



Republic of Mauritius

NATIONAL ASSEMBLY

Third Report of the Public Accounts Committee

**Seventh National Assembly
First Session**

Date: 19 May 2023

Table of Contents	Pages
1.0 Establishment of the Committee	1
2.0 Findings and Recommendations	
2.1 Ministry of Rodrigues, Outer Islands and Territorial Integrity	3
2.2 Rodrigues Regional Assembly	4
2.3 Ministry of Education, Tertiary Education, Science and Technology	15
2.4 Ministry of Local Government and Disaster Risk Management and the Mauritius Fire and Rescue Service	30
2.5 Ministry of Finance, Economic Planning and Development	36
2.6 Mauritius Revenue Authority	43
2.7 Customs Department	48
2.8 Ministry of Health and Wellness	52
3.0 International Commitments	55
4.0 Acknowledgement	56

1.0 ESTABLISHMENT OF THE COMMITTEE

1.1 Your Committee is comprised as follows:

1. Hon. Muhammad Reza Cassam Uteem, MP, Chairperson
2. Hon. (Ms) Naveena Ramyad, MP, Chief Government Whip
3. Hon. Patrice Kursley Armance, MP, Opposition Whip
4. Hon. Rajanah Dhaliah, MP, Parliamentary Private Secretary
5. Dr the Hon. Muhammad Ismaël Rawoo, MP, Parliamentary Private Secretary
6. Hon. Jean Francisco François, MP, Parliamentary Private Secretary
7. Hon. Rameswar Doolub, MP
8. Dr the Hon. Mahend Gungapersad, MP
9. Hon. Darmarajen Nagalingum, MP

1.2 Your Committee derives its powers under **Standing Order 69(2)** of the Standing Orders and Rules of the National Assembly (1995), an extract of which is set out in the Appendix to this Report.

1.3 Your Committee –

- (a) is constituted of **9 members** of parliament, both from government and opposition sides;
- (b) is by convention, chaired by a member of the opposition;
- (c) examines audited accounts showing the appropriation of the sums granted by the Assembly to meet public expenditure;
- (d) is mandated to examine such other accounts laid before the Assembly as the Assembly may refer to Your Committee together with the Director of Audit's report thereon. However, no such referral has been made;
- (e) meets regularly and the members are assisted by the Director of Audit and his staff, by the representatives of the Ministry of Finance, Economic Planning and Development and by the staff of the Accountant-General. Accounting Officers of ministries and departments and their representatives attend the hearings to give evidence;
- (f) holds its meetings in camera without any disclosure of the proceedings; and
- (g) is served by the Clerk of the National Assembly, assisted by the Deputy Clerk and the Clerk Assistants.

1.4 Your Committee met on 36 occasions.

1.5 Members of Your Committee worked collectively and in a bipartisan manner to fulfil the duties thereof.

- 1.6 The main duties of Your Committee is to examine and report on the efficiency, effectiveness and economy with which ministries, government departments and other bodies have used resources put at their disposal. Your Committee also examines compliance with the principles of good governance and reports as to whether value for money has been obtained when spending the taxpayer's rupee.
- 1.7 Your Committee examined the Reports of the Director of Audit for fiscal years 2018-2019, 2019-2020 and 2020-2021, respectively, during which Your Committee held several meetings with Accounting Officers and senior staff members of selected Ministries and Departments.
- 1.8 For the first time in this Session, Your Committee was able to visit Rodrigues, carry out working sessions with members of the Rodrigues Public Accounts Committee, the Island Chief Executive, various Departmental Heads and other Public Officers. Your Committee was also able to conduct on-site inspection of various projects sites in Rodrigues which have been the subject of adverse comments in the Reports of the Director of Audit.
- 1.9 Your Committee noted an improvement in the replies which it obtained from Public Officers from various Ministries during the hearing. The Public Officers were generally better prepared than in previous years. In most cases, Your Committee was able to hear from Public Officers who were in charge of the ministry at the time of the publication of the Reports of the Director of Audit. However, in other instances, the officers then in charged had retired and the officers who appeared before Your Committee were not fully conversant with the files.
- 1.10 Your Committee also held a working session with the Director of Audit and staff from the National Audit Office where there was an open discussion as to how the National Audit Office can improve in the drafting of its report.
- 1.11 This Report of Your Committee sets out the findings and recommendations of the hearings carried out with representatives of various Ministries in the order they were convened.

2.0 FINDINGS AND RECOMMENDATIONS

2.1 MINISTRY OF RODRIGUES, OUTER ISLANDS AND TERRITORIAL INTEGRITY

2.1.1 Hearings

- Your Committee held meetings with representatives of the Ministry of Rodrigues, Outer Islands and Territorial Integrity Division on two occasions, namely on 14 April and 12 May, 2022.

2.1.2 Findings

- The representatives of the Ministry explained the various stages and mechanism for disbursement of funds for projects to be implemented by the Rodrigues Regional Assembly (RRA) from the approval of the grant in the budget to the actual implementation of the projects in Rodrigues.
- Your Committee was surprised to learn that once the Ministry of Rodrigues, Outer Islands and Territorial Integrity Division has approved the transfer of funds to the Rodrigues Regional Assembly (RRA) for any particular project, there are absolutely no monitoring at the level of the Ministry carried out to ensure that the funds were actually used for the purpose for which they were disbursed.

2.1.3 Recommendations

Your Committee recommends that: -

- **the Ministry carry out the necessary monitoring with the RRA to ensure the proper implementation of the projects that are funded by the Ministry; and**
- **there be a permanent joint Committee comprising of representatives of the Ministry and the RRA set up to facilitate the disbursement of funds for, and implementation of, projects in Rodrigues.**

2.2 RODRIGUES REGIONAL ASSEMBLY

- Your Committee visited Rodrigues from 20 to 24 July 2022 in regard to matters reported in the Reports of the Director of Audit for the financial years ended 2018 and 2019. During the visit, Your Committee had several working sessions and carried out site visits in regard to matters mentioned in the said reports.
- Your Committee thanks the Rodrigues Regional Assembly for the support provided in regard to the visit.
- Your Committee paid courtesy calls on the Chief Commissioner, the Chairperson of the Rodrigues Regional Assembly and the Minority Leader.
- Your Committee had a working session with the Members serving on the Public Accounts Committee of the Rodrigues Regional Assembly with the main objectives of sharing experiences and best practices and to have an overview of the modality and issues encountered by the Members in the exercise of their functions.
- Your Committee also had working Sessions with the Island Chief Executive, Departmental Heads, the Manager of Financial Operations, the Lead Analyst, the Manager for Procurement and Supply and officers serving the Internal Control Unit.
- Your Committee, accompanied by Members serving on the Public Accounts Committee of the Rodrigues Regional Assembly, conducted 11 sites visits.

SITE VISITS

Desalination Plant – Pointe Cotton

2.2.1 Observations

During the site visit, Your Committee: -

- was informed that the desalination plant became operational in 2019 and operated at full capacity, that is, at 1000 m³, for a period of one year only;
- noted that the desalination plant was operating at half of its capacity as one of the two trains of the plant was damaged, therefore, reparation and replacement of spare parts are awaited;
- observed that the plant was not operating at full capacity in view of lack of spare parts as well as lack of technical expertise;
- was informed that procurement has been made for the replacement of damaged equipment; and
- was informed that there was no maintenance agreement.

- was informed in regard to the desalination plant at Baie Malgache that the project could not be completed on time due to the sanitary restrictions amid the COVID-19 pandemic and which with the passage of time ultimately led to further deterioration of the plant.
- was informed by representatives of the Water Resources Unit that in order to address the issue of lack of equipment/spare parts to enable the proper running of the desalination plants, the transfer of certain equipment/spare parts from the desalination plant of Baie Malgache to Pointe Venus and Caverne Bouteille was being envisaged as it would be faster to transfer the equipment rather than procuring another one. More so, the 5 plants at the various sites are of same type and are therefore compatible.

2.2.2 Recommendations

Your Committee recommends that: -

- **urgent attention be given to enabling the proper functioning of desalination plants so as to ensure better water supply;**
- **in regard to the transfer of equipment/ spare part from one desalination plant to another, the Consultant to provide a comprehensive report stating all the consequences involved;**
- **legal advice be sought prior to opting for transferring of equipment;**
- **the Commission consults the Procurement Policy Office in Mauritius for advice and the way forward in such cases where Emergency Procurement may be considered; and**
- **provision for a Maintenance Contract, Operational Contract and spare part Agreement be considered while planning for projects of such importance and distinct specificity.**

Desalination Plant – Pointe Venus, Anse Aux Anglais

2.2.3 Observations

Your Committee: -

- noted with deep concern the appalling state of the plant and machinery;
- noted that the desalination plant had broken down and was informed that it had ceased to be operational since September 2021;

- was informed that there was no maintenance contract with the manufacturer of the plant when the plant was commissioned and there was an absence of qualified staff to ensure the maintenance of plant and equipment; and
- noted with deep concern that highly inflammable chemicals which had already expired were still being stored in the compound thus representing high hazardous risk.

2.2.4 **Recommendations**

Your Committee recommends that: -

- **the plant should be repaired and if repairs are not possible, should be replaced;**
- **the contract to repair and/or to replace the plant should include a maintenance contract, training of personnel and provision of adequate spare parts;**
- **the equipment should be regularly serviced; and**
- **the urgent disposal of the highly inflammable chemicals which are currently stored at the desalination plant.**

Stadium - Roche Bon Dieu

2.2.5 **Observations**

During the visit, Your Committee: -

- observed that works were being carried out on site;
- was informed that the contract for the construction of a stadium at Roche Bon Dieu was awarded in 2017. however, there was delay in implementing the project as the land was at that time still being occupied by the residents. The Contractor therefore could not start the project;
- was further informed that in June 2021, the contract for the construction of the stadium was awarded to another Contractor and the project was supposed to be completed in 12-months' time. however, it was delayed due to sanitary restrictions in force amid the COVID-19 pandemic. The construction work started in august 2021 after the land had been vacated;
- noted with concern a lack of consideration while awarding a contract of this magnitude with only 12-months completion period amid COVID-19 pandemic and travel restrictions;
- noted the additional cost implications involved in extension to the contract;

- was informed that the Consultant provided advice and made follow up and was in view of the high work load on engineers who serve all the Commissions of Rodrigues, the engineers cannot be fully involved;
- noted with deep concern that the Commission relies most of the time on the sole advice of the Consultant and does not have his own staff to evaluate and monitor the implementation of the project; and
- noted that there was a high perceived risk of malpractice and conflict of interest between the Consultant and the Contractor.

