GCC), half of the retention money was to be released upon issuing of the Certificate of Completion of Works by the Consultant and the remaining half on expiry of Defects Liability Period (DLP). The first half of the retention money was released on 8 September 2017. However, works were not practically completed and there were several outstanding items, as per snag list. These included electrical trunking for the whole building, piping works for the Physics Laboratory and provision of a permanent door for the transformer room.

The second half of the retention money was released on 8 October 2018. The Consultant did not issue a Defects Liability Certificate, certifying that all defects notified had been rectified at the end of the DLP. Hence, the release of retention money was not in line with the GCC.

5.4.4 Variations and Payment

The prior approval of the Commission for payment of Rs 9,842,393 as variations works, was not sought. Further, variations totalling Rs 1,806,882 were included in a certificate dated 11 July 2018. These were approved by the Commission on 13 September 2018 and payment was made on 8 October 2018.

The final payment of Rs 8,093,971 was effected with a delay of 60 days instead of within the 28 days as specified in the GCC. As of 30 September 2018, payments to the Contractor amounted to Rs 94,670,122.

5.4.5 Site Visit

A site visit effected on 10 October 2018, by my Officers showed that the construction of a separation wall in front of the toilet for staff and the closing of the empty space behind staircases were still outstanding. Equipment for the Chemistry, Physics and Biology Laboratories was not yet purchased and books were stacked in one of the laboratories. Several items like refrigerators, microwaves and an oven were stored in the Home Economics Laboratory and were not yet utilised. A Multi-Purpose Ground was not yet constructed although more than 18 months had elapsed since the opening of the College in April 2017.

Conclusion

The objective of the construction of the additional College to relieve pressure on the existing colleges was not achieved on targeted dates, due to poor project monitoring resulting in inordinate delays in completion of the college. Laboratories were not yet equipped for practical based classes although some 18 months had elapsed since the opening of the college in April 2017.

Recommendations

In the light of above shortcomings, it is recommended that:

- The RRA should set up a mechanism to ensure proper administration and supervision of projects by both the Consultant and the Commission for Public Infrastructure, and proper coordination between the different parties concerned;

- Independent checks on Contractor's claims and Consultant's certificates should be effected by both the Commissions for Education and for Public Infrastructure to ensure compliance with financial and contractual requirements;

- Prompt action should be taken to equip the laboratories for practical based classes.

RRA's Reply

Interim deduction of liquidated damages was recommended by the Consultant during the contract period and accordingly deduction on interim payment due to the Contractor was made in the absence of consolidated claim for extension of time and justification for delays.

The Consultant has been instructed to seek written approval of the Commission for any variation works.

The laboratories and the Home Economics Room are being set up and will be operational during the first semester 2019.

The works for the design and preparation of a new football ground and gymnasium have been entrusted to the Consultant.

5.5 Construction of Secondary School at Songes (Phase 1) – Rs 110.94 million

The primary objectives for the construction of the Secondary School at Songes were to reduce the students' toll on existing schools and provide an additional college in the southern region of Rodrigues for the implementation of the nine-year schooling.

The project scheduled for implementation in three distinct phases was estimated to cost some Rs 191 million. The contract for Phase 1 was awarded on 31 May 2017 for the sum of Rs 110,945,529. The Contract was to be implemented in accordance with "Federation Internationale Des Ingenieurs-Conseils" (FIDIC) Conditions of Contract for the Construction of Buildings and Engineering Works. Works were supervised by the Consultant appointed under the Global Consultancy Services Contract for Selected Development Projects in Rodrigues.

5.5.1 Delay in Start of Works

The project was approved by the Project Plan Committee on 29 January 2016. The construction works which were due to start in October 2016, actually started on 16 August 2017, that is, after 10 months. The contractual completion date was scheduled for 16 August 2018.

5.5.2 Structures on Site and Preliminary Works

There were four existing structures on site at time of handing over on 9 August 2017. The Contractor was requested to demolish the structures except for the Community Centre and remit window, doors or any other useful materials to the Commission for Education. There was no evidence of any handing over of materials to the Commission.

There was no proper planning at the initial stage of project, as the site was partially occupied at time of handing over. The site for the construction of a gymnasium was not available as residents thereon were not yet relocated.

The Contractor had not yet submitted any Program of Works (POW) as of 7 September 2017. Demolition works were not completed and construction works were behind schedule by three weeks.

5.5.3 Extension of Time

On 21 February 2018, the Contractor was granted extension of time (EOT) of 30 days for additional works, comprising new track road, demolition of existing building and new retaining wall.

Two further EOTs submitted on 7 March 2018 were assessed after five months. The applications for EOT were untraceable. On 9 August 2018, EOT of 75 days was granted by the Consultant and the completion date was thus revised to 29 November 2018. The extension was approved by the Commission for Education on 16 August 2018.

5.5.4 Project Status

As of 5 September 2018, that is only 85 days of reaching the revised completion date, works were only about 49 per cent completed. According to the Contractor, all works would be completed by 25 December 2018.

The Consultant was required to agree on an up-to-date program and monitor progress of work in compliance with POW and specifications as well as identify and solve problems and report to the Commission as per Terms of Reference. However, an updated POW was not submitted.

5.5.5 Notice to Correct

Although the Contractor failed to comply with the Consultant's instruction to submit an updated POW, no Notice to Correct was issued. The Commission had the possibility to terminate the contract if the Contractor had failed to comply with the Notice.

5.5.6 Payments and Variations

As of 30 September 2018, payments to the Contractor amounted to Rs 54,122,176. This included variations totalling Rs 3,827,844. The following were noted:

- There was no documentary evidence that the variations of some Rs 3.8 million certified by the Consultant were independently checked by the Commission before authorising payment as required under Financial Instructions;

- Claims for the demolition of a kiosk and a concrete building were not entertained as there was no progress as per Consultant's Certificate. However, these buildings were already demolished during the site visit effected by my Officers on 10 October 2018;

- Claim for the demolition of an existing Community Centre was certified by the Consultant and payment effected by Commission without any physical inspection. The building was not yet pulled down as of 10 October 2018;

- On 5 September 2017, the Consultant recommended that the existing Community Centre at Songes be closed and demolished so that the Contractor could have full access on the site of works. On 22 August 2018, the Contractor informed that the external works related to the project was critical in view of the handing over of three blocks. However, the Centre was not yet handed over as of 10 October 2018, thus preventing the re-organisation of the site establishment.

5.5.7 Opening of Songes College

The new school was to be operational as from the beginning of the academic year 2019, for intake of students up to Grade 10. Students of Le Chou Annex at Citron Donis were to be transferred to Songes College. However, the school was not operational as of January 2019.

Conclusion

The objective of the project, that is to relieve the pressure on existing secondary colleges was not achieved, due to delays in project completion. This has resulted from poor project monitoring and non-compliance with the conditions of contract. The works at Songes College were far behind schedule and the College was not operational, by beginning of 2019 as planned.

Recommendations

In the light of the above shortcomings, it is recommended to:

- Review all unjustified extension of time granted or paid. Report major non-performance to the Procurement Policy Office and seek legal advice for remedial measures;

- Follow up on the submission of updated Program of Works and resort to remedies provided in the contract in case of non-compliance;

- Withhold or adjust payments for material errors in certificates, non-compliance with prescribed procedures and failure to fulfill contractual obligations.

RRA's Reply

The structures on site belong to the Songes Community Village and materials which are found on site will be handed to the latter.

The Consultant informed that particulars made available were inadequate for a proper assessment of the claim and the Contractor was instructed to submit further particulars and information. An agreement was reached with the Contractor on 27 July 2018, for issue of an interim determination pending the submission of further details.

The Commission has no technical expertise for examination of the certificates submitted by the Consultant, but will henceforth ensure that all payments are being effected according to Financial Regulations and all procurement rules.

The Consultant will be instructed to ensure that remedies provided in the contract are being strictly applied for all projects.

Deputy Chief Commissioner's Office

5.6 Road Projects

At paragraph 4.18 of the Audit Report for the 18-month period 1 January 2015 to 30 June 2016, I drew attention to shortcomings relating to the financing of road projects. These included expenditure exceeding the budgeted amount and Works Orders (WOs) issued in excess of the contract value.

The objective of the Commission for Public Infrastructure (CPI) as spelt out in the Estimates for the year 2017-18, was to increase access around the island, through the construction of roads, track roads and footpaths. The Road Section was headed by the Head, Public Infrastructure. Road projects were supervised by the Technical staff of the Commission under the responsibility of an Engineer/ Senior Engineer.

5.6.1 Award of Contracts

During the period 1 January 2015 to 30 June 2018, two rate contracts were awarded for the maintenance, upgrading, resurfacing and construction of roads for the sum of Rs 297,785,876 and Rs 379,499,885 to the same Contractor for a duration of two years as from 12 June 2015 and 24 October 2016, respectively that is, after the issue of the first WO.

5.6.2 Expenditure

Provision of Rs 75 million was made for the construction of roads and bridges for the financial year 2017-18. Expenditure amounted to Rs 136,406,794 thus, exceeding the budgeted amount by more than 80 per cent. Additional provisions were obtained through reallocation from other expenditure items.

As of 30 June 2018, payments under the two contracts, amounting to Rs 430,083,899, were effected in respect of 65 projects of a total WOs' value of Rs 661,940,243. Disbursements exceeded the WOs' values in respect of 14 projects, while there were unspent balances for 51 projects totalling Rs 237,668,461.

5.6.3 Outstanding Commitments under Second Contract

47 WOs for a total value of Rs 351,608,352 were issued as of 30 June 2018. Outstanding commitments amounted to Rs 193,148,024 and comprised 39 WOs which represented more than 50 per cent of the total WOs' value.

5.6.4 Capital Project Registers

Relevant information essential for project monitoring, such as extension of time granted, revised completion date, practical completion and taking over dates, Defects Liability Period and final handing over, were not inserted in the Capital Project Registers.

5.6.5 Accumulated Delays

The two contracts were to be governed by the General Conditions of Contract (GCC) applicable to the works contracts as per Standard Bidding Documents issued by the

Procurement Policy Office (PPO). A perusal of notes of meetings of Project Implementation and Monitoring Committees, Project Monitoring Meetings and the Status Reports available at the CPI showed that there was no proper follow up thus resulting in accumulated delays for several projects. 20 projects were selected for examination. The following were noted:

- 15 projects were completed, of which the completion date for one project was not recorded;
- Delays in completion of six projects ranged from 35 to 300 days;
- Eight projects were on-going as of 25 September 2018, though contractual completion period had been exceeded with delays ranging from 87 to 424 days.

The delays were mainly attributed to the non-mobilisation of adequate resources on sites, delay in relocation of owners and demolition/reconstruction of buildings situated on sites identified for road projects.

The Contractor failed to take prompt action to expedite progress on site. As of 7 November 2017, there were 13 on-going projects which were behind schedule. These included one project for which works had not yet started, although more than five months had elapsed since the contractual commencement date.

5.6.6 Fundamental Breach of Contract

Section 48 (a) of the Public Procurement Act (PPA) provides that a public body may terminate a procurement contract for its convenience at any time, upon a determination that because of changed circumstances, the continuation of the contract is not in the public interest.

Regulation 65 of the Public Procurement Regulations (PPR) stipulates that remedies such as liquidated damages for delay and termination of the contract are available in the event of breach of the procurement contract by the Contractor.

According to Clause 57 of the Contract, the Employer (CPI) may terminate the Contract if the Contractor causes a fundamental breach of the Contract. The delay in the completion of the works exceeding the number of days, for which the maximum amount of liquidated damages (LD) can be applied, constitute a fundamental breach of contract. The maximum LD for each WO should not exceed an amount, that would have accrued for 25 per cent of the Intended Completion Period (ICP).

The Commission did not resort to termination procedures as provided under the contract although, delays in several projects exceeded the number of days for which the maximum LD could be applied. These ranged from 87 to 424 days.

Besides accumulated delays, the Contractor also failed to fulfill other contractual obligations, relating to rectification of defects and finalisation of accounts.

Recommendations

- Set up of a mechanism at the level of the Commission to ensure proper administration and supervision of projects;

- Close monitoring of projects to ensure compliance with financial and procurement procedures, as well as contractual requirements;

- Submission of comprehensive updated status reports for follow up and regular monitoring meetings;

- Resort to provision of contract in case of failure to fulfil contractual obligations and report major non-performance to the PPO and seek legal advice for remedial measures.

RRA's Reply

All information mentioned was available in the respective Project File and will be recorded in the Capital Project Registers.

Liquidated damages are applied according to Conditions of Contract in respect of all delays attributable to the Contractor. The delays indicated are in respect of WOs issued under the main contract and the termination of the main contract on the ground of such delays was not considered as being in the interest of the Employer.

Commission for Women's Affairs, Family Welfare, Child Development, Industrial Development, Information and Communication Technology, Vocational Training, Cooperatives, Trade, Commerce and Licensing and Prisons and Reforms Institutions

5.7 Construction of Remand and Convict Block for Prison at Pointe La Gueule

At paragraph 3.16 of the Audit Report for the financial year ended 30 June 2017, I reported that the contract for the Construction of Remand and Convict Block for Prison was awarded to a private Company for the negotiated price of Rs 33,223,367 on 25 July 2016. Works started on 19 September 2016 for a duration of 307 days and were due for completion on 23 July 2017. Extension of time totalling 67 days was granted for change in location and additional excavation due to the topography of the new site.

5.7.1 Design and Drawings

Drawings were not seen amended, in line with topography of the new site which resulted in excavation of 4,753 cubic metres (m^3) costing some Rs 3 million. Essential requirements were not catered for in the drawings, such as relocation of dog compound and construction of wall, towers, generator rooms and access road. Additional corridor had to be provided to isolate convicts from remand prisoners.

As of 8 May 2017, the volume of excavation exceeded that of the original bill of quantities by 2,533 m^3, for which there was no prior approval of the Commission. Furthermore, excavation of 1,720 m^3 was paid at the rate of Rs 550 instead of the original rate of Rs 425 and the additional cost was not approved by the Departmental Bid Committee (DBC). There was no prior approval of the Commission for additional embankment cut of 500 m^3.

5.7.2 Variations Exceeding Prescribed Limit

As of December 2017, additional works already executed amounted to Rs 9,432,195 which represented 32.8 per cent of the contract value and were approved by the Consultant. This exceeded the authorised threshold of 30 per cent of the contract value as stipulated in the Public Procurement Act (PPA). There was an additional outstanding claim of Rs 1,245,181 and the total amount would thus exceed the threshold of Rs 10 million which required the approval of the Central Procurement Board.

5.7.3 Extension of Time and Liquidated Damages

Application of 321 days extension of time (EOT) submitted on 25 May 2018 was not finalised by the Consultant as of September 2018. The revised completion date was thus not determined within the 21 days period in line with the General Conditions of Contract (GCC). The number of days applied as EOT exceeded the project duration of 308 days. The Contractor submitted a claim of Rs 1,745,181 in respect of cost associated with EOT in respect of variation works due to additional requirements. The Consultant approved an amount of Rs 500,000 as paid on account to the Contractor. It was not known on what basis this associated cost was computed and payment effected, since EOT had not yet been worked out and approved.

As of September 2018, payments to the Contractor amounted to Rs 33,222,083 and liquidated damages were not applied.

5.7.4 Separate Contracts for Additional Works

Several works were not included in the initial tender documents, indicating a lack of proper planning. On 11 July 2018, the DBC sought approval for funding the additional works for the construction of two towers, control and generator rooms, covered passage, dog compound, new access road and boundary walls which had to be awarded under separate contract to comply with PPA.

On 10 September 2018, the DBC decided to award the contract for construction of access road in asphalt, to link existing prison to the new remand and convict block for an amount of Rs 295,707 through direct procurement.

5.7.5 Site Visit

The Contractor requested the Consultant to take over the site on 11 September 2018. However, during a site visit effected on 18 October 2018, it was noted that various works were still on-going. The security of the prison might be compromised as the land slope at the back of the compound of the new block was almost of the same height as the fencing wall.

Conclusion

Site investigations had not been done before awarding the contract. Poor planning had resulted in additional works requiring extension of time and causing delays in the finalisation of the project.

Extension of time of 321 days for a project of duration of 307 days could not be justified. Liquidated damages have not been applied due to the non-determination of revised completion date. The Consultant did not ensure constant monitoring and cost control throughout the duration of the works, compliance with relevant legislation and of its terms of reference. More than two years after award of the contract, the new prison was not yet operational. The objective of extending the old prison building to cater for the segregation of remand and convict male prisoners has not yet been achieved.

RRA's Reply

The handing over of keys for the new Prison Block was carried out on 20 November 2018.

A team from the Mauritius Prison Service was on mission in Rodrigues from 3 to 10 February 2019 to advise the Commission as regards the security aspects and norms prior to the functioning of the new Remand and Convict Block.

Action will be initiated to elevate the height of the wall.

Commission for Health, Community Development, Fire Services, Meteorological Services, Judicial Services and Civil Status

5.8 Conversion of Ex-Maternity Ward into New Paediatric Ward at QEH

The contract for the Conversion of Ex-Maternity Ward into New Paediatric Ward at Queen Elisabeth Hospital was awarded to a private Company on 5 May 2016 for the sum of Rs 19,179,824. Works were to be completed within 182 calendar days. Works started on 21 July 2016 and were scheduled to be completed on 19 January 2017.

5.8.1 Extension of Time and Undue Delay

On 9 December 2016, the Consultant recommended an overall extension of time of 42 days and the completion date was rescheduled for 2 March 2017. As of 14 July 2017, works were completed at 95 per cent. An additional 20 days was required to complete the works. Additional time approved amounted to 147 days. The Conditions of Contract specifies the maximum liquidated damages (LD) applicable is 10 per cent of contract which is equivalent to 128 days.

The maximum LD amounting to Rs 1,599,370 were applied. The Consultant informed the Commission that the contract may be terminated in accordance with Conditions of Contract. On 26 July 2017, the Departmental Bid Committee decided not to terminate the contract as the Ward was urgently needed to cater for paediatric patients. A performance review for continuous assessment of the Contractor's performance in accordance with Directive of the Procurement Policy Office (PPO) was not done.

As of September 2018, the payment certificate of September 2017 amounting to Rs 1,249,742 was not yet certified.

5.8.2 Practical Completion of Works and Outstanding Works

The Consultant certified that the works had been substantially completed on 18 August 2017 although, the flashing on the ridge of the roof at four locations was not laid.

False ceiling tiles have been damaged due to water ingress following heavy rain in January 2018. The leakage points were not detected. On 17 January 2018, the Contractor was informed about the degradation of works and flashing on the ridge of the roof which had still not been laid. During a site visit carried out by my Officers on 12 October 2018, it was noted that these works were left unattended by the Contractor. No assessment of cost was made by the Consultant for deduction from future payments to the Contractor. Although, the new Paediatric Ward was fully operational since October 2017, the main causes of water ingress in the Ward, were not determined, hence, putting at risk the safety of patients under treatment.

The Defects Liability Period (DLP) ended on 18 August 2018. The Performance Security of Rs 1,917,982 which expired on 26 June 2018 was not renewed up to end of DLP.

Conclusion

As of 18 September 2018, an amount of Rs 13,907,573 was paid to the Contractor. The works have not been properly done as water ingress was still not attended. The environment was non-conducive to paediatric patients.

Recommendations

The Contractor should be sanctioned for poor performance in line with Directive of PPO. The Commission should ensure that the Performance Security is valid up to 28 days after DLP. The security and safety of patients should not be undermined.

RRA's Reply

Delay in certification of claim was attributed to significant demolition and reconstruction works.

The DBC decided that termination of contract would not be time and cost worthy due to implications before re-launching of tenders.

The issue concerning flashing on the ridge of the roof was being addressed and water ingress has stopped.

The Performance Security will be extended to 28 March 2019.

Commission for Social Security, Housing, Labour and Industrial Relations, Employment and Consumer Protection

5.9 Respite Care Centre for Elderly Persons

A Respite Care Centre, which could cater for up to ten elderly or disabled persons, was constructed at Piton at a cost of some Rs 30 million. Works were completed and the site was handed over on 27 February 2017. The objective of the Centre was to ensure that disabled/elderly persons receive a constant care in an environment conducive to their well-being. The Centre would provide recreational activities and hence promote welfare of elderly and disabled persons and give a break to family of caregivers, thus reducing conflict and stress. Furniture and equipment costing more than Rs 2 million were procured for the Centre and four Carers were trained in Mauritius in April 2017.

5.9.1 Defects

In August 2017, that is five months after handing over of Centre, leakage in the roof was noted and water was seeping to the inner part of the building and had damaged all wooden doors which had become mouldy. The Contractor was requested to undertake remedial action and to replace the damaged furniture.

5.9.2 Centre not yet Operational

In September 2017, Expression of Interest was invited for proposal of the management of the Centre from interested organisations. No response was received.

Non-Governmental Organisations, firms and service providers with appropriate experience and resources were invited in January 2018 to submit their proposals for the management and day-to-day running of the Centre. Again, no response was received.

5.9.3 Additional Works

Modifications in the kitchen and store were recommended by a Consultant to be in line with Hazard Analysis and Critical Control Point (HACCP) standards and ensure preventive food safety system. In November 2017, additional items for the kitchen and food store were procured.

Additional works, such as fixing of grab bars and sink, landscaping and embellishment works were contracted out for the inauguration of the Centre in June 2018. However, there was no evidence of any inauguration having taken place.

5.9.4 Site Visit

A site visit was carried out on 19 September 2018 by my Officers. The roof was still leaking at some places and particularly along the corridor leading to the dormitories. However, the Defects Liability Period had already expired on 26 February 2018.

Conclusion

A social survey on the cultural aspect of the project was not undertaken prior to initiation. Despite two Expressions of Interest for managing the Centre, no bids were received. As of October 2018, that is some 20 months after handing and taking over of the site, the Respite Care Centre was still not operational.

Recommendations

The Commission would need to:

- Carry out proper study prior to invest in any project;
- Investigate the reasons of unwillingness of interested organisations/firms/Service Providers to manage the Centre ;
- Ensure the operation of the Centre, in line with objectives set out by the Commission.

RRA's Reply

Necessary actions are being taken to remedy the defects and the centre will be operational once the licence from the Residential Care Home Board is received.

5.10 Employment Relief Programme and "Plan de PrestationTransitoire"

Unemployment is one of the serious problems faced by young people and women aged between 18 to 29 years in Rodrigues. There were 2,782 registered unemployed persons in 2003 as compared to 3,681 in 2013. The number of registered persons with the Employment Service of the Commission for Social Security was thus increasing. As of 20 July 2015, some 30 per cent of these unemployed persons had been registered since more than five years.

During the period 1 January 2015 to 30 June 2018, payments of Social Aid including Unemployment Hardship Relief (UHR) totalled some Rs 275 million.

5.10.1 Objectives and Eligibility

The Employment Relief Programme (ERP) which was set up in 2015, aims to empower beneficiaries of UHR and Social Aid to earn their livelihood independently and become more productive and to contribute to the socio-economic development of Rodrigues. It provides short term employment opportunities with the widest possible participation of those heads of families of the low income group, regardless of their academic and professional qualifications and skills. It thus helps in developing a positive attitude towards any sort of work to earn a living decently.

At the end of the ERP, the beneficiaries who have experience and competence in a particular field, and are willing to mount an enterprise and contribute for its implementation, are eligible for financial assistance of up to Rs 50,000 under the "Plan de Prestation Transitoire" (PPT). The beneficiaries of PPT should be aged between 18 to

50 years and registered as unemployed with the Employment Service of the Commission. In March 2017, the ceiling was increased to Rs 125,000 as the project value of several beneficiaries exceeded Rs 50,000. An “Allocution a la Production” of Rs 3,000 monthly is also payable for one year after implementation of the project.

The expected outcomes and deliverables of the PPT are the reduction in the number of beneficiaries of UHR and Social Aid by transforming them as successful entrepreneurs. The programme would thus contribute to the socio-economic development of Rodrigues. The total number of beneficiaries of UHR and Social Aid which was 3,600 in 2013, increased to 3,978 during the financial year 2016-17.

5.10.2 Disbursement of Funds

Expenditure incurred under the ERP during the period 1 January 2015 to 30 June 2018 totalled Rs 84.9 million. With respect to PPT, only Rs 2.2 million representing some 42 per cent of the budgeted amount were disbursed during financial year 2017-18. Total expenditure incurred over the period 1 January 2015 to 30 June 2018 amounted to Rs 6.9 million.

During the first years of implementation of the PPT, cheques totalling Rs 1,820,367 were issued to 37 beneficiaries for the purchase of equipment and materials. However, receipts for a total amount of Rs 183,872 were not produced by seven beneficiaries.

The beneficiaries of the third batch of ex-ERP encountered difficulties to submit quotations from three different suppliers regarding the financing of materials/equipment for the setting up of their activity. Quotations from potential suppliers were received from only 14 out of the 48 beneficiaries. Contracts for a total amount of Rs 725,047 were awarded for the supply of materials and equipment.

5.10.3 Project Implementation

Employment Relief Programme

The ERP which is an on-going programme of the Rodrigues Regional Assembly consists essentially of:

- Technical skills/on the job training programme through job placement;
- Theoretical training on life skills covering the major spheres of life.

The programme is run over a period of one year and each beneficiary is paid a monthly stipend of Rs 6,000 and travelling expenses. The beneficiaries are not entitled to UHR or Social Aid during the period of training

The first batch of trainees was recruited for placement under the ERP on 2 February 2015. Three other batches were recruited on 2 February 2016, 8 March 2017 and 2 April 2018 respectively.

The trainees were posted in a Commission (Agriculture, Forestry Services, Environment and Tourism, and Public Infrastructure). Periodical reports on attendance and performance of the trainees were not seen. Instances were noted where trainees were leaving their site of work without authorisation or absent without any explanation.

Reports in respect of the first three batches that had already completed training under the ERP at the different Commissions, were not seen.

Plan De Prestation Transitoire

Each year, 300 registered unemployed persons benefit from training under ERP. The trainees are evaluated by a Technical Evaluation Committee (TEC) to benefit from financial assistance under PPT. The Committee included representatives of the Commission for Social Security and Employment, and that for Industrial Development.

According to information available at the Commission, for the period ended 30 June 2018, five batches of ex-ERP trainees were recruited under the PPT as shown in Table 5-11.

Table 5-11 Beneficiaries of PPT under ERP 2015 to 2016

ERP (Year)	**PPT Batch**	**No. of applications**	**No. of project brief**	**No. of projects recommended**	**No. of beneficiaries**	**Financial Assistance (Rs)**
2015	1st	173	84	15	15	756,574
	2nd	55	39	22	22	1,063,793
	3rd	67	X	48	14	725,047
2016	1st	X	X	X	20	1,033,600
	2nd	X	72	68	15	542,179
Total					**86**	**4,121,193**

Note: x – Information not available

The following were observed:

- 86 trainees who followed training under ERP 2015 and 2016 were granted financial assistance under PPT for a total amount of some Rs 4.1 million;

- 173 of the 300 ERP trainees who followed the first training course in 2015 submitted their applications for PPT. However, only 84 submitted project briefs. 17 of these projects were incomplete and were therefore rejected. 15 projects , that is, 18 per cent were selected, and financial assistance totalling Rs 756,574 were granted to the beneficiaries;

- 22 out of the 39 projects submitted for the second batch of ERP 2015 trainees were recommended. Financial assistance amounted to Rs 1,063,793;

- For the third batch of PPT (ERP 2015), out of 67 applications, 48 projects were recommended. Contracts for the supply of materials and equipment were awarded for a total amount of Rs 725,047 in favour of only 14 beneficiaries;

- Financial assistance under PPT was granted to 55 additional beneficiaries of the ERP of the year 2015 as approved by the Executive Council on 21 October 2016. Information regarding the amount of funds disbursed was not available;

- A first evaluation of ERP trainees of the year 2017 for selection under PPT was carried out on 7 June 2018. The final report was not seen so that the number of beneficiaries could not be ascertained.

5.10.4 Financing Assistance from Other Schemes

Several trainees under PPT benefited from financial assistance under schemes managed by the other Commissions of the RRA. Payments were made under the vote of the respective Commission.

Small Chilli Farm Scheme

18 ex-trainees of the ERP and five of the PPT benefited from the Small Chilli Farm Scheme which was managed by the Commission for Agriculture. The amount of fund disbursed under the scheme was however, not available. Problems regarding land issues were encountered by the beneficiaries. An appropriate policy concerning the ownerships on abandoned/bare agricultural land has so far not been adopted by the RRA.

According to reports, some of the land were not properly taken care of, the soil and chilli plants were dry and the irrigation system was not yet installed. An updated status report was not available.

Agricultural Scheme

166 trainees proposed to start an income generating activity after their placement under ERP 2015. On 21 October 2016, the Executive Council approved 30 additional beneficiaries of the ERP 2015 for the Agricultural Scheme for a total amount of Rs 1,625,948. 23 beneficiaries were referred to the Commission for Agriculture for an agricultural permit/lease.

Due to lack of documentation, it was difficult to ascertain whether proper follow up was carried out regarding beneficiaries of the Agricultural Scheme and who had thereafter started their own enterprises.

Pig and Sheep Production

<u>ERP 2015</u>

In April 2016, the Commission for Agriculture notified the Commission for Social Security that 40 white piglets were allocated to 40 ex-ERP trainees who had opted for livestock production. On 19 and 25 May 2016, the TEC recommended that:

- Pigs and animal feed/veterinary product amounting to Rs 252,916 be provided to six beneficiaries; and

- Financial assistance under PPT in the form of materials for the expansion of the existing infrastructure be made available to nine beneficiaries who had know-how in pig production but did not have sufficient space.

In the absence of adequate documentation, the amount of funds disbursed, as well as the total number of pigs distributed was not known.

ERP 2017-18

In June 2018, the Commission for Social Security agreed that the pig farms be allocated to five beneficiaries under the PPT. The farms were to be considered as model farms which could be replicated on future similar ones. Materials were delivered for the construction of their respective sheds which were due to be completed by the end of July 2018. In addition, 50 pigs were to be distributed to the beneficiaries, in two batches by mid-August and mid-December 2018.

According to reports on site visits carried out in June 2018, some of the existing farms were in bad conditions, domestic water distribution was irregular, there was no drainage to evacuate and dispose of dung waste or the site identified was too far from the residence of the beneficiaries. The Commission decided to stop delivery and distribution of construction materials, to review the existing farm infrastructure land and to equip the farms with water storage and waste disposal facilities. However, the status of the project could not be ascertained in the absence of an updated report.

In October 2018, the Employment Service reported that it was unable to state whether proper sheds were available in respect of 11 sheep production projects which had been recommended by the TEC on 25 August 2017. Further, the report of the TEC concerning 13 persons who opted for pig production and three for sheep production was still being awaited.

Technology and Modernisation Scheme

On 13 October 2016, 13 beneficiaries of ERP 2015 were recommended by the Executive Council for the grant of financial assistance under the Technology and Modernisation Scheme (TMS) for the sum of Rs 673,050. This included an amount of Rs 130,000 in favour of a beneficiary in respect of a masonry project for the acquisition of the concrete mixer costing some Rs 125,000. The documents relating to the conditions of payment were not seen while the contribution made by the beneficiary to the project which was one of the conditions to be eligible for financial assistance, could not be ascertained.

On 21 October 2016, the Executive Council approved financial assistance to five beneficiaries of the ERP of the year 2015 under the TMS for a total amount of Rs 276,140. The project status was not known as an updated report was not available.

Services Sector

In May 2016, the TEC recommended the grant of financial assistance to 23 beneficiaries of ERP 2015 in the Services Sector. Three beneficiaries, whose projects were approved for funding under PPT, were unable to start their projects due to unavailability of essential licences/permits. As of 15 October 2018, due to inadequate documentation, it could not be ascertained whether there has been proper follow up with regard to the issue of the commercial leases and licences/certificates to the beneficiaries.

5.10.5 Project Monitoring

Proper project monitoring is essential for the successful implementation of projects. This includes the establishment of an appropriate procurement structure, sound contract administration and financial management.

Steering Committee and Programme Evaluation

A Steering Committee chaired by the Departmental Head of the Commission was set up to study each case regarding the first PPT programme. The first meeting of the Committee was held on 20 July 2015. The frequency of meetings to be held was however not defined and the number of meetings held to date was not known.

According to the Steering Committee of 20 July 2015, the first PPT programme was successful as at least 60 per cent of the beneficiaries had been able to derive an income from their projects. However, reports on the evaluation of subsequent PPT programmes were not available so that it was not possible to assess to what extent the programmes were successful.

Visits to Beneficiaries and Monitoring of Activities

According to reports on site visits carried out in April 2017 by the two Interns of Service To Mauritius posted at the Commission, several beneficiaries stated that the projects were functioning well but were not sufficient to sustain a living. It was also mentioned that pigs and the materials required for the construction of sheds, were not yet received.

Visits to model farms and other PPT beneficiaries were carried out in October 2017 and May 2018 respectively. In absence of adequate documentation, it could not be ascertained whether there was proper follow up and whether periodical visits were subsequently carried out.

Conclusion

There was no proper monitoring of the training provided to the beneficiaries under the ERP and PPT and other schemes managed by other Commissions, to ensure that they acquire the necessary experience and competence to start their own enterprise.

Since performance indicators were not defined for expected outputs, it was not possible to assess to what extent the ERP and PPT have so far contributed to the reduction in the number of beneficiaries of UHR and Social Aid.

Recommendations

A mechanism should be put in place for the submission of periodical reports on the attendance and performance of the trainees placed at the different Commissions of the RRA under ERP. Evaluation should be carried out at the end of each programme.

The Commission should ensure that the ERP and PPT are properly monitored through regular visits to the beneficiaries, periodical progress reports and coordination between the different Commissions.

Performance indicators should be set to evaluate the efficiency and effectiveness of the programmes implemented by the Commission.

RRA's Reply

The project monitoring could not be made methodically and on a regular basis because of a serious shortage of human resources.

A Project Coordinator will be recruited and he will be supported by other Officers for monitoring of projects under PPT.

Commission for Agriculture, Environment, Fisheries, Marine Parks and Forestry

5.11 Construction of Lycée Agri-Business at Saint Gabriel

Bids were invited on 22 June 2016 through Open National Bidding Method of procurement. The contract for the construction of Lycée Agri-Business at Saint Gabriel was awarded in November 2016 to the lowest responsive bidder for the sum of Rs 16,412,926.

5.11.1 Variations and Extension of Time

The site was handed over on 25 November 2016 and works were due to start on 2 December 2016 and scheduled for completion on 30 April 2017. Extension of time was granted by the Consultant and the intended completion date was revised to 28 July 2017, due to unfavourable weather condition and additional works.

Variation works amounting to Rs 1,665,700 were approved, thus bringing the revised contract value to Rs 18,078,626. This represented more than 10 per cent increase.

5.11.2 Undue Delay in Completion of Works

The construction was however, completed on 27 November 2017, which was four months beyond the revised contractual date. The site was handed over to Commission on 12 December 2017.

The delays have exceeded the number of days for which maximum liquidated damages (LD) could be applied. This constituted a fundamental breach of contract as per the General Conditions of Contract (GCC), which could result in contract termination. However, the Commission did not abide by this clause and maximum liquidated damages of 10 per cent of original contract value amounting to Rs 1,641,292 were applied.

5.11.3 Building still unoccupied

On 4 April 2018, that is more than four months after completion, the Commission for Agriculture decided to initiate action for the vesting of the building to the Commission for Education and thereafter, to be handed over to the Rodrigues Educational Development Company Ltd upon signature of a Memorandum of Understanding. The Lycée would thus be used to conduct courses in collaboration with Lycée Agricole of Reunion Island.

However as of 25 September 2018, some nine months after taking over of the building, the Lycée was still not operational.

RRA's Reply

The works were closed to completion and termination of contract would have caused further delays due to launching of a new tendering exercise and cost overruns.

The building has already been vested in the Commission for Education and the Lycée is now administratively operational following the recruitment of teaching and non-teaching personnel.

5.12 Construction of Watch Tower

The objective for the construction of a Watch Tower for the Fisheries Protection Services is to provide round the clock surveillance, control over fishing activities and mitigate illegal activities at sea.

The contract for the construction of the Watch Tower was awarded on 10 August 2015 to a private Company for the sum of Rs 3,381,000. The works were due to start on 2 October 2015 for a duration of 100 days, with contractual completion date of 10 January 2016.

5.12.1 Project Implementation

Proper contract management is crucial to ensure efficient and effective completion of works. The following specifications of the bidding documents were not complied with:

Key Personnel: Qualifications and experience of key personnel deployed on site could not be ascertained, in the absence of profiles and curriculum vitae of the Site Agent and Foreman.

Poor Supervision of Works: There was no indication of regular supervision over the works by the Commission for Public Infrastructure. Only two site meetings were held during the construction period.

Absence of Records: The records of excavation, as required under the Statement of Requirements describing among others the location of excavation, groundwater, elevation and thickness of all strata encountered were not submitted by the Contractor.

Approval of Engineer: The approval of the Engineer regarding hollow concrete blocks, and specifications of materials prior to procurement was not seen. The compliance certificates for materials were submitted in May 2016 although works were completed on 30 January 2016.

There was also no evidence that the prior written approval or instruction of Engineer was obtained for test on samples recovered from pits, foundation and excavation works.

Undue delay in Determination of Extension of Time: A request for an extension of time of 82 days was made in September 2016. However, an extension of time of only one day was approved in October 2017, that is, after more than one year and thus exceeding the period of 21 days as stipulated at Clause 26.1 of the General Conditions of Contract for approval of extension.

Insurance: The Insurance Policy was valid for the period 1 September 2015 to 31 January 2016 and covered 12 months for Defects Liability Period (DLP) as from 1 February 2016. However, the insurance was not renewed to cover the DLP which ended on 1 April 2017.

Performance Security: The Commission did not withhold earlier payment in compliance with Directive No. 9 issued by the Procurement Policy Office which provides that '*In works contracts, where progressive payment is applicable, money from earlier payments may be withheld to constitute a security in lieu of a security from a bank*'.

Retention Money: The DLP ended on 1 April 2017. However, the whole amount of retention money of Rs 265,664 was released in May 2016. As of September 2018, an amount of Rs 3,048,832 was paid to the Contractor.

5.12.2 Undue Delay in Completion of Works

The completion of the works was re-scheduled for 11 January 2016. Hence, the contractual completion period had been exceeded by 79 days, as the works were completed on 1 April 2016 as per Practical Completion Certificate.

The delays have exceeded the number of days for which maximum liquidated damages (LD) could be applied. This constituted a fundamental breach of contract as per the General Conditions of Contract. However, the Commission did not apply this clause. The maximum amount of LD to the tune of Rs 265,664 was retained in June 2016.

5.12.3 Settlement of Watch Tower

The Fisheries Protection Services reported on 19 April 2017, that there were several cracks on the wall, floor and kitchen table at the Watch Tower.

During a site visit effected by the Contractor on 4 May 2017, it was observed that the building was settled from grid line C/1-3.

As of November 2017, further problems regarding slopes of sewer pipes, concrete table on ground floor and tiles were noted. A drainage system around the building was envisaged to reduce the risk of further settlement of the Watch Tower.

The Watch Tower showed a slight inclination on the left side and there was risk that this might increase further. This might be construed that the building had structural defects and its construction had not been done on duly approved foundation.

Conclusion

The construction of the Watch Tower was a laudable initiative undertaken by the Commission to provide a proper surveillance of fishing activities and to mitigate illegal fishing. However, the Watch Tower was not functional since its completion. The objectives set are not likely to be met due to defects in its construction. Corrective actions to stabilise the building were not yet taken.

Recommendations

There is an urgent need to take prompt measures to prevent further settlement and ensure stability of the Watch Tower.

Close site supervision by Commission for Public Infrastructure should be effected to ensure that contract requirements are met and the project is implemented as per design and specifications. Henceforth, projects should be administered properly to safeguard the interests of the Rodrigues Regional Assembly.

Commission for Youth and Sports, Arts and Culture, Library Services, Museum, Archives and Historical Sites and Buildings

5.13 Stadium at Roche Bon Dieu -Rs 44.3 million

Bids were invited on 20 February 2017 through the Open National Bidding Method. On 5 July 2017, the contract was awarded for Rs 44,289,342. The works of a duration of 180 days were scheduled to start on 30 August 2017 and be completed on 25 February 2018.

5.13.1 Land Issues

Land issues were not resolved prior to award of contract although the Consultant had since March 2017, advised the demolition of houses found on site and the relocation of lessees prior to possession of site, to avoid contractual implications, such as delay in implementation of project and thus involving additional cost. However, part of the site was still occupied by some lessees. The Commission encountered difficulties to relocate the lessees and the market value of existing buildings had to be assessed by the Valuation Department of the Ministry of Finance and Economic Development. As of July 2018, a counter assessment was not yet carried out in respect of two lessees who rejected the compensations on the ground that these were inadequate for their buildings and other losses. As of September 2018, problems regarding compensations of lessees were not yet resolved.

The Contractor was thus not given possession of all parts of the site allocated for the proposed stadium. According to the Commission, the Contractor did not require upfront access of the site at the initial stage of the project.

5.13.2 Absence of Key Personnel and Employer's Claim for Lack of Superintendence

As of 23 March 2018, the Contractor failed to provide key personnel such as Project Manager, Site Agent, Site Engineer and Foreman and no site meetings could be held. A Notice for Claim was served on the Contractor for non-compliance with Sub Clauses regarding Contractor's superintendence and personnel for the period 31 August to 30 November 2017. The Commission requested the Consultant to make a determination of Rs 757,500. It is to be noted that the lowest bid received was considered non-responsive as it had not proposed a Project Manager/Civil Engineer as per Registration of Consultants Regulations made under the Construction Industry Development Board Act. The employer's claim of Rs 757,500 by the Commission, for breach of a fundamental qualification criteria in the Bidding Documents was thus considered inadequate.

5.13.3 Extension of Time and Delay Damages

The Contractor applied for extension of time (EOT) of 213 days and associated cost of Rs 15,154,842 excluding VAT. However, request for EOT due to right of access and possession of all parts of site, was not determined by the Consultant. The number of days applied as EOT exceeded the awarded contract period of 180 days. Delay damages were not retained, on claims certified by the Consultant, despite the fact that the project was beyond the initial completion date of 25 February 2018.

5.13.4 Progress of Works

According to the Consultant, there was an absence of mobilisation on site and progress was not visible. As of 22 November 2017, limited resources were deployed. As of 21 December 2017, site office and other structures were not erected. Site meetings were thus held in the Community Centre and no employees were reported to be on site. The progress of works was not regularly assessed by the Consultant, but was done some three months after contractual completion date. This was not in conformity with the Terms of Reference of the Consultant, as his main duties were to regularly organise site meetings, monitor and review progress of works and take remedial measures. According to the Consultant, the overall progress as at 11 June 2018, that is some three and a half months after initial completion date of 25 February 2018, was only 12 per cent.

5.13.5 Breaches of Contract and Termination

No prompt action was taken by the Commission in respect of the various breaches of contract. This would have avoided further payments to the Contractor. The Commission did not report delays accumulated on the project, and initiate actions against the Contractor for termination of contract as decided during a meeting held with the Island Chief Executive, on 6 March 2018 although, the Consultant reported that only site establishment and bulk extraction had progressed and there was no visible progress for the last two months as of that date.

On 22 June 2018, the Contractor issued a Notice of Termination of Contract with immediate effect, on the ground of failure to grant permission to proceed with the whole works. On 26 June 2018, the Contractor stated that its resources were being demobilised and requested the Commission to take appropriate measures to secure the site of works as from 1 July 2018 and release the Performance Security (PS). The Contractor cancelled the Insurance Policy with effect from 1 July 2018.

On 6 August 2018, the Commission issued a Without Prejudice Letter to the Contractor, wherein it was stated that the portion of site provided for works was adequate and although the project was due for completion since 26 February 2018, progress of works as of 3 May 2018 was only 10 per cent. The termination of contract by the Contractor was a material breach of obligation to execute the works according to the Commission.

According to the Consultant and the Legal Adviser of the Commission, the termination of the contract by the Contractor was not valid. On 24 August 2018, the Commission notified the Contractor of termination of the contract for breaches of contract by abandoning the works and plainly demonstrating the intention not to continue performance of its obligations under the contract in terms of Sub Clause 15.2 (b). No further action was taken by the Commission.

