REPORT

OF THE

DIRECTOR OF AUDIT

ON THE ACCOUNTS OF THE REPUBLIC OF MAURITIUS

FOR THE YEAR ENDED 31 DECEMBER 2012

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THE NATIONAL AUDIT OFFICE AND PUBLIC ACCOUNTABILITY IN MAURITIUS

1.1 Genesis of the National Audit Office

The National Audit Office has a long history of being at the centre of public accountability that goes back to the beginning of 20^{th} century. Records available at the NAO relates to audit of the accounts of Mauritius during the time it was a British colony. In the beginning of the British Rule, the Accounts of Mauritius were under the scrutiny of the Imperial Audit. From 1912 to 1954 the Office was known as the Colonial Audit Department and became subject to the direction of the British Colonial Audit Department, which had a Central Office in London. In 1955 the appellation of Department changed to Audit Department and in January 1956, the incumbent Principal Auditor was promoted to Director of Audit. Since then to date the Office is headed by the Director of Audit.

With the independence of Mauritius in 1968, the Audit Department became an independent body within the Government service, with the Constitution of Mauritius providing for a post of Director of Audit, free from control by any other person or authority. Thus, since the independence of the country, the National Audit Office enjoys a constitutional status that ensures continuity of its operations for promoting transparency in governmental operations. In 2000, the Department was renamed Government Audit Office and in 2003 its appellation was again changed to National Audit Office.

The system of financial control and accountability in Mauritius follows the Westminster model under which four institutions exercise financial control over public resources. These are the National Assembly, The Ministry of Finance, The Accounting Officer, who is the head of a Ministry/Department, and the Director of Audit. The Director of Audit plays a pivotal role in the process of accountability.

1.2 The Director of Audit as the Pivot of Accountability

According to the Constitution, the only authority for the expenditure of public funds is that which is given by the National Assembly by legislation. The basis of this system is the approval of the annual Estimates by the National Assembly, and this approval is given statutory force by the passing, each year, of an Appropriation Act in which the amount of the money available for each programme is set out. Once this Act has been passed the amounts of money appropriated by it and any other laws must be considered as definitely limited and arranged and the ultimate control rests with the National Assembly, through the office of the Director of Audit.

In the Westminster system of government, all authority for government activity ultimately stems from Parliament. Public sector agencies are therefore accountable to Parliament for their use of public resources and the powers conferred on them by Parliament.

To assist it to oversee the public sector, Parliament seeks independent assurance that agencies are operating, and are accounting for their performance, in accordance with Parliament's purpose. It is the responsibility of the Director of Audit to provide this assurance.

The role of the Director of Audit is to:

- perform an audit on each public sector agencies' accounts
- perform an audit of key performance indicators adopted by public sector agencies and assess whether they are relevant, appropriate and fairly represent agency performance
- perform an audit on the adequacy of controls exercised by the agency to provide reasonable assurance that the receipt, expenditure, and investment of money, the acquisition and disposal of property and the incurring of liabilities have been in accordance with legislative provisions
- assess public sector agencies' internal controls and compliance with legislation and policy
- evaluate the efficiency and effectiveness of public sector agencies' services and programs
- report to the National Assembly on matters of significance arising from audits

1.3 Constitutional Mandate

The mandate of the Director of Audit is spelt out in the Constitution of the Republic of Mauritius. Section 110 provides for the appointment, extent of authority, independence of the Director of Audit and the submission of audit reports. It also provides that the public accounts of Mauritius and of all courts of law and all authorities and officers of the Government shall be audited and reported on by the Director of Audit. The independence of the Director of Audit has been defined in the Constitution, whereas the powers, functions and duties have been defined both under the Constitution and the Finance and Audit Act.

The Director of Audit is the head of the National Audit Office. He is responsible for the audit carried out by his staff in respect of the accounts of all Ministries and Departments, all Local Government Bodies, several statutory bodies, the Rodrigues Regional Assembly, several Special Funds and projects funded by foreign agencies. He is also responsible for the supervision of all officers of the National Audit Office and for all their acts and doings in their official capacity.

In order to develop an independent and objective assessment of the process of governance and to augment the legislative oversight on governmental operations, the Director of Audit cannot be removed from office before the legal retirement age in the case of an established officer or, in the case of an officer on contract, before the completion of a contract period, except for misconduct or inability to discharge the function of the office and even that only by the President acting on the recommendation of a Tribunal of at least three persons who are holding or have held office as a judge of the Supreme Court.

1.4 Role of the Public Accounts Committee in Public Accountability

Under the Westminster model the Parliament divides itself into various committees to efficiently undertake its wide range of oversight responsibilities. From its earlier days, the model saw the need for a committee to oversee government's financial operations and from this the Public Accounts Committee evolved. The Public Accounts Committee is one of the most important institutions to ensure legislative accountability.

The Standing Orders and Rules of the National Assembly provide for the appointment and powers of a Select Committee, to be known as the Public Accounts Committee (PAC), consisting of a Chairman appointed by Mr. Speaker and not more than nine members to be nominated by the Committee of Selection. The function of the PAC is to examine the accounts of the Republic of Mauritius for each financial year together with my report on them and such other accounts laid before the Assembly as the Assembly may refer to the Committee. The PAC is required to submit a report to the National Assembly. The report is presented by its Chairman and is laid on the Table. At the date of this Audit Report, the PAC has submitted its report on the Audit Reports for the years ended 31 December 2010 and 2011.

1.5 Duties of the Director of Audit

Section 16 of the Finance and Audit Act provides that the Director of Audit shall satisfy himself-

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

1.6 Powers of the Director of Audit

Section 110 of the Constitution of the Republic of Mauritius provides that:

- In the exercise of his functions under this Constitution, the Director of Audit shall not be subject to the direction or control of any other person or authority.

- The Director of Audit or any person authorised by him in that behalf shall have access to all books, records, reports and other documents relating to those accounts.

Section 17 of the Finance and Audit Act provides the Director of Audit with the following powers in the exercise of his duties:

(1) In the exercise of his duties under this Act, the Director of Audit may-

(a) call upon any public officer for any explanations and information which he may require in order to enable him to discharge his duties; and

(b) with the concurrence of the head of any Ministry or Department, authorise an officer of that Ministry or Department to conduct on his behalf any inquiry, examination or audit and such officer shall report thereon to the Director of Audit;

(c) 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;

(d) 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 his duties and the Attorney-General shall give a written opinion on such case.

(2) The Director of Audit may, if it appears to him to be desirable, send a special report on any matter incidental to his powers and duties under this Act to the Speaker of the Assembly to be by him presented to the Assembly.

(3) Where the Minister fails, within a reasonable time, to lay any report made under Section 20 before the National Assembly, the Director of Audit shall send such report to the Speaker of the National Assembly to be by him presented to the National Assembly.

1.7 Immunity from legal prosecutions

In addition to what is provided in the Public Officers Protection Act, the Director of Audit benefits from immunity under Sections 17A of the Finance and Audit Act as follows:

No action shall lie against the Office of the Director of Audit, the Director of Audit or any officer of his staff, in respect of any act done or omitted to be done by the Office of the Director of Audit and by the Director of Audit or any officer of his staff during or after his appointment, in the execution in good faith, of its or his functions under the Act.

1.8 The Audit Process

The Director of Audit has a statutory duty to examine and review, in the most professional way, the public accounts of the Republic of Mauritius and all financial transactions so as to conclude whether, management in the public sector, has taken sufficient action to ensure public funds are used in the most economic, efficient and effective manner, and in conformity to rules and regulations.

The Annual Audit Report to the National Assembly summarises the results of the audit work undertaken by NAO with respect to the accounts of the Government, Ministries and Departments for the fiscal year concerned. It highlights key issues arising from the audit work. At the conclusion of an audit, a draft management letter including the audit findings is submitted to the Supervising Officer for discussion at an exit meeting. Following this meeting, a final management letter is issued. This consists of a formal, detailed report to the management of the audited organisation of audit findings, conclusions and recommendations.

Accounting Officers are then given the opportunity of commenting on the "true and fair" view of those audit findings which my senior officers and myself deemed to be of significance and of a nature to be brought to the attention of the National Assembly. I report these in my Annual Audit Report together with, as far as possible, a summary of the comments of the management of the entities audited.

The audit process is demonstrated in the diagram in the next page.

The Audit Process for Regularity Audits

PHASE	LEVEL OF ACTIVITY	AUDIT ACTIVITY
Planning	Preliminary and strategic Planning	➢ Establish the terms of engagement ➢ Assess and respond to engagement risk. ➢ Assess and respond to entity risk. ➢ Assess and respond to system risk. ➢ Understand the agency's business, control environment and accounting process. ➢ Perform preliminary analytical procedures and determine planning materiality.
	Develop detailed audit plan	➢ Assess audit risk at the revenue, expenditure and assertion level and determine the audit strategy and audit plan including: ▪ specific risk identification ▪ reliance on control activities ▪ level of substantive testing including analytical review procedures and other substantive procedures. ➢ Discuss audit strategy and plan, with management at entry meeting
Execution/ Fieldwork	Perform and document audit	➢ Perform tests of controls and substantive tests and evaluate results. ➢ Perform information systems reviews and evaluate results. ➢ Perform revenue and expenditure audits and evaluate results.
Reporting	Conclude and report	➢ Discuss findings with officers responsible for the accounts/financial activity. ➢ Report findings to the Supervising Officer in draft management letter. ➢ Discuss draft management letter with Supervising. Officer and his management team at an exit meeting. ➢ Minutes of the exit meeting agreed with Supervising Officer. ➢ Form final audit opinion and report findings to Supervising Officer in final management letter. ➢ Submit Reference Sheet to Supervising Officer for comments on matters for inclusion in the Annual Audit Report. ➢ Comments received by Supervising Officer. ➢ Annual Audit Report prepared
Tabling at the National Assembly		➢ Annual Audit Report submitted to Minister responsible for finance. ➢ Minister responsible for finance submit Annual Audit Report to the Speaker for tabling at the National Assembly.

It is the Supervising Officer's responsibility to maintain proper financial and internal control systems as he determines is necessary. This involves keeping appropriate financial records, and where applicable, following generally accepted accounting practices. The responsibilities of management also include:

- ensuring that public funds are only used to the extent, and for the purpose intended by the National Assembly.

- the safe custody of assets and stores.

The responsibility of the Director of Audit is to express an opinion on the accounts based on his audit. The audit is conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). ISSAIs require that the auditor exercise professional judgment and maintain professional scepticism throughout the planning and performance of the audit and, also:

- Identify and assess risks of material misstatement, whether due to fraud or error, based on an understanding of the entity and its environment, including the entity's internal control.

- Obtain sufficient appropriate audit evidence about whether material misstatements exist, through designing and implementing appropriate responses to the assessed risks.

- Form an opinion on the accounts based on conclusions drawn from the audit evidence obtained.

Acknowledgement

I wish to thank all the Divisional Heads and staff (both technical and support) of NAO for their continual support. I would also like to express my sincere thanks to the Secretary to the Cabinet and Head of the Civil Service, the Financial Secretary, all the Senior Chief Executives, Permanent Secretaries and other Accounting Officers, the Accountant General, the Government Printer, and all their staff for their cooperation and collaboration. Without their support and cooperation the submission of this Report would not have been possible.

Dr Rajun Jugurnath
Director of Audit
Head of National Audit Office

2 - BUILDING A CULTURE OF EFFICIENCY IN THE PUBLIC SECTOR

2.1 Introduction

In the present environment of economic uncertainty, many governments around the world are under pressure to improve public sector performance and at the same time contain expenditure growth. On the one hand, revenue is shrinking and the demand for public services is growing. In addition factors such as rising citizen expectations, ageing populations, increasing health care, free education, social assistance and pension costs add to budgetary pressures. On the other hand, public sector managers and elected officials are being asked to do more with less, and citizens are demanding that governments be made more accountable for what they achieve with taxpayers' money.

Raising revenue through tax and/or fee increases is not politically popular. Cutting services is not popular either. As a result, public sector managers and elected officials around the world are looking for ways to do more with less and are continually searching for ways to deliver services that reduce cost and improve quality. Some governments have set up efficiency and reform units to drive efficiency savings while others have undertaken large scale spending review programs. It is, therefore, unsurprising that efficiency is increasingly identified as a core public service value and governments are actively addressing the topic of efficiency through the introduction of new practices in various areas of public service. Research shows that opportunities for improvement exist to create meaningful and sustainable efficiency gains.

The IMF also in its recent report in May 2013, "Inclusive Growth and the Incidence of Fiscal Policy in Mauritius - Much Progress, But More Could be Done" has among its conclusions stated that:

- there is scope to improve the quality of public expenditures in Mauritius
- reform efforts would be desirable to ensure that resources are spent in the most cost-effective way given the limited fiscal space available, and
- the main message from these results is that these programs are working, but they could be more efficient if better targeted.

Efficiency is about doing more with less. It involves maximising outputs such as the volume of services provided, minimising inputs such as the amount of resources or capital required to produce those services and maintaining or improving quality *(The Government Summit Thought Leadership Series – Government Efficiency, February 2013)*. The dictionary definition of efficiency is: "performing or functioning effectively with least waste of time and effort."

Efficient operations are important for any organisation, whether in the public or private sector, and every organisation has a responsibility to strive for efficiency and maximize the return on its resources. Indeed policies to increase the efficiency of the public sector – both on the expenditure and the revenue side – can be particularly helpful. Such measures not only improve the fiscal situation, thereby freeing up resources for other purposes, but also, by achieving better outcomes with the same inputs.

Government has an affirmative responsibility to use taxpayer money wisely as it works to fulfil its mission, and examples of inefficiency and waste will undermine public confidence in the ability of government to serve the public good. As a result, efficiency is one of the indicators used to assess government performance -- but it typically will not be the only measure.

2.2 The UK Approach

In the UK, Government has set up the *Efficiency and Reform Group (ERG)* to work in partnership with HM Treasury and government departments to deliver efficiencies, savings and reforms on behalf of UK taxpayers. Government-wide efficiency programs are also in place in other countries including Canada, France, Greece, and Spain. Even those governments not currently facing major efficiency drives are increasingly considering how to do more with less.

Stephen Kelly, Chief Operating Officer in the UK Government and Director of the Efficiency and Reform Group reported the following:

"Whitehall has traditionally been a secretive place, reluctant to release key data on how taxpayer money gets spent. This closed door culture has been hugely damaging. It has meant that the state is not accountable to UK citizens. It has encouraged complacency, waste and at worst corruption.

It is vital that we pursue efficiency and drive out the wasteful spending on government overheads to ensure squeezed resources can be sharply targeted on the frontline services people depend on. Efficiency goes hand in hand with accountability. Shining a light on underperformance and waste is crucial to helping to making Whitehall run efficiently. We need people to hold our feet to the fire so that we leave no stone unturned in the hunt for efficiency savings."

Very often, during difficult times when resources are scarce, public officials committed to balancing their budgets concentrate exclusively on big cuts and larger structural changes, brushing off the opportunities for small savings. This is a false choice. The right response should incorporate both: completely rebuilding some program budgets while transforming others through incremental efficiency improvements. Incremental improvements will set a new norm of constant reinvention that will produce substantial savings and better services. More important it will create a culture of efficiency.

2.3 The OECD Approach

In their article "Improving Public Sector Efficiency: Challenges and Opportunities", Curristine, T., Lonti, Z. and Joumard, I., stated: "*There is no blueprint for enhancing public sector efficiency. OECD countries have thus adopted diverse approaches to reforming key institutional arrangements, which include: increasing devolution and decentralisation; strengthening* *competitive pressures; transforming workforce structure, size, and HRM arrangements; changing budget practices and procedures; and introducing results-oriented approaches to budgeting and management.*"

Performance Information

Increasing the use of performance information in budget processes is an important initiative that is widespread across OECD countries. It is part of an ongoing process that seeks to move the focus of decision making in budgeting away from inputs (how much money can I get?) towards measurable results (what can I achieve with this money?).

OECD countries have reported a number of benefits from the use of performance information (PI):

- It generates a sharper focus on results within the government.
- It provides more and better information on government goals and priorities, and on how different programmes contribute to achieve these goals.
- It encourages a greater emphasis on planning and acts as a signalling device that provides key actors with details on what is working and what is not.
- It improves transparency by providing more and better information to parliaments and to the public, and has the potential to improve public management and efficiency.

Human Resource Management

Human resource management practices also matter a great deal. The soft aspects of human resource management, such as employee satisfaction and morale, are considered to be the most important drivers of performance. Wages are also important for attracting and retaining qualified staff, especially in case of skill shortages. While wages are still important for staff, non-monetary incentives are also essential. Performance-related pay initiatives appear to have a low impact on staff motivation.

2.4 Obama Administration

In 2009 the Obama Administration launched the Department-wide Efficiency Review to foster a culture of responsibility and fiscal discipline. Through the Review, a hard look was taken at how businesses were being done, and ways to maximize the effectiveness and efficiency of limited taxpayer dollars received, were identified.

The initiative has made an impact to help Departments:

- Reduce costs
- Improve efficiency
- Streamline operations
- Eliminate duplication
- Promote greater accountability
- Support transparency, and
- Enhance customer service

In 2011 President Obama and Vice President Biden, launched the Administration-wide *Campaign to Cut Waste*, to bring this same spirit of efficiency and fiscal responsibility across the entire federal government. The aim was to continue with the unprecedented work to increase the accountability, efficiency, and effectiveness of the Departments' services and programs.

Conclusion

The public sector is a vital national institution supporting our democratic processes, and a key contributor to our country's competitive advantage. At the same time, the message has been equally clear that a number of trends and challenges require an open, honest and forward-looking debate about how best to build on previous successes and how to improve public services and public sector performance.

Across different jurisdictions, we are witnessing a significant emphasis on service and on public service cultures that:

- can innovate and adapt;
- place a high premium on efficiency, outcomes and results; and
- are focused on ensuring that the right people are doing the right things.

To this end, public sector reforms related to improving efficiency, results and public satisfaction are considered "good politics" and worthy of significant political support.

3 - RISK MANAGEMENT AS A NEW CONCEPT FOR THE PUBLIC SECTOR

3.1 Risk Management

Following a number of high profile company failures resulting from poor risk management, the scope of corporate governance has widened to embrace the risks that an organization takes, that is ***risk governance***. Governance in the public sector, presents significant challenges over and above the private sector. Public sector governance is marked by the fact that it manages public funds in pursuit of public benefit. With the increasing uncertainty in world economy, past calamities striking Mauritius this year, climate change and legislation targeting corruption being introduced, there is an increased demand for accountability. Public skepticism, combined with unprecedented transparency, is placing everyone under scrutiny like never before. The boundaries of social responsibility are rapidly expanding, challenging individuals in authority to consider the public and its agenda.

We, in the public sector, have traditionally been seen to adopt a more risk-averse approach to management generally. Some of this no doubt arises due to the importance of the legal framework which guides public administration, and the fact that public moneys need to be managed with due care.

All ministries and government departments must comply with the Financial Management Manual (FMM), the Investment Project Process Manual (IPPM), the General Orders, etc. These regulations, despite being effective in ensuring good practices, have been criticised for their bureaucratic nature, thus affecting the quality of service expected from the civil society. They may supplant the duty to serve the government of the day and place loyalty to the department ahead of serving elected leaders and citizens, undermining policy initiatives and leading to serious reputational damage.

Further, controls are implemented for each and every activity despite the fact that the likelihood and impact of abuse, irregularities or frauds are low in certain cases. And increasing controls require more manpower and financial resources. At a time where there is call for an efficient public sector, resources must be used effectively to improve the quality of service delivery.

In my past reports, I have regularly commented on the way projects were being managed in ministries and government departments. Potential risk issues that can be identified in projects that will potentially impact the projects later can be alleviated with a good risk management process. Risk management is concerned with the outcome of future events whose exact outcome is unknown, and with how to deal with these uncertainties. Effective risk management strategies allow one to identify the project’s strengths, weaknesses, opportunities and threats. By planning for unexpected events, one can be ready to respond if they arise. To ensure the project’s success, define how the potential risks will be handled so that one can identify, mitigate or avoid problems when needed. Successful project managers recognize that risk management is important, because achieving a project’s goals depends on planning, preparation, results and evaluation that contribute to achieving strategic goals.

I propose the introduction of the risk management concept in the public sector. There is at present no system in place to identify and manage risk. Effective risk management is the corner stone of good corporate governance and can lead to improved performance – resulting in better service delivery, more efficient use of resources, and better project management, as well as helping to minimise waste, fraud and poor value-for-money decision-making.
Risk management involves:

- understanding organizational objectives,
- identifying the risks associated with achieving the objectives
- assessing the likelihood and potential impact of particular risks
- developing a program to address the identified risks and
- monitoring and evaluating the risks and the arrangements in place to address them.

Despite being a new concept in the public sector, risk management will not be difficult to introduce as the Program-Based Budget has already been implemented since 2010. For each programme's objectives, risks can be identified and evaluated together with the control action, and responsibilities can be assigned.

Sound risk management is an essential component of good corporate governance. There has been an increased profile in recent times of the relationship between corporate governance and risk management. The role of risk management in corporate governance, and specifically, in determining organisational exposures, opportunities and priorities, creates the need for risk to be considered during strategic and business planning activities. That is, risk management strategies should be fully integrated with the strategic and business planning approaches of ministries/departments so that:

- planned business outcomes, outputs and activities do not expose them to unacceptable levels of risk;
- use of resources is consistent with government priorities; and
- the risk management strategies are integrated with the management actions of staff at all levels in the ministries, including recognition that all staff have a responsibility to manage risks.

Sir John Bourn, former Auditor General in the United Kingdom, made this observation about risk management in public sector:

'Today's public service delivery environment constantly presents new risks to the provision of public services, and robust risk management can help departments respond effectively. Just as importantly it opens up opportunities to develop innovative policies and delivery mechanisms.'

3.2 Benefits of Risk Management in the Public Sector

- Better service delivery by ministries/departments
- Ensures the protection of asset, finances and operations
- More effective strategic planning within the public sector
- Reduction in management time spent fire-fighting
- Fewer sudden shocks and unwelcome surprises
- Better allocation of resources to high risks areas, thus leading to an efficient public sector
- Better project management, as well as helping to minimise waste, fraud and poor value-for-money decision-making.

3.3 Key implementation drivers

- The success of the Risk Management Concept is dependent on support at the highest institutional levels. Each ministry/department (institution) must operate within the terms of a ***risk management policy*** approved by the Accounting Officer. The implementation of the institution's risk management policy should be guided by a ***strategy*** approved by the Accounting Officer.
- The setting up of a ***Risk Management Committee*** in each ministry/department to assist the Accounting Officer to discharge his responsibilities for risk management. The committee should be composed of officers with financial and operational knowledge of the organization, as well as an expert in risks. The Risk Management Committee should:
  - review and recommend for the approval of the Accounting Officer the risk management policy, risk management strategy and risk management implementation plan
  - assess implementation of the risk management policy and strategy (including plan)
  - evaluate the effectiveness of the mitigating strategies implemented to address the material risks of the institution
  - review the material findings and recommendations by internal audit and the National Audit Office on the system of risk management and monitor the implementation of such recommendations
  - provide timely and useful reports to the Accounting Officer on the state of risk management, together with accompanying recommendations to address any deficiencies identified by the Committee

This Committee may be integrated with the Audit Committee as Audit & Risk Management Committee.

- ***Proper awareness programme*** and ***training*** must be given to staff to understand the concept of risk management and its importance in improving the quality of service delivery.

- The introduction of a ***Risk Register*** for each ministry/department. A risk register is a document that contains the results of various risk management processes. It is a key document in the risk management process and contains:

  - An identification number for each risk.
  - The name of each risk.
  - The root cause of each risk.
  - Assessment - the probability and impact of each risk occurring.
  - The risk responses
  - The control activities
  - The risk owner or officer who will take responsibility for each risk.
  - The status of each risk

Conclusion

The implementation of the risk management concept in the public sector will not be without difficulties as currently the public sector focuses on compliance with regulations. Awareness levels of risk management as a management tool are in general low at all institutional levels. Hence, there is a need to create risk awareness amongst public officers so as to embed risks into the culture and systems in place. A national framework, guiding the implementation of integrated Risk Management processes needs to be developed by all stakeholders collectively.

4 - GOVERNMENT BUILDINGS REGISTER

4.1 Introduction

In 2008, the Ministry of Public infrastructure (MPI) compiled a list of around 900 Government buildings under the control of Ministries and Departments. Every year Government spends significant sums of money mainly on construction and upgrading and maintenance of buildings. For the period 2010 to 2012, Government spent some Rs 6.2 billion on buildings.

The proper upkeep and safety of buildings is a basic responsibility of Ministries and Departments and the planning for maintenance is possible when there are proper records. Risks associated with poor management of Government building and which may ultimately affect service delivery capacity and quality, include degradation of the Government's asset base, premature asset failure, shorter asset useful life, higher repair and replacement costs, unnecessary exposure to legal, social and other risks associated with deteriorated buildings, workplace health and safety.

Currently, information on Government buildings is scattered across Ministries and Departments and details regarding their floor area, date of construction or acquisition, their current state and utilisation, amongst others, are not readily available.

Further, Government is proposing to move towards accrual based accounting. A database on government buildings would provide the necessary information for financial statement reporting. A central database would also enhance identification, ownership and keeping of physical track of Government buildings.

In many countries it is a general practice to have a policy on maintaining a central database on Government buildings. In Australia, UK and Republic of South Africa, the keeping of a central register for Government buildings is mandatory. In Australia, for instance, there is an established framework for the identification, acquisition, accounting and maintenance of Government buildings. The general and specific valuation principles of Government buildings, their depreciation methods and recording principles are well established. Further, the Government Immovable Asset Management Act, 2007 of the Republic of South Africa has even established the respective roles and responsibilities of the custodian and the user of assets, including buildings.

Some benefits of a central database on Government buildings are:

- It assists in managing Government buildings on a Government–wide basis. For example, prioritizing budget allocation for new construction/acquisition or prioritising maintenance budget.
- It assists in planning for preventive maintenance
- It allows Ministries and Departments to keep track of each building as regards to change in ownership
- It can assist in the provision of information for financial statements reporting
- It will facilitate auditing of building information

4.2 Initiatives taken by Government to set up a central database for Government buildings

Since the year 2000, Government has taken several initiatives for the setting up of a central database on all physical assets, including buildings. They are:

4.2.1 Government Office Management Unit (GOMU)

In December 2000, Government decided to set up a GOMU as a permanent structure under the aegis of the MPI to look into the rationalisation of office space for the public service. One of its functions was to build up and maintain a database containing relevant details of all rented and Government owned buildings.

4.2.2 Central Physical Asset Management Unit (CPAMU)

The CPAMU was set up in December 2004 with the following objectives:

- To develop and implement rational policies and best practices and standards in physical asset management for Government.
- To develop guidelines for acquisition, use and disposal of physical assets, including repair and maintenance, and for inventories of physical assets and to develop and maintain on-line registers.

4.2.3 Physical Asset Management (PAM) Guidelines

In 2006, the Office of Public Sector Governance (OPSG) issued a Physical Asset Management (PAM) Guideline with the following objectives:

- To establish procedures for planning of acquisition of physical assets based on life cycle principles, ensuring minimum cost alternative.
- To ensure efficient operation and maintenance of different categories of physical assets, namely buildings, plant and equipment, and vehicles.

4.2.4 Physical Asset Management Unit (PAMU) - Investment Project Process Manual (IPPM)

In December 2008, the Ministry of Public Infrastructure (MPI) issued the IPPM. It recommended that all physical assets, including buildings should be recorded in an On-line Asset Register. A Physical Asset Management Unit (PAMU) would be set up at the MPI and a Physical Asset Management Cell (PAMC), at each Ministry and Department. The PAMC would work closely with PAMU to ensure timely maintenance and upkeep of all assets under its control.

On-line Asset Register

The objectives of the on-line computerized Asset Register were to build a database of all physical assets in the public sector and to provide effective and efficient tracking of all assets: buildings, equipment and vehicles from procurement to disposal. Other functions of the On-line Asset Register are mainly:

- To provide an asset register for recording all information concerning physical assets,
- To gather statistical information in order to facilitate auditing.
- To forecast budget expenditures on physical assets.
- To assess the budget incurred in the repair of physical assets in the public sector.
- To monitor movement of physical assets within Ministries and Departments.

4.2.5 PAMU – The Office of Public Sector Governance (OPSG)

The OPSG was mandated to develop a system for an effective and efficient management of physical assets in Ministries and Departments. The Physical Asset Management Unit of the OPSG had the responsibility to develop a framework for a standardized electronic physical asset management system. For that purpose, OPSG appointed the Central Informatics Systems Division (CISD) to develop the appropriate software. The CISD developed the software in February 2008 which was to be hosted by the Government Online Centre (GOC).

Observations

- There is no mandatory obligation for Government to keep a central database of all Government buildings. Also, Ministries and Departments are not required to keep a register for buildings under their control.
- In the absence of a central database for Government buildings, preventive maintenance cannot be planned and done regularly to avoid high costs on renovations. Lack of preventive maintenance may at times lead to disastrous consequences.
- The initiatives taken to set up a central database for physical assets, including Government buildings have not been successful for the following reasons:
    - The GOMU has not been put in place due to several constraints such as unclear objectives of the Unit, lack of personnel, limited funds, amongst others.
    - The PAMC has not been set up as the On-line Asset Register is not yet operational. Maintenance of Government buildings is still being carried out as and when there are requests from users.
    - The attempt to develop an On-line Asset Register was unsuccessful mainly because the software did not meet the security requirements of the Government On-Line

Centre (GOC) and could not generate reports on the state of the assets. The possibility of using the Asset Management Module of the Treasury Accounting System (TAS) started in November 2011. As of July 2013, that is after 19 months, the procurement procedure for the customisation of the module was still not finalised.

Recommendations

- Government has to develop policy and procedures for the setting up of a central database for Government buildings. The policy should include aspects such as the definition of building, costs to be included, capitalisation threshold, depreciation, identification, amongst others.

- An ad-hoc Committee comprising Government Valuers, Civil Engineers, Technical Officers, Architects, Electrical Engineers, and Senior Officers, amongst others, can be set up at the MPI to work in collaboration with the OPSG to feed TAS with information on buildings. The roles and responsibilities of the Committee members can include the following:

  - Issuing guidelines on maintenance of buildings.

  - Carrying out physical survey of all Government buildings around the island for gathering information on the actual state of the buildings, their area and date of construction.

  - Working in collaboration with the Valuation Office for setting up current market values for old buildings.

  - Issuing guidelines to Ministries and Departments as to how to keep records of buildings under their control.

- In view of the fact that it would take an inordinately long period of time to actually customise the Asset Management module, the Government may hence consider the option to buy off the shelf packages for setting up of a central database for buildings. Countries like U.K, Australia and USA have successfully set up central databases for Government buildings in the form of computerised registers by choosing this option.

5 - ANNUAL FINANCIAL STATEMENTS

5.1 Consolidated Fund

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

The movements in the Consolidated Fund for the year 2012 are shown in the Table 5-1.

Table 5-1 Consolidated Fund

	Rs
Accumulated deficit as of 01 January 2012	63,944,570,390
Less Surplus for the year	(6,578,998,108)
Depreciation in foreign currencies	(356,273,363)
	57,009,298,919
Less Investment Capitalised	(895,742,905)
Accumulated deficit as of 31 December 2012	**56,113,556,014**

As of 31 December 2012, the Consolidated Fund had a debit balance of some Rs 56.1 billion, representing total accumulated deficit.

The Accounts of the Republic of Mauritius are prepared on a cash basis, except for costs of borrowings, which are accounted on an accrual basis. Revenue and expenditure are accounted in the year of actual receipt and payment. Capital items, such as loans received from International Organisations and reimbursement of loans by public bodies are accounted as revenue. Likewise, non-current expenditure such as acquisition of land and equipment are accounted as expenditure in the year of payment. In line with this accounting policy, the surplus for the year was Rs 6.58 billion.

Table .... shows the breakdown of the different types of revenue collected, expenditure incurred and the resulting surplus arising during the year 2012.

Table 5-2..Revenue and Expenditure of the Consolidated Fund

Revenue	**Rs Billion**
Recurrent Revenue	73.79
Reimbursement of Loans	0.88
Issues of Securities other than shares	17.10
Loans from International Organisations	3.91
Sub Total	**95.68**
Expenditure	
Capital Expenditure	(9.62)
Recurrent Expenditure	(57.21)
Government Debt Servicing	(17.12)
Public service Pensions	(5.15)
Sub Total	**(89.10)**
Surplus for the year	**6.58**

It should be noted that the Accounts of the Republic of Mauritius have improved from a deficit of Rs 0.16 billion in 2011 to a surplus of Rs 6.58 billion in 2012.

5.1.1 Revenue

Revenue collected during the fiscal year 2012 amounting to Rs 95.68 billion was less than the budgeted figure, by Rs 4.87 billion as shown in Table 5-3. The shortfall occurred for all items of revenue except for Taxes.

Table 5-3 Budgeted and Actual Revenue 2012

	Actual 2011 Rs	**Budgeted 2012 Rs**	**Actual 2012 Rs**	**Surplus/ (Shortfall) 2012 Rs**
Taxes	59,180,269,049	64,836,000,00	64,919,250,143	83,250,143
Social Contributions	1,020,374,723	1,100,000,000	1,051,087,664	(48,912,336)
Grants	2,344,468,056	3,408,000,000	2,397,772,115	(1,010,227,885)
Other Revenue	6,678,036,804	7,536,000,000	5,425,602,031	(2,110,397,969)
Inflows in respect of transactions in Assets and Liabilities	18,429,911,207	23,668,825,000	21,886,763,939	(1,782,061,061)
Total Revenue	**87,653,059,839**	**100,548,825,000**	**95,680,475,892**	**(4,868,349,108)**

5.1.2 Expenditure

Total expenditure incurred totalled Rs 89.1 billion, which was Rs 12.4 billion less than the budgeted amount of Rs 101.5 billion. There was no overspending under any item of expenditure as reallocations of budgets were made within and between Ministries/Departments.

5.2 Statement of Investments

Details of all investments made by Government are presented in the Statement of Investments in the Government Accounts. The investments comprise shares in quoted and unquoted companies, units, equity participation and bank deposits. As of 31 December 2012, investments held at cost totalled some Rs 22.1 billion as shown in Table 5-4 representing an increase of 10 per cent over the previous year’s figures.

Table 5-4 Investments as of 31 December 2012

	Cost	
	2012	**2011**
Details	**Rs**	**Rs**
Quoted Shares	144,852,015	144,851,175
Units	75,789,771	75,789,771
Unquoted Shares	8,713,827,622	7,813,434,254
Equity Participation	3,971,685,060	3,950,942,155
	12,906,154,468	**11,985,017,355**
Bank Deposits and other Investments	9,213,999,786	8,045,415,197
Grand Total	**22,120,154,254**	**20,030,432,552**

As shown in the above table, investment in unquoted shares amounted to Rs 8.7 billion as at 31 December 2012. Out of this amount, investments in Airports of Mauritius Ltd for 100 million shares at Rs 10 each and in State Investment Corporation for 7,900,010 shares at Rs 10 each were not supported by share certificates despite request was made for the submission of same since September 2010.

During fiscal year 2012, Government invested an additional amount of Rs 895.7 million in unquoted companies and equity participation as shown in Table 5-5.

Table 5-5 New Investments during 2012

Unquoted Shares	Cost of Investment as at December 2011 Rs	New Investments During the Year Rs	Investment value as at 31 December 2012 Rs
The State Investment Corporation Ltd	85,000,000	700,000,000	785,000,000
Airports of Mauritius Ltd	1,132,774,970	175,000,000	1,307,774,970
Equity Participation			
Central Water Authority	956,508,008	5,742,905	962,250,913
Civil Service College	-	15,000,000	15,000,000
Total	**2,174,282,978**	**895,742,905**	**3,070,025,883**

5.3.1 Return on Investments

Total investments in shares and other government interest at cost amounted to Rs 12,906,154,468. Dividends and returns from income of equity participation totaled Rs 1,039,755,819. Details are given in Table 5-6.