2.2.6 Recommendations

Your Committee recommends: -

- **as far as possible, the same Consultant should not be involved in all contracts but should only be involved in selected few projects in the light of limited resource and power available at the level of the Consultant;**
- **for good governance purpose that different consultants be appointed for different projects in Rodrigues;**
- **that in the light of the inordinate delay in implementing this project and the blatant shortcoming in supervision of the work, a thorough investigation be carried out to ascertain if there was any collusion between the Consultant, Contractor and any third party;**
- **that henceforth the Commission should ensure that land should be made available prior to awarding a contract for the construction thereof;**
- **that technical team of the Commission to be fully involved in project planning and follow up for proper and independent recommendations and advice on technical/engineering aspects; and**
- **the consideration of recruiting/deploying more engineers/ officers of technical cadre to oversee projects of such magnitude.**

Coffee Processing Plant – Mont Plaisir

2.2.7 Observations

Your Committee noted: -

- that a proper project feasibility study had not been undertaken prior to Construction of the Coffee Processing Plant;
- that plantation of coffee may not be appropriate in that region in view of the climatic conditions and topography of the land;

- that no plantation of coffee had been carried out on a pilot scale before undertaking the construction the Coffee Processing Plant;
- that the type of machinery purchased did not match the quantity of coffee bean available for processing;
- that no decision had been taken to manage and operate the Coffee Processing Plant or use the infrastructure for different purpose; and
- the delay in handing over the building to the Commission and was told that adverse factors such as cyclones, heavy rainfall and the closure of site of work during lockdown period, amongst others, have contributed to the delay in the timely completion of the project.

2.2.8 **Recommendations**

Your Committee recommends: -

- **that proper feasibility study should be compulsory before implementation of any project and before incurring significant costs;**
- **that a decision should be taken as soon as possible as to how to make optimal use of the existing infrastructure of the Coffee Processing Plant at Mon Plaisir;**
- **that a decision should be taken as soon as possible as to whether to operate the plant for coffee production or to sell or rent the equipment;**
- **expertise in the agricultural field should be sought for the cultivation and processing of coffee beans on a pilot scheme; and**
- **to the extent that the Commission proceeds with the use of the Coffee Processing Plant, consideration should be given to the exploitation of additional acres of land for cultivation of coffee beans to make the Coffee Processing Plant financially viable.**

Fire Station – Mont Plaisir

2.2.9 **Observations**

Your Committee: -

- noted that the contract for the construction of a fire station was awarded in 2017 and that the work thereat has now been completed;
- noted the length of time taken for completion of the project;

- took note with deep concern that the height of the parking shed for the trucks was lower than the height of the fire trucks and as a result, the entrance of the shed had to be rebuilt thereby incurring additional costs and delay in its commissioning; and
- took note of the poor design of the shed and lack of proper drainage system which resulted in flooding and the consequential remedial action which had to be taken at additional cost. Consequently, a considerable portion of the shed cannot be used for parking of the fire trucks.

2.2.10 Recommendations

Your Committee recommends: -

- **proper check and balance when allocating a contract and proper follow up and management of projects should be ensured at the level of the Commission;**
- **a thorough investigation be carried out to ascertain the responsibility of the Consultant and the Contractor in the poor design and implementation of the project; and**
- **that the additional costs incurred as a result of the initial entrance not properly built and the drainage system not properly done should be claimed from the Consultant and/or Contractor.**

E-Health and Haemodialysis Equipment - Creve Coeur

2.2.11 Observations

Your Committee: -

- was informed that there has been a delay in the full implementation of the e-health project due to lack of personnel including medical officers;
- noted that the e-Health system is operating at 70% already;
- was informed that in regard to the pharmacy department, there is difficulty in fully implementing the system in view of lack of personnel as input of the current stock of all available medicines need to be done on the system;
- noted that there was currently no warehouse and that a warehouse was being procured;
- noted that only 2 of the 14 health care centres are using the system and that they are not connected with the data of the hospital. In regard to the other centres, they were still operating on manual mode despite the fact that the centres were supposed to be integrated in the project; and
- was informed that the dual reverse osmosis equipment for haemodialysis water purification has now been installed.

2.2.12 Recommendations

Your Committee recommends: -

- **that physical stock count of medicine be carried out and the system be updated;**
- **the deploying of personnel to the hospital for data to be updated to ensure the full implementation of the system;**
- **that appropriate actions be initiated to enable the e-Health system to be used at full stretch and to be fully operational for an optimal use thereof at hospital, area health centres and health care centres for it to be a reality in Rodrigues; and**
- **that the e-health system of Rodrigues be linked with health institutions of mainland Mauritius.**

Ste Marie Resettlement

2.2.13 Observations

Your Committee was informed that: -

- in regard to the project for the construction of an airstrip, houses at Ste Marie had to be demolished and in 2017, the acquisition procedures started;
- considering also the social aspect, a policy decision was taken at that time that instead of giving money for compulsory acquisition, it was decided to offer the occupiers of the houses the option of resettlement, that is, the building of a house at another location which was a lengthy procedure;
- no tender exercise was carried out but the same process as for New Housing Scheme was carried out, that is, the beneficiaries chose their contractor from the list of registered contractors and the Commission pay the contractors for the construction of the house/s;
- feasibility studies on various aspects were carried out and another reason for the delay was attributed to the fact that there were 2 endemic trees on the land earmarked;
- other occupiers of the land had to be relocated to enable them continue their agricultural work;
- the option for the inhabitants to choose their contractors was also a policy decision as the same policy of Social Housing Scheme at the RRA was applied for; and
- in regard to the airstrip, tendering exercise is being worked out.

Your Committee: -

- noted that non-recourse to compulsory acquisition resulted in additional expenditure; and
- viewed with concern the fact that the inhabitants had the option of choosing their contractors and that the Commission for Land should have instead called their contractors and gave them the specifications for the houses to be constructed and launch tenders to that effect.

2.2.14 Recommendations

Your Committee recommends that: -

- **the RRA should strictly observe the legal provisions applicable to compulsory acquisition of land and building;**
- **compensation as per established valuation procedure should be paid to owners/lessees whose land and building are compulsorily acquired as opposed to giving them the option to relocate to new settlement at the increased cost to be borne by the RRA;**
- **all projects listed to resettlement of Ste Marie villagers and surroundings should comply with applicable existing Legislation without exception; and**
- **whenever the social aspect of any project is of utmost importance, the correlation and demarcation lines for the project should be clearly defined to avoid any abuse.**

Secondary School - Terre Rouge

2.2.15 Observations

Your Committee: -

- was informed that in view of the poor performance of the former Contractor, the Consultant advised for the termination of the contract. The former contract was terminated in May 2019 and a new contract was awarded to another Contractor in March 2021. The works were scheduled to be completed by 23 March 2022. However, construction work was ongoing at the time of the site visit;
- was informed that following the termination of the former contract due to delay of work and non-compliance of instructions by the former Contractor, a valuation of the completed work was made, an agreement was reached and the former Contractor was paid for the completed work;
- noted that no proper assessment was made as to the consequences of the termination in terms of variation costs for awarding the contract to another Contractor; and

- was informed that the Commission is not properly manned in terms of technical expertise and that they do not have a project management unit and are often assisted by the Commission for Public Infrastructure who is however, also limited in terms of human resources.

2.2.16 Recommendations

Your Committee recommends that: -

- **appropriate sanction be applied to the Consultant and/or Contractor who did not complete their contractual obligation resulting in additional cost to the RRA and additional delay in implementing the project;**
- **legal advice should be sought on the possibility of bringing legal proceedings against the Consultant and/or Contractor for damages for breach of contract;**
- **proper planning with relevant human expertise be considered while undergoing projects of such magnitude;**
- **a proper assessment including legal aspect be considered prior to signing of contract or termination of same; and**
- **consideration be given for such matters to be reported to the Procurement Policy Office where contractors have faulted.**

Rehabilitation Youth Centre (RYC) - Oyster Bay

2.2.17 Observations

Your Committee: -

- noted that delay in the construction of the RYC was to a large extent due to the initial failure to properly segregate the centre for girls from the centre for boys;
- viewed with concern that the centre for girls and boys in the same compound can pose a risk factor and the separation is just a door between the two centres;
- was informed that upgrading work was being carried out to enhance security and that the separation door will be well built to avoid any access and that CCTV cameras will also be installed at the centre for constant supervision;
- was informed that the facilities provided at the centre will cater for boys and girls separately;
- noted that the centre for girls was still not operational;
- noted that at the time of the visit, the centre was not being occupied; and
- was informed that in regard to the yard, the Departmental Head stated that high walls were being erected to prevent any unauthorized access.

2.2.18 Recommendations

Your Committee recommends that: -

- **care should be taken for such centres to be properly designed before tenders for their construction are launched;**
- **needful be done for the New dormitory for girls to be operational; and**
- **additional Female Prison Officers be posted once the centre for girls is operational.**

Community School – Baie Malgache

2.2.19 Observations

Your Committee was informed that: -

- the contract for the construction of the school was awarded in 2017. The contract was awarded to the same Contractor who was allocated the construction of the school at Terre Rouge. There has been 5 years of delay in execution of the project partly due to lack of personnel of the Contractor as the latter was not granted the permission to recruit immigrant workers;
- due to significant delay by the Contractor in the completion of the project, maximum liquidated damages to the tune of some Rs 2.25 million were claimed. As at March 2022, the Commission recouped some Rs 1.1 million from the Contractor and the remaining was recouped in June 2022; and
- the school is now fully operational.

2.2.20 Recommendations

Your Committee recommends that: -

- **due diligence should be exercised prior to retaining services of contractors; and**
- **proper follow up should be carried out at different stages by the Commission to ensure implementation of project in time.**

2.2.21 General Observations

Following the working sessions held with officers serving on the establishment of Rodrigues, Your Committee observed the following: -

- lack of proper feasibility study, management and monitoring in regard to major project implementation;
- lack of consideration for maintenance and ancillary costs post projects implementation;
- too much reliance on Consultants and lack of in-house expertise; and
- lack of personnel in certain key area mainly in the Internal Control Unit and engineering pool serving on the establishment of the RRA.

2.2.22 Recommendations

Your Committee recommends: -

- **in regard to project of high value that proper planning and monitoring be done at the level of the Commission;**
- **that due consideration be given for maintenance agreement and the cost thereof to be included at the planning stage of projects;**
- **in regard to projects requiring technical expertise/advice, such officers be recruited or deployed to the Commission concerned to ensure that independent advice are tendered from that of the Consultant when taking decisions from start to completion of a project;**
- **in regard to on-site construction, consideration be given for engineers to be deployed or recruited by the RRA to supervise and follow up on project implementation; and**
- **that vacancies be filled and consideration be given for the recruitment of additional officers at the Internal Control Unit of the RRA.**

2.3 MINISTRY OF EDUCATION, TERTIARY EDUCATION, SCIENCE AND TECHNOLOGY

2.3.1 Hearings

- Your Committee held meetings with representatives of the Ministry of Education, Tertiary Education, Science & Technology on five occasions namely on 30 June, 07 July, and 04, 18 and 25, August, 2022.