5.13.6 Performance Security and Advance Payment

The Performance Security (PS) of Rs 4,428,937 meant to protect the Commission against possible losses would expire on 1 November 2019. The Commission was advised by Consultant since 27 June 2018 to seek legal advice regarding the PS. As of 15 October 2018, the PS was not forfeited, despite a Notice of Termination was issued and losses incurred.

The Advance Payment Guarantee expired on 1 November 2018 and the advance payment of Rs 4,275,754 was not fully recovered as of date of termination of the contract.

5.13.7 Final Claim and Amicable Settlement

As of September 2018, a total amount of Rs 6,909,321 was paid to the Contractor upon certification by the Consultant. On 27 July 2018, the Contractor estimated the value of works to be Rs 4,785,060 excluding VAT. On 16 August 2018, the Contractor submitted a final claim of Rs 16,171,969 for value of works, materials on site, loss of profit and cost associated with extended stay. This represented more than 35 per cent of the contract value. The dispute was to be settled amicably but the RRA viewed the basis of the Contractor's claim as grossly exaggerated and that any amicable settlement could only be considered if the Contractor reviewed its claim concerning the value of works and materials on site. The outcome of this amicable settlement was not known.

5.13.8 Poor Performance

Contracts in respect of five projects for a total value of Rs 272 million were awarded to the above Contractor during one-month period in July/August 2017. The contract for one project was terminated, while the four projects exceeded the contractual completion date and were still on-going as of September 2018. A performance review for continuous assessment of the Contractor's performance was however not done in accordance with Directive of the Procurement Policy Office (PPO). No action was taken by the Commission for the disqualification of the Contractor on grounds of repeated failure, in the performance of one or more contract as provided under the Public Procurement Act (PPA).

Conclusion

The project was poorly monitored resulting in parts of the site for the stadium being still occupied as at date of termination of contract. The Commission did not apply Directive issued by the PPO and comply with the provision of PPA to sanction the Contractor for poor performance. Contrary to its Terms of Reference, the Consultant did not regularly assess the progress of works. The Consultant assessed the overall progress as at 11 June 2018, some three months after the scheduled completion date and was only 12 per cent. Hence, the interests of both the Commission and the RRA were not safeguarded.

Recommendations

Land issues should be cleared with relevant authorities at initial stage of project and the financial and technical capabilities of bidders should be duly assessed before award of contract, in particular if several contracts are allocated concurrently to the same Contractor.

The project should be properly monitored to ensure that adequate resources are mobilised on site and the works are completed on time.

The Commission should abide by the procurement procedures and have the defaulting Contractor suspended or debarred for poor performance in various projects.

RRA’s Reply

The three Agricultural Occupants are not State Land Lessees. The Executive Council approved the grant of agricultural permits and compensation as appropriate to them. Counter assessment by the Valuation Department has been carried out in December 2018 in respect of the two Lessees. The report is being awaited.

The application for injunction made by the Contractor, was withdrawn and the Advance Payment Security amounting to Rs 4,275,754 was credited to the Deposit Accounts of RRA on 5 November 2018.

The Consultant was requested to re-work the bidding documents for re-launching of bids. The new tender will include the access road. Contract will be awarded only after procedures for relocation of Lessees are completed.

Following the meeting with the Consultant and the Legal Representative of the Contractor, a negotiated amount of Rs 6,423,590 excluding VAT was worked out by the Quantity Surveyor of Contractor and Consultant.

5.14 Upgrading of Camp du Roi Stadium

5.14.1 Project Background

Tenders were launched on 9 December 2016 through the Open Advertised Bidding Method of procurement, for the Upgrading of Camp du Roi Stadium. The estimated cost of the project was Rs 34,701,566. The contract was awarded on 12 July 2017 to a private Company for Rs 33,331,624. The contract was signed on 21 August 2017. The contractual period was 180 days and the intended completion date was scheduled for 25 February 2018.

The Works Contract was to be implemented in accordance with “Federation Internationale Des Ingenieurs-Conseils” (FIDIC) Conditions of Contract for the Construction for Buildings and Engineering Works. Works were supervised by the Consultant appointed under the Global Consultancy Services Contract for Selected Development Projects in Rodrigues.

5.14.2 Slow Mobilisation

As per site meeting dated 3 October 2017, that is more than one month after commencement date, the Contractor had not yet fully mobilised and site establishment was only 60 per cent. The Contractor was notified by the Consultant that mobilisation of labour and plant was insignificant and was ‘tantamount to the Contractor abandoning the works’.

5.14.3 Contractor’s Superintendence and Personnel

The absence of key personnel, for proper and timely execution of the contract was constantly highlighted by the Consultant. The proposed personnel was taken up on other projects. The Contract Manager dedicated to the project was working on five projects concurrently and was in Rodrigues for two days per week only. Several meetings could not be held due to absence of key personnel on site. The Commission drew the attention of the

Contractor that it reserved the right for deduction in payments. However, no such deduction was effected.

5.14.4 Program of Works

The Conditions of Contract stipulates that the Contractor has to submit within 28 days after receiving the notice of commencement of works a detailed time program. The Program of Works (POW) was submitted on 9 November 2017, that is, 78 days after the commencement date. Submission of POW was thus well beyond the prescribed time limit. A revised POW was not submitted and as of June 2018, the initial POW was being used to follow up progress of works.

5.14.5 Procurement Schedule

The procurement schedule was submitted only in April 2018 while further updates submitted in June 2018 were incomplete. Sample of materials was submitted for approval as from March 2018, after receipt of a Notice to Correct.

5.14.6 Extension of Time

The Consultant was required to respond within 42 days after receiving a claim. Application for extension of time (EOT) dated 22 November 2017 was determined only on 22 February 2018. The Contractor was given EOT by the Consultant on two events totalling 27 days thus bringing the completion date to 24 March 2018. However, the prior approval of the Commission was not sought. On 5 September 2018, the Departmental Bid Committee exceptionally approved the extension of time.

5.14.7 Works Progress and Notice to Correct

The rate of progress of works was so slow that the Contractor was requested to ensure timely completion of project. As of 24 August 2018, that is five months after revised completion date, progress of works was estimated at only 20 per cent. 10 Notices to Correct were issued by the Consultant.

5.14.8 Delay Damages

As of October 2018, Rs 8,575,019 were paid to the Contractor. However, delay damages were not retained on claims certified by the Consultant although the intended completion date had already been exceeded.

The Contractor informed the Commission, that it would claim associated cost of Rs 11,838,189 excluding VAT, for extended stay as at 8 August 2018.

RRA's Reply

On 23 January 2019, the Contractor was notified that delay damages will be claimed.

Conclusion

Despite the various breaches of contract, no action was initiated by the Commission within the prescribed time limits set by FIDIC. Prompt actions would have avoided further disbursements.

The Contractor was working on five projects concurrently and has failed to mobilise adequate resources and key personnel on site. Hence, seven months after contractual completion date the project was still in progress.

Recommendation

The Commission would need to exercise better control on management of projects instead of relying solely on the Consultant and to initiate prompt action in case of non-compliance with terms and conditions of contract.

5.15 Re-opening of Swimming Pool at Marechal

5.15.1 Project Background

In the Audit Reports for the 18-month period ended 30 June 2016 and the financial year ended 30 June 2017, I mentioned that the swimming pool had not been optimally used due to inadequate water supply, although it was built in accordance with Olympic norms in 2005.

I reported that contract was awarded on 16 January 2017 for Rs 15,714,816 exclusive of VAT for the upgrading of infrastructural works and the mechanical and electrical installation of the swimming pool equipment. I also drew attention that mechanical equipment were already installed but could not be tested and commissioned as the pool was not filled with water.

5.15.2 Absence of Planning for Water Supply

The volume of water required for the pool was 2,000 cubic metres for filling of pool and 25 to 30 cubic metres for daily top-up. Works were practically completed in August 2017, according to the Contractor. However, testing and commissioning of equipment forming part of the scope of works could not be performed due to unavailability of water to fill the pool. The responsibility for supply of water for testing and commissioning was not clarified in the bidding documents.

The Contractor had continuously stressed upon the need to ensure a 'reliable source of clean water for the pool daily make-up'. The Commission was, however, relying on the 'providence of rain water as the only source of water' for the smooth operation of the pool. In March 2018, the pool was completely filled during heavy rainfall.

5.15.3 Problems Due to Unavailability of Water

Mechanical equipment was installed since 5 August 2017 and the Consultant was waiting for the pool to be filled with water for testing and commissioning. Meanwhile, the pool was exposed to the elements, which according to the Contractor, might be detrimental to the repair works undertaken**.**

The Contractor was granted extension of time of 245 days with cost from 16 August 2017 to 12 April 2018 due to non-availability of water. The associated cost claimed by Contractor as of 31 July 2018 amounted to Rs 899,596 of which Rs 365,000 were paid. The basis of computation of the associated cost was not seen in file.

5.15.4 Defects Noted on Commissioning

Testing and commissioning were performed on 11 and 12 April 2018, as the pool was filled during heavy rainfall. The underground pipe from the pump room to the kids' pool was leaking and leakage along the expansion joint in the ceiling of the pump room was noted. Further, leakage in the pool was noticed by the Consultant on 8 May 2018. The source of the leakages was not identified, although tests were performed by the Contractor.

Moreover, the Competition Timing Equipment, which included touch pad, speaker and bar pad in one corridor was not functioning. The Colorado timing and electronic display could thus not be commissioned.

As of October 2018, the leakages still persisted and the defects were not yet remedied. The taking over of site was thus delayed.

5.15.5 Delay Damages

As of September 2018, a total amount of Rs 14,515,281 was paid to the Contractor. Delay damages were not applied, although the completion date of 5 August 2017 had been exceeded.

5.15.6 Performance Security Not Renewed

The Performance Security was to be valid and enforceable until the Contractor had executed and completed the Works and remedied any defects. However, as of 10 October 2018, the Performance Security which expired on 16 September 2018 was not renewed.

5.15.7 Pool Recirculation

The Contractor had continuously stressed upon the need to ensure a reliable source of water for the pool daily make-up. Water in a swimming pool had to be continuously disinfected and maintained free from visible pollution. The Commission was, however, using the bottom drain for pool circulation and this prevented the filtration of surface water. The filtration system thus required excessive sanitising to compensate for the unfiltered water.

5.15.8 Swimming Pool not Operating

The pool which had cost the Rodrigues Regional Assembly some Rs 95 million, excluding recurrent direct cost (Security, cleaning, utilities) and overheads had as of 10 October 2018 not yet been reopened to athletes and general public. The pool had rarely been used and was mostly not functional.

5.15.9 Training

13 Coaches were trained in Rodrigues. Pending the availability of the pool, young athletes were trained in swimming techniques at sea in 2017.

Conclusion

The failure to specify the responsibility for supply water in the bidding documents impacted negatively on the completion of testing and commissioning. The swimming pool could not be used for training purposes.

Recommendation

The Commission for Youth and Sports should do needful to ensure that the pool has a regular supply of water. Benefits should be derived from the significant investment made for the construction and re-opening of the swimming pool.

RRA's Reply

The site was handed over to the Commission on 23 November 2018. A Memorandum of Understanding is being finalised with the Mauritius Sports Council for the operation of the swimming pool.

Mauritius Police Force

5.16 Revenue Collection at Northern District Headquarters

At paragraph 3.25 of the Audit Report for the financial year ended 30 June 2017, I mentioned that there was an unexplained difference of Rs 22.7 million due to the fact that there was no evidence of collections being banked.

I also reported that some 3,500 receipts drawn during the year 2013 totalling some Rs 8.1 million were not posted in Cash Book. In addition, some 600 and 8,800 receipts taken on Store Form 5 from the Main Cashier of the Mauritius Police Force (MPF) for the years 2012 and 2013 respectively could not be produced for examination and were also not posted in Cash Book.

Follow Up

(a) The unexplained difference of Rs 22.7 million represented discrepancy between collections recorded in Cash Book and amounts banked. As of November 2018, the discrepancy has increased to some Rs 33.7 million.

Receipts not posted in Cash Book, as mentioned above, were investigated. The duplicate and triplicate copies of the 600 and 8,800 receipts relating to the years 2012 and 2013 were verified at different Units of the MPF and collections from these receipts amounted to some Rs 2.8 million. In addition, a sum of Rs 8.1 million in respect of some 3,500 receipts was not posted in Cash Book. Another 190 receipts representing collections for firearms in 2012 and amounting to Rs 190,000 were also not recorded.

Therefore the discrepancy has increased by some Rs 11 million to Rs 33.7 million.

(b) A Police Officer, acting as Revenue Clerk, was interdicted from duty as from 22 April 2015. As of 31 October 2018, he was paid salaries and rent allowances of Rs 1,036,882 and Rs 41,242 respectively. Pending completion of the enquiry, the interdicted Officer will continue to draw salaries and allowances.

(c) The Central CID started an enquiry on 22 April 2015 and the case was submitted to the Office of Director of Public Prosecutions (DPP) for advice on 18 October 2017. On 7 May 2018, the DPP advised the MPF to carry out further enquiries in the case and as of November 2018, an outcome was still being awaited.

(d) In 2016, an Advance Account was opened in the name of the interdicted officer and the balance as of 30 June 2018 amounted to Rs 22.2 million.

Recommendation

The unexplained difference has increased to Rs 33.7 million. This represents a substantial amount of public funds. The MPF was first informed of the discrepancies in April 2015 and after more than 40 months, the matter has still not been resolved.

The time taken to make enquiries on such a significant matter is not reasonable and the MPF must ensure that the enquiries are completed without any further delay.

MPF's Reply

The increase of some Rs 11 million to Rs 33.7 million representing receipts and documents pertaining to the issue of Game and Firearm licences, certificate of character and passport are being concurrently enquired into by the CCID and the ICAC. As regard the main case, it is still at DPP's Office.

5.17 Crime Occurrence Tracking System (COTS)

The COTS is a software, based on emerging technologies, providing an efficient and effective means of tracking criminal cases and crime occurrences in the country.

The primary objective of COTS is to automate the process of case creation and handling to enable the Mauritius Police Force (MPF) to respond to the demand of law enforcement.

The System is also meant to:

- Provide statistical data on crimes, misdemeanours and contraventions and a Data Management System;

- Computerise Crime Occurrence Book and Master Registers; and

- Provide constant information on movement of files and tracking of dossiers from Police Stations up to Prosecutor`s Offices.

The project was implemented in two phases. Phases I and II were completed in November 2012 and October 2015 respectively.

5.17.1 Project Costs

As of October 2018, some Rs 385.3 million were spent on the project, including maintenance costs of Rs 142.4 million.

Some 2,700 and 6,800 Officers were provided training on the use of COTS under Phases I and II respectively.

5.17.2 COTS Modules

COTS was to accommodate some 60 modules/functionalities to be used throughout the 89 Police Stations of the MPF and 170 Units such as Police de L'Environment, Family Protection Unit and Police du Tourism.

Examples of some of the modules/functionalities present in the System were as follows:

- *Case Management*. It included the creation of an Occurrence Book, recording of declaration and statement, physical description of criminals, missing persons and closed and written-off cases.

- *Registers*. It included Diary Book, Process Book (warrant) and Telephone Message Register.

- *Case lodging*. Main features included records of Court judgements, objection to departure, remand details, record case conviction and record bail details.

- *Query.* The system provided to raise queries on, among others, missing persons, station convictions, stolen vehicles, stop and search, arrest, bail, remand and objection to departure.

- *Reports.* Main reports that could be made available were: list of cases lodged at Prosecutors' Offices, number of outstanding cases by Police Stations, lists of cases submitted for enquiries, and those written off.

Observations

(a) COTS not Optimally Used.

Site visits were carried out in September 2018 at three District Headquarters (Southern, Northern and Western) to evaluate the use of COTS. Some 30 sites were visited, which included Units and Police Stations.

The main findings were as follows:

- COTS catered for 56 modules/functionalities. Only three modules were being extensively used, namely:

  - Diary Book **-**To record duties, movements and occurrences;

  - Occurrence Book **-** To record reports of crimes, contraventions and arrests;

  - Telephone Message Register **-** To record phones, messages and instructions.

- Movement of files was still being recorded manually. Thus the objective of COTS to obtain information on the status of any case file by a simple click had not been achieved.

- COTS catered for several reports and these were not available in electronic format, resulting in lengthy and tedious searches in the manual system.

- Another objective of COTS was to enhance the monitoring process for Supervising Officers by having an audit trail on status of any case file instantly. However, monitoring was not being done through COTS.

(b) Hardware not Optimally Used

During the implementation of the COTS, some 1,200 personal computers, over 500 printers/scanners and some 200 heavy duty printers were purchased. A new server was also acquired for the sum of Rs 96 million for Phase II.
During site visits, it was noted that at several Police Stations and Units, personal computers meant for COTS were not being utilised and were idle, in some cases, since several years.

(c) Maintenance Costs.

COTS was not being used optimally. However, the MPF paid a sum of some Rs 142.4 million on account of maintenance costs for Oracle technical support and licence, hardware and software maintenance and for Symantec licence. These were paid for the years 2011 to 2019.

(d) Complaints from User Departments

A significant number of complaints was received from User Departments regarding COTS. The complaints included connection failures, hardware defects, faulty printers and scanners. Complaints about slowness of the system were common in almost all the Units/Police Stations visited. There was consequent latency and the system took a lot of time to log in or to change from one field or one module to another.

(e) Follow–up of Completed Project

Follow up of the project was inadequate. Had the MPF carried out proper post completion follow up and monitoring to ascertain the extent to which the project met its objectives, it would have been aware of project shortcomings and take appropriate measures on time.

Impact

Value for money was not obtained for the substantial sum of Rs 385.3 million spent on COTS. With the increasing number of crimes and other offences, COTS was regarded as an appropriate tool to track criminal cases and crime occurrences in the country. However, a lack of commitment from different User Departments and inadequate follow-up have resulted in the project being far from achieving its objectives.

After some six and three years since the completion of Phases 1 and II respectively, and with the rapid evolution in the technological sector, the MPF may run the risk of having the software already outdated.

Recommendations

The MPF must carry out an audit of the whole system throughout all the Units and Police Stations to identify issues which hindered the proper running of the project.

Measures should then be taken to ensure that, over time, all the modules are being used to the benefit of the MPF.

Proper follow up is essential to ensure that objectives of COTS are achieved.

MPF's Reply

The project for the implementation of COTS has gone a long way and will take a long way for its full operational activities.

A number of working and refresher training in year 2018 to In Charge Shift, Station Managers, Station Commanders and Divisional Commanders was organised in respect of movement of cases and minuting. However, Divisional Commanders have been directed to ensure to maximise the use of COTS.

5.18 Outstanding Cases for Contraventions

A contravention is a penalty charge payable in respect of a vehicle, where there has been an offence committed in relation to that vehicle in a civil enforcement area. Outstanding contravention cases are those which have not yet been finalised.

As at 30 June 2018, there were 210,000 outstanding contravention cases. An age analysis of these cases is shown in Table 5-12.

Table 5-12 Age Analysis of Outstanding Contravention Cases

Years	Number of Cases
2011 to 2015	28,617
2016	63,861
2017	74,118
2018 (up to 30 June)	43,404
Total	**210,000**

As of 30 June 2018, there were some 92,500 long outstanding cases relating to the years 2011 to 2016, representing 44 per cent of total outstanding cases.

With a hypothetical penalty of Rs 1,000 per case, if contraveners are found guilty, the arrears would amount to Rs 210 million.

5.18.1 Reasons for Long Outstanding Cases

There are several reasons for long outstanding cases. There are factors not within the control of the Mauritius Police Force (MPF), such as cases already lodged but pending before Court, and missing information, such as accused not found/untraceable and inadequate documents. There are also areas where the MPF could take measures to reduce the outstanding cases, as explained below:

(a) Occurrence Book (OB)

Once a contravention is charged, it is recognised through an entry in the OB before referring it for enquiry. An entry in the OB will allow the case file to be recognised for the first time in the system of the MPF. Therefore, entries not made in the OB promptly will automatically result in delays to start and subsequently to complete enquiries.

There were several cases where entries were not made in the OB and also cases where this was done with delay.

- An examination of contravention records of five out of 14 Police Stations of the Western Division showed some 13,000 cases where entries were not yet recorded. Out of these cases, some 1,600 and 4,300 arose in 2016 and 2017 respectively.

- There were cases where entries were effected with considerable delays since the dates of offences. A scrutiny of contravention records at six Police Stations from the Port Louis South Division and the Western Division showed that some 915 and 110 cases were recorded between 13-24 months and after 24 months respectively.

(b) Contravention Cases at Prosecutor's Office.

Once enquiries are completed, case files are selected and are sent to various Prosecutor's Offices of the MPF to be subsequently lodged in Courts. As of 30 June 2018, there were some 22,100 outstanding cases at the Prosecutor's Offices. This included some 4,500 cases already processed but not yet lodged before Courts due to limited number of cases accepted by the latter.

The remaining 17,600 contravention cases were those where enquiries have been completed and submitted to the Prosecutor's Offices in the year 2018. Some 4,500 of these cases arose in the years 2011 to 2015.

Impact of Outstanding Contraventions Cases.

(a) Revenue

Delay in finalising the outstanding contravention cases will also defer receipts of revenue. Over time, possibility of recovery decreases due to factors, such as changes of addresses, death or emigration of contraveners.

(b) Increase in Outstanding Cases

Over the years, there will be a rise in outstanding cases due to multiplier effect of increasing number of cases where enquiries are not yet completed. It will be difficult for the MPF to cope with.

(c) Administrative Costs

Establishing contraventions and lodging them in Courts is a lengthy process requiring tedious administrative work. Delays in settlement of these cases will result in continuing involvement of Police Officers, thus causing increase in administrative costs.

Recommendations

A reasonable time frame must be set up by the MPF to deal with contravention cases. This will act as a yardstick for prompt settlement.

Special teams may be set up by the MPF to deal with contravention cases. As an example, the MPF has a Unit known as Traffic Unit South (TUS) at Metropolitan Division South to deal with only these cases, and it is proven at TUS that the time gap is reduced. This can be replicated at other District Headquarters of the MPF.

The monitoring process should be reviewed. The above mentioned information on contraventions was not readily available and had to be worked out manually. Data on contraventions should be available on the Crime Occurrence Tracking System (COTS).

The prime objective of COTS is to enable tracking of cases more effectively and efficiently through automation of the process of case file creation and handling. Constant movement of information and tracking of files from Police Stations to Prosecutor`s Offices were to be available on COTS, for proper monitoring and follow up.

Efficient use of COTS will provide up-to date information on contravention cases and will enhance monitoring and follow up, thus reducing number of outstanding cases.

MPF's Reply

(a) As of now, a new approach has been implemented to reduce the time constraints.

For all contraventions established by the Traffic Branch personnel, entries are opened on COTS system at the traffic Branch itself with an OB number assigned to the case file thereat, irrespective of where the contravention has been established. This will greatly reduce the processing procedures relating to the movement of contravention case files from different offices.

At the level of Traffic Branch itself, all data relating to particulars of drivers, vehicles, and licencees are readily available and can be included in the relevant case file straight away. It will relieve Station Managers who have to send Enquiring Officers or memos to the Traffic Branch for documents to be included in contravention case files and is another contributing factor for delay in completion of enquiries.

(b) The recommendation of the Director of Audit respecting the institution of a Unit similar to the TUS of Metropolitan Division 'South', is a very laudable suggestion. With the increase of human resources at the level of MPF, similar unit to the TUS will be instituted in all Divisions and again this is another factor which will reduce the time constraints.

5.19 Procurement – Contract Specifications

Preparation of clear, accurate and complete specifications that properly reflect user's requirements has always been an issue at the Mauritius Police Force (MPF).

Due to inaccurate, out-of-date and incomplete specifications, several bids had to be cancelled more than once. This resulted, in some cases, in an increase in project costs, excessive delays in procurement of goods, increase in administration costs and non-availability of items for users.

5.19.1 Comments on Specific Procurement Exercise

(a) Supply of Raincoat

Three tender exercises, for the supply of Raincoats for Officers, launched between April 2016 and March 2017 were cancelled. In June 2017, the Bid Evaluation Committee (BEC) stated that the specifications initially provided by the end-user did not fully describe the quality of raincoat required. As of September 2018, new bids had still not been invited and there was only one raincoat in stock.

(b) Supply of Protective Equipment for Special Support Unit

Tenders were first invited in November 2017. The BEC recommended fresh tender exercise with revised specifications for riot helmets. Following a second tender exercise in March 2018, the BEC recommended that tender for the supply of riot helmets be re-launched with revised specifications after carrying out a proper market survey with local suppliers. As of September 2018, new bids were not yet invited and there was a balance of only 12 helmets in stock.

(c) Supply of Blankets and Quilts

After cancellation of first two tenders for the supply of blankets in February and September 2014 respectively, the BEC reported that blanket was an outdated commodity causing itching or allergic reactions and recommended quilts. A third and fourth tender exercises for supply of quilts were launched in March 2015 and April 2016 respectively. Both tenders were cancelled because contract specifications were not complied with.

The MPF reverted to purchase of blankets and a new bid was in preparation as of September 2018. Meanwhile, there were only 12 blankets in stock.

(d) Supply of Explosive Detector and Fiberscope

Four tenders for the supply of detector and fiberscope were launched between May 2016 and September 2017. No bids were received in three cases and only one bidder quoted in the second exercise. Though specifications were changed in the fourth exercise, still there was no response.

Following a fifth bidding exercise in June 2018, the BEC recommended launching of fresh quotations with revised specifications for fiberscope.

(e) Supply of Training Shoes

Four tender exercises for the supply of training shoes, carried out between June 2015 and March 2018, were cancelled, and in three cases new bids were invited with revised specifications. After the fourth exercise, the BEC suggested that the User Department considers review of specifications of training shoes as per its availability in the local market.

(f) Supply of Interlocking Anti-Riot Shield for Special Mobile Force (SMF)

The first two bids exercise were invited in February and May 2018 respectively. No response was received in the first exercise and only two bidders quoted in the second exercise and were non responsive. The required shield dimension was 1300 mm x 570 mm x 3 mm. A third tender was launched in October 2018 and the dimensions were changed to 1200 mm x 570 mm x 3 mm following a quotation submitted by a bidder for that dimension in the second exercise.

(g) Supply of Rescue and Disaster Equipment for SMF

The first tender exercise was launched in May 2016. The BEC reported that the specifications for most of the items contained errors which had caused several bids to be non-responsive. The BEC recommended invitation of new bids after working out proper and relevant specifications. A second exercise was carried out in May 2017 and contracts for six out of eleven items were awarded. The contract for remaining items was awarded in July 2018 after a third attempt.

5.19.2 Impact of Inadequate Specifications

(a) Excessive Delays in Procurement of Goods

Due to several cancellations of tenders as a result of inadequate specifications, delays were noted in the supply of goods. As shown above, in certain cases, the inventory levels were low.

(b) Increase in Costs of Items to be Procured

As a result of repeated cancellations over a span of time, cost of items to be procured tend to increase.

- The estimated cost for the supply of 1,200 units of raincoats for Attendants and Officers in April 2016 was Rs 2.8 million, and it increased to Rs 3.6 million for 600 units for Officers in March 2017. New tenders have still not been launched.

- For the supply of 621 units of rescue and disaster equipment, the cost was estimated at Rs 1.5 million in May 2016 that is Rs 2,415 per unit. In July 2018, a contract was awarded for the supply of 258 units for the sum of Rs 1 million that is Rs 3,876 per unit.

(c) Increase in Administration Costs

Repeated cancellations as a result of inaccurate specifications also impact on administration costs. The costs included the time taken to prepare new tender documents, changing requirements, preparation of evaluation papers, meetings of BEC to evaluate bids, among others.

BEC members were paid fees on an hourly rate, varying between Rs 400 to Rs 1,100, based on number of hours spent on the bid evaluation exercise, as shown below.

- For the supply of training shoes and blankets, amounts of Rs 104,172 and Rs 21,560 respectively were paid in respect of four unsuccessful tenders, and contracts for these items have not yet been awarded.

- For the supply of raincoats and rescue and disaster equipment, amounts of Rs 21,240 and Rs 28,180 respectively were paid in respect of three unsuccessful tenders.

Had proper specifications been prepared, cancellations of tenders would decrease which in turn would reduce administration costs, including bid evaluation fees.

Recommendations

Management of Specifications/Requirements

The MPF regularly procures common items such as uniforms, shoes, blankets, raincoats, vehicles and security equipment. The specifications are kept manually in project files and hence, it is difficult to retrieve them for future procurement exercise.

The MPF should consider maintaining an automated register or a central filing system of these specifications to create a set of past specifications that can be consulted, and assist when similar new ones are being written. This would help to develop a set of good quality standard specifications, called "benchmarks" that can be referred and used again.

Market Research

Market research is an important phase in a procurement lifecycle. Market research refers to examining available sources of information to find available goods and services. Had proper market research been carried out, some of the cancellations due to wrong specifications would not have occurred. The MPF should review its existing market research techniques with a view to have accurate and updated specifications. Research may be made through the Internet, Consultant's reviews, publications, advertisements, among others.

Consultant Expertise

Sometimes expertise is needed to prepare technical specifications. The MPF should not overlook the need for Consultant expertise to assist with development of technical specifications. In the past, MPF sought technical expertise from the Mauritius Standard Bureau and the University of Mauritius.

Improvement of Procurement System

The MPF may seek assistance of the Procurement Policy Office (PPO) to improve its procurement system. One of the functions of the PPO is to recommend and facilitate the implementation of measures to improve the functioning of the procurement system, including the operation of annual procurement planning, the introduction of information and technology. The PPO prepares and conducts training programs for public officials.

MPF's Reply

The reasons for cancellation and thus excessive delay in procurement may be explained by partly the problem linked to drawings of specifications and calculating costs estimates by user departments but mainly by bidders by their inability to comply with specifications.

Cost escalation is not mainly due to cancellation of procurement exercise but also can be caused by change in specifications, better quality products and inflation.

Any impairment in the procurement system will automatically result in increase in human resource costs.

The recommendation for monitoring an automated register of specification of common items has been noted for attention as needed.

Nowadays it becomes more and more hectic for the preparation of bid document with limited experienced staff and the various constraints.

5.20 Procurement of Remotely Operated Vehicle

At paragraph 3.26 of the Audit Report for the financial year ended 30 June 2017, I mentioned that the Mauritius Police Force (MPF) acquired a Remotely Operated Vehicle (ROV) during financial year 2014-15 for a sum of Rs 14.3 million. The ROV was meant to be used by the Explosive Handling Unit of the Special Mobile Force (SMF) with a view to minimising direct manual involvement and intervention for disposal of explosives.

I also mentioned that the ROV was not being used due to several operational defects. These defects were noted both before and after the commissioning of the vehicle.

The vehicle was delivered on 2 June 2014. Out of the contract sum of Rs 14.3 million, the Supplier was paid an amount of Rs 12.9 million in September 2014. Liquidated damages of Rs 1.4 million were retained for late delivery of the vehicle.

As of October 2018, four years after the acquisition of the vehicle, it has never been utilised due to the defects and was lying idle at the SMF. As a result, the Explosive Handling Unit of the SMF had to carry out 18 manual interventions relating to bomb threats, with risks of injuries or fatalities.

There was a dispute between MPF and the Supplier on the retention of liquidated damages and the replacement of the defective ROV. In June 2018, the Attorney General’s Office advised the appointment of an Arbitrator.

MPF’S Reply

An Arbitrator has been appointed and the case has been fixed for March 2019.

Prison Service

5.21 CCTV System at Eastern High Security Prison

The contract for the construction of the Eastern High Security Prison (EHSP) was awarded to a joint venture in August 2010 for Rs 1,491,686,782. The Construction was completed in October 2013. The final cost of the project amounted to Rs 2,098,875,876.

The EHSP was equipped with the Closed Circuit Television Cameras Surveillance (CCTV) System costing Rs 63.1 million and which comprised 544 cameras, 77 DVRs, 84 Monitors, two Video matrix, 188 fibre transmitters/receivers and 20 racks. Defects were noted since May 2014, that is only seven months after commissioning.

5.21.1 Maintenance Contract of CCTV System – Rs 21.85 million

A five-year contract starting 1 January 2016 for the maintenance of the CCTV System was signed with the Contractor for a total amount to Rs 21,850,000. However, the contract document was not vetted by the Attorney General's Office (AGO) prior to signature.

5.21.2 Defective Cameras

The cameras were continuously not displaying any images since commissioning of CCTV System, despite major investment made. In June 2016, several cameras were reported to be non-functional, hence compromising security at the EHSP. The system was inspected by the Contractor and the defects were attributed to frequent power loss due to faulty Uninterruptible Power Supplies (UPS) and damage of fibre optics cables by rodents.

5.21.3 Damages by Rodents

The contract for the construction of EHSP provided for the laying of fibre optics cables in underground conduits which was to be laid in well secured installation to prevent rodents from entering any conduits and manholes.

Management should ascertain whether the laying of fibre optics cables was performed in underground conduits and was as per specifications laid down in the contract, and action initiated against the Contractor in case of non-compliance with bid documents.

5.21.4 Remedial Measures

The following remedial actions were taken:

- Maintenance contract for the UPS in January 2017 for a period of one year at the cost of Rs 218,270;

- Maintenance contract costing Rs 532,749 for rodent control signed on 30 May 2017 for a period of one year.

At the end of the contract period, rodent control was entrusted to a team of Officers who had undergone necessary training.

5.21.5 Repair Works

At paragraph 3.31.1 of the Audit Report for the financial year ended 30 June 2017, I reported that a contract was awarded for Rs 1,852,755 for repair works not covered by the maintenance contract. An advance payment of 50 per cent was effected in May 2017.

Repairs started on 21 July 2017 and were completed on 6 October 2017. The remaining 50 per cent contract amount was not paid to the Contractor and was withheld pending satisfactory working condition of the CCTV system. The following were noted:

- On 12 October 2017, the Prison Service (PS) was informed that all damaged cables had been replaced and repairs completed. However, 21 cameras were still not displaying images. This was attributed to cameras not connected to the UPS and faulty UPS batteries. The cameras were, as at mid-December 2017 still not connected to the UPS as per survey effected by the Maintenance Contractor for UPS;

- As of January 2018, 190 cameras were not functional and images were not transmitted to the Control Room. This represented nearly 35 per cent of the available cameras. The Contractor submitted a quotation of Rs 2,295,000 in February/March 2018 for new faulty items. This has not yet been approved by the PS;

- Repair of UPS was completed in February 2018. However, with the tripping of many circuit breakers attributed to heavy rain, thunder and lighting, 190 cameras were still not functioning properly;

- The cameras were repaired by the Prisons Electrical Unit and 84 were reported not displaying any image due to faulty UPS as of March 2018;

- Due to humidity, the UPS was removed for repair and the circuit breakers were tripping in the rainy season.

5.21.6 Disbursements- Rs 9.7 million

In spite of maintenance and repairs of the system, more than 100 cameras were not functioning. Rs 9,666,338 were paid to the Contractor for maintenance and repair works from January 2016 to June 2018.

5.21.7 Termination of Maintenance Contract

In July 2018, the advice of AGO was sought for the termination of the maintenance contract as there was no exit clause in the agreement. On 3 August 2018, the Contractor was informed, that the PS was not satisfied with the maintenance service. The Maintenance Contractor was denied access to EHSP in August 2018 for the maintenance of the CCTV system. As of November 2018, the PS had still not clarified its stand on the maintenance contract.

Claims totalling Rs 3,111,378 from the Contractor in respect of the balance of 50 per cent of repair works and maintenance cost for January to June 2018 was outstanding as at November 2018.

Department's Reply

The issue is at level of AGO for termination of contract.

5.22 Rental of IP-based CCTV Cameras System – Rs 27.14 million

The PS resorted to rental of CCTV System to cater for the defective existing system at the Beau-Bassin Prison, New-Wing Prison, Pirates Wing and the Phoenix Prison. Prior cost benefit analysis was not seen to have been carried out. The contracts awarded were for an initial period of five years and renewable on an annual basis for a further period of three to five years. The contracts for the three prisons were awarded to the same Service Provider for a total contract value of Rs 27,138,762 for the initial period of five years, as shown in Table 5-13.

Table 5-13 Cost of Rental of CCTV

Prison	Contract Value (Rs)	Civil Works (Rs)
Beau-Bassin and New-Wing	17,736,840	4,004,720
Pirates Wing and Headquarters	5,053,358	998,660
Phoenix	4,348,564	773,352
Total	**27,138,762**	**5,776,732**

5.22.1 Beau Bassin and New Wing Prison

The maintenance agreement of the existing 141 CCTV Cameras expired on 23 April 2017. The Prison Service contemplated rental of a new CCTV system at an estimated cost of Rs 200,000 monthly. The contract was awarded on 27 July 2017 and the intended completion date was fixed to be within 150 days. However, the CCTV System was commissioned on 20 July 2018 after more than twice the time required to install the system. However, liquidated damages of Rs 886,296 had not been charged to the Contractor as specified in the contract. The previous system had not yet been removed as at 23 August 2018.

5.22.2 Pirates Wing at Beau Bassin Prison

The CCTV system at the Pirates Wing was installed at a cost of Rs 1,626,891 in 2014. There was however, no maintenance agreement for the equipment until June 2016. Maintenance agreement was signed on 30 June 2016 at the quoted price of Rs 115,000 for the first year and Rs 126,500 for the second year. The maintenance agreement was thereafter not renewed.

The Service Provider who was awarded the contract on 27 July 2017, for the Beau Bassin and New Wing Prisons, was in July 2018, awarded an extension of the contract to cover CCTV installation at Pirates Wing for an amount of Rs 5,053,368 for a five-year period without resorting to competitive bids. This is not in line with the Public Procurement Act (PPA) as the extended contract amount was more than 28 per cent of the original contract amount. The system was commissioned on 27 September 2018.

5.22.3 Phoenix Prison

The contract for the rental of the CCTV system at Phoenix prison was awarded on 22 December 2017 for an amount of Rs 4,348,564 and works were to be completed within 30 days. The commissioning certificate was not seen. The rental of the system was paid as from the month of April 2018. Liquidated damages of Rs 217,428, as provided for in the contract were not deducted from payments made to the Service Provider.

5.22.4 Large Variation in Price of Air-conditioners

The price awarded for the installation of the air-conditioners at the three prisons varied from Rs 26,910 to Rs 90,160 per unit although these were of the same technical specification of 18,000 BTU. According to records available at the PS, the estimated cost of one air-conditioner of 18,000 BTU was less than Rs 15,000 excluding maintenance. No explanation was obtained for the high cost paid for installation of the air-conditioners.

5.22.5 Unserviceable Equipment

The Service Provider was required to remove the existing CCTV systems and return the equipment to Stores as per contract documents. However:

- As of 16 October 2018, the equipment at Beau Bassin Prison was being dismantled and returned to Stores, although the system was commissioned in July 2018;

- The equipment at Phoenix Prison and Pirates Prison were not returned to stores.

The Technical Diagnosis Reports for the CCTV replaced at the various prisons, specifying the manner in which it was determined that the equipment were beyond economic repairs, were not seen.

Department's Reply

It was found most cost effective for a rental system where all repairs, maintenance fall under the responsibility of the supplier. With rental system, the PS can stay abreast with change in technology.

The PS was responsible for the delay as other works were performed concurrently and liquidated damages will be applied for future projects.

The standalone CCTV system previously installed at the Pirates Wing was not compatible with the new system. Therefore for security reason, the PS was compelled to align the CCTV System with that of Beau Bassin Prison for proper monitoring of detainees located at the Pirates Wing.

The price of the air-conditioners quoted was inclusive of all cost during the rental period of five years of the CCTV system.

5.23 Production of Poultry Meat for Detainees

The PS embarked on a self-sufficient chicken meat project to cut the annual procurement cost of chicken breast which amounted to some Rs 5 million. It was estimated that the production of 750 broilers per week would be required to cater for a population of some 2,500 detainees and an average requirement of 133 grams per detainee thrice weekly. The existing four poultry houses at the Petit Verger Prison would be upgraded. Funds to the tune of Rs 1.5 million were provided in financial year 2017-18 for the setting up of a slaughtering house at the EHSP. Out of an annual requirement of 39,000 day-old chicks, a first batch of 2,436 was procured in November 2018.

5.23.1 Abnormal Mortality Rate of Chicks

The Consultant of the project recommended renovation works to upgrade the poultry houses, particularly the isolation of the roofs made of iron sheets. However, this was not done.

Three weeks after receipt of the chicks, there were only 1,563 out of the 2,436 chicks in the pens. The mortality rate was 35 per cent after only 20 days of rearing. The procurement of chicks was based on a mortality rate of five per cent by the Consultant. The cause of death of 873 chicks was attributed to pneumonia and enteritis.

5.23.2 Slaughtering House Project

The slaughtering house together with a chilling room was to be set up in 2017-18 at the EHSP for slaughtering of 750 chicken twice weekly. The procurement of a refrigerated lorry to convey the chilled/frozen meat to the different prisons was also planned.

A Manual Chicken Abattoir Kit for daily slaughtering of 400 broilers was procured at a cost of Rs 638,848. The kit was received in August 2018.

As at November 2018:

- Civil works for the slaughtering house were at initial stage;
- Tenders for the refrigerated lorry had not yet been launched and funding was not provided for in financial year 2018-19;
- The chilling room has not yet been completed;
- According to the Consultant, the manual chicken abattoir kit supplied was of galvanised iron sheets type instead of stainless steel type, as specified in the bidding documents. The Plucker for de-feathering of the chicken was for one chick at a time, instead of six chicken at a time contrary to specification.

5.23.3 Pre-fabricated Positive Chiller and Negative Cold Rooms

The cost for the supply, installation, testing, maintenance of a pre-fabricated positive chiller room at EHSP which was estimated at Rs 600,000, was awarded for the sum of Rs 1,051,100 while the cost of a pre-fabricated negative cold room at Beau Bassin estimated at Rs 600,000 also, was awarded for the amount of Rs 1,189,100 inclusive of civil and maintenance works. As such, the awarded contract price was 75 and 98 per cent higher than the estimated costs respectively. This is not in line with the Public Procurement Act which provides that a Public Body may, at any time prior to acceptance of a bid, reject all bids or cancel the public procurement proceedings where the lowest evaluated bid is substantially above the applicable updated cost estimates. Also, the power capacity of the refrigeration equipment to cool the chiller room/negative cold room to the required temperature at optimum capacity was not specified by the bidder.

As at 28 November 2018, the pre-fabricated chiller room had still not been assembled and thus not commissioned. However, Rs 519,800 and Rs 630,200 were disbursed for the chiller and cold rooms respectively in June 2018. Only a "Testing Certificate" for the cold room was seen. The cold room was unutilised and was not yet fitted with any racks to accommodate poultry products or any other frozen items. The cold room displayed a temperature of negative 10.2 degree Celsius, instead of the required range of negative 18 to negative 20 degree Celsius.

Department's Reply

Additional industrial fans have been installed to enhance ventilation of the poultry house. Insulation work will be carried out.

Civil works for slaughtering house were in progress.

A Bid Evaluation Committee reviewed the bid submission for the manual chicken abattoir kit and recommended the galvanised iron sheet type.

The estimated cost of the chiller and cold rooms was for equipment only. The supplier of the cold room was contacted on 29 January 2019 regarding the displayed temperature for necessary action.

5.24 Interdicted Officers

From March 2009 to July 2018, 31 Officers of the PS were interdicted on the basis of criminal proceedings being instituted against them. Six of them were subsequently dismissed from the service. Salaries and allowances paid to the interdicted Officers up to July 2018, amounted to more than Rs 23 million as detailed in Table 5-14.

Table 5-14 Salaries and Allowances Disbursed to Interdicted Officers

Period of Interdiction	Number of officers	Amount paid during interdiction (Rs)
5 years and above	8	13,794,705
3 years but less than 5 years	9	5,606,389
Less than 3 years	8	4,050,440
Total	**25**	**23,451,534**

Interdictions were made under Regulation 28 (1) of the Disciplined Forces Services Commission (DFSC) Regulations. The interdictions related to offences, such as providing opportunity for drugs or prohibited goods to be supplied to detainees and allowing prisoners to escape from legal custody.