Table 5-6 Return received on Total Investments

Details	Total Investments Rs	Dividend Received Rs	Return on Investments 2012 %	Return on Investment 2011 %
Quoted Shares	144,852,015	53,069,713	37	42
Units	75,789,771	1,269,409	2	7
Unquoted Shares	8,713,827,622	429,745,296	5	2
Equity Participation	3,971,685,060	555,671,400	14	1
	12,906,154,468	**1,039,755,818**		

The income received from investments during the year has increased by 47.6 percent compared to Rs 704 million received in 2011.

5.3.2 Withdrawals from Income of Quasi Corporations

Government also received Income from three Quasi Corporations amounting to Rs 611,301,391 for the year. This revenue has fallen by 43 per cent compared to Rs 1,065,875,359 received in 2011. Table 5-7

Table 5-7 Original Estimates and Actual Revenue Received from Income of Quasi Corporations

Organisations	**Original Estimates of Revenue Rs 2012**	**Actual Revenue received Rs 2012**	**Actual Revenue received Rs 2011**
Information & Communication Technology Authority	40,000,000	40,000,000	Nil
Financial Services Commission	900,000,000	496,301,391	950,173,506
Mauritius Ports Authority	50,000,000	75,000,000	75,000,000
Government Lotteries	30,000,000	Nil	40,701,853
Total	**1,020,000,000**	**611,301,391**	**1,065,875,359**

5.3.3 Investments yielding dividends

Out of the total investments of some Rs 12.9 billion, only 17.8 per cent of total investments amounting to Rs 2.3 billion, had yielded dividends and other revenue. In 2011, the figure was 30 per cent of investments. The details of dividends and income received for the past five fiscal periods are shown in Table 5-.8.

Table 5-8 Dividends received during the Past Five Fiscal Periods

Quoted Shares	Costs Rs	30.06.2009 Rs	30.12.2009 Rs	31.12.2010 Rs	31.12.2011 Rs	31.12.2012 Rs
Air Mauritius Ltd	99,178,348	-	-	-	15,715,467	-
Alteo Ltd	840	-	-	-	-	25
National Investment Trust	4,604,412	1,471,058	1,471,058	1,103,294	735,529	735,529
New Mauritius Hotels	240	120	48	60	48	-
State Bank of Mauritius Ltd	41,058,573	38,129,168	41,119,691	41,119,691	44,857,845	52,334,153
The Mauritius Development Investment Trust Co Ltd	2	7	3	7	8	7
United Docks Ltd	9,600	1,152	-	-	-	-
Units						
NMF Property Trust	15,000,000	753,767	358,857	539,141	570,499	683,135
NMF General Fund	4,002,000	234,027	43,615	531,985	659,891	586,274
Unquoted Shares						
Africa Export-Import Bank	10,776,420	-	862,447	-	1,962,705	1,234,164
African Reinsurrance Corporations	13,940,668	536,089	306,867	343,504	521,361	956,588
Airports of Mauritius Ltd	1,307,774,970	160,000,000	-	160,000,000	160,000,000	-
Air Mauritius Holdings Ltd	87,354,608	34,299,414		-	-	-
Alma Investment Co Ltd	160	60	75	18	58	90
COVIFRA Ltee	2,052,356	3,762,756	-	940,689	-	-
Development Bank of Mauritius Ltd	216,250,000	-	-	-	-	-
Flacq United Estates Ltd	840	336	-	168	168	222

Mauritius Housing Co Ltd	104,430,634	19,444,208	-	30,969,013	30,864,853	31,156,813
Mauritius Housing Co Ltd Debentures	150,000,000	5,918,033	-	-	-	-
Mauritius Telecom	63,625,174	437,766,144	-	346,959,050	375,388,527	391,931,072
Port Louis Fund Ltd	55,979,090	3,358,745	-	4,478,327	5,597,909	3,358,745
PTA Reinsurance Company	3,783,716	-	122,764	316,641	317,988	379,263
Sugar Investment Trust	19,999,980	2,181,816	2,909,088	-	2,546,443	728,263
First Republic Fund Ltd	86,375,000	203,791,500	-	-	2,761,051	-
United Investment Ltd	48	-	-	-	77	77
The State Informatics Ltd	32,800,000	-	-	-	-	-
Equity Participation						
Mauritius Sugar Terminal Corporation	172,828,732	17,349,000				
Bank of Mauritius	2,000,000,000	-	-	1,199,958,158	61,544,269	555,671,400
Total		**928,997,449**	**47,194,547**	**1,787,259,798**	**704,044,748**	**1,039,755,820**

5.3.4 Investments not yielding Dividend

Of the remaining investments, Rs 10.55 billion representing 82 per cent, Rs 6.55 billion did not yield any dividend since their acquisition while Rs 3.99 billion did not yield any dividend during the year as shown in Table 5-9.

Table-5-9 Other Investments yielding no dividends

Investment not yielding dividends since acquisition

Unquoted Shares	**Year of Investments**	**Cost Price Rs**
African Development Bank	1992-1993	564,992,652
Airports of Rodrigues	2000-2008	538,310,200
Business Parks of Mauritius Ltd	2001-2009	1,105,552,722
Cargo Handling Corporation	1983-1996	600,000
Discover Mauritius Ltd	2006-2007	500,000
Eastern & Southern African Trade & Development Bank Ltd	1990-1991	157,868,426
Editions De L'Ocean Ltee	2000-2001	1,140,000
Enterprise Mauritius	2004-2005	79,782,747
Events Mauritius Ltd	2006-2007	1,800,000
Mauritius Educational Development Company Ltd	2000-2001	16,000,000
Multi Carrier Ltd	2001-2004	134,000,000
Mauritius Post & Cooperative Bank Ltd	2001-2005	137,166,400
National Housing Development Co Ltd	2007-2008	200,000,000
SME Partnership Fund	2005-2006	50,000,000
State Land Development Co Ltd	2001-2007	385,024,900
State Property Development Co Ltd	2001-2004	663,000,000
The Mauritius Post Ltd	2001-2005	371,111,200
Tourist Villages Co Ltd	2007-2009	315,000,000
Equity Participation		
Mauritius Cooperative Livestock Marketing Federation	1992-1993	450,000
Mauritius Sugar Authority	1984-1985	975,000
Rodrigues Educational Development	2001-2002	80,000
Rose Belle Sugar Estate	1987-1996	98,844,218
Central Electricity Board	1992-1993	670,856,197
Central Water Authority	1993-2011	956,508,008
National Transport Corporation	Prior to 01.07.01	50,000,000
State Trading Corporation	Prior to 01.07.01	400,000

Units		
NIT Local Equity Fund	03.03.08	38,370,116
NIT Global Opportunities Fund	03.03.08	18,417,655
Sub- total		**6,556,750,441**
Other Investments yielding no dividends in 2012		
Air Mauritius Ltd		99,178,348
Airports of Mauritius Ltd		1,307,774,970
Air Mauritius Holdings Ltd		87,354,608
COVIFRA Ltee		2,052,356
Development Bank of Mauritius		216,250,000
Mauritius Shiping Corporation		135,493,000
The State Informatics Ltd		32,800,000
State Investment Corporation		785,000,000
National Real Estate Ltd		500,000,000
Les Pailles International Conference Centre		652,688,656
Mauritius Sugar Terminal Corporation		172,828,732
Sub - Total		**3,991,420,670**
Total		**10,548,171,111**

5.4 Special Funds

Section 9 of the Finance and Audit Act provides for the creation of Special Funds. Special Funds as its denomination shows, mean money which are not raised or received for public purposes, but deposited with the Government for specific purposes.

There are two common types of Special Funds:

- Trust Funds
- Ordinary Funds

Trust Funds are funds which have been built up by donations and legacies- for example De Chazal Maternity Home Fund.

Ordinary Funds are funds which are built up in two ways

- By money transferred from expenditure (Grants). Expenditure out of such funds is governed by the regulations providing for the administration of such funds.

- Monies which are required to be shown separately for the purpose of control of the investment policy of Government.

The characteristics of the Special Funds are that:

- they do not form part of the Consolidated Fund,

- they are administered in the manner provided by a law or instrument creating them, with a Board of Trustees for each Fund,

- in the absence of any such law or instrument, the Minister of Finance, may by regulations provide for the administration of such Special Fund, or for the better administration of such Special Fund, as the case may be,

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

Thus all Special Funds are either regulated by an Act or a Regulation made under the Finance and Audit Act. Actually there are 25 Special Funds and are differently regulated. Though all of them are audited by the Director of Audit, some are required to submit accounts not later than three months after the end of each financial year while for others no mention is made. All of them are required to prepare

- annual statements of the receipts and payments for a financial year; and

- a balance sheet made up to the end of that financial year showing the assets and liabilities of the Fund.

With the change in accounting system for Statutory Bodies it is suggested that the accounting system for Special Funds be standardised to reflect current practice and similar conditions for the preparation of Annual Reports and their submissions before the National Assembly be spelt out.

A total of 18 financial statements in respect of ten Special Funds have not yet been submitted for audit purposes. Appendix IA refers.

38 financial statements in respect of 12 Special Funds were already certified but not yet laid before the National Assembly as shown in Appendix IB

5.5 Public Sector Debt - Rs 194,486,933,430

As of 31 December 2012, the total Public Sector Debt as disclosed in the Statement of Public Sector Debt in the Accounts of the Republic of Mauritius amounted to some Rs 194.48 billion. The public sector debt comprised debts of the Central Government amounting to some Rs 172.2 billion, debts of Public Bodies guaranteed by Government totaling some Rs 13.7 billion and debts of public bodies not guaranteed by government totaled to some Rs 8.6 billion. Details are given in Table 5-10.

Table 5-10 Public Sector Debt

Debt Category	**As of 31 December 2012 Rs**
Government Debt	172,182,736,095
Guaranteed by Government	
Agencies Extra Budgetary Units	104,711,050
Public Enterprises	13,602,165,203
Not Guaranteed by Government	
Agencies Extra Budgetary Units	291,397
Local Government	1,500,000
Public Enterprises	8,595,529,685
Total	**194,486,933,430**

5.5.1 Public Sector Debt

Public Sector Debt (PSD) as a percentage of rebased Gross Domestic Product (GDP) as of end December 2010 to end December 2012 are given in Table 5-11.

Table 5-11 Public Sector Debt and Gross Domestic Product

As end of	**PSD Rs billion**	**GDP Rs billion**	**PSD as a Percentage of rebased GDP**
December 2010	171.5	298.8	57.4
December 2011	185.2	323.5	57.3
December 2012	194.5	344.2	56.5

Source: Statistics Mauritius & MOFED

5.5.2 Public Enterprise Debts

As of 31 December 2012, the PSD of Rs 194.5 billion included debts of some Rs 22 billion incurred by the public enterprises. Out of the Rs 22 billion, the debts of 31 public enterprises totalling some Rs 10.3 billion were discounted so as to reduce the debt ceiling by around 3.4 per cent of GDP, that is from 56.5 to 53.1 per cent.

5.5.3 Cost of Servicing Government Debt

The cost of servicing Government Debt comprised capital repayments, interest payments on Domestic and External debts and management service charges. Total Debt servicing during the past five fiscal years are shown in Table 5-12

Table 5-12..Servicing of debts for the past five Fiscal periods

Particulars	**2008-09** **Rs million**	**Period July to December 2009** **Rs million**	**Year 2010** **Rs million**	**Year 2011** **Rs million**	**Year 2012** **Rs million**
Interests					
External Debt	381.6	190.6	363.3	436.5	502.1
Domestic Debt	10,291.2	5,135.2	9,898.6	9,192.7	9,627.2
Sub Total	**10,672.8**	**5,325.8**	**10,261.9**	**9,629.2**	**10,129.3**
Management Service Charges	41.9	4.6	24.6	14.9	35.1
Capital repayments External Debt	976.7	500.4	834.4	768.2	888.0
Capital Repayments on Long Term Domestic Debt	2,491.1	778.4	3,170.2	3,794.8	6,068.6
Total	**14,182.5**	**6,609.2**	**14,291.1**	**14,207.1**	**17,121.0**

Interest payments on Government debts have slightly decreased over the past years, from Rs 10.67 billion in 2008-09 to Rs 10.13 billion in 2012. However, total Government Debt servicing has considerably increased from Rs 14.18 billion in 2008-09 to Rs 17.12 billion in 2012. It represented 19.21 per cent of total Government expenditure of Rs 89.1 billion in 2012.

Additionally, Rs 43.7 billion and Rs 17.1 billion have been spent on redemption of Treasury Bills and Treasury Notes respectively in 2012. New issues of these instruments amounted to Rs 40.2 and Rs 14.6 respectively. It is the Treasury policy not to include these figures in the Statement of Expenditure or Revenue, but the net outstanding balances were disclosed in the Statement J and Statement of Assets and Liabilities.

5.5.4 Management of Loans

In the Audit Report for the year ended 31 December 2011, I have drawn attention of the commitment fees that were payable when funds were withdrawn after the scheduled date specified in the loan agreements. As of 31 December 2012, commitment fees paid on undrawn balances due to delays in project implementation of three loans totalled some Rs 20.4 million, that is an increase of Rs 9.2 million compared to Rs 11.2 million as of 31 December 2011.

The cumulative amount of commitment fees on these loans since the agreements were signed was Rs 53.6 million. Table 5-13 shows a breakdown of commitment fees paid on these loans.

Table 5-13 Commitment Fees paid on Loans

Funding Agency – Loan Description (Amount) – Period of Withdrawal	**Amount Disbursed up to 31 Dec 2012 (%)**	**Commitment Fees Paid up to 31 December**			
		Up to 2010 Rs million	**2011 Rs million**	**2012 Rs million**	**Total Rs million**
Exim Bank of China - Pl Wilhems Sewerage Project, Lot 2 (480 million CNY) - **25 February 2009**	370,973,114 (77%)	22	8.6	5.5	36.1
Japan International Cooperation Agency - Grand Bay Sewerage Project (7,012 million JPY) **- 05 November 2010**	11,924,718 (0.17%)	-	1.7	2.6	4.3
Exim Bank of India - Offshore Patrol Vessel (48.5 million USD) - **30 March 2011**	15,000,000 (31%)	-	0.9	12.3	13.2
Total		**22**	**11.2**	**20.4**	**53.6**

Disbursements were not effected as scheduled due to delay in implementation of the three projects. Issues mentioned in the Audit Report for the year ended 31 December 2011 were again noted during the year ended 31 December 2012:

- *Plaine Wilhems Sewerage Project*. Problems such as additional streets sewer, deeper excavation works and others were still being encountered at the sites.

- *Grand Bay Sewerage Project*. Selection of Consultants and other issues were still not yet finalised.

- *Offshore Patrol Vessel*. Agreement was still not yet finalised.

5.6 Outstanding Loans

Total loans outstanding, due to Government by Statutory and other Bodies as of 31 December 2012 amounted to some Rs7.5 billion as shown in Table 5-14

Table.5-14 Outstanding Loans due to Government

Loan granted to	Original amount of loan	Amount outstanding as of 31 December 2012
	Rs	**Rs**
Statutory Bodies	**7,712,557,845**	**6,649,748,666**
Other Bodies		
Development Bank of Mauritius Ltd	463,665,876	243,713,945
Mauritius Housing Company Ltd	62,644,315	21,102,286
Bus Companies	25,555,614	4,460,006
Ex Mauritius Cooperative Central Bank	81,880,000	81,308,000
National Housing Development Co Ltd	338,870,507	161,600,196
Business Parks of Mauritius Ltd	481,506,283	220,735,259
BPML Freeport Services Ltd	145,446,340	150,142,864
Subtotal	**1,599,568,935**	**883,062,556**
Private Individuals		
Repatriation Expenses	2,827,070	1,198,158
Small Scale Industries	546,277	185,950
Sub Total	**3,373,347**	**1,384,108**
Total	**9,315,500,127**	**7,534,195,330**

Arrears of Capital and Interest on the above Loans amounted to some Rs 2.14 billion, as detailed in Table 5-15.

Table 5-15 Arrears of Capital and Interests as of 31 December 2012

Organisation	**Principal - Arrears**	**Interest Arrears (Cumulative)**	**Total**	**Remarks**
	Rs	**Rs**	**Rs**	
Mauritius Meat Authority	5,669,085	-	5,669,085	No repayment since 1979-1980.
Irrigation Authority	228,386,993	150,222,067	378,609,060	No Repayment since 28 August 1996
National Transport Corporation	154,071,448	240,662,666	394,734,114	Monthly payment of Rs 10,000 only since Jan 2000
Small Scale Industries	185,950	933,082	1,119,032	No repayment since 1993/1994
Ex M.C.C.B ltd	81,308,000	55,308,690	136,616,690	No repayment made since 30 June 1996
Rose Belle Sugar Estate	72,908,762	79,594,544	152,503,306	No repayment made since 30 June 2002
Bus Companies	4,460,006		4,460,006	No repayment ever made
Industrial and Vocational Training Board	86,589,150	33,726,357	120,315,507	No repayment since 01 November 2004
BPML Freeport Services Ltd	5,128,729	66,183,289	71,312,018	Loan rescheduled in 2012
Agricultural Marketing Board	10,187,731	6,519,961	16,707,692	No repayment since 2007-2008
Central Electricity Board	396,795	2,158,318	2,555,113	Insufficient repayments
Central Water Authority	496,622,762	254,064,975	750,687,737	Insufficient repayments
Business Parks of Mauritius Ltd	4,000,000	90,839,621	94,839,621	Loan rescheduled in 2012

Rodrigues Regional Assembly	-	760,655	760,655	Outstanding since 2011
Mauritius Broadcasting Corporation	6,498,838	-	6,498,838	Outstanding for 2012
Mauritius Shipping Corporation	7,400,000	3,204,504	10,604,504	Outstanding for 2012
Total	**1,163,814,249**	**984,178,729**	**2,147,992,978**	

In September 2010, Government agreed to a set of measures for the recovery of the arrears of revenue owed by public enterprises to Government and which amounted to Rs2.68 billion at that time. In view of the deteriorating situation, a meeting was held with the chief executives and chairpersons of all enterprises that have borrowed from Government and the supervising officers of parent Ministries on 16 September 2010.

In September 2010, Government required the management of the Public Enterprises to undertake the following measures:

- Prepare by end September, to begin implementation on 1 October, a plan that would identify quick win measures, such as cost reductions, increased revenue by reviewing fees being levied for their services or a combination of both.

- Such a plan should be endorsed by the Board of the Public Enterprises or the parent Ministry and appropriate regulations published where relevant.

- Where support was needed, to restructure and redeploy redundant workers, Public Enterprises might seek the support of the office of Public Sector Governance.

- Prepare a plan to repay all arrears by end- December 2012.

Despite the above decisions, most of the parastatal bodies have not repaid the arrears of loan by the deadline of December 2012.

- Loans to Small Scale Industries (Rs1.1 million) represented loans principally granted to six private individuals. According to the Loan Register, for certain cases no repayment has been effected since 1992.

- A private bus company still owed the whole amount of loan amounting to Rs 4.4 million made in 1978 to effect payments of end of year bonus and extra remuneration to its employees.

- As regards MCCB Ltd, it was under receivership and up to now nothing from the liquidator has been received yet. It is very unlikely that all these debts could be recovered fully.

The financial performance over the last five years up to 2011 of those entities is shown in Table.5-16.

Table 5-16 Financial Performance over the last five years

Organisation	**2007**	**2008**	**2009**	**2010**	**2011**
	Rs	**Rs**	**Rs**	**Rs**	**Rs**
Mauritius Meat Authority	(5,881,435)	3,459,745	1,760,673	(922,627)	(2,958,074)
National Transport Corporation	23,334,341	(97,474,982)	(103,740,942)	(114,594,963)	75,824,744
Ex M.C.C.B Ltd	In liquidation				
Rose Belle Sugar Estate	152,947,780	8,756,219	(5,397,263)	N/A	N/A
Bus Company	8,024,482	10,178,174	10,556,322	34,561,767	35,420,841
BPML Freeport Services Ltd	1,303,381	2,407,086	7,703,518	5,347,203	(1,855,936)
Industrial and Vocational Training Board/MITD	(23,420,835)	4,069,063	(37,228,862)	Taken over by MITD	
Agricultural Marketing Board	(55,652,544)	92,204,848	22,303,945	15,578,659	61,437,880
Central Water Authority	(59,172)	63,587,000	(134,350,000)	(81,311,000)	(69,270,000)
Business Parks of Mauritius Ltd	(51,245,207)	58,628,544	55,746,182	102,377,336	141,176,498
NHDC Ltd	30,735,480	2,086,473	39,455,523	44,573,908	14,080,403
Mauritius Broadcasting Corporation	26,918,510	16,904,923	(105,477,341)	(155,104,438)	(139,194,988)

Agricultural Marketing Board made surpluses of income during fiscal year 2011 and yet did not settle the arrears of loan.

In April 2013, MITD Board (formerly IVTB) through its parent Ministry made a request to the Ministry of Finance and Economic Development to consider waiving the loan liability given its incapacity to repay the loans and the increase in debt liability resulting from accrued interest on unpaid loan balances.

5.7 Arrears of Revenue

The total arrears of revenue due to Ministries and Departments as of 31 December 2012 were Rs 6,927,931,060. Table 5-17 refers.

Table 5-17 Arrears of Revenue

Fiscal period ending	Rs
30.06.2009	6,220,316,277
31.12.2009	6,652,073,882
31.12.2010	6,505,963,032
31.12.2011	6,558,064,756
31.12.2012	6,927,931,060

Arrears of revenue for the year 2012 had increased by 11.37 per cent when compared to the balance as of 30 June 2009.

Included in the arrears of revenue figure were many long outstanding amounts which were time barred and could be considered as irrecoverable, representing losses of revenue to Government.

5.7.1 The Treasury- Rs 2,158,621,929

Out of this figure, the arrears for loan were Rs 2,147,992,776 for the year 2012, of which Rs 1,163,814,249 was due for capital repayments and Rs 984,178,727 for interest by 16 bodies comprising of nine statutory bodies, six private bodies and the Rodrigues Regional Assembly.

5.7.2 Age list of Debtors

Table 5-18 shows an aged list of debtors amounting to Rs 6,927,931,060 as of 31 December 2012.

The arrears for the year 2012 of Rs 1,705,393,341 represent 24.6 per cent of the total debtors and 65.4 per cent were for prior year 2011 amounting to Rs 4,593,218,362. An increase of 5.63 per cent for the year 2012 against last year total arrears was noted. Timely and appropriate measures for recovery of these debts should be taken by Ministries and Departments to avoid them from being time barred and irrecoverable.

Table 5-18 Aged List of Debtors as of 31 December 2012

Ministries/ Departments	**Prior to 2011** **Rs**	**2011** **Rs**	**2012** **Rs**	**Unallocated** **Rs**	**Total Debtors as at 31.12.12** **Rs**
Income Tax (Including Large Taxpayer)	929,755,241	116,699,775	381,366,071	-	1,427,821,087
Value Added Tax	796,777,491	336,302,210	648,746,440	-	1,781,826,142
Customs & Excise	17,624,046	37,197	12,828,149	-	30,489,392
Gaming	74,537,105	3,543,413	3,687,222	-	81,767,741
Sales Tax	2,095,617	-	-	-	2,095,617
Civil Aviation	25,006,430	3,016,653	45,491,595	-	73,514,678
Industry (Commerce Division)	-	-	125,403	-	125,403
Public Infrastructure (Land Transport Div.)	21,230	-	-	-	21,230
Fire Services	474,696	-	-	-	474,696
The Treasury (mainly loan due by local entities to government)	2,118,793,737	12,428,905	27,399,287	-	2,158,621,929
Registrar-General	195,762,153	17,401,183	77,162,137	-	290,325,473
Housing and Lands	28,061,494	100,365,104	257,577,230	-	386,003,828
Companies Division	301,288,272	21,838,114	40,618,377	-	363,744,764
Education & Human Resources	40,250	-	142,259,476	-	142,299,726
Social Security, NS & RI	2,347,829	53,816	980,827	-	3,382,472
Agro Industry & Food Security	6,240,764	94,558	2,027,941	-	8,363,263

Tourism & Leisure	265,000	291,474	153,654	-	710,128
Public Infrastructure (Public Infrastructure Div)	88,492	105,319	395,723	-	589,534
Renewable Energy & Public Utilities	7,070,546	-	-	-	7,070,546
Health and Quality of Life	6,441,181	1,869,753	2,278,280	544,720	11,133,934
Police Force		-	2,023,610	911,150	2,934,761
Local Govt. & Outer Islands	235,620	10,000	-	-	245,620
Prime Minister's Office (Home Affairs)	3,496,000	-	-	-	3,496,000
Ministry of Public Infrastructure (Shipping Div)	242,989	71,592	80,541	-	395,122
National Transport Authority	22,872,000	2,638,000	5,224,000	-	30,734,000
National Audit Office	-	-	2,122,727	-	2,122,727
Attorney General's Office	238,285	172,775	188,000	-	599,060
Ministry of Labour,IR & Emp (employment Div)	-	-	839,500	-	839,500
Ministry of Arts and Culture	-	-	512,500	-	512,500
Industrial Court	121,050	35,700	116,900	-	273,650
Intermediate Criminal Court	6,517,311	3,966,006	38,869,899	-	49,353,216
Judicial Courts	46,803,534	6,921,940	12,317,850	-	66,043,324
Total	**4,593,218,362**	**627,863,487**	**1,705,393,341**	**1,455,870**	**6,927,931,060**

6 - PRIME MINISTER'S OFFICE

Police Department

6.1 Procurement

A review of the Procurement system for a sample of tenders was carried out and the main findings were as follows:

6.1.1 Cost Estimates

Preparation of cost estimates is a vital element in the procurement process. It provides a yardstick against which actual quoted prices are compared with. Important factors should be considered while compiling cost estimates figures such as current market prices, previous tenders, previous cancelled tenders, price data available through market research and so on.

A review of some procurement files revealed cases where figures for cost estimates were not properly calculated or revised.

Purchase of Two Gyro Compasses

The acquisition of two Gyro Compasses for CGS Rescuer and CGS Retriever clearly illustrates the consequences of estimate being much lower than the actual market prices.

A first exercise done in 2010 was cancelled as the lowest bid received was about Rs 9.7 million as compared to the estimated Rs 2 million. Another exercise was initiated in early 2011 with a marginal increase in the estimate to Rs 2.4 million. The lowest bid was some Rs 4.1 million.

Again the exercise was cancelled as the price was considered substantially higher than estimated and surplus funds required had not been earmarked.

A third exercise was initiated in June 2011. The revised estimate was Rs 4.1 million. The lowest bid was about Rs 4.6 million but the last page of 'Specifications and Compliance Sheet' was missing and it was therefore rejected. The next lowest bid was on the high side and the exercise was cancelled.

The next exercise was initiated in April 2012 for three compasses with revised estimate of some Rs 14 million for the three units. Three bids were received and a bid for a total amount of Rs 10,998,576 was recommended. Excluding some additional items in this exercise, the price for two compasses (as required in the previous exercises) was estimated at some Rs 7 million.

The cost estimates increased from Rs 2 million to Rs 4.1 million and subsequently to Rs 7 million within a period of 18 months.

An additional sum of some Rs 2.9 million was paid for 2 Gyro Compasses for the same make and model of equipment which could have been purchased more than one year back at Rs 4.1 million.

Department's Reply

The first estimate was made based on market survey since no last purchase price was available. As Gyro Compass is technological advanced equipment, there is no other heuristic way of establishing the cost.

For the second exercise, as the only two companies that responded to the first exercise were sister companies, it was opined that basing an estimate on least bid submitted would have been detrimental. Therefore a more realistic approach of increasing the estimate by 20 per cent was adopted.

The price estimate for the next exercise was based on the previous bidding exercise and revised technical specifications.

Since the final price of the Gyro Compass was around Rs 3.3 million which included additional accessories, it is opined that there has been no loss though some variations might have occurred to the currency fluctuations, market corrections and inflation.

Flying Coveralls

Invitation to bid was issued on 29 June 2012 for the purchase of 20 units of flying coveralls from abroad. The cost estimate was Rs 160,000. Only one bid was received for the sum of some Rs 321,000. The bid was cancelled as it exceeded the cost estimate by more than 100 per cent.

This tender was made for coveralls with fire retardant material whereas the estimate was based on a previous purchase for coveralls which did not have this characteristic.

Department's Reply

The fire retardant capability is an important pre-requisite for flying coveralls. The inclusion of this feature may have escalated the price. The cost of fire retardant coveralls was not available and the rough cost indicated was from the previous purchase which was effected in 2010.

6.1.2 Cancelled Procurement Exercises

Out of 243 exercises initiated from October 2011 to March 2012, no award has been made for some 80 of them as of March 2013; i.e. for some 30 per cent. Several exercises were cancelled.

Some of the reasons for cancellations were as follows:

- Figures for cost estimates not properly calculated or revised

- Stringent mandatory conditions
- Inappropriate specifications

Some examples where several exercises were cancelled are given in Table 6-1

Table 6-1 Cancelled Exercises

Items required	No of cancelled exercises	Date original request	Date finally awarded	Date received/ accepted	Reasons for cancellation
Two Gyro Compasses	3	June 2010	June 2012	November 2012	Bids exceeded estimate
Ceremonial Dress NCG	3	July 2011	Not yet awarded.		Specifications and mandatory conditions
Flying Helmets	5	Feb 2010	May 2012	August 2012	Wrong bidding method used and no bids received
Flying Coveralls	2	Apr 2012	April 2013	-	Bid exceeded estimate and no bid received
Naval and Barathea Caps	2	January 2011	Not yet awarded		Specifications not clear

Impact

Administration

Cancelling exercises implied, amongst others, waste of resources involved in the process, delay in obtaining items with all its consequences and payment of higher cost. Almost all procurement exercises have been initiated and reached the evaluation stage before being eventually cancelled. The resources consumed were significant as specifications had to be worked out each time, vetted, tenders issued and bids received evaluated.

Goods not yet Procured

- Ceremonial Dress – NCG. Request for ceremonial dress was made in July 2011.Three quotation exercises were cancelled and as of February 2013, contract has not yet been awarded. Bids were rejected because the swatch submitted was not of required dimension of 150x150 cm which was a mandatory requirement.

- Naval and Barathea Caps. Request was made on 15 January 2011. In respect of two items, Naval and Barathea caps, tender was launched two times and as of March 2013, a new procurement exercise has yet to be launched. Specifications in previous tenders launched were not clear.

6.1.3 Tender Register

No proper Tender Register was maintained by the Tender Unit. The Register produced was merely an index of all tenders/quotations issued with only the reference number and the title of the procurement. Information such as date launched, closing date, list of prospective bidders to whom documents were sent and those who responded, cancelled exercises were not included.

Department's Reply

A new format of the Tender Register has been designed and implemented at the Police Tender Unit which comprise all necessary information from the launching of tender to the award of contract.

Recommendations

The Tender Unit should ensure that cost estimates are realistic. Clear guidelines should be defined and users provided with same to help arrive at an estimate which would reflect the market price.

Cancelled exercises should be minimised with the formulation of proper cost estimates and appropriate specifications.

It is important that a proper Tender Register as required by regulations, with all relevant details be maintained to enable proper follow up of procurement exercises.

Department's Reply

Guidelines will be prepared by the Police Tender Unit on the factors that should be taken into consideration for the calculation of cost estimate and drawing out of specifications. The approval of the Public Procurement Office will be sought prior to circularisation. This will help to reduce the number of cancelled bidding exercises because of wrong cost estimate.

6.2 Police Helicopter Squadron

The Police Helicopter Squadron has five helicopters on its inventory. The main operations include among others, search and rescue/casualty evacuation, surveillance and reconnaissance, anti drug operations, traffic patrol and security escort of convoys.

Details of the five helicopters are as in Table 6-2.

Table 6-2 Helicopter Fleet

Helicopter	Age Years	No of Overhaul done
Chetak/MPH01	37	2
Chetak/MPH 03	27	1
Chetak/MPH 04	42	3
Fennec/MPH 05	16	1
Dhruv/MPH 07	4	Nil

According to the Mauritius Police Force, there is no upper limit to the life of the Chetak helicopter specified by the manufacturer. The life of a helicopter is measured in terms of Time Between Overhauls (TBO) counted in terms of “Flying hours’ or “Calendar Life”, whichever occurs first. For the Chetak helicopter, the TBO is specified as 3200 hrs or 15 years whichever occurs first.

As a guideline, the Indian Air Force philosophy places a limit of three overhauls on the life of an aircraft.

6.2.1 Cost of Maintenance and Overhaul

Over the past three fiscal years, expenditure on maintenance and overhaul of helicopters were as in Table 6-3.

Table 6-3 Maintenance Costs

Fiscal Year	Total Maintenance Costs Rs million	Maintenance Costs for Chetak Rs million	Total Overhaul costs Rs million	Overhaul Costs for Chetak Rs million
2010	12.9	5.5	3.7	3.6
2011	8.5	4.0	22.4	22.1
2012	17.9	1.8	34.7	33.0
Total	**39.3**	**11.3**	**60.8**	**58.7**

Some Rs 11.3 million and Rs 58.7 million have been spent on maintenance and overhaul costs respectively for the three chetak helicopters, namely, MPH 01, 03 and 04, during the past three fiscal years. Helicopter MPH 03 was sent for overhaul in March 2013 and some Rs 22.3 million were prepaid in 2012 representing some 50 per cent of the estimated overhaul costs.

Department's Reply

The high percentage of costs for the period 2010 to 2012 was due to the overhaul of two helicopters which took place during that period.

Availability of Spare Parts

With the closing down of production lines by manufacturers in respect of Chetak helicopters, the Police Helicopter Squadron is facing severe problems of availability of spare parts. In the coming years, critical components will no longer be manufactured.

A quotation exercise was launched in January 2012 for 108 items of spare parts. Only 25 items were quoted. For the remaining 83 spare parts, a second exercise was carried out in July 2012. No bids were received. Of these items, 13 have already reached their minimum stock level.

Department's Reply

Due to the vintage of the helicopters, several items are no longer available with the manufacturers and therefore, the Police Helicopter Squadron has had to resort to progressively downgrading the operational capability/employment of the helicopters.

Pyromeca Cartridges for Emergency Flotation Gears. Two quotation exercises were carried out during the period December 2011 to March 2012 for the purchase of eight cartridge power devices for emergency flotation gears in respect of two Chetak helicopters. The first exercise was cancelled due to high quotation price and the second due to lengthy lead time proposed by the supplier.

As an alternative to pyromeca cartridges, it was decided to replace the existing Emergency Flotation Gear system with a new one. Quotations were invited but no bids were received.

The pyromeca cartridges are urgently required by the Helicopter Squadron as the two helicopters are presently unable to perform rescue at sea.

The existing cartridges have already expired since 17 March 2012.

Department's Reply

These items have become obsolete and are no longer available. The demand for the same has now been formally cancelled. Efforts to replace the existing Emergency Flotation Gears have also not yielded any result.

Conclusion

The unavailability of spare parts will have an impact on the running conditions of the helicopters and will therefore hamper the smooth operations of the squadron. Moreover, I am given to understand that some of the components of Chetak helicopters will no longer be manufactured.

The amount spent on Chetak helicopters, Rs 70 million, forms the major part of maintenance and overhaul costs during the past three years. The overhaul costs for Helicopter MPH03 (Chetak) is likely to be around Rs 40 million.

Taking into account the increasing running cost, unavailability of spare parts and the ageing of the Chetak helicopters, the Mauritius Police Force should think about a replacement plan for Chetak helicopters. Consideration should be given to whether or not it is beneficial to replace the helicopters before the expiry of their economic lives instead of incurring substantial overhaul costs and scrap them at end of their economic lives.

Department's Reply

The Mauritius Police Force is taking action for the progressive replacement of the existing helicopter fleet depending on funds being made available.

Government Printing Department

6.3 Printing Presses

Presently, the Government Printing Department (GPD) owns 14 printing presses. During the last five years, the GPD acquired four printing presses worth Rs 58.8 million as shown in Table 6-4.