Early Digital Learning Programme – Compliance and Implementation Issues

2.3.2 Findings

- On 14 November 2016, a Memorandum of Understanding (MoU) was signed between the Government of India (GOI) and the Government of Mauritius (GOM). The overall project cost estimate was US \$ 22.4 million to be funded at the level of 62.5 per cent by the GOI and 37.5 per cent by GOM.
- Total costs amounted to Rs 722 million of which grant received from GOI amounted to USD 14 million (Rs 456 million) and GOM contributed some USD 8 million (Rs 266 million).
- Some 52,400 tablets were purchased for between 2017 and 2020 under the above G2G Arrangement under three Phases for Grade I to IV students.

2.3.3 Issues

- **Non-compliance with PPA**

Being a G to G arrangement, the Ministry was exempted from Public Procurement Act (PPA) for the above procurement exercise. Contrary to section 3(1B) PPA, the due diligence report and Ministry's recommendations thereof were not submitted to the High Powered Committee.

Hence, Your Committee could not determine whether value for money was obtained.

- **Tablets**

267 tablets were stolen, out of which 92 were recovered by the Police and 14 were defective.

Your Committee noted with concern that security guards were frequently absent from the school premises.

- **Implementation issues over the Use of Tablets in Schools (Sept 2019)**

Your Committee noted the following shortcomings –

- Some faulty tablets;
- Projectors were not installed;
- Tablets were not frequently used in some schools; and
- Commissioning of electrical works were not completed in three primary schools in Mauritius and 17 primary schools in Rodrigues.

As at November 2020, the following observations were made –

- Training was not provided to Grade IV educators after delivery of notebooks and tablets in February and March 2020;
- The classroom management software, an enhanced feature to be installed in the tablet and notebook, was not finalized resulting in the tablets remaining idle and the lapse of the warranty period being one year;
- Non-Disclosure Agreement were not finalized with the Consultant; and
- Electrification works were not yet carried out in 108 schools for Grade IV classrooms.

2.3.4 Recommendations

Your Committee suggests an effective implementation of the Early Digital Learning Project (EDLP), for which over Rs 1 billion has been spent over the years. In line with the recommendations made by the World Bank in its report published in June 2020, Your Committee recommends that: -

- **the Ministry should consider allowing students to carry their tablets home given the frequent disruption of studies because of adverse climatic conditions. However, Your Committee suggests that parents be fully involved in this agreement to ensure the proper monitoring of this project;**
- **a proper framework with appropriate pedagogical software be uploaded in these tablets to ensure the continuity of studies, especially in cases where students will not have face to face classes;**
- **each school should have a dedicated IT support team to monitor, maintain and ensure the smooth running of online classes;**
- **it is primordial to design and scale up needs-based in-service support around the use of tablets to improve teaching methodologies;**

- in-service training to school Inspectors and Head Masters/Deputy Head Masters should be provided in order to strengthen their support for the integration of tablets into instructional processes at the school level;
- an Early Digital Learning Programme (EDLP) improvement plan based on an in-depth review of EDLP technical challenges and requirements has to be prepared;
- the tablets should be equipped with more innovative and interactive pedagogical programmes which will support more self-directed learning;
- parents have to be fully involved in this project through enhanced substantive interactions so that the EDLP can be effective;
- the existing guidelines for the use of the EDLP have to be reviewed, improved so that all schools implement the project efficiently; and
- all classrooms should be fully equipped with electricity, charging points for tablets and proper Wi-Fi network.

Capital Project - Delay in Implementation due to Procurement Issues

2.3.5 Findings

- **Unutilised Budgeted Funds**

a) Project ‘*Bassins d’apprentissage*’ for three primary schools

It was intended to construct four ‘*bassins d’apprentissage*’ for four primary schools. Funds of Rs 53 million were provided in the Budget Estimates of 2018-19. Bids were launched in June and July 2018 but the bids prices were substantially above the estimated costs of Rs 20 million of each project. The bids were rejected and another bidding exercise was re-launched. As of October 2019, the project has still not started and as at August 2022 the project has still not been completed.

b) Construction of gymnasium in six State Secondary Schools

Fund of Rs 55 million was provided in the Budget Estimates of 2018-19 for the construction of gymnasium in six State Secondary Schools. The project was still at bidding stage in June 2019. Bids launched for two projects were non-responsive and had to be re-launched. For the other four projects, they were planned to be carried out using the Design, Build and Turnkey basis.

2.3.6 Recommendations

Your Committee recommends that: -

- **due care should be taken to ensure that the estimated budgeted cost of the project is aligned with the actual market rate to avoid unnecessary delays during the procurement exercise; and**
- **bidding exercises should be properly monitored by Officers so as to avoid unnecessary delays which may result in non-responsive bids.**

Capital Projects – Lapses in Procurement Procedures and Contract Management

2.3.7 Findings

- **Construction of New Science Block and Renovation, Upgrading and Refurbishment of existing Science Block at Sir Leckraz SSS, Flacq**

The contract was awarded in November 2018 for the contract sum of Rs 49,996,260.

Your Committee noted the following shortcomings:

- Non-compliance with Public Procurement Act (PPA)
 - Bids received above the prescribed threshold of Rs 50 million were not referred to the Central Procurement Board (CPB) for evaluation.
 - The first bid was cancelled.
 - Phase I should have started in November 2018 but only started in March 2019.
- Delays in execution of projects
 - As of end of December 2020, Phase I of the project was not completed, that is a delay of nearly one year. Maximum Liquidated Damages (LD) of Rs 5.3 million was applied.
 - Phase II of the project had not yet started.
- Termination of contracts
 - On 25 January 2021, the contract was terminated due to excessive time taken to complete the project and 10 per cent remaining works had yet to be attended. No snag list and partial completion certificate was issued.
- Legal action against Contractor
 - Your Committee was most surprised to learn that instead of the Ministry suing the Contractor for breach of contract, it was in fact the Contractor who was suing the Ministry for termination of contract.

- The Ministry had not even sought legal advice from the State Law Office as to what legal action it could take against the Contractor.

2.3.8 Recommendations

Your Committee recommends: -

- **that the Ministry should scrupulously follow the provisions of the Public Procurement Act whenever launching tenders and awarding contracts to avoid non-compliance issues;**
- **the setting up of a dedicated Monitoring Team to ensure that capital projects are completed on time and respect all legal provisions as per the contractual agreement;**
- **that legal advice from the State Law Office should be sought in a timely manner whenever a Contractor fails to observe any terms and conditions of the contract. Alternatively, a suitably qualified Legal Adviser should be attached to the Ministry; and**
- **that in line with Directive 64 issued by PPO in February 2022, a Performance Review Committee should be set up to monitor existing and forthcoming contracts and assess the sanctions to be taken against defaulting contractors.**

Contract for the Design-Build/Turnkey and completion of New Multipurpose Hall at SSS Quartier Militaire (Girls)

2.3.9 Findings

- The above contract was awarded to a private firm in November 2014 for the sum of Rs 45.5 million. An additional cost of Rs 6.4 million was claimed for extension of time. Total payments to the Contractor for the project amounted to Rs 51.9 million.
 - Several flaws such as leakages and other outstanding items were not remedied.
 - Following the declaration of disputes by the Contractor, the handing over was effected on 29 December 2017.

2.3.10 Issues

- According to Public Officers of the Ministry, out of the 17 Technical Officers who were initially in post at the Ministry, only 6 were left at the time of the hearing of the Ministry. Accordingly, the ratio of Engineer to Project is 2:187. There is also an acute shortage of technical knowledge, expertise and knowhow.
- One public officer of the Ministry admitted the following: -

“I wonder who, at the level of any Ministry management, knows how to handle a case of receivership, the legal implication, the administrative implication, the financial implication.”

- Another public officer of the Ministry further added: -

“Year in, year out, the Ministry makes submission but unfortunately, due to financial constraints, very few staff are recruited.”

2.3.11 Recommendations

Your Committee recommends that: -

- **in cases of Design Build/Turnkey projects, a qualified Project Management Team consisting of architects, engineers, quantity surveyors and stakeholders should be appointed to ensure that projects comply with all contractual and project requirements;**
- **the Ministry should enter into a Framework Agreement for Consultancy in works contracts with the relevant service providers;**
- **due consideration should be given for the Ministry to have its own department to monitor and oversee the implementation of all infrastructural projects undertaken by the Ministry;**
- **appropriate training should be provided to Public Officers who are involved at various stages of the projects, from inception to completion; and**
- **for the timely implementation of projects, it is imperative to provide the Ministry with adequate human and financial resources.**

Contract for the extension to Mahatma Gandhi Institute for the Moka - Design Communication & Design Technology (DCDT) Workshop

2.3.12 Findings

- The above contract was awarded to a private company in October 2013 for the sum of Rs 13.9 million.
 - 35 per cent of the overall works were completed.
 - The contract was terminated in September 2015.
 - The Contractor served a Notice ‘*Mise en Demeurre*’ to the Ministry. The case was still before the Supreme Court as of November 2019.

2.3.13 Recommendations

Your Committee recommends that: -

- **the Ministry should seek proper legal advice whenever there is a dispute with the Contractor, every effort should be made to try to resolve the matter amicably before terminating the contract;**

- every contract should provide a mechanism for speedy resolution of any dispute that may arise out of the contract; and
- alternative solutions should be adopted so that effective teaching and learning are in no way affected when such legal tussles drag on for years and years. For example, where is a dispute between the Ministry and the Contractor concerning the construction of a specialist room like a Design Communication & Design Technology (DCDT) Workshop, provisions should be made so that students are not penalised.

Reconstruction of a full 3-Storey Classroom block of the Abdool Raman Abdool Government School

2.3.14 Findings

- The above project consisted of demolition of old classroom block and construction of a new 3-Storey Classroom block (Ground+2). The contract amounted to Rs 17.3 million for Phase I.
- Your Committee noted the following:
 - Delays in completion of project due to inefficient contract management;
 - Improper decision to maintain the contract even when the Contractor was in receivership.
 - The Contractor was notified that there was no activity on site.
 - The contract was terminated following advice received from Attorney General's Office for fundamental breach of contract.
 - Insufficient liquidated damages were claimed.
 - The Performance Security and the Insurance cover had already expired when the contract was terminated. As a remedy to the breach of contract, the performance security could not be forfeited.
 - Further Undue delay in finalizing procurement of Phase II of the project;
 - Due to substantial delay in completing Phase I of the project, procurement procedures for Phase II of the project was still at bidding stage. Five years had already lapsed since the project was initiated.
 - In October 2021, CPB recommended to award the contract to the successful bidder. The Ministry did not award the contract following a challenge made by an aggrieved bidder but did not make an application for review of the procurement proceedings to the Independent Review Panel.