5.24.1 Recalling of Officers under Interdiction

Upon resumption of duty, these Officers would be entitled to all the benefits attached to their respective posts. The re-instatement of interdicted Officers was conditional upon their performance, work and conduct which would be closely and continuously monitored and a quarterly report was to be submitted to the Ministry of Civil Service and Administrative Reforms (MCSAR). However, these reports were not submitted to MCSAR.

The PS was also required to follow up and report developments on all Officers who were under interdiction and/or outcome of the criminal proceedings to DFSC. Such report was not submitted. One of the reinstated Officers was subsequently dismissed from the service and was notified on 18 October 2017 for unauthorised absence since June 2017.

Department's Reply

Regular and constant follow up of all the interdicted/recalled Officers was being carried out at the level of the Human Resource Section with the Police Service. The Officer in Charge of Penal Institutions submits monthly report on the Recalled Officers and the reports at Strategic Level in fortnightly Management Meeting chaired by the Commissioner of Prisons.

5.25 Embezzlement of Funds – Rs 1,244,880

An internal audit exercise revealed embezzlement of funds of Rs 1,244,880 at Petit Verger Prison. The misappropriation of Government revenue related to collections of detainees' earnings and private cash, imprest, fines and cost from March 2012 to June 2013. The long span of time of the embezzlement showed that there had been inadequate internal control in revenue collections. An Advance Account was opened in the name of the Prisons Officer and he was interdicted with effect from 30 July 2013.

In November 2015, a case of money laundering on 16 counts was lodged against the Officer by the Independent Commission Against Corruption. On 13 June 2018, the Officer was sentenced to pay a fine of Rs 20,000 under each of the 16 counts, and Rs 500 as costs. He was dismissed from the service.

During the period of interdiction, he was paid salaries and allowances for a total amount of Rs 1,182,101. The Advance Account of Rs 1,244,880 in respect of the embezzlement of funds was still outstanding.

Department's Reply

On 21 December 2018, the case has been referred to the AGO to initiate civil action for recovery of funds.

5.26 Prohibited Articles

At paragraph 3.31.2 of the Audit Report for the financial year ended 30 June 2017, I reported that 151 mobile phones were found at EHSP.

326 mobile phones and 1,124 prohibited items, such as batteries, sim cards, battery chargers, improvised weapons and syringes, were seized during the period November 2017 to December 2018. Some 300 prohibited items, thrown mostly through walls, were found in 2018.

Department's Reply

Security measures have been implemented to prevent prohibited articles from entering prisons. The Reform Institution Act was amended but is not in force yet. Prisons Regulations will thereafter be amended regarding delimitation of zone and use of mobile phones in certain specific areas.

6 – VICE-PRIME MINISTER'S OFFICE, MINISTRY OF HOUSING AND LANDS

6.1 Land Vested in Ministries/Departments

A status report as at August 2018 revealed that State land of an extent of 385.1 Arpents (A) had been vested in 13 Ministries/Departments for 69 projects. Four of them did not intend to proceed with their specific projects. The Ministry is in process of retrieving the 8.29A of land vested in these Ministries/Departments.

From a sample of projects examined, the following observations were made:

- For 15 projects involving land of a total extent of 55.18A, evidence of availability of funds and time frame for the implementation of the projects were not seen in the respective files. Some Rs 64 million had been disbursed by the Ministry for the acquisition of the 55.18A of land.

- Vested land had remained undeveloped for 10 to 30 years as shown in Table 6-1:

Table 6-1 Land Undeveloped

Region	Extent (Arpent)	Year Since Land Undeveloped
Petit Raffray	2.50	1987
Bambous	0.50	1987
PG Surinam	1.57	1990
Cap Malheureux	3.24	1998
Bel Air	2.00	1999
Riviere Du Poste	144.00	2000
Rose Belle	26.15	2001
Black River	1.41	2003
Bel Ombre	0.35	2004
Bel Air	0.94	2006
Petit Raffray	0.42	2006
Le Bouchon	0.26	2007

Source: Project Files

- According to site visits effected by the Ministry, in certain cases, the land vested were in an abandoned state under wild vegetation or dumped with waste. In other cases, instead of being used for the intended purposes, the land were under sugar cane cultivation.

Recommendations

Huge investment is being made in the acquisition of land by the Ministry. For efficient use thereof, the Ministry should:

- Ensure that there is a firm undertaking on the part of the requesting Ministry/ Department for use of the land.

- Promptly retrieve the land, when being informed that the project is shelved. The land should be made available for other projects.

Ministry's Reply

The Ministry will ensure that there is no undue delay in taking actions to retrieve lands from those Ministries/Departments which have already signified their intention of not going ahead with their projects.

No timeframe for the implementation of the projects was given to these Ministries. Henceforth, the other Ministries/Departments will be requested to confirm on the availability of funds, as well as to submit a timeframe for the implementation of their projects.

The Ministry will also request the other Ministries/Departments to submit an undertaking for use of the acquired land.

6.2 Land Acquisition

For the financial year 2017-18, the Ministry disbursed some Rs 752.8 million for the acquisition of land. From financial year 2015-16 to 2017-18, the amount disbursed for that purpose had constantly increased, as shown in Table 6-2

Table 6-2 Funds Disbursed for Acquisition of Land

	2015- 16 (Rs m)	**2016- 17 (Rs m)**	**2017- 18 (Rs m)**
Compensation	434.0	522.5	599.8
Interest	93.5	113.6	127.9
Belle Rive –Q Militaire, (including Comp, Int, Notarial Fees, Publications)	4.1	6.3	19.5
Notarial Fees	2.6	2.8	1.0
Publication	4.9	3.2	4.6
Total	**539.1**	**648.4**	**752.8**

Source: Treasury Accounting System

6.2.1 Non Submission of Deed of Acquittance

Further to paragraph 4.4.1 of the Audit Report for the financial year ended 30 June 2017 on missing deeds of acquittance, the Ministry replied that a list of such cases was being compiled to inform the 'Chamber of Notaries' of the situation through the Attorney General's Office.

In financial year 2017-18, in respect of eight cases of land acquisition where the Ministry disbursed Rs 44.2 million to the Notaries, the deeds of acquittance/witness were not submitted to the Ministry as at November 2018.

Recommendation

Upon release of fund, the Ministry should be kept informed of the actions taken by the Notaries to expedite the drawing of the deed of acquittance/witness for prompt submission to the Ministry.

Ministry's Reply

On 17 December 2018, the Notaries have been requested to submit the relevant deeds.

6.2.2 Records of Acquisition

Further to paragraph 4.4.2 of the Audit Report for the financial year ended 30 June 2017, the Ministry, in 2018, awarded the contract for the State Land Register which would include a component on land acquisition.

In the meantime, the Ministry maintained a record of the land acquired, including name of former owners, extent of land acquired, date of transcription, amount assessed by the Valuation Department, cases referred to Board of Assessment (BOA), amount of compensation and interest already paid.

6.2.3 Interest Payment

The Ministry disbursed Rs 127.9 million in terms of interests to former land owners. Undue delay in the land acquisition process culminated in an increase in the interests payable.

Following paragraph 4.4.3 of the Audit Report for financial year ended 30 June 2017, the Ministry concurred that "*there is an urgent need to amend the Land Acquisition Act with a view to including a timeframe for the Valuation Department to submit its evaluation of land to be acquired by the Ministry*". No significant improvement had been noted. The time taken by the Valuation Department to assess compensation varied between 10 and 42 months.

Furthermore, the time taken, at each stage of the land acquisition, varied, that is:

- To inform former land owners of the Valuation Department's assessment, the Ministry took three to nine months.

- For administrative purposes, 15 days were given to the former owners to inform the Ministry as to whether they were agreeable to the offer of compensation. Delays of four to 44 months had been noted.

- To request the Attorney General's Office to appoint a Notary to draw up deeds of acquittance or deed of witness, the Ministry took two to six months.

- The time lag between the transcription date and the appointment of Notary varied between 30 to 62 months. Hence, interest element was 20 to 51 per cent above the compensation payable.

- The former owner or the Valuation Department informed the Ministry that the case be referred to BOA. As from that date, the Ministry took five to 61 months to request the Supreme Court to designate a Chairperson for the BOA.

Recommendation

I reiterate the need for the Ministry to improve its monitoring and follow up actions at each step in the acquisition process.

Ministry's Reply

The Valuation Department falls under the aegis of the Ministry of Finance and Economic Development. Land Acquisition is a complex exercise, and also has a number of legal procedures to be strictly followed. In addition there is a high number of acquisitions which creates a heavy work load in terms of processing resulting in unavoidable delays.

A computerised system could reduce processing time and ensure better monitoring. The State Land Register will include a component on Land Acquisition.

The time taken by the Ministry to request the Supreme Court to designate a Chairperson for the BOA will indeed vary on a case-to-case basis.

6.3 Arrears of Revenue

As at 30 June 2018, arrears of revenue relating to State Land leases stood at Rs 866 million (inclusive of interests), that is 60 per cent increase as compared to end of financial year 2016-17. Details are as shown in Table 6-3

Table 6-3 Arrears of Revenue

Type of Lease	**Arrears as at 30 June 2017 (Rs m)**	**Amount Due in 2017-18 (Rs m)**	**Amount Collected 2017-18 (Rs m)**	**Arrears as at 30 June 2018 (Rs m)**
Other Land Leases (*mainly industrial, commercial and residential*)	395	635	(368)	662
Campement	17	16	(13)	20
Campement premium	45	1	(5)	41
Ex-CHA	15	3	(3)	15
Sub Total	***472***	***655***	***(389)***	***738***
Interest	68	89	(29)	128
Total	**540**	**744**	**(418)**	**866**

Source: Statement of Arrears

Of the Rs 738 million due as at 30 June 2018, excluding interests, Rs 313 million or 42 per cent were in respect of debts aged three or more years.

Included in the interest figure of Rs 128 million, Rs 103 million were in respect of "Other Land Leases". The total amount due for this type of lease represented 88 per cent of the total arrears.

6.3.1 Arrears Written Off

In the financial year 2017-18, Rs 69 million due by seven lessees were written off due to the absence of a formal lease agreement.

Financial instructions had not been complied with, in that, a list of cases for write off of irrecoverable arrears of revenue was not attached with the Return of Arrears of Revenue submitted to the Ministry of Finance and Economic Development.

Ministry's Reply

The amount written off was not disclosed on the understanding that it was reckoned as undue arrears following legal advice. Henceforth, all amounts written off will be disclosed in the returns forwarded to the Accountant General.

6.3.2 Letter of Intent

For industrial leases, the Ministry issued a Letter of Intent (LOI) to prospective lessee once all the conditions of the letter of reservation had been fulfilled and after the Minister's approval. The Ministry inferred that the obligation to pay rental arose as from the date of the LOI.

However, according to Attorney General's Office, there was no legal basis for claiming rent unless and until a formal lease agreement was signed. Following this advice, the Ministry in financial year 2017-18, took actions to exclude cases with LOI from the arrears figure.

Observations

From a sample of cases examined, the Ministry had not been consistent in accounting industrial leases with LOI. Despite having only LOI, Rs 82.8 million had been excluded, while Rs 97.3 million had been considered as arrears in respect of:

- Cases where the lessees opted for the 60 years' industrial lease and the new lease agreement had not been signed, 10 leases with an outstanding amount of Rs 80 million had been withdrawn, while six other lessees owing Rs 91.7 million had been included as arrears;

- Four lessees did not opt for the 60 years' industrial lease and had not yet signed their lease agreement. The sum owed by two of them amounting to Rs 2.8 million had been excluded from the arrears figure, while the sum of Rs 5.6 million due by the other two, was included in the arrears figure.

The Ministry intended to revise the terms and conditions of the LOI. As at November 2018, this had not been finalised.

Recommendations

The Ministry should ensure that the arrears of revenue figure is accurate and represents genuine debtors for State Land leases. It should not further delay the revision to be brought to the terms and conditions of the LOI.

Ministry's Reply

All cases opted/not opted and lease agreement not signed will be excluded from the debtors list.

6.3.3 Debt Management

Debt management at the Ministry was inadequate in the absence of:

- An effective Debt Recovery Unit.

- Information that is of significant importance for debt management, such as:

    - The Rs 418 million collected in financial year 2017-18 had not been analysed into the amount collected for the current and that relating to prior periods. Thus, the rate of debt recovery for prior years' arrears could not be ascertained.

    - Cases that required legal action for recovery, those where notice had been served by the Ministry, as outlined in lease agreement as well as those where legal action had been initiated for cancellation of the lease due to non-settlement of debts were not known.

Recommendations

Given the substantial amount of arrears, the Ministry should take remedial actions for an efficient and effective debt management. The Ministry should also consider the benefits of having a Legal Unit to expedite legal actions for debt recovery.

Ministry's Reply

Details of the amount of debt settled or partly settled relating to prior years are not available as the existing IT system does not generate such a report.

6.3.4 Indemnity for Use and Occupation

From previous cases referred to the Attorney General's Office, the latter advised that "*should the Ministry be able to provide evidence as to whether the land had been occupied/used since the letter of intent, indemnity can be charged for use and occupation*." The following cases, with LOI, as shown at Table 6-4, had been excluded from the arrears figure.

Table 6-4 Land Occupied and No Indemnity Claimed

Lessee No	Due Since	Amount due as at 30 June 2018 (Rs m)	Remarks
60104	2009-10	9.9	Hotel Operational
92839	2009-10	26.5	Chaussee Burn Area occupied
92821	2011-12	1.2	Mechanical Workshop operational

Source: Lessee Files and Revenue System

For the above cases, though the land were being occupied, the Ministry had not charged indemnity for use and occupation of the land.

It was noted that, in most cases, findings from surveys/inspections were not recorded in the respective files. Had these findings been properly recorded, the Ministry could have charged for indemnity of use or occupation.

The Ministry should take all necessary measures in order not to forego revenue from indemnity of use or occupation.

6.3.5 Long Outstanding Debtors

At paragraph 4.8.1 of the Audit Report for the financial year ended 30 June 2017, I drew attention to an amount of Rs 436.8 million that the Ministry intended to write off due to no vehicular access to State Land leased at Les Salines and Balaclava.

For the financial year 2017-18, following Attorney General's Office advice, Rs 188 million were excluded from arrears for one promoter at Les Salines.

For another promoter at Les Salines, the rental due had decreased by Rs 40 million upon signature, in October 2017, of a lease agreement with new terms and conditions.

As at 30 June 2018, the Ministry had accounted Rs 222 million as arrears, including an amount of Rs 36.6 million owed by one promoter with LOI only at Les Salines. Three promoters at Les Salines owed Rs 180 million, and another three promoters at Balaclava owed Rs 42 million.

Ministry's Reply

The amount of Rs 188 million written-off in respect of the promoter at Les Salines has already been favourably considered by the Director Internal Control on the ground that no agreement has been signed between the lessee and the Ministry and also that there is no evidence that there has been occupation of the land by the lessee.

6.4 Land Administration, Valuation and Information Management System

The Land Administration, Valuation and Information Management System (LAVIMS) comprised the Valuation, Cadastre and an Information Management System components.

Although, as at December 2018, a total amount of US $ 27,198,613 or Rs 849.5 million had been disbursed, LAVIMS was not fully operational. Requirements of some key components of the LAVIMS project, namely Valuation and Cadastre were not/partly met. Not all the stakeholders had benefited from the LAVIMS.

6.4.1 Valuation Component

At paragraph 4.9.2 of the Audit Report for the financial year ended 30 June 2017, it was mentioned that the Valuation Roll was not operational as the Valuation Component had not been signed off.

As at December 2018, the Valuation Roll was still not operational. A sum of US $ 2,626,161 or some Rs 79 million, from the total contract amount of US $ 2,966,418, was released to the foreign Firm, though the Valuation Department adversely reported on the Valuation Component.

The LAVIMS Committee, set up at the Ministry's level, agreed in September 2018 that the enhancement of the Valuation Component be done by the Valuation Department. Estimated expenses, under the Valuation Department, in connection with Valuation Roll would be Rs 67 million for the next three financial years.

6.4.2 Cadastre Component

Although being a key component, the Cadastre was not complete.

As at December 2018, not all land parcels in the Cadastre were linked to a Deed, because much land was not transacted officially in the last 30 years and the Cadastre did not include all plots of land owned by the State.

6.4.3 Pending IT Issues

At paragraph 4.9.4 of the Audit Report for the financial year ended 30 June 2017, it was mentioned that the following information, amongst others, was not provided:

- A documented Business Continuity Plan and Disaster Recovery Plan;
- Policies, procedures and controls for data backup;
- The processes for monitoring capacity usage for storage, memory and processing for future operational requirements.

As at December 2018, these issues were still pending.

Had the Ministry monitored capacity usage for storage, memory and processing, this would have been beneficial in the context of scaling up the LAVIMS project.

Ministry's Reply

These issues will be taken into consideration within the consultancy services for the revamping of LAVIMS after consultation with the Ministry of Technology, Communication and Innovation.

6.4.4 Maintenance and Support Services

As at December 2018, the Ministry had paid US $ 6,370,444 or Rs 208.1 million to the foreign Firm for hardware and software maintenance.

The Ministry renewed the Hardware Maintenance and Support and Software Maintenance Agreements for a further period of one year from 1 October 2018 to 30 September 2019 at the cost of US $ 1,078,428 or some Rs 32 million.

Seven years after LAVIMS had become operational, the Ministry has not reduced its reliance on the foreign Firm for hardware maintenance. Contrary to software maintenance, hardware maintenance is not concerned with complex spatial data information.

The Ministry should consider ways and means so as to avoid/reduce the cost for hardware maintenance

Ministry's Reply

LAVIMS is a complex spatial data information system which requires specialised skills in IT. The issue of setting up an IT cell has been discussed with the Ministry of Technology, Communication and Innovation and we have been advised to continue the support and maintenance agreement with the Contractor.

6.4.5 Revamping of LAVIMS

In 2017-18, the Ministry was in the process of revamping the LAVIMS in order to improve the system for higher levels of utilisation. The Ministry, on 5 October 2018, invited proposals for consultancy services for an assessment of the current state of LAVIMS with recommendations for process review.

Ministry's Reply

Evaluation of Bids is in progress.

6.5 Consultancy Services for the Review and Drafting of a New Planning Legislation

In June 2015, the contract for consultancy services for the review and drafting of a new planning legislation was signed between the Ministry and the Consultant. For the services rendered, the Ministry had to pay the Consultant an amount not exceeding AUD $ 239,000 exclusive of the local taxes.

The main objective of reviewing the planning legislation was to consolidate the existing provisions of the Town and Country Planning Act and the Planning and Development Act and to review other related legislations currently in force so as to come up with a new Land Use Planning and Development Act.

According to the Contract, the Consultant had to perform the services from May to October 2015. The assignment which was to be completed within five and a half months, ultimately took about 19 months. The final draft Bill and Regulations were submitted on 6 February 2017. As at November 2018, discussions/meetings with the Attorney General's Office and major stakeholders in respect of the final draft Bill and Regulations were ongoing.

As at 30 June 2018, the Ministry had already disbursed Rs 8.98 million, that is, AUD $ 239,000 and local taxes.

Ministry's Reply

The Ministry was not too forceful on due dates, provided the deliverables were met. The protracted time also included time taken by stakeholders to respond.

The final draft bill submitted in February 2017 complied with the requirements of the Terms of Reference, hence it was not considered appropriate to withhold payment, as there was no delay which could be imputed on the Consultant.
The Ministry agrees that contract management should be effected more thoroughly and steps should be taken to have the relevant logistics and specialised human resources to manage contracts.

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7 - MINISTRY OF TECHNOLOGY, COMMUNICATION AND INNOVATION

7.1 Skygovtnet Project - Rental of Telecommunication Lines for Connectivity Services for 2017-2020 for Ministries/Departments

The “Framework Agreement for Connectivity Services for the Skygovtnet Project 2017 - 2020” with Mauritius Telecom (MT) was signed in October 2017. The updated network would enhance communication and collaboration between Government entities hosted at the Government Online Center (GOC). The 85 identified sites have to be interconnected and commissioned within six months of the date of signature of the contract and within one month following order for each additional site(s).

The three year contract for rental of Rs 141.5 million, excluding VAT, was on the basis of 85 identified Government sites and 139 additional ones for Rs 98.8 million and Rs 42.7 million respectively and was effective as from 1 December 2017.

Payments - Rs. 79.4 million

An amount of Rs 79.4 million was paid to Mauritius Telecom (MT) during 2017-18 for the rental of lines for the Network system.

- Control over payments of telecommunication lines for GOC and Ministries/ Departments was not adequate. No report was available of the network uptime for payments of rental of lines as per terms of contract.

- Actual payments as from January 2018 were between Rs 6.2 million and Rs 7.1 million, that far exceeded the contractual monthly cost and the amount recommended by the Central Informatics Bureau (CIB) in November 2017 of Rs 3.5 million.

- The monthly contractual rate for GOC internet lines payable by the National Computer Board (NCB) as per framework agreement for the IPVPN BIZ Global Internet 160M was Rs 1.9 million but MT has claimed NCB Rs 4 million, that is Rs 2.1 million monthly in excess. These payments were effected by the NCB on recommendation of the GOC, and were then refunded by the Ministry.

- Rental for 22 lines that have not been converted to Fiber technology within six months of signature of the Framework Agreement, was being charged at the higher rate based on usage of Single-Pair, High-Speed Digital Subscriber Line (SHDSL) Technology. In addition, rental for 14 other lines using Fiber technology were charged in excess, contrary to the Framework Agreement. Thus, MT has charged the Ministry some Rs 1.4 million, excluding VAT, in excess, for the period January to October 2018.

Ministry's Reply

Given that the Framework Agreement was awarded to the existing supplier, a request was made to MT to adjust all the tariff of the GINS lines as per the new framework.

The Ministry has, in January 2019, set up a Steering Committee comprising CIB, CISD, ITSU, NCB/GOC, MOFED and representatives of the Ministry, for payment in connection with rental of lines under the Framework Agreement. The new tariff would be effective as from April 2018.

The existing Government Online Centre (GOC) Internet 160M line has been set up by GOC since 2005. NCB has been paying directly the rental charges after necessary verifications.

Given that the existing GOC Internet line is part of the contract, which has been signed in 2005, between NCB/GOC and MT, therefore, it does not form part of the Framework Agreement. Now that the platform under the Framework Agreement is stabilized, it is proposed to set up a 600Mbps Internet Line at the GOC as proposed in the Framework Agreement. Thereafter the existing GOC Internet Line will be decommissioned. In the light of the above, the question of excess payment does not arise.

A claim is being made to Mauritius Telecom to recoup the excess payment effected for the 22 lines. As from March 2019 all the lines under the Framework Agreement will be billed at the appropriate tariffs. Work is still in progress for the 14 other lines.

7.2 National ICT Training Centre Ltd – Rs 10.9 million

The National ICT Training Centre Ltd (also known as ICT Academy or ICT Centre of Excellence) was incorporated in October 2011 as a Government owned Company with a view to providing training in Information Technology to address skills mismatch in the sector. The Government of Mauritius represented by the parent Ministry (MTCI) held 52 per cent of the share capital while the remaining 48 per cent of the share capital were held by a private Company. The National Computer Board (NCB) was responsible for the management of the ICT Academy since July 2013.

Out of a budget of Rs 50 million provided by the Ministry in January 2015, Rs 6 million were spent on training of 115 people on different training programmes at the ICT Academy.

In May 2017, the Committee, meant for 'Discussions of the Policy Dialogue', agreed that the ICT Academy would be wound up.

The ICT Academy owed Rs 10.9 million as rental of building of the extent 347 m^2 on the second floor of the Cyber Tower I Ebene for period August 2013 to June 2017. The Ministry disbursed funds of Rs 10.9 million to settle this liability on 8 June 2018. As no original budget provision was made, funds were reallocated from CIB's Vote of the Ministry on 26 April 2018.

The Company started operations in March 2013. The Academy was not fully operational due to lack of demand for its courses and had been operating at a loss for over five years. There has been tardy management decision for its closure that had resulted in unnecessary costs to Government.

Ministry's Reply

Discussions were being held with Oracle based on the provisions in a Memorandum of Understanding signed between the Ministry and Oracle Systems Limited on 17 May 2006 for the setting up of a Regional Centre of Excellence. A meeting was held in March 2017 to discuss the modalities for the setting up of the Centre of Excellence. In July 2017, Government was informed that it is proposed not to go ahead with the setting up of the Centre of Excellence.

In view of the strategic location of the Centre and the facilities which existed in terms of server and other equipment, an alternative strategy was proposed to convert the Centre into a Regional Centre of Excellence.

7.3 Management of e-Education Projects

The Ministry has been instrumental to forge innovation in e-Education by providing platforms, via the GOC, for high speed internet connectivity to primary and secondary schools. More efforts are still required by both the Ministry of Education and Human Resources, Tertiary Education and Scientific Research (MOE) and the Ministry of Technology Communication and Innovation (MTCI) to put in shape the e-Education projects so as to impact directly on the school population.

- There was no Memorandum of Understanding (MOU) signed between the MOE and the MTCI. A formal IT Steering Committee had not been set up for the management of e-Education projects jointly as of December 2018.

- No National School IT Strategic and Operational Development Plan for the e-Education was available.

- No Incidence Reporting Plan was available to ensure business continuity especially for schooling.

There is a need for a strategic Committee between MTCI and MOE to steer a Master Plan and continue driving technovation in E-education for the benefits of the school population.

Ministry`s Reply

An MOU will be worked out for all ICT forthcoming projects where other Ministries/Departments are involved whereby roles and responsibilities of each party will be clearly defined.

A Committee has been set up comprising administration, technical, finance and procurement to ensure timely implementation of projects in line with the provisions of the contract. A list of all ongoing projects is being drawn up to ensure that the provisions of contract and financial, technical and other aspects are taken care of.

The Central Informatics Bureau (CIB) will ensure that technical specifications for projects include the need for user stakeholders to enter into an MOU with clear demarcation of roles and responsibilities for improved project implementation.

The formulation of education plans rests with the MOE. However, at the request of the latter, the CIB submitted an e-Education plan 2013-17 to the MOEHR in October 2012. Additionally, World Bank Consultants have prepared a Strategy Plan on ICT in Education (2019-2021) and same is currently being finalised at the level of MOE;

An operational procedure had been put in place for the High Speed Connectivity for Primary School project whereby MOEHR has access to dashboards and can note any fault occurrence at any primary school.

7.4 School Net II Project for Secondary Schools

In December 2015, the Ministry (MTCI) awarded the contract for the School Net II project to provide high speed connectivity to all Secondary Schools, using the Government Online Centre (GOC) platform, to a private company. The contract sum comprised the cost of equipment of Rs 88.5 million for 164 sites, and rental of telecommunication lines for two years of Rs 34 million.

At the request of the Company, the Ministry reviewed the payment terms and an addendum to the contract was made in June 2017 with the following provisions:

- Payment to be effected to the Company so as to enable it to pay for the spectrum license fees, and to enable the commissioning of the system to be completed within a period of five months as from the signing of the addendum to the contract.

- In case of failure on the part of the Company to fulfill its obligations, liquidated damages of one per cent of the contract value would be payable per week, subject to a maximum of 10 per cent.

Following the addendum in June 2017, the supplier was paid Rs 45.4 million for Phases II and III. As of 30 June 2017, cumulative payments to the supplier amounted to Rs 81.7 million.

- The Central Information Systems Division (CISD) reported in October 2018 that telecommunication tests have failed at eight of 164 sites.

- Though the Ministry informed the supplier in January 2018 of the applicability of liquidated damages as from mid November 2017, no such claim has yet been preferred on the supplier as of January 2019, that is, some 12 months later.

- Though 156 sites, representing 95 per cent of all sites, have been successfully commissioned as of October 2018, Secondary Schools have not yet been connected to telecommunication lines for internet access in January 2019 at the detriment of the school population.

Ministry`s Reply

The contract value is Rs 122,457,992, and the liquidated damages amounted to Rs 12,245,799. Since January 2018, no payment has been effected to the supplier. On 29 January 2019, the supplier has gone into receivership. On 8 February 2019, the Ministry has sought the advice of the Attorney General's Office in view of raising the claim for liquidated damages from the supplier in receivership. We are awaiting the advice of the Attorney General's Office for the enforcement of the claim.

The technical specifications for connectivity which are ready will be forwarded to the MOEHR for floating of tender.

8 - MINISTRY OF PUBLIC INFRASTRUCTURE AND LAND TRANSPORT

8.1 Implementation of National Road Safety Strategy

One of the objectives of the Ministry of Public Infrastructure and Land Transport (MPILT), is the improvement of road safety, through various approaches, such as sensitisation campaigns, legislation, education and enforcement.

According to the figures compiled by Statistics Mauritius, over the past five years, road accidents by auto/motorcycles ranged from 38 to 43 per cent of the total number of accidents.

8.1.1 Speed Violations – Auto/Motor Cycles

During 2017-18, the Photographic Enforcement Unit (PEU) attached to the Police Traffic Branch captured some 34,800 images from speed control cameras relating to speed violations by auto/motorcycles. However, some 31,300 images were rejected of which, some 20,400 were for reasons, such as "Rear Registration Plate not according to Law", "No Front Registration Plate" and "Registration Plate defaced".

Motor cyclists were not complying with Regulation 57 (f) of the Road Traffic (Construction and Use of Vehicles) Regulations 2010. It provides that 'a registration mark shall be displayed on a registration plate which shall not be treated in any other way which renders the characters of the registration mark less easily distinguishable to the eye or which would prevent or impair the making of a true photographic image of the plate through the medium of a camera and film or any other device.'

Regulations 58 and 59, pertaining to size and spacing of characters on registration plate and layout of registration marks respectively, were not being complied with. Non-compliance with such Regulations resulted in images being discarded. The objective set out under the National Road Safety Strategy may also not be attained.

Recommendation

Action should be taken by the appropriate Authorities for the enforcement of Regulations 57(f), 58 and 59 of the Road Traffic (Construction and Use of Vehicles) Regulations 2010.

Ministry's Reply

Police enforce abidance to posted speed limits through the mobile radar system as well and it is unlikely that auto/motor cyclists would escape such crackdown operations.

In addition, research is underway to see if chips could be introduced in the motorcycles.

8.1.2 Motor Cycle Driving Schools

Driving schools for motorised two-wheelers were introduced by the MPILT so as to professionalise motor cycle riding. In August 2016, a contract for dispensing driving instructor's course was awarded to a firm for an amount of Rs 16.5 million, of which Rs 9.1 million were paid in 2016-17 and Rs 7.4 million in 2017-18. In September 2017, the Road Traffic (Driving Schools and Instructors) Regulations 1966 were amended to make provision for the teaching and riding of auto/ motorcycles.

Presently, there are no Regulations which require an applicant to compulsorily follow a course in a driving school for a driving theory test.

Recommendation

The Ministry should come up with measures/Regulations to require potential applicants to follow a driver's training course in a driving school with a view to professionalising auto/motorcycles riding, thus reducing the number of road accidents involving auto/ motorcycles.

Ministry's Reply

A scheme is being worked out alongside amendments to the Regulations in consultation with the Ministry of Finance and Economic Development, the Traffic Management and Road Safety Unit and the Police.

National Transport Authority

8.2 Compliance with Road Traffic Act/Regulations.

The Road Traffic Act and Regulations have not been complied with in respect of the following matters.

8.2.1 Submission of Returns

According to Section 81A of the Road Traffic Act, every holder of a road service licence, contract bus licence or contract car licence shall on or before 31 October in every year, submit to the National Transport Authority (NTA) a detailed statement for the preceding year ending 30 June of that year showing:

- His receipts and expenditure supported by certified copies of vouchers;
- Salaries, allowances and conditions of service of persons in his employ and, where the holder is a company, of its directors;
- Any acquisition or transfer of assets.

Section 81A also provides that the Authority may revoke the licence held by any person who fails to comply with the above provisions.

However, no such returns were being submitted by the licensees and there was also no evidence that the provisions of the Act were being enforced by the NTA.

Recommendation

The NTA should ensure that the requirements of Section 81A of the Road Traffic Act are being complied with and that licence holders are making effective use of licences issued to them,

8.2.2 Issue of Road Service Licences in Rodrigues

Section 77 of the Road Traffic Act stipulates that the power to grant, vary provisions and cancel a road service licence rests with the Authority.

The Rodrigues Transport Committee approved the issue of road service licences in Rodrigues following a Memorandum of Understanding (MOU) signed between the MPILT and the Rodrigues Regional Assembly on 19 May 2005.

The MOU was to be effective from the date of signature by the parties until the amendment to the Road Traffic Act, making provision for the setting up of the Rodrigues Transport Committee.

After some 13 years, the Road Traffic Act has still not been amended to give legal effect to the establishment of the Rodrigues Transport Committee.

In 2003, the Attorney General's Office pointed out that the Rodrigues Regional Assembly Act did not provide for delegation of powers of the Road Transport Commissioner to the Rodrigues Regional Assembly. It was advised that the Road Transport Commissioner should continue to exercise his powers in Rodrigues.

Recommendation

Pending amendment to the Road Traffic Act regarding establishment of the Rodrigues Transport Committee, the responsibility for the issue of road service licences in Rodrigues should rest solely with the NTA instead of the Rodrigues Transport Committee.

8.2.3 *Examination of Government Vehicles*

According to Section 114(1) of the Road Traffic (Amendment) Act 2016, no person shall drive, or cause or permit a person to drive, a motor vehicle or trailer on a road unless there is in force in respect of that motor vehicle or trailer a certificate of fitness issued by an authorised examiner or a vehicle examiner. However, the Minister to whom the responsibility for the subject of land transport and road traffic is assigned may, by regulations made under Section 114(2) exempt any motor vehicle from examination.

Government vehicles were still not being examined for roadworthiness by the Private Operators. No regulations were made for exemption of such vehicles from examination.

Recommendation

Decision should be taken on the examination of Government vehicles.

8.2.4 Follow up

Examination of Auto cycles

At paragraph 8.1.3 of the Audit Report for the financial year ended 30 June 2017, I mentioned that examination (fitness tests) of auto cycles were not being carried out by Private Examination Centres, as stipulated in the Road Traffic (Examination of Motor Vehicles and Trailers) Regulations 2016.

The regulations have still not been complied with, and auto cycles are not being examined.

Examination Fees – Taxi

At paragraph 8.1.2 of the Audit Report for the year ended 30 June 2017, I mentioned that the Road Traffic (Examination of Motor Vehicles and Trailers) Regulations 2016 were not amended to include the examination fees of Rs 300 per vehicle for taxis claimed by the Private Operators.

Amendment has still not been made and it is not known under what authority such fees were collected.

Recommendations

Regulations regarding auto cycles to undergo fitness tests should be enforced.

Necessary amendments should be brought to the Road Traffic (Examination of Motor Vehicles and Trailers) Regulations 2016 to include examination fees for Taxis.

NTA's Reply

Submission of Returns

The requirements of Section 81A of the Road Traffic Act will be complied with upon recruitment of additional staff with the relevant competencies.

Issue of Road Service Licences in Rodrigues

In fact, as per Section 77 of the Road Traffic Act, the power to grant, vary, provision and cancel a Road Service Licence rests with the NTA Board.

By way of a MOU, the Board has authorised Rodrigues Regional Assembly to act as its Agent in Rodrigues in respect of any of its responsibilities under the Road Traffic Act which also include the grant of Road Service Licences.

Pending the amendments to the Road Traffic Act, the Rodrigues Transport Committee will continue to act as an Agent of the NTA Board in respect of any of its responsibilities under the Road Traffic Act.

Examination of Government Vehicles and Auto cycle

This Office is awaiting a policy decision from the Ministry.

Examination Fees – Taxi

Proposals for the amendment of the Road Traffic (Examination of Motor Vehicles) Regulations 2016 to include examination fees for taxis has already been submitted to the Ministry on 30 November 2018 for appropriate action.

8.3 Privatisation of Vehicle Examination Centres

At paragraph 8.1 of the Audit Report for the year ended 30 June 2017, I mentioned that examination of vehicles, for the purpose of issuing fitness certificates was carried out by three Private Operators at Forest Side, Plaine Lauzun and Laventure Examination Centres as from November 2016.

At paragraph 8.1.1, I mentioned that a contract had not yet been signed with the three Private Operators. Terms and conditions included in the Letter of Comfort issued in June 2016, such as concession period, frequency of tests, prescribed fees and levy needed to be finalised and formalised.

As of December 2018, a contract has still not been signed with the three Private Operators, some two years since they started operations.

NTA’s Reply

The contract has already been worked out by this Office in consultation with the State Law Office and the Ministry of Public Infrastructure and Land Transport. The contract is actually at the level of the Ministry for finalisation before signature as there are policy issues to be determined.

9 - MINISTRY OF EDUCATION AND HUMAN RESOURCES, TERTIARY EDUCATION AND SCIENTIFIC RESEARCH

9.1 Grants to Vocational /Tertiary Educational Institutions

The Ministry of Education and Human Resources, Tertiary Education and Scientific Research provides financial assistance to the Tertiary Educational Institutions in the form of grants to finance partly their recurrent and capital expenditures. These Institutions are regulated by the Statutory Bodies (Accounts and Audit) Act as regards the keeping of records, preparation of financial statements and submission of annual report to the Minister to whom responsibility for the Statutory Bodies concerned is assigned.

9.1.1 Université Des Mascareignes

The Université des Mascareignes (UDM) came into operation on 6 September 2012. The two Tertiary Educational Institutions, namely the ex-Swami Dayanand Institute of Management (ex-SDIM) and the ex-Institut Superieur de Technologie (ex-IST), had integrated the UDM. Pursuant to the UDM Act, the assets of the ex-IST and ex-SDIM were vested in the UDM.

9.1.2 Grants from July 2009 to June 2018

Grants totalling Rs 775.7 million were provided in the budgetary estimates of the Ministry of Education/ Tertiary Education from 1 July 2009 to 30 June 2018 for the ex-Technical School Management Trust Fund (TSMTF), ex-SDIM, ex-IST and UDM, as shown in Table 9-1.

Table 9-1 Actual and Estimated Grants from July 2009 to June 2018

Grant to	Period	Recurrent Grant Amount (Rs million)		Capital Grant Amount (Rs million)	
		Estimated	**Actual**	**Estimated**	**Actual**
TSMTF	1 July to 31 Dec 2009	62.6	64.1	1.9	1.9
MITD (Ex-TSMTF)	2010	120.1	120.1	4.0	3.2
SDIM	2011	24.5	nil	-	
IST	2011	27.4	nil	-	
SDIM	2012	24.5	24.5	1.0	1.0
IST	2012	27.4	27.4	1.0	1.0
UDM	2013	55.0	69.5	5.0	5.0
UDM	2014	65.1	65.6	14.0	14.0
UDM	1 Jan to 30 June 2015	40.0	45.2	0.5	0.2
UDM	2015-16	81.2	91.7	6.5	6.5
UDM	2016-17	94.0	100.0	5.0	5.0
UDM	2017-18	110.0	121.5	5.0	4.7
Total		**731.8**	**729.6**	**43.9**	**42.5**

Sources: Budget Estimates and Annual Reports of the Accountant General

The actual amount of grant disbursed totalled Rs 772.1 million, of which recurrent grant amounted to Rs 729.6 million and capital grant Rs 42.5 million. Out of the Rs 772.1 million, a total amount of Rs 528.9 million was granted to UDM through the Tertiary Education Commission (TEC).

The last audited accounts of the ex-TSMTF related to the period 1 July to 15 November 2009 following the repeal of the TSMTF Act on 16 November 2009.

However, contrary to the Statutory Bodies (Accounts and Audit) Act, for the past eight financial periods from 16 November 2009 to 30 June 2018, financial statements of the educational institutions were not prepared and audited.

Conclusion

Significant amounts of public funds totalling some Rs 772.1 million were disbursed as grants to the above Institutions. It could not be ascertained whether funds disbursed for all these periods were used for the purpose intended and whether the Institutions had been applying their resources and carrying out operations in a fair and economical manner. Hence, the risk of irregularities and misuse of funds may exist.

Recommendation

In line with good governance practices, the Vocational/Tertiary Institutions should be made accountable for the significant amount of funds granted to them. In addition, for transparency purposes, audited annual reports should be submitted to the Minister within the defined time frame.

Ministry's Reply

Since the setting-up of the UDM in September 2012, its Finance Section has been staffed by only two Finance Officers. It is only in September 2018 that the University has been able to recruit a Financial Controller as Head of Finance. Moreover, it is expected that by 15 May 2019 an Accountant will be recruited by the University.

Close follow-up is being effected so that the financial statements of the ex-IST and ex-SDIM for the period 16 November 2009 to 31 December 2010 are finalised and submitted to the Ministry by 15 March 2019, and for the year 2011 and the period 1 January 2012 to 5 September 2012 by 15 May 2019.

The Financial Statements of UDM for the remaining financial periods from 6 September 2012 to 30 June 2018 should be finalised by end of December 2019.

9.2 Special Education Needs (SEN)

The Ministry operates a SEN Unit to facilitate and increase access to educational institutions for children with impairment, based on the SEN Policy and Strategy Document 2006. The Policy Paper outlines the provision of educational services to children with disabilities and their compulsory inclusion in the educational system from 16 to 20 years old.

To provide specialised support and other relevant services not available in schools and integrated units, the Ministry has set up six SEN Resource and Development Centres (SENRDCs) in different regions of the country and which are being run in partnership with the Non-Governmental Organisations (NGOs).

The number of children attending SEN schools run by NGOs, Integrated Units, SENRDCs, mainstreams Primary and Secondary schools for the year 2018 was 2,656.

9.2.1 Grant-in-Aid to NGOs

There are 53 NGOs registered with the Ministry which operate SEN Schools. These NGOs benefited from an annual Grant-in-Aid from the Ministry to meet partly their recurrent and capital expenditure. Part of the Grant-in-Aid is calculated on a per capita basis.

An amount of Rs 168 million was allocated under the item SEN Unit for the financial year 2017-18. Actual expenditure amounted to Rs 140 million, of which Rs 107 million were paid to the 53 NGOs on a quarterly basis.

Disbursement of funds was made on submission of monthly attendance reports of children and staff by NGOs. 2,285 children were registered at the NGOs SEN schools which were staffed with 223 Teachers and 98 Assistant Teachers. However, there was no evidence that these details were verified by the Ministry before release of grant. Therefore, the accuracy of the 'per capita grant' could not be verified.

Table 9-2 shows the Grant-in Aid disbursed to the NGOs for the past six financial periods from 2013 to 2017-18.

Table 9-2 Amounts disbursed to NGOs

Year/Period	**Amount Disbursed (Rs) million**
2013	29.4
2014	51.4
Jan to June 2015	28.4
2015-16	61.4
2016-17	86.0
2017-18	107.0
Total	**363.6**

Source:Treasury Accounts System

However, contrary to financial instructions issued by the Ministry of Finance and Economic Development (MOFED) on the Administration of Government Grants, no Grant Memorandum was signed between the NGOs and the Ministry before disbursement of grants. Hence, it could not be ascertained whether funds disbursed were used in an effective and efficient manner.

Recommendations

A Grant Memorandum should be signed between the Ministry and the grant recipients for transparency and accountability purposes.

For proper monitoring, site visits should be carried out on a frequent basis at all the NGOs SEN schools. Proper records should be kept by the Ministry so that the accuracy of the details provided for the allocation of grants could be verified.

Ministry's Reply

For the running of the Integrated Units and SENRDCs, the Ministry has partnered with NGOs in eight of the twelve Integrated Units and in five of the six SENRDCs.

The accuracy of monthly returns submitted by NGO's are test-checked during site visits effected by the Inspectorate of Specialised Schools.

The SEN Act has been proclaimed on 19 December 2018, the SEN Authority Board is being constituted, and the setting up of the SEN Authority is under way. The Authority will be responsible to administer payment of grants to SEN Institutions.

9.3 Early Digital Learning Programme

In 2016, the Early Digital Learning Programme (EDLP) Project for the procurement of digital devices for Grades 1 and 2 was selected as one of the projects to be implemented under the line of funding from the Government of India (GOI).

One of the key actions of the Ministry for the financial year 2016-17 was an introduction of EDLP in primary schools. The target was 100 per cent of pupils in Grade 1 and 2 receiving tablets in the year 2017.