Table 6-4 Cost of latest four printing presses of GPD

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Year	Printing Press Type	Amount Rs million
2008	PM 74	29.2
2010	SM 74	25.1
2010	Xerox DC 252	1.6
2012	Xerox 700i	2.9
		58.8

6.3.1 Printing press SM 74 —Rs 25.1 million

The GPD acquired a four colour offset press machine, SM 74, for Rs 25.1 million in April 2010. The main reasons were to meet demand for the printing of primary school textbooks from the Ministry of Education (MOE), and for the replacement of two old machines.

The printing capacity of the above press is expected to be around 17 million copies annually. However, the actual cumulative number of prints of the SM74 machine since its acquisition three years back totaled 15.7 million copies in June 2013.

Since 2011, the MOE requested prints of textbooks to the GPD gradually for Standard I and then for Standards II and III.

Recommendations

The GPD has been operating below the production capacity of its recently acquired offset press.

GPD should convince MOE for request for printing of text books of the other Standards that is Standards IV to VI. Presently the printing of these text books is being outsourced to a private supplier to the tune of more than Rs 22 million annually.

Also GPD should contact Statutory Bodies and Local Authorities for additional work to maximize utilization of the printing facilities.

GPD's Reply

The Office is agreeable that there is still room for improvement and may undertake the printing of additional school textbooks provided that it has full support of the MOE and that a firm working agreement is settled as well as a good working plan.

Moreover, this Office will need to further reinforce its production capacity at all levels including prepress, binding and middle management.

The MOE already knows of this Office's willingness to print the maximum school textbooks based on its production capacity. Statutory bodies and Local Authorities are already part of our esteemed customers.

I have also been informed by the MOE that it has now decided to

- Award GPD, Standards II and IV textbooks instead of only Standards II to III textbooks;
- Modify the present bidding exercise towards private contractors for Standards IV to VI, to target only Standards V and VI now;
- On submission of materials for Standard I from the MIE for 2014, they would be submitted to the GPD too;
- Concurrently, the GPD would be submitted different educational materials which would be needed for 2014.

Mauritius Prisons Services

6.4 Consultancy Services - CCTV Cameras

A sum of Rs 45 million was earmarked for the "Design, Supply, Installation, Testing, Commissioning and Maintenance of CCTV Equipment" in the various Prisons since 2011.

As the Mauritius Prisons Service (MPS) did not have expertise in the field, the advice of the Energy Services Division (ESD) was sought. The latter, having limited expertise on CCTV comprehensive systems, designed and submitted the terms of reference for appointment of a Consultant for the project.

Three tenders were launched from mid 2011 to March 2012 for the "Consultancy Services for Design, Build and Maintain of CCTV System" at the various Prisons and contracts were awarded to the same Company as detailed in Table 6-5.

Table 6-5 Tenders for Consultancy Services - CCTV System

Location	Date Contract Awarded	Contract Amount (including VAT) Rs	Scheduled Completion
Beau Bassin Women Prisons and Petit Verger Prisons	September 2011	868,940	September 2012
Barkly Special Prison for Women	April 2012	864,087	April 2014
Beau Bassin Prisons, New Wing Prisons, Main Store, Head Quarters Complex and Phoenix Prisons	June 2012	1,973,400	June 2014

6.4.1 First Contract

The payment and delivery schedule for the first contract was as in Table 6-6.

Table 6-6 Payment and Delivery Schedule

Item	Delivery Time (After Award)	Fees Payable
Detailed design +Tender Docs + BOQ	3 months	60% - Rs 521,364
Evaluation and Selection of Quotation received	1 month after receipt of quotation	10% - Rs 86,894
Supervision of onsite installation and report of installation	14 weeks after award of contract for CCTV	20% - Rs 173,788
Issue of Test Certificates and "as made" drawings	4 weeks after installation	5% - Rs 43,447
Maintenance up to Handing Over + Final Accounts	6 weeks after installation	5% - Rs 43,447

The detailed Design, Tender Documents and Bill of Quantities were submitted in November 2012, that is, some 11 months after due date of December 2011. 60 per cent of contract amount was paid in December 2012.

As of May 2013, tenders for procurement of CCTV cameras for Petit Verger Prisons, received in February 2013, were not yet evaluated.

The contract agreement did not include a Penalty Clause for late delivery and non compliance to contract period by Contractor.

MPS's Reply

Funds were being awaited for award of contract for the CCTV cameras for Petit Verger Prisons.

NAO's Comments on MPS's Reply

Only 17 per cent of budgetary provision for CCTV cameras was used in year 2012, and Rs 16 million have been provided for in year 2013.

6.4.2 Second and Third Contract

Payments were to be made on a monthly basis as from award of contract. The delivery schedule for the contracts was as in Table 6-7.

Table 6-7 Delivery Schedule

Item	Delivery Time (After Award)
Detailed design +Tender Docs + BOQ	6 months after award of contract
Evaluation and Selection of Quotation received	2 months after receipt of quotation
Supervision of onsite installation	8 months after award of contract for CCTV
Supervision Report of installation	3 months after completion of installation
Issue of Test Certificates and “as made” drawings	1 month after installation
Maintenance up to Handing Over + Final Accounts	4 months after installation

The detailed Design, Tender Documents and Bill of Quantities for the second contract were submitted in April 2013, some six months after the due date of October 2012, while no documents have yet been submitted for the third contract. No payment was effected as of April 2013.

The contracts were behind schedule. In these two cases also, a Penalty Clause for late delivery was not included in the agreement. The MPS had not requested for any explanation from the Contractor for non delivery of documents in all three cases at due date.

The Contractor had however specified in both agreements that the project would be on a 24 month period as from date of award, and that monthly prices would be reviewed if the project was extended beyond that period.

There was no proper follow up of contracts as there was no scheduled Officer for follow up after award of contract.

MPS’s Replies

- The Draft bidding documents have been sent to ESD for vetting.
- Decision was taken to extend the timeframe of the project without additional cost.
- Explanation was not sought for non delivery as the Contractor has requested for extension of time.

NAO's Comments on MPS's Replies

Evidence for approval of extension of time was not produced for audit.

6.5 Melrose Prison Project - Allowances to Public Officers

The Pay Research Bureau (PRB) Report 2008 and the Human Resource Management Manual (HRMM) recommended payment of an extra allowance "to be determined by the Head of Ministry/ Department on the basis of effort and time subject to the approval of the Senior Chief Executive of the Ministry of Civil Service and Administrative Reforms (MCSAR)" to Officers not eligible for overtime, but working under exceptional pressure and extra and irregular hours for timely completion of projects.

Since 2011, the Director of the ESD and that of the Architecture Division of the Ministry of Public Infrastructure (MPI) have been making representations to the MPS for the payment of an appropriate allowance to Engineers of the ESD and Architects of the MPI for working on the Melrose Prison Project on Saturdays and after normal office hours.

In May 2012, the MPI and ESD proposed the quantum to be paid to Officers who have worked on the Project.

In November 2011 and April 2012, the MCSAR requested for details on additional hours put in by each officer, and determination of allowances payable to each officer and the basis on which the amount has been determined.

However, in September 2012, MCSAR conveyed its approval for payment of allowances to three officers of the ESD and three officers of the MPI and payment of overtime to those entitled to same.

Although the criteria "exceptional pressure and after normal working hours" were not satisfied, Departmental Warrants totalling Rs 1,313,184 have been issued to the MPI and the ESD in 2012 and 2013 for payment of allowances and overtime. Allowances paid to three of the officers of the ESD are detailed in Table 6-8.

Table 6-8 Allowances Paid to Officers of ESD

Officer	Period	Allowance Paid Rs	Details
A	Oct 10 - Feb 13	467,100	Rs 16,700 monthly
B	Oct 10 - Jan 13	344,400	Rs 12,300 monthly
C	Oct 10 - Dec 12	383,379	Overtime - Oct 2010 - Dec 2012

The MPI was not agreeable on quantum of allowance recommended by the MCSAR, and payment has not yet been made to some officers of the MPI.

The following were noted:

- Only details of overtime performed by Officer C were computed and certified. Certified claims for 132 hours of overtime for period January to March 2013 amounting to Rs 49,660 have been submitted for payment to the same officer. However, verification against Attendance Register revealed that the officer did not perform any extra hours on the dates mentioned.

- The officers of the Architecture Division of the MPI were engaged only on the Melrose Project on a full time basis, while at the ESD, team of Officers were engaged on two or more projects (depending on size) on a regional basis.

- A scrutiny of the Attendance Registers at MPI for period June 2011 to December 2012 and at ESD for period September 2010 to April 2013 revealed that the Officers were not working for "unusually long hours over an extended period of time" or "irregular hours" as specified in the PRB Report 2008 and the HRMM for eligibility of extra allowances. Allowances have been also paid to Officers A and B although they were on Vacation Leave or on mission during part of that period. Officer B enjoyed time off for working outside office hours during 2010 and 2011.

  All site meetings were held during Office hours, and officers were not returning to Office after site visits. According to the Melrose Gate Records from September 2012 to January 2013, Government Officials visited site of works within working hours.

- Although as per Circular Note No 3 of 2013 from the MCSAR, all authority for payment of allowances and fees lapsed with effect from 1 January 2013, the ESD has requested for Departmental Warrants for payment of allowances for January 2013, and same had been released in February 2013.

MPS's Replies

The MCSAR conveyed its approval for payment of allowances after being satisfied with explanations received from the ESD and MPI. Approval was obtained in September 2012 for payment up to April 2013.

Claims for payment of allowances were submitted by ESD. MPS, being the client, has no control over the personnel from the various Ministries/Departments/Organisations working/involved with the project. MPS has to rely on the submissions/information from the respective Head.

MCSAR's Replies

The MPS was advised to effect payment of allowances and overtime based on information submitted by the ESD, MPI and MPS.

As per correspondence submitted by the MPI and the ESD, the officers involved in the project were working 30 – 40 additional hours monthly.

Although approval was conveyed for payment up to April 2013 for some of the officers, this authority lapsed following circular issued in year 2012 by MCSAR after PRB Report 2013. New authority for payment for year 2013 has not been sought up to now.

ESD's Replies

As per the ESD, the Officers, besides working outside normal working hours, have communicated with the contractor, the Prison authorities and the Security Consultants via mobile phones and e-mails outside normal working hours.

NAO's Comments on Replies

The criterion "extra and irregular hours" as stated in the PRB Report 2008 was not satisfied. From attendance records at the MPI and the ESD, there was no evidence that the officers worked on Saturdays and after office hours as stated in the correspondence to MPS/ MCSAR.

6.6 e-Prison Project

6.6.1 Background

As of end of April 2013, expenditure incurred under the e-Prison Project totalled some Rs 11.6 million as in Table 6-9

Table 6-9 Expenditure under e-Prison Project

Year	**Amount Rs**	**Details**
2008	3,167,925	Purchase of Hardware
2010	3,408,761	Payment to Consultant
2012	2,341,872	Purchase of Hardware and Payment to foreign Institution
2013 (Jan - Apr)	2,726,063	Purchase of Hardware and Data Cabling Works
Total	**11,644,621**	

The MPS had its first database, known as Detainees Information System (DIS), developed by State Informatics Ltd (SIL) and which was operational as from 1994. In 2007, it was decided to replace the System as it was not functioning properly. In 2008, the then Ministry of Information Technology and Telecommunications (MIT) earmarked Rs 11 million for the project which was divided into three phases as follows.

6.6.2 First Phase - Replacement of Dump Terminals and Printers

This phase was completed in 2008 with the purchase of 71 new Personal Computers (PCs), 15 Notebooks and 31 Printers for Rs 3,167,925. The PCs and Printers were distributed to the different office, and each Senior Officer/Manager was issued a Notebook.

6.6.3 Second and Third Phase - Appointment of IT Consultant for Preparation of an e-Prison Master Plan

Following a Request for Proposal, Company A was awarded the contract for the preparation of the e-Prison Master Plan for Rs 3,408,761 on 26 December 2008.

The Company submitted its report in September 2010, where the cost for the design of software, implementation testing, training and maintenance of e-Prison Project was estimated at Rs 39.66 million, and the e-Prison Project was put into perspective. The estimated cost was for floating of tenders for the Software Development, purchase of new server, computer networking, training of staff and implementation of the new e-Prison System.

Payment to Company A was effected in December 2010.

6.6.4 Development of Software

In March 2010, following a Memorandum of Understanding between the Government of Mauritius represented by MIT and an Indian Institution to foster cooperation in the area of information technology for Government, it was decided not to launch tenders for software development, etc, as recommended by Company A, as the Indian Institution had proposed a Prison Software (used in an Indian Jail) which could be customised to suit the needs of the MPS.

Several working sessions were held between the Institution, the Project Managers of Central Informatics Bureau (CIB) and the MPS. A first commercial proposal was received in January 2011, and after further discussions, a final proposal was received in July 2012 for INR 7,480,000 (approx Rs 5 million). A Bid Evaluation Committee, set up to examine the reasonableness of the proposal, considered it fair and reasonable.

A Contract Agreement for the development of the Software Requirement Specifications (SRS), the system design, the application, installation and support of the e-Prison System was signed between the MPS and the Institution in the presence of MIT for INR 7,480,000 on 4 October 2012.

A sum of Rs 1,128,252, representing 30 per cent of contract value, payable on signature of contract, was paid to the Institution on 17 December 2012.

Observations

- The sum of Rs 3,408,761 paid to the Company in December 2010 may be considered as nugatory as its report/recommendations have not been considered. A new contract has been signed with a foreign Institution.

- As per the project plan submitted on signature of the agreement, the project which consisted of customisation of the Indian System to suit the needs of the MPS was to be completed by April 2013. The project was behind schedule. The first deliverable - Customisation/ Development due at the end of March 2013, was still outstanding. At time of audit in April 2013, it has been decided to re-develop the system from scratch.

- Contracts totalling some Rs 11.7 million have been allocated under the project as follows:

  - In April 2012, it was decided to incorporate the New Prisons under construction at Melrose in the e-Prison Project. Works for laying of conduits and cables, etc, for the network totalling some Rs 4.1 million for the e-Prison Project at Melrose Prisons have been included under the main contract of Construction of Melrose Prisons, and the contract was awarded in December 2012. In May 2013, construction works at Melrose were still under way.

  - PCs, laptops and printers costing some Rs 1.6 million for the e-Prison Project were procured in December 2012, and these have already been distributed to different Units.

  - A contract has been awarded in February 2013 for the supply, installation, testing, commissioning, training of staff and maintenance of a LAN System to interlink the different blocks at Beau Bassin Prisons for the sum of some Rs 6 million. Works have already started. 20 per cent of contract sum amounting to Rs 1.2 million were released in March 2013 after signature of contract.

- Specifications for procurement of PCs, printers and laptops for Melrose Prisons and procurement of servers and related hardware for Beau Bassin Prisons have already been prepared and tenders would be launched shortly. The estimated costs of these procurements were Rs 12 million.

- By the time the e-Project would be completed, the computers procured in 2008, 2012 and 2013 may not be able to support the software to be developed.

MPS' Replies

- The amount of Rs 3,408,761 paid to the Consultant in December 2010 was not nugatory as the offer from the Institution for software development was Rs 5 million as compared to the estimates of Rs 39.66 million submitted by the Consultant.

- The estimate of Company A was Rs 39.66 million against Rs 25.7 million as estimated for the project.

- All the IT equipment procured in 2008, 2010 and 2012 can be upgraded by MPS IT Workshop to support the e-Prison software.

NAO's Comments on MPS' Replies

The Rs 5 million were for Software Development only. At time of audit in May 2013, the MPS had already disbursed some Rs 5.1 million for hardware, data cabling works and software. Outstanding payments to contractors for contracts already allocated totalled Rs 12.8 million. A further sum of Rs 14.7 million had been earmarked for procurement of main server and computer equipment for Melrose Prison and for LAN system at outstations.

The estimate of Rs 2 million made by MPS for the LAN System at outstations had been understated and no provision had been made for procurement of computer equipment for the outstations and connection of outstations to the main server. These were estimated at some Rs 8 million.

Expenditure already incurred and expenditure/ contracts allocated/ earmarked on the e-Prison Project, as well as part of the future estimated costs totalled some Rs 40.6 million, which were more than the Rs 39.66 million as estimated by Company A.

Rodrigues Regional Assembly

Annual Financial Statements

6.7 Introduction

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 fiscal year, annual financial statements showing fully the financial position of the Island of Rodrigues on the last day of such fiscal year.

The accounts of Rodrigues Regional Assembly (RRA) for the fiscal year ended 31 December 2012 were closed on 29 March 2013 and the approved statements were submitted to the National Audit Office on the same day.

The annual financial statements of RRA are prepared on a cash basis and in line with the requirements of the Programme Based Budgeting (PBB) system. They comprise a Statement of Assets and Liabilities and other statements as required under Section 19(6) of the Finance and Audit Act.

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

- ensuring that public funds are used only to the extent and for the purpose intended by the National Assembly and the Regional Assembly,
- that value for money is obtained in the use of resources, and
- the safe custody of assets and stores.

On 20 September 2011, the Ministry of Finance and Economic Development approved financial allocation to the RRA for fiscal year 2012 to a ceiling of Rs 1,649 million including Rs 360 million as capital grant. The draft estimates of the RRA showing revenue for a total amount of Rs 1,670,054,000 as well as expenditure for an amount of Rs 1,670 million for the fiscal year ended 31 December 2012 were approved by the Regional Assembly on 23 September 2011. On 28 September 2011, these draft Estimates were submitted to the Minister of Rodrigues and Fisheries for consideration by Cabinet as required under Section 44(3) of the RRA Act. The Programme-Based Budget Estimates 2012 of Mauritius were approved by the National Assembly on 6 December 2011 providing financial grant under Programme 311- Rodrigues Development for an amount of Rs 1,649 million. The shortfall of Rs 21 million was to be met from revenue collected in Rodrigues.

6.8 Programme Based Budgeting

RRA prepared its annual financial statements in line with the Programme Based Budgeting for the first time for the fiscal year ended 31 December 2010. However, no provision has so far been made in the Finance and Audit Act requiring RRA to prepare and present a statement showing a progress report on performance in respect of outcomes achieved and outputs delivered as disclosed in the Annual Report of the Accountant General on the Accounts of the Republic of Mauritius.

The National Audit Office (NAO) drew the attention of RRA in the Audit Report for the year 2011 on the need to submit a report on performance by the different Commissions, to be included in its Financial Report. However, such report has still not been prepared. In that connection, to make it mandatory for RRA to prepare such report, Section 19(6) of the Finance and Audit Act needs to be amended to include the submission of a progress report on performance as a statement in the Financial Report of the RRA.

6.9 Statement of Assets and Liabilities of the Rodrigues Regional Assembly

A comparative statement of assets and liabilities for the past three fiscal years are shown in Table 6-10.

Table 6-10 Assets and Liabilities of RRA for the past three fiscal years

	2012 **Rs**	**2011** **Rs**	**2010** **Rs**
Assets			
Cash and Bank balances	69,439,712	57,072,539	34,312,270
Advances	35,101,442	35,196,436	20,492,079
Total	**104,541,154**	**92,268,975**	**54,804,349**
Liabilities			
Rodrigues Consolidated Fund	14,805,181	13,940,916	9,877,792
Deposits	53,401,718	42,484,297	23,485,539
Loan from Govt. of Mauritius	36,334,255	35,843,762	21,441,018
Total	**104,541,154**	**92,268,975**	**54,804,349**

The accounts of the RRA were prepared on a cash basis. Non-current assets, such as arrears of revenue amounting to Rs 29,314,206 as of 31 December 2012, and liabilities, such as pension liabilities, passage benefits and the monetary value of accumulated sick leaves were therefore not disclosed in the Statement of Assets and Liabilities.

6.9.1 Advances - Rs 35,101,442

This amount represents total advances outstanding on motor-car, motor-cycle and other loans as of 31 December 2012, as detailed in Table 6-11.

Table 6-11 Advances as of 31 December 2012

Details	**2012 Rs**	**2011 Rs**
Advances to Members of the Regional Assembly	2,396,246	3,907,700
Motorcar loan to RRA Officers	11,163,684	12,106,388
Motorcycle loan to RRA Officers	6,624,799	4,508,548
Advances – Cooperative Societies i.r.o. Fibre glass Boats	14,827,913	14,585,000
Advance Account – Personal	88,800	88,800
Total	**35,101,442**	**35,196,436**

Advances to Members of the Regional Assembly - Rs 2,396,246

In September 2011, an amount of Rs 1.6 million was advanced to a member of the Regional Assembly for the purchase of a car, the monthly repayment being Rs 32,766. Repayment of the advance was effected only up to January 2012. The outstanding capital and interest accrued thereon amounted to Rs 1,493,333. Legal action was initiated for non-payment of the advance and the vehicle was seized under a warrant to levy. The following were observed:

- the vehicle was found damaged and was sent to Mauritius for repairs at a cost of Rs 102,989 which was later brought down to Rs 25,028.
- In November 2012, the vehicle was auctioned in Rodrigues at a bid of Rs 1.5 million. After deduction of customs duty and other associated costs with the sale totaling Rs 667,243, the net proceeds of Rs 832,757 were remitted to RRA.
- After crediting the advance account with Rs 749, 357 (the difference of Rs 83,400 being interest), there remained an outstanding balance of Rs 743,976 still to be recovered.
- Other costs such as repairs, legal advice, and legal guardian fees amounting to Rs 101,411 were incurred by the RRA in connection with the auction of the vehicle. This amount should also be claimed alongside with the advance.

In April 2013, the Attorney of RRA was requested to initiate further legal action for the recovery of the unrecovered debt.

Advance – Fibre Glass Boats - Rs 14,827,912

The loans totaling Rs 14,585,000 made in December 2011 to five co-operative societies for the acquisition of five fibre-glass boats under the “Promotion of Outer Lagoon Fishing Development Scheme” as reported at paragraph 7.10.1 of the Audit Report 2011 was reviewed. Loan agreements with the cooperative societies were signed for Rs 13,207,750 that is Rs 2,641,550 for each society. Agreements in respect of the difference of Rs 1,377,250, that is, Rs 275,450 for each cooperative society representing the cost of Argos brackets and fishing vessel trackers have still not been signed as at March 2013.

In 2012, additional expenditure totalling Rs 242,912, that is Rs 48,582 for each cooperative society were incurred by the RRA for purchase of hooks and satellite phones. These items were issued to the societies in June 2012 and October 2012 respectively.

The following were noted

- The loan agreements for the additional amount of Rs 242,912 for the supply of satellite phones/hooks in 2012 were not yet signed by the societies as of 25 April 2013.

- Monthly interest amounting to Rs 11,006 is payable as from January 2012 by each society as per loan agreement made in December 2011. While principal repayment was due after a moratorium of one year that is in January 2013 none of the societies has so far made any repayment as of 31 March 2013. Further, the modalities of repayment by each society in respect of the loan for the fishing equipment amounting to Rs 324, 032 have yet to be defined.

- Inscription of a lien in favour of RRA on the boats has still not been done to safeguard the interest of both parties. The boats are registered with the Commission of Fisheries.

- As of 31 December 2012, RRA has advanced a total amount of Rs 2,965,582 to each society.

RRA’s Reply

The Commission for Fisheries is taking steps for signing the agreement in relation to the additional loan and the burden issue as well.

6.9.2 Deposits – Rs 53,401,718.

The Deposits for the past two fiscal periods are given in the Table 6-12.

Table 6-12 Deposits for the Past Two Fiscal Periods

	2012 Rs	2011 Rs
Security Deposits	10,950,429	11,491,656
Other Deposits	42,451,290	30,992,641
Total	**53,401,719**	**42,484,297**

This figure represents total balances of various deposits held at the RRA and includes security deposits of Rs 10,950,429 which itself includes an amount of Rs 1,672,500 which have been accounted for as 'Unidentified'. Also, cash balances totaling Rs 10,922 concerning four Decentralized Cooperation Programme projects which have been completed have still not been closed.

RRA's Reply

Of the unidentified deposits, five cases for an amount of Rs 1,642,500 have been identified and action is being taken to either credit to Revenue or refund to Depositor at the end of the 5 years period.

6.10 Rodrigues Consolidated Fund (RCF) - Rs 14,805,181

The Rodrigues Consolidated Fund (RCF) was established under Section 75D (b) of the Constitution and Section 42 of the RRA Act 2001 mentions the revenue that are to be credited to the Fund, namely money appropriated by the National Assembly and all revenue of the RRA.

Expenditure as authorised by the National Assembly and the Regional Assembly is met from this Fund. There was a credit balance of Rs 13,940,916 as of 1 January 2012 in the Fund. During the year 2012, an amount of Rs 12,436,833 was transferred from the RCF to two deposit accounts namely, "Temporary Closing of Octopus Fishing" – Rs 9,407,500 and "Winding up of Rodrigues Water Co. Ltd" - Rs 3,029,333 respectively, to meet expenditure not provided in the Estimates.

It was noted that

- Expenditure totalling Rs 9,380,575 was made for the payment of closed season octopus allowance. The Rodrigues Regional Assembly (Octopus Closed Season) Regulations 2012 came into effect on 7 July 2012 to manage octopus fishery.

- Expenditure of Rs 3,029,333 relating to operating expenses, compensation to employees and encashment of leaves not taken were made to Rodrigues Water Co. Ltd in connection with its winding up.

Both expenses are off-budget items which have not received the approval of the Regional Assembly. Such practice may lead to abuse in the use of surplus fund.

As at end of the fiscal year 2012, a balance of Rs14, 805,181 was standing to the credit of the RCF.

RRA's Reply

There being no specific provision in the law which prevents the RRA from using surplus fund of the RCF and the approval of the Executive Council was sought and obtained for these transfers.

6.10.1 Abstract Account of Revenue and Expenditure of the RCF

Revenue

The Revenue collected in Rodrigues amounting to Rs 27,099,010 in 2012 was credited to RCF. Table 6-13 shows the revenue collected by the RRA during the last three fiscal years.

Table 6-13 Revenue collected by the RRA during the past three fiscal years

Item	**2012** **Rs**	**2011** **Rs**	**2010** **Rs**
Taxes	2,263,250	2,542,419	2,210,682
Other Social Contributions	181,869	537,497	635,040
Other Revenue	24,653,891	22,473,915	19,299,274
Total	**27,099,010**	**25,553,831**	**22,144,996**

Expenditure

For fiscal year 2012, total expenditure amounted to Rs 1,802,757,147 and exceeded the actual amount received of Rs 1,646,404,521 by Rs156,352,626. The additional expenditure of Rs 156,352,626 was financed from funds received from MOFED for an amount of Rs 142,554,215 and Rs 13,798,411 drawn from revenue collected in Rodrigues out of the total revenue of Rs 27,099,010.

6.11 Statement of Investments

A total amount of Rs 42,588,590 was invested as equity in six private companies set up by the RRA. The position as of 31 December 2012 is shown in Table 6-14.

Table 6-14 Investment of RRA in Private Companies as of 31 December 2012

Company	**Date of Incorporation**	**Total investment as of 31 December 2012 Rs**	**Winding up in process since**
Rodrigues Trading and Marketing Co. Ltd	30 June 2006	4,000,000	
Discovery Rodrigues Co. Ltd	15 November 2006	2,000,000	
Rodrigues General Fishing Co. Ltd	8 June 2007	6,400,000	April 2012
Rod Clean Co. Ltd	19 September 2007	10,188,590	
Rodrigues Water Co. Ltd	29 October 2007	17,000,000	August 2012
Rodrigues Housing & Property Development Co. Ltd	12 January 2010	3,000,000	March 2012
Total		**42,588,590**	

Five of the six companies are fully owned by the RRA as the sole shareholder whilst the Rodrigues Trading and Marketing Co. Ltd has the State Trading Corporation as a minority shareholder in the proportion 60-40 per cent.

6.11.1 Winding up of Companies

Three companies, namely, Rodrigues General Fishing Co. Ltd, Rodrigues Water Co. Ltd and Rodrigues Housing and Property Development Co. Ltd were in the process of winding up. RRA has invested Rs 26.4 million in shares and Rs 41,141,946 as grants to meet the operating costs of these companies as of 31 December 2012.

6.11.2 Return on Investment

The RRA has so far not received any dividend from investments made in these companies.

6.12 Statement of Arrears of Revenue - Rs 29,314,206

The arrears of revenue for the past three fiscal periods are given in Table 6-15.

Table 6-15 Arrears of Revenue for the Past Three Fiscal Periods

Division/Unit	2012 Rs	2011 Rs	2010 Rs
Fisheries	68,476	62,661	57,959
Judicial	1,103,927	926,827	699,175
Rental of Government Property	23,392,403	12,247,832	14,247,116
State Land - Old leases	1,469,834	1,469,834	1,469,834
Water Unit	1,893,287	1,772,091	1,608,634
Health and Sanitary	720	1,170	780
Rental of Snacks/Market Stalls	627,203	594,203	594,203
NHDC Houses	745,670	545,260	498,850
Sand Removal	12,686	-	-
Total	**29,314,206**	**17,619,878**	**19,176,551**

The following were noted

- Arrears in respect of Rental of Government Property which represents about 80 per cent of total arrears has increased substantially by about 91per cent.
- In April 2012, attention was drawn to the fact that rent due for leases of State Land amounting to Rs 1,469,834 was awaiting write off. The matter has not evolved further.
- A 20 years' industrial lease was granted in April 2004 to a hotel promoter and it was cancelled in December 2007. In January 2012, a plaint with summons was lodged against the promoter claiming the sum of Rs 1,160,300 for unpaid rent for the period July 2006 to December 2007. There is no evidence that any amount has been recovered so far.
- The RRA did not have recourse to legal action for the recovery of arrears for water rates amounting to Rs 1,893,287, as advised by its Legal Adviser since February 2009.
- The collection of arrears of Rs 627,203 in connection with rental of snacks and market stalls was entrusted to the Rodrigues Housing and Property Development Co Ltd with effect from January 2011, contrary to Section 42 of RRA Act. No remedial action has been taken to revert the collection of this revenue to RRA.

In January 2013, the Ministry of Finance and Economic Development issued a Circular (No.1 of 2013) stipulating that the Accounting Officer should ensure that:

- a proper management information system is maintained to generate information on arrears of revenue and

- a timely follow-up of enforcement action be made

There is no information that any corrective action has been taken.

RRA's Reply

The arrears of revenue relating to leases of state land amounting to Rs 1,469,834 have been written off on 19 April 2013 and that action is being taken to update the Lease Management System at the IT Unit.

Chief Commissioner's Office

6.13 Investment in Private Companies

At paragraph 7.16 of the Audit Report for the year ended 31 December 2011, I reported on a number of shortcomings relating to six private companies set up by Rodrigues Regional Assembly (RRA). These included among others the non-compliance with the RRA (Investment Management) Regulations (IMR) and the requirements of the Ministry of Finance and Economic Development (MOFED). A lack of accountability by the private companies was also noted.

In view of the fact that the RRA had continuously injected funds in the private companies since 2006 and as all the companies except one were not self financing and sustainable, I recommended that the RRA seriously consider winding up these companies.

6.14 Disbursements

During the year 2012, RRA has disbursed a further amount of Rs 31.9 million to meet the operating costs of three companies. These are the Rodrigues Discovery Co. Ltd (Rs 4.6 million), Rod Clean Co. Ltd (Rs 17.5 million) and Rodrigues Water Co. Ltd (RWC) (Rs 9.8 million).

Appropriation of funds in the PBB budget of the RRA is made on the basis of programmes/sub-programmes appearing in the Estimates approved by the National Assembly. Funds for extra budgetary units are provided under the sub-head "Grants" of the respective Commission.

In 2010, request for fund under the item "Grant to RWC" was made by the RRA for the year 2011. However, this was not approved by the National Assembly indicating that it was not in the intention of the National Assembly to allocate any amount from the RRA budget to the RWC. Nevertheless, the RRA disbursed a total amount of Rs 12.94 million to the RWC – Rs 11 million were charged to the item "Water Distribution" of the Commission for Water Resources and Rs 1.94 million to the surplus of the Rodrigues Consolidated Fund. No approval of Government was seen. The payment from the programme of the Commission was therefore unauthorised and against the intention of the National Assembly.

For the year 2012, again no item for disbursement of grant to the RWC was included in the RRA budget. Still, reallocations totalling Rs 6.8 million were made from the programmes of various Commissions of the RRA to finance the operating costs of the company with the approval of the Executive Council. Thus, the RRA continued to incur expenditure contrary to the authority given by the National Assembly.

Since the incorporation of the six companies up to 31 December 2012, the RRA had disbursed a total amount of Rs 116.5 million to enable them to meet their operating costs. Investments as equity totalled Rs 42.5 million.

6.15 Winding Up of Companies

During the year 2012, the Executive Council approved the winding up of three companies, namely the Rodrigues Housing and Property Development Co Ltd (RHPDC), the Rodrigues General Fishing Co Ltd (RGFC) and the RWC as from March, April and August 2012 respectively.

Procedures for the removal of the three companies from the Register of Companies were initiated as stipulated in the Companies Act. The requirements for the companies to be removed from the Register as set out in Section 309(2) of the Companies Act are that:

- the company has ceased to carry business and has discharged in full its liabilities to all its known creditors

- the company has distributed its surplus assets in accordance with its constitution and has no surplus assets after paying its debts.

6.15.1 Assets and Liabilities of Companies in process of Winding Up

The position with respect to the assets of the three companies was as follows.

- *RHPDC.* In October 2012 a list of assets comprising furniture and computer equipment belonging to that company was submitted. These assets are awaiting valuation.

- *RGFC.* As per list of inventories submitted in July 2012, the total value of assets handed over to the RRA was Rs 1.3 million. The valuation of six outer lagoon fishing boats which were purchased at a cost of Rs 15.6 million belonging to the company is yet to be determined

- *RWC.* The book value of total assets comprising vehicles and other assets as of November 2012 was Rs 9.4 million. The vehicles were valued at Rs 3.2 million whereas the value of the other assets is yet to be determined.

All the assets need to be evaluated and distributed in accordance with the Companies Act.

On the other hand, on cessation of business of the companies, their total liabilities stood at Rs 4.8 million as detailed below.

- *RHPDC.* The company had a bank balance of Rs 22,333 at close of business and a debt of Rs 89,855. As such, it requested only Rs 67,522 from the RRA to meet its obligations.

- *RGFC.* This company has a nil balance at bank. The liabilities comprised mainly Rs 439,222 due for utility bills for the period ended 31 May 2012 and Rs 93,667 for wages for the period June to August 2012. The company was being sued for not being able to settle its creditors and a complaint was lodged for termination of employment.

- *RWC.* The creditors of the RWC as of date of cessation of operations in August 2012 amounted to Rs 4.2 million. In December 2012, RRA disbursed an amount of Rs 1.7 million to the company to meet expenditure in connection with compensation to employees, leave not taken and bonus to staff. The sum due to creditors as of 31 December 2012 amounted to Rs 2.5 million. Expenditure incurred by the company for the period September 2012 to March 2013 amounted to Rs 289,726. The total debt of the company as of end of March 2013 was therefore Rs 2.8 million.

6.15.2 Request for Fund

The total debt of the three companies amounted to Rs 4.8 million of 31 August 2012. In November 2012, the RRA requested MOFED to make available enough funds to enable the winding up of the above three companies. The request was not acceded to. In February 2013, a further request for fund was made to MOFED emphasising the need for the companies to discharge all their liabilities as a first step in the process for removal from the Register of Companies.

In April 2013, MOFED agreed that the RRA proceeded with the winding up of the RHPDC and RGFC which have lower financial implications.

6.16 Audited Accounts and Annual Report

Contrary to the Regulation 19 of the IMR, the accounts of four companies including the three companies in process of winding up had not yet been audited as of April 2013. The accounts of two companies related to the year ended 31 December 2011, the third one for the year ended 31 March 2012 and the fourth one for the year ended 30 June 2012. The Annual Reports of two companies namely, Discovery Rodrigues Co Ltd and Rodrigues Trading and Marketing Co Ltd, which have submitted their audited accounts for the years 2010 and 2011, were not seen to have been laid at the Regional Assembly as required by the Regulation 20 of the IMR.