- Your Committee also noted with concern that only the lowest bidder was requested to extend his bid validity, not the other bidders. In doing so, the Ministry may have acted in breach of section 30(4) of the Public Procurement Regulations.

2.3.15 Recommendations

Your Committee recommends that: -

- **whenever the Contractor goes into receivership or liquidation, the Ministry should seek appropriate legal advice to decide whether to proceed with the contract or to terminate same;**
- **the contract should expressly empower the Ministry to terminate the contract in the event that the Contractor goes into voluntary administration, receivership or liquidation; and**
- **due attention should be given to ensure that the Performance Security and the Insurance Cover are valid for the duration of the contract and where necessary, be renewed until completion of the work and commissioning.**

Security Services at Schools - Inadequate Monitoring

2.3.16 Findings

- In November 2017, the Ministry had discontinued the sporadic visits by monitoring squad officers carried out after school hours and during weekends at both Primary and Secondary Schools as they were not effective.
 - ***Regular thefts were reported by schools*** - 52 cases of thefts were reported resulting in losses of assets, for instance, laptops, CPUs, monitors, tablets, projectors, musical instruments, and sports equipment.
 - ***A high level of absenteeism of security guards*** - Watch and Security Services were provided in 293 Schools/Institutions and Day - Time Security Services in 69 Primary/Secondary Schools. The level of absenteeism varied from 34 to 50 per cent in the financial year 2018-19.

2.3.17 Recommendations

Your Committee recommends that: -

- **the Ministry review the terms and conditions of the bidding documents in order to ensure full compliance with the Private Security Services Act of 2004 as amended in 2008;**
- **once the contract is awarded, there should be appropriate monitoring and spot checks carried out;**

- appropriate pecuniary sanctions should be inflicted on defaulting contractors who fail to ensure that security guards are posted at all times at school premises;
- a proper risk assessment study should be carried out before launching tenders for the award of any Security Services Contract to ensure that each school is adequately secured;
- CCTV Cameras should be installed to secure the school perimeter;
- the Ministry should consider recruiting its own security officers to be posted in each school; and
- the Ministry should consider inserting liability clauses in contracts.

Supply and Commissioning of 23,400 Tablets for Form IV students and Educators – Legal Action not yet Initiated against Defaulting Contractor

2.3.18 Findings

- As of 30 June 2018, delay in taking necessary actions against a defaulting Local Private Contractor for breach of contract was reported. However, advance payment of Rs 21.7 million, effected in June 2015 was still not recovered by the Ministry. No response has been received from Attorney General’s Office in October 2019.

2.3.19 Recommendations

Your Committee recommends that: -

- proper safeguard mechanisms be henceforth set up to ensure that such legal lapses do not recur; and
- the Attorney General’s Office should promptly react as and when its advice is sought.

School Requisites - Free Textbook Scheme for Grade 7, 8 and 9 – Inadequate Control Mechanism

2.3.20 Findings

- In November 2019, Government decided to provide free textbooks for Grade 7, 8 and 9 as from January 2020.

➤ **Lapses in financial procedures –**

The total contract amount of Rs 35.6 million was released as advance payment to Mauritius Institute of Education for the purchase of textbooks in January 2020 based on the letter of award instead of the invoices and delivery notes, which was contrary to proper financial procedures.

➤ **Lapses in procurement exercise – Late deliveries of textbooks –**

Deliveries for the mainstream programme were completed in March 2020 instead of 6 December 2019. For extended programme, delivery was completed in August 2020 instead of 16 December 2019.

➤ **Inadequate monitoring and control over the receipts and issues of textbooks –**

Due to inadequate records at the Ministry, we could not ascertain the completeness of 679,160 textbooks delivered. No record was available for the 272,272 textbooks delivered directly to the Private Secondary Education Authority.

2.3.21 **Recommendations**

Your Committee recommends that: -

- **proper care should be taken to ensure that advance payments are not made to suppliers in the absence of invoices and delivery notes;**
- **each time new textbooks are prescribed, the Ministry should set the appropriate timeline for the timely publication and delivery by the publisher as immense pedagogical injustice is done to each cohort of students which gets the textbooks late; and**
- **the Ministry should ensure that there is proper record kept of all textbooks that are delivered and there should be a proper coordination between the Ministry and the Private Secondary Education Authority for the delivery of textbooks.**

Procurement of Watch and Security Services for Schools and Institutions

2.3.22 **Findings**

- **Delay in Awarding the Contract**

The Contract awarded for 292 Schools/Institutions on 14 October 2013 to two Service Providers had expired on December 2016. As of December 2020, the procurement exercise was not yet finalized due to challenges by unsuccessful bidders and the procurement exercise had to be cancelled following advice of the Attorney General's Office due to wrong calculation of estimates and bid price was abnormally low.

- **Renewal of the contract on a month to month basis for more than 48 months**

The contract for Watch and Security Services has been renewed on a month-to-month basis from January 2017 to December 2020, to the same two Service Providers.

2.3.23 Recommendations

Your Committee recommends that: -

- **the contract for Watch and Security Services for all schools and institutions should be awarded without delay; and**
- **the contract for Watch and Security Services should be carefully drafted and contain appropriate penalty clauses in case the Security Agency fails to provide the services of Watchmen at the various schools and institutions.**

Capital Projects – Lapses in Procurement procedures and Contract Management/ Delays in Execution of Projects (Year 2019-2020)

2.3.24 Findings

- The upgrading Works at Royal College Curepipe amounted to Rs 8.5 million. Poor progress of work was noted. The completion of the project was delayed by more than one year. Their poor performance was reported to the Procurement Policy Office in February 2020.
- The Construction of new toilet block at Pandit Sharma Ayrga Government School, Morcellement St Andre amounted Rs10.2 million.
 - The contract was awarded 247 days after opening of the bid in August 2018.
 - In addition, works were completed with a delay of 296 days.
 - As of December 2020, the Ministry of National Infrastructure and Community Development (MNICD) had not yet issued the completion certificate.
- The upgrading Works at D Hurry Government School amounted Rs 10.6 million. Due to omissions of the electrical installation and other works in the initial scope of work, the completion of the project was delayed by eight months. The start and completion date for each phase was not defined. Hence, the period of delay could not be assessed.
- Marcel Cabon SSS – Civil Works and Construction of High Level Fencing. The contract amounted to Rs 7.6 million.
 - The contract was awarded under Framework Agreement on 29 February 2019 with a delay of nearly two years.
 - Due to unsatisfactory works done, the MNICD could not issue the final taking over certificate. As at 12 October 2020, several issues were still not yet attended and a delay of more than a year was noted after completion of works.

2.3.25 Recommendation

- **Your Committee recommends that that the Infrastructural Management Unit (IMU) should be revamped and empowered so that there is effective monitoring of projects initiated by the Ministry.**

Infrastructural Management Unit (IMU) -Inadequate Monitoring of Projects

2.3.26 Findings

- Examination of 40 projects which were allocated to four District contractors, revealed that 14 of them were completed with significant delays ranging from 16 to 575 days.
- Some Rs 5 million were charged as Liquidated Damages (LDs) for delays in completion.
- Due to inadequate monitoring, LDs amounting to some Rs 4.3 million were not applied in respect of 12 projects which were completed after the expected completion date.

2.3.27 Recommendation

- **Your Committee recommends proper monitoring of projects should be carried out diligently.**

Follow up of Matters raised in Audit Report 2017-2018

2.3.28 Findings

- Project records for Capital Projects and the Infrastructure Maintenance Unit were still not complete.
- The online monitoring system and the E-PSIP system initiated by Ministry of Finance, Economic Planning and Development (MOFEPD) since 2017 was not being fully utilised.
- As of end of November 2020, the Information Management System had not yet been implemented. The excel file maintained at the IMU for recording of information on capital projects and maintenance and upgrading works were still not complete.

2.3.29 Recommendations

Your Committee recommends that: -

- **the Capital Projects and the Infrastructure Maintenance Unit should be revamped so that they are more efficient; and**
- **proper staffing exercise to be carried out so that the E-PSIP be more effective.**

Asset Management – Government Asset Register (GAR) not updated

2.3.30 Findings

- In 2017, the Government Assets Register (GAR), a computerized system was developed for an efficient and effective management of Government assets that would also assist in the preparation of the Government financial statements on an accrual basis. As of November 2021, GAR was not complete as to the following:
 - Assets acquired prior to July 2017;
 - Valuation of Land and buildings for 277 primary and secondary schools;
 - Of non-financial assets totaling Rs 2.3 billion acquired during the past four years, assets totaling Rs 12 million were only recorded;
 - 52,480 Tablets and associated equipment recently acquired; and
 - Vehicles and transport equipment.

2.3.31 Recommendations

Your Committee recommends that: -

- **the Government Assets Register be set up at a Zonal level for better monitoring; and**
- **an intranet system be established for better monitoring and quick update of information.**

Lease of Office Space for Central Store Division – Lapses in Procurement

2.3.32 Findings

- The office of the Central Store Division (CSD) was handed over to the Ministry of Local Government in February 2019, for the Metro Express Project. As of October 2021, rental paid for Procurement Section and Warehousing Section amounted to Rs 14.9 million.
- Bids were invited for the lease of office space for an area of 2,500 square meters for an initial period of three years. A total space area of 1,873 square metres was leased as compared to the required area of 2,500 square metres. CSD has since then been accommodated in two Buildings.
- *Office space was not utilized for intended purpose.* As of 25 October 2021, the office space for the Procurement Section could not be utilized as the necessary amenities and fit-out works which include water supply, partitioning, false ceiling, electrical and plumbing works and air-conditioning were not yet provided. The building leased for the Procurement Section was used to store old furniture and unserviceable items.

2.3.33 Recommendation

- **Your Committee recommends that henceforth prior to renting office space, proper surveys have to be carried out.**

Delay in the setting up of the Special Education Needs Authority (SENA)

2.3.34 Findings

In 2020-21, a total of Rs 177.6 million was disbursed out of Rs 198.1 million budgeted for Item Grant-in-Aid to Special Education Needs. As of October 2021, a total of 2,253 learners were registered and 53 Non-Governmental Organizations (NGOs) were provided with Grant in Aid for their operations.

- Contrary to Financial Instructions issued by MOFEPD on the Administration of Government Grants,
 - Control over disbursements of grants could not be ensured in the absence of financial statements, cash flow and progress reports; and
 - No Grant Memorandum was signed between the NGOs and the Ministry before disbursement of grants.
- The Board of the SENA was constituted in 2019. Nearly three years after the proclamation of the SENA Act in December 2018, the Authority was not fully operational.