On 14 November 2016, a Memorandum of Understanding (MOU) was signed between GOI and Government of Mauritius (GOM). The overall project cost estimate was US $ 22.4 million (Rs 789.5 million). The EDLP Project was funded at the level of 62.5 per cent by the GOI with financial assistance amounting to US $ 14 million (Rs 493.4 million) and the period of completion was scheduled from 2016 to 2019. Besides, the GOM had to select Indian or Joint Venture firms as exclusive contractors for executing the project, in accordance with local tendering procedures.

9.3.1 Procurement for the Supply, Commissioning and Maintenance of Tablets, with related Hardware at Primary Schools

On 10 March 2017, a MOU was signed between the Ministry and an Indian Consultant for the EDLP Project for pupils of Grades 1 and 2.

The total cost for the first phase of the project was US $11,635,207 (Rs 412.2 million) which included delivery of 26,800 tablets with hardware, maintenance, support and consultancy fees. Delivery of the equipment was made on 15 January 2018 and commissioning was completed on 31 January 2018.

The Ministry provided a total amount of Rs 500 million for the acquisition of equipment for EDLP in its 2016-17 and 2017-18 capital budget estimates. Actual payments during the two financial years amounted to Rs 355.4 million.

9.3.2 Maintenance and Support

The maintenance and support costs totalling US $ 1,477,851 (Rs 52.36 million) included a warranty period of one year, annual maintenance contract for the subsequent two years on the tablets, tablet charging cart/cabinet and projector, and support cost for IT solution for one year from the date of commissioning. Warranty and support period lapsed on 31 January 2019.

9.3.3 Site Visits at Primary Schools

Out of the 258 primary schools, a sample of 27 in all four Zones was selected for site visits which were carried out by my officers on 29, 30 and 31 October 2018. 2,760 tablets were allocated to these schools.

Supervision Over the Use of Tablets

There were shortages of tablets and accessories in nine schools, while in 12 schools, some equipment and accessories such as stylus, speakers, keyboards, dongles, rack chargers and tablets were found defective. In three cases, the application software of the tablets was not working properly, and in a few cases, burglar-proof works had not yet been carried out.

Uploading of e-books

On 17 October 2017, the Ministry gave its approval to the supplier for uploading the Classroom Management Software (CMS) provided by both the Mauritius Institute of Education (MIE) and the Mahatma Gandhi Institute (MGI).

However, of the 2,760 tablets allocated to the schools visited, 1,869 were not updated with the latest content of the MIE textbook printed edition for both Grades 1 and 2. In addition, Part 2 of the e-books was missing in several tablets, due to delay in finalising the new version of the curriculum for some textbooks.

It was therefore, not practical for these pupils to use the tablets and follow the content in the revised textbooks for some subjects, at the same time.

9.4 Inadequate Control over the Distribution of Tablets

On 15 October 2018, 64 tablets were returned by primary schools to the Education Directorate Zone 3, as the they were not utilised. Following a survey carried out by Zone 4 during the same period, a shortage of 84 tablets was noted while 34 tablets were available at the Central Store Division.

Conclusion

Despite the fact that IT support solution services were available through the Service Centres which were set up in each Zone, optimum use of these facilities was not made. Besides, in case of further delay in referring problems identified to the Service Centres, the warranty and support service period would lapse.

In the absence of proper monitoring over the distribution of tablets, surpluses and shortages of tablets and equipment were noted in some schools. Hence, all pupils were not provided with the same facilities.

Due to the fact that E-books uploaded were not updated and complete as compared to the printed version of some textbooks, optimum use of the ICT learning facilities was not made.

Recommendations

The Ministry should ensure proper distribution of equipment and monitoring over the use of tablets through the Zone Directorates. Tablets should not be left unutilised due to their short life span and high risk of obsolescence.

All primary schools should report defective equipment and accessories to the Service Centre promptly.

For effective and efficient use of the ICT facilities, updated materials should be uploaded on the tablets.

Ministry's Reply

The exact number of students in a given school is dynamic, because of transfer of pupils to and from the schools throughout the year. Surveys are carried out at least twice annually so that surpluses are redistributed where shortages are noted, hence ensuring that each pupil is provided with EDLP devices. Moreover, the Primary Inspectorate monitors the usage of the EDLP devices.

The defective equipment in the twelve schools have been referred to the Zonal Service Centres for repairs, the three cases of dysfunctional application software has been resolved and all the burglar proofing works in Grade 1 and 2 classrooms have been completed.

An exercise of updating the contents of the existing tablets has been carried out in November/December 2018 school holidays in all primary schools. As of 14 February 2019, the contents of the devices for Grades 1 and 2 have been updated as per the set curriculum.

At the level of the eEducation Unit, a monitoring mechanism is already in place to monitor the supply and demand of tablets. Each Zone has been requested by way of a circular to provide inputs to facilitate the distribution of tablets as soon as this information is made available, the Central Stores Division will take care of the distribution.

9.5 Supply and Commissioning of 23,400 Tablets for Form IV Students and Educators – Rs 108,501,120

On 12 June 2015, the Ministry entered into a contract with a local private company for the procurement of 23,400 tablets for Form IV Students and Educators 2014 for the total cost of Rs 108.5 million. Delivery should start as from 7 September 2015 and the project should be completed by 30 November 2015. On 29 June 2015, an advance payment of Rs 21,700,224 was made to the Supplier.

Three years later, the tablets were not delivered. In March 2016, the Attorney General's Office (AGO) was requested to file a case against the Supplier but as of October 2018, this had not been done.

On 29 October 2018, the Ministry requested advice from the AGO on the way forward, as the Company was being placed under receivership following a court decision for not honouring its obligations for payment of debts.

On 30 October 2018, as per the AGO, legal proceedings would be initiated to recover amount due to Government. However, the Company had already tendered a notice of appeal on Provisional Liquidator.

Consequently, due to delay in taking necessary actions against the defaulting Contractor for breach of contract, three years later, advance payment of Rs 21.7 million was still not recovered by the Ministry.

Ministry's Reply

The outcome of the matter does not rest entirely on the responsibility of this Ministry. The matter is being pursued with the AGO with a view to taking legal actions against the Company and to recovering the advance payment and the sum claimed for the damages and prejudice.

9.6 Project Management

According to the Public Sector Investment Programme (PSIP), fund for capital projects including acquisition of machinery and equipment for the Ministry totalling Rs 1,323 million was earmarked for the year 2017-18 as compared to Rs 695.45 million for 2016-17 which represented nearly a 100 per cent increase. Out of this sum, the budgetary estimates for financial year 2017-18 for the construction, extension and upgrading of schools was Rs 640.8 million and the actual expenditure amounted to Rs 289.1 million.

9.6.1 Online Monitoring System (OMS)/E-PSIP

In July 2017, Government gave its approval for the setting up of a management information system in the form of an OMS. The system would track and report on status of projects. It would ensure a proper coordination among stakeholders, rapid identification and elimination of bottlenecks and faster implementation.

The system was to provide real time progress on implementation of projects against set milestones and targets and was operational since 1 September 2017. However, as from financial year 2018-19, the OMS was replaced by the E-PSIP, an online system with the same objectives. The same information was, therefore, required to be recorded on the system.

On 31 August 2018, a report was generated from the system. However, only projects approved under PSIP for the financial year 2017-18 were recorded on the system. It included information regarding stages of bidding process, status of projects and reasons for delay. However, details as regards the estimated costs, project value, date of commencement, date of completion, extension of time, payments and status of projects started in previous years were missing.

As of 30 September 2018, the Ministry had not been able to upload complete details as regards projects being implemented on the system. Therefore, the system could not be used for monitoring purposes.

9.6.2 Compliance with Financial Regulations

In line with the Capital Project Process Manual (CPPM), a Project Planning and Monitoring Unit (PPMU) was set up at the Ministry since 2017, to ensure timely completion of projects within the approved budget. Therefore, for monitoring purpose of capital project, the Ministry should report to Ministry of Finance and Economic Development (MOFED) on implementation progress and provide updated cash flow forecasts on a quarterly or monthly basis. However, the implementation reports were not available.

9.6.3 Infrastructure Management Unit (IMU)

The IMU maintains a record of capital projects and maintenance and upgrading projects on Excel sheets. The record was not complete nor up to date and was not maintained in a consistent manner. Details, such as cost estimates, payments, extension of time, delays, increase in costs, additional works, costs overrun, expiry dates of performance security and insurance covers were not always recorded.

Hence, files for each project kept at the Ministry and by the Ministry of Public Infrastructure (MPI) which is the Project Manager, should be scrutinised to obtain complete information.

9.6.4 Contractor's Performance

Based on a sample of 16 projects awarded from 2015 to 2018, it was observed that projects were completed with delays ranging from 30 to 626 days as shown in Table 9-3.

Table 9-3 Delays for Contracts awarded to Contractors

Year of award	Number of projects registering delays in Year 2017-18	Range of Delay as at 30 June 2018
2015	1	273
2016	3	269 – 626
2017	9	57 – 331
2018	3	30 – 105

Although in various instances, projects were completed with delays, no records on the Contractor's performance were available at the Ministry. Hence, the risk that contracts are awarded to defaulting Contractors exists.

Recommendations

The Ministry should ensure optimum use of the Project Management Information System which Government had provided for effective and efficient project management. The required infrastructure and human resources should be made available for its efficient operation.

In view of the significant amount of public funds involved for the implementation of capital projects, the Ministry should ensure compliance with the requirements of the CPPM to provide reliable and updated information on the system. Progress reports for all projects being undertaken should be prepared.

In accordance with guidelines issued by Public Procurement Office (PPO), the Ministry should set up a performance review system for continuous assessment of the Contractor's performance as from the award of a contract which should be duly recorded. Henceforth, the MPI should be requested to provide a report on the performance of Contractors after completion of each project for record and monitoring purposes. Consequently, poor performing contractors could be excluded from any subsequent bids in order to ensure the timely completion of projects.

Ministry's Reply

The Online Monitoring System (OMS) is no longer in use. Moreover, the e-PSIP at the Ministry is not currently fully functional due to technical reasons. Nevertheless, the Ministry has its own monitoring mechanism for capital projects through site meetings and meetings with stakeholders.

There are certain factors which contribute to delays in the completion of projects and which are beyond the Ministry's control such as non-responsive bids and challenges, climatic conditions, slow performance of Contractors; amongst others.

Records of payment to contractors are kept in the respective files and same will be input once the Infrastructure Management Information System (IMIS) is implemented and operational.

The MPI which is responsible for management of the Ministry's capital projects, has been requested to provide reports on the performance of Contractors after completion of each project, and take necessary action upon unsatisfactory/poor performance of Contractors.

It is only after the PPO has debarred a Contractor or the MPI confirms that Contractors have failed to perform satisfactorily, causing prejudice, that this Ministry will be able to avoid the risk of awarding contracts to defaulting Contractors.

9.7 Non-Residential Buildings - Construction and Extension of Schools – Rs 525 million

With the introduction of the Nine Year Continuous Basic Education (NYCBE), students of Grade 7 were not admitted in the 12 existing National Colleges, but in the Regional State Secondary Schools (SSS) as from 2018. The enrolment of students in National Colleges was 1,582 in 2017. Therefore, to cater for the increase in demand of seats in Regional SSS, the Ministry decided, to construct 12 additional classrooms and toilet blocks at seven Regional SSS during the financial year 2016-17.

The total project value for the Construction and Extension of schools for a five-year period was estimated at Rs 525 million of which Rs 75 million and Rs 210 million were provided for in the Budget 2016-17 and 2017-18 respectively.

9.7.1 Award/Completion of Contracts

Tenders were launched separately for seven contracts in December 2016 and January 2017. Three tenders were re-launched during 2017. All contracts were awarded on a lump sum basis, with intended completion period of 240 days from date of start of work. The total contract value for the seven contracts amounted to Rs 226.5 million. As of 30 June 2018, total payment of Rs 87.1 million was effected.

The first contract was awarded on 15 March 2017 and the last one on 6 June 2018. As of 4 September 2018, five of the seven contracts should have been completed while the contract for Nouvelle France SSS should be completed on 11 February 2019. The Seewa Bapoo SSS contract was awarded on 6 June 2018 but the site has not yet been handed over to the Contractor.

Only Camp de Masque and Belle Rose SSS projects were completed on 28 February and 27 July 2018 with a delay of 25 and 136 days respectively.

Three of the seven contracts were awarded to the same Contractor for a total sum of Rs 87.3 million despite its poor performance in the execution of a previous contract awarded by the Ministry. The Contractor had again failed to complete the project within the specified contractual period. All the three projects were delayed, of which two had not yet been completed as of 4 September 2018.

9.7.2 Priced Activity Schedule

The contract value varied from Rs 21.7 million to Rs 50.9 million per school based on the scope of the project. A comparison of similar items in the seven contracts revealed that same items were quoted differently by Contractors for the different schools with significant variances in prices. For instance, Painting Wall Finishes –Ground floor for four classes at Camp de Masque and Ebene SSS was quoted at Rs 20,000 and Rs 100,300 respectively.

9.7.3 Site Visits

Site visits were effected at three schools, namely the Camp de Masque, Belle Rose, and Ebene Regional SSS on 25 September, 2 and 8 October 2018 respectively.

Although the constructions were completed on 28 February and 27 July 2018 at Camp de Masque and Belle Rose SSS respectively, the newly constructed classes could not be occupied due to delays in delivery of furniture and equipment. Some classrooms/halls were converted into optional classes pending the supply of furniture and completion of the construction of new block for both SSS.

Conclusion

As a result of the delays in finalising the procurement process, the award of the contracts were delayed. In addition, although as per agreement, the Contractor had satisfied the bidding requirements in respect of human resources and equipment for implementation of the three contracts to be undertaken concurrently, the projects were not completed on time.

However, in the absence of a report from the Project Manager on the poor performance of the Contractor for previous contracts undertaken, the Ministry could not exclude the Contractor to participate in the procurement exercise.

As of December 2018, two years after the launching of tenders in December 2016, only two projects out of seven were completed. Consequently, these schools had to find additional space capacity for the intake of 2018 and 2019.

Recommendations

Implementation of the projects should have been properly planned for the smooth transition to the NYCBE.

The Ministry should ensure timely completion of all projects and on completion of projects, classrooms should be immediately furnished, equipped, and readily available to the students.

Ministry's Reply

As at 12 February 2019, practical taking over of four out of the seven projects have already been effected.

As regards Seewa Bappoo SSS, bids had to be re-launched and the Contractor had to re-submit the insurance cover. Handing over of site was done on 11 September 2018, works started on 25 September 2018 and the expected completion date is 22 May 2019.

The Contractor had not been officially debarred by the Public Procurement Office and no adverse Performance report has been received from the Ministry of Public Infrastructure, it would not have been legally in order to reject the bidder's offer.

As of 12 February 2019, the three projects awarded to the same Contractor have been completed and practical taking over of two sites have been effected.

Prices as per Price Activity Schedule of different items are used as guidance for interim payment. Each project is evaluated by a different Bid Evaluation Committee, and hence, price quoted for same item in separate projects cannot be compared and evaluated.

Provision for furniture and equipment is being made in a phased manner so that each year, the two additional classrooms to be used are furnished and equipped.

Although proper planning is done, there are certain factors which impact on implementation of projects and which are beyond the control of the Ministry.

9.8 Extension of R. Gujadhur Government School and Construction of new Special Education Needs (SEN) School

On 12 November 2013, the contract for the extension of the R. Gujadhur Government School and for the Construction of new SEN school was awarded to Contractor A for the sum of Rs 77,963,962, inclusive of a contingency sum of Rs 3 million. The Ministry of Public Infrastructure (MPI) was the Project Manager for the contract.

The project consisted of two Phases, I and II. The contractual period for Phase I was 240 days and for Phase II 540 days from commencement date. The site was handed over to the Contractor on 9 January 2014, and works started on 22 January 2014 for both Phases.

A total amount of Rs 66.1 million was paid to the Contractor up to January 2017. As of 31 October 2018, retention money of Rs 4.1 million was due to the Contractor.

9.8.1 Delays in Completion of Projects

The actual completion dates for Phases I and II were 12 June 2015 and 17 June 2016, with delays of 211 and 214 days respectively as shown in Table 9-4.

Table 9-4 Schedule of Projects

Phases	Expected completion date	Approved extension of time (days)	Revised Completion Dates	Actual Dates of Completion	No of Days Delayed
I	19 Sept 2014	60	14 Nov 2014	12 June 2015	211
II	16 Jul 2015	123	16 Nov 2015	17 June 2016	214

Source: Project files

Provision of sun breakers formed part of the scope of works for both Phases. However, final handing over could not be effected as the Contractor did not complete remedial works and did not fix the sun breakers within the Defects Liability Periods (DLP) for Phase I and II, which were 12 June 2016 and 17 June 2017 respectively.

9.8.2 Performance Security and Liquidated damages

Maximum liquidated damages of Rs 600,000 and Rs 3.5 million were charged for Phase I and II respectively. However, the Contractor did not extend the Performance Security (PS) to cover the DLP despite several requests were made by the MPI, the last one being on 26 July 2017. As such, the PS had expired on 31 July 2017 and was not forfeited.

9.8.3 Final Accounts

As per the Quantity Surveying Section, the Project Final Account Report dated 28 May 2018 showed that the amount due to the Contractor was Rs 4 million (excluding VAT) after deducting the costs for unattended works and snags, and liquidated damages, as shown in Table 9-5.

Table 9-5 Final Accounts Report

Description	Amount (Excl. VAT) Rs million
Value of work	64.8
Variation works	3.7
Total contract value	***68.5***
Deduction for unattended works and snags not completed	(2.9)
Liquidated damages	(4.1)
Les Amount already certified and paid	(57.5)
Amount Due to Contractor	**4.0**

Source: Final Account Report

As of November 2018, the final payment certificate has not yet been issued.

9.8.4 Contractor under Administration

On 25 September 2017, the Ministry was informed that an Administrator was appointed by the Contractor's bank, and the Contractor's Company was in the process of winding up.

9.8.5 Breach of Contract

In February 2018, in accordance with conditions of the contract, the Ministry decided to terminate the contract as the Contractor had failed to correct the defects within the DLP, which was considered as a fundamental breach of contract. On 5 February 2018, the Ministry sought advice from the Attorney General's Office (AGO).

Conclusion

As of 27 November 2018, after more than three and two years of the actual completion dates of Phase I and II respectively, the final taking over for both Phases of the project were not effected.

The Contractor did not attend to the defects during the DLP and did not complete the work as regards the fixing of sun breakers which formed part of the scope of work for both Phases. Besides, the amount due to the Contractor represented the retention money.

Both Phases of the contracts were delayed and the Contractor did not extend the Performance Securities up to the DLP.

The Ministry decided to terminate the contract in February 2018 that is, more than four months after the Contractor went into liquidation and more than 19 and seven months after the DLP for Phase I and II respectively. However, as of 27 November 2018, the letter of termination was not issued to the Contractor.

Recommendation

The implementation of the project should be properly monitored and conditions of the contract should be respected. Hence, remedial actions should be taken promptly. It should be ensured that Governments interests are safeguarded and value for money is obtained.

Ministry's Reply

As at 27 November 2018, the letter of termination was not yet issued to the Contractor as the duly vetted "draft letter of termination" from the AGO was received on 7 December 2018.

The Contract has been terminated on 15 February 2019.

10 - MINISTRY OF HEALTH AND QUALITY OF LIFE

10.1 Setting up of a Vascular Surgery Unit at Dr A G Jeetoo Hospital

10.1.1 Background

A Thoracic and Vascular Surgeon from a 'foreign' clinic, who visited Mauritius in October 2013, recommended the setting up of a specialised Renal and Vascular Unit. A Memorandum of Understanding (MOU) was stated to have been signed between the 'foreign' clinic and the Ministry. However, the document was not produced despite several requests. A comprehensive project proposal for the setting up of the Vascular Unit was prepared in June 2014. The Unit would have a dedicated Vascular Surgery Theatre with a C-Arm X-Ray machine, compatible operating table and pulse spray injector, and also its inpatient and outpatient departments.

10.1.2 Procurement of Operating Table and Mobile C-Arm Equipment

Tenders for the procurement of an operating table and one unit mobile C-Arm equipment for peripheral angiography for Vascular Unit were launched through Open Advertised Bidding on16 December 2014 with closing date 28 January 2015.

Award of contract for the operating table was made on 6 November 2015. The operating table was delivered on 10 March 2016 and payment of Rs 1,736,807, excluding retention money of Rs 160,000, was effected on 11 July 2016. Award of contract for the mobile C-Arm equipment was made on 7 October 2016 and delivery was made on 12 January 2017. An amount of Rs 4,273,282, excluding retention money of Rs 416,095, was paid on 16 May 2018.

Observations

Vetting of Specifications

The specifications for the mobile C-Arm equipment were prepared in May 2014 and were sent to the Thoracic and Vascular Surgeon for vetting and were finalised in December 2014 before the launching of the tender. In the absence of a MOU and terms of reference, it could not be determined as to why the specifications were sent for vetting in May 2014.

Evaluation of Bids

- On 26 October 2015, the Departmental Bid Committee noted with concern that the Bid Evaluation Committee (BEC) was constituted to evaluate the two items; namely the Operating Table and the C-Arm equipment, but the recommendation for only the Operating Table was submitted. Unnecessary delay had accumulated, resulting in late delivery of the equipment to the hospital.

- The first meeting of the BEC for the C-Arm equipment was scheduled for 15 April 2015, but due to unavailability of the Chairperson, it was postponed for a later date. Subsequently, a new BEC was set up and a meeting was held on 15 July 2016. The report of the BEC was submitted on 31 August 2016. It took the Ministry more than a year for the setting up of the new BEC. The reason for such a delay is not understood. Hence, the award of C-Arm equipment was also delayed and the Ministry had to pay Rs 528,427 for adjustment in foreign exchange.

Ministry's Reply

Lateness in awarding the contracts for the Procurement of Mobile C-Arm Equipment and Operating Table was mainly due to the unavailability of the members and secretary of the Bid Evaluation Committee.

Radiation Protection Authority

The Certificate of Registration from the Radiation Protection Authority was received on 5 October 2017 but the equipment was put to use in June 2017; that is prior to the receipt of this Certificate. This is contrary to the Radiation Protection (Licensing and Registration) Regulations 2017.

Training

According to the training schedule in the bidding documents, five days' training have to be provided by the Supplier: one day on system introduction and theory, two days on system check and operating and two days on first line repairs and maintenance. As per letter from the Supplier dated 10 May 2017, the training was to be delivered on 29, 30 and 31 May 2017; that is for three days. No documentary evidence could be produced to confirm that the training was given and according to the training schedule.

Printer

As per requirements, a colour video printer had to be provided. On 24 October 2017, the supplier informed that there was no such thing for mobile C-Arm equipment as the prints has to be in black and white to reproduce the screen results with optimum accuracy. In fact there was an integrated black and white video printer with the equipment supplied. Nevertheless, the supplier delivered a colour video printer. As at September 2018, the colour video printer was lying idle in the store in the Major Operation Room.

Usage of the C-Arm Equipment

On 10 October 2018, the Supplier's Technician extracted a list of interventions from the memory/hard disk of the C-Arm equipment since its installation in January 2017 up to 10 October 2018. The list was only for cases where images were captured during the operations and excluded those cases where although the equipment was used but for which no shots/images were taken. The actual number of interventions where the machine was used and for which images were taken was 18.

The C-Arm equipment was specifically bought for the setting up of the Vascular Surgery Unit. It was installed in the Operation Theatre (OT) 2 which was dedicated to vascular surgeries. However, as per the list of surgeries for 2017 and 2018, OT2 was used by the Vascular Surgeon mostly for Arterio Venous Fistula and for which a C-Arm equipment was not needed, as reported by him.

In fact, in November 2015 the Vascular Surgeon pointed out that there was no need to purchase the equipment and that the fund could be used for another project. However, the Ministry decided to go ahead to procure the equipment. Two Operation Theatres (OT3 and OT4) were each already equipped with C-Arm machines, and these, being mobile ones, could at any time be moved to another Operation Theatre, and hence, could be used by the Vascular Surgeon when required.

The C-Arm machine worth some Rs 4.2 million was underutilised, while the colour video printer was not used at all. There was no proper planning of the project, as it had taken almost four years for the project to materialise, and the Unit was not fully operational.

Ministry's Reply

The C-Arm is being used as and when required by the vascular team and by other units.

10.2 Angiography Machine at Dr A G Jeetoo Hospital

In 2013, the Ministry acquired a single plane angiography machine at the cost of Rs 30,720,800, inclusive of applicable charges, duties and taxes but was VAT exempted, for the setting up of the Catheterisation Laboratory (Cath Lab) at the Dr A G Jeetoo Hospital. After the warranty period of one year, supplier A maintained the equipment for a period of five years against an annual fee of Rs 172,500 (labour only).

The equipment was commissioned in December 2013 but an Uninterruptible Power Supply (UPS) was commissioned in November 2015, two years later. The appropriate UPS was not supplied until November 2015, as specifications for the required UPS had not been set initially.

10.2.1 Breakdown of the Angiography Machine

On 12 February 2018, the Consultant in Charge (Cardiology Unit), informed the Ministry that the angiography machine was having regular breakdowns.

From January to July 2018, the angiography machine was out of use for 60 out of 212 days.

In March 2018, the Advisor in Biomedical Engineering stated that Supplier A did not have a trained Engineer to carry out effective troubleshooting and repairs. He further added that the maintenance of the Angiography Machine was not being done properly by a qualified Service Engineer.

Due to the numerous breakdowns of the angiography machine, the waiting list for cardiac investigations was increasing and treatment of cardiac patients was affected.

Ministry's Reply

The Supplier has no qualified Philips Engineer locally and the Ministry has to wait for months for the intervention of an Engineer from Philips. Thus, there is delay in repairs.

10.2.2 Angiography machine operating without UPS

- In January 2017 the Electrical Services Division (ESD) stated that preventive maintenance of the UPS was not carried out contrary to the recommended quarterly maintenance programme for proper functioning of the equipment. On various occasions, the supplier failed to fulfil its contractual obligation of carrying out timely servicing of the UPS.

- The ESD further pointed out that non-performance of the UPS could seriously compromise the operation of the Angiography equipment which can result in fatality and may cause the reduction of the useful lifetime leading to malfunctions and failures, as per the equipment manual.

- Following problems encountered on 1 June 2017, the UPS was put into manual bypass, that is, the whole system of the angiography machine was connected directly to the power distribution. In case of an outage, there would be no power to the system.

- As at November 2018, the Angiography machine was still working without the UPS.

The Ministry was putting equipment worth some Rs 30 million at risk as well as persons undergoing angiographies by not acquiring a new UPS which is critical to safeguard both equipment and patients.

Ministry's Reply

Action is being initiated accordingly for the purchase of same.

10.2.3 Waiting list for Angiography

Five cases of angiography were performed daily from Monday to Friday with Thursdays reserved for patients of Jawaharlal Nehru Hospital. On Saturdays, only emergency cases were attended to. The duration of each case varied between 30 to 90 minutes, depending on the complexity of the case.

As at 20 November 2018, there were 126 patients of Dr A G Jeetoo Hospital on the waiting list for angiography since 18 June 2018, and 21 since 28 July 2017 for angioplasty/ peripheral angiography.

Patients were informed by phone on the date their angiography was scheduled and in case of no reply after several attempts, their names were struck off from the list. I was informed that due to long delay for an angiography, several patients did not turn up on the scheduled date, and in one case, the patient did the angiography in a private clinic.

As cardiovascular disease is one of the leading causes of mortality in Mauritius, the number of persons on the waiting list for angiography will continue to increase with new cases being added almost daily.

Ministry's Reply

Waiting list for coronary angiography is 120, whereas those for Percutaneous Transluminal Coronary Angioplasty have been cleared.

10.2.4 Upgrading of Angiography machine

Although the angiography machine was encountering problems, such as frequent breakdowns and operating without an UPS, the Ministry decided to inject some Rs 18.8 million for its upgrading so that the machine could be used to perform simple aneurysm neuro cases, pending the setting up of the Neuro Interventional Suite. However, there was no mention of a new UPS.

Ministry's Reply

The decision to upgrade the Angiography Machine was taken following the visit of Interventional Neurologists of Artemis Hospital.

Recommendations

The Ministry should reduce the number of patients awaiting for angiography treatment at Dr A G Jeetoo Hospital.

The Ministry should weigh the "pros and cons" to upgrade a five-year old angiography equipment. A cost-benefit analysis should be carried out so that any decision taken can be justified.

Upgrading the only angiography machine at Dr A G Jeetoo Hospital to cater for neuro cases will hamper the smooth running of the Cath Lab which was fully booked; especially in case of simultaneous urgent neurology and angiography cases. The Ministry should assess the impact on the Cardiology Unit and the existing waiting list for angiography before any final decision is taken.

Ministry's Reply

The Ministry has already initiated action for the setting up of a Neurosurgery Unit at Dr A.G. Jeetoo Hospital.

10.3 Neurosurgery in Mauritius

The only Neurosurgery Department in Mauritius is located at Sir Seewoosagur Ramgoolam National (SSRN) Hospital with surgeries being carried out at the premises of the Trust Fund for Specialised Medical Care (TFSMC). This service was extended thereafter to Victoria Hospital to cater for patients in the south whereas emergency cases where patients could not be moved were taken up at the other three regional hospitals. However, due to lack of equipment and expertise (mainly Digital Subtraction Angiography (DSA) for neuro, coiling of aneurysm, embolization and clipping) in Mauritius, patients were sent abroad.

In 2002, Government proposed to have a specialised unit for both Neurosurgical and Spinal surgery at Victoria Hospital with a special theatre equipped to undertake highly specialised cases. In October 2016, the Neurosurgery Department of SSRN Hospital was moved to Dr AG Jeetoo Hospital where operations started in December 2016 and two years later, in October 2018, a Neuro High Care Unit was set up at the latter hospital.

In the same year (2016), the Ministry decided to upgrade and equip the neurosurgery service of Dr AG Jeetoo Hospital so that more neurosurgeries could be carried out locally instead of sending patients overseas. The setting up a Neurointerventional Suite and upgrading the actual angiography machine at Dr AG Jeetoo Hospital were initiated.

Observations

- The specialised unit for both Neurosurgical and Spinal surgery was planned to be set up in the Out-Patient block at Victoria Hospital. Several resources have been deployed for the implementation of the Neurointerventional Suite and upgrading of the actual angiography machine at Dr AG Jeetoo Hospital. However, these projects had not yet materialised as of November 2018 although other projects were envisaged.

- The Neurointerventional Suite project is considered to be a priority for the Ministry as it was reported that surgeons coming to Mauritius were requesting huge payments for Neurosurgeries. Further, in some cases there were patients who were unfit to travel abroad. Hence, these patients could not receive the required treatment.

- The Neurointerventional Suite had not yet been set up as an appropriate location was not found at Dr AG Jeetoo Hospital. No information was available as to why such an urgent project was not considered for implementation at another hospital, particularly where there was no space problem.

- Decision for upgrading the actual Angiography machine was taken in October 2016 but was taking too much time to implement, due to changes in the estimated costs.

- The Consultant of the Cardiology Unit opined that the actual Angiography machine was having regular breakdowns and that it was not connected to an Uninterruptible Power Supply (UPS). Hence, it cannot be determined whether upgrading the Angiography machine is a viable option.

- With only one angiography machine to cater for cardiac and neuro cases, problems would arise in case interventions were required in both fields simultaneously. Further, postponing cardiac cases would certainly increase the actual long waiting list.

The importance of a well-equipped Neurosurgery Unit cannot be ignored given that cerebrovascular diseases accounted for an average of nine per cent of deaths in Mauritius during the last three years to 2017. Unless a proper Neurointerventional Suite is set up, Government will continue to incur considerable expenditure for overseas treatment.

10.3.1 Overseas Treatment for Neurosurgery

The Ministry spent huge sums of money to send patients abroad. From January 2017 to June 2018, the Ministry had disbursed about Rs 30 million for neurosurgery and neuro treatment to some 60 patients (cases for public hospitals only) excluding allowances paid to accompanying staff.

For the past five years, 264 patients were sent abroad for neuro interventions representing 26 per cent of all patients referred abroad. The treatment costs for the 264 patients were not available at the Ministry, but seemed to be on the high side taking into consideration the Rs 30 million spent for 60 patients.

In 2018, the Ministry signed agreements with three hospitals in India. Also, procedures have been initiated by the Ministry in October 2018 for the renewal of agreement with a hospital in Reunion Island which expired on 31 December 2017. Patients were sent abroad after seeking quotation for the cost of treatment from the three hospitals.

Observations

- Sending patients abroad entailed complications, such as accommodation, language and food problems. Being in a foreign country, the patients had to face a lot of inconveniences and stress of being away from family given their medical conditions.

- A maximum of Rs 500,000 per patient was borne by the Ministry for overseas treatment and to be eligible for the grant, the household income should not exceed Rs 50,000 monthly. There were various cases where patients had to disburse funds for treatment exceeding Rs 500,000, and costs of lodging for accompanying family had to be borne by themselves.

10.3.2 Setting up of Neurointerventional Suite at Dr A G Jeetoo Hospital

In October 2016, two Doctors from one of the hospitals in India visited Dr AG Jeetoo Hospital to plan for the treatment of Brain Aneurysm in Mauritius and the setting up of the Neurointerventional Suite to undertake more complicated neuro surgeries.

They proposed the acquisition of a DSA together with other equipment and instruments. They recommended a biplane angiography system. However, the actual single plane angiography in use at the Catheterisation Laboratory (Cath Lab) could also be upgraded. A Memorandum of Understanding (MoU) was signed on 17 February 2017 between the Ministry and the Indian hospital which encompassed the benefits that the Ministry would reap.

The MOU is valid for a period of three years and will expire on 16 February 2020. With only one year left, no major progress has been made.

10.3.3 Feasibility of the Neurointerventional Suite Project

The estimated cost for the setting up of the Neurointerventional Suite at Dr A.G Jeetoo Hospital was Rs 100 million, comprising a Biplane DSA System combined with modification infrastructural works in the Operation Theatre as a turn-key project. Another alternative in the existing building was considered but both location proposals were turned down as the Ministry of Public Infrastructure, NDU, Land Transport and Shipping (MPI) pointed out that vertical extension at the proposed location was not recommended.

Finally, a new location was identified at the Dr AG Jeetoo Hospital to accommodate the Neurointerventional Suite comprising Out Patient department, Angiography, Operation Theatre, ICU/High Care and Male/Female wards. The MPI started to prepare the preliminary design but discontinued to work on the Project as the Ministry had signed an agreement/MOU with a hospital consultancy firm in India, for the implementation of major Health Infrastructural projects including the Neurointerventional Department.

Observations

- It is not known how the amount of Rs 100 million was arrived at, given that the cost of a Biplane Subtraction Angiography was not available as confirmed by the Ministry on 9 January 2017.

- The space requirements and the location plan at the Dr A.G. Jeetoo Hospital have been forwarded to the Indian firm on 2 March 2018 for preparation of the preliminary design of the Neurointerventional Department. At end of December 2018, the firm had not yet submitted the design together with the cost estimates and scope of works of the project, as required, for approval. There was no evidence that the Ministry has contacted the firm to obtain a status of the project.

10.3.4 Option for upgrading of the actual Angiography Machine

By the time that a place is located to house the Biplane DSA equipment, it was proposed to upgrade the existing single plane Cardiac Angiography (Philips Allura Xper FD20C) acquired in 2013 for Rs 30,720,800 to be used for simple aneurysm cases. Complicated cases would still be sent abroad until a full-fledged Neurosurgery department is set up in Mauritius.

In a meeting held on 17 October 2016 for the setting up of a Neurointervention Suite at Dr AG Jeetoo Hospital, decision was taken to contact Company A (The supplier of the existing angiography machine) for their views and quotation about the upgrade to include DSA, 3D and Rotational Angiography, road map facility and head rest.

Observations

- On 14 December 2016, Company A was contacted and the latter stated that the actual angiography machine could be upgraded. However, no quotation was sought for the cost of the upgrade.

- It could not be ascertained whether all specifications of the existing angiography machine had been considered prior to upgrading the machine, as the existing software already had two DSA applications as per the specifications of the machine acquired in 2013.

10.3.5 Estimated Cost and Tender for upgrade of the angiography machine

As Company A did not submit a quotation for the upgrade, the Ministry resorted to a tender exercise. The Ministry worked out an estimated cost for the upgrading of the angiography machine which turned out to be Rs 7 million.

Tenders for upgrading of the Machine were launched on 14 December 2017 and the only technical compliant offer was from A. However, the bid was rejected as A did not comply with Instruction to Bidders and its offer of Rs 11,513,000 exceeded the cost estimate by 64.5 per cent.

Decision was taken to relaunch the tender with revised cost estimate. A new cost estimate of Rs 12 million was worked out but was revised to Rs 18 million. The only difference between the estimate of Rs 7 million and Rs 18 million was the issue of Training of Radiographers and Neuroradiologists.

Observations

- The final estimate of Rs 18 million is equivalent to 59 per cent of the cost of the angiography machine.

- A floor mounted angiography system for Coronary and Peripheral Interventions was estimated at Rs 20 million in the annual requirement for Medical Equipment 2018-19 (Dr AG Jeetoo Hospital). Further, as the cost of a biplane angiography machine was also not available, it could not be determined whether it was worthwhile for the Ministry to embark on the project estimated at some Rs 18 million.

- In October 2018, two Doctors pointed out that it was vital for Radiologists to undergo training abroad for a period of at least two years to provide the service of Cerebral Digital Subtraction Angiography and Neurointerventions prior to the equipment being operational. However, the Ministry was of the view that training should be given by the supplier in Mauritius to all users instead of one or two in the country of origin.

Distinction should be made between training by suppliers on the use of the machine and Radiologists to be trained to become Neuroradiologists.

10.3.6 Delay in setting up the Neurointerventional Suite - Acquisition of Eight Ventilators - Rs 3.8 million

Tenders for eight ventilators estimated at Rs 8 million were launched on 26 November 2015 and the ventilators commissioned in November 2016 for Rs 3.8 million. These ventilators were put to use in October 2018 upon the setting up of the Neuro High Care Unit at Dr A.G Jeetoo Hospital.

The ICU ventilators purchased in November 2016 have remained idle for nearly two years and the two years warranty period had already lapsed in November 2018, some one month after being put to use.

Conclusion

Government was envisaging the development of new infrastructure, as well as provision of high-technology equipment for State of the Art medical treatment in Mauritius. However, the project for setting up of a Neurointerventional Suite, although being considered an urgent project, was taking a lot of time to be implemented.

10.4 Health Care Waste Disposal

The public health institutions (hospitals, health care centres and clinics) generate medical waste during provision of medical treatment to the population. These wastes include both infectious medical wastes, as well as non-infectious, general housekeeping wastes. Health Care Waste is classified as hazardous wastes per the Standards for Hazardous Waste Regulations (2001).

The Ministry of Health and Quality of life (MOH) is responsible for the effective control of the generation, storage, and disposal of hazardous waste which is of paramount importance for the good health of the population and environmental protection. Medical waste was mainly disposed of through incineration within the hospital premises itself.

In 2015 some 860,000 kg of medical wastes were being generated annually by public health care institutions. The total amount of medical waste from private and public institutions was expected to reach 1.2 million kg by the year 2020.

10.4.1 Current waste disposal arrangement

- Out of seven small scale incinerators used for the disposal of health care wastes generated by all public health institutions, only four were in working condition. These incinerators were located at Dr A G Jeetoo Hospital (AGJH), at J.Nehru Hospital (JNH), at Brown Sequard Mental Health Care Centre and at Poudre d'Or Hospital (PDH). However, the incinerator at AGJH was not fully operational because of several complaints received in the past years from the inhabitants relating to heavy smoke emissions.

- Some of the incinerators had not been properly maintained. At PDH, part of the chimney had fallen and was corroded with a risk that the remaining chimney might collapse. The height of the remaining chimney was abnormally low. Also, the automatic ignition of the incinerator was faulty. The practice of igniting the burner manually was risky and may lead to accident. At JNH, there was a big hole in the chimney of the incinerator.

Ministry's Reply

Necessary action is initiated to repair the automatic ignition system at PDH and the chimneys at both PDH and JNH.

10.4.2 Health Care Waste Management

- Due to the age of the incinerators and the increase in the amount of wastes, the problem of health care waste management at the hospitals had become a recurrent one. Since year 2012, whenever the incinerators were faulty, medical wastes had been disposed of at the Mare Chicose Landfill. Each time, the Ministry of Social Security, National Solidarity and Environment and Sustainable Development (Solid Waste Management Division) granted exceptional approval for the disposal of clinical waste at Mare Chicose Landfill pending repairs of the incinerators. However, presently, most of the untreated clinical wastes were being disposed of at the landfill instead of being incinerated. Disposal of untreated medical waste at landfill is not considered the best practice as according to WHO Fact Sheets, it may cause contamination of ground water.

- Medical waste from the Labour Wards including placentas, as well as small body parts were stored in yellow plastic bags and kept in a shed for disposal at the landfill. Other body parts and foetuses, however, were stored in the mortuary and sent for incineration. According to the Environment Protection (Standards for Hazardous Wastes) Regulations 2001, waste from natal care was classified as hazardous wastes. The Solid Waste Management Division has clearly instructed that body parts and anatomical parts should be incinerated and not sent to the landfill.

- At two hospitals, wastes were not properly stored pending transportation to Mare Chicose. The storage compound was also not marked with a bio hazard symbol. Though the compounds were fenced, they were not covered. These may gave rise to proliferation of rodents and mosquitoes especially during periods of heavy rainfall.

- These clinical wastes included wastes that have been in contact with human blood or bodily fluid, and poor storage may cause the spread of blood borne infections. Further, sharps not disposed in appropriate containers may also lead to the risk of injury and infections.

- The regional hospitals collected medical wastes from all health institutions of their respective regions. Thus, there were an over accumulation of medical wastes which gave rise to odour nuisances. Moreover, at certain hospitals, the bags were also not properly sealed.

Ministry's Reply

Procedures have been initiated for the procurement of the required signage.

Arrangements were being made for the storage sheds to be covered and the frequency of waste disposal would also be reviewed.

10.4.3 Environmental Pollution

- The Ministry was operating small scale incinerators with unsophisticated technology and with no inbuilt pollution control devices. The incinerators were extensively used for up to six days per week. Certain wastes from wards and Dialysis Units which comprised used cannula, blood lines and needles made of either PVC or plastic were incinerated with other clinical wastes which caused emissions of black smokes. The burning of the hospital wastes may also release toxic substances such as dioxins and furans which are potential health and environmental hazards. Several complaints from the inhabitants had been received during the past years against environmental pollution such as emission of heavy smoke, noise and bad smell from the wastes. However, no testing has been undertaken by the Ministry regarding air quality monitoring and organic pollutants released in the air.

- At PDH, the actual height of the chimney was abnormally low which may result in toxic smokes being released at a lower than standard level. Since 2015, the District Health Office had advised that the height of the chimney needed to be increased as the distance between the incinerator and the nearest habitation was only about 150 metres. There were traces of black smoke inside and outside the shed which indicated that smoke was released inside the chamber. The air vent was also corroded which resulted in release of smoke through the incinerator door.

This is a serious issue as PDH is a special hospital providing treatment exclusively to patients suffering from lung problems. The patients were being exposed to particles of hazardous pollutants released from the incinerator. Due to the health effects of the incinerator, the District Health Office had in June 2016 recommended the discontinuation of the operation of the incinerator in the public interest.

10.4.4 Implementation of a Centralized Health Care Waste Management Facility

Due to the recurrent problems regarding healthcare waste management, the Ministry had since 2009 initiated a Health Care Waste Management Plan. Eventually, after some six years in April 2015, Government approved the setting up of a National Healthcare Waste Disposal Facility.

In 2015, a Committee was set up to conduct a feasibility study on the most appropriate options for a centralised disposal facility for clinical wastes. The Committee submitted a report in November 2015 and recommended two options, either a modern incineration plant or a hybrid low heat technology system in conjunction with small scale incineration. The estimated capital costs of the projects at that time was assessed at some Rs 180 million to Rs184 million and recurrent expenditure ranging from Rs 1.2 million to Rs 1.4 million monthly.