6.17 Recruitment of General Workers

At paragraph 7.18 of the Audit Report for the year 2011, I commented on the recruitment of 250 General Workers in July 2010 for the implementation of various capital projects in the fields of natural resources rehabilitation, desilting of dams, pipe laying networks and reafforestation.

I reported that their employment on a temporary month-to-month basis, was done without obtaining the approval of the Executive Council, and that PSC Regulations were not duly complied with. Many of the workers were performing duties that were not at all associated with the approved projects or as those prescribed in the offer of appointment. Hence, it was not possible to assess to what extent the recruitment of the 250 General Workers has contributed to the improvement of the efficiency and effectiveness of projects implemented by RRA in 2011.

The employment of 248 General Workers, two having already left, was terminated on 31 December 2012.

On 30 November 2012, a batch of 75 General Workers was recruited on a casual basis by the RRA after a selection exercise in July 2012. The approval of the Executive Council, Prime Minister's Office and Ministry of Civil Service and Administrative Reforms as well as financial clearance from the Ministry of Finance and Economic Development was obtained prior to their employment. They assumed duty in the different Commissions of the RRA on 10 December 2012.

6.18 Review of Projects in the Education Sector

At paragraph 7.19 of the Audit Report for the year 2011, I adversely commented on the funding and implementation of projects by the Commission for Education. Instances of over commitments of funds, non-compliance with Financial Regulations and Conditions of Contract as well as with instructions contained in the Investment Project Process Manual were noted.

A review carried out in April 2013 has shown that there have been improvements with respect to approval and funding of projects. However, Conditions of Contract were still not being duly complied with by the Contractors while projects were not properly supervised and monitored resulting in delays in completion and liquidated damages not adequately applied.

RRA's Reply

Infrastructural projects implemented at the Commission are supervised and monitored by the Commission of Public Infrastructure. With a view to ensure proper management of projects, a team has been recently set up comprising an Inspector of Works and an Executive Officer to deal with contract administration at the level of the Commission.

6.19 Disbursements

During the fiscal year 2012, the Commission for Education disbursed some Rs 48.1 million in the implementation of a number of projects under the programmes "Education Infrastructure Development Project" and "Construction/Extension of Secondary Schools, Equipment and Furniture". The projects were supervised by the same private firm of Consultants as the previous year.

6.20 Non Compliance with Conditions of Contract

The following four projects were reviewed.

6.20.1 Terre Rouge Secondary School – Rs 51,882,311

In my last report, I mentioned that Phase 1 of the project of a contract value of Rs 42,595,184 was due to be completed on 16 November 2011.

The college was operational with effect from 12 January 2012 but as of that date, there were still several outstanding works such as electrical and plumbing works, toilet blocks and painting of building. Payments as of 31 December 2012 totalled Rs 40,137,012. Liquidated damages amounting to Rs 350,000 were deducted from payments made but this could not be verified since the approval of extension of time could not be produced.

No Taking Over Certificate (Practical Completion Certificate) and Defects Liability Certificate (Final Handing Over Certificate) were seen to have been issued as of end April 2013. Hence, it was not possible to ascertain that all outstanding and defective works were duly completed and rectified.

With respect to Phase II of the project of a contract value of Rs 9,287,127 comprising the extension of existing schools by six additional rooms, the works started on 17 October 2012 and were due to be completed on 20 March 2013. Three classrooms were handed over on 15 February 2013 but the Practical Completion Certificate for taking over of part of the works was not seen. The works were still not completed as of end April 2013 but the approval was not seen for any extension of time. Total payments as of 31 December 2012 amounted to Rs 4,138,812.

RRA's Reply

According to the Consultant, the Commission requested in December 2011 that the school be handed over so as to enable it to be operational on the reception of the studies on 12 January 2012. Following a site visit on 9 January 2012, it was agreed to take over the building so as to enable necessary arrangements before the opening of school.

In accordance with Clause 48.2(b) and 48.3 of the conditions of contract, the building was deemed to be handed over to the client Commission on 9 January 2012.

Variations works such as relocation of staff toilet, relocation of rector's toilet and timber partitioning were given to the Contractor.

With respect to approval of extension of time, the Contractor has informed that there was delay to the completion of the project due to unavailability of cement and missing boundary pegs at the start of the project.

Subsequently, the Contractor was entitled to an extension of time of 59 days. The revised completion date which should have been 14 January 2012 was rescheduled for 9 January 2012 due to early taking over of the building by the Commission.

6.20.2 Montagne Charlot Community School – Rs 26,945,259

The works were due to be completed on 8 August 2011. On 24 October 2011, the Commission for Education requested that the Contractor proceed with variation works for an amount of Rs 6 million. However, the relevant variation order was not seen. The Commission for Education and that for Public Infrastructure agreed that all outstanding works should be completed before 23 April 2012. As per payment certificate issued in July 2012, an amount of Rs 450,000 was deducted as liquidated damages for a delay of 30 days in the completion of the works. The extension of time could not be ascertained. Payments as of 31 December 2012 totalled Rs 27,647,470.

As of end of April 2013, no Practical Completion/Final Handing Over Certificates were seen to have been issued although more than one year had elapsed since the agreed date for completion of the works.

RRA's Reply

Instructions were given to the Contractor to complete additional works by 9 December 2011.

The value of Rs 450,000 representing 30 days of delay was deducted on account as liquidated damages in Certificate No.6.

After assessment of application for extension of time, the Contractor was granted an extension of time without cost due to non availability of cement on local market and inclement weather.

The completion date was revised to 15 December 2011. The overall delay which is 14 days will be taken into account upon issuance of the final certificate. The final certificate will be released upon receipt test results.

6.20.3 Mangues Government School – Rs 11,488,417

The contractual completion date of the works at the above school was revised to 25 May 2010 but works were completed on 17 June 2010. Hence, there was a delay of 25 days in the completion of the works. In my last report, I mentioned that the Consultants stated that "*liquidated damages amounting to Rs 250,000 may be applied at the Client's discretion*" as per terms of contract. In the final payment certificate issued in October 2012, the Consultants again recommended that this amount *"could have been applied"*. Nevertheless, no deduction for liquidated damages was effected from the payment effected on 28 December 2012. Total payments amounted to Rs 10,336,367.

As per Practical Completion Certificate, the works were stated to have been substantially completed on 17 June 2010. Contrary to terms of the contract, the Consultants did not issue the Certificate within 21 days of date of delivery of notice from the Contractor but on 26 October 2012, that is, more than two years later. The Final Handing Over Certificate was issued on 20 November 2012 and was not signed by a representative of the Commission as required by Financial Regulations.

6.20.4 Grand La Fourche Corail Government School – Rs 3,711,717

The works were due to be completed on 17 January 2011. The Practical Completion Certificate was issued on 15 May 2011 stating that the works were completed and handed over to the Commission on that date. The Final Handing Over Certificate was issued on 20 November 2012, that is, more than 17 months later. However, as per notes of the site meeting held on 14 March 2011, "the contract period was revised to 28 February 2011 and the contract, including additional works was substantially completed on that date"
It is to be noted that the Final Handing Over Certificate was not signed by a representative of the Commission. Payments as of 31 December 2012 totalled Rs 3,478,606.

RRA's Reply

Instructions were given to the Contractor to complete additional works by 9 December 2011.

The value of Rs 450,000 representing 30 days of delay was deducted on account as liquidated damages in Certificate No.6.

After assessment of application for extension of time, the Contractor was granted an extension of time without cost due to non availability of cement on local market and inclement weather.

The completion date was revised to 15 December 2011. The overall delay which is 14 days will be taken into account upon issuance of the final certificate. The final certificate will be released upon receipt test results.

6.21 Consultancy Fees

At paragraph 7.19.4 of the Audit Report for the year 2011, I reported that the Consultants for the provision of consultancy services for construction of the new Terre Rouge College were overpaid an amount of some Rs 990,000 since the payments were wrongly calculated on the original project value of Rs 100 million instead of the actual contract value of Rs 42.6 million. During the year 2012, an additional amount of Rs 1,035,000 was paid bringing total payments to Rs 3,450,000 as of 31 December 2012.

According to the Commission for Public Infrastructure, the payment figures were recomputed and excess consultancy fee was found to be Rs 444,289. It was also stated that there was a balance of Rs 300,000 to be paid to the Consultant and the amount to be recouped was Rs 144,000 only. The relevant details and correspondence were however not available for verification and follow up.

Recommendations

- Liquidated damages deducted from payments should be recomputed on the basis of the extension of time approved.
- Close supervision and continuous monitoring of projects are necessary to ensure compliance with financial procedures and contract conditions, and, in particular the timely completion of projects.
- Fees already paid to the Consultants relating to the construction of the secondary school at Terre Rouge have to be recomputed and any overpayment recovered.

6.22 Project for a Housing and Cadastral Survey in Rodrigues – Consultancy Services – Rs 35.2 million

At paragraph 7.17 of the Audit Report for the year ended 31 December 2011, I mentioned that in April 2006, a contract for Consultancy Services for a Housing and Cadastral Survey in

Rodrigues was awarded to a Joint Venture for the sum of Rs 27.9 million (inclusive of VAT) and was later increased to Rs 35.2 million due to additional works. A review of the project in 2012 revealed that the approval of the additional works was sought well after the execution of the works and that the cadastral survey was not completed in all zones.

Follow up of the project could not be effected as all the files and other related documents were secured by the Independent Commission Against Corruption and all attempts by RRA to retrieve the files at time of audit in April 2013 in Rodrigues have been unsuccessful.

6.23 Food Security Fund

At paragraph 7.20 of the Audit Report for the year 2011, various shortcomings and discrepancies were noted in the implementation and monitoring of the projects which were co-financed by the Food Security Fund (Mauritius) and the RRA. The amount received from the Food Security Fund (Mauritius) in 2012 amounted to Rs 18,962,086 bringing the total contribution to Rs 66,349,458. The amount spent in 2012 was Rs 14,487,501 bringing total expenditure for Food Security Fund (FSF) projects to Rs 67,988,544. On-going projects have been reviewed as follows:

6.23.1 Improving Milk Production

With reference to paragraph 7.20.5 of the Audit Report for the year 2011, the following observations have been made.

Setting up of Milk Pasteurization Unit - Project Value - Rs 2 million

In a view to improving the production of milk, the FSF approved to finance the setting up of a Milk Pasteurization Unit. In that respect, the Unit was duly set up at the St. Gabriel Livestock Breeding Centre (LBC) in 2010 at a cost of Rs 2,232,474. The Unit had the capacity to pasteurize up to 1,500 litres of milk a day. However, due to unavailability of milk, the Unit has been processing only about 60 litres of milk a day in 2010, an average of 34 litres a day in 2011 and an average of only 10 litres a day from January to July 2012.

In December 2011, there was a move by the Commission of Agriculture to sign a Memorandum of Understanding with the Rodrigues Trading and Marketing Co.Ltd (RTMC) for the management and operation of the Pasteurisation Unit but this has not materialised. Nevertheless, from information gathered at the LBC, the RTMC has been operating the Pasteurisation Unit from end of June 2011 to August 2012 when it handed back the keys to the officers of the LBC. Since that date, the Unit has remained idle and is not being used.

6.23.2 Increase in Meat Production

Construction of Slaughter House

At paragraph 7.20.6 of the Audit Report for the year 2011, it was mentioned that in December 2011, the contract for the construction of the Slaughter House - Phase I was awarded to a private company for an amount of Rs 56, 212, 886 (inclusive of VAT). Works started on 14 January 2012 and was scheduled to be completed on 13 January 2013.

Scope of works. The works were to consist of:

- Two stand alone buildings as Slaughter House of about 390 m^2 gross floor areas.
- Administration building of about 90 m^2 gross floor area and 2 holding pen, each 50 m^2 gross floor area, all complete.
- Incinerator, Transformer and Generator rooms of about 75 m^2 gross floor areas.
- Mechanical and Electrical Installations.
- Site works, parking, guard post, boundary walls and associated works.

Observations on the Project

At the initial stage, it was decided that there would be a Phase II which would comprise the construction of a Cattle Slaughter House which would cost an additional Rs 15 million. However in April 2012, it was decided to review the project to re-organize the space of Phase I to cater for the Cattle Slaughter House with a view to reduce the cost of the whole project. The total projected cost after additional works to Phase I and the elimination of Phase II amounted to Rs 62,552,375 as of 31 May 2012.

In June 2013 the RRA has informed the NAO that 134 days as extension of time starting 14 January 2013 was approved and that liquidated and ascertained damages will be applied according to the conditions of the contract. At mid- June 2013, the project had still not been completed.

Consultancy Services for Commissioning of Equipment for the Slaughter House

In November 2011, the Commission for Agriculture awarded a contract for Consultancy services for the design, supervision and maintenance, and the preparation of tender documents for an incinerator, rail metallic structure for slaughter house, slaughter house equipment, and frozen house/ equipment to the same Consultant who was awarded the contract for consultancy services for the design, supervision and monitoring of the construction of the slaughter house at a cost of Rs 485,000 (exclusive of VAT). In December 2011, the Consultant accepted the award. There has been no further development on this issue as the slaughter house is still under construction.

I am now informed that no fund has been provided in the Programme- Based Budget for the purchase of slaughter equipment and fresh request for such fund is being sought in the context of the new budgetary exercise.

6.23.3 Emphasising on Capacity Building to enhance the Agro Industry Sector

With reference to Paragraph 7.20.7 of the Audit Report for the year 2011, the implementation of the three projects mentioned were reviewed and the following were observed.

Construction of three Community Kitchens – Project Value - Rs 12 million.

The construction of three community kitchens was to cater for bulk manufacturing of products using local crops. Up to now, only one community kitchen has been set up and even this has not been funded by the FSF but by the Decentralised Cooperation Programme. It concerns the processing of lemons by LION D'OR and was being operated by the RTMC. I am now informed that the project is being utilized by the Women Cooperative Societies for the processing of lemons and other agricultural produce.

Design and construction of an Incubation Centre at Citronelle – Project Value - Rs 5 million

In March 2010, a local firm was awarded the consultancy services for the construction of an incubation centre at Citronelle and was duly paid an amount of Rs 455,000. As the project has not been implemented, the payment of Rs 455,000 may be considered as nugatory expenditure.

Setting up of Mini Laboratories in Rodrigues – Project Value - Rs 5 million

In September 2009, the Ministry of Agro-Industry and Food Security delegated three officers on mission to Rodrigues with a view to set up three mini laboratories, namely

- Laboratory for testing soil, water, plants, pests and diseases.
- Laboratory for testing of animal feed, fodder and silage.
- Laboratory for testing of agro processed products.

The ex-Environment Building at Citronelle was found convenient to house the three mini-laboratories and the only concern was the equipment that has to be purchased. A contract for the supply of equipment was awarded to a supplier in November 2011 for Rs 794,148. The equipment were duly delivered and commissioned in April 2012. The final prices of the equipment were Rs 756,474 and after deduction of liquidated damages amounting to Rs 45,766 for 121 days delay, the final amount paid was Rs 710,707.

When the three mini-laboratories were set up, there were not enough qualified personnel to operate the units.

I am now informed that three officers have followed training courses at the Food Technology Laboratory in Mauritius and another two have been trained at the Institut Universitaire de Technologie of Reunion Island to operate the mini – laboratories.

6.23.4 Other projects of the Food Security Fund

Of the projects identified for Rodrigues are the following which are ongoing.

- Improvement of agricultural land for staple food production – Project Value - Rs 10 million.

- Upgrading of facilities for onion production – Project Value - Rs 5 million.

- Setting up of chili farm – Rs 2 million.

- Rehabilitation of 250 arpents of abandoned agricultural land – Project Value Rs 17 million.

All these projects are ongoing and much progress has been achieved. However, it has not been possible for NAO to identify the expenses for each of the projects. Much abandoned land at Montagne Goyaves have been derocked and made available to some 80 vegetable growers. Several kilometres of track roads have been constructed and large areas of land have been fenced. However, at some places these have been damaged and the fencing is getting rusty. No chili farm was found at Baladirou with the exception of a few plants in the yard of an inhabitant. Several kilometres of track roads and fencing have also been done at Baie Malgache and are being used by planters.

However, no indicators or data are available at the level of Commission to assess the impact of these projects on the improvement in food production.

Commission for Public Infrastructure, Water Resources, Housing and Transport

6.24 Contracts for Maintenance, Upgrading and Construction of Roads

Review of past projects

With reference to paragraphs 7.21.3 and 7.21.4 of the Audit Report for the year ended 31 December 2011, matters raised were reviewed in April 2013. The situation is as follows:

6.24.1 Roads Section

The Roads Section is responsible for the survey, design, defining the scope of works, estimation of costs, supervision of works and certification of claims from Contractors for payment. Although there are one post of Senior Engineer and two posts of Civil Engineers in the establishment of the Commission, the Section is still manned by one Senior Engineer. A Quantity Surveyor has been recruited only in December 2012.

6.24.2 Contract for Year 2011- Rs 120,249,405.

Non compliance with contract conditions.

16 out of 30 Works Orders issued in the year 2011 under two contracts, namely CPB 14/2010 and CPB 4/2011 awarded to the same Contractor were reviewed. In the above Audit Report it was mentioned that the terms of the contract were not strictly followed and hence the Commission was not acting in the RRA's interest. Corrective actions had still not been taken in 2012 as shown below.

<u>Handing over of Sites to Contractor.</u> Notes of site meetings were not seen in respective files. As such the dates the sites of works were handed over to the Contractor could not be ascertained.

<u>Non-Submission of Programme of Works</u>. As per Works Orders, the Contractor was required to submit a programme of works within 15 days of their issue. No such programme was seen in the files for 13 cases.

<u>Laboratory tests</u>. According to a clause in the General Conditions of Contract (GCC) for the year 2010, tests should be carried out by an independent laboratory while for the contract for the year 2011, the laboratory should be approved by the engineer. However, it was observed that tests were being carried out at the Contractor's laboratory instead of an independent one and the approval of the Engineer was not seen.

<u>Taking over Certificates</u>. As of end April 2013, 26 Works Orders were completed while works were in progress under two others. Contrary to Clause 54 of the GCC, no taking over

certificates were produced in respect of seven Works Orders although more than 16 months had elapsed since the issue, in November 2011, of the Practical Completion Certificates.

As Built Drawings and Operating and Maintenance Manuals. Clause 56 of the GCC stipulates that, "If, as built drawings and/or operating and maintenance manuals are required, the Contractor shall supply them by the dates stated in the practical completion certificate." These are documents which are vital for the maintenance and repairs of government assets. However, no "as built drawings" were submitted by the Contractor. Regarding the operating and maintenance manuals, this was still not mentioned in the Practical Completion Certificates issued in respect of completed projects.

Delay in completion of works. The two Works Orders - Construction of road from Mont Limon to Nassola, Phases I and II of a total contract value of Rs 22,390,905 were still in progress as of April 2013 though the expected completion dates were 25 November and 10 December 2011 respectively. In Phase 1 the works were delayed due to encroachment on private land. Had proper planning been done prior to issuing of Works Order, the works would have been completed on time. The Principal Surveyor of the Cadastral Unit advised that it would take at least three months before the Commission could resume works.

Liquidated damages. Although extension of time was not approved for two Works Orders, namely Green Space at Cascade Jean Louis (Rs 2,038,244) and Green Space at Camp Pintade (Rs 921,325), liquidated damages have not been applied for delay in their completion.

RRA's Reply

- Sites are officially handed over to the Contractor and the dates are ascertained through letter issued to the Contractor for each project;
- Submission of programme of works by the contractors is now strictly monitored;
- Tests are done at the Ministry of Public Infrastructure in Mauritius. Joint tests are also done by the Employer's representatives and the Contractors. Quality control is being strictly adhered to prior to applications for payments are entertained;
- The issue of Certificate of Completion are strictly adhered to;
- As-built drawings are mandatory and it is ensured that same are provided for all projects. Operating and maintenance manual is not applicable.
- Concerning the completion of projects and liquidated damages, the Contractor is being charged liquidated damages by the Employer at the rate stated in the contract for each day that the completion date is later than the intended completion date.

6.24.3 Contract for Procurement of Civil Works in Rodrigues – Rs12, 631, 519

Seven Works Orders were issued during the fiscal year 2011 under a contract for Procurement of Civil Works in Rodrigues for a total sum of Rs 9,899,045. As of March 2013, all the projects were completed with delays ranging from 99 to 196 days. In two Works Orders, namely "Proposed green spaces at Mangues" and "Proposed green spaces at Jardin Mamzelle" of contract values of Rs 595,265 and Rs 2,297,869 respectively, extension of time was not approved and hence, liquidated damages should have been applied.

RRA's Reply

The final accounts for these two projects will take into account delays and liquidated damages and shall be adjusted accordingly.

6.24.4 Revetement Wall

With reference to paragraph 7.21.5 of the Audit Report for the year 2011 regarding the construction of a "Revetement wall" at Oyster Bay for the deposit of the dredged materials arising from the desilting works at Oyster Bay and Pointe Monier which was to be undertaken by the Mauritius Ports Authority, I reported that dredging materials were not deposited within the wall structure and the contract was executed without any preliminary study having been carried out.

The construction of the wall was completed on 30 June 2008 and as of June 2009 payments amounting to Rs 26,325,949 were made to the Contractor. As dredging materials were not deposited within the wall structure, it could not be ascertained whether the structure was strong enough to withstand the retention of dredged materials.

Follow up of the project could not be done as the files and all the related documents were in the custody of the Independent Commission Against Corruption for enquiry.

RRA's Reply

Dredging materials have been deposited in the wall structure.

Recommendations

Projects should be properly administered, contract terms and conditions must be strictly complied with and the RRA should ensure that projects are completed within time. Liquidated damages should be applied for late completion of works and the RRA should take appropriate steps to ensure that the Contractors attend promptly to all defects noted during the maintenance period.

6.25 Water Resources Unit

6.25.1 Supply, Installation and Commissioning of two Seawater Reverse Osmosis Desalination Plant

With reference to paragraph 7.22.6 of the Audit Report for the year ended 31 December 2011, the project for the "Supply, Installation and Commissioning of two Seawater Reverse Osmosis Desalination Plant" was reviewed.

The two sea water desalination plant were finally rehabilitated by a Contractor other than the one who supplied the plant at a cost of Rs 4,572,859 (inclusive of VAT) and are now functioning. The final handing over certificate was signed by both parties on 28 December 2012. However, the following observations arose.

- The commissioning after the rehabilitation works was delayed by more than nine months due to a submersible pump which broke down. In June 2013, I was informed that liquidated damages will be applied at the end of the defects liability period as half of the retention money has still not been released to the Contractor.

- The performance guarantee was not extended to cover the defects liability period up to 28 December 2013. In June 2013, I was informed that Rs 200,000 have been retained to that effect.

RRA's Reply

The commissioning after rehabilitation works was delayed by more than nine months due to an existing salt water submersible pump which broke down. The said pump was not available off the shelf.

Liquidated damage shall be levied at the end of the Defects Liability Period.

6.25.2 Promotion of Rainwater Harvesting – Rs 16,780,110

With reference to paragraph 7.23 of the Audit Report for the year ended 31 December 2011, the project relating to the promotion of rainwater harvesting through the construction of 360 domestic water tanks, later increased to 474, at beneficiaries' places were reviewed in April 2013. The works were practically completed on 13 April 2013 for a total increased cost of Rs 16,780,110 (inclusive of VAT). Payments made as of 31 March 2013 totalled Rs 14,745,687(inclusive of VAT), excluding Rs 81,682 deducted as liquidated damages for late completion of works and Rs 1,433,780 withheld as retention money. However, the following observations were made:

- One of the conditions of the contract required that "as - built drawings and/or operating and maintenance manuals" were to be submitted to the Commission in default of which two per cent of the final contract price would be withheld. The amount involved is Rs 291,724 and has not been withheld. In May 2013, I was informed that as- built drawings shall be requested from the Contractor.

- Performance security for a value of Rs 180,918 pertaining to the value of 114 additional water tanks was not submitted by the Contractor.

- No certificate of testing and commissioning for a minimum of five days for each tank constructed was produced to audit. This was attributed to shortage of water during the drought season.

- A site visit effected in April 2013 revealed that at several places no gutters were installed to direct rain water from the roof of beneficiaries' houses to the tanks. Instead, tanks were being used to store water from the normal distribution system.

I have recommended that the Commission of Public Infrastructure and Others ensures that installation of gutters be made at each household which have benefited from a water tank and the beneficiaries be sensitized on the importance to capture rainwater.

Commission for Environment, Forestry, Tourism, Marine Parks and Fisheries

6.26 Projects in Fisheries Sector

The projects in the Fisheries Sector as mentioned at paragraph 7.24 of the Audit Report for the year ended 31 December 2011 and relating to the acquisition and management of five fibre glass fishing boats and six outer-lagoon fishing boats costing Rs 52,831,000 and Rs 15,639,425 respectively by the Commission for Fisheries (the Commission) were reviewed in April 2013.

6.26.1 Procurement of Five Fibre Glass Fishing Boats - Rs 52,831,000

Contract Agreements between Five Cooperative Societies and Rodrigues Regional Assembly

No signed Agreement was seen defining the terms and conditions of the repayment of the loan of Rs 14,847,000 contracted by the RRA in December 2011 from the Government of Mauritius to partly finance the purchase of the boats.

In December 2011, loan agreements were signed between the RRA and each Cooperative Society for the sum of Rs 13,207,750, that is, Rs 2,641,550 by each society. In 2011 and 2012, the RRA incurred expenditure totalling Rs 1,377,250 and Rs 242,912 respectively for the purchase of fishing equipment for the five societies. As of 12 April 2013, the relevant loan agreements for Rs 1,620,162 were not yet signed.

Contrary to the terms of the contract, more than 15 months after delivery of the boats to the societies, no liens, for example, in the form of a fixed charge on the boats and equipment, were yet inscribed thereon in favour of the RRA to safeguard its interest. None of the societies has so far made any repayment as of 31 March 2013. Capital due as of 31 December 2012 and interest as of 31 March 2013 by the five Societies totalled Rs 1,572,855, that is, Rs 314,571 for each society. These exclude the amount due on the loans of Rs 1,620,162 advanced to the Societies for the purchase of equipment.

Memoranda of Understanding between Cooperative Societies and a Private Company.

On 2 August 2012, a meeting was held between the Cooperative Division of the RRA, the representatives of the Cooperative Societies and a Mauritian private company (the Company) incorporated in Rodrigues undertaking offshore fishing. The Company proposed to provide the Societies with know-how, equipment, marketing and credit facilities to meet their running costs. It was agreed to make a working arrangement between the Company and the Societies. It was also stated that "authorisation of all the authorities must be sought and a Memorandum of Understanding (MOU) must be signed by the parties concerned".

On 18 August 2012, MOUs were signed between the five fishing Cooperative Societies and the Company. According to the MOUs, the Company shall incorporate the Special Purpose

Vehicle (SPV) which shall own, run, manage and operate a Fishing Business Project (the Project) on the terms and conditions detailed in the MOUs. On the other hand, the Cooperative Societies will be the coordinators and facilitators for the Project by providing their fishing vessels to the Company.

The following shortcomings were noted.

- The contract agreements which the Societies signed in December 2011 with the RRA did not provide for the sub-letting of the vessels to a third party. These vessels are subject to a lien or privilege in favour of the RRA which can only be removed when the loan has been repaid in full. However, as per MOUs, the Cooperative Societies agreed to provide the fishing vessels to the Company.

  The approval of the RRA, IFAD, the financing agency for supply of the boats, the Government and the Executive Council were not obtained before the signature of the MOUs.

- A Reserve account was to be created to offset loans borrowed from any financial institutions. However, the liability of the Cooperative Societies with respect to the loans totalling Rs 14,827,912 contracted from the Government for purchase of boats and equipment was not mentioned in the MOUs.

- The insurance of the vessels and personnel on board were to be borne by the Cooperative Societies and the Company. However, on 29 March 2013, the Executive Council approved that the RRA would provide for insurance cover amounting to Rs 227,613 for the five fishing vessels for a period of three months and for group personnel accident for twelve months. No payment was yet made by the RRA as of 12 April 2013.

- MOUs were valid for a period of 180 days as from the date of signature and had therefore expired since 14 February 2013.

Utilisation of Boats and Renewal of Licences

The five boats had remained idle since they were commissioned in December 2011 up to October 2012, upon receipt of the satellite telephones. In the absence of Reports on the activities, the number of outings effected by the fishing vessels thereafter, as well as catches could not be ascertained. As of 16 April 2013, the licences of the boats had already expired and the application for their renewal was being processed. The boats were seen moored at Pointe Monier.

6.26.2 Procurement of six Outer Lagoon Fishing Boats - Rs 15,639,425

Handing over of Boats

As of March 2012, the six outer lagoon fishing boats were operated by the Rodrigues General Fishing Co Ltd (RGFC). In May 2012, the Executive Council approved the winding up of the company and procedures were initiated for its removal from the Register of Companies.

No record was available concerning these six boats thereafter. None of the keys of the boats were produced to Officers of the NAO. I am informed that only two skippers handed over the keys of their vessels while the remaining four skippers refused to hand over the keys. A statement to that effect was stated to have been made at the Port Mathurin Police Station. The outcome of any Police inquiry was however not known.

Utilisation of Boats

As of 19 April 2013, all the six boats were seen moored at Pointe Monier. The handpump of one boat was missing. The levers of the handpumps of two other boats were missing while that of a fourth boat was broken.

6.26.3 Francois Leguat Fishing Vessel

Following a contract agreement signed on 23 October 2012, the RRA agreed to put the fishing boat Francois Leguat whose current value was estimated at Rs 800,000, at the disposal of the Rodrigues Seafarers Cooperative Society Ltd. The clause mentioning that the boat remained the property of the RRA was not inserted in the Register of Boats at the Fisheries Protection Service.

The agreement provides that the Society shall pay the RRA a sum of money representing one per cent of its monthly revenue from fishing catches. The modalities of payment were not yet defined as of 26 April 2013.

Recommendations

The Commission should ensure that the loan agreements for Rs 1,620,162 in respect of fishing equipment supplied in 2011 and 2012, are duly signed by the five societies and repayment of loans contracted by the Societies for both the boats and equipment is made promptly.

The RRA should carry out an investigation regarding the six outer lagoon boats. The keys of all the six boats should be retrieved and handed over to the Commission. A physical survey of the boats should be done and their seaworthiness should be assessed.

7 - MINISTRY OF ENERGY AND PUBLIC UTILITIES

7.1 Plaines Wilhems Sewerage Project – Contract WW80F Lot 1A

The contract WW80F is another contract awarded under Plaines Wilhems Sewerage project. The contract was awarded on 19 October 2009 for the sum of Rs 2,842,498,362. The completion is scheduled for May 2014.

Works included 102 km of reticulation sewer network and approximately 13,000 house connections, as well as the replacement of about 50 km of potable water pipelines.

Total payments as of 31 December 2012 amounted to Rs 1,394,506,947 inclusive of VAT.

Project Design

At design stage of project, a Consultant was appointed and his scope of work included a general site survey without detailed topographical survey study and house surveys. These surveys formed the basis for preparation of tender documents including Bill of Quantities and working drawings.

Ministry's Reply

The concept, design and tender documents for PWSP Lot 1A and Lot 1B and Lot 2 were developed by the Consultant A in 2003. The consultancy contract for supervision of the works was awarded to Consultant B in October 2006. The delay of about two years to award the consultancy contract to C Lotti was due to problems encountered during the evaluation of bids and the ensuing court case.

Consultant B was requested to carry out a review of Consultant A's concept design and tender document. However the re-survey of the reticulation network, given its total length of about 230 km would have required important economic resources and time to be implemented. Therefore, it was partially done and it was agreed that the whole reticulation network shall be surveyed, along with the detailed survey of all household connections during the pre-construction phases of the construction contracts.

Increase in Scope of Work

The scope of works of the Contractor comprised detailed topographical survey including house to house survey. Following completion of all surveys and design, the Contractor claimed that an increase in depths and lengths of excavation was needed in the project.

The length of the sewer under the contract increased by some 40 km from 102 km to 142 km.

The depths of excavations, following house to house survey, exceeded significantly to those included in the tender documents.

Project Costs - Consultant's Estimates.

According to the Consultant's estimates, the increase in the contract sum will amount to some Rs 1.1 billion. A sum of Rs 864 million will be required to fund the increase in project costs with the difference being met out of contingencies.

Ministry's Reply

According to the Consultant's latest estimates, the increase in the contract sum will amount to some Rs 864 million excluding VAT, to cater direct costs, price adjustments, preliminaries and general items and provision for potential claims. However the claims are yet to be determined.

Conclusion

Project cost will increase by some Rs 864 million. Had detailed house to house survey and detailed topographical survey done prior to inviting tenders for the project, it could have the following effects:

- With a well defined scope of works, competitive prices could have been obtained from several potential bidders for each aspect of the works.

- Moreover in this project, the surveys were carried out by the Contractor after award of contract. Thus the Contractor carried out survey of works to be done by himself.

  Ministry's Reply

  The works comprise of street sewers, house connections, water works, reinstatement etc. as defined in the Bill of Quantities. For contractual and practical reasons, these items of works cannot be dissociated and bids cannot be invited for each one separately.

  The bidding documents and scoping were approved by key stakeholders such as Central Procurement Board (CPB) (then CTB) and European Investment Bank (EIB). This contact was awarded following competitive bidding as per prevailing regulations and approved by the European Investment Bank.

  The Contractor was required, as per provision of the bidding documents, to carry out the surveys, designs and preparation of the working drawings required for execution of the works, as well as the construction and testing of the works. These surveys and construction drawings have to be approved by the Consultant as per general engineering practice.

- Some of the additional costs could have been reduced. In this project, the Consultant made an estimate of some Rs 263.6 million for extension of time with costs. Contractors normally claim for loss and expense for reduced productivity for deeper excavations, extra cost of removing unused plant, costs of delay in the non use or extra hired periods of plant and so on. With a well defined scope of works, these costs could have been reduced.

Ministry's Reply

A well defined scope of works would have led to a higher contract price at the bidding stage.

- The Ministry of Finance and Economic Development stated that in view of the fact that Wastewater Management Authority projects are experiencing significant cost overruns, the Parent Ministry should carry out an overall project design, implementation and management to understand why the initial project targets have not been met and why house connections have been done where there are no street sewers.

The Ministry has taken measures to ensure that Consultants carry out house to house surveys and detailed topographical study to define scope of works clearly to avoid heavy additional costs. This should be the case where appropriate, for all future projects to avoid substantial additional payments.

7.2 Plaines Wilhems Sewerage Project - Contract WW 81 F - Construction of Reticulation network and House Connections – Lot 2

The Contract WW 81F for the construction of reticulation networks and house connections for Lot 2 was awarded on 17 December 2007 for the sum of Rs 2,340,187,095.The original completion date was scheduled for 13 July 2012 and was revised to 12 April 2013. Construction works are still in progress.

Total payments as of 31 December 2012 amounted to Rs 2,217,817,004.

7.2.1 Follow up

Paragraph 8.1 of the Audit Report for the year ended 31 December 2011 refers. Mention was made that the Contractor claimed extension of time with cost for delays and disruption of works and for additional depths and lengths of excavation for the significant sums of Rs 232,085,865 and Rs 580,582,180 respectively.

Extension of Time with Cost due to Delays and Disruption of Works

The claim of Rs 232,085,865 was assessed by the Consultant and a sum of Rs 71,362,051 was approved. This represents an extension of time of 273 days on account of various delays occurred under the contract due to, among others, late approval for traffic diversions/road closure, deeper excavation required and late payment of interim payment certificates.

Total payments as of 31 December 2012 amounted to Rs 61,957,296.

Extension of Time with Cost due to Additional Depths and Lengths of Excavation

The Contractor submitted a claim of Rs 580,582,180 on 24 May 2011 for extension of time with costs due to increased depths of excavation and additional lengths of street sewers. The Consultant is yet to make an assessment of this claim as the Contractor is still providing detailed particulars to substantiate its claim.