2.3.35 Recommendations

Your Committee recommends that: -

- **proper guidelines be established and implemented and field assessments be carried out at regular intervals to ensure that public funds are utilized judiciously; and**
- **the Board of the SENA be constituted as the SENA Act was promulgated as far back as December 2018.**

Lapses in Capital Project Management and Procurement Procedures

2.3.36 Findings

- Lapses in the capital project management and procurement procedures were noted in respect of contract value amounting to Rs 295.4 million involving eight projects.
 - *Contractor debarred.* Three contracts were awarded to same Contractor. The Contractor could not honour its contractual obligations due to financial difficulties and all three contracts were either terminated or cancelled.

- *Poor performance of contractors.* Significant delays were noted in completion of four projects due to the poor performance of contractors. Three contracts were terminated. Maximum Liquidated Damages (LDs) were applied.
 - *Delays in award of three contracts* due to excessive procurement lead time, delay in the preparation of detailed design and delay in finalising the procurement proceedings.
 - Non-compliance with procurement rules and procedures due to the extension of bid validity period seven times from 90 to 395 days.
 - Excessive time taken for the assessment of Extension of time (EOT) and additional works were not included in the scope of the projects.
 - The construction of specialist rooms in the 19 regional schools and 11 academies (which had become operational as from July 2021) were still outstanding as of November 2021.
- Your Committee deplores that the poor performance of contractors, delays in award of contracts, non-compliance with procurement and procedures and the excessive time taken for the assessment of EOT (Extension of Time) have seriously flawed the system leading to, for example, the undue delay in the construction of specialist rooms in 19 regional schools and 11 academies as of November 2021, hence causing serious prejudice to effective teaching and learning.

2.3.37 Recommendation

- **Your Committee recommends that the Ministry devises a robust mechanism of Project Management to ensure that such lapses and delays do not occur again.**

Governance Issues – Non-compliance with Statutory Bodies (Accounts and Audit) Act

2.3.38 Findings

- Five Statutory bodies falling under the purview of the Ministry did not submit their financial statements to the NAO for period 2017-18 to 2020-21. (University of Technology Mauritius (UTM), Early Childhood Care and Education Authority, Rajiv Gandhi Science Centre Trust Fund, Sir Seewoosagur Ramgoolam (SSR) Foundation, University des Mascareignes).
- Four Statutory bodies had not yet laid their financial statements to the National Assembly. (Mauritius Examination Syndicate (MES), Private Secondary Education Authority (PSEA), SSR Foundation and UTM)

2.3.39 Recommendation

- **Your Committee recommends that all Statutory bodies falling under the purview of the Ministry should be compliant with the Statutory Bodies (Accounts and Audit) Act. In cases where they fail to do so, the Ministry should query them about their failure to do so in a bid to ensure Good Governance Practices.**

2.4 MINISTRY OF LOCAL GOVERNMENT AND DISASTER RISK MANAGEMENT AND THE MAURITIUS FIRE RESCUE SERVICES

2.4.1 Hearings

- Your Committee held meetings with representatives of the Ministry of Local Government and Disaster Risk Management including the Mauritius Fire Rescue Services on three occasions namely on 08, 15 and 29 September 2022.
- The Director of Audit highlights in his 2019-20, 2020-2021 Reports various issues concerning this Ministry. Your Committee investigated three of them, namely:
 - (I) Acquisition of Tipper Lorries – Delivery of Vehicles Not Accepted due to Supplier’s Default**
 - (II) Facilitation to Local Authorities – Lapses in the Grant in Aid Process**
 - (III) Procurement of Fire Fighting Equipment - Procurement and Contract Management Issues**
- Hearings have been held with all Ministries and Department concerned after the Director of Audit submitted latest findings to Your Committee.

Acquisition of Tipper Lorries – Delivery of vehicles not accepted due to supplier’s default

2.4.2 Findings

- The Director of Audit reported to Your Committee on 8 September 2022: “We carried out the audit of the acquisition of tipper lorries by the Ministry. Actually the contract for the supply of tipper lorries was awarded to a local company for the sum of Rs 42 million in July 2019. As of date, that is more than three years after the award of the contract, the procurement exercise had not yet been completed.
- In March 2020, the lorries were sent back to South Africa and brought back again to Mauritius in September 2020. In January 2021, the Ministry decided to terminate the contract with the supplier. The Ministry replied in January 2022 that a notice of default for termination of contract was served to the supplier on 12 April 2021.”
- There were 17 Tipper Lorries; the contract was awarded in 2019 to a local company and the delivery date was supposed to be January 2020, and the Ministry gave a notice of default in 2021.
- The Representative of the Ministry reported that after the notice was served, the company agreed to make good of whatever non-compliance was reported within the delay.

- The issue was about non-respect of specifications that the tipper mechanism and the sub-frames should be factory fitted. Initially in 2020, the Project Manager observed that these tipper mechanisms and sub-frames were not factory fitted, but were fitted in Mauritius. The company agreed that it had not complied with the technical specifications; it agreed to send back the vehicles to South Africa to have these items factory fitted.
- After they came back, the Project Managers and the Engineers observed that the same tipper mechanisms and sub-frames had been reinforced. Following advice from the State Law Office, the Ministry served in April 2022 the notice for termination of contract and delay given. The company agreed to remedy the matter again. And after having - according to them - remedied the matter, the Engineers still maintained that it was not compliant.
- Contract is still not terminated because the Ministry, after advice of the State Law Office argued that they could be sued by the company if this was undertaken.
- Lorries are still in possession of company. Technicians have taken 9 months to assess and yet no report submitted. Finally, Your Committee learnt that the department does not have the equipment to measure the efficiency of the vehicles.
- So, actually those vehicles are still at the premises of the company. After hearing all officers and representatives, it seems clear that the Ministry will take these 17 vehicles as they are and pay for them. So more than 2 years have elapsed since first delivery, that makes that those vehicles cannot be considered as new and yet will be paid as such, and secondly, the Ministry seems to be compelled to abide by what the company is proposing even if prescriptions are not still respected.

2.4.3 Recommendations

- **Your Committee is of opinion that at the very start, when defaults were noted on delivery in January 2020, the contract should have been resiliated.**
- **If it averts that now it will cost more to the Ministry to resiliate and go for new tenders, legal advice should be sought to ascertain if the defaulting contractor/company should pay a compensation to the Ministry for the late delivery (2 years) of the vehicles which should have been in use since January 2020.**
- **Appropriate disciplinary actions should be taken by the Ministry against the Engineers for hiding the information that they did not possess the adequate equipment to assess specification asked for and as a result causing the Ministry to lose another 6 months.**

Failure of Local Authorities to comply with the circular issued by the Ministry of Finance, Economic Planning and Development with respect to surplus funds

2.4.4 Findings

- Local Authorities receive funds annually for the expenses and funds for their capital budget. They also receive private funds for their capital projects. It happens that excess funds, unused funds and funds waiting to be disbursed are invested in banks.
- The Director of Audit pointed out that this practice has resulted in loss of Rs 29 million recently.
- In May 2019, a circular from the Ministry of Finance, Economic Planning and Development (MOFEPD) advised all Local Authorities to invest their surplus funds either in Government or Treasury Bonds. Rightly so, as to prevent any speculative investment that may lead to loss of public funds.

In his report, the Director of Audit found out that Municipal City Council of Port Louis and Municipal Council of Curepipe did invest excess funds of Rs 45 million and Rs 91 million, respectively, in Banyan Tree Bank Ltd.

- Banyan Tree Bank Ltd met with serious financial problems and an Administrator was appointed by the Bank of Mauritius to redress the situation. At that time, both local authorities wrote to the bank requesting the pay back of sums invested.
- The Administrator of Banyan Tree Bank Ltd offered to the Local Authorities a new investment plan as follows:
20% refund at reopening of the new bank operations
20% refund after 3 months of reopening
60 % as fixed deposit from 36 to 60 months,
- While the representative of the Municipal City Council of Port Louis initially made Your Committee believe that it had received back all investment of Rs 45 million since the start, he later informed Your Committee at a subsequent hearing that in fact, the Municipal City Council of Port Louis had received only 50% at reopening and the remaining 50% later.
- As for Municipal Council of Curepipe, the investment of Rs 91 million reached maturity in February 2020. They wrote to the Banyan Tree Bank Ltd to return their money. The Administrator informed them that their accounts were frozen until further notice. In 2021, Silver Bank Ltd which took over Banyan Tree Bank Ltd proposed a new investment plan to them. However, the Municipal Council of Curepipe rejected that proposal initially and asked for the refund of their funds.
- A Council meeting was scheduled on the 27th of August 2021 to take a final decision on that matter. Prior to that meeting, a working meeting was held with the representatives of the MOFEPD, the Ministry of Local Government and Disaster Risk Management, the City Council of Port Louis and the Municipal Council of Curepipe on this issue.

- Contradictory versions have been communicated to Your Committee about the reasons for holding that meeting and what was actually said or decided and what recommendations were made at that meeting. No minutes of this meeting have been recorded. But the representative of the Municipal Council of Curepipe referred Your Committee to the notes of meetings which she took and informed Your Committee that the representatives of the ministries present at that meeting recommended that the Local Authorities should not withdraw their deposits from the bank as this may lead to the bank going into receivership with the danger of the Local Authorities losing some or all of its deposits.
- On 27th August 2021, following the recommendation made at the meeting with the representatives of the MOFEPD, the Ministry of Local Government and Disaster Risk Management, the Municipal City Council of Port Louis and the Municipal Council of Curepipe on this issue, the Municipal Council of Curepipe decided to renew their deposit with the bank with only one Councilor speaking against it.
- Your Committee is of the view that certain officers of the Ministry of Local Government and Disaster Risk Management and/or MOFEPD tried to influence the representatives of the Municipal City Council of Port Louis and the Municipal Council of Curepipe to renew their deposits with Silver Bank Ltd (*formerly known as Banyan Tree Bank Ltd*) and in doing so, they acted in the interest of Silver Bank Ltd rather than in the interest of the Local Authorities.
- Your Committee noted with concern that the decision of the Municipal City Council of Port Louis and Municipal Council of Curepipe to renew their bank deposit with Silver Bank Ltd was in blatant breach of the Circular issued by the MOFEPD in May 2019 which requested all Local Authorities to invest their excess funds in Treasury Bonds.

2.4.5 Recommendations

Your Committee recommends that: -

- **a thorough investigation be carried out to ascertain the reason why representatives of the MOFEPD and the Ministry of Local Government and Disaster Risk Management exerted pressure on the representatives of the Municipal City Council of Port Louis and the Municipal Council of Curepipe to renew their deposit with Silver Bank Ltd in blatant breach of the Circular issued by the MOFEPD in May 2019 which requested all Local Authorities to invest their excess funds in Treasury Bonds; and**
- **all Government meetings including meetings between representatives of any Ministry and representatives of any Local Authority should have official minutes of proceedings recorded and made available for any future queries.**

Procurement of Fire Fighting Equipment - Procurement and Contract Management Issues

The Director of Audit informed Your Committee that he found a couple of issues relating to the contract passed by the Ministry for the supply of 20 firefighting and rescue vehicles and 13 Trailer Mounted Pumps and which was awarded to an Indian company for the sum of USD 6.35 million and USD 0.5 million, respectively, in June 2019. Funds for the procurement were secured under an Indian line of credit.