A plot of land of an extent of 2 arpents identified at La Chaumière was vested in the MOH in December 2016 for the implementation of the project. A provision of Rs 10 million under capital expenditure for preliminary preparation and design was approved in the 2017-18 budget. A bidding exercise for consultancy services was launched on 20 July 2017 through Open Advertised Bidding but the bids received were not responsive.

In July 2018, the Ministry approached a firm in India which operated under the aegis of the Government of India to extend its support to facilitate the implementation of other minor vital health schemes, including the National Health Care Waste Disposal System.

As at time of audit in November 2018, the project for the consultancy services for the National Health Care Waste Disposal System was not yet finalised.

Ministry's Reply

This project will now be undertaken by an Indian frim as the other projects they were working on for the Ministry have already been conceptualised.

Conclusion

Public health institutions are facing problems of waste storage and disposal as clinical wastes which are generally infectious have to be disposed of quickly. The health care wastes, if not properly handled and disposed, may pose serious human health and environmental risks.

The Ministry does not have an approved framework for the improvement of Healthcare Waste Management.

More than three years had lapsed since Government approved the implementation of the waste disposal facility but no progress has yet been realised as at December 2018. The budgetary provision of Rs10 million in the year 2017-18 had remained unutilised.

Recommendations

The Ministry should prepare an action plan for the implementation of the Health Care Waste Management.

The project for the National Health Care Waste Disposal Facility should be implemented without delay.

10.5 The Use of Delegated powers of appointment from the Public Service Commission (PSC) to recruit personnel in the Ministry of Health and Quality of Life (MOHQL)

The MOHQL is one of the most Human Resource (HR) intensive Ministries in the Civil service with some 15,600 posts pertaining to some 340 different grades on its establishment. According to the National Health Accounts 2017, it employed some 14,000 personnel representing more than 25 per cent of total Civil Servants. The yearly MOHQL payroll amounted to some Rs 7 billion.

Recruitment of staff in MOHQL was carried out both by the PSC and the MOHQL under an instrument of delegation issued by the PSC. Upon issue of delegated authorities for specific grades, the MOHQL initiated internally set recruitment procedures with the constitution of a Selection Board to finalise a merit list of interviewed candidates. Shortlisted persons were screened for their character and medical fitness in order to secure employment in the Service. These internal appointment procedures refer mostly to grades of the workmen's' class, Health Care Assistants (HCA) and Doctors appointed on contract / month to month (MTM) basis.

10.5.1 Significance of Recruitment in the MOHQL through delegated powers

Appointment in the different grades in the MOHQL was significant. For all appointments made in the Ministry for period 2009 to 2013, some 37 per cent of all recruited staff was selected by the MOHQL under delegated powers from the PSC. Statistics for the period 2014 to 2017 were compiled and showed that the number of officers recruited under delegated powers for the period was 2,416. Other statistics for recruitment under delegated powers available at the Ministry for the period 1 April 2017 to 31 March 2018 revealed that 50 per cent of the total appointment under delegated authority in the Civil Service was made by the MOHQL. 1,113 people (in 25 different grades) were appointed by the MOHQL.

10.5.2 Staff costs- Total Financial implication and the Cost of employing lower grades

Total staff costs of the MOHQL were significant with some Rs 7 billion being paid yearly for the 14,000 personnel, with some Rs 1.5 billion spent on employing some 5,000 personnel of lower/minor grades. However, for only four grades making up of some 3,500 staff members, the MOHQL paid out more than Rs 1 billion as gross salary for 2017-18, including a total of some Rs 270 million as allowances. On average, every staff member of the four grades drew a monthly salary of Rs 25,102 in 2017-18.

Table 10-1 Costs of employing lower grades

Grade	No. of employees	Total gross salaries (Rs)	Av gross salary per month (Rs)
Attendant (Hospital Services - shift)	1,520	437,193,412	23,968
Health Care Assistant	1,112	393,620,145	29,497
General Worker	683	132,480,800	16,164
Senior Attendant (Hospital Services - shift)	265	115,090,196	36,191
Total	**3,580**	**1,078,384,553**	**25,102**

Source: CISD payroll figures

Ministry's Reply

The average amount of gross salary and allowances arrived at, is consequent to the need to ensure availability of adequate staff to keep the service delivery at an acceptable level round the clock on a 7/7 basis.

10.5.3 Compliance with Conditions of the Instrument for Delegation issued by the PSC

The PSC had initially delegated its powers of appointment (under the Constitution) in a written Instrument for delegation document made in 1967 to the Ministry. Same was revised later in 1981 but the actual version could not be accessed due to the unavailability of the confidential file. Versions of the Instrument of Delegation seen at the Ministry conferred the appointment authority to the Permanent Secretary (PS) of the Ministry while imposing conditions in respect of in the setting up of a Departmental Staff Board to be comprised of senior most officers of the Ministry, the modes of recruitment and other procedures amongst others to guide the Ministry in the appointment process. Non-compliance with conditions was noted:

- *Composition of the Departmental Staff Board/Selection Board* - For all nine Board structures examined, a low strength selection board was constituted contrary to the initial delegation intention to set up a high level Selection Board constituting of senior officers of the Ministry. The Chairperson for all nine Boards was the Assistant Permanent Secretary despite the Ministry having one Senior Chief Executive (SCE), two PS, and six Deputy Permanent Secretary (DPS) on its establishment. In three instances, the Ministry wrongly assigned the roles of Board member cum Board Secretary to a single person thereby invalidating the marking sheet of this member cum secretary.

- *Conflict of interest in the recruitment process*- Selection reports reviewed did not mention whether the signatory members of the Board had no ‘interest with the claims of any candidate to a vacancy” as required by the delegation instrument.

10.5.4 Compliance of the MOHQL with the Recruitment framework for Civil Servants in Appointing Staff under Delegated Powers.

The MOHQL used its own recruitment procedures under the delegation of power to appoint some 5,000 (some 38 per cent) staff belonging to the Workmen’s class/lower grades. However, the Ministry did not always comply with many provisions of the recruitment framework comprising of the valid delegated authorities and the parameters set by the PSC, as well as certain important provisions of the Pay Research Bureau and the Human Resource Management Manual (HRMM).

10.5.5 Ministry’s diligence to ensure that delegated authorities were updated and valid.

Delegation authorities have been conferred to the Ministry by the PSC since 1967 to reach a reported total of some 60 grades in 2018, including mostly, the minor/lower grades. The MOHQL did not adopt a disciplined approach towards ascertaining if the delegated authorities for such a multitude of grades were always valid and duly authorised by the PSC (prior to advertising and filling of posts) and reflective of the current organisational structure and establishment:

- *Repertory of Delegated Authorities* - The MOHQL was not able to provide a cumulative repertory of details of all delegated powers including the date and conditions attached. A plain listing of some 60 grades was submitted by the Ministry for which it claimed as having delegated authority. The list submitted was incomplete as many other delegation authorities were found conferred to the MOHQL that were omitted from the initial list.

- *Delegated authority to recruit for the entire medical services.* Authorisation letters from the PSC (for grades of Mortuary Attendant, Packing Assistant and Surgical Instrument Technician) showed that the PSC delegated its appointment authority only for the posts at SSRN Hospital and not for the entire medical service. The MOHQL failed to seek revised authorities from the PSC prior to advertising and recruiting these grades. In 2017-18, nine Central Sterile Supply Department Assistants were appointed to work in all hospitals.

- *Monitoring of delegation authorities*- The Ministry did not review its lot of delegated authorities for their continued use and any need for revision so as to reflect its present organisation structure and hand over any obsolescent delegated powers back to the PSC. The authority to fill posts in a grade was deemed a once for all clearance even if not needed or there was a fundamental change in the nature of duties assigned to the staff.

Ministry's Reply

Appointment powers delegated by the PSC dates as far as 1967. With time the Ministry's location has changed, the management team and all other staff also have changed resulting in confusions and a less desirable situation regarding the whole issue of delegation of powers. In the light of observations made, a set of corrective measures have already been identified.

10.5.6 Compliance with PSC Regulations and provisions of the HRMM

Contrary to the provisions of the Regulations/HRMM, the MOHQL did not adhere to several important sections in the HRMM/Regulations in appointing its officers.

Cases were noted where the MOHQL appointed persons above the prescribed age limit despite having sought legal advice from the Solicitor General in 2014 on the age limit for candidates. Four such cases were identified during the audit.

Many cases were noted where medical examination on first appointment was carried out after 10 to 12 months and even beyond one year, in certain cases.

10.5.7 Appropriateness of HR Practices at the MOHQL

HR practices adopted by the MOHQL for four grades (General Workers, Attendant Hospital Services, HCA and MHO on a month to month basis) showed that they were not adequately structured and not aligned to recommended best practices thus clouding the probity and transparency of the existing HR practices, such as recruitment and termination practices.

Recruitment Practices

Despite the extensive use of the internal recruitment procedures, the MOHQL had no policy guidance document/ manual that consolidated all key HR policies, protocols and guidelines.

- *Gender and Disability Requirements*- Section 16 of the Constitution and the Training and Employment of Disabled Persons Act provided for Gender and disability considerations while filling vacancies "To promote fairness and ensure compliance with law, the organisation should not discriminate against any group i.e., race, caste, place of origin, political opinions, colour, creed, sex and disability." No legal advice was sought by the MOHQL as a major recruiting Ministry to sort out its compliance status with the above.

- *Age Profile of jobs requiring sound physique*- The Ministry did not have a policy of setting a desirable age profile for job specifications requiring sound physique as many General Workers and Attendant Hospital Services were aged between 45 to 48 years when appointed.

- *Assessing Fitness of Character*- A hospital is a designated place of safety but the MOHQL was appointing convicted persons ahead of law abiding candidates thus taking unwarranted risks for patient safety as well as assets stewardship.

- *Assessing Medical Fitness*- Despite extensive interaction of health staff with the public, the MOHQL aligned its fitness criteria to those of Civil Service jobs of white collar nature. It did not formulate stricter fitness criteria commensurate with hospital job requirements, hazards and patient safety. It did not consider a proactive approach towards recognising warning signs and expressing its reservations for candidates with, say, depressive disorders and having self-inflicted scars on left forearm, as well as thoroughly screening food handling staff to detect if they were silent carriers of illnesses spread by food.

Ministry's Reply

HR Policy Guidelines- *The Ministry has developed clear guidelines in respect of all recruitment exercise under powers delegated by the PSC and will look into the possibility of improving it.*

Other HR practices

Changes in the Nature of duties performed at hospitals

For the grades of Attendant Hospital Services and Health Care Assistant (HCA), it was observed that the nature of duties performed by the staff had gradually changed. Some tasks performed were not always as originally intended at time the PSC issued its delegated authority. However, the MOHQL did not seek the PSC opinion for any revision or withdrawal of the existing authority in the light of the significance of the changes in the nature of the actual tasks being undertaken.

- *HCA* -As of June 2018, the MOHQL disbursed some Rs 390 million as gross salaries to some 1,100 HCA. These latter were recruited to assist Nursing Officers (NO) in bedside duties/ basic nursing care and were trained for one year in assisting NO before securing permanent appointment as HCA. Many HCAs were performing other duties such as 20 HCAs posted to a GPS Transport unit performing duties related to Transport Officers, while seven others were performing clerical duties of white collar nature at a Hospital.

- *Attendant (Hospital Services)* - The Ministry absolved the 1500 Attendant Hospital Services from the duties of cleaning toilets, sluices and bathrooms of health institutions as required by their Scheme of Service. Instead, the MOHQL was still outsourcing the cleaning duties to private contractors following a policy decision in year 2000. It did not review its outsourcing decision despite appointing hundreds of attendants in the last 18 years. In 2017-18, the MOHQL disbursed some Rs 430 million as gross salaries to them and outsourced the toilet cleaning services to a private contractor for an additional Rs 46 million.

Ministry's Reply

Apart from cleaning of bathrooms, shine rooms and toilets, the Attendants (Hospital Services) are required to perform a series of other duties in the hospitals.

Request was made for 281 additional posts of Sanitary/Cleaning Attendant in the 2018-19 budget, but same was not approved.

Recommendation

With the extensive use of the delegation powers to appoint its staff, the Ministry needs to review its HR practices recruitment framework to be able to hire the right persons (qualified, experienced, committed, law abiding and medically fit) in a structured, transparent and accountable manner. Effective HR management strategies are pivotal to achieve better health outcomes and help in health sector reforms to enhance patient safety and satisfaction.

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11 - MINISTRY OF SOCIAL SECURITY, NATIONAL SOLIDARITY, AND ENVIRONMENT AND SUSTAINABLE DEVELOPMENT

11.1 Overpayment of Pensions – Rs 103 million

Overpayments of pensions, increased by Rs 11 million from Rs 92 million as at 30 June 2017 to reach Rs 103 million as at 30 June 2018.

During 2017-18, the Ministry detected new cases of overpayments totalling Rs 54.5 million. These amounted to Rs 41.1 million during 2016-17.

An amount of Rs 39.7 million was recovered in 2017-18, while Rs 3.3 million were reported cancelled by the Ministry.

Overpayments continued to increase over the years.

Table 11-1 shows the increasing trend in overpayments since 2011. The trend revealed more than 75 per cent increase in balance of overpayments from Rs 58 million in 2011 to Rs 103 million in 2018.

Table 11-1 Increasing Trend in Overpayments

	Financial year/ Period	Overpayments Rs (Million)
Financial year ending 31 December	2011	58
	2012	61
	2013	68
	2014	73
	2015	95
Six-month period ending 30 June	2016	88
Financial year ending 30 June	2017	92
	2018	103

11.1.1 High overpayments due to 'death' and 'departure' cases

Table 11-2 shows overpayments arising after death of beneficiaries or their departure overseas which would constitute more than 60 per cent of total overpayments balances, and more than 40 per cent of which balances would relate to payments of pensions to persons not entitled to same by virtue of their remaining overseas for longer periods than legally stipulated.

Table 11-2 Overpayments due to “death” and “departure” cases

	Dec 2014 (Rs m)	Dec 2015 (Rs m)	June 2016 (Rs m)	June 2017 (Rs m)	June 2018 (Rs m)
Death	13.6	16.4	15.2	18.6	23.3
Departure	32.6	39.1	38.1	41.1	46.7
Subtotal	**46.2**	**55.5**	**53.3**	**59.7**	**70.0**
Total Overpayment balance	**72.8**	**94.8**	**88.0**	**92.0**	**103.2**
(Death and Departure)/ **Total Overpayment**	63.5 %	58.5 %	60.6 %	64.0 %	67.8 %
Death/**Total Overpayment**	18.7 %	17.3 %	17.3 %	20.0 %	22.6 %
Departure/**Total Overpayment**	44.8 %	41.2 %	43.3 %	44.0 %	45.2 %

11.1.2 Action through a Monitoring Committee

The Ministry stated that every effort was being made with collaboration of other parties namely Civil Status Division (CSD), Passport and Immigration Office (PIO), Ministry of Health and Quality of life, Police Department, through a Monitoring Committee under the Chairmanship of the Ministry to secure information as early as possible to detect

- deceased persons, in whose names pensions payments had continued to be made;
- beneficiaries leaving the country and staying overseas longer than required to be entitled to pensions.

A computer server was reported to be acquired by PIO and be operational by end of March 2018 to allow for quick response to avoid overpayment through automatic matching of data for prompt action to stop payment of pensions to non-entitled persons.

However, as of date, it could not be ascertained whether Computer server was acquired and rendered operational; and whether Automatic matching of data was being carried out regarding departure of beneficiaries overseas.

Ministry’s Reply

The increasing trend in the ‘amount overpaid’ can also be explained by the fact that as from December 2014 the rate of basic pensions granted to Beneficiaries has increased considerably. In fact the percentage increase of the Basic Retirement Pension of our Senior Citizens has increased by more than 60 per cent since 2014.

The PIO has already installed a new server since 27 September 2018. This has greatly helped in monitoring the travel movements of all our beneficiaries. However it was found, after verification that some travel movements have not been captured due to the search criteria used by the Ministry. Thus a new functionality is being developed at the PIO to enlarge search criteria so that more reliable information could be obtained.

As regards automatic matching of data regarding departure cases, same is not feasible due to security reasons as confirmed by the PIO.

Environment and Sustainable Development

11.2 Household Composter Scheme

The Household Composter Scheme (Compost Scheme), initially contemplated under the Maurice Ile Durable (MID) Fund Projects and meant to involve the participation of 12,000 beneficiaries, was later to be undertaken and implemented by the Ministry in 2015-16.

11.2.1 Objective of the Compost Scheme

The main objectives of the Compost Scheme were to increase, to mobilise and encourage the participation of all the Mauritian population in environmental conservation and management so as to mitigate the serious adverse deterioration of environmental resources.

Under that Scheme, other than sensitisation of public and other stakeholders, to further its objectives, compost bins and later with their accompanying mixing tools, were to be made available to households.

However,

- objectives had not been achieved and funds had been unnecessarily tied up in acquisition of compost bins and mixing tools;
- 11,000 compost bins and 11,000 accompanying mixing tools purchased by the Ministry in 2017-18 for some Rs 9.5 million had remained unsold;
- As of 30 June 2018, there were 12,371 compost bins and 14,334 mixing tools, for some Rs 10.91 million still in stock.

11.2.2 Activities for Scheme's success

The success of the Compost Scheme Strategy depended on the participation of the inhabitants.

The activities were to be coupled with efforts to increase awareness and inform opinions of the public about waste, with increasing emphasis in the direction of both the population and the decision-makers in the different local authorities.

The change of mentalities and strong ecological conscience were considered prerequisites for the success of future Waste Management and sustainability policy.

However, the low demand for the compost bins and the mixing tools by the public would question the:

- adequacy of the awareness campaign;
- success of same, as well as of management of the Compost Scheme.

11.2.3 Budgetary Provisions and Implementation

A sum of Rs 33 million was provided for the Scheme out of which some Rs 27 million had been spent as shown in Table 11-3.

Table 11-3 Budgetary Provisions and Expenditure

Fiscal years	Estimates (Rs)	Expenditure (Rs)
2015-16	13,000,000	11,327,923
2016-17	10,000,000	6,019,507
2017-18	10,000,000	9,509,000
Total	**33,000,000**	**26,856,430**

A sum of Rs 13 million was provided for the Composting Scheme which was to be implemented in fiscal year 2015-16. No further sums were then provided or planned in the Indicative Estimates for the next two fiscal years 2016-17 and 2017-18. This would indicate that the Composting Scheme was to be completed in 2015-16.

In the subsequent fiscal year 2016-17, a further sum of Rs 10 million was provided with a planned provision of Rs 3 million for 2017-18. The planned amount of Rs 3 million was thereafter revised upward to Rs 10 million.

11.2.4 Low public interest/ineffectiveness of campaign

As of 30 June 2018, out of the Rs 27 million spent, Compost Bins and Mixing tools for a sum of Rs 10.9 million were still held in stock and awaiting distribution as shown in Table 11-4. This would indicate low public interest and/or ineffectiveness of the campaign. Despite low demand for same, unnecessary purchases of these items had been made in financial year 2017-18.

Table11-4 Movement in Compost Bins and Mixing Tools in 2017-18

	Details	Compost Bins (Units)	Mixing Tools (Units)
01 July 2017	Opening Stock	1,471	3,480
Less	Distribution	100	146
	Balance	***1,371***	***3,334***
Add	Purchases 2017-18	11,000	11,000
30 June 2018	Closing Stock	12,371	14,334
	Value	**Rs** 9,334,538	**Rs** 1,575,450

11.2.5 Further costs to Ministry in terms of Storage of Compost Bins and Mixing Tools

These unsold items have entailed higher costs to the Ministry due to the need for storage space.

As mentioned at paragraph 21.1 of Audit Report for the financial year ended 30 June 2017, high lease costs had to be incurred to secure a factory space in an industrial zone. The lease agreements were not vetted by Ministry's Legal Adviser, thereby leading to risk of higher costs to Government. Government interest would not therefore have been adequately safeguarded. No further lease agreement was seen after expiry of the second lease period ending 31 August 2017.

The Ministry then stated that arrangements were being made for the distribution of the compost bins, and for the storage space to be vacated by June 2018.

As of end September 2018, the factory space was still not vacated and would now be holding higher stock of these items.

Subsequently on 4 July 2018, some Rs 1.45 million were stated by the Lessor as having been settled by the Ministry for period 1 June 2016 to 1 June 2018.

Ministry's reply

Due to low demand, the unsold compost bins had to be stored pending review of the Scheme.

In the revised Scheme, Government would distribute Compost Bins to all households with a view to reducing organic waste. However, in view of the fact that the number of Compost Bins would be insufficient for the target group in the new Scheme, more Compost Bins were purchased thereafter.

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12 - MINISTRY OF AGRO-INDUSTRY AND FOOD SECURITY

12.1 Forestry Service

12.1.1 Shooting and Fishing Lease

The Forestry Service is responsible for the management of State Forest Lands in Mauritius. Around 47,103 hectares of the total land area of Mauritius are covered by forests, of which a total extent of 22,103 hectares of State Land are under the control of the Forestry Service.

As of 31 October 2018, there were 51 Shooting and Fishing leases for an extent of some 9,073 hectares of land.

12.1.2 Non-Compliance with Shooting and Fishing Leases Act

Lease Agreements for more than 14 years

Section 10(1)(b) of the Shooting and Fishing Leases Act stipulates that "*No lease shall be extended so that its total duration exceeds 14 years*". The Act makes no mention that a new lease can be granted to a lessee who has already been granted lease for a total duration of 14 years. As of 31 October 2018, 24 leases have been extended up to 21 years and one up to 28 years, contrary to the Act.

Cases of Non-Compliance

(a) Lessee No. 1

On 26 November 2014, the lessee was granted a Shooting and Fishing lease of an extent of 323.08 hectares of State Land at Salazie for the period 26 November 2014 to 7 September 2021, at yearly rental varying from Rs 322,474 for the first year to Rs 411,927 for the seventh year. The Lease Agreement was signed on 5 December 2014.

Rental amounting to Rs 374,738 for the period 8 September 2017 to 7 September 2018 which was to be paid on or before 1 April 2017, was not settled by the lessee. On 4 December 2017, the lessee submitted a return notice to abandon the lease to the Forestry Service. As of 31 October 2018, the outstanding rental was still not settled and the Lease Agreement was not cancelled.

(b) Lessee No. 2

A Shooting and Fishing lease was granted to the lessee for State Land of an extent of 180 hectares in the District of Plaines Wilhems, for the period 20 April 2010 to 7 September 2016, at yearly rental varying from Rs 52,150 for the first year to Rs 162,000 for the last year.

Rental for the period 8 September 2012 to 27 March 2015 amounting to Rs 597,143 was not settled by the lessee and consequently, the Lease Agreement was cancelled on 27 March 2015. However, no action was seen to have been taken by the Ministry against the lessee to recover the amount due.

(c) Lessee No. 3

A Lease Agreement for 1,280 hectares of State Land in the District of Moka was entered into between the Ministry and the lessee for the period 8 September 2000 to 7 September 2007. The Agreement was signed on 9 June 2006, that is more than five years after the start of lease. On 25 October 2010, the lease was renewed for only 443 hectares of land for another period of seven years, terminating on 7 September 2014.

The lessee submitted its application for renewal of lease for the period 8 September 2014 to 7 September 2021, on 30 April 2014. Approval for same was obtained on 3 March 2016, that is, nearly two years later. The total duration of the lease has exceeded 14 years, contrary to Section 10(1)(b) of the Act.

In August 2014, Officers of the Forestry Service discovered that deer browsing had caused extensive damage to the pine plantation on State Land Descenne, estimated at Rs 932,821.

The lease was renewed subject to the lessee making good the damages caused to the pine plantation. The lessee agreed to carry out works equivalent to the value of the alleged damages.

The Lease Agreement was signed on 25 June 2018, that is, more than three years after start of the lease on 8 September 2014, without obtaining details as to whether works, equivalent to the value of the alleged damage of Rs 932,821, had been performed by the lessee. Furthermore, the lessee has been occupying the land from 8 September 2014 to 25 June 2018 without a duly signed Lease Agreement.

12.1.3 Forest and River Reserves

Contravention Register

According to the Strategic Plan 2016–2020 for the Food Crop, Livestock and Forestry Sectors, one of the main activities of the Forestry Service is the enforcement of Forest Laws. Regular patrols on State Forests Lands, nature reserves, mountains, rivers and road reserves are carried out by Officers of the Forest Conservation and Enforcement Cadre. In case of offence, an inquiry is carried out and recorded in the Contravention Register for follow up.

For the period prior to year 2014, statistics or database regarding the number of contraventions and number of cases solved or still under investigation were not available while for the period January 2014 to September 2018, a total of 189 cases were registered. The status of contraventions as of 30 September 2018 is shown in Table 12-1.

Table 12-1 Contravention Register

Period	No. of Registered cases	Status as of 30 September 2018
January 2014 to December 2016	139	39 cases resolved 100 cases still under investigation
January 2017 to September 2018	50	2 cases resolved 31 cases still pending - unable to identify the name of the person who committed the offence 17 cases still under investigation
Total	**189**	

Recommendation

The Forestry Service should investigate all the registered cases and take necessary legal action.

Ministry's Reply

After 14 years, the lessee makes a new application for lease of State Land and after thorough verification, a new lease is drawn instead of renewing beyond 14 years, after taking into consideration the recoupment of investment made on that land.

Lessee No. 1: The Forestry Service has sent several reminders to lessee for payment of arrears. The advice of the Attorney General's Office (AGO) is being sought to recover all rent due.

Lessee No. 2: On 30 January 2019, the AGO informed that legal action will have to be initiated in order to recover all rent due and has requested for all relevant documents.

Lessee No. 3: The lessee has already started work to compensate for the damages. The work is ongoing and the expenditure to date is Rs 53,894.

Necessary actions have been initiated to computerise the contravention records for the period 2008 to 2018. The Forestry Service will investigate all pending cases and legal actions will be initiated accordingly.

12.2 Schemes under the Livestock Production and Development Programme

The Ministry, through the Food Security Strategic Plans (FSSP), took several measures with respect to the Food Crop and Livestock Sectors. In so doing, policies were formulated at addressing the food crisis, building resilience to future impediments and improving the self-sufficiency of certain crops to an appreciable level.

The Ministry came up with three FSSPs, the first being for the period 2008 to 2011, the second covering the period 2013 to 2015 and finally, the latest spanning from 2016 to 2020.

FSSP 2016-2020 has been formulated to increase the level of food security using sustainable agricultural practices, indulging in and promoting safe foods for better nutrition of the population and achieving social and economic progression.

12.2.1 Schemes and Grants

With the setting up of the Food Security Fund in 2008, 10 Schemes were available for the Crop Sector and 8 for the Livestock Sector as of 31 October 2018.

The Schemes were administered and managed by the Food and Agricultural Research and Extension Institute (FAREI) and were funded under the programme *"Development of Non-Sugar (Crop) Sector"* and *"Livestock Production and Development"*.

Since the start of the three Crop and three Livestock Schemes till 31 October 2018, of the total sum of Rs 87,046,497 released by the Ministry to FAREI, only Rs 37,872,848 (43.5 per cent) have been disbursed to beneficiaries while Rs 49,173,649 (56.5 per cent) have been retained by FAREI. The Ministry has acceded to the claims of FAREI without taking into consideration the amount retained by the latter under the different Schemes.

12.2.2 Development of the Livestock Sector

The Livestock Sector, as regards goat, sheep, pig, cattle and poultry farming, had made little progress in recent years. The main factors hampering the development of this sector were, amongst others:

- ➢ high cost of production;
- ➢ limited access to land, capital and agricultural machinery;
- ➢ inadequate infrastructural support;
- ➢ an ageing farming community;
- ➢ theft of livestock.

Provisions and Disbursements

For the three financial years 2015-16 to 2017-18, provisions totalling Rs 82,300,000 were made for Livestock Programme. However, only Rs 28,739,733 (34.9 per cent) have been disbursed since these Schemes have not attracted the expected number of beneficiaries.

Review of Livestock Schemes

The number of breeders in the Livestock Sector was estimated at 5,000 as per the FSSP 2016-2020. However, the actual number of breeders who took advantage of the Schemes namely, Purchase of Agricultural/Processing Equipment (Livestock), Upgrading of Livestock Farm, Pasture Development, Cattle Breeding and Goat/Sheep Breeding, stood at only 115 as of 31 October 2018.

Only 37 and 22 beneficiaries had taken advantage of the two Schemes namely, Purchase of Agricultural Equipment (Livestock) and Upgrading of Livestock Farm respectively, which were implemented since December 2014. As of 31 October 2018, the amount disbursed totalled some Rs 3.4 million and Rs 4 million of the budgeted amount of Rs 16 million and Rs 18 million respectively for the two Schemes.

With regard to the Reproductive Farm (Pig) Scheme, it was only in financial year 2017-18 that funds, to the tune of Rs 2 million, had been provided in the budget. However, no disbursement had been made at the year end and the whole provision had lapsed.

Funds totalling Rs 10,509,479 of the budgeted amount of Rs 19.3 million had been disbursed for the two Schemes namely, Reproduction Farm Cattle/Goat and Calf/Heifer Productivity during financial years 2015-16 to 2017-18. However, the number of applications received and approved at the level of FAREI to substantiate the amount disbursed was not available.

The Schemes had not been adequately formulated in terms of targets and indicators and hence, this had not facilitated their proper monitoring.

Recommendations

The Ministry should develop indicators and targets, taking into consideration the specificity of the Agricultural Sector, to be used as benchmark for measuring the output for each proposed Scheme in the strategic plan. This would facilitate close monitoring, review and evaluation of the efficiency and effectiveness of the different Schemes.

The Ministry should ensure that funds earmarked and released to FAREI to finance the different Schemes, are disbursed to beneficiaries so as to encourage local production and to boost up the Livestock Sector.

Ministry's Reply

A control mechanism has already been put into place since September last year with a view to ensuring that funds under the various Schemes are transferred to FAREI on demand and breakdown of disbursement to prospective beneficiaries.

Control and monitoring are also being exercised by the Finance Section of the Ministry with regard to funds that have already been allocated to FAREI under the various Schemes but have so far not been disbursed to applicants.

As far as the effectiveness of the different Schemes is concerned, a close monitoring thereof is being carried out by FAREI since last year.

12.3 Food Technology Laboratory

The Food Technology Laboratory (FTL) is an ISO/IEC 17025 accredited laboratory for selected chemical and microbiological tests accredited by the National Accreditation Board for Testing and Calibration Laboratories (NABL) of India. FTL aims to support safe food production at both primary and processor levels.

12.3.1 Bio-Molecular Laboratory

At paragraph 11.6 of the Audit Report for the year ended 31 December 2014, I reported that the Genetically Modified Organisms (GMO) Unit of the Ministry was still not fully operational. A proper legal framework was to be put in place to enable the GMO Unit to carry out fully its activities.

The National Biosafety Committee (NBC), which was mandated to look into the regulations pertaining to the Genetically Modified Organisms Act, was reconstituted in May 2014. The main task of the NBC was, in the first instance, to review and to fine-tune regulations and guidelines to support the Genetically Modified Organisms Act.

Absence of Legal Framework

Three regulations were finalised by the NBC and submitted to the Attorney General's Office (AGO) for vetting, but shortcomings were reported by the Solicitor General in January 2017, resulting in the Genetically Modified Organisms Act 2004 being repealed and replaced by a new one in February 2017. The new Act was under review at the Ministry in October 2018.

The GMO Unit required the finalisation of the Genetically Modified Organisms Act and its legal framework to complete its setting-up.

Recommendation

A Committee should be set up to finalise the regulations, guidelines and legal framework for the GMO Unit to perform all its mandated activities.

Ministry's Reply

The National Biosafety Committee has been set up for that very purpose. A new Genetically Modified Organisms Act is presently under preparation in consultation with the AGO.

12.3.2 Food Science and Technology Division

The Food Science and Technology Division (FSTD), formerly known as Dairy Chemistry Division, is a Unit which performs microbiological analysis on fish, meat and other foods, and chemical analysis on milk and dairy products which are produced locally, imported and exported.

Absence of Legal Framework

In the absence of a legal framework, the FSTD is unable to provide enhanced services such as independent testing on food samples. A proposal for a Food Technology Laboratory Bill was made by the Ministry in 2014 to cater for the scope and activities of the FTL and to give it a defined legal framework. The Bill was ultimately sent to the AGO for vetting. However, as of 31 October 2018, no follow-up has been made on this issue.

The scope of activity of the FSTD is currently restricted to selective chemical and microbiological tests on food products.

Foods of different production sources in the local market are not always tested for food safety hazards in accredited laboratories. They are easily exposed to residues, contaminants and other hazards which pose health risks to consumers. Examples include basic foods, such as eggs, milk, meat and vegetables.

Decline in Chemical and Micro-Biological Testing of Food Products

The Laboratory is equipped with scientific equipment to perform accredited tests in line with ISO Standards. However, these items of equipment were used to conduct limited tests at the request of State institutions, manufacturers, importers and exporters.

The number of laboratory tests performed at the FSTD has experienced a sharp decline from 13,696 tests in 2004 to 529 tests in 2017 due to the phasing out of the Pilot Milk Marketing Scheme and the introduction of fees for micro-biological tests. The decline in tests has resulted in low operational efficiency of the equipment. No decision has been taken to address the decline in the laboratory activities over the years.

Recommendations

The Ministry should work on a legal framework to enable the FSTD to provide enhanced services, such as independent testing on food samples, identification and control of food safety risk factors, and the promotion of food monitoring and surveillance at a national level.

The Ministry should implement new Schemes to better utilise the equipment at the FSTD, to promote safer food consumption, and to meet the Ministry's objectives on food safety.

Ministry's Reply

With the coming into operation of the Use of Pesticides Act 2018 and the setting up of the Pesticides Regulatory Office, the FTL is being called upon to carry out a larger number of tests for pesticides and ensure safer agricultural produce.

12.4 Construction of New Slaughter House – Rs 250 million

At paragraph 14.1 of the Audit Report for the 18-month period 1 January 2015 to 30 June 2016, mention was made that after two unsuccessful Expressions of Interest relating to Consultancy Services for the management, design and supervision of the New Slaughter House launched in September 2014 and July 2015, tenders were re-launched by the Ministry on 28 March 2016. The bids were at the evaluation stage at the Ministry as of October 2016.

The Bid Evaluation Committee (BEC) recommended to award the contract to a Consultancy firm for a lump sum price of Euro 318,990 plus Rs 10,158,470 (some Rs 26 million). However, the award was challenged by one of the bidders on 11 November 2016.

On 28 December 2016, the Independent Review Panel recommended the re-evaluation of the bids by the setting up of a new BEC, which concluded that the proposals of the two bidders were technically responsive. On 12 June 2017, the procurement exercise was cancelled since the bid validity period of the two bidders had already expired.

Given the urgency of the project, the Ministry envisaged to implement the project on a Design-Build and Turnkey Contract. In October 2017, tender document for the project was forwarded to the Central Procurement Board (CPB) for the launching of tenders.

On 23 April 2018, sealed bids were invited by the Ministry, through the CPB, from eligible and qualified bidders by way of Open International Bidding. The closing date which was on 14 June 2018 was extended to 17 July 2018, upon requests received from potential bidders.

The scope of works consisted of the construction of a Slaughter House, Administrative Block and Waste Treatment Plant on a Design and Build basis, satisfying all international norms and standards. The site, of an extent of 22,800 m^2, is situated at Five Ways, Wooton.

On 13 September 2018, following the bid evaluation exercise, the CPB recommended the cancellation of the bidding exercise on the ground that all three bidders were technically non-responsive.

Delay in Project Implementation

The aim of constructing a New Slaughter House was due to the non-compliance of the existing abattoir with the European Union norms and standards, and serious environmental hazards related to the abattoir operations.

Almost 28 years had lapsed since the project had been contemplated, yet the construction of a New Slaughter House has not materialised.

For the period 1 January 2015 to 30 June 2018, funds totalling Rs 160 million were provided for the implementation of the project. As of 31 October 2018, no disbursement has been made.

Conclusion

Procurement procedures for the construction of the new Slaughter House were carried out on four occasions and all were unsuccessful. Further delay in the construction of the New Slaughter House will result in escalation of project costs. The environmental hazards at the existing abattoir will still prevail.

12.5 Land Use Division

As of 31 August 2018, the Land Use Division (LUD) was managing 4,547 plots of agricultural State Land of a total area of 9,762 arpents, including land acquired under the agreement with the Mauritius Sugar Producers Association (MSPA).

12.5.1 Illegal Construction of Buildings on State Lands leased for Agricultural purpose

At paragraph 14.4.3 of the Audit Report for financial year ended 30 June 2017, I reported that the number of illegal constructions as of 30 September 2017 was 14, of which two were for major residential and commercial buildings.
As of 31 October 2018, the number of illegal constructions stood at 11, of which three cases were in process of being regularised, including the two major buildings reported above. Despite the fact that the Officers of LUD had performed site visits and reported the illegal constructions, no legal action had been taken by the Ministry against the lessees.

Recommendation

The Ministry should set up a Fast Track Committee to address cases of illegal constructions and also to review the Lease Agreement to prevent illegal construction on agricultural State Land.

Ministry's Reply

Regarding one major case at Terre Rouge Land Settlement, a new lease on a reduced extent has already been drawn by LUD for agricultural land after survey and the excised part has been vested to the Ministry of Housing and Lands.

The Lease Agreement is being reviewed to prevent illegal activities on State Lands.

12.5.2 Allocation of Land without Parcel Identification Number (PIN)

At paragraph 14.4.5 of the Audit Report for financial year ended 30 June 2017, mention was made that of the 4,291 plots of agricultural State Land, 263 were allocated or renewed without Parcel Identification Number (PIN) during 2016-17. The same situation still prevailed regarding assignment of PIN to plots of land.

As of 31 October 2018, only 324 (seven per cent) of the 4,547 plots of agricultural State Land have been assigned PINs, representing an increase of only 26 plots as compared to 298 as of 30 September 2017. Of the remaining 4,223 plots of agricultural State Land, 130 were allocated or renewed without PIN during 2017-18. This practice is not in line with the Cadastral Survey Act.

Recommendations

The LUD should ensure that the private Land Surveyor prioritises surveys on plots of State Land which have already been committed.

State Lands should be leased to tenants after the plots have been assigned individual PIN, in compliance with the Cadastral Survey Act.

Ministry's Reply

Plots that were not yet surveyed are no longer allocated to lessees.

12.5.3 Land Surveying Services – Rs 15,164,245

The contract to provide land surveying services of agricultural State Land of an area of some 6,000 arpents, including sub-division of lots, fixing of boundary limits and assignment of PINs, with a private Land Surveyor, was signed by the Ministry on 24 May 2016 for the sum of Rs 15,164,245. The duration of the contract was for two years and works were expected to be completed by 24 May 2018.

On 9 April 2018, the Land Surveyor requested for an extension of time as per provisions in the General Conditions of Contract (Force Majeure). The Ministry solicited the opinion of the Attorney General's Office, which advised to wait until 30 November 2018.

There was no plan of works, detailing how the survey exercise would be executed and completed within the time frame of two years. As of 30 November 2018, only 20 per cent of the contracted works had been completed.

Liquidated damages, as per the Special Conditions of Contract, have not been charged against the Land Surveyor for non-completion of works within the contractual period.

Ministry's Reply

The Ministry was advised by the Attorney General's Office to come to a mutual agreement with the private Surveyor. Accordingly, the Ministry agreed to offer an extension of time up to April 2019. A formal reply is being awaited from the private Surveyor regarding his acceptance and a decision will be taken accordingly.

12.5.4 Land Settlements

Cases of Non-Compliance with Lease Agreement

- *State Land at Bois Marchand*

State Land of an extent of 6.4 hectares (15A02P) at Bois Marchand was leased to a private Company for a period of 25 years ending 28 February 2033. The same shortcomings as reported at paragraph 14.4.6(ii) of the Audit Report for the financial year ended 30 June 2017, still prevailed.

On 4 April 2017, the LUD informed the lessee that the Ministry had decided to resume possession of an extent of 12A50P from the 15A02P, as from 4 October 2017 since the land was left in an abandoned state.

As of 31 October 2018, the lessee has not yet been notified of the cancellation of the existing Lease Agreement and drawing up of a new one, on the reduced extent of 2A52P.

Ministry's Reply

The issue is still under consideration at the level of the Ministry.

- *State Land at Arnot I - Plot 17B*

On 17 March 2011, land of an extent of 90 perches at Arnot I, Moka was granted to a lessee for a period of seven years ended 18 March 2018 for the purpose of vegetable cultivation. On 30 September 2014, the lessee's watchman informed the LUD that he had paid a sum of Rs 82,000 to the lessee to occupy the said plot of land. On 26 February 2015, the lessee relinquished his rights over the plot of land on the basis of poor financial situation and weak health.

On 5 August 2015, the watchman was requested by the LUD to vacate the said plot of land. Despite the request, the watchman was still illegally occupying the plot of land as of 31 October 2018.

Ministry's Reply

Monitoring visits are carried by Officers of LUD. However, it is difficult to detect all transactions effected between a lessee and a third party unless the Ministry is informed of such transaction or a major change is being carried on the plot.

12.5.5 Mauritius Sugar Producers Association (MSPA) Lands Scheme

At paragraphs 14.3.6 and 14.4.7 of the Audit Reports for the 18-month period 1 January 2015 to 30 June 2016 and financial year ended 30 June 2017 respectively, I drew attention on the agreement signed in April 2008, between Government and the MSPA, whereby land under sugar cane cultivation of an extent of 2,000 arpents would be granted to Government by Corporate Planters who are members of the MSPA. Land would be released as and when required during the period of the lease, which was valid up to 31 December 2017.

As of 31 October 2018, that is, 10 months after expiry of the agreement, the acquisition of land as agreed between Government and the MSPA, has not yet been completed. Only an extent of 961 arpents allocated for agricultural projects and 372 arpents for housing and other social projects, representing 67 per cent of the total extent of land, have so far been acquired.

Procedures have been initiated for the acquisition of 454 arpents, representing 23 per cent of the 2,000 arpents. Survey report was being finalised for seven per cent and proposals were under consideration for the remaining three per cent.

Ministry's Reply

The MSPA has agreed to the Ministry acquiring the remaining plots even after expiry of the agreement.

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13 - MINISTRY OF YOUTH AND SPORTS

13.1 Grants - Rs 57.1 million

During 2017-18, grants totalling Rs 57.1 million were disbursed to two Statutory Bodies - the Mauritius Sports Council (MSC) and the National Youth Council (NYC), one Special Fund - the Trust Fund for Excellence in Sports (TFES), and one private Company - the Mauritius Multisports Infrastructure Limited (MMIL).

All the conditions specified in Financial Instructions were again not mentioned in the Grant Memoranda, although I reported thereon at paragraph 7.1.1 of the Audit Report for the financial year ended 30 June 2017. These included the services to be delivered and service standards, the cash/deposits with banks and other financial investments at start of the financial year.

The above four bodies did not submit all the relevant documents to support the applications for grants. Delays were also noted in the submission of the Annual Reports to the Ministry by MSC and TFES.

The Accounting Officer of the Ministry of Youth and Sports (MYS) was appointed as one of the Directors of MMIL with effect from 5 April 2017. He approved the disbursements of grants during 2017-18. This might give rise to conflict of interest.

Recommendation

The Ministry should ensure that Financial Instructions are duly adhered to, grant recipients comply with all the conditions laid down in the Grant Memoranda and conflict of interest does not arise while appointing Directors of bodies obtaining grants from the Ministry.

Ministry's Reply

The Finance Section will henceforth ensure that Grant Memoranda are properly filled in prior to disbursement of funds.

The above organisations have been urged to comply with the Financial Instructions issued by the Ministry of Finance and Economic Development and the Statutory Bodies (Account and Audit) Act, regarding submission of accounts.

The appointment of the Supervising Officer of the Ministry on the Board of MMIL was approved by Government. Henceforth, any matter related to the Company would be dealt with by the Deputy Permanent Secretary (Sports).

13.2 Financial Assistance – Rs 71.1 million

During 2017-18, financial assistance totalling Rs 71.1 million was provided to Football Clubs and Committees (Rs 20.3 million) and Sports Federations (Rs 50.8 million) for the promotion and development of sports.