A provision of Rs 116,973,633 has been allowed by the Consultant to cater for this claim.

7.2.2 Completion of Site Survey: Further increase in Project Cost

The Contractor had to effect detailed topographical survey including house to house survey and detailed engineering design for the sewer network.

Following completion of survey exercise, in a report dated 24 February 2012, the Consultant, stated that the length of street sewer and associated works to be executed under the Contract have increased from 87 km to 103 km.

Additional Costs

According to the Consultant's estimates, an additional cost of Rs 974,962,953 will be incurred to complete all the remaining works following the detailed topographical survey. Additional budgetary provision of Rs 789,967,926 will be required and the difference of Rs 184,995,027 will be met out of contingencies.

The sum of Rs 974,962,953 includes Rs 71,362,051 and Rs 116,973,633 in respect of additional costs as mentioned above. The main items contributing to this increase are:

- Additional sewers and house connections for the sum of Rs 486,535,418. This sum includes additional cost for works such as additional sewer lines and manholes, permanent reinstatement of roads, house connections sewer pipes and reinstatement.

- Claims under the Contract for sum of Rs 188,335,684. This represents the claim for extension of time with costs as mentioned above.

- Price adjustment for the sum of Rs 228,000,000.

Ministry's Reply

The Consultant was requested to carry out a review of the MHW concept design and tender document. However, the re-survey of the reticulation network, given its total length of about 230 km would have required important economic resources and time to be implemented. Therefore, it was partially done and it was agreed that the whole reticulation network shall be surveyed, along with the detailed survey of all household connections, during the pre-construction phases of the construction contracts.

7.3 Plaines Wilhems Sewerage Project - Contract WW 99F: Construction of Reticulation Network and House Connections Lot 1B

Paragraphs 8.1.1 and 8.1.2 of the Audit Report for the year ended 31 December 2012 refer. The Contract WW 99F Lot 1B was awarded for Rs 846,527,032.The project was completed on 22 September 2012.

Payments as of 30 September 2012 amounted to Rs 799,413,033.

Follow up

Mention was made that the Contractor submitted a claim with associated costs due to the additional depths and lengths of excavation and delays and disruption of works including delayed approval of traffic diversion schemes by the Traffic Management and Road Safety Unit.

Increase in Project Costs due to increase in Depths and Lengths of Excavation

During execution of the project, the Contractor claimed that increase in depths and lengths of excavation were needed in the project. The Contractor claimed additional cost of Rs 295,419,171 and same was assessed by the Consultant for a sum of Rs 122,061,205. A sum of Rs 124,119,072 was paid to the Contractor on 8 November 2012. The assessment made by the Consultant for a sum of Rs 122,061,205 includes an estimate for cost price adjustment.

Increase in Project Costs due to Disruption of Works

In April 2011, the Contractor also claimed a sum of Rs 15,395,381 due to disruption of works. Same has been assessed by the Consultant for the sum of Rs 5,146,231 including some Rs 4.1 million for delays in approval of traffic diversion schemes and Rs 879,041 for price adjustment. An amount of Rs 4,267,190 was paid to the Contractor as of 8 November 2012.

The Contractor was required to suspend works during the period 30 April to 6 May 2010 due to General Election. As a result, the Contractor claimed associated costs of Rs 1,860,159 for disruption of works and same was assessed for the sum of Rs 1.7 million by the Consultant. Total amount paid to the Contractor on 8 November 2012 amounted to Rs 1,669,977.

8 - MINISTRY OF FINANCE AND ECONOMIC DEVELOPMENT

Mauritius Revenue Authority

Income Tax

8.1 Non- Submission of appropriate statements for audit purposes

At paragraph 9.2 of the 2011 Audit Report, recommendations were made of the need for the Mauritius Revenue Authority (MRA) to submit appropriate statements regarding administration of the various *Revenue Laws* to ensure that the *Revenue Laws* have been fairly, efficiently and effectively administered and that liability to taxes has been properly assessed, collected, and all taxes accounted for by the MRA.

Those audit recommendations have been addressed and various statements will be submitted by the MRA for tax matters as from 2014 and 2015.

8.2 Under-reporting of tax liability by the Informal Sector

At paragraph 9.4 of the 2011 Audit Report, I commented on the need for the MRA to gear resources towards more in depth investigation regarding persons operating in the informal sector to enforce compliance with the Revenue Laws and decrease tax evasion, fraud and under-reporting of tax liability.

62 cases were selected for investigation since last audit report; 18 of these have been completed and the remaining 44 were still under examination.

I was informed that the examination of 30 cases was expected to be completed by the MRA by June 2013.

Registrar of Companies

Companies Division

8.3. Arrears of Revenue

As of 31 December 2012, the Return of Arrears of Revenue of the Companies Division showed an arrears figure of some Rs 363.7 million in respect of registration/licence fees and fines. The total arrears figures, for the past three fiscal years are shown in Table 8-1

Table 8-1 Arrears of Revenue for past three fiscal years

Fiscal Year	Arrears Rs million	Increase Rs million
2010	310.8	-
2011	323.3	12.5
2012	363.7	40.4

Observations

- The arrears of revenue figure of the Companies Division has increased from Rs 310.8 million in 2010 to Rs 363.7 in 2012, that is by Rs 52.9 million.

- Out of the total arrears figure of Rs 363.7 million, some Rs 157.3 million, that is some 43 per cent, was irrecoverable since either the companies had closed down or the partnerships had dissolved. Their records at the Companies Division were, however, still being charged with the annual registration/licence fees and fines.

- The rate of collection of arrears was low. An amount of Rs 10 million and Rs 7.1 million were collected in 2011 and in 2012 respectively.

- An age analysis of arrears showed an amount of Rs 254 million to be outstanding for period prior to year 2009. This represented 69 per cent of the total arrears figure.

- As of 31 December 2012, an amount of Rs 33.3 million was owed by Partnerships, of which some Rs 23.5 million related to period prior to year 2009. No legal action has been taken to recover these debts or to deregister them as the Partnerships, presently governed by the "*Code Civile Mauricien*" and "*Code de Commerce*", do not make provisions for the Companies Division to take legal action for the recovery of debts or to deregister the non-compliant Partnerships.

Recommendations

The Companies Division should review its existing debt collection mechanism in order to recover debts promptly.

Legislation relating to Partnerships should be reviewed to empower the Companies Division to take legal action for the recoupment of debts or to deregister the non-compliant Partnerships.

Department's Reply

Procedures for debt collection already exist in our Quality Management Manual.

At present the law regulating *sociétés* is the Code Civil Mauricien and the Code De Commerce and the office of the Registrar has no authority to deregister *sociétés*. The role of the office is to keep a register of *sociétés* for the benefit of the public. This office will consult the Ministry of Finance and Economic Development with a view to either review the law or to empower the Registrar to deregister non-compliance *sociétés*.

Registrar General's Department

8.4 Arrears of Revenue

8.4.1 General

In my previous Audit Reports, I have continuously drawn attention to the huge amount of money which was due to the Registrar General's Department (RGD) and to the ineffective measures for recovery of the outstanding debts.

The different categories of the arrears of revenue for the last five fiscal periods are given in Table 8-2.

Table 8-2 Categories of Arrears of Revenue

Duty/Tax	**2008-09 Rs million**	**Jul–Dec 09 Rs million**	**2010 Rs million**	**2011 Rs million**	**2012 Rs million**
Registration Fees	71	82	84	86	96
Land Transfer Tax	43	44	54	65	113
Capital Gains Tax	15	15	15	14	14
Campement Tax & Site Tax	14	13	17	19	19
Leasehold Rights Tax	4	3	4	8	12
Short on deeds	15	15	14	14	29
Incorrect Declaration	9	9	8	7	7
Total	**171**	**181**	**196**	**213**	**290**

Source: Return of Arrears of Revenue

The situation has not improved at all, if not worsened. As of 31 December 2012, the arrears have reached to some Rs 290 million, representing an increase of Rs 77 million or 36 per cent over the previous year's arrears of Rs 213 million. As for Land Transfer Tax, the increase from some Rs 65 million to Rs 113 million represented about 74 per cent.

Measures and enforcement mechanisms put in place at the Department have been constantly proved to be inadequate and ineffective leading to increase in arrears each year. Thus, following reassessment of value of property, some Rs 99.4 million representing about 90 per cent of the Rs 110 million of claims raised during 2012 have remained unsettled and considerably increased the arrears of revenue as of 31 December 2012.

8.4.2 Debt Recovery System

Prompt recovery of debts has still not yet been initiated. The recovery of arrears was still slow. Only Rs 8.4 million of the arrears prior to 2012 totalling some Rs 213 million have been recovered during the year ended 31 December 2012 as detailed in the Table 8-3.

Table 8-3 Arrears recovered in 2012

Fiscal Period/Year	Arrears Rs million	Amount Recovered in 2012 Rs million
Up to 31 Dec 2007	130	2.8
2008	13	0.3
2009	16	1.1
2010	24	2.5
2011	30	1.7
Total	**213**	**8.4**

Source: Return of Arrears of Revenue

Long Outstanding Debtors

An analysis of the debtors as of end of 31 December 2012 is given in Table 8-4.

Table 8-4 Analysis of Arrears of Revenue

Fiscal Period/Year ended	Amount Rs million
Up to 31 Dec 2007	118.8
31 Dec 2008	12.5
31 Dec 2009	14.7
31 Dec 2010	19.4
31 Dec 2011	25.5
31 Dec 2012	99.4
Total	**290.3**

Source: Return of Arrears of Revenue

As of 31 December 2012, recovery of debts up to 31 December 2007 totalling some Rs 118.8 million and representing about 41 per cent of the total outstanding debts seemed remote.

Irrecoverable Arrears

Of the Rs 290 million due as of 31 December 2012, some Rs 58 million, that is 20 per cent of the total arrears of revenue, were irrecoverable and for which authority for write off is being sought from the Ministry of Finance and Economic Development (MOFED). Details of these irrecoverable arrears including reasons for write off are listed in Table 8-5.

Table 8-5 Irrecoverable arrears

No of Cases	Reasons	Amount Rs
1,271	Time-barred	54,447,582
50	Debtors deceased	1,083,190
39	Debtors abroad	647,958
1	Untraceable	68,900
9	Company in receivership	1,052,200
5	Struck out	800,665
3	Lease cancelled/administration cost higher	120,810
	Total	**58,221,305**

Source: File - Write-off of debtors

The 1,271 time-barred cases totalling some Rs 54 million represented 93 per cent of the total irrecoverable arrears of Rs 58 million. Further, there was no indication that every possible avenue to recover the debts has been thoroughly explored prior to the debts becoming time-barred. Delay in taking prompt action to recoup the arrears has largely contributed to the increase in the debts being irrecoverable.

8.4.3 Completeness and Accuracy

The completeness and accuracy of the arrears of Rs 290 million could not be ascertained due to the following reasons.

- Claims for five cases of Campement Tax and Campement Site Tax amounting to some Rs 4.3 million have not been accounted for as arrears of revenue as of 31 December 2012. Further, a database of all campement sites and campement owners was still not available.

- For the period under review, a sum of Rs 13.2 million was adjusted in the arrears of revenue statement representing among others, payment already effected but arrears not cancelled. However, the accuracy of this figure could not be relied upon as not all files have yet been scrutinised and properly adjusted.

- As of 31 December 2012, some 600 cases involving the value of shares have not yet been assessed. Any additional duty likely to arise on the assessment has therefore not been included in the arrears of revenue.

8.4.4 Untraceable Debtors

No improvement was also noted with regards to the method of delivery of notices. As of 31 December 2012, claims raised for additional fees/taxes due, totalling some Rs 5.9 million could not be accounted as revenue as the respective debtors were untraceable.

These 'untraceable' cases have been referred to the Commissioner of Police for further investigation. However, there were cases where the whereabouts of debtors could not be ascertained even by the Police Department.

Recommendations

- There is an urgent need to review the measures and enforcement mechanisms to ensure prompt recovery of the sums due from the debtors and curb the upward trend of arrears of revenue.

- All possible avenues should be explored to recover the debts before seeking authority for the write-off. Needful should be done to ensure that appropriate procedures for the timely follow-up, recovery and enforcement of outstanding amounts are properly effected.

- Proactive measures, that is to either fix the value of property or duty and taxes prior to registration, should be considered in order to counteract the effects of having to raise claims for additional fees/taxes.

Department's Reply

The Department proposes to take the following new and stringent measures to ensure the prompt recovery of debts:

- After consultation with the State Law Office (SLO), it has been decided that:

    - In case no response is received from debtor, after Issue of Notice, a reminder is sent informing him that an inscription of privilege is being enrolled in favour of the Government of Mauritius (GOM); and legal action will be initiated against him in case of non-payment within the time limit of one month.

    - In case there has been an objection and a decision has been reached at the Objection Committee, a claim is sent informing the debtor of the duty/tax payable; that an inscription of privilege is being enrolled in favour of the GOM; that in case aggrieved by the claim, written representations may be lodged at the Assessment Review Committee (ARC); and that in case of no payment and no representations made to the ARC within the time limit of one month, legal action will be initiated against him.

- In case where the value has been determined by the ARC, claim is sent informing the debtor of the duty/tax payable; that an inscription of privilege has been enrolled in favour of the GOM; and that in case of no payment and no representations made to the ARC within the given time limit, legal action will be initiated.

➢ *Facility to pay by instalments*

Formerly, when legal action was not initiated to recover duty and taxes by RGD, long term facility spanning over 36 to 48 months was granted to debtors to settle amount due by instalments. Despite this facility, recovery of debt was very slow.

Henceforth, only six months facility for payment by instalment will be granted. However, if any one instalment is not paid, legal action will be initiated to recover the debt.

➢ From August 2006 to July 2011, 100 per cent penalty in accordance with Section 35 of the Land (Duties and Taxes) Act was being imposed on the difference between the open market value and the value specified in the deed. However, Section 35 of the Act has been amended on 16 July 2011 whereby a lighter penalty is being imposed, as follows:

- where the difference is up to 10 per cent, no penalty is imposed

- where the difference is between 10 per cent and 50 per cent, a penalty of 20 per cent is imposed

- where the difference exceeds 50 per cent, a penalty of 50 per cent is imposed

Following legal advice received from the SLO, 100 per cent penalty imposed in all outstanding cases from August 2006 to July 2011 is being reviewed as per above. Consequently, figures for all the outstanding cases will be adjusted accordingly which will result in a reduction of the total amount of arrears.

Further, following proposals have already been made to MOFED to address the issue of arrears:

➢ to make it imperative for everybody who deals with land transaction to pay their debt (if any) to RGD before concluding any land transactions such as acquisition of property, loan agreement with any party or and/or professional or financial institution. The latter should ensure that all the debts with RGD are cleared before concluding the transactions;

➢ to change the tax regime from a percentage based on the value of the property to a table of taxes per m^2 as it is now for campement site in the Land (Duties and Taxes) Act to ensure that all revenues have been collected in the land at source;

➢ to capture duties and taxes prior to registration in accordance with the Valuation Roll in Land Administration Valuation and Information Management Systems (LAVIMS).

8.5 Computerisation Project

In the Audit Reports for the years ended 31 December 2010 and 31 December 2011, mention was made, among others that:

- Since initiation of the computerisation project in September 1992, its implementation was still not fully completed and operational. Neither a plan for implementation was prepared nor were the requirements of the Department clearly defined from the very start.

  As of 31 December 2011, some Rs 50 million have been spent and still, the Department has no indication when and of how much more it would cost to complete this project.

- There was considerable delay in its completion due to the fact that the project had to be reviewed several times following problems which cropped up in the course of implementation of particular phases. Several changes, such as in 2008, the tasks to scan the deeds have had to be carried out under LAVIMS Project and in 2012, the integration of some of the phases under the Mauritius e-Registry Project (MeRP), had to be made to the initial computerisation project.

8.5.1 Status of the Project

During the fiscal year 2012, some Rs 5.2 million were incurred, as overtime of Rs 5 million and acquisition of IT equipment of Rs 200,000. As of 31 December 2012, total amount spent reached some Rs 55.2 million excluding amount spent under the MeRP.

As of end March 2013, the Land Registry Systems of Phases 2 and 5 have still not yet been developed. These outstanding phases would now be implemented under the MeRP. As for backlogs of deeds from 1804 to 1978 under Phase 3, the scanning and uploading still remained to be completed.

The LAVIMS Project has become live since 11 November 2011. However, the deeds component under this project was not integrated with the 'Case Hypothecaire' and the Register of Deposits systems. Moreover, data from LAVIMS had to be copied and pasted to update other systems.

8.5.2 Integration of Systems

The different computerised systems have been designed and implemented over time without being integrated, thus leading to duplication of work and a waste of resources. For example, Sales and Transfer of Immovable Property were input in the Register of Deposit System and re-input in CH-LIVE after the scanning process was over.

8.5.3 Mauritius e-Registry Project

At paragraph 9.6.2 of the Audit Report for the year ended 31 December 2011, it was mentioned that the MeRP would enable the Department to have an integrated system and allow clients to conduct business on line. The project value has been estimated at some US$ 5,700,000 (Rs 170 million). It would be funded at 47 per cent by the Investment Climate Facility for Africa Trust and 53 per cent by the Government of Mauritius.

As of 31 December 2012, expenditure to the tune of Rs 10,761,710 has been incurred. However, the project was behind schedule as the letter of award for the Supply and Implementation of the e-Registry System was made on 27 February 2013 instead of, in the second quarter of year 2012.

Recommendation

A proper plan encompassing the whole computerised project should be prepared so as to ensure that the time frames set for each phase within particular projects are being completed as per schedule and that necessary steps and controls are being taken for its successful implementation.

Department's Reply

- The Mauritius e-Registry Project (MeRP) would in principle address the issues raised regarding the need to have an integrated system servicing the Department. All standalone systems previously developed will be linked into one system. The new system will also englobe computerization of remaining documents not in LAVIMS, provide the department with a tax engine and also allow e-submission, e-payment, e-registration of documents and search online. Thus, after completion of this project, the Department will use only the MeRP system which will be seamlessly linked to the LAVIMS.

- Delay in implementation of the MeRP was due to an oversight, that is the time taken to prepare the documents for an Expression of Interest (EOI) and the tender exercise was not taken into account. The project time line was accordingly revised from August 2013 to December 2014. However, it may be noted that the project is in two parts and the part of the project relating to scanning of the remaining deeds is expected to be completed by September 2013.

- During the write up of the MeRP, well defined milestones were set in order to ensure timely implementation of different components forming part of the project. To oversee the successful implementation of the project, a Project Coordinator and Quality Assurance Consultant has been recruited and the Central Informatics Bureau is acting as the Project Management.

  A Steering Committee has been set up with full mandate to provide direction and oversight to project implementation. It comprises representatives from MOFED, Treasury, Central Information Systems Division, Central Informatics Bureau, Board of Investment, Chamber of Notaries, Mauritius Law Society and Mauritius Bankers Association.

9 - MINISTRY OF PUBLIC INFRASTRUCTURE, NATIONAL DEVELOPMENT UNIT, LAND TRANSPORT AND SHIPPING

National Development Unit

9.1 Status of Projects

Contracts for construction of roads, drains and other projects were awarded during the years 2010, 2011 and 2012. The status of the projects is shown in Table 9-1.

Table 9-1 Status of Projects

Year of award	On-going Projects as of 1 January 2012	Status of Projects as of 31 December 2012	Contract Amount Rs
2010	8	Completed	28,288,423
2011	68	37-Completed 31-On going	316,011,186 255,377,068
2012	238	142-Completed 96-On going	353,106,230 550,659,697
Total	**314**		**1,503,442,604**

9.1.1 Delays during implementation of Projects

Delays of up to 675 days were noted in the implementation of some projects undertaken by Zonal Contractors. Details for number of projects undertaken during the year under review and the range of delays for contracts awarded in 2010, 2011 and 2012 are shown in Table 9-2.

Table 9-2 Delays for Contracts awarded to Annual Zonal Contractors

Year of awards	Year of Completion/ Status	Projects awarded to Zonal Contractors	Number of projects registering delays	Range of Delay As of 31 December 2012 Days
2010	2012	8	8	89 – 675
2011	2012	26	19	10 – 340
2011	In progress	13	13	42 – 588
2012	2012	135	35	8 – 144
2012	In progress	89	66	11 – 296

Delays were also noted during implementation of projects awarded for Emergency purposes, ranging from 5 to 555 days. Table 9-3 shows details of number contracts being delayed and the range of delays.

Table 9-3 Delays for Contracts awarded under Emergency Programmes

Year of award	Year of Completion / Status	Projects awarded under Emergency Programmes	Number of Contracts recording delays	Range of Delay As of 31 December 2012 Days
2011	2012	11	11	149 – 368
2011	In progress	18	18	160 – 555
2012	2012	7	2	26 – 50
2012	In progress	7	5	5 – 236

9.1.2 Capital projects examined

For the period under review, a sample of 19 capital projects was examined for the contractual amount of Rs 334,718,836. Our observations are found in Table 9-4.

Delays were noted for which there was no approval from NDU.

Table 9-4 Unapproved Delays

Project	Contract/ Revised(R) Amount Rs	Scheduled Completion Date	Remarks as of 30 March 2013
Construction of drain at L'Amitié	3,202,066	19.12.2012	Still on-going and no approval for extension of time
Construction of market fair at Lallmatie-phase II	31,238,643(R)	26.06.2012	Still on-going. No approval for revised completion date.
Upgrading of canal Bois D'Oiseau, Poudre D'Or	2,600,689	8.09.2011	Project not yet completed due to non-compliant trash rack.
Construction of drain and associated roadworks at Chalet Pelte	10,489,735(R)	6.07.2011	Works completed on 23 April 2012 Only extension of time of 158 days was approved. Hence liquidated damages of Rs 670,000 for the delay of 134 days should have been claimed. Only Rs 570,000 were charged and additional Rs 100,000 should be claimed.
Construction of drains at Railway Road at Quartier Militaire	43,262,007	28.10.2011	Works practically completed on 12 July 2012. A delay of 332 days noted. However the Consultant advised an extension of 408 days.
Construction of drain at Sivananda, Mahebourg	27,533,083(R)	31.08.2011	Practical handing over on 17 August 2012. Works interrupted from 13 October 2011 to 9 Jan 2012. Consultant advised for an extension of time of 181 days with cost. However I am of opinion those 62 days, ie 27 Dec 2011 to 28 Feb 2012. (Rs 576,414) should not be considered as (EOT). Stop order was waived on 27 December 2011. Only 131 days were claimed as LD instead of 194 days, thus resulting in Rs 315,000 under-claimed.

9.1.3 Inadequate Performance Bonds

Performance bonds for the equivalence of 10 per cent of the contract value are to be provided by Contractors to cover the entire period of the contracts as well as the liability period. It was however noted that same was not always respected as shown in Table 9-5.

Table 9-5 Inadequate Performance Bonds

Project	**Initial contract price** **Rs**	**Revised contract price** **Rs**	**Status of project**	**Liability period ended on**	**Expiration of performance bond**
Construction of drain at Sivananda street, Mahebourg	22,854,076	27,533,082	Completed on 17 August 2012	17 August 2013	Did not cover increase in contract value
Construction of drain at LÁmitie	3,202,066	Not applicable	On-going	Not known	16 Jan 2013
Construction of market fair at Lallmatie phase II	26,747,456	31,238,643	On-going	Not known	Did not cover increase in value of project
Upgrading of Canal Poudre d'Or	2,600,689	Not applicable	On-going	Not known	31 December 2012
Upgrading of cremation ground at Bon Accueil	877,559	1,036,472	Completed	26 December 2012	1 May 2012

Land Transport and Shipping Division

9.2 Acquisition, operation and management of Global Maritime Distress and Safety System (GMDSS)

The Global Maritime Distress and Safety System (GMDSS) is an internationally agreed-upon set of safety procedures, types of equipment, and communication protocols used to increase safety and make it easier to rescue distressed ships, boats and aircrafts.

The Ministry (MPI) entered into a maritime radio service agreement on 10 October 2012 with a private company to install and commission a new GMDSS and NAVTEX system in replacement of the current GMDSS equipment operated by the company since 1999.

The scope of works with the private company is as follows:

- Design and planning of the system replacement.
- Procurement and delivery of new GMDSS A1, A2, A3 and Navtex System on site.
- Installation, testing and commissioning of the system at six sites: Signal Mountain, Belle Mare, Cap Malheureux, Souillac, La Preneuse and Mahebourg.
- Recovery of the replaced system and delivery to the Ministry's training school at Pointe aux Sables.
- Manage the project implementation.

The company would buy the equipment for which the Ministry would refund the private company as per schedule of payments stipulated in the contract, totaling Rs 24.8 million as shown in Table 9-6.

Table 9-6 Schedule of payment to Company

Repayment Date	**Amount Rs million**
On Completion	4.3
15-Dec-2012	4.3
1-July-2013	5.4
1-July-2014	5.4
01-July-15	5.4
Total	**24.8**

The lowest offer amounted to Rs 21.4 million whilst the contract sum totaled Rs 24.8 million, the difference of Rs 3.4 million representing interest chargeable on capital due.

The Ministry would pay Rs 400,000 to the company as project management fee. However, both tenders received and reports of tender appraisal done by the company were not available at the Ministry. The correctness and completeness of the contract price could not thus be ascertained.

Recommendation

The Ministry should reconsider the agreement with the company.

Ministry's Reply

- This Ministry will explore the possibility of making provision in the next budget to pay the company the remaining balance for the equipment to avoid paying further interest; and

- The company had agreed to submit a copy of the lowest bid. But till now, no such document has been received and will be forwarded to NAO as soon as it is received.

10 - MINISTRY OF HOUSING AND LANDS

10.1 Revenue

The revenue of the Ministry of Housing and Lands is significant and comprises principally of lease rentals of state lands. During the fiscal year 2012, the Ministry collected a total amount of Rs 1,079,425,921.

10.2 Arrears of revenue

The total arrears of revenue relating to state land leases as of 31 December 2012 amounted to Rs 212,769,018. The figure is made up of the following items:

Item	Type of lease	Rs	Rs
141-5-002	Campement site leases:		
	- Rent for campement	12,052,415	
	- Premium for campement	30,263,762	
			42,316,177
141-5-003	Other land leases		166,003,257
141-5-003	Ex CHA		4,449,584
	Total		**212,769,018**

The above figure does not include the following:

- Eleven cases of unsigned industrial leases in respect of which rent amounted to Rs 86,846,112;
- Some industrial lessees were encountering financial problems and had asked to pay their rental due in instalments which amounted to Rs 75,945,076;
- An amount of Rs 10,443,019 is in respect of campement site leases not yet signed.

Observations

- Management of debtors and follow up action were considered inadequate. A first list of debtors is extracted three months after the claims are sent. Reminders are not sent, if claims remain unsettled within the prescribed period.
- Article 13 (a) for normal lease agreement which refers to cancellation of lease 'de plein droit', without the payment of any indemnity where the rental has remained unpaid for more than three (3) months and a written notice sent by registered post to the lessee requiring him to pay the rent within the period specified in the written notice has not been complied with'.

- From data available at the Ministry, only a few cases were referred to the Attorney General's Office (AGO) for legal action. 53, 48 and 62 cases of arrears were referred to AGO for the three years, 2010, 2011 and 2012 respectively.

Recommendations

- Follow up action is necessary. Debtors are to be chased and more than one reminder sent, if payments are not received. Legal action is to be contemplated, if payments are still not received.
- Article 13 of the lease agreement should be strictly adhered to, in case of non payment of arrears to safeguard Government's interest.

Ministry's Reply

- The Finance Act 2012 makes provision for the payment of all arrears accrued up to 30 June 2012 in three equal early instalments payable with interest at 7.9 per cent as from 1 August 2012, on the 1 January of each year and starting with effect from 1 January 2012.
- Resorting to cancellation of leases only on the basis of non-payment of rent may not be an appropriate solution, as such a course of action may imply the closure of the business on site resulting in negative socio-economic impacts for example laying off of personnel. Legal action in accordance with the provisions of "Recovery of Debts Act" to recover due is most appropriate.
- Legal action is being resorted to on a regular basis.

10.3 Campement and industrial site leases opted but not yet signed

Changes were brought in the Finance Act 2008 regarding the State Lands Act, whereby it is stated that a lease granted for industrial or commercial purposes shall be for a period not exceeding 60 years and be subject to payment of an annual rental corresponding to the zone specified in the Second Schedule of the Act.

Option forms were sent to all lessees to either irrevocably opt and enter into a new lease or pay the existing rentals until the lease expires. The initial closing date was 30 June 2009, which was subsequently extended to 30 September 2009.

Observations

According to records kept at the Land Information Unit, lessees of 55 campement sites and another 63 industrial and commercial sites, have not yet signed the new lease agreements, despite the fact that they have opted for the 60 year lease.

In such situation, where a new lease agreement is not signed, lessees normally pay the rentals according to the existing lease agreement.

Ministry's Reply

It has already been decided that new rental is to be claimed as from the date scheduled for signature of the new lease. The claim also includes an interest at legal rate as from the same date. Consequently, there is no loss of revenue for the Government.

10.4 Deposits – Rs 91,730,921

The Ministry of Housing and Lands reserves state lands for potential investors, for the construction of industrial and commercial business enterprises.

Following an application of lease for state lands and upon approval of the request, the Ministry issues a reservation letter to the promoter. The Ministry will then issue a letter of intent to him, once he satisfies all the conditions of the letter of reservation. After acceptance of the offer, a lease agreement is signed and then, the lessee has to pay a deposit.

It is a requirement of the lease agreement for the lessee to complete the construction of industrial building and the installation of its plant and machinery within a period of 36 months, with effect, from the date of the signature of the lease.

It is noted that deposits as of 31 December 2012, in the books of the Accountant General, totalled Rs 91,730,921 and comprised mainly of deposits relating to reservation of lands.

Observations

- There are a number of cases relating to amounts deposited since years 2000 and thereafter, in respect of state lands reserved and which are still undeveloped;

- The conditions stated in the letter of intent and lease agreement are not being complied with. The Ministry has also not taken necessary action to cancel the reservation and resiliate the lease agreement.

11 - Ministry of Social Security, National Solidarity and Reforms Institutions

11.1 Social Safety Net- Rs 1.15 billion

Expenditure to the tune of Rs 1.4 billion was effected for Social Protection. Rs 1.15 billion (83 per cent) related to the Social Safety Net which included Rs 961 million as direct social assistance.

11.1.1 Previous Shortcomings still prevailing

The various shortcomings reported at paragraph 13.1 of the Audit Report for the year 31 December 2011 still prevailed.

- Separate files were maintained in respect of beneficiaries drawing both the basic pensions and social aid. This practice was not conducive to proper control.

- Beneficiaries of social aid were also regularly drawing *Immediate Payments* (IPs).

Ministry's Reply

- Social aid and basic pensions are different programmes and taking into consideration that the eligibility criteria, as well as procedures, are quite distinct and keeping of a single file will not be practical. It is to be noted that social aid cases are processed at the level of the local offices while basic pension is processed centrally at the *Benefits Section*.

- A beneficiary of social aid can obtain an IP if he is entitled to an additional aid (e.g. a new scheme announced in the budget) which cannot be paid on pay sheets until the programmes are modified by the software developer. Many social aid beneficiaries live in extreme poverty conditions and there is urgency to relieve them within the least possible delay.

NAO's Comments on Ministry's Reply

Following the Audit Report for the year 31 December 2011, the Public Accounts Committee (PAC) recommended a centralised computerised system for both social benefits and pensions.

IPs being meant for urgent, unforeseen circumstances or for prompt interventions are one-off payments to beneficiaries. IPs to same beneficiary more than once are not acceptable.

11.1.2 Shortcomings noted in 2012

- Documentary evidence of income earned by applicants could not be produced. There was no evidence of investigation of other sources of income such as plantation, interest/dividend, rent and of assets held by applicants (bank account, buildings, shares).

  Income stated and disclosed by applicants might not therefore be correct for the purpose of awarding social aid.

- Reconciliation of pay sheets was not seen done to allow for control over monthly variation of payments of social aid.

- Immediate Cash Payments (IPs) are one off payments to cater for urgent and unforeseen circumstances. However, an audit exercise revealed that certain beneficiaries of IPs during January and February 2012 were still drawing IPs in August and October 2012.

- IPs were also resorted to, when the beneficiary did not turn up on the *pay day* for social aid.

- IPs were not always recorded in the computerised system. Control would require that a reconciliation of e-copies of IPs returned by the Mauritius Post Ltd with IPs approved on the computerised system be carried out.

There is a need to ensure the integrity of the database so as to confirm entitlement of applicants to social assistance.

Ministry's Reply

- The social aid legislations do not provide the Ministry of Social Security, National Solidarity and Reform Institutions **(**MSS) with the authority to seek information from banks (Banking Act) or other similar institutions. To overcome this weakness, the MSS has started replacing the *Means Test* with a *Proxy Means Test*. This instrument assesses income of a family on basis of certain selected variables –e.g. type of building, number of rooms.

- Reconciliation of variations of new awards and renewal of existing ones is being considered.

- In some cases, the beneficiary may be absent on a given pay day, but the benefit still need to be paid to the person. Unfortunately, due to the precarious situation of the beneficiary, awaiting for the pay day of next month will cause further hardship. Hence, the payment through IP under such circumstances.

- Measures are being taken to carry out reconciliation of e-copies of IPs returned by Mauritius Post Ltd.

- As far as possible, applicants are required to produce originals of all documents required to ensure data integrity. However, it is practically impossible to have access to data pertaining to institutions such as banks and MRA to reinforce the process of data integrity.

NAO's Comments on Ministry's Reply

Without appropriate documentary evidence and prompt recording of IPs in the computerised system and reconciliation thereof, social benefits awarded would remain beyond control.

11.1.3 Overpayment of social aid- Rs 2.19 million

Some Rs 1.4 million were reported by the MSS as overpayment not yet recouped as of 31 December 2011. Of these, Rs 112,730 (8 per cent) were recovered in fiscal year 2012.

Some 140 cases of overpayment of social aid for an amount of Rs 1.09 million occurred in 2012.

Overpayment of social aid outstanding at 31 December 2012 totalled some Rs 2.19 million.

Ministry's Reply

The recovery of social aid is usually slow given that the debtors, who are ex social aid beneficiaries, are very often incapable of refunding the overpayment. The MSS has recently issued a Press Communiqué to the effect that providing wrong information is an offence according to the Social Aid Act liable to prosecution. However, legal proceedings are also contemplated.

11.2 Scheme for payment of School Certificate (SC) and Higher School Certificate (HSC) examination fees

In the Audit Report for the year ended 31 December 2011, I mentioned at paragraph 13.2 that in 2011 Government contributed towards examinations fees for 73 and 53 per cent of SC and HSC students respectively. This entailed consequential effort from the MSS to implement the Scheme resulting in, involvement of some 300 officers of the MSS over a period of more than two months, notwithstanding the likely adverse impact on the effectiveness for other areas of activities of the MSS, high overtime costs of some Rs 5.1 million and other associated costs, such as processing costs during normal working hours, mileage allowances for investigations to confirm satisfaction of eligibility criteria by applicants.

I, then, recommended that it might be to Government's benefit, in terms of saving of implementation cost and time, to review the formula for the Scheme. This would avoid high implementation costs and heavy use of the MSS's human resources for its implementation.

In 2012, some Rs148 million were contributed by Government towards examination fees for 12,001 SC and 5,738 HSC students. According to the Mauritius Examination Syndicate (MES) website 16,296 SC and 10,178 HSC students sat for those examinations in 2012. The Scheme therefore continued to benefit a high proportion of student population, that is, some 74 and 57 per cent of SC and HSC students respectively. Some Rs 5.5 million and Rs 1.4 million were paid as overtime and for stationery respectively for implementation of the Scheme. Other associated costs and adverse impacts on the MSS's activities had not been worked out by the MSS.