2.4.6 Findings

- This procurement, which was worth more than Rs 100 million was not referred to the Central Procurement Board because it was heavily argued that it was the Government of India which directed its conditions. Same for the Local Company setting out the terms and conditions of the arrangement, which included among other conditions that the Government of Mauritius should pay an all-inclusive management fee to the Local Company for its services for the management of the Line of Credit.
- One of the requirements of the MoU was that the tender should be launched according to the requirements of the Exim Bank of India and the tender document made reference to procurement guidelines of India.
- After the Bid Evaluation Committee concluded and selected a bidder and Exim Bank gave its clearance, the contract was signed between the Ministry of Local Government and Disaster Risk Management and the Indian company which was the successful bidder.
- The bid was launched by SIC Development Co Ltd (SICDC), a subsidiary of the SIC, the Local Company. In the bid, the employer was the SICDC, not the Ministry. After the evaluation, when it came for the award, then the Ministry came into play for the award and for the contract. In the bidding document, the SICDC was named as the employer.

The second issue mentioned by the Director of Audit concern the technical issues for using the pumps.

- The Chief Fire Officer, apprised Your Committee that the pumps were received in August 2021, but the issue was that there were damages which occurred during transportation. So, when this equipment reached Mauritius and was delivered to the Fire Services, there were shortcomings and the Fire Services requested to have them remedied. Shortcomings were resolved in November and the testing and commissioning were done in December 2021 and the pumps were operational.

But another issue relating to the same pumps was related to their towing vehicles.

- When the need analysis for those pumps was done, it was assumed that they could be towed by double cabs which were procured in 2019, with some minor technical modifications. But when contacted, the supplier of the double cabs said that they will not be able to install some devices on them, namely the braking and lighting

systems. So the Mauritius Fire and Rescue Service requested funds from the MOFEPD and launched a bidding exercise for towing vehicles at the cost of Rs 5 million.

In the meantime, the Mauritius Fire and Rescue Service had to rent suitable towing vehicles when using the pumps, which meant additional expenses.

2.4.7 Recommendations

Your Committee recommends that:

- **all new MoUs between Mauritius and another State be reviewed to ensure that we receive value for money and that we are allowed to exercise appropriate supervision at all steps throughout the procurement exercise;**
- **the engineering team of the Fire Services should approve the technical specification for any lorry and equipment which will be used by them; and**
- **the Ministry acquires new towing vehicles and the procurement of firefighting equipment should be done concurrently.**

2.5 MINISTRY OF FINANCE, ECONOMIC PLANNING AND DEVELOPMENT

2.5.1 Hearing

- Your Committee held meeting with representatives of the Ministry of Finance, Economic Planning and Development (MOFEPD) on 17 November 2022.
- Representatives of the Ministry were questioned on the issues highlighted in the Report of the Director of Audit on the Accounts of the Ministry of Finance, Economic Planning and Development for Financial Years 2018/19, 2019/20 and 2020-21.
- The Director of Audit has highlighted five themes concerning the Ministry of Finance, Economic Planning and Development consecutively in his Reports for Financial Years 2018/19, 2019/20 and 2020-21 as follows:
 - Office accommodation at Belmont House Office;
 - MauBank Holdings Ltd;
 - Special Reserve of the Bank of Mauritius;
 - Electronic Inventory Management System; and
 - Annual Report on Performance.

Office accommodation at Belmont House Office

2.5.2 Findings

- MOFEPD had entered into a 3-year lease agreement with the landlord as from December 2017 to accommodate the Independent Review Panel (IRP). There were a few renovation contracts that were awarded between May 2019 and September 2019. The main works were completed in November 2019. The contract was in two phases, i.e., (i) refurbishment; and (ii) cabling work. There were additional works that were later given in December 2019 to accommodate the specificity of the tenant, i.e., IRP.
- The renovation contract was awarded to the first Contractor in July 2019 and was completed in October 2019. The second contract for the data cabling was awarded to another Contractor and works started in October 2019, after completion of the first phase, and it ended in December 2019.
- The delays in the finalisation of the IRP's relocation was mainly due to the fact that the Panel of the IRP had to be reconstituted, and the long-time taken to award the contract for refurbishment works. On completion of the work, IRP was relocated to that office.
- Although the office space was still unoccupied, rental charges disbursed for the office space from December 2017 to December 2019 amounted to some Rs 2.9 million.

2.5.3 Recommendations

Your Committee recommends that: -

- a Ministry/Department should negotiate with the landlord for a reduction in or exemption from the payment of rent during period which renovation/refurbishment work is carried out which is normally the case in contracts in building for the private sector;
- in the tender document, there should be specifications that a successful bidder would be required to reduce its rent during renovation work or rent would be payable as from the trading date; and
- there should be proper planning to ensure that rented office spaces should be occupied as soon as delivered.

MauBank Holdings Ltd

2.5.4 Findings

- MauBank Holdings Ltd was incorporated on 3 September 2015 as a public company. The objective of Government was to invest capital in MauBank Holdings Ltd, which would in turn reinvest these funds into the capital of MauBank Ltd created to take over the merged activities of the Mauritius Post and Cooperative Bank (MPCB) Ltd and the National Commercial Bank (NCB) Ltd. The intervention of Government, at that point in time, was not for an immediate return on its investment but rather to save the bank, the employees and depositors, amongst others.
- The longer-term objective of the MauBank Holding Ltd was to put MauBank Ltd on a sound financial footing with a view to disposing the bank at a later stage to enable Government to recover at least its investment.
- Government has invested some Rs 5.2 billion in MauBank Holdings Ltd between July 2015 up to June 2020 as follows:
 - Rs 3.2 billion to enable Maubank Holdings to inject funds in Maubank Ltd to enable the latter to meet its capital adequacy ratio and to continue to operate on a going concern basis, and
 - Rs 2 billion in respect of the carving out of the non-performing loans of Maubank.
- As of 30 June 2021, the investment had still not yielded any dividend.
- Since the creation of MauBank Ltd, the non-performing loans of the bank, inherited from the ex-MPCB and the ex-NCB have been restricting its growth, and also affecting its performance.

- In September 2018, Government approved the mechanism of carving out of the non-performing loans of Rs 5,100 million to a newly incorporated wholly owned subsidiary (EAMC Ltd) of MauBank Holdings Ltd to improve the financial standing of MauBank. The carving out of Rs 5.1 billion was financed as follows –
 - Rs 2 billion from Government as equity, and
 - Rs 3.1 billion as a loan from MauBank to MauBank Holdings.
- The subsequent recovery of any amount under the non-performing loans may represent a major challenge for the Company (EAMC Ltd) as some of these loans may have originally been granted without a sufficient guarantee and collateral.
- The Ministry informed Your Committee that significant progress has been achieved on the operational cost base as a result of cost reduction strategy and the operating expenses are down by 8.26 % compared to 2018-19. Total operating income has also seen growth. The profits made by the bank were as follows:
 - June 2020: Rs 108.2 million;
 - June 2021: Rs 115.07 million; and
 - June 2022: Rs 264 million.
- The Ministry also informed Your Committee that actions have been initiated for implementation of a divestment programme entailing the potential disposal of the shares of MauBank Holdings Ltd and its subsidiaries.
- Since June 2022, a Transaction Advisor has been appointed in relation to the disposal of shares held by MauBank Holdings Ltd in its subsidiaries. On 22nd September 2022, the Transaction Advisor on behalf of MauBank Holdings Ltd has published Expression of Interest (EOI), through an international tender, to invite potential bidders for the implementation of a divestment program for MauBank Holdings Ltd. The disposal process is ongoing.
- Your Committee notes that following the massive injection of Rs 5.2 billion by the Government in MauBank Holding Ltd and the carving out of non-performing loan, MauBank Ltd is at par with other banks and should realise at least the same level of profit as other commercial banks.

2.5.5 Recommendations

Your Committee recommends that: -

- **MauBank Ltd should be operated according to sound and best banking practices to maximise its profitability and ensure return of investment of at least the same level as other commercial banks;**
- **MauBank Ltd should repay the loan taken from MauBank Holdings Ltd and declare dividend to the Government; and**
- **Government should take appropriate measures to expedite the disposal of MauBank Holdings Ltd and its subsidiaries and recover its investment.**

Special Reserve of the Bank of Mauritius

2.5.6 Findings

- In the 2019-20 Budget Speech, Government announced that it would make early repayment of some of its public sector debts by using part of the accumulated undistributed surplus held at the Bank of Mauritius (BOM). Accordingly, the Budget Estimates for 2019-20 provided for an amount of Rs 18 billion for the early/scheduled repayment of external debts as follows: -
 - Rs 15.65 billion for early repayment of debt; and
 - Rs 2.35 billion for scheduled repayment of debt.
- The main objectives of the transfer were to help Government in its Fiscal Strategy for FY 2019/20 which included a programme for early repayment of debts, in particular those from external sources, bearing high interest rates and with no or minimal prepayment penalty, were to be repaid in priority. This would have contributed in lowering the debt level, as well as saving on the interest payable on these loans.
- The Ministry informed Your Committee that in FY 2019/20, they received the Rs 18 billion and used around Rs 6.4 billion for early repayment of public debt. The Ministry explained that FY 2019/20 was an exceptional year especially with the advent of COVID-19 and the country undergoing its first lockdown in March 2020. During the two fiscal years; FY 2019/20 and FY 2020/21, due to COVID-19 pandemic situation and its economic impact, there was need for policy review and as such there was an urgent need to re-prioritise payment of government operations to ensure business continuity. Consequently, it was considered not appropriate to, on the one hand contract loans from development partners, and at the same time, to effect early repayments, particularly when there were pressures on the foreign exchange reserves in that economic context.
- According to the report of the Director of Audit, the fund transferred by the Central Bank had not been used for repayment of debts. However, during the hearing, Your Committee was informed that by July 2022, all of the Rs 18 billion was fully used to pay external debt equivalent to that amount, be it early repayments or scheduled external debt repayments.