13.2.1 Football Clubs and Committees

Agreements were signed by the Ministry and Football Clubs and Committees in respect of financial assistance from October to December 2017 for the year ended 30 June 2018, whereby they were required to comply, among others, with the Sports Act, directives, regulations and statutes of the Mauritius Football Association. Financial assistance was provided although they were again not complying with the conditions, as previously reported at paragraph 7.2 of the Audit Report for the financial year ended 30 June 2017.

13.2.2 Sports Federations

As of 30 June 2018, 48 National Sports Federations which were operating in Mauritius, including six Multi - Sport Organisations and one Statutory Body, benefited from grants from the Ministry.

Several conditions specified in the Sports Act were again not complied with**.** For instance, 14 Federations did not submit their insurance policy certificates and 10 of the policies submitted, did not fully cover the year ended 30 June 2018. Two Federations failed to submit audited financial statements for the year ended 30 June 2018. The audited financial statements submitted by one Federation were not signed while another one did not submit its financial statements. Two others did not submit receipt vouchers duly certified to support payments.

Recommendation

The Ministry should ensure that the requirements of the Sports Act, as well as the conditions pertaining to the allocation of financial assistance, are duly complied with.

Ministry's Reply

The Sports Federations were given a moratorium to comply with the provisions of the Sports Act. The degree of non-compliance by National Sports Federations varies. However, the Ministry cannot freeze all assistance to these Sports Federations, so as not to penalize the athletes.

The agreements between the Ministry and the Football clubs have been reviewed to include new clauses. The Football clubs have been urged to comply with the provisions of the Sports Act, directives, regulations and statutes of the Mauritius Football Association.

13.3 Indian Ocean Island Games 2019 – Rs 33.2 million

In April 2016, the 'Comité D' Organisation des 10ème Jeux des Iles de L'Ocean Indien' (COJI) was set up for the organisation of the Indian Ocean Island Games (IOIG) 2019. During financial year 2017-18, the Ministry disbursed a total amount of Rs 33.2 million to COJI. The payments were effected in four instalments, as shown in Table 13-1.

Table 13-1 Disbursements to COJI

Date payment made	Amount requested (Rs million)	Amount disbursed (Rs million)	Amount in forecast for booking of hotels (Rs million)
03.11.17	13.00	13.00	13.00
20.12.17	5.50	5.50	10.09
06.06.18	4.50	4.50	0.50
26.06.18	15.00	10.20	0.40
Total	**38.00**	**33.20**	**23.99**

The first payment of Rs 13 million to COJI represented 10 per cent payable to hotels for confirmation of booking for athletes and delegations for the IOIG. As per requests for funds relating to the other three payments, the forecasted expenditures included a total of Rs 10.99 million as deposits for booking of hotels.

Financial Instructions No 4 of 2013 and No 1 of 2017 require that checks should be carried out prior to disbursement of funds and payment vouchers should be duly supported. According to the Statement of Receipts and Payments for the year ended 31 December 2017, payments relating to accommodation for IOIG 2019 amounted to Rs 3.5 million. Details of actual payments for booking of hotels for athletes and delegations for the IOIG 2019, as per forecasts of expenditure submitted by COJI, were, however not available at the Ministry.

Recommendation

Given that public funds are concerned, the Ministry should ensure that requests for funds are duly reviewed before disbursements to ensure that these are fully justified, supported and are being used efficiently and effectively.

Ministry's Reply

COJI is an independent organisation and does not fall under the aegis of the Ministry. COJI submits its requests for funds based on estimates and the Ministry disburses same as per established financial procedures. It is the responsibility of COJI to ensure judicious use of funds made available for the organisation of the IOIG.

Audit Comment

Although COJI is responsible for the judicious use of funds made available for organization of the IOIG, the Ministry has the primary responsibility to ensure that prescribed Financial Instructions relating to payments are duly complied with before disbursements of funds.

13.4 Security Services - Rs 24.26 million

In September 2017, the contract for the provision of security services at 46 Sport Complexes/Youth Centres across the island was awarded to Contractor A for the sum of Rs 24.26 million (exclusive of VAT) for period 1 November 2017 to 31 October 2018. The contract provided that the Ministry may terminate the contract by giving 30 days' advance notice to the Contractor and forfeit the Performance Bond when the services provided are not to the satisfaction of the Ministry, or any fundamental breach of the contract is noted.

13.4.1 Profile of Security Guards

The Ministry failed to duly consider the conditions specified in the Bidding Documents relating among others, to the age of the security guards. At certain Youth Centres, security guards were above 65 years while the maximum age limit as per contract was 55.

The Ministry did not carry out checks to ensure that the security guards posted at the different sites were those on the official list of security guards submitted by the Contractor.

13.4.2 Performance Monitoring

Several complaints were received from Youth Centres regarding absences of security guards on sites. A case of theft was also reported at one Multisports Complex on 5 March 2018. Other shortcomings included unauthorised access by the public to the premises and also late arrivals of the security guards that were reported by the Officers in Charge of Youth Centres and Sports Infrastrutures.

In April 2018, the Ministry decided to issue a severe letter of warning to the Contractor and terminate the contract, with immediate effect, in case there was no improvement in the service delivery. No correspondence was, however, available at the Ministry to indicate that there has been proper follow up.

Recommendations

The Ministry should ensure that the services provided by the Contractor are as per the Conditions of Contract. Regular checks should be carried out to ensure that the security guards at each site are as per the list submitted. The remedies provided for in the Contract should be enforced in cases of non-compliance by the Contractor.

Ministry's Reply

The Service Provider was notified of shortcomings. The age of the security guards is a common shortcoming. The Service Provider was requested to remedy same but it did not respond. Penalties were therefore applied at the rate mentioned in the contract.

The Ministry has considered the option not to renew the contract. However, for practical reasons, the services of the Service Provider were maintained until a new Service Provider is recruited.

13.5 Contracts for the Construction and Upgrading of Sports Infrastructure and Youth Centres

During financial year 2017-18, payments totalling Rs 23.4 million were effected for the construction and upgrading works. Several instances were noted where the Contractors were not complying with the Conditions of Contract.

13.5.1 Extension of Time and Liquidated Damages

The renovation of the synthetic track at Auguste Volaire Stadium was due for completion on 2 September 2017. As per Practical Completion Certificate, the works were completed on 12 September 2017. There was thus a delay of 10 days and liquidated damages amounting to Rs 200,000 were deductible from payment. According to a Payment Certificate, the extended completion date was 13 September 2017. There was neither a request for Extension of Time (EOT) by the Contractor nor Ministry's approval. Hence, the non-application of liquidated damages was not justified.

The construction of New Toilet Blocks at the existing Dormitories at Pointe Jerome Youth Centre was due for completion on 4 January 2018. The Contractor applied for an EOT of 35 days, four days after the contractual completion date. An EOT of 15 days was granted by the Ministry on 28 June 2018, that is, more than five months later. These were not in line with the Conditions of Contract. The works were practically completed on 28 January 2018. However, the Certificate of Practical Completion and Taking Over was not produced.

13.5.2 Non Compliance with Specifications

During site visits carried out by my officers in October 2018, it was observed that the tiles in the toilet blocks at Pointe Jerome Youth Centre, were not as per specifications. Gaps were seen between the ceramic tiles and the internal blockwall. Further, there were cracks both inside and outside four toilet blocks, and similar cracks on the exterior of another four blocks. It could not be ascertained whether instructions were issued to the Contractor to make good these defects within the Defects Liability Period (DLP), which expired on 27 January 2019.

13.5.3 Performance Security and Insurance Policies

As of November 2017, although the completion date for the renovation works at the Auguste Volaire Stadium was extended from 2 September to 13 September 2017, a revised Insurance Policy was not submitted. The Performance Security was also not extended to cover the DLP.

The Insurance Policy submitted for the construction of the Low Blockwall Fencing at Pointe Jerome Youth Training Centre was not as per Bidding Documents in that, the name of the Principal, title of the contract, brief description of the works and joint names of the Contractor and Employer were missing.

The Insurance Policy relating to the construction of a High Level Fencing at Centre de Formation Francois Blaquart (CNFF) Reduit, which expired on 30 June 2018, was not extended up to the end of the DLP which was 5 November 2018.

13.5.4 Test Certificates

There was no documentary evidence to ascertain that water tests and a survey of the existing ground level were carried out at the Auguste Volaire Stadium prior to start of renovation works.

Recommendations

The Ministry should ensure that all the Conditions of Contract relating to, among others, EOT, due submission of contractual documents and rectification of all defects before release of final payment, are duly complied with by the Contractor.

Ministry's Reply

EOT for Auguste Volaire Stadium was granted to the Contractor by Ministry of Public Infrastructure and Land Transport and same communicated to this Ministry. However, the said request was made directly to MPI.

The Ministry would ensure that remedial works at the New Toilet Block at Pointe Jerome Youth Centre would be undertaken by the Contractor prior to issue of the Final Completion Certificate by the Project Manager.

A proper monitoring would be made to ensure that insurance covers are extended as and when required.

13.6 Sports and Youth Infrastructures

At paragraph 7.7 of the Audit Report for the financial year ended 30 June 2017, I drew the attention of the Ministry to the lack of maintenance of Sports and Youth Infrastructures. During financial year 2017-18, the Ministry disbursed some Rs 17.8 million as maintenance costs.

As at 30 June 2018, the MYS had a pool of 74 Sports and Youth infrastructures across the island, comprising Swimming Pools, Gymnasiums/Sports Complexes, Stadiums, Football Grounds, Youth Centres, Residential Training Centres and other Sports Infrastructures. The MYS managed 41 of these infrastructures, while the remaining 33 fall under the responsibility of the Mauritius Sports Council (MSC) (30) and of Sports Federations (3).

During site visits carried out at the Youth and Sports Infrastructures in October and November 2018, the following were again observed;

13.6.1 Stadiums

Some of the structures of the blockwalls at Sir Harry Latour and at Auguste Volaire stadiums were found damaged. The reinforced columns, beams and walls were spalled with deep cracks and iron bars were rusted.

Some of the slabs covering the drain near the football pitch at the Harry Latour Stadium were found damaged. All the toilets were out of order.

There were traces of water leakages and cracks at the Administrative Section of Sir Harry Latour, AugusteVolaire and Quartier Militaire stadiums.

At the Sir Harry Latour Stadium and Petit Raffray Sports Complex, a payment of Rs 541,880 was effected on 23 August 2017 for repairs of floodlights. However, 15 floodlights were still found to be defective.

13.6.2 Swimming Pools

At the technical chamber of the Souvenir Swimming Pool, water was infiltrating the roof which was spalled and the iron bars were rusted. Some items of equipment at the premises were also rusted. One of the water pumps was defective and two sand filters were leaking.

At the Rivière du Rempart Swimming Pool, water from the shower tub in the cloakroom was leaking through the wall of the staircase. The electrical wires in the technical chamber were loose and the emergency lights were not functioning.

At Mare d'Albert Swimming Pool, there were traces of water leakages in the coach room, gymnasium, cloakrooms and toilets. 50 per cent of the floodlights at the Deck Pool were defective. Three rolls of thermal covers which have never been used, were still lying in the yard.

13.6.3 Youth Centres/Sports Complexes/Residential Centres

There were cracks and traces of water leakage in some buildings. Several toilets were in a deplorable state and were reported to be out of order. Several items of fitness equipment were reported defective.

At Riviere du Rempart Youth Centre, the roof insulator and some of the fog lights at the gymnasium and hall were damaged and defective. The floodlights at the Flacq Youth Centre and Quartier Militaire football ground were also not functioning properly.

At the Brisée Verdière Youth Centre, an amount of Rs 1.1 million was disbursed in 2017-18 for upgrading works. However, the aluminium openings of the toilets were not equipped with ventilators and the galvanized pipes of the volleyball pitch were rusted.

At Anse La Raie Residential Centre, the concrete structure of some of the dormitories and toilets blocks was spalled and the iron bars were heavily rusted.

A set of two indoor portable floor backstop units costing some Rs 2.1 million was found wrapped in plastic film at the Phoenix Gymnasium and has not been used since its commissioning in June 2017.

At CNFF Reduit, an amount of Rs 1.7 million was spent for the construction of High Level Fencing. The galvanized pipes were poorly welded and rusted. Primer coating was not consistently applied on welded parts.

The Lawn Tennis/Handball Court at Bon Accueil Sports Complex costing some Rs 5 million has so far not been used for any sports activity since its taking over by the

Mauritius Sports Council in 2015. All the fitness equipment at the Gym Room were defective.

Ministry's Reply

Necessary remedial works at Auguste Volaire and Quartier Militaire Stadiums will be carried out under the Association for the Upgrading of the Indian Ocean Island Games Infrastructure (AUGI).

Renovations works at Sir Harry Latour Stadium would be undertaken once upgrading works under AUGI are completed.

Civil works would be considered in due course. Needful would be done for the leakage issues. MYS will look into the defective floodlights issue at Flacq Youth Centre. A request for electrical works from this Ministry has been sent to the Electrical Services Division (ESD) and same is under consideration at their level.

A contract has been awarded for works at Anse La Raie Youth Training Centre on 17 January 2019. The portable floor backstop units were not appropriate, being under dimension for the pitch and could not be used for the competition. It is being envisaged to use the posts at Malabar Gymnasium in Rodrigues which requires new posts.

Remedial works at CNFF Reduit and Pointe Jérome Youth Centre will be carried out by the Contractors.

There is a lack of interest from the general public mainly because there is no tennis coach and also water accumulation problem during heavy rainfall at the Lawn Tennis/ Handball Court. The Ministry will look into this in due course.

14 – MINISTRY OF BUSINESS, ENTERPRISE AND COOPERATIVES

14.1 E-Registration Project

The Cooperatives Division e-Registration Project (CDeRP) was initiated in 2016-17 to enable:

- Potential promoters of a Cooperative Society to submit their applications for registration and to pay the application fee online.

- The Registrar of Cooperative Societies to issue the Certificate of Registration to the applicants online.

- Cooperatives to submit their final accounts online to the Cooperatives Division for processing and audit. This will ensure uniformity in the presentation of their Accounts.

As at 30 June 2018, the Cooperatives Division had disbursed some Rs 6 million for the software development, acquisition of hardware, furniture, equipment and miscellaneous expenses in connection with the CDeRP.

14.1.1 Use of Software

The contract for the CDeRP software was signed with a private Company for Rs 1.6 million on 15 March 2017. As at 30 June 2018, Rs 1.1 million or 70 per cent of the contract value had been paid to the private Company.

The CDeRP software which should have been installed, customised, configured, tested and commissioned by 15 August 2017, was delivered and commissioned in June 2018 with a delay of 10 months. The Cooperatives Division applied the 10 per cent liquidated damages.

However, as at November 2018, the Commissioning Certificate was not available.

Since July 2018, though available for use, the CDeRP was not being optimally used. The following were noted:

- *On line Registration.* From July to October 2018, only 18 new Cooperative Societies were using the CDeRP for online registration, out of them, four were successful. 31 new Cooperative Societies were manually registered for the same period.

- *On line Payment.* For July to October 2018, only two Cooperative Societies effected online payment of their application fee, while 831 Cooperative Societies paid the application/annual fees at the cash office of the Cooperatives Division.

- *On line Accounting.* The Accounting Module had not been used. As at 26 October 2018, financial statements of 185 Cooperative Societies were received at the Cooperatives Division. The preparation and submission of these financial statements were done manually.

- *Online Reports*. Operational, analytical and compliance reports were not generated.

Ministry's Reply

22 vulnerability issues have been identified and addressed. Eight are of high risk severity and 14 are of medium risk severity. Once all the 22 issues are catered, Central Information Systems Division would be requested to complete the commissioning.

Promoters are sensitised to utilise the online payment module, but nevertheless, some prefer to make cash payment.

The Accounting Module refers to the online submission of financial statements by Secretaries/Bookkeepers of Cooperative Societies. Regarding the submission of those financial statements, despite being mentioned in the bid document, the software developer has failed to complete the system within the timeframe. As at date more than 90 per cent of this module had been completed. The software developer had been urged to complete the system.

14.1.2 Use of Hardware Acquired

During financial year 2017-18, the Cooperatives Division disbursed Rs 3.8 million for the acquisition of 101 Personal Computers. On 30 October 2018, a survey at the store of the Cooperatives Division revealed that 17 new Personal Computers were still in their boxes.

These new Personal Computers, costing Rs 649,400, were delivered on 1 August 2017. After 15 months, they had not been used. The one year warranty had already lapsed.

14.1.3 Training

The manual system was still being adopted by the Cooperative Societies as training for use of the new computerised system had not yet been imparted to representatives of Cooperative Societies.

Conclusion

The Cooperatives Division had invested some Rs 6 million in the CDeRP, and yet was unsuccessful in deriving most of the benefits from this investment.

Considerable delay in the implementation of the project had been noted. The CDeRP should have been operational since December 2017 according to its project write-up. The Cooperatives Division should take all necessary measures so as not to further delay the implementation of the CDeRP.

Ministry's Reply

All equipment has already been distributed.

Initially the training for trainers was scheduled in November 2018. However, training could not be held as issues for replicating the live environment had to be resolved. Training for Secretaries and Bookkeepers will be conducted by the Trainers as from March 2019 at the respective training centres. The training is expected to be completed by 30 June 2019.

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15 - MINISTRY OF SOCIAL INTEGRATION AND ECONOMIC EMPOWERMENT

15.1 General

The vision of the Ministry of Social Integration and Economic Empowerment is the eradication of extreme and chronic poverty to create an inclusive and more equitable society. Its mission is to support and empower the vulnerable groups registered and found eligible for social aid under the Social Register of Mauritius. The aim is to mainstream them in society and improve their quality of life in a sustainable manner through the provision of an effective and efficient service delivery, imbued in equity, fairness and impartiality.

15.2 Grants to National Empowerment Foundation

The National Empowerment Foundation (NEF) is the executive arm of the Ministry for the implementation of Government programmes, such as social housing for vulnerable groups and upgrading of existing houses. During 2017-18, the Ministry disbursed funds totalling some Rs 252.1 million in respect of grants to the NEF for its operational expenses, as well as for the implementation of programmes/capital projects.

At paragraph 12.2 of the Audit Report for the financial year ended 30 June 2017, mention was made that the Ministry was not properly monitoring the activities of NEF, thereby ensuring compliance with the conditions of the Memorandum of Understanding (MOU).

For 2017-18, despite that NEF had failed to comply with conditions of the MOU mentioned at paragraphs 15.2.1 to 15.2.4 hereunder, the Ministry had disbursed funds to NEF, specially funds for the implementation of capital projects, most of which had remained unspent as of 30 June 2018.

15.2.1 Submission of Annual Reports

As of January 2019, NEF had still not submitted to the Ministry its Annual Report (AR), including audited Financial Statements (FS) for the years ended 31 December 2013, 31 December 2014 and 31 December 2015 and for the 18-month period 1 January 2016 to 30 June 2017. The non-submissions of AR for the said years/period end were therefore not in line with the MOU which stipulates that NEF undertakes to '*submit an Annual Report (including its audited Financial Statements) to the Ministry not later than four months after the end of its financial year, that is 31 December of each year*'. Had proper monitoring been done, the Ministry could have taken prompt action to ensure that NEF submitted its AR on due dates.

15.2.2 Action Plan

According to the MOU, NEF undertakes to '*submit at the beginning of each financial year an Action Plan for the implementation of projects specifying targets for each field of activity together with a forecast of expenditure*'. NEF submitted an approved Action Plan for 2017-18 on 8 February 2018, that is more than seven months after the due date of July 2017.

A total amount of Rs 125 million was provided for in 2017-18 for the implementation of capital projects. The Action Plan was not complete as it included details of new projects to be implemented amounting to Rs 11.1 million only. Given that previous year's commitments for contracts already awarded were Rs 30 million, new capital projects for a sum of Rs 83.9 million, which were to be implemented during 2017-18 were therefore not included in the Action Plan. Nevertheless, the Ministry had neither drawn the attention of NEF to this effect nor requested for a proper Action Plan to be submitted.

15.2.3 Quarterly Progress Reports

NEF had not submitted any quarterly progress reports on its achievements for each Programme, as provided for in the MOU. The Ministry had also not requested same from NEF.

Moreover, NEF had already awarded contracts in June 2017 for the construction of 116 fully concrete houses in Mauritius under the 'Social Housing for Vulnerable Groups' programme. They were due for practical completion by June 2018. However, according to the Ministry, only 23 out of the 116 houses were completed as of 30 June 2018. The status of the remaining 93 houses was not known.

In the absence of quarterly progress/status reports from NEF, it was not known whether and how the Ministry was monitoring the implementation of Government Programmes entrusted to NEF on its behalf and also ensuring that funds disbursed to the latter were being used for the intended purpose.

15.2.4 Grants disbursed for Social Housing

During financial years 2016-17 and 2017-18, the Ministry disbursed funds amounting to some Rs 221 million under the Item 'Social Housing for Vulnerable Groups' for the construction of fully concrete houses and upgrading of existing houses. As per a 'Statement of Actual Expenditure' from NEF, amount spent as at 30 June 2018 was some Rs 49.3 million as shown in Table 15-1.

Table 15-1 Funds Disbursed for Social Housing for Vulnerable Groups

Details of Project	**Estimates (Rs million)**		**NEF Amount (Rs million)**	
	2016-17	**2017-18**	**Received**	**Spent**
Construction of fully concrete houses	85	115	200	46.5
Upgrading of existing houses	12	10	21	2.8
Total	**97**	**125**	**221**	**49.3**

Source: TAS and Statement from NEF

Of the total funds of Rs 221 million disbursed, the remaining amount of Rs 171.7 million, that is more than 77 per cent, had thus remained unspent as at 30 June 2018. As regards the sum of Rs 72.6 million disbursed to NEF on 18 June 2018 for the construction of other concrete houses and upgrading of existing houses, neither details of capital projects to be undertaken nor approval of its Board were seen.

Recommendations

The Ministry should exercise proper and timely monitoring of the activities of NEF by ensuring that progress reports are received on time. It should regularly request for all details of capital projects implemented by NEF to ensure that funds disbursed have been utilised promptly and for the intended purpose.

The Ministry should also ensure that Government Programmes are being implemented efficiently and effectively and that the terms and conditions of the MOU are being complied with.

Ministry's Reply

The contract of employment of the Chief Executive Officer of NEF has been amended to ensure the timely preparation of annual budget, proper management of funds, as well as preparation of its final accounts and Annual Report.

Regarding the quarterly progress reports for 2017-18, same was submitted to the Ministry on 28 December 2018. Of the 93, 45 houses have been completed by January 2019 and the remaining 48 are expected to be completed by December 2019.

The Ministry was requested to implement certain housing projects, namely at Camp le Vieux and La Valette for the relocation of squatters and thereafter the decision was reviewed. However, after consultation with the Ministry of Finance and Economic Development (MoFED), the Ministry disbursed the funds for the implementation of fully concrete housing projects.

15.3 Empowerment Support Scheme

The 'Empowerment Support Scheme' mentioned at paragraph 12.3 of the Audit Report for the financial year ended 30 June 2017 was further reviewed.

For 2017-18, the Ministry disbursed subsistence allowance totalling some Rs 217 million to some 10,800 eligible beneficiaries under this Scheme.

15.3.1 Subsistence Allowance

Before being paid the subsistence allowance, the beneficiaries in the Social Register of Mauritius (SRM) were required to sign the 'Marshall Plan Social Contract'. This contract was to be renewed/terminated after an initial period of 12 months following an assessment/review of compliance by the beneficiary with regard to conditions laid down in the contract and of progresses achieved. However, upon expiry of the 12-month period, all contracts had been renewed automatically without any assessment having been done.

As at December 2018, the Ministry had still not set up a monitoring and evaluation system to enable assessment of each beneficiary/family.

15.3.2 Impact of Minimum Wages and Negative Income Tax

As from January 2018, Government has implemented the 'Minimum Wages' and the 'Negative Income Tax Incentive' as a means to combat poverty. However, the Ministry had not evaluated the impact of these two measures on the 'prescribed eligibility threshold' of the Scheme. The Ministry may need to come up with a Policy decision, since actual beneficiaries may not all be still eligible for the subsistence allowance after an update of their respective income in the SRM.

15.3.3 Social Contract

At paragraph 12.3.3 of the Audit Report for the financial year ended 30 June 2017, mention was made that NEF was requested to have the 'Addendum to Agreement' signed by some 8,000 beneficiaries who had previously signed a temporary agreement prior to April 2017. As at September 2018, it could not be ascertained whether all 8,000 beneficiaries had signed the said document, which was essential for the monitoring of the obligations of the beneficiaries.

Further, with regard to the eight beneficiaries who were being paid the monthly subsistence allowance despite they had not signed any agreements, the respective signed social contracts could still not be produced for audit.

Filing and Examination of Social Contracts: Social Contracts were still not properly filed for ease of retrieval. Out of a sample of 50 contracts requested for examination, only 15 could be produced. An examination of the 15 contracts signed during 2017-18 revealed the following weaknesses:

Segregation of duties. In six cases, junior staff of NEF, in addition to being the same field officers verifying details of applicants, were also signing the 'Marshall Plan Social Contract' on behalf of NEF. There was thus a lack of segregation of duties.

Beneficiary's Bank account. In six other cases, the monthly subsistence allowance was still being paid into the bank account of persons other than the beneficiaries.

Recommendations

A Monitoring and Evaluation System should be set up without delay to enable the assessment of each beneficiary for renewal or termination of the social contract in the future.

Impact of the Minimum Wages and Negative Income Tax should be worked out for a Policy decision to be taken.

Remedial action should be taken for the other shortcomings identified in the implementation of the Empowerment Support Scheme.

Ministry's Reply

Government has now decided that all social contracts ending as from November 2018 are being extended up to June 2020 so that NEF can undertake monitoring of the compliance to the conditions of the social contract.

Following consultation with MoFED, a review of the existing Proxy Means Test and Poverty threshold is under consideration. The possibility of implementing the new Proxy Means Test to better target beneficiaries living in conditions of absolute poverty is being looked into.

A proper system has now been put in place for the screening of social contracts.

15.4 Decentralised Cooperation Programme (DCPII)

The Decentralised Cooperation Programme (DCP) was initially set up in 2014 and implemented at MoFED under the Programme Coordinating Unit (PCU) through grants received from the European Union for the implementation of certain projects. This Programme was transferred under the aegis of this Ministry as from 3 June 2017 although the projects were still being implemented by the PCU of MoFED.

From an examination of expenditure totalling Rs 65,506,797 incurred for 2017-18, it was noted that a sum of Rs 6,709,388 was refunded to the European Union. These expenses incurred by the PCU were declared as ineligible expenses by the independent Auditor appointed by the European Union in 2017. The reasons for the ineligible expenses are detailed at Table15-2:

Table 15-2 Reasons for Ineligible Expenses

Reasons	Amount (Rs)
Amounts incurred by grant beneficiaries were not budgeted	511,081
Amount incurred by the PCU after the operational period	1,375,000
EU procurement procedures were not followed by the PCU in award of contract for publicity	4,823,307
Total	**6,709,388**

Recommendation

The Ministry needs to liaise with MoFED for necessary action in respect of recovery of the ineligible expenses incurred by grant beneficiaries, and also any action deemed necessary in respect of the two other reasons for ineligible expenses.

Ministry's Reply

With regard to 'Amounts incurred by grant beneficiaries were not budgeted', a monitoring tool has been put in place since December 2017.

For 'Amount incurred by the PCU after the operational period', the programme was in January 2018 given that the University of Mauritius could not implement same in December 2017 due to the holiday period.

MoFED has approached the Internal Control Unit to carry out, among others, a review of the processes at the DCP. The exercise has started in January 2019 and the report is expected to be completed by end of March 2019.

16 - Ministry of Gender Equality, Child Development and Family Welfare

16.1 The Child Protection Register (CPR) and the Domestic Violence Information System (DOVIS)

The two web based Information Systems, developed in June 2014 and June 2016 at the cost of Rs 2.8 million and Rs 1.3 million respectively, and meant for the registration of reported cases of domestic violence and other family problems dealt with by the Ministry, were hosted on the Government Online Centre (GOC). The Systems were to be accessed and updated by the Ministry and six Family Support Bureau (FSB) located around the island.

As of November 2018, the two Systems were not yet operational at two FSB, namely Flacq and Souillac. Manual operations were still being carried out. The warranty periods of the CPR and DOVIS expired on 27 April 2015 and 10 June 2017 respectively.

Records of cases prior to the operation of the System were kept manually. Only new cases of children victim of maltreatment, domestic violence and other family problems registered were input in the CPR and DOVIS Systems at the four FSB where the Systems were operational.

For the period March 2016 to 12 October 2018, 1,788 cases of *Child Maltreatment Cases* were recorded in the CPR System by the Child Development Unit (CDU) found at the four FSB. As of 12 October 2018, 2,197 cases were yet to be input in the CPR System.

As for *Domestic Violence,* 7,644 cases were reported at the four FSB during the period June 2016 to August 2018. As of September 2018, some 5,500 cases were registered on the DOVIS System, representing 72 per cent of cases.

Ministry's Reply

The Systems are operational at CPS Souillac since February 2019 and will be implemented at CPS Flacq by the first week of March 2019.

Due to connectivity problems during the period August 2017 to April 2018, cases could not be registered at FSB Goodlands. The problem has been addressed and a team of officers are working to clear the back logs.

16.2 Shelters/Residential Care Institutions (RCIs)

The obligation for survival, protection and development of children in accordance with the Convention on the Rights of the Child was ensured by agencies of the Ministry and Non Governmental Organisations (NGOs). Government Agencies and NGOs sheltering children in distress, placed by the Child Development Unit (CDU) of the Ministry, were supported financially by Government.

During financial year 2017-18, 20 Shelters/RCIs were in operation ensuring the safety of children in distress. Four shelters, namely L’Oiseau du Paradis, La Dauphinelle, La Marguerite and Heaven Children Centre, ran by an NGO, were closed during the period

August 2017 to July 2018. Residents of the shelters were relocated to the two Government shelters run by the National Children Council (NCC) and other shelters run by NGOs.

Disbursements by the Ministry during 2017-18 in connection with the 20 Shelters/RCIs, totalled some Rs 93 million. Included in this amount were some Rs 21 million paid to the NCC as reimbursement of expenses incurred for the running of Government shelters La Colombe and L'Oasis, Rs 4 million as Capitation Grant and Management Fee to the Children Foundation for the running of Government shelter La Cigogne, and Capitation Grants of Rs 3.9 million and Rs 64 million respectively to the Shelter- Women and Children in Distress and 13 other NGOs.

The operations, and the manner in which children in distress were placed at Government shelters La Colombe, L'Oasis, run by the NCC, La Cigogne, run by the Children Foundation and four shelters namely Shelter Women and Children in Distress, SOS Village, Etoile du Berger and Association Pour Les Handicappes de Malherbes, run by NGOs, were reviewed for the period July 2017 to October 2018.

16.2.1 Issues common to Government and Private Shelters

Regulations for the Management of RCIs

Despite repeated emphasis by my Office on the need for a legal framework to regulate the management of Shelters/RCIs, the regulations were not finalised as of November 2018. Such regulations, being legally enforceable, would act as a deterrent against potential instances of mismanagement and/or abuse.

Compliance with Policies of the Ministry

Policies of the Ministry pertaining to the sheltering of children in distress placed in RCIs were not being properly complied with by RCIs. Significant shortcomings were noted in the administration of the RCIs with regard to records relating to character of staff of RCIs, completeness of the Admission/ Discharge Books, preparation of food, completeness of file of Residents in terms of Court Orders, Birth and Health Certificates, including their schooling, dietary requirements and medical/ psychological follow ups, and general safety of the shelters.

The absence of signed Memorandum of Understanding (MOU) with Private shelters run by NGOs precluded the enforcement of these policies on the NGOs.

16.2.2 Issues for Specific Shelters

Government Shelters La Colombe and L'Oasis run by NCC

At paragraph 16.1 of the Audit Report for the financial year 2016-17, I highlighted a number of shortcomings in relation to these two Shelters. The following were still found to prevail in 2017-18:

- The staffing at Shelter L'Oasis, which catered for teenage girls/mothers, was significantly out of line with the prescribed ratio of 1:6 caregivers to the number of residents, as required under the MOU with NCC. In October 2018, there were only three caregivers during the day and at night. One of the caregiver attended to the baby, while the other two catered for a population of 27 Residents.

- Three categories of children, namely babies, teenage boys, teenage girls/mothers were being housed in the same building at Shelter La Colombe. This is not considered to be appropriate.

- As of November 2018, the new MOU for Shelter La Colombe was yet to be finalised, while no MOU was drawn between the NCC and the Ministry for Shelter L'Oasis.

Government Shelter La Cigogne run by Children Foundation

The MOU with the Children Foundation provided for balanced nutritious meals, adequate in quality, varied and appealing to children to be offered to the residents, taking into consideration their religious beliefs. As per the Menu Sheet of the Shelter only vegetarian meals were served to the children.

NGO Shelter for Women and Children in Distress

CDU transferred seven children from ex Shelter La Marguerite on 12 July 2018 without proper documentation. As of October 2018, the documents had still not been submitted. One child could not attend the PSAC Modular examination due to lack of Transfer Certificate from her previous school.

One six-year old toddler was not yet declared at the Civil Status Office as of November 2018.

NGO SOS Children Village

Specialised medical/ follow up plans, taking into account the psychological disposition of individual Residents, were not devised. Several cases of minors abusing minors, drugs abuse and sexuality have been reported at SOS Children Village.

Two children at the Village reached majority in 2018 without being declared. 'Tardy Declaration' of the children was not made. One of the children was in the Shelter since five years old.

Association pour les Handicappes de Malherbes

The number of caregivers was not adequate. As per the Ministry's Circular issued in January 2018, the RCI should have 11 caregivers attending to the varying special needs of the 29 residents at all times. Only five caregivers were working during the day and at night.

Ministry's Reply

Regulations regarding place of safety are under preparation and will soon be enforced.

The Ministry is working on the implementation of recommendations of the Technical Committee, set up in regard to placement of children in RCIs. All institutions have been instructed to ensure that all staff has valid Certificate of Character and a balanced meal is provided to residents.

NCC is initiating action for the recruitment of additional Child Caregivers.

Decision has been taken to separate boys and girls in shelter La Colombe for better management and to avoid sexualized behaviour. 15 girls have already been removed.

Tenders will be launched to NGOs for the management of Shelter L'Oassis and La Colombe.

During counselling sessions, minors of ex Shelter La Marguerite informed that they were not aware that they should take part in PSAC exams and they were not ready for same.

The Tardy Declaration of Birth Section of the Ministry is doing the follow up to trace parents of minors who have not been declared. If same does not materialize, arrangements will be made to declare the minors as per 'parents patriae' concept.

Medical and psychological assistance is being provided to both victims and alleged offenders at SOS Village.

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17 – MINISTRY OF OCEAN ECONOMY, MARINE RESOURCES, FISHERIES AND SHIPPING

17.1 National Ocean Council

As part of its Vision 2030, Government places considerable importance on the development of an "Ocean Economy" through which it hopes to create some 25,000 jobs and US $ 600 million of investment, amounting to 25 per cent of its overall job creation target. In the next three to five years, Government plans to develop and implement its National Ocean Policy (NOP) as the vehicle to achieve these targets.

On 26 June 2015, Government gave its approval for the setting up, administratively, of the National Ocean Council (NOC) pending the presentation of the National Ocean Bill, the preparation of an Ocean Economy Development Strategy and a new regulatory framework. The terms of the reference of the NOC, are among others:

- to coordinate cooperation and assistance between Government and International Institutions and Foreign Experts to ensure the formulation of National Ocean Policy paper that will include the creation of a unified regulatory framework and a National Ocean Authority.

- to set up and drive Government – private sector working group to assess and promote economic activities, capacity building , marine good governance, as well as other developmental needs of the individual sectors of the ocean economy to ensure sustained development, job creation and wealth generation in that industry.

The NOC falls under the aegis of the Ministry of Ocean Economy, Marine Resources, Fisheries and Shipping and is composed of representatives from different Ministries, Departments, Academic Institutions and the Private Sector.

17.1.1 Fees and allowances to NOC members

Fees and allowances totalling some Rs 5 million were the only expenditure incurred by the NOC from 2015 to 2018.

17.1.2 Development of a National Ocean Policy

On 12 October 2015, the Commonwealth Secretariat (CS) agreed to assist the NOC for the development of the NOP, free of charge.

The CS submitted the 'Preliminary Advice on the development of a National Ocean Policy for the Republic of Mauritius and related matters' Report and a draft document 'The Guidance for a National Ocean Policy Report' dated 8 April 2016 and 20 June 2017 respectively. The draft document was to be finalised by end of 2017.

According to the CS 'if the NOC is to perform a fundamental role in the development and implementation of a National Policy, its roles and responsibilities will need to be clearly understood.'

The CS recommended the NOC to identify pilot projects to test the operationalisation of inter-agency cooperation. As such, it would help refine the NOP and thereby ensure that it is realistic in scope, practical, and effective in operation.

However, as of October 2018, there was no evidence that the recommendations of the CS were implemented.

17.1.3 World Bank Report

According to the World Bank Report '*The Ocean Economy in Mauritius: Making it happen, making it last*' of 31 March 2017, the NOC was facing significant challenges. The NOC has no dedicated budget and thus no dedicated technical staff to prepare its deliberations. More importantly, it does not have a mandate for making policy decisions or recommendations to Government.

There were other key pillars of ocean governance that had been envisaged but were not yet in place. These included:

- Developing a unified regulatory framework for the Ocean Economy;
- Preparing a National Ocean Policy Paper;
- Preparing a National Oceans Bill/Act;
- Establishing a National Ocean Authority.

Conclusion

As of October 2018, some three and a half years after the setting up of the NOC administratively, the structure, the roles, responsibilities and the classification of public bodies have not yet been defined. The function of the NOC has not yet been clarified.

During the past two years, CS provided advice and guidance on the development of the NOP. However, the NOP had not yet been prepared, and the unified regulatory framework for the Ocean economy and the National Oceans Bill/Act had not yet been developed.

No funds were separately allocated to the NOC for its operation. The only cost of operation of the NOC was the payment of members' fees and allowances since June 2015. Hence, in the absence of a proper structure, the NOC was not fully operational.

Therefore, as of October 2018, the objectives set by Government for the creation of jobs and a rise in investments through the development of the NOP have not yet been attained.

A proper structure should be put in place for the development of the Ocean Economy.

17.2 Aquaculture Project – Floating Net Cages - Rs 12 million

At paragraph 20.3 of the Audit Report for the year ended 30 June 2016, I mentioned that agreement was not drawn and signed by the Fishermen Cooperative Societies on the allocation of the cages for fish farming on small scale. As of 22 October 2018, nearly two years after allocation of the cages in February and September 2016, the agreement has not yet been signed. As of 30 June 2018, the total cost for the mounting and installation of the 10 cages amounted to Rs 12,353,932.

17.2.1 Production Estimates

The expected annual production capacity per cage was around 8 to 10 tons with a stocking density of 20,000 fingerlings. Each of the cages was supposed to be given a stock of 5,000 fingerlings and was expected to yield around 2.5 tons of fish per cage annually.

Fingerlings were distributed from 19 December 2016 to 21 September 2017. The quantity of fingerlings per cage ranged from 1,200 to 6,250.

17.2.2 Training for Good Aquaculture Practices and Good Management of Fish Cages

Training was provided to the representatives of the Cooperative Societies for good aquaculture practices and management of fish cages. Also, all fishermen representatives were verbally requested to regularly clean their cages to avoid biofouling.

Monitoring was carried out on a monthly basis by the Scientific Officers of the Albion Fisheries Research Centre at all the allocated sites to observe the state of the cage structures and growth of fish.

17.2.3 Site visits

Site visits were carried out by my officers on 5 and 16 October 2018 at six sites, namely Bambous Virieux1, Bambous Virieux 2, Poudre d'Or 1, Poudre d'Or 2, Grand Gaube 1 and Grand Gaube 2.

Apart from Poudre d'Or 2 floating cage, no fish was found in the other five cages. However, the fish in the cages were seen to be poorly fed.

Most of the cages were in an abandoned state and a few cages were found damaged due to bad weather conditions. No maintenance was carried out by the fishermen.

Consequently, the fish harvest was significantly below the expected level, ranging from 50 to 300 kg. In the absence of proper maintenance by the fishermen, almost all the net cages were affected by biofouling.

As of 22 October 2018, no decision was taken as to whether to replace the damaged net and to reallocate the cages to other Cooperative Societies, which are more willing to undertake the fish farming project.

Conclusion

Government decided to launch the small scale aquaculture project to complement the revenue of fishers and increase fish production.

Despite the fact that the Ministry had provided training on fish farming and maintenance of cages, fish harvest was poor and maintenance of the cages was not properly carried out by the fishermen.

In the absence of an agreement, the fishermen could not insure the cages against bad weather conditions and poaching of fish.

Hence, the objectives set was far from being achieved and no value for money was obtained from the Rs 12 million invested in the project.

Recommendation

The project needs be revisited to ensure that objectives set are successfully attained. Responsibilities of each parties should be clearly defined through an agreement or a Memorandum of Understanding.

Ministry's Reply

As per decision of the Inter-Ministerial Committee, new aquaculture projects at sea would be kept in abeyance. Moreover, aquaculture project would be carried out outside lagoon, except those under operation.

17.3 Loan to Mauritius Shipping Corporation Ltd – Rs 107.2 million

At paragraph 19.1.1 of the Audit Report for the financial year ended 30 June 2017, I reported that as of 31 August 2017, the repayment terms of the loan to Mauritius Shipping Corporation Ltd (MSCL) amounting to Rs 107.2 million had not been re-scheduled and no repayment was made.

As of 31 October 2018, the loan amount due was still the same as no repayment has been made by the MSCL.

17.3.1 Chartering of a Vessel in lieu of Procurement of a New Vessel

At paragraph 19.2 of the Audit Report for the financial year ended 30 June 2017, I reported that delays in acquisition of a vessel led to approval of Government to finance the chartering of vessel MV ANNA at an initial annual cost of Rs 40 million which during 2017-18 increased to Rs 75 million.

Subsequently, MSCL proposed to fully finance the new vessel project provided that Government would continue the annual grant of Rs 75 million to MSCL for the next seven years starting from the expected date of arrival of the new vessel.

On 27 July 2018, Government was informed of the charter of MV Black Rhino at the rate of US $ 5,775 per day as from 1 February 2019 in replacement of MV ANNA.

In July 2018, MSCL started the process for the launching of Expression of Interests (EOI) in respect of Shipyard for the Construction of Multipurpose/Cargo Vessel and Consultancy Services for Supervision of Construction and Project Management of the Vessel. Both EOIs were launched at the end of November 2018.

As of 30 November 2018, procurement for the Construction of a new Vessel was still at pre-qualification stage. Consequently, the MSCL has to continue with the chartering of vessel to fulfil its sea transport services.

Ministry's Reply

Evaluations of eligibility of firms for EOIs for Shipyard and for Consultancy Services were completed on 24 January 2019. Tenders for Shipyard were launched on 18 February 2019 and that for the Consultancy Services will be launched by the end of February 2019.

The Construction of the new Multipurpose Cargo Vessel will take approximately 24 months from date of award of contract to Shipyard.

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18 – MINISTRY OF LOCAL GOVERNMENT AND OUTER ISLANDS

Mauritius Fire and Rescue Services

18.1 Supply, Testing and Commissioning of a High Volume Submersible Pump Unit and a Lorry

Project

The project consisted of the procurement of a high volume submersible pump unit mounted on a lorry (the equipment) through Open Advertised Bidding (International) procedure via the e-Procurement Portal of Government. The project was estimated to cost some Rs 29 million. Invitation for Bids was floated on 27 January 2017 with closing date for submissions on 8 March 2017.

Award of Contract and Payments

After bid evaluation, the Contract for the supply of the equipment was awarded to the sole bidder, a local private company, for the total sum of Rs 27,647,136, exclusive of maintenance charges, as follows:

Date Awarded	**Item Description**	**Contract Sum**
		Rs
26-Apr-17	High Volume Submersible Pump Unit	20,025,410
22-May-17	Lorry	7,621,726
	Total	**27,647,136**

Maintenance charges proposed by the sole bidder for five years, after the two years warranty period, for the submersible pump and the lorry were Rs 1,725,000 and Rs 862,500 respectively.