Given the high implementation costs and other factors, there is still a need to review the formula.

Ministry's Reply

The MSS has proposed alternatives to the Ministry of Finance and Economic Development and consultations are ongoing. It is most likely that a policy decision will be reached during budget consultations.

11.3 Protection and Well Being of the Elderly- Rs 89.7 million

Expenditure to the tune of Rs 89.7 million was effected for protection and well being of the elderly. Some Rs 52.4 million represented fees paid under the domiciliary visit scheme, that is some 58 percent of the total expenditure.

11.3.1 Domiciliary visits

Domiciliary visits (DV) were performed on a monthly basis to bedridden persons above the age of 75 and to persons above the age of 90, whether bedridden or not. At paragraph 13.4 of the Audit Report for the year ended 31 December 2011, I reported various shortcomings regarding management of that scheme.

The following were observed in 2012:

- Data regarding visits were input in a software which however could not cater for changes in visits of Medical Officers. Persons visited as per the Medical Officers' lists did not tally with the list of persons allocated by the Medical Unit as per the computerised system.

- Name of persons over 90 years also appeared in the list of bedridden persons above the age of 75. There is a risk of double payment of fees for DV for the same persons whose names appeared in both lists. Application for DV for bedridden persons less than 90 years were not always supported by medical certificates.

- Lists of death cases received from the Civil Status Division on a daily basis were not being used by the Medical Unit. Cases were noted where DV were scheduled for persons who had already passed away. In certain cases, though the MSS already stopped payment of Basic Retirement Pension, DV have been reported at the MSS to have been carried out. The Internal Audit Section had, in November 2012, pointed out cases of claims in respect of DV performed though these persons were reported deceased. According to that report, DV were still being carried out in 2012 in respect of beneficiary who had passed away as far back as 2003. Needful would have to be done by the MSS to ensure that fees have not been paid in these cases.

- Allocation of visits, preparation and certification of claims from Medical Officers were not subject to independent verification by any other Unit. This was not conducive to best practices.

- The allocation of patients for DV among Medical Officers was not defined. Every year, the same Medical Officers would rank highest in terms of the number of visits allocated to them. The average sums paid to each of five Medical Officers for DV reached some

Rs 860,000 during the period July to December 2012, that is about twice the average for the remaining 43 Medical Officers.

Ministry's Reply

Action has already been initiated to review the operations of the Medical Unit. Such review will take into consideration all the points raised and weaknesses highlighted by the NAO. This review exercise is expected to be completed during the current financial year.

11.4 Centre for severely Disabled Elderly Persons at Pointe aux Sables

A Memorandum of Understanding (MOU) was signed in August 2008 by the MSS and a Non Governmental Organisation (NGO), under a Public Private Partnership Project (PPPP), for the joint management of the Centre for Severely Disabled Elderly Persons (Centre) at Pointes aux Sables.

According to that MOU, the NGO was to meet the costs of management and maintenance, cleaning, gardening and hygiene services, security services and pest control services after the first year of operation of the Centre by the NGO.

At paragraph 20.7 of the Audit Report for the year ended 31 December 2010, it was reported that these costs were being met by the MSS after the first year of operation instead of by the NGO, contrary to the MOU. This cost the MSS a further Rs 5 million for the second and third year of operation, that is, over and above MSS's contractual commitment.

The NGO has explained that it would not be able to honour its obligations with regard to that MOU clause due to its own financial constraints. The MSS then proposed to explore the possibility of redefining the responsibilities of the two parties within the framework of a new MOU.

Subsequently, at paragraph 13.5 of the Audit Report for the year ended 31 December 2011, I reported that:

- a new MOU with new definition of responsibilities for each party was not seen,
- that financing of expenses by the MSS was still ongoing, contrary to the conditions of the MOU.

The MSS then replied that it was seeking CSR contributions in favour of the managing party, the NGO, to meet the cost of operations for the Centre. This assurance was again reiterated by the MSS at the PAC meetings held in January 2013, whereby the MSS stated that CSR contributions of some Rs 1 million would be obtained.

As of 30 June 2013, it was noted that the CSR contributions have still not been secured either by the MSS or by the managing party, the NGO.

The MSS had disbursed a total of Rs10.5 million over and above its contractual commitments.

This was not in line with the terms and conditions of the MOU.

Ministry's Reply

The MSS is actually reviewing the MOU wherein the responsibilities of each party are being redefined. Given that the NGO has not been able to provide the required services as stipulated in the MOU and taking into consideration that the MSS is duty bound to look after the welfare of the inmates who are severely disabled persons, it had to intervene to provide the essential care to the inmates. The NGO has in fact submitted its project proposal to several private companies with a view to tapping CSR funds but no positive response has been recorded so far.

11.5 National Pension Management

11.5.1 Overpayment of basic pensions - Rs 61.2 million

At paragraph 13.6 of the Audit Report for the year ended 31 December 2011, I stated that overpayment of basic pensions continued to arise due to:

- Undetected death of beneficiaries;
- Remarriage of widows;
- Prolonged absence of beneficiaries from Mauritius; and
- Errors in the system or in processing;

As of 31 December 2012, overpayment outstanding stood at Rs 61.2 million compared to Rs 58 million as of 31 December 2011. Overpayment of some Rs 28 million was detected by the MSS in 2012.

I also reported that according to the National Pensions Act, a material change in circumstances regarding any beneficiary had to be reported to the MSS to avoid overpayments including fraudulent encashment of pension benefits and of the need for legal action for recovery of such overpayments.

The MSS stated that death cases abroad or of old death cases arising locally remained a difficult area for monitoring purposes and that legal action would henceforth be resorted to, for refund.

Ministry's Reply

Following meetings with both the Passport and Immigration Office (PIO) regarding departure cases and the Civil Status Division (CSD) regarding death and remarriage, monitoring of cases have considerably improved. With regard to the CSD, arrangements have been made for the provision of dedicated IT equipment for fast retrieval of information by our officers. Information on death and remarriage cases are currently being obtained electronically on a daily basis.

The authorisation of the PMO is also being sought for the matching of the MSS's database with that of the PIO with a view to closely monitor beneficiaries who proceed abroad.

A series of actions have already been initiated at the level of the Ministry with a view to decrease the number of overpayment with respect to Basic Pensions. A significant decrease has been noted in new cases of overpayment occurring due to departure, death and remarriage cases.

The MSS is still coming across undetected cases of deaths or departures which have occurred several years ago (some 10 or more years ago).

Following submission of legal advice on the issue of recoupment of funds, action has been initiated to put up both a civil action and also enter criminal case against defaulters not refunding overpaid funds.

NAO's Comments on Ministry's Reply

Following the Audit Report for the year ended 31 December 2011, regarding the need for a MOU between the MSS and the PIO/CSD, the PAC recommended that a protocol be established with those departments. This would allow certified lists by those departments to be forwarded to the MSS for control over beneficiaries and benefits awarded to them.

12 - MINISTRY OF EDUCATION AND HUMAN RESOURCES

12.1 Demolition and Re-Construction of Ramlagan Moosun Primary School at Bois Rouge, Goodlands – Rs 59,605,500

The contract for the demolition and re-construction of Ramlagan Moosun Primary School at Bois Rouge, Goodlands was awarded by the Ministry of Education and Human Resources (MOE) to Contractor A for the sum of Rs 59,605,500, inclusive of VAT and contingency sum of
Rs 2 million on 17 June 2010. Construction works were supervised by the Ministry of Public Infrastructure, National Development Unit, Land Transport and Shipping (MPI). The works were to be executed in two phases. Table 12-1 gives details of the project.

Table 12-1 Details of Project

Date of award	Contractual completion date	Date of handing over	Amount disbursed as of March 2013 Rs million
17.06.10	Phase I: 06.08.11	Phase I: 29.12.11(Partial) &21.03.12 (Partial)	51.92
	Phase II: 04.12.11	Phase II: 21.03.12	

12.1.1 Sub-contracting

The contract awarded to Contractor A on 17 June 2010 for the sum of Rs 59.60 million was assigned, that is wholly sub-contracted by the latter, for a contract amount of Rs 54.18 million on 26 August 2010 without the approval of the Ministry. This is contrary to Clause 7 of General Conditions of Contract which stipulates that *"The Contractor may subcontract with the approval of the Project Manager, but may not assign the Contract without the approval of the Employer in writing."*

Although during project execution, both the MOE and MPI became aware that the works had been sub-contracted and were of poor quality and not in accordance with specifications, no appropriate action was taken against Contractor A.

12.1.2 Execution of works

Poor workmanship right from the start and during execution of works has led to delay in project completion. Contractor A has been constantly requested by MPI to improve workmanship on site, to increase labour force and to work beyond normal working hours to complete the project in time.

Contractor A has not fulfilled its obligations regarding submission of list of personnel on site, list of all plant and equipment and samples of materials for approval right at the start of the works.

12.1.3 General Observation

Following the first signs of structural distress noted in May 2006, it has taken the Ministry some four years before the contract was awarded in June 2010. Phases such as structural investigations, design and drawings of new school, tender and evaluation of bids took four years despite the fact that the project had been taken on a fast track basis. The project was finally handed over in March 2012.

Pending the construction of the new school, contingency transport arrangements had to be made for the transfer of pupils to two other schools which had cost the Ministry some Rs 1.9 million for the period January 2009 to November 2011.

Recommendations

- The Ministry should report the defaulting Contractor to the Public Procurement Office (PPO).
- Time is an essential factor in the completion of such project. It is important that the programme of works submitted by the Contractor be achievable and always adhered to so that works are completed on time.

Ministry's Reply

Sub-contracting

The MPI could not be aware that works had been subcontracted as the Contractor never informed the Project Manager nor the MOE to that effect. It was only in December 2011 when works were nearing completion that the MPI and this Ministry became aware that the works had been subcontracted. Necessary arrangements were being made for the school to be operational for January 2012 school intake in the interest of the students.

It should be emphasized that the "Conditions of Contract" is silent on the extent, nature, type and amount (quantity) of the works that may be subcontracted. The "Conditions of Contract" does not contain any specific provision concerning action against a Contractor in the event that the works are subcontracted without the approval of the Employer. However, a Performance Report will be made after the issue of Certificate of Making Good Defects. Therefore, it is viewed that Clause 7 of Conditions of Contract may need further elaboration concerning the contractual procedures for dealing with the subcontracting mechanism through the PPO.

Execution of Works

Given that the school should have been operational in January 2012 there was no other alternative than to carry out works beyond normal working hours. The Contractor has submitted a list of personnel, plant and machinery.

Most samples of materials were approved and for a few samples, alternative equivalent were found acceptable in respect of which necessary adjustments were made in payment. Moreover, necessary adjustments have been made in Payment Certificates by MPI in respect of samples of materials that had not been recorded but which were acceptable.

NAO's Comments on Ministry's Reply

A list of personnel, and plant and machinery were not submitted by the Contractor right at the start of the works, despite these were requested on 23 July 2010 during handing over meeting. These were submitted to MPI some four months later on 29 November 2010.

12.2 Extension Works to Secondary Schools – Rs 236.97 million

Paragraph 14.2 of the Audit Report for the year ended 31 December 2011 refers. The three contracts for Projects 1, 2 and 3 awarded by the MOE to two Contractors for a total value of some Rs 236.97 million, inclusive of VAT, were reviewed up to 30 April 2013. Total payments effected as of 30 April 2013 amounted to some Rs 198.57 million.

12.2.1 Practical Handing Over

Due to the urgency in having the building block ready for school intake 2013, practical handing over was effected on 8 January 2013 for Projects 1 and 2. Handing over for Project 1 was effected some 29 months after the extended completion date of 26 July 2010 and for Project 2, some seven months after the extended completion date of 13 May 2012. As of 30 April 2013, no practical handing over certificates were issued in both cases.

Following the practical handing over on 8 January 2013, MPI drew up snag lists of some 48 and 78 items for Projects 1 and 2 respectively. The Contractor was required to take remedial action during the defects liability period which will end on 7 January 2014.

12.2.2 Performance Report

On 22 February 2013, the MOE requested MPI to submit a performance report on the Contractor for Projects 1 and 2 in respect of significant delays and non-completion of snag lists for onward transmission to the PPO. As of 30 April 2013, performance report for Project 2 was not yet submitted.

12.2.3 Project 2

On 3 April 2012, total extension of time of 23 weeks and 4 days was granted, thus bringing the new completion date to 13 May 2012. As of 18 June 2012, liquidated damages totalling some Rs 1.29 million, based on 34 days' delay, were charged to the Contractor. Liquidated damages for period 19 June 2012 to 8 January 2013 (practical handing over date) were not yet charged to the Contractor.

The all risks insurance policy and the performance bond were not renewed to cover the defects liability period and 12 months' maintenance period.

12.2.4 Project 3

The defects liability certificate was issued to the MOE on 31 January 2013, that is two years after the practical handing over date of 31 January 2011.

Ministry's Reply

Project 1

Practical Handing Over

The toilet block, football playground and site works which were the remaining works under the contract were declared practically completed on 8 January 2013. As regards the pre-primary block, classroom block and computer/library block & covered link, these were practically completed on 10 January 2011, 9 January 2012 and 16 August 2010 respectively.

Due to delay in the completion of works, the MPI has deducted an amount of Rs 2.4 million as maximum Liquidated Ascertained Damages. In view of various handing over dates, Practical Handing Over Certificate has not yet been issued. It is to be noted that the Conditions of Contract do not allow for partial handing over, however due to urgency of the situation, this Ministry requested the MPI to carry out the partial handing over to accommodate new Standard I intake and for the school to be operational with additional pupils.

Performance Report

In a letter dated 2 July 2012, the MPI informed this Ministry that the onus to adversely report Contractors lies with the Client Ministry. However, in order to be able to do so, the Ministry requires a Performance Report on the Contractor. Such a report can only be prepared by the Project Architect/Engineer of the MPI.

Following an adverse Performance Report received from MPI on 4 March, 2013, the matter has been reported to the PPO on 13 May, 2013. As at date, the PPO has requested for additional information which is being worked out by the Procurement Section.

Project 2

The project has already been completed and the Practical Handing Over with snags list was carried out on 8 January 2013. A letter was sent to the MPI for a detailed breakdown of retention money for the outstanding works, taking into consideration the provision of GCC 58.1 of Section VII of the Particular Conditions of Contract which reads "*… the percentage to apply to the value of the works not completed representing the Public Body's additional cost for completing the works is 20%*". It is to be noted that the last payment was made on 24 August 2012 and Liquidated Ascertained Damages for the period 2012 to 2013, will most likely be charged in the next Payment Certificate.

Risks Insurance Policy & Performance Bond

As at date, the Contractor has not renewed his Performance Bond and Risks Insurance Policy. As such, necessary deduction will be made in the next Payment Certificate of the Contractor.

Project 3

Defects Liability Certificate

The defects liability certificate was issued on 31 January 2013, two years after the practical handing over.

12.3 Arrears of Revenue - Rs 142.25 million

With reference to paragraph 14.1 of the Audit Report for the year ended 31 December 2011, necessary adjustments have been made in the Statement of Arrears of Revenue as of 31 December 2012. The arrears figure in respect of "Refund of Bond – Scholarship" and "Forfeiture of Bond – Trainee Educators" amounting to some Rs 140.96 million and Rs 1.29 million respectively, have been included therein.

Ministry's Reply

The Ministry considers that the proposed statement gives a true and fair view of the position with respect to Arrears of Revenue.

13 - MINISTRY OF AGRO-INDUSTRY AND FOOD SECURITY

13.1 Management of Agricultural State Land

13.1.1 General

The Land Use Division (LUD) manages agricultural state land falling under the aegis of the Ministry of Agro Industry and Food Security (MAIFS). It is responsible, amongst others, for the drafting of agricultural lease agreements, ensuring that terms set out in these agreements are being complied with, and for the prompt collection of rents accruing from these leases.

13.1.2 Agricultural Land Bank

In August 2009, Government decided to set up an Agricultural Land Bank whereby information regarding status, location, site plan, extent, type and availability of land together with lessee's details, rent payable and rent due can be accessed at any point in time.

However, as of 31 May 2013, the project for the setting up of the land bank was still ongoing. The Ministry, in the meantime, is relying on the existing database kept at the LUD which is, however, incomplete and last updated in July 2012.

According to that database, 4,314 plots of land of a total extent of 8,530 arpents were under the control of the LUD as of 30 June 2012. In addition, the LUD has the responsibility to oversee the leasing of 12 former agricultural stations of a total extent of 728 arpents.

13.1.3 Leasing Out of Agricultural Land

A lease agreement, setting out clearly the conditions of the lease, is required to be signed between the MAIFS and the occupiers of agricultural land. This agreement provides for a list of conditions to be respected. These include:

- Occupation solely for agricultural purposes.
- The lessee shall start cultivating the land issued within a period of six months as from the date of signature of the lease and shall not leave the land fallow for a period of more than three months following the harvest of the last crop.
- The lessee shall not sublet or assign the whole or any part of his interest under the lease without the express written authorisation of the lessor.
- The lessee shall pay an annual rent in advance and if rent is not paid within one month after falling due, it shall automatically bear interest at the rate of two per cent above repo rate as from the date when due.
- The lessee shall, under no circumstances, be allowed to erect any building or construction on the land hereby leased.

The Ministry, through the LUD, has the responsibility to ensure that these conditions are being complied with, failing which appropriate action, such as the retrieval of land, will have to be taken.

As of 30 June 2012, the following were noted:

- 71 beneficiaries were occupying 90 arpents of land without any duly signed lease agreement. Further, in respect of 238 plots of a total extent of 524 arpents, lease agreements had not been renewed upon expiry although same were still being occupied. Lease agreements for 194 out of the 238 plots had expired prior to December 2008.

  The annual rental per arpent is Rs 1,000 for non-irrigation land and Rs 1,500 for irrigation land. In the absence of duly signed leased agreements, the Ministry would not be able to enforce payment of a minimum of Rs 614,000 annually for the 614 arpents of land.

- In respect of another 1,176 plots of a total extent of 2,110 arpents, rents were not being paid by occupiers although there were duly signed lease agreements with the Ministry. The estimated minimum annual rent of Rs 2.11 million was included in the statement of arrears as at 31 December 2012.

- 640 plots covering a total of 1,129 arpents were left abandoned. Prompt action was not taken to retrieve the agricultural land.

13.1.4 Follow Up by LUD

During 2011 and 2012, LUD had submitted several lists to the Ministry whereby 432 plots of some 758 arpents, were recommended for retrieval due to abandonment of land, non-renewal of lease agreement, non-payment of rent or lease agreement not signed.

On 3 July 2012, the Ministry conveyed its approval regarding two lists submitted on 14 December 2011 and 17 February 2012 in respect of 238 plots of an extent of 431.94 arpents. As of 31 March 2013, out of the 238 plots, lessees have settled their arrears for 47 plots. There was no evidence that action has been taken for the retrieval of the remaining 191 plots.

Site Visits

I have, in the past, drawn the attention of the Ministry on the importance of carrying out site visits to ensure that conditions of lease are being complied with. This is confirmed by an exercise, carried out jointly by Officers of the LUD, Agricultural Research & Extension Unit and Small Farmers Welfare Fund at Plaine Sophie. It was revealed that:

- out of 245 plots of leased land, 67 had been sublet.

- 34 plots were occupied by 29 beneficiaries holding only a letter of intent. As such, no rent is being collected.

- 15 planters were occupying a total extent of 25 arpents illegally.

I was informed that due to shortage of staff, visits may not have been carried out on some of these leased lands. Illegal occupation, construction, abandoned and subletting of the leased land may therefore remain undetected.

Illegal Construction on Agricultural State Land

In the Audit Report for the year ended 31 December 2011, I mentioned that 12 lessees had illegally constructed concrete buildings between 90 m^2 and 1,140 m^2 on a total of 27.45 arpents of land leased to them at Petit Sable, Grand Sable, Pointe aux Feuilles, Elysee and Terre Rouge. The lease agreements which expired in 2002 had not been renewed. The views of Ministry of Housing and Lands were sought as to the course of action the Ministry would need to follow. A reply is still being awaited.

Lease of former Agricultural Stations

At paragraph 15.1.3 of the Audit Report for the year ended 31 December 2011, I reported that 32 beneficiaries of land at Arsenal and Bois Marchand were paying an annual rent of Rs 120 instead of the prescribed yearly rate of Rs 1,500 for irrigation land. I was informed that the Ministry would consider increasing the rent. However, as of 31 May 2013, no action has yet been taken.

I also reported that no additional rent had been charged to nine beneficiaries though 4,700 m^2 of concrete buildings, previously used as offices, had been leased together with 141 arpents of state land. I was informed by the Ministry that a decision was envisaged to claim them additional charges and amend their leases accordingly. The advice of the Valuation Office was also to be sought to determine the value of the buildings. As of May 2013, matters were at standstill.

13.1.5 State Land leased to Irrigation Authority

In 2007, some 746 arpents of agricultural state land were leased to the Irrigation Authority at an annual rental of Rs 746,020 for a period of seven years up to 30 June 2014.

In the Audit Report for the year ended 31 December 2011, I stated that part of the agricultural land leased to the Irrigation Authority had been released to promoters for tourism and development project. This excision was reported to be contrary to the agreement signed between the LUD and the Irrigation Authority which specifically states that the land is leased in connection with the Bel Ombre, Belle Mare/Palmar and Plaisance (North) Small Scale Irrigation Projects and should it ceased to be so used, the lease shall be determined and the land shall revert to the lessor without payment of any indemnity.

In June 2012, I was informed by the Ministry that the issue of excision of land would be studied in depth; and that the cancellation of the existing lease and the drawing of a new lease agreement might be envisaged. However, at time of audit, in May 2013, no development was noted.

Also, it is to be noted that as of 31 December 2012, a total amount of Rs 1,915,630 was due by the Irrigation Authority.

13.1.6 Arrears of Revenue - Rs 7,740,073

Arrears of revenue as of 31 December 2012 amounted to Rs 7,740,073. The following were noted:

- The figure for arrears of revenue increased by Rs 1,633,527 compared to that as of 31 December 2011 of Rs 6,106,546. This represented an increase of some 27 per cent.

- As an age analysis of arrears was not available, it was difficult to establish since when these debts were due.

- Article 7 of the lease agreement stipulates that if rent is not paid within one month after falling due, it shall automatically bear interest at the rate of two per cent above repo rate as from date due. Rather than calculating interest for the whole period due, interests were charged for only one year. To that extent, the arrears of revenue figure is understated.

13.1.7 Compliance with State Lands Act

Section 14(4) of the State Lands Act provides that every deed of lease shall contain the stipulated conditions of the lease, and to it shall be annexed a descriptive survey. In addition, Section 7(2) of the Cadastral Survey Act requires that no lease or charge relating to any plot of land or unit shall be granted or created unless a PIN (Parcel Identification Number) has been assigned to that plot of land or unit.

According to the Cadastral Survey (Assignment of PIN and Fees) Regulation 2012, the PIN will be used on a ‘where available’ basis during a transition period of six months as from 5 March 2012. As such, all new lease agreements should make reference to an individual survey plan and PIN.

The majority of the 4,314 lease files kept at the LUD does not have an individual descriptive survey in respect of the land leased prior to 2012. Only a master plan for a specific region was available.

As of 30 June 2012, there was a total of 3,935 signed leased agreements, of which 1,903 would expire in 2013 and 2014. It is important that the survey be completed before the land could be assigned again, with an appropriate PIN.

Recommendations

- An accurate and up to date land management information system is a pre-requisite for the LUD to ensure effective control over agricultural land vested in the Ministry.

- Rent is collectible only if there is a duly signed lease agreement. The Ministry should ascertain that there is a duly signed lease agreement for all cases of occupied land.

- The Ministry should ensure that beneficiaries of state land adhere to the conditions of the lease and retrieval action should be taken promptly in cases where the lessees had still not paid their arrears or are not cultivating.

- The importance of site visits is again emphasised in order to reduce the risk of illegal occupation, abandoned and sub-let land. A wider coverage of leased land should be targeted.

- The lease agreement between the LUD and the Irrigation Authority needs to be reviewed in the light of matters reported above.

- The Ministry should follow up long overdue arrears.

Ministry's Reply

Agricultural Land Bank

The land bank has been set up and is already operational. Data are being provided by the Land Use Division so that the records are updated.

No Lease Agreement

The Ministry has initiated action to retrieve abandoned land and regularize cases of all planters who were genuinely occupying such lands. All cases at State Land Plaine Sophie over an extent of 330 arpents and State Land St Martin over an extent of 30 arpents have been dealt with.

Illegal Construction

All cases of illegal construction are referred to the Ministry of Housing and Lands.

13.2 Grant to Irrigation Authority

The Annual Memorandum, setting out the conditions of the Government Grant, which has been approved, signed and accepted by the beneficiary's representative and the Ministry's representative, provides that the annual financial statements certified by the beneficiary's auditors should be submitted to Government within six months of the close of its financial year.

As of May 2013, financial statements of the Irrigation Authority (IA) for the fiscal years 2006-07 to 2008-09, the six month-period to 31 December 2009 and the fiscal years 2010 to 2012 have not even been produced. These financial statements also need to be audited before same are submitted to the Ministry.

As such, funds amounting to more than Rs 489 million released by the Ministry during the period 1 July 2006 to 31 December 2012, have remained outside the scope of parliamentary accountability.

Voted provisions and actual expenditure for the past few fiscal years are as shown in Table 13-1.

Table 13-1 Grant to Irrigation Authority

Fiscal year	Voted Provision		Actual Expenditure	
	Current Grant Rs	**Capital Grant Rs**	**Current Grant Rs**	**Capital Grant Rs**
2006-07	58,500,000	-	58,500,000	-
2007-08	60,000,000	-	60,000,000	-
2008-09	79,000,000	-	79,000,000	-
6 months to 31.12.2009	40,360,000	5,000,000	40,360,000	5,000,000
2010	67,000,000	5,000,000	67,000,000	3,669,661
2011	71,000,000	9,000,000	71,000,000	8,231,915
2012	75,000,000	25,660,000	75,000,000	22,080,833

Recommendation

The Ministry should follow up the matter closely and the IA made to comply with financial regulations for the timely submission of duly audited financial statements.

Ministry's Reply

This Ministry has been informed by the IA that the contract for the preparation of the financial statements for the period 1 July 2006 to December 2010 has been awarded to a private firm on 31 May 2013. The assignment, for a duration of 22 weeks, is expected to be completed by 18 November 2013.

IA has also informed that compilation of the bidding documents for the provision of audit services of these financial statements is being finalized for floating.

Moreover, the ground work for the compilation of data and supporting schedules in respect of the financial statements for the years 2011 and 2012 has already been completed at the level of the Finance Section at the IA.

13.3 Relocation of part of the Ministry to the Garden Tower Building

At paragraph 15.2 of the Audit Report for the year ended 31 December 2011, I drew attention to the fact that there were delays on the part of the Ministry to move to the Garden Tower Building (GTB) although three floors of that building had been allocated to the Ministry since May 2010. Pending the relocation of the Finance and Personnel Sections of the Ministry, which were to move to the GTB, some Rs 446,225 were being disbursed monthly on 'rent-paid' premises.

I also pointed out that the contract for consultancy services was awarded in May 2011 to a private contractor for an amount of Rs 3,737,500. Details were as in Table 13-2.

Table 13-2 Contract for Consultancy Services

	Works to be carried out include:	Duration	Contract Amount Rs
Pre-contract	Design of false ceiling, partitioning works, electrical & plumbing works, air conditioning system, flooring - submission of preliminary layouts - preparation of bidding documents - evaluation of tenders - draft letter of award of contract	5 months	2,471,075
Post-contract	Technical inspection, supervision and monitoring of all engineering, architectural, mechanical and electrical works	6 months	1,266,425
Total			**3,737,500**

The delay of five months for pre-contract work had not been respected by the Consultant. It was only in April 2012, that is nearly one year after the award of the contract for consultancy services, that tenders for execution of works were launched.

In July 2012, the selected bidder was notified for award of contract, as well as the unsuccessful bidders.

However, the contract was not awarded as one unsuccessful bidder challenged the decision of the Ministry under Section 43 of the Public Procurement Act. Necessary explanation was provided in the same month. Still dissatisfied with the reply of the Ministry, the bidder appealed to the Independent Review Panel (IRP).

Following two hearings of the IRP, the Ministry proceeded with the re-evaluation of the bids. In the meantime, the IRP informed the Ministry that the unsuccessful bidder had officially withdrawn his application for review.

In August and October 2012, two floors of the GTB were ceded to the Office of the Director of Public Prosecution and to the Office of the Environment and Land Use Appeal Tribunal respectively.

Consequently, the only floor left for the Ministry was insufficient to house any of its division. In November 2012, the Ministry proposed to the Secretary to Cabinet and Head of the Civil

Service to make necessary arrangement to reallocate that floor to other Ministries/Departments. As of May 2013, the Ministry was still awaiting for a reply.

Implications

- As of 31 December 2012, a total amount of Rs 2.3 million had been paid to the Consultant. It is not known whether the proposed design would suit the requirements of the new occupiers of the three floors of the GTB, in which case no benefit would be derived out of the expenditure of Rs 2.3 million.
- Had the two sections of the Ministry moved to the GTB promptly, the Ministry would still be in possession of the three levels of the GTB and made savings of rental payments of some Rs 5.3 million annually.

Ministry's Reply

This Ministry could not move promptly to the Garden Tower Building in view of the heavy procurement procedures.

13.4 Food Technology Laboratory

13.4.1 Accreditation of the Food Technology Laboratory

At paragraph 15.3.1 of the Audit Report for the year ended 31 December 2011, I stated that the Food Technology Laboratory (FTL) was to be accredited with the Mauritius Accreditation Service (MAURITAS), a Government Body. I also pointed out that MAURITAS was not yet an 'International Laboratory Accredited Council (ILAC)' signatory body for accreditation of laboratories to ISO 17025; and as such, tests results from FTL may not be acceptable for export to European Union.

The FTL had been awarded ISO 17025 accreditation for six microbiological tests by MAURITAS on 12 December 2012. However, as of 31 May 2013, MAURITAS itself is still not an ILAC signatory body for accreditation.

Ministry's Reply

MAURITAS is the official national authority in Mauritius with which all laboratories must be accredited. The process of full accreditation of the FTL required accreditation in the first instance with MAURITAS followed by accreditation with ILAC.

However, MAURITAS itself is not presently registered with ILAC. We understand that in the near future this will be the case. In case the FTL was accredited only with an ILAC registered Authority and not with MAURITAS, the Ministry would have to start the process all over again with MAURITAS when the latter would become ILAC registered. In this present case, as the FTL is already accredited with MAURITAS, it will not have to undergo the whole process of accreditation again.

13.4.2 Genetically Modified Organism Testing Laboratory

I have, at paragraph 17.6.1 and 15.3.2 of the Audit Reports for the years ended 31 December 2010 and 31 December 2011 respectively, reported that the Genetically Modified Organism (GMO) testing laboratory was not fully operational since its setting up in June 2006.

At time of audit in May 2013, the laboratory was still not operational. During 2012, additional equipment costing some Rs 900,000 was purchased for the testing laboratory bringing the total value of equipment to Rs 5.2 million as of 31 December 2012. These equipment were lying idle at the GMO Testing Laboratory.

Following issues raised in my previous two Audit Reports mentioned above, the Ministry, in June 2012 concurred that the GMO Unit, under the FTL, should have a proper mandate, staffing, budget and organizational structure within a proper regulatory framework to be legally recognized in order to implement fully all related activities such as all testing of imported products and surveillance at national level.

Further, the Ministry stated that the National Biosafety Committee is mandated to look into the regulations and to recommend on the 'modus operandi' of the GMO Unit to make it operational.

However, as of 31 May 2013, no benefit has yet been derived from the setting up of the GMO unit. Given that most of the equipment had remained unused since long, they stand the risk of being obsolete and out of order.

Ministry's Reply

Tenders for consumables and reagents have been launched and will be awarded shortly. The laboratory will carry out trial tests in order to validate its results obtained. This will allow the Ministry ample time to operationalize the legal framework of the GMO. The National Biosafety Committee will be reconstituted shortly.

13.5 Human Resource Division

At paragraph 15.5 of the Audit Report for the year ended 31 December 2011, I reported that frequent and long absences from work were noted on the part of certain employees of the Ministry. I also commented that employees of the workmen's group and manual grade were not respecting the prescribed hours of work.

In the light of my recommendations, the Ministry has taken the following remedial measures:

- Employees with heavy record of absences have been reminded that they should improve their attendance in the first instance, failing which disciplinary action would be taken against them. The Ministry has already referred several employees to the Ministry of Health for medical examination to assess their fitness for further service.

- The attention of employees absent without authorization is being drawn and they are being informed that recurrence of such absences will lead to action being initiated against them for their retirement in public interest. In April and May 2013, three employees have been retired in the interest of the public service.

- Arrangement has been made by the Ministry to pay employees with heavy record of absences through manual paysheets to avoid the risk of overpayment.

Regarding the prescribed hours of work for the workmen's group, I was informed, in June 2012 that same would be rationalized taking into consideration the specificity of the respective division of the Ministry with a view to improving performance and to instilling more discipline at work. However, as of 31 May 2013, no development had been noted in this respect.

Ministry's Reply

The Ministry is initiating action to review the task work system and assess its effectiveness and outcomes with a view to further improve the system.

14 - MINISTRY OF ENVIRONMENT AND SUSTAINABLE DEVELOPMENT

14.1 Capital Projects

In line with its objectives, the Ministry of Environment and Sustainable Development (MOESD) undertakes capital projects under programmes 402 - Environmental Protection and Conservation , 403 - Uplifting and Embellishment of the Physical Environment and 406 - Sustainable Development.

Out of the total budgeted provisions of Rs 190 million under four expenditure items of the three above mentioned programmes for 2012, only Rs 79 million, representing some 42 per cent, have been spent. The non utilisation of funds was attributed mainly to the fact that projects relating to Coastal Protection Works and Eco-Village have not been implemented promptly.

14.1.1 Coastal Protection Works

Consultancy Services and Landscaping/Infrastructural Works

During 2012, the Ministry targeted to rehabilitate/protect four degraded coastal sites namely Cap Malheureux, Poudre D'Or, Grand River South East (GRSE) and Quatre Soeurs. There were delays in the implementation of these projects.

The Request for Proposal for Consultancy services for nine sites was prepared since May 2011 but it was only in November 2011, that is, after six months, that expression of interest was sought. Subsequently, on 12 April 2012, the consultancy contract was awarded for the sum of Rs 35 million (excluding VAT).

The contract was for a duration of 30 months starting April 2012 and the scope of works included the preparation of design, tender document and supervision of construction works amongst others.

Status of Projects

As of March 2013, that is, some twelve months after the start of the consultancy services, the following were noted in respect of four coastal projects targeted in 2012:

- Only two contracts for coastal works have been awarded, namely Cap Malheureux and Poudre D'or projects on 8 November 2012. Still as of May 2013, works under these two projects were behind schedule, 51 and 65 per cent of the works being completed for Cap Malheureux (28 July 2013) and Poudre D'Or (15 June 2013) projects respectively.

- Tender for the GRSE project has yet to be awarded as of March 2013 due to the fact that the evaluation of the Ministry had been challenged twice and the case is still at the Independent Review Panel.

- The preliminary design report for the Quatre Soeurs Project was submitted in mid July 2012, but tenders were floated only in February 2013 and contract awarded on 8 May 2013.

In view of the lengthy delays in awarding the different contracts, the targets set for 2012 have not been achieved. Management itself expressed its dissatisfaction with the delay in the floating of tenders for the coastal protection works.

Recommendation

The Ministry must reschedule the target dates of the various projects for implementation so as to complete the coastal works for which funds were made available and within the objective set under the Programme Based Budgeting for the Ministry.

14.1.2 Eco–Village Project

The Eco-Village Project was announced in the 2009 budget in line with Government's vision to set up a green country. The overall aim of the village was to encourage people to adopt eco-friendly lifestyles for the promotion of environmental protection and sustainable livelihoods. Nine villages were targeted for this project, with the implementation of three villages per year as from 2011. The estimated cost for the implementation of each Eco-Village was Rs 50 million (construction works and consultancy fees).