2.5.7 Recommendation

- **Your Committee recommends that whenever funds are received from Central Bank for a specific purpose, the Ministry should ensure that these funds are used for that purpose in a timely manner.**

Electronic Inventory Management System

2.5.8 Findings

- The project for the implementation of an Electronic Inventory Management System (E-IMS) for Ministries/Departments started in 2017. The system tracks inventory generation of reports to enable quick decision making, for an effective procurement and supply management.
- The project was to be implemented in two Phases. The MOFEPD started with the project in July 2018 with 106 identified sites. Phase I would involve 10 different sites and Phase II would cover around 96 sites of various Ministries and Government Departments.
- However, during implementation stage, there was a need to cater for additional sites, for e.g., additional sites for COVID-19 Vaccination Centres. In October 2020, the number of sites increased to 182 and now it came to a total of 290 sites. Out of 290 sites, 167 have been completed, representing 70% of completion rate. If 182 sites are taken as the baseline, some 93% of sites have already implemented the E-IMS.
- The contract for the procurement of an E-IMS was awarded in July 2018 and the actual expenditure incurred on completion of Phase I in December 2018, was some Rs 1.4 million. The initial Contractor was put in receivership as from 21st February 2019 and the E-IMS contract was transferred to another company after a delay of six months. This transfer has not resulted in any additional cost.
- The Ministry has purchased 300 licenses and 750 users are connected to the system. The license fees are paid annually.
- The largest ministry for the implementation of E-IMS was the Ministry of Health and Wellness (MOHW), with 36 sites. In the first instance, priority was given to the Central Supplies Division, the Procurement and Supply Sections, Pharmacy Units of all regional hospitals, specialised and district hospitals. Due to complexities in the recording of pharmaceutical products at the MOHW, it took more time for the deployment of the System.
- As at date, regarding the medical supplies, the MOHW and all the hospitals are already in the system. Now, the Mediclinics and the Area Health Centres are being added to the system and when the system goes live, orders will be placed directly online from the Central Supply Division.
- The Ministry informed Your Committee that the main constraint to implement the project was lack of internet connection in certain Ministries/Departments. Consequently, they could not be connected to the Government Intranet System (GINS). The issue of internet connectivity was referred to the Ministry of Information Technology, Communication and Innovation.
- Other causes of delays in the implementation of the E-IMS were shortage of staff, on-site training for existing and newly appointed officers being time consuming,

unavailability of a Helpdesk at the MOHW Headquarters to facilitate interactions with all sites, physical stock which did not tally with E-IMS balances required a 100 per cent stock take and adjustments, etc.

- The Ministry informed Your Committee that it is actually working on the filling of vacancies which will help in the completion of the E-IMS system in all Ministries/Departments.
- An implementation plan has been prepared setting out the necessary steps and activities to be carried out by an expected completion date. For instance, the Rodrigues Regional Assembly has been roped in the project and a plan is being worked out specifically for Rodrigues. The Ministry also has an E-IMS helpdesk at the Directorate Procurement and Supply, which monitor the progress of the implementation of the project in the remaining sites.

2.5.9 Recommendations

Your Committee recommends that: -

- **a proper implementation plan should be designed to address the shortcomings highlighted above in a holistic manner to ensure that the E-IMS system is operational at the level of all ministries and departments.**
- **the connectivity issue should be addressed without delay.**
- **a Follow-up Committee consisting of relevant stakeholders should be put in place to monitor the implementation of the E-IMS.**

Annual Report on Performance

2.5.10 Findings

- As per the Finance and Audit Act, every Ministry/Department is required to prepare a report on its performance during the previous fiscal year and to submit a copy to the Minister responsible of finance, not later than 31 October in every year. The objective behind such initiative was to strengthen governance, transparency and accountability in the public sector.
- Guideline to assist Ministries/Departments in the preparation of their annual Reports on Performance was issued by MOFEPD. MOFEPD has also held meetings and provided guidance on several occasions to Ministries/Departments in the preparation of Annual Reports on Performance.
- In 2019-2020 and 2020-2021, there were some Ministries and Departments which have not submitted their reports mainly due to COVID-19 pandemic situation.
- For FY 2020-2021, only 70% of the Ministries/Departments have submitted their annual report. But there has been an improvement in submission and the achievement as at date is 84%.

- To ensure greater transparency in the management of public fund, the Annex to the Budget Speech 2021/22 provided for the setting up of a centralised dashboard on the website of this ministry to capture the Annual Report on Performance of all Ministries/Departments.
- The Ministry is targeting to have 90% of submission for Annual Report on Performance for FY 2021/22, i.e. the majority of the Ministries.

2.5.11 Recommendations

Your Committee recommends that: -

- **all Ministries and Departments should comply with their statutory obligations and submit their annual reports on Performance in a timely manner.**
- **Responsible Officers of Ministries and Departments should provide written explanations to the Ministry of Finance, Economic Planning and Development for any delay in submitting their annual reports.**

2.6 MAURITIUS REVENUE AUTHORITY

2.6.1 Hearings

- Your Committee held meetings with representatives of the Mauritius Revenue Authority including the Customs Department on four occasions namely, 24 November, 01 and 08 December, 2022 and 26 January, 2023. On 31 January 2023, Your Committee conducted an on-site inspection of customs facilities in the Port area under the supervision of the Director-General of the MRA and Customs officers.

Arrears of Revenue

2.6.2 Findings

	2018-19	2019-20	2020-21
Total Debtors (Collectible and Non collectible)	Rs 28.5 billion	Rs 26.5 billion	Rs 32.6 billion
Collectible Debts	Rs 8.2 billion	Rs 8.8 billion	Rs 10.7 billion
Non collectible debts	Rs 20.3 billion	17.7 billion	21.9 billion
% of Non-collectible debts over Total Debts	71%	67%	67%
Write off of Irrecoverable Debts	Rs 173 million (24,159 cases)	Rs 22 million	Rs 84.6 million

- About 70% of the total debts are non-collectible debt which cannot be enforced by the MRA as the claims are disputed and pending before the Assessment Review Committee or the Court.
- Collectible debts increased from Rs 8.2 billion in 2018/2019 to Rs 10.7 billion in 2020/2021.
- 60% of cases lodged at objection level of MRA are settled at objection level and around 40% go to the Assessment Review Committee (ARC).

2.6.3 Recommendations

Your Committee recommends that: -

- **the MRA needs to make full use of the legal arsenal available to it to enforce collectible debts.**
- **the MRA should enlist the services of legal advisers to advise and settle any legal issues which may arise at objection level to reduce the number of cases which are referred to the ARC.**

- the MRA should be properly staffed to consider and determine objections within the statutory delay.

Enforcement and Other Actions -Tax Debts as at 30 June 2022

2.6.4 Findings

ENFORCEMENT TYPE	Number	Amount
Claims	5,699	5,102,484,638
Repayment Plan (by installments) with taxpayers	757	756,340,422
Attachment Order with banks and third parties	2,975	1,065,273,192
Distress Warrant	1	6,667,906
Inscription on Immoveable Properties	632	2,257,486,633
Renewal of Inscription	221	611,602,110
Objection to Departure	14	87,752,986
Cases referred for Prosecution	3	55,916,326
Prior Notice Contrainte	23	198,003,084
Contrainte	13	77,697,802

- MRA has an arsenal of enforcement powers to recover collectible debts. However, it rarely refers cases for prosecution. Out of 5,699 claims only 3 cases were referred to the Police.
- MRA tends to take inscription on immovable properties but rarely proceed with the seizure and sale of properties.
- There are rarely any objections to departure, only 14 in 2022 and as of which many tax evaders can leave the country and migrate without settling their tax liabilities.

2.6.5 Recommendations

Your Committee recommends that: -

- **the MRA should initiate criminal actions against fraudsters and tax evaders as it is legally empowered to do.**
- **the MRA should make better use of its power to object to the departure of tax payers with significant outstanding debt owed to the MRA.**
- **tax payers with collectible debts should be listed in the Mauritius Credit Information Bureau.**
- **additional powers should be given to the MRA to seize and sell the immovable properties following an inscription for unsatisfied debt.**

- there should be restriction on the ability of the owners and directors of bankrupt companies with significant outstanding debt owed to MRA to own and operate other enterprises for a certain period of time.

Cases pending before the Assessment Review Committee

2.6.6 Findings

Non collectible debts	Rs 20.3 billion	17.7 billion	21.9 billion
Pending at the ARC	Rs 15.2 billion	Rs 15.8 billion	Rs 19.5 billion
No. of cases	2361	2145	1827
	75%	89%	89%
Pending at MRA including before the Alternative Tax Dispute Resolution Panel	Rs 5.1 billion	Rs 1.9 billion	Rs 2.4 billion

- Nearly 90% of non-collectible debts are pending before the ARC.
- The ARC has only one Chairperson and three Vice-Chairperson. The assessors are part timers.

2.6.7 Recommendations

Your Committee recommends that:

- as we are dealing with revenue collection, there is an urgent need to increase the staff at the level of ARC to clear the backlog.
- assessors should be employed on a permanent basis instead of on a part time basis.
- appropriate legislative changes should be brought to expedite hearing and determination of cases.
- MRA should as far as possible resolve disputes at the level of objection and staff with appropriate legal expertise should be attached to the objection level of the MRA.

Collection of Social Contributions - Additional Responsibilities entrusted to MRA

2.6.8 Findings

	2018-19	2019-20	2020-21
Collections of social contributions as from January 2018	January to June 2018 Rs 3.5 billion and Rs 7.7 billion for 2018-19	Rs 8.1 billion	Rs 9.7 billion
Migration of Debtors from Ministry to Tax System of MRA	Debts (totaling Rs 1.1 billion (75% of total debts) received from MSS were migrated into the Tax System.		
Arrears of social contributions -	Rs 1.1 billion Debts exceeding Rs 1 million totaled Rs 552 million at 30 June 2019	Rs 1.6 billion Debts over year one year totaled Rs 1.2 billion	Rs 1.5 billion Rs 230 million due over 10 years Rs 592 million due for 5 to 10 years

- In 2018, most of the National Pension Fund (NPF) debtors' cases were transferred to MRA. However, 25% of NPF debtors valued at Rs 377 million have not migrated to the new tax system and MRA is not responsible to collect those debts. Some of these NPF debts were no longer recoverable as the debtors stopped to carry on business or became defunct.
- Arrears of social contribution of an aggregate amount of Rs 230 million have been outstanding for more than over 10 years whereas Rs 592 million have been outstanding for 5 to 10 years.

2.6.9 Recommendation

- **Your Committee recommends that MRA should use the arsenal of enforcement powers available to recover the arrears in social contribution.**

COVID-19 Financial Support under Self Employed Assistance Schemes

2.6.10 Findings

	2020-21	Overall
Payments to ineligible beneficiaries	Rs 6.1 million were paid under SEAS to recipients of social benefits contrary to Covid Act*	Overpayment of Rs 6.1 million to be recouped
Taxpayers Register	262,000 Self-Employed were paid SEAS whereas 77,000 were on the tax payers register. (29 %)	71% were not in the Taxpayers Register in June 2021
Contribution Sociale Généralisée (CSG)	Of 262,000 self-employed, 23,000 self-employed were registered for CSG as of 30 September 2021	91 % of the 262,000 self-employed not yet registered for CSG.