The Contract between the Mauritius Fire Rescue Services (MFRS) and the local private company for the supply of the equipment was signed on 22 December 2017

Payments to the local private company, net of liquidated damages for late delivery of the equipment, totalled Rs 26,712,788. This included an amount of Rs 1,262,455 representing fluctuation in exchange rates on both the lorry and submersible pump.

Observations

Although the project was estimated to cost above Rs 25 million the approval of the Project Plan Committee of the Ministry of Public Infrastructure was not sought. MFRS had at all times considered the procurement, which consisted of a High Pressure Submersible Pump mounted on a lorry, as two distinct items.

In September 2016, prior to the floating of bids, MFRS researched the market for potential suppliers of submersible pumps. Details on high volume submersible pumps were requested from a company in Netherlands. There was no evidence in file that MFRS had contacted other potential suppliers for the pump.

Technical specifications of high volume submersible pump and the lorry were prepared by a Trainee Mechanical Engineer employed under the Youth Employment Programme. The technical specifications were approved by the Departmental Technical Specifications Committee in December 2016.The Trainee Mechanical Engineer also formed part of the Bid Evaluation Committee (BEC) for the evaluation of the pump and lorry.

The Bid Evaluation Report (BER) submitted by the BEC on 5 April 2017 required that clarifications be sought from the sole bidder regarding technical specifications of the proposed High Volume Submersible Pump and the lorry.

The Departmental Bid Committee (DBC), however, considered unacceptable to seek clarifications regarding the proposed submersible pump as in the BER, it was stated that the bidder had complied with the specifications. The DBC found the offer for the pump acceptable and approved the award of the contract to the sole bidder for the tendered sum of Rs 20,025,410.

As for the lorry, the DBC directed that issues raised by the BEC had to be cleared in conformity with provisions of the bidding document. On 22 May 2017, after receiving the necessary clarifications, the DBC approved the award of the contract for the lorry to the sole bidder for the bid sum of Rs 7,621,726.

Inspection and Tests provided in the Bid Document required that Pre Delivery Inspection and testing of the proposed pump and lorry be carried out on the premises of the manufacturer prior to shipment.

According to the Commissioning Report, only the High Volume Submersible Water Pump, mounted on a hook loader, was tested at the foreign manufacturer's place. The representatives of foreign supplier specified that they were responsible for the pump only.

The commissioning exercise of the complete equipment, that is, the High Volume Submersible Water Pump mounted on the lorry, was done at the local private company's premises in January 2018, after additional works on the lorry were undertaken at no additional cost to comply with the model proposed.

The Commissioning Team remarked that the specifications of the lorry proposed and supplied departed from technical specifications as per the Bidding Document, which required the supply of a fully automatic transmission lorry, instead of a semi-automatic transmission one.

Department's Reply

The fact that the awards of the contract for the pump and the lorry were done at two different times, and with the view of not dissociating the pump from the complementary means of transportation, which would have resulted into a reduction in the guarantee for the pump, show that they were two distinct items. Also, the lorry can be put to multipurpose use as it can transport other items to incident grounds.

MFRS' effort to attach the services of a Mechanical Engineer did not materialise. The Trainee Mechanical Engineer, attached under the Youth Employment Programme, was entrusted the duties to assist in the preparation and upgrade of specifications. He also formed part of the Bid Evaluation Committee as he was aware of the specifications and also because of his IT skills, given that the evaluation was to be carried out online.

As regards the Commissioning, only the pump warranted detailed inspections and tests. Same was not required for the lorry.

The difference between semi automatic and fully automatic transmission had already been found not to impact.

19 – MINISTRY OF CIVIL SERVICE AND ADMINISTRATIVE REFORMS

19.1 Human Resource Management Information System - Rs 302.7 million

At paragraph 20.1 of the Audit Report for the financial year ended 30 June 2017, I mentioned that the Ministry awarded the contract for the implementation of the Oracle Human Resource Management Information System (HRMIS) to a private company, in September 2013 for the sum of Rs 206.4 million to be completed within three years, that is by November 2016. Contract was signed in November 2013. Total project cost, including acquisition of server and other post implementation costs, was estimated at Rs 431.3 million as of 30 June 2018 as shown in Table 19-1:

Table 19-1 Project Estimated Costs and Actual Disbursements as of 30 June 2018

Details of project costs and other related costs	**Estimated Cost Rs (million)**	**Disbursements Rs (million)**
Oracle Licences for the five Modules	90.6	96.6
Pre implementation and support services	115.8	58.9
Total initial HRMIS project cost	**206.4**	**155.5**
Acquisition of server	67.0	67.0
Rental of physical space for server and maintenance cost	27.5	27.5
Other implementation costs	3.8	3.8
Post implementation, maintenance and support services for years 2016 to 2020	126.6	48.9
Total Estimated costs/Actual disbursements	**431.3**	**302.7**

Source: Pricing Summary as per HRMIS financial proposal and Hardware equipment contract and service agreements and Treasury Abstracts

The HRMIS project consists of five Oracle Modules, namely Module 1- Human Resource (HR) - Enterprise Employee Perpetual (EEP), Module 2- Payroll - EEP, Module 3- Self Service HR - EEP, Module 4 - Performance Management System - EEP and Module 5 - Learning Management System - Enterprise Trainee Perpetual (ETP).

In June 2018, one year later, total payment has increased from Rs 271.1 million to Rs 302.7 million.

Mention was made in the previous Audit Report of project delays.

In the Ministry's Action Plan of 12 June 2018, parallel run for Modules 1 and 2 was scheduled between September 2018 and February 2019 and will "go live" along with Module 3 by March 2019 in all 78 Ministries/Departments. Modules 4 and 5 will go live by June 2019 and December 2019 respectively in all 78 Ministries/Departments. On 29 June 2018, Government was then apprised of the status of the project by the Ministry.

Observations

As of December 2018:

- Module 1 on HR (Basic) and Module 2 on Payrolls were reported to be functional and the other three modules were in the process of being developed and would be operationalised as soon as possible.

- The User Acceptance Test (UAT) for the Centralised Payroll Processing, due in July 2018, has not yet been completed and signed by the Treasury.

- The User Acceptance Certificate for the configuration of Pay Research Bureau Report 2016 business rules in the system, due in August 2018, has not yet been signed by the Ministry.

- There was no formal terms of reference and agreement between the Ministry and the Central Informatics Bureau for the development and implementation of the project.

- No technical report on the outcome of the migration of financial data was available.

Ministry's Reply

In September 2018, a labour Dispute was reported before the Commission for Conciliation and Mediation regarding the duties and responsibilities of Officers of the HR Sections in the context of the HRMIS Payroll Process. In January 2019, agreements were signed with two Unions.

The HR and Payroll Modules were deployed into the production instance in October 2017, and access thereto has already been provided to users in all Ministries/Departments as from the same date. The two Modules are functional and the other three modules are in the process of being developed and would be operationalised as soon as possible.

Following discussions with the Accountant- General, the UAT for the Central Payroll Processing is now expected to be completed by end of February 2019. The UAT will consequently be signed off in March 2019. On the other hand, the transfer to the Treasury Accounting System is estimated to be finalised by end of April 2019.

The migration process was closely monitored by the HRMIS Finance Team and the HRMIS Unit with regular reporting at the level of the Working Group.

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20 - Ministry of Financial Services, Good Governance and Institutional Reforms

20.1 Heritage City Project

The Heritage City Project as mentioned at paragraph 17.1 of the Audit Report for the financial year ended 30 June 2017 was reviewed.

20.1.1 Heritage City Company

Following the decision of Government to abandon the Heritage City Project in October 2016, the Board of the Heritage City Company (Company) was inactive since the last meeting held on 2 August 2016.

The Board was reconstituted and met anew on 30 July, 1 October and 15 October 2018. At the meeting held on 15 October 2018, the Board resolved to wind up the Company under Section 100(1)(b) of the Insolvency Act 2009 and to appoint a Provisional Liquidator for the lowest quoted fees of Rs 500,000 excluding VAT. Approval of Government, sole shareholder of the Company, which was sought on 9 November 2018, was obtained on 14 December 2018.

20.1.2 Foreign Contracting Firm

At paragraph 17.1.2 of the Audit Report for the 18-month period ended 30 June 2016, mention was made that:

An Agreement, which expired on 12 March 2018, was signed with a foreign contracting firm to provide the '*Detailed Master plan and Engineering Design*' and '*Concept and Schematic Design for Government Offices*' for the sums of US $ 1.84 million and US $ 2.5 million respectively.

As at end of August 2016, payments amounting to a sum of US $ 1,102,795 (some Rs 40 million), that is US $ 234,795 for the Concept Master plan and US $ 868,000 for mobilisation fee for the Detailed Master plan, had already been effected to the firm.

Settlement of Amount

The following with regard to the conditions of the Agreement, were noted:

- The Agreement has been entered into for the sole convenience of the client, that is the Company, and does not carry any commitment, expressed or implied to any purchase whatsoever by the client.

- Such commitment being exclusively expressed if when and as indicated in any Work Order issued by the client during the period of validity of the Agreement.

The Board was nevertheless informed on 1 October 2018 that the foreign firm had been addressing correspondences through the diplomatic channel and to the Prime Minister's Office since the Project was abandoned. In September 2018, it again requested for an amicable solution to settle an amount of US $ 4,522,457 (some Rs 158 million), which was due. The Attorney General's Office had advised that the request could not be considered as a formal claim, and consequently, matter should be dealt with through the diplomatic channel itself.

20.1.3 Other Claims

In the Audit Report for the financial year ended 30 June 2017, it was mentioned that of the Rs 55 million disbursed to the Company, some Rs 47.2 million were spent, leaving a balance of Rs 7.8 million as at August 2016. However, as per a Bank Statement, there was a balance of some Rs 7.7 million as at 31 January 2017.

According to the Ministry, expenditure totaling some Rs 47.3 million was incurred by the Company. On 30 July 2018, the Board was informed that the Company had no other assets at its disposal, except cash at bank of some Rs 7.7 million, and liabilities amounting to some Rs 6.8 million, excluding the request for settlement of amount stated at paragraph 20.1.2.

As at 19 December 2018, the liabilities of the Company reached some Rs 6,970,000, including claims of Rs 4,619,501 for 'Consultancy services and charges' and Rs 1,890,873 for 'Geotechnical Investigations'. As regards the first claim, the Consultant had twice filed a 'Statutory Demand' claiming the Rs 4,619,501 due in respect of consultancy services and charges.

Ministry's Reply

Following the appointment of the Liquidator on 19 December 2018, all records pertaining to the Company have been handed over to the Liquidator for appropriate action. It is the exclusive role and function of the Liquidator to ensure that the legal procedures are being adhered to in compliance with the Insolvency Act 2009 as applicable. It is also his responsibility to ascertain the correctness of the claims received before payment is effected in accordance with the provisions of Schedule IV of the Insolvency Act.

21 – Audit of Other Public Entities

NAO carries out the audit of the accounts of the following public entities besides Ministries and Government Departments, and the RRA.

- **109** Statutory Bodies
- **12** Local Authorities
- **24** Special Funds
- **5** State Owned Companies
- **34** Other Bodies including **6** Donor-funded Projects

Statutory Bodies

Statutory bodies are established by law to carry out, usually, 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, as subsequently amended in 2015, 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 activities of the statutory body during the financial year.
- a corporate governance report in accordance with the National Code of Corporate Governance.

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. (The previous deadline was two months, applicable for financial years prior to 2011).

(b) After approval by the Board, the Chief Executive Officer shall, not later than **four months** after the end of every financial year, submit the annual report to the auditor. (The previous deadline was three months, applicable for financial years prior to 2011).

(c) The auditor shall, within **six months** of the date of receipt of the annual report, submit the annual report and his audit report to the Board.

(d) 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 IIA, details of the Statutory Bodies whose accounts are audited by the Director of Audit are given.

As of 22 February 2019, 51 Statutory Bodies have not yet submitted a total of 137 financial statements to my Office for audit purposes. Appendix IIB refers.

As of 14 December 2018, 228 financial statements in respect of 73 Statutory Bodies have been certified but have not yet been laid before the National Assembly. Appendix IIC refers.

Local Authorities

The Local Government Act provides that the approved annual financial statements 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 accounts and audit of Local Authorities 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 financial statements to the Council.

- The Chief Executive of every Local Authority shall, within **four months** of the end of every financial year, submit the approved financial statements to the Director of Audit.

- 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. These shall be considered at the next ordinary meeting of the Local Authority or as soon as practicable thereafter.

- The Chief Executive shall cause the certified financial statements and the report of the Director of Audit to be published in the Gazette within **14 days** of their receipt by the Local Authority.

At Appendix IIIA is a list of the Local Authorities audited by the Director of Audit.

As of 22 February 2019, one Local Authority, namely, The District Council of Riviere du Rempart had not submitted its financial statements for 2017-18.
As of 31 December 2018, 11 certified financial statements in respect of seven Local Authorities have not yet been published in the gazette. Appendix IIIB refers.

Special Funds

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

Special Funds are required to prepare

- annual statements of the receipts and payments for a financial year;

- a balance sheet made up to the end of that financial year showing the assets and liabilities of the Fund.

The Director of Audit is responsible for the audit of 24 Special Funds, details of which are given at Appendix IVA.

As of 22 February 2019, a total of 14 financial statements in respect of seven Special Funds have not yet been submitted for audit purposes. Details are at Appendix IV B.

As of 14 December 2018, 46 financial statements in respect of 15 Special Funds were already certified but not yet laid before the National Assembly as shown in Appendix IVC.

Other Bodies

The Director of Audit is responsible for the audit of five State Owned Companies and 34 Other Bodies including six donor-funded projects. Details are given at Appendix VA.

As of 22 February 2019, 12 of these organisations have not yet submitted a total of 37 financial statements to NAO for audit purposes. Appendix VB refers.

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Appendix IA

Ministry of Finance and Economic Development
Ministry of Justice, Human Rights and Institutional Reforms

Performance Audit on "Effectiveness of Internal Audit Function and Audit Committees in Ministries and Government Departments"

Executive Summary

An effective Internal Audit function is a key component of good governance. According to the Institute of Internal Auditors (IIA), the Internal Audit function must evaluate and contribute to the improvement of an entity's governance process and risk management using a systematic and disciplined approach. Effective Internal Auditing of Ministries/Government Departments provides the assurance that public funds are not misused and/or mismanaged. The Internal Audit function in Government is carried out by the Internal Control Cadre (ICC) of the Ministry of Finance and Economic Development (MoFED). The Internal Control Unit, comprising the Internal Audit (IA) team, operates as an independent unit, reporting directly to the Accounting Officer (AO) of each Ministry and Government Department.

Audit Committees (ACs) play an important role in the governance framework of public sector organisations. They provide an independent source of assurance and advice to those charged with governance in Ministries/Departments on key aspects of their operations. The Office of Public Sector Governance (OPSG) has helped to establish ACs in Ministries and Government Departments since 2013. It is mandated to, among others, establish, review and monitor the effectiveness of these ACs.

This audit assessed whether the activities of ICC were effective in providing the right level of audit assurance in Ministries/Departments and whether the OPSG has been successful in establishing, reviewing and monitoring the ACs.

Key Findings

(i) Internal Audit

(a) The Internal Audit Charter defines the roles and responsibilities of Internal Auditors and management. It ensures commitment to the important exercise of Internal Auditing. The Charter was not signed with every AO. At MoFED, the Charter was signed with the Ministry's AO, but not with the Heads of those Departments that fall under the aegis of MoFED. These heads are also the AOs of their respective Departments.

(b) Ministries were not regularly audited by ICC. This was attributed to unavailability of sufficient staff. In 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 certain Statutory Bodies. Most of these Ministries were still not covered in 2017-18, even though additional staff members were available with new recruitments as from July 2017.

(c) Audit Plans of selected Ministries/Departments indicated that most of the audit were on support functions, such as Transport, Warehousing and Human Resource, instead of on the core functions of the auditees. ICC did not make any provision in Audit Plans of Ministries/Departments for the audit of governance structure and risk management system.

(d) Audit results were communicated through Management Letters and Annual Internal Audit Reports that were signed and issued by the Heads of the Audit teams posted at the Ministries/Departments, instead of management of ICC. Most reports were not reviewed by the top management of ICC. ICC's management did not take ownership of the audit reports issued.

(e) Since 2010, the ICC is equipped with important IT software to manage, carry out and document its audit activities, and to perform data analytics. These cost the organisation some Rs 2.1 million, but have not been efficiently and effectively used since their acquisition. Due to inadequate IT equipment, non-dispensation of prompt training and non-renewal of licenses, electronic documentation of audit work was done for a brief period only. IT analysis of databases and other electronic records maintained by several auditees has never been done. A good use of these costly resources has not been made.

(f) Though a periodic quality assurance review was conducted to ensure that audit work was carried out according to IIA Standards, an Improvement Programme to correct shortcomings detected was not maintained.

(ii) ***Audit Committee***

(a) Audit Committee Mandate and Charter

- The Finance and Audit Act, through the Financial Management Kit, provides the mandate for the AC. It is a formal high-level statement of the AC's responsibilities and those of its members. However, no mention was made in the Charter for the mandate of an AC. Hence, most Ministries/Departments and their AC members were not aware of the legal requirement to establish and operate an AC. They tended to take AC activities too lightly.

- In the Audit Committee Charter developed by OPSG, most governance areas were included and the corresponding AC's responsibilities towards these were soundly stated. Governance structure, a key area, was, however, not covered. This area encompasses several aspects of a Public Body, like purpose and mandate, legal structures and authorities, and policies, strategic priorities and plans.

(b) Appointment and Independence of Audit Committee Members

- Appointment of AC members was on an annual basis. This span of time was considered too short as members might not make a substantial contribution to the work of the Committee. Stability and continuity within the AC may also be compromised.

- Independence, attributes and skills of members are essential characteristics for an effective AC. The OPSG did not sufficiently consider these when advising or assisting Ministries/Departments in setting up their ACs and selecting the Chairpersons and members.

- The AO appointed the AC Chairperson and members who were all drawn from the same Ministry/Department, and most of them were from the management team. This practice compromised the AC's independence and affected its proper functioning. The OPSG did not address this major shortcoming.

- When appointing the ACs, a profiling exercise to choose the right candidates was not done. The OPSG did not provide sufficient guidance to the AOs as to what qualities to look for in potential AC members.

- The AC Charter did not explicitly mention the range of skills and expertise that AC members should collectively possess. The OPSG had also not advised or guided the AOs in determining the skills' mix required for their ACs.

- As the Chairperson and members were taken from the same entity, most of them had skills and expertise relevant to the organisation, but these were not sufficient to provide oversight on its governance, risk management, and internal control practices.

- AOs are busy managing the affairs of their organisations. Their own actions and decisions call for scrutiny by independent ACs. Due to the lack of independence of ACs this scrutiny cannot be done.

(c) Training for Audit Committee Members

Neither Ministries/Departments nor the OPSG provided the necessary training to new and existing AC members to allow them to efficiently and effectively fulfil their roles and responsibilities. Members had only the Charter as guide to perform AC activities. Checklists that would help to carry reviews and oversights on governance areas were neither developed nor made available.

(d) Audit Committee Activities

- AC activities which basically are provision of oversight of the governance, risk management, and internal control practices in a Public Body were satisfactorily described in the Charter. However, except for follow-up of Auditors' recommendations made, the ACs did not undertake the other reviews and oversight activities described on the whole range of governance areas mentioned in the Charter. Thus, the ACs were not fully functional.

- Focusing on follow-up of Auditors' recommendations is attributed to the fact that most AC members did not have the necessary knowledge, expertise and skills to carry out other oversight activities. The required training had not been dispensed, and the necessary tools had not been provided to them.

Most importantly, performance indicators which centered on the implementation of audit recommendations prompted Committees to put emphasis on the follow-up of Auditors’ recommendations. AC fees were recommended for payment when the OPSG certified that the AC was effective and had delivered the targeted results. Therefore, with a view to securing payment of fees to members, the AC concentrated on monitoring the implementation of recommendations made in previous Audit Reports.

(e) Evaluation of Performance of Audit Committees

- Evaluation of the performance of ACs was principally based on implementation of different audit recommendations. This was too narrow. As the whole range of oversight activities was not undertaken, none could be stated to be fully functional and effective.

- A proper evaluation that considers whether an AC complies with its Charter, the level of participation of its members, and the overall contribution of the AC to the Ministry/Department, was not done.

- Self-assessment of ACs which is required by the Charter was not done. Leading practice organisations, like the IIA, favour self-assessment of ACs.

Conclusion

Internal Auditing

The present practices and activities at ICC do not allow it to fully and effectively play its role of providing an independent, objective assurance on governance, risk management and control processes. The benefits expected from an Internal Audit function are not being fully derived by Ministries/Departments.

Audit Committee

ACs are not functioning as they should. ACs are not independent of management of the Ministry/Department where they have been established. In appointing members, attention has not been paid to their personal attributes, skills and expertise. Training and necessary tools have not been provided to AC members. Oversight activities on numerous governance areas are not done. ACs are, thus, not fully functional and effective.

The OPSG has not fully and effectively fulfilled its roles enjoined in its mandate.

Key Recommendations

Internal Audit Function

(a) Each Ministry/Department should have its Internal Audit Charter signed by its AO.

(b) Limited staff resources need to be properly allocated, and Ministries/Departments need to be regularly audited to allow for maximum coverage.

(c) Audit Plans should cover more of the core activities of audit clients. Proper risk assessments need to be done on all auditable areas.

(d) 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.

(e) Reports need to be signed and issued by higher officials of ICC as from the rank of Manager.

(f) ICC should get adequate support for the optimal use of the already available IT tools.

(g) ICC should develop and maintain a Quality Assurance and Improvement Programme that covers all aspects of its activities.

Audit Committee

(a) The mandate for the AC should be explicitly stated in the Charter.

(b) The term of office for AC members needs to be reviewed.

(c) Independence of the ACs need to be enhanced. An external Chair should be chosen. Appointment of the Chair and members for ACs should preferably be done by one with high authority within the Civil Service. A database of individuals willing to serve as AC members should be set up and maintained.

(d) A profiling exercise that facilitates the selection of candidates with the right characteristics should be done.

(e) A competency based selection process should be developed for appointing AC members. A list of the personal attributes, skills and expertise an AC needs should also be drawn. A broad range of skills and expertise should be explicitly stated in the Charter.

(f) Ministries/Departments should provide AC members with training. As a minimum, appropriate checklists should be prepared for the review and oversight of governance arrangements. A process of continuing education should be established.

(g) To be fully operational and effective, the ACs need to fulfill all the roles and responsibilities described in the Charter.

(h) AC's performance needs to be properly assessed. Compliance with Charter requirements, participation of AC's members and contribution of the AC to the organisation should be taken into consideration. A self-assessment exercise with inputs from relevant parties and stakeholders is more appropriate.

Ministries' Replies

With respect to Internal Audit, MoFED stated that recommendations made are being considered to enhance the effectiveness of the ICC.

Actions are being initiated to revisit the structure of the ICC and Scheme of Service of its personnel to enable them to undertake Governance Audit, Performance Audit and the audit of Risk Management System. MoFED is contemplating assistance of specialised body, like the World Bank to provide tailor made programmes for the ICC staff, other specific training programmes are also being looked at.

As for Audit Committee, all recommendations made are being implemented. The Audit Committee Charter is being revised. The Ministry of Justice, Human Rights and Institutional Reforms is also proposing to publish a Handbook that will provide guidance on the setting up and operation of Audit Committees. The Handbook is in preparation and is expected to be completed by April 2019.

Provisions have also been made in the draft revised Charter for:

- The reinforcement of independence of members and nominate of AC members to be made by OPSG, in consultation with the Ministry, and Cabinet to be apprised accordingly, to ensure high consideration of the Committee.
- The need for Ministry/Department to ensure that appropriate training is provided to AC members.
- Checklists and all training materials will be included in the Handbook.
- Details of expected performance of AC spelt out in the Performance Contract will also be dealt with in the Handbook.

Appendix IB

Ministry of Foreign Affairs, Regional Integration and International Trade

Performance Audit on "Preparedness for Implementation of Sustainable Development Goals"

Executive Summary

In September 2015, following the conclusion of the Millennium Development Goals (MDGs) era, 193 Member States of the United Nations (UN), including the Republic of Mauritius, adopted the 2030 Agenda for Sustainable Development and its 17 Sustainable Development Goals (SDGs). While Mauritius had achieved most of the MDGs and targets, yet it faced several challenges during their implementation. SDGs are different from the MDGs as they cover the social, economic and environmental dimensions of sustainable development. These dimensions open up new challenges.

One of the lessons learned from the former MDGs is that it pays off, in terms of results, to start monitoring the process at an early stage. Hence, as some three years have elapsed since the adoption of the 2030 Agenda, it is now most appropriate to assess the measures taken to support the country's preparedness for the implementation of the Agenda.

The key findings are presented under Policy and Data Framework.

Key Findings

Policy Framework

➢ *Commitment and Responsibility*

- In 2017, a Three-year Strategic Plan covering the period 2017/18 – 2019/20, was developed based on 10 priority areas identified by Government. However, there was no clarity as to how the SDGs were mainstreamed into the 10 priority areas. The strategies contained therein were not linked to the goals and related targets and indicators.

- A Roadmap for the implementation of SDGs in Mauritius was formulated but had not yet been endorsed by Government. This resulted in further delay in setting up an institutional mechanism for the proper implementation of the SDGs.

➢ *Governance and Accountability Arrangements*

- Over the period 2015 to 2018, changes in assigning the responsibility for coordinating, monitoring and reporting on the implementation of the SDGs to four different Ministries did not ensure continuity. At the Ministry of Foreign Affairs, Regional Integration and International Trade, there was no permanent structure with full time staff dedicated to follow up on the implementation of SDGs.

- The implementation of the 2030 Agenda requires the effective mobilisation of financial resources. Budget proposals submitted to the Ministry of Finance and

Economic Development (MoFED) did not integrate SDGs, targets and indicators. Government did not estimate the financial resources needed for implementing SDGs. Though there have been some efforts to seek the participation of the private sector through the Corporate Social Responsibility to finance some development projects, there was no financial strategy developed to ensure that resource constraints did not become an obstacle to the achievement of SDGs.

- *Engaging Stakeholders*

There was no plan of activities to build up awareness of the 2030 Agenda among stakeholders, with the aim to engage them in the national effort to implement SDGs. Except for a few awareness workshops organised separately by different Ministries and Departments (for example Statistics Mauritius in May 2016), there were no other activities carried out. There was not enough efforts made in organising awareness raising campaigns, specifically targeting those working in the Local Authorities and local communities.

- *Planning for Implementing Sustainable Development Goals*

  - Three-year Strategic Plans and annual Budget Speeches did not provide a long term development perspective of Mauritius that covered the period ending 2030. Hence, there was not sufficient visibility on how Government would proceed in future to reach the SDGs and their related targets and indicators.

  - As at end of December 2018, there were no specific policy and programmes to bridge the important gaps identified during the preparation of the Roadmap in SDG 14 on Life below Water, SDG 5 on Gender Equality, SDG 6 pertaining to Clean Water and Sanitation, SDG 11 on Sustainable Cities and Communities, and SDG 12 relating to Responsible Consumption and Production.

Data Framework

- Ministries, Departments and Public Entities were required to provide Statistics Mauritius timely and reliable data from various sources for compiling indicators which would eventually be used to track progress towards attainment of the 17 SDGs. However, Statistics Mauritius reported that some Ministries and Departments neither submitted the relevant inputs nor conducted technical meeting to thrash out cases of data inconsistencies at their end.

- It is essential that data providers document the quality and the methods used to produce their data and Statistics Mauritius to use these documentation in order to valid same. If not, incorrect data might be used to determine indicators. This validation process was not being executed appropriately at Statistics Mauritius as per test check on data provided by Ministry of Ocean Economy, Marine Resources, Fisheries and Shipping (MOEMRFS).

- Only 219 out of the 232 indicators endorsed by UN were relevant for Mauritius. As at May 2018, data was available for only 155 Indicators. The main reasons for unavailability of data for the remaining indicators were non-availability of UN metadata, lack of relevant data and inadequate data sharing network among entities.

- The Ministry of Foreign Affairs, Regional Integration and International Trade, who was conferred the responsibility of all matters relating to SDGs, has proposed the constitution of four Working Groups to address data gaps among other responsibilities. These Groups would report to a Steering Committee which would then report to the Inter-Ministerial Committee, and eventually to Government. However, as at end of December 2018, these Working Groups were not set up.

- As of December 2018, no annual report or monitoring report on progress on the implementation of the SDGs was published at national level as recommended by the Roadmap on Statistics. Data on Excel Sheets for each goal in relation to availability of indicators and data was insufficient to assess sustainable development trends against desired results and provide feedback for necessary policy correction.

Conclusion

Though efforts are being made to create an enabling environment for the implementation of the 2030 Agenda for Sustainable Development, the measures taken so far by Government are not adequate to support its preparedness towards the implementation of SDGs. The monitoring, measuring and reporting systems, important in tracking progress, are either not functioning appropriately or has not yet been implemented.

Key Recommendations

- ***Long Term Plan***

Government needs to formulate a long term plan that covers the 15-year time horizon and integrate the SDGs, targets and indicators relevant to Mauritius, in consultation with the key stakeholders, including private sector, civil society and Local Authorities. The plan will provide a framework for developing periodic strategic plans and give more visibility to Government's commitment to meet the 2030 Agenda.

- ***Raising Awareness of 2030 Agenda***

For the SDGs to be successfully implemented, a good communication strategy and an appropriate awareness raising campaign to reach as many stakeholders as possible is necessary. Government should formulate different communication and awareness activities incorporated into a plan that includes, among others, the Ministries responsible to implement the different activities, the types of activities, and the targeted group of stakeholders, time frame and budget. Local Authorities should also form part of this activity.

- ***Stakeholders Engagement***

Government should undertake a stakeholders' mapping with the aim to understanding how different actors are contributing to and supporting the 2030 Agenda. Appropriate strategies should be formulated to engage them and secure their commitment for proper implementation of the SDGs. Ministries, being close to stakeholders, should set up mechanisms that assist them to maximise their contribution to the SDGs through understanding the Agenda, defining priorities, setting goals, integrating, and reporting and communicating achievements.

- ***Setting up of an Institutional Arrangement***

Though some initiatives to set up appropriate structures have been taken, Government needs to intensify these efforts to set up an appropriate institutional arrangement that will coordinate, monitor and review, track progress and report achievement.

- ***Funding***

The mobilisation of financial resources is considered an important step in SDG implementation. Supporting SDGs by integrating them into the budgetary process is a vital step in their implementation. Hence, they should be embedded into the budgets of Ministries/ Departments. The Ministry of Finance and Economic Development, through its Budget Circular, should request them to provide information on how their budget proposals are related to the relevant SDGs, targets and indicators.

- ***Data Framework***

In respect of Data Framework, preparedness can be enhanced by setting up the different working groups which should focus on the following:

- Re-assess and confirm what is already available in terms of data, what still needs to be developed and which entities have the responsibilities to provide same.
- The need to provide documentation on data quality and collection methods by data producers and validation of same by Statistics Mauritius.
- The challenges identified by the Committee on SDGs at Statistics Mauritius need to be considered. These include the need to strengthen networking among data producers and users; review, harmonise and strengthen the existing data collection system, review / enforce the law for better data collection; address data gaps and the need for technical assistance for compilation of complex indicators.
- As regards monitoring and reporting, they need to ascertain who will be involved in the measurement and monitoring system, and how often progress will be measured. The entity that will lead as a National Reporting Platform needs also to be identified, as well as the frequency of progress report that will be published.

Ministry's Reply

- There is a need to establish a Permanent Coordinating Structure to ensure visibility, clarity and transparency in the implementation of the SDGs;
- MoFED will be requested to include a paragraph within the upcoming budget Circular to demonstrate more visibility on the alignment of the various agendas to national Policies;
- Currently, remedial actions are being taken to address data related issues by both Statistics Mauritius and the Ministry.

Appendix IC

Ministry of Social Security, National Solidarity and Environment and Sustainable Development (Environment and Sustainable Development Division)

Performance Audit on "Government Response to Mitigate the Impact of Flooding"

Executive Summary

Mauritius is affected by the adverse effects of climate change, such as temperature rise, sea level rise and increase in frequency and intensity of extreme weather events, like flash floods. According to the National Disaster Risk Reduction and Management Council (commonly referred to as the National Council), in the Republic of Mauritius, flooding that are caused by heavy/torrential rains account for more than 70 per cent of disaster event every year. Of the several flash floods experienced by the country, the one that occurred in Port-Louis on 30 March 2013 caused one of the highest fatalities. In addition, according to the Disaster Risk Reduction Strategic Framework and Action Plan (DRR Report 2013), it has been estimated that damages to buildings and infrastructures due to flooding in the next 50 years will cost around US $ 2 billion for Mauritius.

The audit assessed the effectiveness of Government response to mitigate the impact of flooding.

Key Findings

Persistent Causes of Flooding

The study carried out by the Environment and Sustainable Development Division of the Ministry of Social Security, National Solidarity and Environment and Sustainable Development (MoESD) on the real causes of flooding in February 2016 at 128 affected regions revealed that regions in low lying areas account for 50 per cent of the cases, while in the others, they were due to drainage issues with new development, capacity of drainage network, development in backfilled ex-wetland and flooding of river floodplain. Since 2003, these causes had already been highlighted in the report of the National Development Strategy and Policies of the Ministry of Housing and Lands.

Some 15 years after since the causes were identified by the Ministry of Housing and Lands, in July 2018, during a meeting of the Technical Committee on Legal Assistance at the National Development Unit (NDU), members were still raising issues, such as improper inventory of drains and canals, inadequate maintenance and cleaning of drains, surface run off from sugar cane fields, backfilling of wetlands being persistent, and for new developments, there was no proper plan for channeling storm water overflowing from absorption drains.

Strategy and Plan

In 2012, the MoESD commissioned a study for the preparation of the DRR Report 2013, as part of the Africa Adaptation Programme. The objective was to address systematically within an integrated and holistic framework both the sustainable development issue and the climate change related issue, involving economic, environmental, social and technological aspects. The National Disaster Risk Reduction and Management Centre (NDRRMC), which is the body that acts as the main institution for the State of Mauritius for the planning, organising, coordinating and monitoring of disaster risk reduction and management activities at all levels, was assigned the task to monitor the implementation of the recommendations of the DRR Report 2013.

However, the recommendations were only partially implemented due to factors, such as complexity of projects, involvement of different players and shortage of funds.

Land Drainage

For the period 2015-16 to 2017-18, the NDU spent some Rs 594.1 million on construction and upgrading of drains. For Local Authorities, the total amount spent on the construction of drain was some Rs 279 million, and some Rs 37 million on cleaning of drains, rivers and canals during financial years 2016-17 and 2017-18[1]. However, these works were undertaken following flood events and was of a reactive nature rather than a pro-active one as described below:

- There was no centrally and scientifically drawn database on flood prone areas to be used by both the NDU and Local Authorities in determining priority drainage works. At the start of each financial year, they prepared plan for drainage work based on a priority list drawn from a list of areas already affected by flood, and not where flooding is likely to occur.

- These drainage works were not evaluated under flood conditions. Hence, the effectiveness of the work in reducing the impact could not be determined.

- After each flooding, the same reason put forward was that drains were not regularly maintained. At most Local Authorities, maintenance, cleaning and rehabilitation works were carried out on an ad-hoc basis, and most of them were complaints driven.

Land Development

According to the study carried out by the MoESD in 2016, there were also issues of water accumulation and flooding in new morcellement as one of the causes of flood. These issues were attributed to the fact that drain return period of morcellement was 10 years only, which was considered not sufficient to cater for excess water during extreme rainfall.

Development on Wetlands

Development is controlled to some extent through the National Ramsar Committee which oversees wetland management by providing Ramsar Clearance. In the Environment Protection Act, which provides for the requirement of an Environment Impact Assessment (EIA) for development in wetlands, backfilling of a wetland without a Preliminary Environmental Report or EIA is an offence under the Act. Moreover, in the National

[1] Breakdown of construction and maintenance of drains not available for the period 2015-2016

Development Strategy 2003, it is stated that the provisions of the Rivers and Canal Act which prohibit the construction of a building within 33 metres of a river, stream and canals should be complied with.

In spite of these controls, stakeholders were facing difficulties in managing wetlands for the following reasons:

- As at September 2018, an updated inventory on wetlands was not available for stakeholders to take appropriate decision with regard to their management.

- In a Study on Environmentally Sensitive Areas (ESA) carried out in 2008, it was recommended to have an Environmentally Sensitive Areas Act to better manage ESAs, including wetlands. However, since 2009, some nine years after the completion of the ESA Study, an Environmentally Sensitive Areas Act had not yet been adopted.

- To better manage wetlands, the preparation of a draft Wetland Bill started prior to 2005. However, as at September 2018, it had not yet been finalised.

- There was no clear demarcation as to who was responsible to carry out post monitoring to ensure compliance with the conditions of the Ramsar clearances and licences issued. Hence, post monitoring of these clearances were not being carried out.

Conclusion

Since 2003, the same causes of flooding had been repeatedly highlighted in several studies. Government has been taking several initiatives to mitigate its impact by addressing its causes, but it has not derived the full benefits of its efforts to address the problem of flood at source as these have been more reactive than proactive. The identified causes will continue to contribute to future flooding unless proactive and timely actions are taken.

A holistic and a risk based approach to prevention and protection has not been adopted. Recommendations made in the DRR Report 2013 for a proactive, integrated and source-solution approach, have not been fully implemented.

With the implementation of the new measures, such as Drain Impact Assessment, review of Wetland Bill and Land Drainage Master plan, some improvements may be expected to the problem of flooding. Otherwise, the number of areas exposed to flood hazards will keep on increasing, with potential risk to the life of people and damage to the infrastructure.

Key Recommendations

Implementations and Monitoring of Activities

The implementation of the measures will require constant monitoring of all infrastructural and non-infrastructural works undertaken by the stakeholders involved in risk-reduction. In line with its functions, this task should be carried out by the NDRRMC, and any corrective actions deemed necessary brought to the attention of the National Council.

Monitoring of activities in relation to drains by the Land Development Authority, and those related to flood hazard by other stakeholders should also be brought to the attention of the National Council for better coordination.

Develop a Risk-Based and Pro-Active Approach

Once a scientific list of flood prone areas is completed, a risk-based approach should be adopted to achieve the best results possible using efficiently the resources available. An assessment of flood risk must be undertaken to understand which regions are at risk. These regions can be delineated as high, medium and low risk. This risk-based approach will help in determining the area where infrastructural and non-infrastructural measures should be prioritised in a pro-active manner.

Improved and Well Maintained Drains

In situation where resources are limited, a programme of work for the construction and maintenance of drains based on a risk assessment of likelihood of floods and their impacts should be developed by each stakeholder. Different return period of drains based on the risk assessment of the area should also be considered.

Planned Development

Areas delineated as high risk flood prone should not be subject to development.

For those areas not delineated as high risk flood prone areas, development should be controlled by a proper planning to prevent and reduce the risk arising from new developments, and to ensure that development in one place does not cause problems in another. Thus, the incorporation of the Drain Impact Assessment as part of the EIA should not be further delayed given the urgent need of controlling the risk of flooding. Additionally, the Drain Impact Assessment Guideline should contain conditions that must be strictly followed.

For those morcellement projects not falling under the requirement of an EIA, the Land Development Authority, in collaboration with other stakeholders, should investigate on whether the possibility of flooding is real in that particular area. The promoters of those projects should then be required to submit a plan on how to reduce the likelihood of flood from surface water run-off, as in Singapore where all new developments and re-developments of 0.2 hectares or more required the implementation of 'source' solutions to slow down storm water run-off entering the public drainage system.

Better Wetland Management

Wetlands and any other environmentally sensitive areas should be subject to close monitoring as clearances are often given to development within or near wetlands. This responsibility should be clearly determined and assigned to a Ministry/Department.

Both public and private wetlands found in areas which are considered to be critically prone to flood, after a thorough analysis on risk of flooding, should not be subject to development.

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Appendix ID

Ministry of Ocean Economy, Marine Resources, Fisheries and Shipping

Performance Audit on "Moving Towards Sustainable Artisanal Fishery in Mauritius"

Executive Summary

Fisheries is a priority sector in the Republic of Mauritius as it provides an important source of income and nutrition, and attracts investment in areas of fishing, seafood hub and aquaculture. Government provides support to this sector through the Ministry of Ocean Economy, Marine Resources, Fisheries and Shipping, formerly known as the Ministry of Fisheries.

The main supply of fresh fish to the local market is from artisanal fishery which also provides employment opportunities in the coastal regions, thereby contributing significantly to poverty alleviation and food security. Over the years, the Ministry took several measures to sustain artisanal fishery. It paid registered artisanal fishermen some Rs 60 million annually as Bad Weather Allowance (BWA), spent some Rs 50 million on projects for their relocation to off lagoon and adoption of aquaculture during the period 2012 to 2017, and some Rs 68 million as payroll costs on the Fisheries Protection Service (FPS) in financial year 2016-17. Despite these measures, the artisanal fishery production during the period 2012 to 2017 was on the decrease, while total local fish consumption kept on increasing.

Inefficiencies in the allocation of BWA were highlighted by the National Audit Office (NAO). Reports commissioned by the Ministry also highlighted similar inefficiencies. Moreover, issues relating to inadequate protection and enforcement activities by the Ministry were reported in the media.

The NAO participated in a collaborative audit project undertaken by AFROSAI-E, focusing on Coastal Management Governance and environmental protection of coastlines. In the project, critical issues, such as over-fishing, and measures taken by Governments to align national priorities with the 2030 Agenda for Sustainable Development, Africa Agenda 2063 and other international, regional and national commitments were being assessed.

It was against this background that the NAO carried out this Audit on 'Moving Towards Sustainable Artisanal Fishery in Mauritius' to assess whether measures implemented by the Ministry were effective to support sustainable artisanal fishery.

Key Findings

In line with SDG 14.B 'Provide access for small-scale artisanal fishers to marine resources and markets', the Ministry took measures comprising a range of incentives and projects to support and sustain artisanal fishery. The measures formed part of a three-pronged approach, namely targeting individual fisherman, those grouped in cooperatives, and interventions at national level through conservation, protection and enforcement activities.

Key findings at each of the three levels of interventions are presented in the paragraphs below:

Effectiveness of Incentives and Supports to Individual Artisanal Fishermen

Presently, the BWA Scheme is used as an income support to compensate for decreasing revenue from catch. Also, grant scheme set up for purchase of 'Canottes' and equipment is expected to shift fishermen to off lagoon fishing, where the catch is relatively higher. These initiatives are aligned to the Food and Agricultural Organisation (FAO) Code of Responsible Fisheries which promotes measures aiming at reducing the pressure on ecosystems and allows the regeneration of fish stocks. Main findings are as follows:

- BWA was being paid irrespective of whether fishermen were actually engaging in fishing activity, were medically fit and were able to fish in even declared bad weather days. Payment of BWA, which was initially designed to sustain livelihood of artisanal fishermen, was not determined by the criteria set;

- The Scheme was not supporting the shift of artisanal fishermen to off lagoon fishing as it entailed increase in yearly BWA payments. Still, due to inadequate safeguards in the Scheme, the FPS could not prevent a fisherman who had benefited from grants targeting off lagoon fishing, be in receipt of higher number of Bad Weather Days, and yet, was fishing in the depleted lagoon. This resulted in BWA being continuously paid for fishing in an already stressed lagoon, when such Allowance should have been a support to sustain off lagoon fishery;

- In March 2018, without seeking the approval of Government, the Ministry decided to allocate 151 new Fisherman Cards, including to those fishermen who were fishing for less than 10 per cent of the time, contrary to established criteria set in the policy of 2007. Allocating Fisherman Cards to those not satisfying established criteria, did not ensure registration of genuine applicants;

- The 'Canotte' Scheme introduced in 2014 aimed at providing financial support to registered artisanal fishermen to acquire newly constructed fishing boats ('Canottes'), and related accessories to enable them to go fishing off lagoon where the catch per fisherman per day was higher than that in the lagoon. This would enhance their livelihood and reduce pressure on the lagoon. However, the Scheme was not adequately designed, implemented and monitored to ensure that the objectives were met.