Project Concept

The project concept being a new one was not clearly defined. As the Ministry did not have sufficient information and know-how to complete the Project Request Form for submission to the Project Plan Committee (PPC), in November 2011, it had recourse to the services of a Consultant for the setting up of the nine eco-villages from inception stage to supervision of the construction works.

However, in August 2012, the Ministry of Finance and Economic Development (MOFED) raised concern on the concept of the project itself:

- The Eco-Village concept was still not clearly defined. There still seemed to be ambiguity as to what really constitute an Eco-Village.

- The projects proposed were not green projects in themselves but mostly related to infrastructure projects.

- The Eco-Village project did not involve community participation to ensure its sustainability.

It concluded that the Ministry should revisit the whole concept of Eco-Village before undertaking any expenditure. In addition the Eco-Village projects have skipped the process of the PPC.

Consultancy Services- Rs 28,567,875

On 30 November 2011, the contract for Consultancy services for the setting up of nine Eco-Villages was awarded for the sum of Rs 28,567,875 (VAT inclusive). The duration of the contract was for a period of 36 months.

On 27 January 2012, the Consultant had submitted the inception reports for the villages of Pointe aux Piments, Panchavati and Vuillemin in the first instance, for which payment of Rs 463,594 was effected in April 2012. The preliminary design report was then carried out for Pointe aux Piments and Panchavati villages for which a further sum of Rs 618,125 was disbursed in June 2012. Thereafter, the Ministry requested the Consultant to proceed with their detailed design.

However on 8 August 2012, the MOFED pointed out that the Ministry should have obtained the green lights from PPC before going ahead with the preliminary design.

The Ministry worked out a summary of the concept plan with the help of the Consultant and this was submitted to the PPC in September 2012. As of 31 May 2013, the master/concept plan of the project itself has not yet been finalised and approved.

Delay in implementation of Project

Funds totalling Rs 85 million were provided in the Ministry's budget for the Eco-Village Project in fiscal years 2011 and 2012. Only a sum of Rs 1,081,718 relating to consultancy fees was disbursed during 2012. Delays in implementation of project were attributed to the following:

- The Consultancy contract was awarded in November 2011, that is, some 20 months after the start of the bidding process.
- The concept of the Eco-Village project was yet to be defined and approved.

Ministry's Reply

- The Eco-Village project was a new concept for the Ministry.
- There was delay in starting the project as bids for consultancy services were initially launched on a percentage fee basis and it was thereafter relaunched on a fixed sum basis after advice of the Procurement Policy Office. The evaluation of bids was time consuming due to the nature of project.

Recommendations

- There is a need to finalise the concept of the Eco-Village promptly, the more so as the contract for consultancy services has already been awarded since 30 November 2011 for a period of 36 months.

- Clearance of the PPC must be obtained before implementation of the projects for the identified villages.

14.1.3 Consultancy and Infrastructural & Landscaping works at Petit Sable and Bambous Virieux

The contract for Consultancy Services for Petit Sable and Bambous Virieux project was awarded in May 2002 at the rate of six per cent of the cost of works. The Infrastructural and Landscaping Works contract was awarded to a Joint Venture in February 2005.The value of these works which was estimated at some Rs 36 million in June 2004 escalated to Rs 52.3 million (excluding VAT) on submission of final accounts in 2012. The scheduled completion date of the project was May 2006 but it was substantially completed in August 2007.

Taking over of Works

Following the completion of works at Petit Sable, the Beach Authority was requested to take over the site in 2007. However the site was only proclaimed as public beach in September 2010 that is, some three years later. As of March 2013, the handing over of the site has not yet been effected.

Payments effected during 2012

In July 2012, the Consultant and the Contractor submitted final claims amounting to Rs 865,599 and Rs 1,349,527 for Consultancy fees and Infrastructural Works respectively for the above project. These two payments totalling Rs 2,215,126 were therefore made some five years after the substantial completion date of the infrastructural works in August 2007. The reason for the delay in the submission of claims from the Consultant was not known. Furthermore, these payments have been effected to the Consultant and Contractor although there were problems arising from the design and construction of the swimming pond.

Swimming Pond

The project included the construction of a pond at Petit Sable which was to be used as swimming area by the locals. However since its construction during 2007, the pond has not been used to date. It was reported that foul odour was emanating from the pond and also the presence of some dangerous fish there was making it a potential hazard for users. The local residents have proposed to convert the pond into a playfield for children and the cost of backfilling has been estimated at Rs 9 million.

Ministry's Reply

- Payments were effected on basis of claims received in 2012. However claims are now being closely monitored to enable prompt payments.

- No firm decision has been taken to change the purpose of the pond in particular due to the high cost implication. Comments on the proposal from inhabitants are being awaited from Consultant. This is a complex issue which will have to be sorted out in consultation with all stakeholders.

15 - MINISTRY OF FISHERIES

15.1 Fish Auction Market Project

At paragraph 18.1 of the Audit Report for the year ended 31 December 2011, I drew attention that one year after the completion of the construction of the Fish Auction Market (FAM), Expression of Interest (EOI) was launched for the leasing of the FAM. However, as at 31 May 2013, it could not be ascertained when it would be operational.

I had mentioned in my previous report that a second Expression of Interest (EOI) for the leasing of the Fish Auction Market was launched on 18 May 2012. There was again no response as at closing date of 2 July 2012. As of 31 May 2013, the Fish Auction Market had still not become operational and did not meet the target set in the Programme-Based Budgeting Year 2012 whereby the FAM should be fully operational by end of August 2012. It was noted that the former Adviser and Officer in Charge (Consultant) of the Competent Authority Seafood who was recruited since September 2006 for the conceptualization and operation of the FAM had submitted his resignation on 6 November 2012.

On 26 January 2013, a site meeting was held with the Board of Investment, a Local Company and representative of a Taiwanese Company to operate the FAM. However, on 15 April 2013, the Ministry was informed that these potential investors were not interested in the project. Since then, discussions were ongoing between the Ministry and the Cooperatives Division of the Ministry of Business Enterprise and Cooperatives regarding the project. Besides, the Ministry was also considering alternative options for the leasing of the FAM building to individuals in the private sector and the possibility for using the FAM for any other viable purpose.

Conclusion

The objectives set for the setting up of the FAM were far from being achieved. As of 31 December 2012, nearly five years after the conception of the project and two years since the completion of the construction of the building, no potential investor had been found to operate the FAM.

Consequently, the return from this investment amounting to some Rs 30 million was being further postponed and the building and equipment installed were lying idle. Besides, the Ministry had to meet the cost of security services. For the period 6 June 2011 to 31 December 2012, an amount of Rs 843,524 was incurred in this respect.

The Ministry should revisit the purpose of the FAM Project and expedite the arrangements for making use of the building and its equipment in a feasible manner.

Ministry's Reply

Consultations were still ongoing regarding the operation of the FAM with interested parties. As specified, the Cooperatives Division of the Ministry of Business, Enterprise and Cooperatives informed the Ministry on 15 April 2013 that it had the necessary networking to operate the FAM through the Mauritius Fishermen Cooperative, which operated under its aegis. A high-level Committee comprising officials of this Ministry and the Ministry of Business, Enterprise and Cooperatives was held on 16 and 22 May 2013 respectively to discuss the modalities with respect to the operation of the FAM. Accordingly, the Committee decided that a Technical Committee be set up with the following objectives:

- discuss and work out the modalities for the operation of the FAM;
- consider all options for the procurement of fish for sale at the FAM;
- consider all cost implications when fish would go through the FAM process;
- consider the running cost of the FAM and all financial implications;
- consider the vesting of the cold room of the Agricultural Marketing Board at Trou Fanfaron in the Ministry of Fisheries; and
- submit recommendations for the operation of the FAM.

The Technical Committee for the operation of the FAM met on 27 and 30 May 2013 respectively and a site meeting was thereafter held on 7 June 2013 to take cognizance of the state of the infrastructure and logistics therein.

In parallel, the Pointe aux Piments Fishermen Welfare Association and a private company had expressed interest in the operation of the FAM. With a view to adopt a holistic and concerted approach, the Ministry had recommended that the Technical Committee looked into the proposals of the two aforesaid proponents and involves the Fishermen Investment Trust in the discussions.

Once discussions would be concluded and an agreement reached by the parties concerned, Cabinet would be apprised accordingly and prompt action would be taken for the handing over of the FAM so that it could be made operational.

16 - MINISTRY OF YOUTH AND SPORTS

16.1 Overtime

At paragraph 19.1 of the Audit Report for the year ended 31 December 2011, mention was made that the cost of overtime performed in year 2011 was on the high side.

In May 2012, the Ministry informed me that the following measures were being implemented to curtail overtime:

- As from January 2012, no transport facilities were being provided to Federations for the conveyance of athletes for training purposes.

- The opening hours of Youth Centres had been brought down to 20.00 hours at latest on weekdays, and Centres are not opened on Sundays, whilst the rescheduling of the opening hours of Sports Complexes was still under consideration.

- Consideration has been given to amend the Scheme of Service of Swimming Pool Attendant to include the duties of Boiler, and that of Driver on roster.

Proposals for amendments of the two Schemes of Service were submitted to the Ministry of Civil Service and Administrative Reforms (MCSAR) in August 2009 and January 2010 respectively.

In January 2013, the proposed Scheme of Service of Driver on roster was sent to the Federation of Trade Unions for their comments, whilst that for Swimming Pool Attendant was submitted to the Public Service Commission for consideration and agreement. The MCSAR stated that the delay was due to representations received from the staff associations.

Overtime paid to the different grades totalled Rs 14.6 million during year 2012. This amount excluded overtime performed in November and December 2012 totalling some Rs 1.8 million and paid after the year end.

Observations

- Following measures implemented by the Ministry to curtail overtime, as compared to year 2010 (Rs 25.3 million), expenditure on overtime has been reduced by some 33 per cent in 2011 (Rs 16.9 million), and some 42 per cent in 2012 (Rs 14.6 million), but was still on the high side.

- While there has been a decrease of some 60 per cent in the payment of overtime to Drivers from year 2011 (Rs 5.1 million) to 2012 (Rs 2.1 million), there was increase for the grades of Caretaker, General Worker and Swimming Pool Attendant. The increase for the latter grade was two folds (from Rs 0.8 million in year 2011 to Rs 1.7 million in year 2012).

- At time of audit in March 2013, after more than three years, the approval for the revision of the two Schemes of Service of Swimming Pool Attendant and Driver on roster was still being awaited.

Ministry's Reply

- Expenditure on overtime was on the high side since the nature of operations of the Youth Centres and Sports Complexes requires facilities to be offered outside normal working hours.

- Considerable efforts are being made by the Ministry to bring down overtime costs. Out of the 15 posts of Swimming Pool Attendant on the establishment of the Ministry, only seven Attendants are in post. The eight vacancies cannot be filled as the Scheme of Service for the post is in the process of revision since October 2008. Consequently, the Ministry had no other alternative than to have recourse to overtime.

- To reduce overtime, a new Scheme of Service is being considered by the Ministry, whereby work required to be performed outside normal working hours will be done on a roster basis. The Ministry is also considering the redeployment of drivers in post to other Ministries and recruitment of new drivers on a roster basis.

- It is expected that once the Scheme of Service for the post of Driver on Roster Day and Night, as well as that of Swimming Pool Attendant would be prescribed, and recruitment of these categories of workers would be effected, overtime would be drastically decreased.

- The Schemes of Service for the grades of Swimming Pool Attendant and Driver have taken a long time to be sorted out at the level of the MCSAR.

16.2 Transport for Conveyance of Athletes

16.2.1 Payments to Contractors and Rental of Bus – Rs 7.2 million

The tender exercise for Transport Services for the period 15 May 2012 to 31 December 2013 was launched in March 2012, some three months after the expiry of the existing contracts on 31 December 2011. The existing contracts were extended to 14 May 2012, until the completion of the new exercise.

Following the tender exercise in March 2012, on 15 May 2012, three Contractors were awarded the contract for Transport Services to convey athletes on an "as and when required" basis for an initial period of seven and a half months, following which it would be extended until 31 December 2013. Payment to the Contractors and to bus companies for conveyance of athletes during 2012 totalled some Rs 6 million and some Rs 1.2 million respectively.

Control over the payments to the Contractors was not satisfactory.

- In several cases, requests for transport were split between two or more vans when only one or two vans could have been provided for the trips, with the result that payments had to be made for additional trips. For example, for the CCOI Handball Competition held at the Phoenix Gym on 7, 8 and 9 November 2012, request was for two different trips (both from the North) for the conveyance of hostesses. Eight 15-seater vans were used for the conveyance of 23 hostesses on each of the three days of the competition.

- In other cases, the Contractor provided more vans than requested/ required. Two or more vans were provided when there was request for only one. In one case, eight vans were paid for the conveyance of 36 persons from the Airport to El Monaco, Quatre Bornes.

- In several cases, the trips claimed were much shorter than the approved itineraries in the bid documents. However, the originally agreed rate was paid.

- The approved rate for each trip as per bid documents is inclusive of the rate for the return trips. There were cases where the return trips were claimed separately. This would imply that the Ministry was paying twice the approved rate for the same trip.

- Claims were submitted and settled for the same vehicle performing different trips simultaneously on the same day.

Ministry's Reply

- The hostesses were required to be in post from 09.00 hours in the morning till late at night. By virtue of the nature of their services, they had to return to their place of residence around mid-day to refresh themselves and to be back at the gymnasium where they stayed till late at night. The eight vans were utilised to accommodate these exigencies.

- The Ministry was envisaging the possibility to allocate an amount for transport to each Federation.

- Return trips were claimed separately because the competition started in the morning and lasted till evening. It was agreed that the contract terms would have to be reviewed.

- Vehicles were effecting different trips simultaneously on the same day during their waiting time.

16.2.2 Financial Impact

Expenditure on hiring of vehicles for conveyance of athletes increased from Rs 6.1 million in 2010 to Rs 13.4 million in 2012.

16.3 Quotations/ Tenders

Shortcomings were noted in following quotations/ tenders

16.3.1 Supply, Installation, Commissioning of Public Address System at New George V Stadium

In June 2012, there was request for a new Public Address System for the New George V Stadium. The first estimated cost of the equipment of Rs 600,000 was revised to Rs 2.1 million after a market survey carried out by an Electrician of the Ministry. However, there was no documentary evidence to support the survey carried out.

Tenders were launched on 27 August 2012, with closing date 3 September 2012. Offers received were as follows:

Supplier		**Price Quoted Rs**
A	- Option 1	1,339,760
	Option 2	1,823,301
B		1,483,573
C		3,185,500
D		3,602,577

After evaluation, the highest offer, which was some 72 per cent higher than the revised estimated cost, was found to be the substantially responsive bid.

The Public Procurement Act provides that a public body may, at any time prior to the 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 estimate. Instead of cancelling the bidding exercise, the BEC recommended an upward revision of the cost estimates and the Departmental Tender Committee approved that the contract be awarded to Supplier D for some Rs 3.6 million.

Moreover, the advice of the Energy Service Division (ESD) for the specifications of the equipment was not sought prior to the award of the contract. The ESD was also not involved in the Acceptance Testing. Testing and Acceptance Certificates were signed by a Technician of the Ministry. Payment was effected on the basis of these certificates.

Ministry's Reply

In June 2012, there was an urgent need to equip the New George V Stadium with a public address system in view of the impending inauguration of the stadium. Although the only responsive bid was substantially higher than the estimated cost, the Ministry could not afford to reject or cancel the bid in view of the urgent need for the public address system.

The ESD was contacted by phone and the Ministry was informed that the Division did not have the necessary expertise to advise on specifications/procurement of public address system. Consequently, the advice of the Mauritius College of the Air (MCA) was sought and obtained for the technical specifications. A representative of the MCA also assisted the Ministry in the evaluation exercise.

16.3.2 Consultancy Services for Leakage Investigation at Le Pavillon Swimming Pool

Following leakage noted at the Swimming Pool, a survey was carried out by Engineers of the Ministry of Public Infrastructure, National Development Unit, Land Transport and Shipping (MPI). In March 2012, the latter proposed that a Consultant be appointed to identify the causes of the leakage. The MPI also submitted the Term of Reference for the Consultant.

A first detailed estimated cost of Rs 5 million for Consultancy, Civil and Mechanical Works and Contingencies, where Consultancy Services were estimated at Rs 700,000 (16 per cent of contract works) was submitted in April 2012.

Requests for proposal for the Consultancy Services were invited on 16 June, with closing date 25 July 2012, and selection was to be based on quality and cost. Two offers were received. The bidding exercise was cancelled as a discrepancy was noted in the criteria and the marking in the Evaluation Sheet for Technical Proposal of the bidding documents.

A revised estimate of Rs 7.5 million for the project was submitted, where cost of Consultancy was revised upward by some 128 per cent to Rs 1.6 million, representing about 27 per cent of contract works.

New proposals were invited on 2 October 2012. Only one offer was received, and the offer was found to be technically responsive after evaluation. The financial proposal was Rs 1.8 million.

On 6 November 2012, the contract was awarded to the only responsive bidder for Rs 1.8 million, and the services were to be completed within one month.

Observations

- The basis of the upward revision of the project cost estimates from Rs 5 million to Rs 7.5 million (50 per cent) was not known. There was no need to revise the project cost as there was no change or increase in the scope of works.

- The Consultant's fee of Rs 1.8 million was excessive (about 30 per cent of the contract works), and did not seem justified as the services were to be completed within one month. Completion of services within one month did not require too much input from the Consultant. Generally, consultancy fee is about six to eight per cent of contract works.

- The Ministry did not deem it fit to negotiate with the Consultant.

Ministry's Reply

The initial cost estimates were worked out approximately without a fully comprehensive study being carried out. An in-depth study was thereafter conducted on the basis of drawings, plans and other documents retrieved from the Municipal Council of Quatre Bornes which is the owner of the swimming pool.

16.4 Capital Works

16.4.1 Extension to St François Xavier Stadium at Port-Louis

In year 2007, Government approved the installation of an artificial turf at the St François Xavier Stadium financed by the "Federation International de Football" (FIFA) through the Mauritius Football Association (MFA). One of the conditions of the grant from FIFA was that the Stadium should be renovated and upgraded to conform to international standards.

The initial project cost for the upgrading works was estimated at Rs 20 million.

Consultancy Services

In September 2007, the MFA invited quotation from a Consulting Architect for his services relating to "Renovation/ Upgrading Works to St François Xavier Stadium".

In October 2007, approval was conveyed by the Ministry to award the contract for consultancy services to the Architect for the sum of Rs 1,808,000 (exclusive of VAT) for "Complete Architectural, Quantity Surveying, Civil/ Structural Engineering, Mechanical and Engineering Works, including Design, Production Information, Preparation of Tender Documents, Evaluation, Award of Contract and Works Supervision".

In May 2008, the project cost was revised from Rs 20 million to Rs 66,394,135, with the consequential increase in Consultancy fee from Rs 1,808,000 to Rs 3,760,000 (exclusive of VAT). This amount was further revised to Rs 4,193,856 (including VAT) after the award of the contract for renovation works (6 per cent of contract sum of Rs 69,897,600).

In January 2012, following a site visit, the Consultant was requested to bring some modifications to the initial design to include the following:

- Offices for Federation at Ground and First Floor
- VIP Lounge at Ground Floor Entrance
- Office for a Federation in the Turf Machine Room in the Service Block

The Consultant proposed an additional fee of Rs 648,600 (including VAT) to carry out the above modifications to the drawings which was approved by the Ministry in February 2012.

The amount payable to the Consultant after modification works was Rs 4,842,456 (including VAT).

As of December 2012, renovation works were not yet completed. The Consultant was claiming an additional fee of Rs 803,157 in respect of additional services provided due to late instructions by the Ministry in respect of works which were not included in the original scope of works.

As of March 2013, payments to the Consultant amounted to Rs 4,220,353.

Award of Contract for Renovation works

Following a tender exercise in March 2010, the Contract for the Extension to St François Xavier Stadium was awarded to the substantially responsive bidder (a private company) for the sum of Rs 69,897,600, inclusive of VAT, Preliminary Costs and Provisional Sum in July 2010. This amount did not include the cost of the roof of the "Grandstand". At a meeting of the Building Plans Committee in June 2009, it was decided that due to financial constraint, the roof would be fixed afterwards. The estimated cost of the roof was not available.

The Letter of Award was issued on 19 July 2010, and the contract agreement between the Ministry and the Company was signed on 24 September 2010. The site was handed over to the Contractor on 24 September 2010, and works started on 8 October 2010. The contractual completion date was 426 days from the date of handing over of site and was scheduled for 7 December 2011.

On 20 March 2012, the Consultant applied for an extension of time of 182 days. The final handing over date was revised to 24 June 2012.

As of mid March 2013, the Contractor was still on site of works, and works have not yet been handed over. Payments to the Contractor amounted to Rs 48,537,457.

Observations

- As of March 2013, works, which were scheduled for completion in June 2012, were not yet completed.

- The Ministry of Public Infrastructure, National Development Unit, Land Transport and Shipping (MPI) was not involved in the supervision of works. This is contrary to the provision in the Financial Management Manual which states that the MPI "shall be responsible for the general supervision of works", although the service of a private Consultant is retained for preparation of plans and supervision of works.

  Supervision of works by the Ministry during construction could not be ascertained as there were no notes of meeting in file during that period.

- Payments to Contractor were effected on the basis of Valuation Certificates from the Contractor's Quantity Surveyor certified by the Architect. There was no evidence that payment was effected after measurement of works stated to have been completed, as quantities as per detailed Bill of Quantities (BOQ) supporting the Valuation Certificate did not tally with the amount certified.

- Proper procedures for variation works were not followed. Requests for variation works, quotations and the Ministry's approval for the works could not be produced. Variation works certified as per last Payment Certificate totalled Rs 4,634,689, while list of variation works carried out totalled Rs 7,109,225.

- The Quantity Surveyor approved an extension of time of 182 days and the completion date was revised to 24 June 2012. This extension of time included 34½ days due to adverse weather conditions (heavy rainfall) during the period 1 January 2011 to 1 January 2012. There was no evidence in file, such as a Certificate from the Meteorological Services confirming the amount of rainfall to support the situation of "Force Majeure".

- The amounts included in contract for electrical works, plumbing and ventilation totalled Rs 20,079,000. Before start of works, it was agreed that the advice of the Energy Service Division (ESD) would be sought, and that the ESD would be responsible for overall supervision for these works. However, the ESD was not involved in works carried out.

- As at mid March 2013, the Contractor was still on site and works have not yet been handed over. As per the Contractor, works were completed on site in January 2013, but these could not be commissioned, and handed over as there was no power and water supply.

- Reasons for delay in completion and application/approval for further extension of time after 24 June 2012 were not available. Responsibilities for the delay would have to be established and relevant Contract Clauses for delay (Liquidated Damages) would have to be applied.

Site Visit

The following were noted during site visit on 28 February 2013:

- The Contractor's Site Manager and workers were occupying the premises.

- Several modifications have been brought to the original plan. The openings provided did not correspond to the openings as per the BOQ. The sizes did not correspond, and instead of aluminium doors and windows to fit all openings, flush doors, metal doors and windows were provided in many cases. Amount claimed did not correspond with the quoted price. In certain cases, costs of fittings were claimed separately.

  The amount for openings as per BOQ totalled Rs 3,260,760, while amount claimed as per Certificate No 21 totalled Rs 4,187,831.

  During a survey on openings carried out on 15 and 18 March 2013, several discrepancies were noted between quantities claimed and actual quantities fixed in the buildings. A sum of about Rs 1.4 million had been claimed in excess.

- Approval of the Ministry for modification of plans was not available, and at time of audit, in March 2013, modified drawings were not yet submitted to the Ministry.

Recommendations

- Works should be supervised by the MPI/ ESD and the Ministry as prescribed by regulations.

- Payments should be according to measurement/ completed works.

- Variation works and quotation for same should be approved by the Ministry.

- Relevant clauses of contract for delay should be applied.

Ministry's Reply

- In view of the fact that the grant of FIFA was conditional to the renovation and upgrading works at the stadium being carried out by the Ministry, the latter decided to award the contract for consultancy for the additional works to the same Consultant. Normal tender procedures were followed and approval of the then Central Tender Board was obtained.

- Hiring the services of another Consultant for the project was considered not practical and cost effective. Besides, the Consultant already on the project was not agreeable to give any of his document and concepts.

- In 2012, the Consultant has claimed an additional fee of Rs 803,157 for apparently additional service provided by him. The claim has been kept in abeyance as the advice of the MPI has been sought on the matter.

- It was also not considered appropriate to involve the MPI and the ESD as the terms of reference of the Consultant included, among others, supervision of works.

- The Consultant's fee seems to be excessive, as contrary to other consultancy services, the Consultant for this project has been entrusted with other additional responsibilities, including pre-contract and post contract services as per his terms of reference.

- In assessing the report of the Consultant, the Departmental Tender Committee was guided by the technical advice of the Project Coordinator of the Ministry. Consequently, the need to seek advice from the MPI did not arise.

- As regard application of Liquidated Damages Clause of the contract, the Ministry will be having a meeting with the Consultant to sort out the matter.

16.4.2 Rehabilitation and Upgrading of Football Ground at New Georges V Stadium

At paragraph 19.3 of the Audit Report for the year ended 31 December 2011, mention was made that the contract for the rehabilitation and upgrading of the Football Ground of New George V Stadium, awarded to a private firm in September 2009 for the fixed sum of Rs 5.2 million (inclusive of VAT and Contingencies of Rs 900,000) was terminated in April 2011 because the firm had abandoned the site with 13 items of uncompleted works. These uncompleted works were estimated at Rs 2 million by the District Contractor of the Ministry of Public Infrastructure, National Development Unit, Land Transport and Shipping. Payments effected to the Contractor during the period October 2009 to December 2010 totalled some Rs 3.5 million.

The firm had submitted a Performance Bond for the sum of Rs 521,207, which was guaranteed by an Insurance Company and valid until 30 June 2011.

In May 2011, the Ministry preferred a claim of Rs 521,207 on the Insurance Company, but the latter refused to honour the Performance Bond. On 29 June 2011, the matter was referred to the Attorney General's Office for advice.

As per the advice tendered by the Attorney General's Office on 3 May 2012, the Performance Bond could not be forfeited as it was valid up to 30 June 2011, and the Ministry could consider to proceed with the claim against the Contractor and the Insurance Company.

As at end of March 2013, ten months after the advice from the Attorney General's Office, no further action was taken by the Ministry.

Ministry's Reply

In the light of the advice tendered by the Attorney General's Office, the Ministry considered that no further action for the forfeiting of the Performance Bond could be envisaged against the contractor as the Performance Bond had expired on 30 June 2011.

17 - MINISTRY OF LABOUR, INDUSTRIAL RELATIONS AND EMPLOYMENT

Employment Division

17.1 Recruitment of workers for employment abroad and in Mauritius.

In 2012, applications for renewal of licences for the recruitment of workers for employment abroad and in Mauritius were being considered in respect of 21 cases. Of these, renewal was approved in respect of nine applicants in 2012 and of two during period January to March 2013. Ten applicants were still not authorised to carry out recruitment.

17.1.1 Lengthy processing time

Applications for renewal in respect of the remaining ten applicants were reported at the level of the Ministry to be still in process.

However, recruitment of workers were still being carried out by these recruitment agencies/agents.

Ministry's Reply

The clearance of the Prime Minister's Office (PMO) is sought prior to the renewal of licences. Though the recruitment agencies/agents may have applied to the Ministry for the renewal of their licence, which in general is done three months prior to the expiry of their current licence, the Licensing Authority has no alternative than to await the views and clearance of the PMO before the application for renewal is considered.

17.1.2 Recruitment without licence not in line with the Act

According to the regulations, every licensee shall, within ten days of the expiry of each quarter, submit to the Licensing Authority *return of particulars regarding placement of citizens of Mauritius in employment in Mauritius or abroad and of non-citizens in employment in Mauritius*.

However, returns were seen submitted by 11 applicants whose previous licences have already expired and for which renewal had still not been approved by the Licensing Authority.

Non-holding of a licence for recruitment by these applicants would therefore not be in line with the Act.

To that extent, recruitment by latter would be in contravention of the Act and might constitute an offence.

Ministry's Reply

As regards the recruitment activities being carried out by 'unauthorised applicants", given the nature of recruitment activities, especially for those dealing with employers abroad, the recruiting agents are very often not in a position to cease their activities at the date of expiry of their recruitment licences while their application for renewal is being considered. In fact, in most cases, these agencies have already engaged in recruitment activities with both jobseekers and employers and have to abide by commitments already taken at their end.

Moreover, most agencies rent office, pay Municipal and other taxes and employ personnel. Requesting them to freeze all their activities until the renewal of their licences may entail loss of employment opportunities for jobseekers, dismissal of personnel and may impact on their credibility vis a vis employers, especially those abroad.

Consequently, these agents continue to submit their returns given that, in principle, their recruitment licences are renewed, though with some delay. The new licence takes effect from the date of expiry of the last licence. In the event that the PMO raises objection to the renewal of a licence, the agency/agent is duly informed and is requested to stop all recruitment activities forthwith. Officers of the Ministry carry out surprise checks and visits to the agency and in case the latter is still operating, the matter is referred to the Commissioner of Police for appropriate action.

It is now proposed to request the recruiting agents to apply for renewal of licences six months prior to their expiry.

NAO's Comment on Ministry's Reply

Unauthorised recruiting activities over a period of up to three years would not be in line with acceptable practice and good governance.

18 - MINISTRY OF HEALTH AND QUALITY OF LIFE

18.1 Rent of a Building near Dr A G Jeetoo Hospital

18.1.1 First Contract

During the upgrading of the Dr A G Jeetoo Hospital, a 5-storeyed building of about 11,750 square feet situated near the Hospital was rented so as to house two Wards, doctors' mess and dormitories. A three-year lease agreement with a monthly rent of Rs 310,000 (exclusive of VAT and air conditioning) was signed between the Ministry of Health and Quality of Life (MOH) and a Societé for the period 19 March 2010 to 18 March 2013. On 6 May 2012, that is some ten months before the expiry of the contract, Floors 1 and 2, previously used as Wards, were vacated and the Wards were transferred to the new building. As these two floors were no more needed, the Ministry decided to return the keys to the Lessor. Despite the fact that one of the conditions of the lease was that "the agreement may be terminated by the Ministry at any time by giving three months' notice in writing to the Lessor" and that "no liability shall accrue to the Lessor as a result of this termination" the Lessor refused to take over the keys, arguing that the lease agreement was for the *whole building* instead of *floor-wise.*

18.1.2 Second Contract

Though fully aware of the problems encountered during the first contract, yet on 22 March 2013 the Ministry, without seeking the advice of the State Law Office (SLO), renewed the Lease Agreement for a further period of *two* years again for the *whole* building, and that too, despite the fact that

- On 29 November 2012 the Ministry was advised by the hospital administration to renew the lease for *one year* and on a *floor basis,* and

- the time-frame for vacating the different floors was already known to the Ministry since the Wards were to be ready under Phase III and the dormitories and mess later on, after the upgrading of the H-Block of the Dr A G Jeetoo Hospital.

During a site visit effected in the rented building by NAO on 26 March 2013 together with a representative of the Hospital, stores items most of which were unserviceable and hence having no significant value, were found in one of the floors and the other floor was supposedly kept as an extended Ward in case it was needed. The fifth floor was still kept as mess room. This floor of an area of 2,300 square feet, originally used by all the doctors (some 140 of them) working at the Hospital, was after the provision of mess rooms in the new Dr A G Jeetoo Hospital, being used by less than ten doctors who worked on night shift.

18.1.3 Clause 2 of the Agreement

The Ministry had included a clause in both agreements to cater for use of the building by 'other government bodies'. In case this clause was considered practical by the Ministry, it is not understood why, on refusal of the Lessor to take over the keys of the two vacated floors, this option was not resorted to.

18.1.4 Approval of the Ministry of Finance and Economic Development (MOF)

Approval for renting the above building for three years conveyed by the MOF on 24 December 2009 was conditional upon the fact that the renting of the private building "will be a temporary arrangement that will have to be discontinued once the new Dr A G Jeetoo Hospital building is operational."

The approval of the MOF for *renewal* of the agreement for a further period of two years was not sought.

18.1.5 Status at 8 July 2013

Following Audit Management letter dated 5 June 2013, the Ministry on 13 June 2013 sought legal advice from the SLO as to whether it would be legally in order to vacate two floors and adjust the rent payable before the expiry of the agreement. The SLO replied on 17 June 2013 that it would **not** be legally in order for the Ministry to unilaterally take this course of action before the expiry of the lease on *18 March 2015,* given that

- no express term along those lines was embodied in the lease agreement, and
- no such term could be implied by law.

From the above, it is clear that the lease agreement could have been made on a floor basis right from the first lease and definitely on its renewal. The SLO's advice should have been sought as early as January 2012 when the Ministry had started to negotiate with the owner.

18.1.6 Conclusion

The Ministry has not safeguarded Government's interest in both contracts. Even after having faced problems in the first contract, owing to the agreement not being on a *floor basis*, the contract was renewed for a period of *two years* again for the *whole building* on the same terms and conditions and that too without the advice of the SLO having been sought. The approval of the MOF was also not sought for renewal of contract.

Each rented floor costing Rs 71,300 monthly, vacant or not used optimally, is a waste of public funds. Rent for the two vacant floors as from May 2012, the date from which the floors have been vacant, up to 15 July 2013 amounted to some Rs 2.1 million.

18.1.7 Management Reply dated 3 July 2013 and NAO's Comments on the Reply

The owner was not agreeable to negotiate with this Ministry during the period January to May 2012 when the Ministry wanted to release two floors. In fact, the owner stated that it would be very difficult to rent part of the building in case the MOH would occupy part of the building.

NAO's Comment

At that very point in time itself the Ministry, already encountering problems in the first contract, should have sought legal advice so as not to repeat the same mistake at renewal stage.

Ministry's reply

Because of *security and other practical purposes* it is recommended that this Ministry be the sole Lessor of the building.

NAO's Comment

This is not acceptable as it would mean that even if only one floor was required, the Ministry, for *security and other practical purposes* would be prepared to pay for the whole building. Despite the fact that Clause 2 of the agreement already catered for the use of the building by 'other government bodies', there was no evidence that this possibility was explored.

Ministry's Reply

The contract was renewed after ascertaining that the five floors would be required. A copy of letter dated 30 November 2012 from the Regional Health Director (RHD) Dr. Jeetoo Hospital, refers.

Optimal use is being made to utilize all the rented space.

NAO's Comment

The said letter does not imply that the five floors would be required. It merely states what use was being made of the floors including those already vacated. On the refusal of the Lessor to take over the keys of the vacant floors, and no other alternative being available than to continue paying the rent, the Ministry was using the vacant space as a store room.

Ministry's Reply

In the light of explanations given above, it is deemed critical that the five floors of the building be rented until the completion of the whole Dr. Jeetoo Hospital.

NAO's Comment

The Ministry on 13 June 2013 sought legal advice as to whether it would be legally in order to vacate two floors and adjust the rent payable before the expiry of the agreement. Following the SLO's advice that this is not possible as no express term along this line was embodied in the contract, it is not fair for the Ministry now to say that all floors are required.

Ministry's Reply

The lease agreement safeguards the interest of Government as it makes provision for the Ministry to unilaterally, by giving three months' notice to the Lessor, terminate the contract without liability.

NAO's Comment

The clause mentioning 'three months notice to Lessor to terminate the contract without liability' would safeguard Government interest *only if* the whole building is vacated and not floorwise.

18.2 Extension to Flacq Hospital - Block C

18.2.1 Introduction

The contract for the extension to Flacq Hospital – Block C was awarded to a private Contractor for the sum of Rs 125,077,203 (inclusive of preliminary costs, provisional sums, contingencies and VAT. Works started on 28 July 2009 and were expected to be completed on 3 May 2010. Total payments to the Contractor as of May 2013 amounted to Rs 115,955,950.