Effectiveness of Projects to Relocate Artisanal Fishermen at Community Level

In 2007, Government set up the Fishermen Investment Trust (FIT) as an investing arm of the Ministry to venture in projects that would support the fishermen community to move to off lagoon and encouraging them to adopt aquaculture. The Ministry, on the other hand, also invested in Fish Aggregating Devices (FADs) to move fishermen off lagoon, and in 10 floating cages culture to promote shift to aquaculture. Moreover, two pilot aquaculture projects were undertaken in collaboration with Japan International Corporation Agency and SmartFish Programme.

- Since its inception, of the nine projects FIT planned to undertake, seven were either not developed or not implemented. The two projects implemented, namely, the Acquisition and Rental of three Fishing Boats and the Sale of Fish Quota, did not meet their objectives. FIT eventually ceased its activities in 2014 due to difficulties experienced. However, as of

March 2018, the Ministry had not yet taken any decision on the future of FIT. In the meantime, its main assets (three fishing boats) were lying idle and subject to deterioration;

- In April 2013, the Project ‘Support for Sustainable Aquaculture Development through the Promotion of Small-Scale Cage Culture in the Lagoon of Mauritius’ was developed through a collaboration between the FIT and the Indian Ocean Commission (SmartFish Programme). The objectives were to train beneficiaries, academics and Albion Fisheries Research Centre Technicians on the construction of small farming cages and their settling at sea, as well as technical and financial management of a small aquaculture farm. Six floating cages costing some US $ 61,000 (some Rs 1.8 million) were set up. In December 2017, personnel of FIT reported that no monitoring on the Project was carried out, and beneficiaries reported hardship in managing the project. As at April 2018, the Ministry could not confirm the outcome of this Project;

- In November 2016, a Floating Cage Project costing some Rs 11 million was implemented by the Ministry. It was expected that with the success of this Project, more fishermen would, in the longer term, be involved in a profitable and sustainable aquaculture business project. Cages which were expected to sustain harsh sea conditions were damaged leading to loss of fish, and subsequently, left in an abandoned state. Monitoring and follow up on cage maintenance and fish growth were not adequate. Lessons learned on previous two pilot projects had not been embedded in the design, implementation, monitoring and follow up on this Project. As at March 2018, the actual outcome of the Project did not indicate that it was supporting the switch to successful small scale fish farming;

- As of November 2017, there were 28 dedicated sites where FADs had been set up, with the aim to increase and diversify the income of fishermen, and concurrently, divert fishing effort from the exploited lagoon. To promote off lagoon fishery, FADs were maintained at a cost of some Rs 2 million annually. However, the number of beneficiaries who was effectively engaged in that fishery was not ascertained, and the benefits achieved were not assessed by the Ministry.

Effectiveness of Conservation, Protection and Enforcement Activities to Promote Sustainable Artisanal Fishery

Marine Protected Areas (MPAs), Fishing Reserves and marine ranching are part of conservation strategies supported by the Ministry to conserve marine biodiversity and replenish fish stock. Equally important are activities of the FPS of the Ministry to prevent damage to the parks, reserves and lagoons through illegal and destructive fishing activities.

- Management Plans for Blue Bay and Balaclava Marine Parks were prepared under a project sponsored by the United Nations Development Programme and the Global Environment Facility. Under a cost-sharing contribution, the Ministry disbursed some Rs 10.5 million for the project. As at March 2018, the Management Plans were not yet approved by Government. No Action Plans were developed and resources committed for their implementation. Actions so far undertaken by the Ministry were inadequate to provide the required overview and assurance on governance, conservation, sustainable financing and livelihoods and environmental awareness in respect of the Parks;

- Under the “Mainstreaming Biodiversity in the Management of the Coastal Zone in the Republic of Mauritius’ Project of 2016, it was emphasised to enhance enforcement measures in all the six Fishing Reserves as they obtained a low score on the assessment of the enforcement of conservation activities. In March 2018, examination of enforcement activities of the FPS in Poudre d'Or Fishing Reserve confirmed the prevailing low level of surveillance on this reserve of some 25 km^2;

- Fingerlings were released in lagoon areas in view of replenishing the lagoon for their eventual capture at marketable size by local fishermen. During the period 2012 to 2017, some 2.1 million fingerlings, costing some Rs 4.2 million, were released in Marine Parks, Fishing Reserves and lagoon areas. The Ministry had not assessed whether the objectives, such as the increase in catch recorded at Fish Landing Stations, were met and corrective actions needed to enhance the process;

- Protection and enforcement activities of FPS included surveillance through patrols. However, issues relating to staffing and logistics, which were of recurrent nature, impacted negatively on surveillance. Overall, during the day, most of the time, only one of the three officers in Fisheries Posts was involved in surveillance duties. Surveillance on beach or in patrol boats was even more reduced during night time in most of the Fisheries Posts;

- There was a positive correlation between number of contraventions established and number of boat patrols. From an analysis of the average monthly boat patrols carried out at the 13 Fisheries Posts, the level of surveillance was as follows:

  - Only four Fisheries Posts carried out at least one boat patrol weekly during day time;

  - As regards night boat patrols, only one of these 13 Posts carried out at least one weekly;

  - Three Fisheries Posts did not carry any night boat patrol.

- There was no guidance from management for a specific number or type of patrols to be carried out. Patrol reports submitted by Fisheries Posts to the FPS's management did not include important details, such as time spent and number of personnel involved during patrols. This reporting mechanism was insufficient to provide adequate oversight on the performance of the Fisheries Posts;

- The organisation and surveillance operations of the five Flying Squads were different from those of Fisheries Posts. Minimum weekly number and type of patrols were prescribed by FPS. Though the Flying Squads carried out some six times less patrols than Fisheries Posts, they established three times more contraventions during the 12 month period ending 31 December 2017. However, none of the Flying Squads executed the required minimum number of boat (two weekly) and crackdown (one weekly) patrols;

- At the FPS, there was no documented system to capture and process information from different sources that would have allowed targeting areas where illegal fishing activities were more likely to occur. The Weekly Programme of Work of each Flying Squad team was linked to only a few documented requests from management. In most of the cases, the Programme did not include information justifying patrols in specific parts of their surveillance areas and how these patrols were complementing those effected by the Fisheries Posts in their respective areas. Co-ordinations between Flying Squads and Fisheries Posts would have contributed to plan patrols to ensure a better coverage in terms of time, area and risk profiles. However, records at Fisheries Posts indicated few cases of such co-ordinations;

- Since 2013, the FPS was operating a Hotline with some 30 complaints on illegal fishing received annually, averaging some three monthly. The linkage to an intelligence-led planning, based on public complaints through this Hotline or other correspondences, could not be established;

- On average, for every one offender prosecuted during the past years, there were at least some three offences committed where only exhibits, such as fishing gears and nets were picked up, and the offenders were unknown. The annual number of picked up cases recorded by FPS indicated that illegal fishing activities were ongoing over the years, and the low level of surveillance reported above, contributed towards offenders not being intercepted and prosecuted.

Conclusion

The Ministry has taken laudable initiatives in devising and maintaining a wide a range of interventions targeting artisanal fishermen individually, collectively at community and at national level through preservation and protection of lagoon ecosystems. All these interventions are aligned to SDG 14B and the FAO Code of Conduct for Responsible Fisheries which promote sustainable artisanal fishery.

The Ministry has the resources, mechanism, legal framework, and exercises either control or strong influence on key factors required to implement measures effectively. However, it has missed out opportunities to maximise effectiveness in most of its interventions. This is due to important issues in design, implementation, monitoring and follow up on these interventions which are not properly addressed.

Key Recommendations

The Ministry needs to focus more at the three levels of interventions, namely individual, community and national to address the issues identified above. Specific recommendations on issues not properly addressed relating to design, implementation, monitoring and follow up are as follows:

- The work schedule at Fisheries Posts needs to be re-organised in order to have more man-hours available for enforcement and protection duties. For example, FPS may consider scheduling its tasks by allocating specific time slots for executing the administrative ones during the day;

- Criteria for the payment of BWA need to be reviewed in order to fit the context which will ensure its effectiveness and efficiency and sustain livelihood of artisanal fishermen;

- The Ministry should confirm approval of Government on the decision to grant new Fishermen Cards to those not satisfying the criteria of having fished for at least 50 per cent of the time, excluding declared bad weather days, in any month;

- In respect of the next phases of the 'Canotte' Scheme, the Ministry should ensure that it is well designed, implemented and assessed to ensure that objectives are met;

- The Ministry should finalise whether FIT should be wound up or re-organised to pursue its objective relating to sustainability of artisanal fishery;

- The Ministry should follow up the 10 floating cages more closely, and evaluate whether the output is likely to support the switch to successful small scale fish farming;

- Relevant information on FAD fishery should be collected in order to ascertain what issues are impacting on the reported reduction of fishing efforts and productivity, and the associated initiatives to shift artisanal fishermen outside the depleted lagoons;

- The Ministry needs to evaluate the Marine Ranching Project to ascertain to what extent the objective has been achieved, and what changes are needed to improve its benefits to lagoon ecosystem;

- The current low level of surveillance by the FPS needs to be addressed to intercept illegal fishing activities more effectively.

Ministry's Response

Following discussion of the draft Report with the Ministry, necessary amendments were made. The amended Report was submitted to the Ministry for comments and any additional information deemed necessary for its finalisation.

The Ministry took note of the amended Report and confirmed its finalisation.

Appendix IIA

List of Statutory Bodies audited by the Director of Audit

1	Aapravasi Ghat Trust Fund
2	Agricultural Marketing Board
3	Beach Authority
4	Bhojpuri-Speaking Union
5	Board of Investment
6	Bus Industry Employees Welfare Fund
7	Central Electricity Board
8	Central Water Authority
9	Chagossian Welfare Fund
10	Chinese-Speaking Union
11	Civil Service Family Protection Scheme Board
12	Competition Commission
13	Conservatoire de Musique François Mitterand Trust Fund
14	Construction Industry Development Board
15	Creole-Speaking Union
16	Early Childhood Care and Education Authority
17	Employees Welfare Fund
18	Fashion and Design Institute
19	Financial Reporting Council
20	Fishermen Investment Trust
21	Fishermen Welfare Fund
22	Food and Agricultural Research and Extension Institute *(Previously Food and Agricultural Research Council - Ceased operation on 14/02/2014)*
23	Gambling Regulatory Authority
24	Hindi-Speaking Union
25	Human Resource Development Council
26	Information and Communication Technologies Authority
27	Islamic Cultural Centre Trust Fund
28	Law Reform Commission
29	Le Morne Heritage Trust Fund
30	Mahatma Gandhi Institute
31	Malcom De Chazal Trust Fund
32	Manufacturing Sector Workers Welfare Fund

Continued

List of Statutory Bodies audited by the Director of Audit

33 Marathi-Speaking Union

34 Mauritian Cultural Centre Trust

35 Mauritius Broadcasting Corporation

36 Mauritius Cane Industry Authority
(Farmers Service Corporation, Mauritius Sugar Authority, Mauritius Sugar Terminal Corporation and Sugar Planters Mechanical Pool Corporation merged w.e.f 19/03/12)

37 Mauritius Council of Registered Librarians

38 Mauritius Examinations Syndicate

39 Mauritius Ex-Services Trust Fund

40 Mauritius Film Development Corporation

41 Mauritius Institute of Education

42 Mauritius Institute of Health

43 Mauritius Institute of Training and Development
(previously Industrial and Vocational Training Board - Ceased operation on 15/11/2009)

44 Mauritius Marathi Cultural Centre Trust

45 Mauritius Meat Authority

46 Mauritius Museums Council

47 Mauritius Oceanography Institute

48 Mauritius Qualifications Authority

49 Mauritius Renewable Energy Agency

50 Mauritius Research Council

51 Mauritius Revenue Authority

52 Mauritius Society for Animal Welfare

53 Mauritius Society of Authors
(previously Rights Management Society name changed w.e.f 14/12/2017)

54 Mauritius Sports Council

55 Mauritius Standards Bureau

56 Mauritius Tamil Cultural Centre Trust

57 Mauritius Telugu Cultural Centre Trust

58 Mauritius Tourism Promotion Authority

59 Media Trust

60 National Adoption Council

61 National Art Gallery

62 National Children's Council

Continued

List of Statutory Bodies audited by the Director of Audit

63 National Computer Board

64 National Cooperative College
(previously National Institute for Cooperative Entrepreneurship name changed w.e.f 02/05/2017)

65 National Council for the Rehabilitation of Disabled Persons

66 National Heritage Fund

67 National Human Rights Commission

68 National Library

69 National Productivity and Competitiveness Council

70 National Solidarity Fund

71 National Transport Corporation

72 National Wage Consultative Council

73 National Women Entrepreneur Council

74 National Women's Council

75 National Youth Council

76 Nelson Mandela Centre for African Culture Trust Fund

77 Open University of Mauritius

78 Outer Islands Development Corporation

79 Private Secondary Education Authority
(Previously Private Secondary Schools Authority name changed w.e.f 01/10/2016)

80 Professor Basdeo Bissoondoyal Trust Fund

81 Public Officers' Welfare Council

82 Rabindranath Tagore Institute

83 Rajiv Gandhi Science Centre Trust Fund

84 Road Development Authority

85 Seafarers' Welfare Fund

86 Senior Citizens Council

87 Sir Seewoosagur Ramgoolam Botanical Garden Trust

88 Sir Seewoosagur Ramgoolam Foundation

89 Small and Medium Enterprises Development Authority

90 Small Farmers Welfare Fund

91 St Antoine Planters Cooperative Trust

92 State Trading Corporation

93 Sugar Industry Labour Welfare Fund

94 Sugar Insurance Fund Board

Continued

List of Statutory Bodies audited by the Director of Audit

95 Tamil-Speaking Union
96 Telugu-Speaking Union
97 Tertiary Education Commission
98 Tourism Authority
99 Tourism Employees Welfare Fund
100 Town and Country Planning Board
101 Trade Union Trust Fund
102 Training and Employment of Disabled Persons Board
103 Trust Fund for Specialised Medical Care
104 Université des Mascareignes
105 University of Mauritius
106 University of Technology Mauritius
107 Utility Regulatory Authority
108 Vallée D'Osterlog Endemic Garden Foundation
109 Wastewater Management Authority

* National Agency for the Treatment and Rehabilitation of Substance Abusers
Ceased operation on 01/07/2016
Financial statements for the financial year 2012 and 2013 were certified on 21.08.2013 and 22.08.2014 respectively, but not yet laid before the National Assembly.

** National Economic and Social Council- *ceased operation on 01/05/2015*
Financial statements for the financial year 2014 and for the period 01.01.2015 -30.04.2015 have not yet been submitted for audit and financial statements for the financial year 2013 were certified on 17.03.2015, but not yet laid before the National Assembly.

*** Sugar Cane Planters Trust - *Ceased operation as from 24/07/2010*
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 and the financial statements for financial year 2006-07 were certified on 20.10.2008, but not yet laid before the National Assembly.

**** Technical School Management Trust Fund - *Ceased operation as from 16/11/2009*

Financial statements for the financial year 2007-08, 2008-09 and period 01.07.2009-15.11.2009 were certified on 19.08.2016, 30.08.2016 and 08.08.2017 respectively, but not yet laid before the National Assembly.

Appendix IIB

Statutory Bodies - Financial Statements not yet Submitted

SN	Statutory Bodies	No of Financial Statements	Period	Statutory Date Limit
1	Chagossian Welfare Fund	1	2017-18	31.10.2018
2	Creole Speaking Union	1	2017-18	31.10.2018
3	Early Childhood Care and Education Authority	1	2017-18	31.10.2018
4	Fashion and Design Institute	1	2017-18	31.10.2018
5	Fishermen Investment Trust	4	2014 2015 01.01.2016-30.06.2017 2017-18	30.04.2015 30.04.2016 31.10.2017 31.10.2017
6	Food and Agricultural Research and Extension Institute	1	2017-18	31.10.2018
7	Gambling Regulatory Authority	1	2017-18	31.10.2018
8	Hindi Speaking Union	2	01.01.2016-30.06.2017 2017-18	31.10.2017 31.10.2018
9	Malcom de Chazal Trust Fund	6	2012 2013 2014 2015 01.01.2016-30.06.2017 2017-18	30.04.2013 30.04.2014 30.04.2015 30.04.2016 31.10.2017 31.10.2018
10	Marathi Speaking Union	1	2017-18	31.10.2018
11	Mauritian Cultural Centre Trust	13	2004-05 2005-06 2006-07	30.09.2005 30.09.2006 30.09.2007

Continued

Statutory Bodies - Financial Statements not yet Submitted

SN	Statutory Bodies	No of Financial Statements	Period	Statutory Date Limit
	Mauritian Cultural Centre Trust *(Continued)*		2007-08	30.09.2009
			2008-09	30.09.2009
			01.07.2009-31.12.2010	31.03.2011
			2011	30.04.2012
			2012	30.04.2013
			2013	30.04.2014
			2014	30.04.2015
			2015	30.04.2016
			01.01.2016-30.06.2017	31.10.2017
			2017-18	31.10.2018
12	Mauritius Broadcasting Corporation	2	01.01.2016-30.06.2017	31.10.2017
			2017-18	31.10.2018
13	Mauritius Film Development Corporation	1	2017-18	31.10.2018
14	Mauritius Marathi Cultural Centre Trust	1	2017-18	31.10.2018
15	Mauritius Meat Authority	1	2017-18	31.10.2018
16	Mauritius Museums Council	3	2015	30.04.2016
			01.01.2016-30.06.2017	31.10.2017
			2017-18	31.10.2018
17	Mauritius Oceanography Institute	2	01.01.2016-30.06.2017	31.10.2017
			2017-18	31.10.2018
18	Mauritius Society for Animal Welfare	3	2015	30.04.2016
			01.01.2016-30.06.2017	31.10.2017
			2017-18	31.10.2017
19	Mauritius Society of Authors	2	01.01.2016-30.06.2017	31.10.2017
			2017-18	31.10.2018

Continued

Statutory Bodies - Financial Statements not yet Submitted

SN	Statutory Bodies	No of Financial Statements	Period	Statutory Date Limit
20	Mauritius Sports Council	1	2017-18	31.10.2018
21	Mauritius Tamil Cultural Centre Trust	4	2014 2015 01.01.2016-30.06.2017 2017-18	30.04.2015 30.04.2015 31.10.2017 31.10.2018
22	Mauritius Telegu Cultural Centre Trust	1	2017-18	31.10.2018
23	Mauritius Qualifications Authority	1	2017-2018	31.10.2018
24	Media Trust	5	2013 2014 2015 01.01.2016-30.06.2017 2017-18	30.04.2014 30.04.2015 30.04.2015 31.10.2017 31.10.2018
25	National Adoption Council	8	01.07.2009-31.12.2010 2011 2012 2013 2014 2015 01.01.2016-30.06.2017 2017-18	31.03.2011 30.04.2012 30.04.2013 30.04.2014 30.04.2015 30.04.2016 31.10.2017 31.10.2018
26	National Art Gallery	2	01.01.2016-30.06.2017 2017-18	31.10.2017 31.10.2018
27	National Children's Council	1	2017-18	31.10.2018
28	National Computer Board	1	2017-18	31.10.2018

Continued

Statutory Bodies - Financial Statements not yet Submitted

SN	Statutory Bodies	No of Financial Statements	Period	Statutory Date Limit
29	National Council for the Rehabilitation of Disabled Persons	1	2017-18	31.10.2018
30	National Economic and Social Council	2	2014 01.01.2015-30.04.2015	30.04.2015 31.08.2015
31	National Heritage Trust Fund	4	2014 2015 01.01.2016-30.06.2017 2017-18	30.04.2015 30.04.2016 31.10.2017 31.10.2018
32	National Human Rights Commission	1	2017-18	31.10.2018
33	National Transport Corporation	4	2014 2015 01.01.2016-30.06.2017 2017-18	30.04.2015 30.04.2016 31.10.2017 31.10.2018
34	National Women's Council	1	2017-18	31.10.2018
35	Nelson Mandela Centre for African Culture Trust Fund	2	01.01.2016-30.06.2017 2017-18	31.10.2017 31.10.2018
36	Professor Basdeo Bissoondoyal Trust Fund	12	04.04.2005-30.06.2006 2006-07 2007-08 2008-09 01.07.2009-31.12.10 2011 2012 2013 2014	30.09.2006 30.09.2007 30.09.2008 30.09.2009 31.03.2011 30.04.2012 30.04.2013 30.04.2014 30.04.2015

Continued

Statutory Bodies - Financial Statements not yet Submitted

SN	Statutory Bodies	No of Financial Statements	Period	Statutory Date Limit
	Professor Basdeo Bissoondoyal Trust Fund *(Continued)*		2015 01.01.2016-30.06.2017 2017-18	30.04.2016 31.10.2017 31.10.2018
37	Rajiv Gandhi Science Centre Trust Fund	1	2017-18	31.10.2018
38	Sir Seewoosagur Ramgoolam Botanical Garden Trust	7	2011 2012 2013 2014 2015 01.01.2016-30.06.2017 2017-18	30.04.2012 30.04.2013 30.04.2014 30.04.2015 30.04.2016 31.10.2017 31.10.2018
39	Sir Seewoosagur Ramgoolam Foundation	4	2014 2015 01.01.2016-30.06.2017 2017-18	30.04.2015 30.04.2016 31.10.2017 31.10.2018
40	Small and Medium Enterprises Development Authority	2	01.01.2016-30.06.2017 01.07.2017-17.01.2018	31.10.2017 30.05.2018
41	Small Farmers Welfare Fund	2	01.01.2016-30.06.2017 2017-18	31.10.2017 31.10.2018
42	Sugar Cane Planters Trust	3	2007-08 2008-09 01.07.2009-24.07.2010	30.09.2008 30.09.2009 30.09.2009
43	Tamil Speaking Union	2	01.01.2016-30.06.2017 2017-18	31.10.2017 31.10.2018
44	Telegu Speaking Union	1	2017-18	31.10.2018

Continued

Statutory Bodies - Financial Statements not yet Submitted

SN	Statutory Bodies	No of Financial Statements	Period	Statutory Date Limit
45	Trade Union Trust Fund	3	2015 01.01.2016-30.06.2017 2017-18	30.04.2016 31.10.2017 31.10.2018
46	Training and Employment of Disabled Persons Board	1	2017-18	31.10.2018
47	Universite Des Mascareignes	5	06.09.2012-31.12.2013 2014 2015 01.01.2016-30.06.2017 2017-18	30.04.2014 30.04.2016 31.10.2017 31.10.2018 30.04.2016
48	University of Technology Mauritius	2	01.01.2016-30.06.2017 2017-18	31.10.2017 31.10.2018
49	Urdu Speaking Union	1	2017-18	31.10.2018
50	Utility Regulatory Authority	1	2017-18	31.10.2018
51	Vallée D'Osterlog Endemic Garden Foundation	4	2014 2015 01.01.2016-30.06.2017 2017-18	30.04.2015 30.04.2016 31.10.2017 31.10.2018
Total		**137**		

Appendix IIC

Statutory Bodies - Financial Statements Certified but not yet laid before National Assembly

Sn	Statutory Bodies	No of Financial Statements	Period	Date Certified
1	Agricultural Marketing Board	1	01.01.2016-30.06.2017	30.04.2018
2	Beach Authority	3	2014 2015 01.01.2016-30.06.2017	26.10.2015 05.10.2016 06.07.2018
3	Board of Investment	1	01.07.2017-14.01.2018	14.11.2018
4	Central Electricity Board	1	01.01.2016-30.06.2017	25.10.2018
5	Chinese Speaking Union	1	01.01.2016-30.06.2017	19.02.2018
6	Competition Commission	2	2013 01.01.2016-30.06.2017	08.09.2014 27.08.2018
7	Conservatoire de Musique Francois Mitterand Trust Fund	1	01.01.2016-30.06.2017	30.04.2018
8	Creole Speaking Union	3	2014 2015 01.01.2016-30.06.2017	27.08.2018 27.08.2018 27.08.2018
9	Early Childhood Care and Education Authority	1	01.01.2016-30.06.2017	30.05.2018
10	Farmers Service Corporation	2	2011 01.01.2012-18.03.2012	28.12.2012 21.07.2014
11	Fashion and Design Institute	4	01.07.2009-31.12.2010 2011 2014 2015	04.04.2014 04.09.2014 01.04.2016 17.11.2017
12	Financial Reporting Council	1	2014	21.09.2015
13	Fishermen Investment Trust	1	2012	31.10.2013

Continued

Statutory Bodies - Financial Statements Certified but not yet laid before National Assembly

Sn	Statutory Bodies	No of Financial Statements	Period	Date Certified
14	Food and Agricultural Research and Extension Institute	2	14.02.2014- 2015	08.11.2018 08.11.2018
15	Food and Agricultural Research Council	1	01.01.2013-13.02.2014	13.01.2017
16	Gambling Regulatory Authority	2	2015 01.01.2016-30.06.2017	02.03.2017 10.07.2018
17	Hindi Speaking Union	2	2014 2015	10.08.2017 30.04.2018
18	Industrial and Vocational Training Board	1	01.07.2009-15.11.2009	11.07.2014
19	Information and Communication Technologies Authority	2	2013 2014	07.08.2015 03.06.2016
20	Islamic Cultural Centre Trust Fund	9	2005-06 2006-07 2007-08 2008-09 01.07.2009-31.12.2009 2010 2011 2012 2013	26.07.2011 26.07.2011 26.07.2011 07.02.2014 07.02.2014 07.02.2014 12.07.2016 12.07.2016 12.07.2016
21	Le Morne Heritage Trust Fund	4	2004-05 2005-06 2006-07 01.01.2016-30.06.2017	30.03.2010 30.03.2010 30.03.2010 10.10.2018

Continued

Statutory Bodies - Financial Statements Certified but not yet laid before National Assembly

Sn	Statutory Bodies	No of Financial Statements	Period	Date Certified
22	Malcom de Chazal Trust Fund	8	2003-04	04.07.2013
			2004-05	14.10.2014
			2005-06	14.10.2014
			2006-07	14.10.2014
			2007-08	14.10.2014
			2008-09	14.10.2014
			01.07.2009-31.12.2010	14.10.2014
			2011	14.10.2014
23	Mauritian Cultural Centre Trust	2	2002-03	30.03.2005
			2003-04	22.01.2007
24	Mauritius Broadcasting Corporation	2	2007-08	20.10.2009
			01.07.2009-31.12.2010	07.02.2013
25	Mauritius Cane Industry Authority	1	01.01.2016-30.06.2017	09.07.2018
26	Mauritius Council of Registered Librarians	4	2012	03.12.2014
			2013	02.07.2015
			2014	23.05.2017
			2015	23.05.2017
27	Mauritius Film Development Corporation	2	2013	14.05.2015
			2014	25.05.2016
28	Mauritius Institute of Education	2	2014	21.10.2015
			2015	10.10.2016
29	Mauritius Institute of Training and Development	3	2014	16.03.2016
			2015	14.12.2016
			01.01.2016-30.06.2017	28.08.2018

Continued

Statutory Bodies - Financial Statements Certified but not yet laid before National Assembly

Sn	Statutory Bodies	No of Financial Statements	Period	Date Certified
30	Mauritius Marathi Cultural Centre Trust	1	2013	16.06.2015
31	Mauritius Meat Authority	2	2012	04.02.2014
			2013	09.10.2014
32	Mauritius Museums Council	4	2008-2009	06.09.2010
			01.07.2009-31.12.2010	04.06.2012
			2011	03.09.2014
			2012	09.10.2014
33	Mauritius Research Council	1	2011	27.12.2012
34	Mauritius Sports Council	6	2008-09	09.09.2013
			01.07.2009-31.12.2009	09.09.2013
			2010	09.09.2013
			2013	02.12.2014
			2014	04.11.2016
			2015	22.03.2018
35	Mauritius Sugar Authority	6	2006-07	03.12.2009
			2007-08	13.12.2011
			2008-09	13.12.2011
			01.07.2009-31.12.2010	29.03.2013
			2011	31.10.2013
			01.01.2012-18.03.2012	21.07.2014
36	Mauritius Sugar Terminal Corporation	1	01.01.2012-18.03.2012	02.09.2014
37	Mauritius Tamil Cultural Centre Trust	1	2004-05	24.10.2012

Continued

Statutory Bodies - Financial Statements Certified but not yet laid before National Assembly

Sn	Statutory Bodies	No of Financial Statements	Period	Date Certified
38	Mauritius Telugu Cultural Centre Trust	7	2004-05	13.05.2011
			2005-06	07.10.2011
			2006-07	21.05.2012
			2007-08	21.05.2012
			2008-09	21.05.2012
			2015	10.06.2016
			01.01.2016-30.06.2017	14.03.2018
39	National Agency for the Treatment and Rehabilitation of Substance Abusers	2	2012	21.08.2013
			2013	22.08.2014
40	National Art Gallery	2	2014	31.05.2018
			2015	31.05.2018
41	National Children's Council	8	2006-07	28.01.2013
			2007-08	30.07.2013
			2008-09	13.02.2014
			01.07.2009-31.12.2010	13.02.2014
			2011	12.05.2014
			2012	22.09.2014
			2013	07.10.2014
			2014	17.05.2016
42	National Computer Board	6	2007-08	05.12.2014
			2008-09	30.12.2014
			01.07.2009-31.12.2010	30.12.2014
			2011	20.01.2015
			2012	26.01.2017
			2013	17.08.2017

Continued

Statutory Bodies - Financial Statements Certified but not yet laid before National Assembly

Sn	Statutory Bodies	No of Financial Statements	Period	Date Certified
43	National Council for the Rehabilitation of Disabled Persons	4	01.07.2009-31.12.2010	18.11.2011
			2011	04.10.2012
			2013	16.10.2014
			2015	28.09.2016
44	National Economic and Social Council	1	2013	17.03.2015
45	National Heritage Trust Fund	4	2007-08	19.11.2012
			2008-09	19.11.2012
			01.07.2009-31.12.2010	28.01.2013
			2011	17.02.2014
46	National Institute for Cooperative Entrepreneurship	10	10.06.2005-30.06.2006	16.11.2018
			2006-07	16.11.2018
			2007-08	16.11.2018
			2008-09	16.11.2018
			01.07.2009-31.12.2010	16.11.2018
			2011	16.11.2018
			2012	16.11.2018
			2013	16.11.2018
			2014	16.11.2018
			2015	16.11.2018
47	National Productivity and Competitiveness Council	1	2013	16.01.2015
48	National Solidarity Fund	2	2015	31.10.2016
			01.01.2016-30.06.2017	18.05.2018

Continued

Statutory Bodies - Financial Statements Certified but not yet laid before National Assembly

Sn	Statutory Bodies	No of Financial Statements	Period	Date Certified
49	National Women Entrepreneur Council	5	2006-07	19.04.2011
			2007-08	19.04.2011
			2008-09	01.08.2012
			01.07.2009-31.12.2010	07.12.2012
			2011	08.10.2013
50	National Women's Council	5	2006	14.05.2013
			2007	26.07.2013
			2008	05.12.2013
			2009	24.04.2014
			2015	28.02.2018
51	National Youth Council	15	1999-00	12.11.2001
			2000-01	26.03.2002
			2001-02	13.03.2003
			2002-03	16.02.2004
			2003-04	05.07.2006
			2004-05	21.06.2007
			2005-06	21.06.2007
			2006-07	02.07.2008
			2007-08	05.05.2009
			2008-09	24.06.2011
			01.07.2009-31.12.2010	23.10.2012
			2011	09.09.2013
			2012	09.09.2013
			2013	21.07.2014
			2014	29.09.2015

Continued

Statistory Bodies - Financial Statements Certified but not yet laid before National Assembly

Sn	Statutory Bodies	No of Financial Statements	Period	Date Certified
52	Nelson Mandela Centre for African Culture Trust Fund	3	2011	10.08.2015
			2012	16.02.2016
			2013	16.02.2016
53	Outer Islands Development Corporation	4	01.07.2009-31.12.2010	31.07.2013
			2011	31.07.2013
			2012	11.12.2013
			01.01.2016-30.06.2017	03.07.2018
54	Private Secondary Education Authority	1	01.01.2016-30.06.2017	31.05.2018
55	Rajiv Gandhi Science Centre Trust Fund	5	2006-07	23.06.2009
			2007-08	11.03.2010
			2008-09	11.03.2010
			01.07.2009-31.12.2010	13.04.2012
			2012	21.04.2014
56	Road Development Authority	8	2007-08	28.06.2012
			2008-09	12.07.2013
			01.07.2009-31.12.2010	12.07.2013
			2011	19.11.2013
			2012	19.11.2013
			2013	13.08.2015
			2014	28.03.2016
			2017	02.05.2018
57	Seafarers' Welfare Fund	1	2014	30.10.2015
58	Senior Citizens Council	2	2015	14.12.2016
			01.01.2016-30.06.2017	15.03.2018

Continued

Statutory Bodies - Financial Statements Certified but not yet laid before National Assembly

Sn	Statutory Bodies	No of Financial Statements	Period	Date Certified
59	Sir Seewoosagur Ramgoolam Botanical Garden Trust	10	05.06.1999-30.06.2000	28.02.2014
			2000-01	28.02.2014
			2001-02	28.02.2014
			2002-03	02.05.2014
			2003-04	13.05.2014
			2004-05	13.05.2014
			2005-06	27.05.2014
			2006-07	25.06.2014
			2007-08	17.08.2017
			2008-09	17.08.2017
60	Sir Seewoosagur Ramgoolam Foundation	7	2006-07	20.10.2015
			2007-08	20.10.2015
			2008-09	20.10.2015
			01.07.2009-31.12.2010	20.10.2015
			2011	20.10.2015
			2012	20.10.2015
			2013	20.10.2015
61	Small and Medium Enterprises Development Authority	1	2012	21.09.2017
62	Small Farmers Welfare Fund	1	2015	08.08.2017
63	State Trading Corporation	1	01.01.2016-30.06.2017	30.04.2018
64	Sugar Cane Planters Trust	1	2006-07	20.10.2008

Continued

Statutory Bodies - Financial Statements Certified but not yet laid before National Assembly

Sn	Statutory Bodies	No of Financial Statements	Period	Date Certified
65	Sugar Planters Mechanical Pool Corporation	1	01.01.2012-18.03.2012	28.07.2014
66	Sugar Industry Labour Welfare Fund	1	2013	27.10.2014
67	Technical School Management Trust Fund	3	2007-08 2008-09 01.07.2009-15.11.2009	19.08.2016 30.08.2016 08.08.2017
68	Telugu Speaking Union	2	2015 01.01.2016-30.06.2017	19.02.2018 14.03.2018
69	Tourism Authority	4	2011 2012 2013 2014	03.10.2014 11.11.2014 11.11.2014 23.05.2016
70	Tourism Employees Welfare Fund	3	2013 2014 2015	28.10.2014 23.05.2016 30.09.2016
71	Training and Employment of Disabled Persons Board	3	2013 2014 2015	11.04.2016 11.04.2016 26.05.2017
72	University of Mauritius	2	2013 01.01.2016-30.06.2017	30.10.2014 16.11.2018
73	Vallée D'Osterlog Endemic Garden Foundation	1	2013	06.09.2018
Total		**228**		

Appendix IIIA

List of Local Authorities audited by the Director of Audit

1	The City Council of Port Louis
2	The District Council Black River *(Including 13 Village Councils)*
3	The District Council of Flacq *(Including 23 Village Councils)*
4	The District Council of Grand Port *(Including 24 Village Councils)*
5	The District Council of Moka *(Including 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

* The Grand Port Savanne District Council – *Split in two District Councils- The District Council of Grand Port and The District Council of Savanne w.e.f 01/01/2013.*

Financial statements for the financial year 2011 were certified on 06.07.2015 but not yet gazetted.

Appendix IIIB

Local Authorities-Financial Statements Certified but not yet Gazetted

Sn	Local Authorities	No of Financial Statements	Period	Date Certified
1	The Grand Port Savanne District Council	1	2011	06.07.2015
2	The District Council of Grand Port	2	2015 01.01.2016-30.06.2016	18.10.2018 18.10.2018
3	The Municipal Council of Beau Bassin Rose Hill	2	2015 01.01.2016-30.06.2016	07.03.2018 07.03.2018
4	The Municipal Council of Curepipe	1	01.01.2016-30.06.2016	28.02.2018
5	The Municipal Council of Quatre Bornes	2	2015 01.01.2016-30.06.2016	02.03.2018 02.03.2018
6	The Village Council of Moka	2	2015 01.01.2016-30.03.2016	19.02.2018 19.02.2018
7	The Village Council of Savanne	1	2011	16.03.2017
Total		11		

Appendix IVA

List of Special Funds audited by the Director of Audit

1	Build Mauritius Fund
2	Cooperative Development Fund
3	Curatelle Fund
4	Lotto Fund
5	Morris Legacy Fund
6	National Environment Fund
7	National Parks and Conservation Fund
8	National Pensions Fund
9	National Recovery Fund
10	National Resilience Fund
11	Non Government Organisation Trust Fund
12	Permanent Resident Investment Fund
13	President Fund for Creative Writing
14	Prime Minister's Children Fund
15	Prime Minister's Cyclone Relief Fund
16	Prime Minister's Relief Fund
17	Recovered Assets Fund
18	Residential Care Home Fund
19	Rodrigues Subsidy Account
20	Smart City Scheme Social Fund
21	Special Fund for the Welfare of the Elderly
22	Students Relief Fund
23	Treasury Foreign Currency Management Fund
24	Trust Fund for the Social Integration of Vulnerable Groups *(Ceased operation on 31/12/2009)*

* National Habitat Fund- *Ceased operation on 11/11/2015*
Financial statement for the financial year 2014 was certified on 14.12.2016 but not yet laid before the National Assembly.

** National Solidarity Fund and Sugar Industry Labour Welfare Fund -*Not included in the above list since they are listed as Statutory Bodies.*

Appendix IVB

Special Funds - Financial Statements not yet Submitted

Sn	Special Funds	No of Financial Statements	Period
1	Lotto Fund	2	01.10.2016-30.06.2017 2017-18
2	National Environment Fund	2	2016-17 2017-18
3	National Pensions Fund	2	2016-17 2017-18
4	National Resilience Fund	2	2016-17 2017-18
5	Permanent Resident Investment Fund	1	2017-18
6	Recovered Assets Fund	1	2017-18
7	Students Relief Fund	4	2014 01.01.2015-30.06.2016 2016-17 2017-18
Total		**14**	

Appendix IVC

Special Funds - Financial Statements Certified but not yet Laid before National Assembly

Sn	Special Funds	No of Financial Statements	Period	Date Certified
1	Build Mauritius Fund	1	2016-17	08.10.2018
2	Curatelle Fund	1	01.01.2015-30.06.2016	17.11.2016
3	Morris Legacy Fund	2	01.01.2015-30.06.2016 2016-17	24.11.2016 21.03.2018
4	National Environment Fund	1	2012	07.11.2013
5	National Habitat Fund	1	2014	14.12.2016
6	National Parks and Conservation Fund	6	2012 2013 2014 01.01.2015-31.10.2015 01.11.2015-30.06.2016 2016-17	24.09.2013 14.11.2014 22.01.2016 04.05.2017 04.05.2017 29.08.2018
7	National Pensions Fund	2	2011 2012	05.02.2016 21.09.2016
8	Non Government Organisation Trust Fund	2	2013 2016-17	29.10.2014 01.06.2018
9	Permanent Resident Investment Fund	1	2014	08.06.2015
10	President Fund for Creative Writing	3	2005-06 2006-07 2007-08	29.03.2007 21.04.2008 08.10.2009
11	Recovered Assets Fund	1	01.02.2012-31.12.2013	24.03.2015

Continued

Special Funds - Financial Statements Certified but not yet Laid before National Assembly

Sn	Special Funds	No of Financial Statements	Period	Date Certified
12	Residential Care Home Fund	6	2011 2012 2013 2014 01.01.2015-30.06.2016 2016-17	09.10.2012 17.10.2013 29.10.2014 29.12.2017 29.12.2017 16.07.2018
13	Special Fund for the Welfare of the Elderly	4	2013 2014 01.01.2015-30.06.2016 2016-17	25.08.2014 30.03.2017 30.03.2017 01.06.2018
14	Students Relief Fund	1	2013	26.02.2014
15	Treasury Foreign Currency Management Fund	14	2002-03 2003-04 2004-05 2005-06 2006-07 2007-08 2008-09 01.07.2009-31.12.2010 2011 2012 2013 2014 01.01.2015-30.06.2016 2016-17	20.01.2004 03.12.2004 29.12.2005 23.11.2007 30.11.2007 10.03.2009 24.02.2010 10.10.2011 19.09.2012 30.08.2013 19.01.2015 20.08.2015 08.08.2017 06.03.2018
Total		**46**		

Appendix VA

List of State Owned Companies and Other Bodies audited by the Director of Audit

Private Companies

1 CEB (Green Energy) Company Ltd
2 CEB (Fibernet) Company Ltd
3 CEB (Facilities) Company Ltd
4 National Empowerment Foundation
5 SME Mauritius Ltd

Other Bodies

1 Association of District Councils
2 Association of Urban Authorities
3 Biennial Update Report (BUR)
4 Central Procurement Board
5 Centre for Development Corporation in Fisheries-NORAD
6 Discharged Persons Aid Committee
7 Financial Intelligence Unit
8 Financial Services Promotion Agency
9 Global Fuel Economy Initiative
10 Independent Commission Against Corruption
11 Indian Ocean Rim Association for Regional Cooperation
12 Institute For Judicial and Legal Studies
13 Integrity Reporting Services Agency
14 Lottery Committee
15 Mental Health Care Accounts Committee
16 National Archives Research and Publication Fund
17 National Committee on Corporate Governance
18 National CSR Foundation
19 National Human Rights Commission
20 National Savings Fund
21 Parole Board
22 Postal Authority
23 Promotion and Protection of Human Rights in Mauritius and Rodrigues
24 Promoting Sustainable Local Agriculture

Continued

List of State Owned Companies and Other Bodies audited by the Director of Audit

25 Roman Catholic Diocese of Port Louis Religious Subsidy Act

26 SADC Trade Related Facility

27 Statutory Bodies Family Protection Fund

28 University of Mauritius Trust

International Donor Agencies

1 Middle Income Countries Technical Assistance Fund- Dam Development

2 Middle Income Countries Technical Assistance - Grant For Health Sector Review

3 Middle Income Countries Technical Assistance - Grant For Statistical Capacity Building Programme

4 St Louis Redevelopment Project financed by the AFDB

5 Third National Communication of the Republic of Mauritius under the UNFCCC

6 UNFPA Improved Quality of Life of Population

Appendix VB

Other Bodies - Financial Statements not yet Submitted

Sn	Other Bodies	No of Financial Statements	Period
1	Association of District Councils	1	2017-18
2	Association of Urban Authorities	1	2017-18
3	Discharged Persons Aid Committee	1	2017-18
4	Financial Intelligence Unit	1	2017-18
5	Financial Services Promotion Agency	1	2017-18
6	Global Fuel Economy Initiative	1	2017-18
7	Institute For Judicial and Legal Studies	1	2017-18
8	Mental Health Care Accounts Committee	15	2002-03 2003-04 2004-05 2005-06 2006-07 2007-08 2008-09 01.07.2009-30.06.2010 2011 2012 2013 2014 01.01.2015-30.06.2016 2016-17 2017-18

Continued

Other Bodies - Financial Statements not yet Submitted

Sn	Other Bodies	No of Financial Statements	Period
9	Middle Income Countries Technical Assistance Fund For Statistical Capacity Building Program	2	01.01.2016-30.06.2017 2017-18
10	National Archives Research and Publication Fund	8	01.07.2009-31.12.2010 2011 2012 2013 2014 01.01.2015-30.06.2016 2016-17 2017-18
11	National Savings Fund	2	2016-17 2017-18
12	University of Mauritius Trust	3	01.01.2015-30.06.2016 2016-17 2017-18
Total		**37**	

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