At paragraph 22.6.2 of the Audit Report for the year ended 31 December 2011, mention was made that there were several problems like accumulation of rain water at several places and leaks on other levels after only a few months of operation of Block C. I recommended that

- users should report all problems to the Administration, which should in turn refer them to the Consultant for remedial action;
- the MOH and the Ministry of Public Infrastructure, NDU, Land Transport and Shipping (MPI) should be kept informed of the situation;
- all snags should be attended to during the maintenance period, and
- the MOH should ensure that all defects are made good by the Contractor before effecting final payment.

In June 2012, I was informed by the MOH that:

- all the problems have been communicated to the representative of the Contractor of Block C, and remedial actions have already been taken

- There were some major shortcomings, such as inadequate bathroom facilities for patients and staff, as well as poor quality of workmanship concerning the false ceiling and luminaries fixed to it. These have already been reported to the MPI, and they were in the process of addressing these problems.

However, the following were subsequently noted.

18.2.2 Unattended Defects

On *6 December 2012*, the MPI was informed by the management of Flacq Hospital, with a copy to the Ministry that "most of the issues raised are still the same".

On *20 December 2012,* the Consulting Architect issued a "Certificate of making good defects" certifying that the defects, shrinkages and other faults specified in the schedule of defects delivered to the Contractor as an instruction were in his opinion made good.

On *26 December 2012*, MPI informed MOH that claim of Rs 7,226,437 may be paid to the Contractor *subject to*

(i) the Consultants assuming full responsibilities for the certificate of payment, inter alia for the project and

(ii) the Ministry is fully satisfied with the making good of defects at the end of the defects liability period.

On *9 January 2013***,** the Ministry authorised the release of the last payment. However, there was no evidence that confirmation was sought from the Hospital management regarding (ii) above.

On *14 January 2013*, the management of the Hospital again reminded the Ministry that there had been no development regarding points raised in the correspondence dated *6 December 2012* addressed to the MPI and copied to the Ministry.

On the very next day, that is, on *15 January 2013* the payment of Rs 7,226,437 (including the retention money) was made to the Contractor although defects were not made good, and despite repeated correspondences on defects not attended to the satisfaction of the management of the Hospital.

On *27 February 2013,* the management of the Hospital again brought to the attention of the Ministry that despite meetings with all stakeholders and repeated reminders dated prior to and after the Final Certificate and Direction of the Consulting Architect, all the problems, faults and defects were still pending and awaiting remedial actions.

Finally, on *7 March 2013*, two months after the release of the payment as per the 'Final Certificate and Direction' of the Consulting Architect, the MPI wrote to the latter referring to various correspondences received from MOH regarding defects made good which were still neither to its satisfaction nor that of the ESD. The MPI further requested same to liaise with the Contractor/Consultants and take appropriate and urgent measures to remedy the defects as the users were facing lots of inconvenience. Even in *May 2013* several written complaints continued to be made by Ward Managers to the management of the Hospital. As of 19 June 2013, confirmation was received from the user that the situation was still the same.

The chronology of events would indicate that there has been no follow up whatsoever at the level of the Ministry, despite the Ministry being made aware of the problems so many times.

18.2.3 Liquidated Damages

Liquidated and ascertained damages due to delay in completion of infrastructural works were not applied at final account stage. Extension of time was granted twice by the Consulting Architect to bring the completion date to 15 August 2011. The practical completion date as per the Consulting Architect was 30 September 2011. However, the keys were handed over to the Hospital administration on 30 October 2011.

Conclusions

The infrastructural works with a contract duration of 280 days, was completed in 795 days, that is with a delay of 515 days

The approval of MPI and MOH regarding extension of time of 469 days granted to the Contractor by the Consulting Architect was not seen at the Ministry

The Contractor took 795 days to complete the work, that is, an extra 46 days beyond extension time. A payment of Rs 7,226,437 inclusive of retention money was made on 15 January 2013 to the Contractor after the defects liability period. However, the Ministry failed to deduct Liquidated and Ascertained Damages amounting to Rs 920,000 in respect of 46 days delay in completion of the infrastructural works, as determined by the Consulting Quantity Surveyor on 21 December 2012.

Thus, the Contractor might have been overpaid for Liquidated Damages not deducted in the Final Certificate and Direction.

Ministry's Reply dated 5 July 2013

The Ministry appointed a Consultant to oversee the works on its behalf and to look after its interest. Usually, the Ministry relies on the expert technical advice of appointed Consultants as it does not have the required expertise.

NAO's Comment

The appointment of Consultants do not relieve the MOH of its responsibilities for the project.

Ministry's Reply

The Consulting Architect together with the MPI ascertained that the said snag list comprising, inter alia, electrical works, leakages and plumbing works had been attended to, before certifying the Accounts. Certain issues raised by the Hospital Authorities, such as provision of air conditioners and additional toilets, did not form part of the original contract and thus cannot be considered as defects/snags. Roof leakages are under a ten-year guarantee and if at any time a leakage is observed, this is communicated to the Contractor for remedial action.

NAO's Comment

The management of Flacq Hospital was not of the view that the defects had been attended to before certification of the accounts by the Consulting Architect.

Ministry's Reply

The issue of overpayment of Liquidated Damages of Rs 920,000 does not arise at this stage as the Final Payment Certificate has not yet been received. Please note that there is still an amount of about Rs 27 million that has to be paid to the Contractor.

NAO's Comment

Liquidated and Ascertained Damages for delay to comply with the time for completion of works is normally deducted from any amount due or become due to the Contractor prior to the release of Retention Money.

Ministry's Reply

We object to the statement that there has been no follow-up action at the level of the Ministry. The defects reported by the Hospital Authorities have already been attended to, at the time of payment. However, these defects have recurred thereafter.

NAO's Comment

The additional information provided to the NAO by the MOH refers mainly to requests (regarding status of snag list); made **after** certification for payment by the Consulting Architect.

Ministry's Reply

Hence the Hospital Authorities have brought them to the attention of the Ministry. The MPI and the Consultant are currently taking remedial measures to address these issues.

Approval has been duly granted for extension of time for 469 days by the MPI and the Consultant on 22 October 2012 and 21 December 2012 respectively.

NAO's Comment

The details for extension of time totaling 469 days were not available at the Ministry. The Consulting Quantity Surveyor was in presence of a claim for additional preliminaries from the Contractor since April 2012. However this was not taken into consideration in the Final Certificate and Direction of the Consulting Architect dated 21 December 2012.

18.3 Purchase of 16 Vehicles to be used as Ambulances - Rs 16.6 million

18.3.1 Urgency for Procurement

At a meeting held on 2 February 2012 the Transport Maintenance Works Services Unit (TMWSU) of the MOH submitted a list of vehicles, including 16 units "Window Van Ambulance" to be procured on a priority basis. These were meant to replace some 16 old ambulances at Regional Hospitals.

The procurement of the window van ambulances has been done in two phases (i) purchase of vehicles without passenger seats and (ii) conversion works. Although the first phase was completed in November 2012, the second phase was still on as of 2 July 2013 some 19 months after decision was taken at MOH level expressing the urgency of procurement of these ambulances.

The procurement of the ambulances in two phases has resulted in delays at different levels, which must have impacted on the ambulance services provided by the different hospitals.

18.3.2 Phase One - Procurement of the 16 Vehicles

The specifications for the procurement of the vehicles were already finalized by 10 February 2012 and invitation for bids was launched on 30 April 2012 that is two and a half months later. The Ministry awarded the contract on 13 August 2012 for the procurement of the 16 vehicles for the sum of Rs 15,968,000 (inclusive of VAT and price subject to fluctuation in exchange rate).

The 16 vehicles were delivered at the TMWSU, on 12 November 2012, upon satisfactory test drive by representatives of the MOH and an amount of Rs 16,588,233 (including Rs 620,233 due to fluctuation in exchange rate) was paid on 26 December 2012.

18.3.3 Phase 2 - Conversion Works

It was only on 4 September 2012 that the TMWSU submitted to the Ministry the specifications and scope of works for the conversion of the vehicles into ambulances though invitation for bid for the procurement of vehicles had already been launched since 30 April 2012.

The tender for conversion works and installation of equipment was launched in November 2012 to which only one bidder responded. In April 2013, the Departmental Tender Committee (DTC) of the MOH rejected the bid on the grounds that the quoted price was 60 percent higher than the estimated cost.

Despite the fact that the vehicles were not fully or not at all converted as 'ambulance' these have been issued to the hospitals for use. The following have been noted regarding the state of the vehicles and refusal by the following authorities to treat one of them as ambulance namely

- Refusal of access to the driver on the tarmac of the SSRN Airport, as the vehicle was not recognized as an 'ambulance'

- Non acceptance of the service of the 'ambulance' by Police Officers following a road accident on the grounds that the vehicle was not properly equipped for the conveyance of patients.

As of 2 July 2013, almost eight months after receipt of the vehicles by the MOH, only four out of the 16 vehicles which were acquired to meet the 'acute shortages of ambulances' at Regional Hospitals, were fully converted into ambulances (three in house from parts of decommissioned ambulances and one by a Contractor). Of the remaining 12 vehicles, the status was as follows

- Eight had not yet been converted

- Four others were provided with only a stretcher and a foldable seat.

18.3.4 Undue Delay in Procuring Services Considered Urgent and of Top Priority

The ageing and condition of the 16 ambulances at the different hospitals was the main reason put forward by the Ministry to renew its fleet as a top priority.

Tenders for the conversion of the vehicles into ambulances were launched on 15 November 2012 with closing date, two months later that is on 16 January 2013. The bid was subsequently rejected in April 2013, which would mean that this unsuccessful exercise took the Ministry some five months. On 6 May 2013, prior to launching fresh tenders, the Head TMWSU was requested to provide revised specifications and cost estimates within one week. As of 2 July 2013, fresh tenders have yet to be launched for the conversion of the vehicles into ambulances. It is 19 months since the decision was taken as a matter of urgency to procure ambulances and yet most of the vehicles provided cannot be fully used as ambulances.

Conclusion

The way this procurement has been conducted does not reflect the reasons originally put forward, namely '*on a priority basis'* and '*because of acute shortages of ambulances in hospitals*'.

Hospitals require properly equipped ambulances in replacement of ageing ambulances. Eight of the vehicles acquired since November 2012 were not used as ambulances. These vehicles which have cost the Government some Rs 8.3 million could therefore not be used for the purpose for which they had been acquired, and that too since more than seven months.

A vehicle provided with only a stretcher and a foldable seat, but devoid of all other necessary equipment required for the proper identification and functioning as an ambulance, is no alternative for an ambulance as confirmed by the incidents reported above. The security of patients may also be compromised if, in case of emergency, priority and other priviledges on public roads are denied.

Ministry's Reply

When the procurement process for the conversion works was unsuccessful, this Ministry immediately undertook an alternative measure, that is, converting the vehicles into ambulances incrementally on a one to one basis in order to satisfy the demands at hospitals ends

Given that Company C is the sole supplier for the required services in Mauritius, the Ministry is proposing to procure the services for the conversion of the remaining eight window vans immediately from the above supplier through direct procurement

While awaiting conversion, they are being utilized optimally as follows:

- in view of shortage of vehicles at the Ministry, five vans are used for the Vaccination Programme of the Ministry;
- one van is being used for the distribution of methadone as the scheduled vehicle is under repairs;
- one van is utilised by the Transport Unit for distribution of small consignments of medicines to Area Health Centres and Community Health Centres; and
- one van is being used for unforeseen and unplanned trips.

19 - STATUTORY BODIES, LOCAL AUTHORITIES AND OTHER BODIES

19.1 Statutory Bodies

A statutory body is a body created by statute. Statutory bodies are usually established to carry out specific functions which a Government considers may be more effectively performed outside a traditional departmental structure.

While it is recognised that statutory bodies may be established to allow a certain level of independence from Government, the Government is still responsible to ensure that taxpayers funds expended in the operations of statutory bodies are spent in the most efficient, effective and economic manner.

Statutory bodies are subject to varying degrees of Ministerial control which are specified in the legislation establishing the statutory body. Ministers are responsible to the National Assembly for the operation of all statutory bodies within their portfolios, and are required to table their annual reports in the National Assembly.

The Statutory Bodies (Accounts and Audit) Act as subsequently amended in the year 2010 provides :

- that every statutory body shall cause to be prepared **an annual report**.

- that the annual report shall consist of:

  - in the case of a statutory body specified in Part I of the First Schedule to the Act, a report highlighting a 3-year strategic plan in line with programme-based budgeting indicating the visions and goals of the statutory body with a view to attaining its objects and appreciation of the state of its affairs;

  - in the case of a statutory body specified in Part II of the First Schedule to the Act, a report highlighting a 3-year strategic plan indicating the visions and goals of the statutory body with a view to attaining its objects and appreciation of the state of its affairs;

  - the financial statements and the report duly signed by the Chairperson and another member of the Board appointed by the Board for that purpose;

  - a corporate governance report in accordance with the National Code of Corporate Governance.

- the following timeline with respect to submission of the annual report:

  - 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.

  - 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 auditor shall, within **six months** of the date of receipt of the annual report pursuant to subsection (2), submit the annual report and his audit report to the Board.

- Where, in the opinion of the Board, the chief executive officer or any other officer of a statutory body has not properly performed his duties with the result that the above requirements of the Act cannot be complied with within the prescribed time, the Board may, after giving an opportunity for the officer to be heard, take appropriate disciplinary action against the officer.

- 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.

- The Minister shall, at the earliest available opportunity, lay a copy of the report and audited accounts of every statutory body within his portfolio before the National Assembly.

The Director of Audit is responsible for the audit of 114 Statutory Bodies. Appendix IIA refers.

33 Statutory Bodies have not yet submitted a total of 80 financial statements. Appendix IIB refers.

A total of 152 financial statements in respect of 50 Statutory Bodies have been certified but have still not been laid before the National Assembly. Appendix IIC refers.

19.2 Local Authorities

The Local Government Act 1989, repealed and replaced by the Local Government 2011, provided inter alia,

- that every local authority should submit its financial statements for audit within four months of the end of every financial year;

- the audited accounts and the report of the Director of Audit shall be published by the local authority in the Gazette within 14 days after their receipt by the authority.

Four local authorities have not yet gazetted a total of 15 financial statements that have been certified. Appendix III refers.

19.3 Other Bodies

As regards other bodies, the status of financial statements was as hereunder:

- Six organisations have not yet submitted a total of 23 financial statements to my Office for audit purposes. Appendix IV refers.

APPENDIX IA

Special Funds- Financial Statements not yet Submitted

Special Funds	Fiscal Year	Statutory Date Limit
De Chazal Maternity Home Fund	Year ended 31.12.11	31/03/2012
	Year ended 31.12.12	31/03/2013
Human Resource, Knowledge and Arts Development Fund	Year ended 31.12.12	31/03/2013
National Pensions Fund	01.07.09 -31.12.10	31/03/2011
	Year ended 31.12.11	31/03/2012
	Year ended 31.12.12	31/03/2013
National Resilience Fund	Year ended 31.12.12	31/03/2013
President Fund for Creative Writing in English	01.07.09-31.12.10	31/03/2011
	Year ended 31.12.11	31/03/2012
	Year ended 31.12.12	31/03/2013
Recovered Assets Fund	01.02.12-31.12.12	30/04/2013
Saving Jobs & Recovery Fund	Year ended 31.12.12	31/03/2013
Social Housing Development Fund	Year ended 31.12.12	31/03/2013
Tourism Fund	Period ended 30.12.11	30/03/2012
Trust Fund for the Social Integration of Vulnerable Groups	2008-09	30/09/2009
	01.07.09-31.12.10	31/03/2011
	Year ended 31.12.11	31/03/2012
	Year ended 31.12.12	31/03/2013

APPENDIX IB

Special Funds- Financial Statements Certified but not yet Laid before National Assembly

Special Funds	Fiscal Year	Date Certified
De Chazal Maternity Home Fund	1993-94	31/10/1995
Food Security Fund	20.06.08-30.06.09	14/05/2010
	01.07.09-31.12.10	23/04/2012
	Year ended 31.12.11	04/09/2012
National Infrastructure Development Fund	01.07.01-15.05.02	20/05/2002
National Parks and Conservation Fund	1994-95	27/02/1998
	1995-96	26/08/1998
	1996-97	26/08/1998
	1997-98	19/04/1999
	1998-99	23/03/2000
	1999-00	03/07/2001
	2000-01	27/05/2002
	2001-02	25/03/2003
	2002-03	21/06/2004
	2003-04	07/06/2005
	2004-05	11/10/2006
	2005-06	29/10/2008
	2006-07	05/10/2009
	2007-08	08/03/2010
	2008-09	22/02/2011
Portable Pension Fund	2006-07	13/11/2007
President Fund for Creative Writing in English	2005-06	29/03/2007
	2006-07	21/04/2008
	2007-08	08/10/2009
Prime Minister's Relief and Support Fund	2008-09	02/03/2010
	01.07.09-31.12.09	06/01/2011
Residential Care Homes Fund	Year ended 31.12.11	09/10/2012

Special Funds	**Fiscal Year**	**Date Certified**
Saving Jobs & Recovery Fund	01.07.09-31.12.10	27/07/2011
Social Housing Development Fund	26.06.08-30.06.09	04/01/2011
	01.07.09-31.12.10	30/04/2012
	Year ended 31.12.11	23/10/2012
Treasury Foreign Currency Management Fund	2002-03	20/01/2004
	2006-07	30/11/2007
	2008-09	24/02/2010
	01.07.09-31.12.10	10/10/2011
	Year ended 31.12.11	19/09/2012
Urban & Rural Development Agency Fund	1999-00	13/02/2001
	2000-01	13/11/2002

List of Statutory Bodies audited by the Director of Audit

1	Aapravasi Ghat Trust Fund
2	Agricultural Marketing Board
3	Beach Authority
4	Board of Investment
5	Bus Industry Employees Welfare Fund
6	Central Electricity Board
7	Central Water Authority
8	Chagossian Welfare Fund
9	Civil Service Family Protection Scheme Board
10	Competition Commission
11	Conservatoire de Musique François Mitterand Trust Fund
12	Construction Industry Development Board
13	Early Childhood Care and Education Authority
14	Employees' Welfare Fund
15	English-speaking Union
16	Export Processing Zone Labour Welfare Fund
17	Farmers' Service Corporation
18	Fashion and Design Institute
19	Financial Intelligence Unit
20	Financial Reporting Council
21	Fishermen Investment Trust
22	Fishermen Welfare Fund
23	Food and Agricultural Research Council

24	Gambling Regulatory Authority
25	Hindi Speaking Union
26	Human Resource Development Council
27	Independent Commission Against Corruption
28	Information and Communication Technologies Authority
29	Islamic Cultural Centre Trust Fund
30	Law Reform Commission
31	Le Morne Heritage Trust Fund
32	Lois Lagesse Trust Fund
33	Mahatma Gandhi Institute
34	Malcolm de Chazal Trust Fund
35	Marathi-Speaking Union
36	Mauritian Cultural Centre Trust
37	Mauritius Broadcasting Corporation
38	Mauritius College of the Air
39	Mauritius Council of Registered Librarians
40	Mauritius Examinations Syndicate
41	Mauritius Ex-Services Trust Fund
42	Mauritius Film Development Corporation
43	Mauritius Institute of Education
44	Mauritius Institute of Health
45	Mauritius Institute of Training and Development
46	Mauritius Marathi Cultural Centre Trust
47	Mauritius Meat Authority

48	Mauritius Museums Council
49	Mauritius Oceanography Institute
50	Mauritius Qualifications Authority
51	Mauritius Research Council
52	Mauritius Revenue Authority
53	Mauritius Society of Authors
54	Mauritius Sports Council
55	Mauritius Standards Bureau
56	Mauritius Sugar Authority
57	Mauritius Sugar Terminal Corporation
58	Mauritius Tamil Cultural Centre Trust
59	Mauritius Telegu Cultural Centre Trust
60	Mauritius Tourism Promotion Authority
61	Media Trust
62	National Adoption Council
63	National Agency for the Treatment and Rehabilitation of Substance Abusers
64	National Art Gallery
65	National Children's Council
66	National Computer Board
67	National Council for the Rehabilitation of Disabled Persons
68	National Economic and Social Council
69	National Heritage Fund
70	National Human Rights Commission
71	National Library

72	National Productivity and Competitiveness Council
73	National Solidarity Fund
74	National Transport Corporation
75	National Women Entrepreneur Council
76	National Women’s Council
77	National Youth Council
78	Nelson Mandela Centre for African Culture Trust Fund
79	Outer Islands Development Corporation
80	Private Secondary Schools Authority
81	Professor Basdeo Bissoondoyal Trust Fund
82	Public Officers’ Welfare Council
83	Rabindranath Tagore Institute
84	Rajiv Gandhi Science Centre Trust Fund
85	Road Development Authority
86	Seafarers’ Welfare Fund
87	Senior Citizens Council
88	Sir Seewoosagur Ramgoolam Botanical Garden Trust
89	Sir Seewoosagur Ramgoolam Foundation
90	Small Enterprises and Handicraft Development Authority
91	Small Planters Welfare Fund
92	St Antoine Planters Co-operative Trust
93	State Trading Corporation
94	Sugar Cane Planters Trust
95	Sugar Industry Labour Welfare Fund Committee

96	Sugar Insurance Fund Board
97	Sugar Planters Mechanical Pool Corporation
98	Tamil-Speaking Union
99	Tea Board
100	Technical School Management Trust Fund
101	Telegu-Speaking Union
102	Tertiary Education Commission
103	Tourism Authority
104	Tourism Employees Welfare Fund
105	Town and Country Planning Board
106	Trade Union Trust Fund
107	Training and Employment of Disabled Persons Board
108	Trust Fund for Specialised Medical Care
109	University of Mauritius
110	University of Technology, Mauritius
111	Urdu-speaking Union
112	Vallée d'Osterlog Endemic Garden Foundation
113	Waste Water Management Authority
114	World Hindi Secretariat

Statutory Bodies - Financial Statements not yet submitted

Statutory Bodies	Fiscal Year	Statutory Date Limit
Fashion and Design Institute	Year ended 31.12.11	30/04/2012
	Year ended 31.12.12	30/04/2013
Islamic Cultural Centre Trust Fund	Year ended 31.12.11	30/04/2012
	Year ended 31.12.12	30/04/2013
Le Morne Heritage Trust Fund	Year ended 31.12.12	30/04/2013
Mauritian Cultural Centre Trust	2004-05	30/09/2005
	2005-06	30/09/2006
	2007-08	30/09/2008
	2008-09	30/09/2009
	01.07.09-31.12.10	31/03/2011
	Year ended 31.12.11	30/04/2012
	Year ended 31.12.12	30/04/2013
Mauritius Marathi Cultural Centre Trust	Year ended 31.12.12	30/04/2013
Mauritius Meat Authority	Year ended 31.12.12	30/04/2013
Mauritius Museums Council	Year ended 31.12.11	30/04/2012
	Year ended 31.12.12	30/04/2013
Mauritius Sports Council	Year ended 31.12.12	30/04/2013
Mauritius Tamil Cultural Centre Trust	Year ended 31.12.11	30/04/2012
	Year ended 31.12.12	30/04/2013
Mauritius Telugu Cultural Centre Trust	Year ended 31.12.12	30/04/2013
Media Trust	2006	31/03/2007
	2007	31/03/2008
	2008	31/03/2009
	2009	31/03/2010
	2010	31/03/2011
	2011	30/04/2012
	2012	30/04/2013
National Adoption Council	01.07.09-31.12.10	31/03/2011

Statutory Bodies	Fiscal Year	Statutory Date Limit
National Adoption Council (continued)	Year ended 31.12.11	30/04/2012
	Year ended 31.12.12	30/04/2013
National Art Gallery	Year ended 31.12.12	30/04/2013
National Computer Board	Year ended 31.12.11	30/04/2012
	Year ended 31.12.12	30/04/2013
National Heritage Fund	Year ended 31.12.11	30/04/2012
	Year ended 31.12.12	30/04/2013
National Women Entrepreneur Council	Year ended 31.12.12	30/04/2013
National Women's Council	Year ended 31.12.12	30/04/2013
Nelson Mandela Centre for African Culture Trust Fund	2006-07	30/09/2007
	2008-09	30/09/2009
	01.07.09-31.12.10	31/03/2011
	Year ended 31.12.11	30/04/2012
	Year ended 31.12.12	30/04/2013
Professor Basdeo Bissondoyal Trust Fund	April 2005-June 2005	30/09/2005
	2005-06	30/09/2006
	2006-07	30/09/2007
Seafarers' Welfare Fund	Year ended 31.12.12	30/04/2013
Sir Seewoosagur Ramgoolam Botanical Garden Trust	2007-08	30/09/2008
	2008-09	30/09/2009
	01.07.09-31.12.10	31/03/2011
	Year ended 31.12.11	30/04/2012
Sir Seewoosagur Ramgoolam Botanical Garden Trust	Year ended 31.12.12	30/04/2013
Small and Medium Enterprises Development Authority	29.01.10-31.12.10	31/03/2011
	Year ended 31.12.11	30/04/2012
	Year ended 31.12.12	30/04/2013
SSR Foundation	2006-07	30/09/2007
	2007-08	30/09/2008
	2008-09	30/09/2009

Statutory Bodies	**Fiscal Year**	**Statutory Date Limit**
SSR Foundation (continued)	01.07.09-31.12.10	31/03/2011
	Year ended 31.12.11	30/04/2012
	Year ended 31.12.12	30/04/2013
St Antoine Planters Co-Operative Trust	Year ended 31.12.12	30/04/2013
Sugar Cane Planters Trust	2007-08	30/09/2008
	2008-09	30/09/2009
	01.07.09-23.07.10	23/10/2010
Technical School Management Trust Fund	01.07.09-15.11.09	15/02/2010
Tourism Authority	Year ended 31.12.11	30/04/2012
	Year ended 31.12.12	30/04/2013
Trade Union Trust Fund	2006-07	30/09/2007
	2007-08	30/09/2008
	2008-09	30/09/2009
	01.07.09-31.12.10	31/03/2011
	Year ended 31.12.11	30/04/2012
	Year ended 31.12.12	30/04/2013
Training and Employment of Disabled Persons Board	Year ended 31.12.11	30/04/2012
	Year ended 31.12.12	30/04/2013
Trust Fund for Specialised Medical Care	Year ended 31.12.12	30/04/2013
University of Technology, Mauritius	01.07.09-31.12.10	31/03/2011
	Year ended 31.12.11	30/04/2012
	Year ended 31.12.12	30/04/2013
Vallée D'Osterlog Endemic Garden Foundation	Year ended 31.12.12	30/04/2013

Statutory Bodies- Financial Statements Certified but not yet Laid before National Assembly

Statutory Bodies	Fiscal Year	Date Accounts Certified
Aapravasi Ghat Trust Fund	2002-03	15/05/2007
	2003-04	15/05/2007
	2004-05	02/07/2008
	2005-06	19/05/2009
	2006-07	23/09/2009
	2007-08	23/09/2009
	2008-09	31/01/2011
	01.07.09-31.12.10	13/04/2012
	Year ended 31.12.11	31/10/2012
Beach Authority	Year ended 31.12.11	07/03/2013
Central Water Authority	Year ended 31.12.11	22/05/2013
Chagossian Welfare Fund	2007-08	12/06/2009
	2008-09	09/07/2010
Civil Service Family Protection Scheme Board	2007-08	02/04/2009
	2008-09	30/08/2010
	01.07.09-31.12.10	21/07/2011
Conservatoire de Musique François Mitterand Trust Fund	2006-07	20/10/2009
	2007-08	25/02/2011
	2008-09	25/02/2011
	01.07.09-31.12.10	27/07/2012
	Year ended 31.12.11	21/12/2012
Financial Reporting Council	2007-08	04/11/2008
	2008-09	30/12/2009
Fishermen Welfare Fund	Year ended 31.12.12	02/07/2013
Food and Agricultural Research Council	1997-98	10/02/2000
	1998-99	04/10/2001
	1999-00	03/12/2001

Statutory Bodies	**Fiscal Year**	**Date Accounts Certified**
Food and Agricultural Research Council (continued)	2000-01	06/11/2003
	2001-02	09/03/2004
	2002-03	24/11/2005
	2003-04	18/07/2006
	2004-05	15/06/2007
	2005-06	13/11/2007
	2006-07	19/10/2009
	2007-08	01/04/2010
	2008-09	05/07/2011
	01.07.09-31.12.10	14/09/2012
	Year ended 31.12.11	23/10/2012
Islamic Cultural Centre Trust Fund	2005-06	26/07/2011
	2006-07	26/07/2011
	2007-08	26/07/2011
Le Morne Heritage Trust Fund	2004-05	30/03/2010
	2005-06	30/03/2010
	2006-07	30/03/2010
Mahatma Gandhi Institute	Year ended 31.12.11	18/10/2012
Mauritian Cultural Centre Trust	2002-03	30/03/2005
	2003-04	22/01/2007
Mauritius Broadcasting Corporation	2007-08	20/10/2009
Mauritius Council of Registered Librarians	01.07.09-31.12.10	17/08/2011
Mauritius Examinations Syndicate	01.07.09-31.12.10	28/05/2012
	Year ended 31.12.11	23/10/2012
Mauritius Film Development Corporation	2007-08	25/10/2010
	2008-09	20/01/2012
	01.07.09-31.12.10	20/01/2012
Mauritius Institute of Education	Year ended 31.12.11	28/09/2012
Mauritius Marathi Cultural Centre Trust	2001-02	11/05/2004

Statutory Bodies	**Fiscal Year**	**Date Accounts Certified**
Mauritius Marathi Cultural Centre Trust (continued)	2002-03	24/11/2005
	2003-04	24/11/2005
	2004-05	24/11/2006
	2005-06	08/06/2012
Mauritius Museums Council	2008-09	06/09/2010
	01.07.09-31.12.10	04/06/2012
Mauritius Oceanography Institute	Year ended 31.12.11	23/10/2012
Mauritius Research Council	Year ended 31.12.11	27/12/2012
Mauritius Sugar Authority	2006-07	03/12/2009
	2007-08	13/12/2011
	2008-09	13/12/2011
Mauritius Tamil Cultural Centre Trust	2004-05	24/10/2012
	2005-06	24/10/2012
Mauritius Telugu Cultural Centre Trust	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
Mauritius Tourism Promotion Authority	01.07.09-31.12.10	16/07/2012
National Art Gallery	2008-09	22/10/2012
	01.07.09-31.12.09	22/10/2012
	Year ended 31.12.10	22/10/2012
National Council for the Rehabilitation of Disabled Persons	01.07.09-31.12.10	18/11/2011
	Year ended 31.12.11	04/10/2012
National Heritage Fund	Period ended 30.06.99	03/08/2001
	1999-00	03/08/2001
	2000-01	02/07/2002
	2001-02	24/02/2004
	2002-03	24/02/2004

Statutory Bodies	Fiscal Year	Date Accounts Certified
National Heritage Fund (continued)	2003-04	26/07/2005
	2007-08	19/11/2012
	2008-09	19/11/2012
National Library	01.07.09-31.12.10	11/03/2011
	Year ended 31.12.11	11/10/2012
National Productivity and Competitiveness Council	Year ended 31.12.11	23/10/2012
National Transport Corporation	Year ended 31.12.11	24/10/2012
National Women Entrepreneur Council	2006-07	19/04/2011
	2008-09	01/08/2012
	01.07.09-31.12.10	07/12/2012
National Women's Council	01.07.97-31.12.97	22/02/2001
	Year ended 31.12.05	23/10/2012
National Youth Council	Period ended 30.06.00	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
	01.07.09-31.12.10	23/10/2012
Nelson Mandela Centre for African Culture Trust Fund	1996-97	21/07/2001
	1997-98	12/05/2003
	1998-99	12/05/2003
	1999-00	12/05/2003
	2000-01	08/07/2004

Statutory Bodies	**Fiscal Year**	**Date Accounts Certified**
Nelson Mandela Centre for African Culture Trust Fund (continued)	2001-02	08/07/2004
	2002-03	08/07/2004
	2003-04	07/04/2009
	2004-05	08/10/2010
	2005-06	24/04/2012
Private Secondary Schools Authority	01.07.09-31.12.10	13/04/2012
	Year ended 31.12.11	24/10/2012
Rabindranath Tagore Institute	01.07.09-31.12.10	03/02/2012
	Year ended 31.12.11	18/10/2012
Rajiv Gandhi Science Centre Trust Fund	2006-07	23/06/2009
	2007-08	11/03/2010
	2008-09	11/03/2010
	01.07.09-31.12.10	13/04/2012
	Year ended 31.12.11	21/12/2012
Road Development Authority	2007-08	28/06/2012
Small Enterprises and Handicraft Development Authority	2007-08	27/10/2009
	01.07.09-28.01.10	06/08/2012
Small Planters Welfare Fund	2008-09	27/12/2010
	01.07.09-31.12.10	30/01/2012
	Year ended 31.12.11	23/10/2012
St Antoine Planters Co-Operative Trust	01.07.09-31.12.10	18/11/2011
Sugar Cane Planters Trust	2006-07	20/10/2008
Sugar Insurance Fund Board	2010	01/09/2011
Sugar Planters Mechanical Pool Corporation	Year ended 31.12.11	14/09/2012
Tourism Authority	2008-09	17/02/2012
Tourism Employees Welfare Fund	01.07.09-31.12.10	26/07/2012
	Year ended 31.12.11	22/10/2012
University of Mauritius	2007-08	07/10/2009
	2008-09	28/12/2010

Statutory Bodies	**Fiscal Year**	**Date Accounts Certified**
University of Mauritius (continued)	01.07.09-31.12.10	26/01/2012
	Year ended 31.12.11	28/09/2012
University of Technology, Mauritius	2001-02	13/11/2008
	2002-03	13/11/2008
	2003-04	13/11/2008
	2004-05	16/01/2012
	2005-06	25/06/2012
	2006-07	25/06/2012
	2007-08	25/06/2012
	2008-09	25/06/2012

Local Authorities - Financial Statements Certified but not yet Gazetted

Local Authorities	Fiscal Year	Date Accounts Certified
Municipal Council of Curepipe	2004-05	13/11/2008
	2005-06	13/11/2008
	2006-07	13/11/2008
	2007-08	20/10/2009
Municipal Council of Quatre Bornes	2006-07	24/12/2008
	2007-08	31/07/2009
Grand Port-Savanne District Council	2001-02	19/02/2009
	2002-03	19/02/2009
	2003-04	19/02/2009
	2004-05	19/02/2009
	2005-06	19/02/2009
	2006-07	19/02/2009
Municipal Council of Port Louis	2006-07	12/01/2009
	2007-08	07/10/2009
	Year ended 31.12.11	28/06/2013

Other Bodies- Financial Statements not yet Submitted

Other Bodies	Fiscal Year	Statutory Date Limit
Malcom de Chazal Trust Fund	Year ended 31.12.12	30/04/2013
Mauritius Sugar Industry Research Institute	2007-08	30/09/2008
	2008-09	30/09/2009
	01.07.09-31.12.10	31/03/2011
Mental Health Care (Accounts Committee)	2002-03	30/09/2003
	2003-04	30/09/2004
	2004-05	30/09/2005
	2005-06	30/09/2006
	2006-07	30/09/2007
	2007-08	30/09/2008
	2008-09	30/09/2009
	01.07.09-31.12.10	31/03/2011
	Year ended 31.12.11	31/03/2012
	Year ended 31.12.12	30/04/2013
National Archives Research and Publication Fund	01.07.09-31.12.10	31/03/2011
	Year ended 31.12.11	31/03/2012
	Year ended 31.12.12	31/03/2013
National Empowerment Foundation	Year ended 31.12.10	31/03/2011
	Year ended 31.12.11	30/04/2012
	Year ended 31.12.12	30/04/2013
National Savings Fund	01.07.09-31.12.10	31/03/2011
	Year ended 31.12.11	31/03/2012
	Year ended 31.12.12	30/03/2013