- Self Employed Assistance Scheme (SEAS) was introduced to assist Self-employed persons who have suffered a loss of revenue as a consequence of the lockdown in the fight against COVID-19.
- In 2019/2020, Rs 2.4 billion was disbursed under SEAS and in 2020/2021, Rs 4.3 billion (including a one off payment of Rs 2.3 billion) was disbursed.
- Your Committee was informed that the cost and resources required at the level of the MRA to investigate and recover the financial support that may have been paid to ineligible beneficiaries is likely to exceed any amount which the MRA may realistically recover from these beneficiaries.

2.6.11 Recommendations

Your Committee recommends that:

- **the MRA carries out the appropriate investigation to ascertain the capacity of the beneficiaries to reimburse the financial support to which they were not eligible.**
- **in genuine hardship cases, consideration be given to write off the outstanding amount.**
- **the MRA should undertake a sensitisation campaign to encourage self-employed to register for CSG.**

2.7 CUSTOMS DEPARTMENT

Arrears of Revenue

2.7.1 Findings

	2018-19	2019-20	2020-21	Overall
	Rs million	Rs million	Rs million	
Total Debts (Collectible and Non collectible)	613.4	542.1	465	
• Collectible Debts	53.5 (N1)	20.5	35.2	
• Non-collectible debts	559.9	521.5	429.8	More than 91 % of Total Arrears were Non-Collectible
Written off and Adjusted Debts (N2)	146.8	149.5	138.6	Significant debts written off and Adjusted
○ Written off	71.2	28.7	108.6 (N4)	
○ Adjusted Debts	75.6	120.8 (N3)	30.0	
Non-collectible debts (Main)				
ARC	106.7	132.3	130.5	Increasing trend
Police Service	53.2	48.9	48.7	No improvement noted.
Under Receivership	91.2	141.2	147.2	Increasing trend
Court	125.6	13.1	13.3	
Legal Service Department	185.4	163.1	60.5	

• N1 - Collectible Debts

In October 2016, a claim was raised against a company under the Inward Processing Scheme for importation of raw materials in 2013 and 2014. However, the raw materials were not used in the production of finished goods, in breach of conditions of the Scheme. As at November 2019, no decision was taken and the case was still at Legal Service Department. The arrears of Rs 4 million were still classified as “Collectible debts.”

A company imported a yacht in 2011. The yacht was wrongly classified under HS Code, resulting in underpayment of VAT of some Rs 11.4 million. In April 2013, the company produced documentary evidence that ownership of the yacht had been transferred to another company. Both companies had been dissolved in June 2014 and 2015, respectively, before settlement of the debts. As at 30 June 2019, the arrears stood at Rs 24.6 million. As at September 2019, the matter was still under study at the Attorney General’s Office.

- **N2 - Written off and Adjusted Debts**

Write off debts- Following internal procedures for write off after the approval of internal Committees and MRA. The amount written off went significantly up from Rs 71.2 million in 2018/2019 to Rs 108.6 million in 2020/2021.

Adjusted Debts- Following determination from ARC, Court, Objection Appeal and Dispute Resolution Department. The amount written off went down from Rs 75.6 million in 2018/2019 to Rs 30 million in 2020/2021. The amount is still significant.

- **N3 - Adjusted Debt for 2019/2020**

Debt of Rs 102 million due by one company was adjusted during 2019-20 following Court order. In this case, the Intermediate Court ordered stay of proceedings against the accused for abuse of process on grounds of inordinate delay. The inaction of the MRA in that case resulted in significant loss to tax payers.

- **N4 - Written Off Debt in 2020/2021**

Amount due by one company amounting to Rs 99.7 million was written off during 2020-21, as the Independent Tax Panel (ITP) concluded that there was no prima facie evidence of fraud and as such authorization to raise a claim was not granted.

Summary of cases

	No of cases		
	2018-19	2019-20	2020-21
ARC	89	196	249
Police	36	28	27
Under Receivership	10	12	11
Court	28	17	15
LSD	86	92	54
Others	195	403	1756
Total	444	748	2,112

2.7.2 **Recommendations**

- **The number of cases pending before the ARC is a major cause of concern and actions should be taken to speed up hearing and determination of cases before the ARC. As we are dealing with revenue collection, there is an urgent need to increase the number of staff at the level of ARC to clear the backlog of cases.**
- **Your Committee reiterates the recommendations set out at paragraph 3.6.7 to expedite the hearing and determination of cases pending before the ARC.**

Port Surveillance and Inspection

2.7.3 Findings

- **CCTV**
 - CCTV are owned by Cargo Handling Corporation Ltd (“CHCL”) and MRA has viewing rights only.
 - There is no agreement between CHCL and the MRA on use of CCTV and as a result MRA can only use the images for internal purposes.
 - The CCTV project with Mauritius Ports Authority (MPA) which would have enable MRA to view CCTV operated by the MPA has not materialized.

- **Drones**

The drones which were acquired by the MRA are under-utilised.

2.7.4 Recommendation

- **Your Committee recommends that there is an urgent need for MRA to enter into an agreement with both CHCL and the MPA to provide for the terms and conditions pursuant to which the MRA can have access to and make use of the images of the CCTV operated by CHCL and MPA, respectively.**

Excise Duty

2.7.5 Findings

- The Excise Unit of the Customs Department of the MRA is responsible for collection and analysis of locally manufactured excisable goods such as alcoholic products.
- There is lack of evidence of tests using standard alcoholmeter carried out by Excise Unit to determine the strength of alcohol in breach of section 40 of Excise Act relating to Alteration.
- There are inadequate monitoring visits to operators/dealers to detect irregularities. Quarterly visits at factories not carried out regularly.
- Non-submission of monthly returns of Excise Stamps.
- As a result of the failure to properly test and monitor the alcohol content of locally manufactured alcoholic products there is the risk of excise duty foregone.

2.7.6 Recommendation

- **Your Committee recommends that Customs should carry out regular inspection of factories and sample testing to ensure that the correct amount of excise duty is imposed on locally manufactured excisable products.**

Auction Sales

2.7.7 Findings

- The Auction Sales Unit carries out sale of abandoned and unclaimed goods through E- Auction Platform.
- Notification of auctions are advertised only in the MRA website and may not attract a large number of bidders.
- Because of the limited number of bidders, goods are often sold below initial reserved price with most bidders waiting for the reserved price to be lowered a third time before submitting their bids.
- Lot size of goods auctioned may not be appropriate to attract a large number of bidders. Often goods are bundled in a big lot and only a few bidders can afford to bid for the big lots.

2.7.8 Recommendations

Your Committee recommends that:

- **auction should be advertised in the press, on television and on radio to attract a greater number of bidders; and**
- **the size of lots should be reviewed to attract a greater number of bidders.**

2.8 MINISTRY OF HEALTH AND WELLNESS

2.8.1 Hearings

- Your Committee held meetings with representatives of the Ministry of Health and Wellness on two occasions namely on 02 and 09 February, 2023.

Quarantine Facilities – Inadequate Monitoring and Control

2.8.2 Issues

- The Ministry of Health and Wellness (MOHW) disbursed some Rs 455 million for quarantine charges during the period March to October 2021. Claims amounting to some Rs 259 million were still outstanding as of 31 October 2021.
- The protocol for quarantine facilities for medical and nursing officers was not observed.

2.8.3 Findings:

- Lack of internal checks on payments. Rs 198 million was paid to quarantine facilities/treatment centres without proper verification.
- MOHW effected payments totaling some Rs 43.7 million to 24 Quarantine Facilities/ treatment centres, prior to any contracts being signed.
- Non-compliance with the Public Procurement Act. MOHW relied on the procurement effected by the Ministry of Tourism when it was dealing with emergency procurement during COVID-19 Pandemic. Despite the criticism of the Director of Audit, MOHW still relied on the same list of supplier and caterers which were selected by the Ministry of Tourism and paid the same rate as was negotiated by the Ministry of Tourism. In doing so, MOHW may not have obtained best value for the services.
- Medical and Nursing Officers were required to work for 14 consecutive days which could be extended to 21 days if there was a positive case in the relevant quarantine facility. However, several doctors worked for more than 30 consecutive days, one for 43 days and another one for 66 days! 16 doctors worked for over 100 days in quarantine facilities, and allowances totaling some Rs 10.6 million were paid to them. One doctor even worked for...226 days!
- A daily allowance of Rs 5000 was paid to doctors and nursing staff who served in the quarantine centres. Allowing a doctor or nurse to work continuously and repeatedly over a short period of time necessarily deprived another doctor or nurse the ability to earn this daily allowance.
- One nursing officer worked for 92 days! Your Committee was not convinced by the explanation given by MOHW that it could not find another nurse to work in that... 5-star hotel!

- Your Committee was also not impressed with the explanation that another nursing officer had to work for an extended period of time in another 5-star hotel because apparently there were “high class passengers” who preferred the same nursing officer.

2.8.4 Recommendations

Your Committee recommends that:

- **MOHW should learn from its mistakes and be better prepared in case there is a need for passengers to observe quarantine in the future;**
- **MOHW should not resort to emergency procurement for selection of quarantine facilities and caterers;**
- **MOHW should observe the established procedure for payment for quarantine services and catering services and have in place the necessary internal control to ensure that there is no overpayment and that payment is only effected after proper verifications and controls; and**
- **there should be proper monitoring of the doctors and nursing officers who are called upon to work in the quarantine facilities and care should be taken to ensure that no medical staff ends up working for more than 21 consecutive days.**

Local purchase of Listed Drugs by Hospitals - Lack of Oversight by MOHW

2.8.5 Issues

- Hospitals resort to local purchase of listed drugs and unlisted drugs for urgent need and paid Rs 19.1 million. The price paid was higher than when purchased centrally following annual tender exercise.

2.8.6 Findings

- Prices paid for the purchase of listed drugs by hospitals were up to 17 times higher than those paid by the Ministry following its annual tender exercise.
- Cases were noted where the quantity required was adjusted so that the purchase value did not exceed the prescribed threshold for direct procurement, that is, Rs 100,000.
- Offers from a bidder in the annual tender exercises were rejected on ground of non-compliance with Instructions to Bidders while the same listed drugs were purchased from the same supplier by the hospitals.
- The lack of oversight by the Ministry on the local purchase of listed drugs effected by the hospitals coupled with inaccurate data from the EIMS resulted in an excess payment of some Rs 4.9 million for 25 listed drugs locally purchased.

2.8.7 Recommendations

Your Committee recommends that:

- **hospital should not be allowed to undertake local purchase. All purchases should be centralized. MOHW already has a procurement division which is adequately staffed with trained personnel. Centralising all purchasers including ad hoc purchases outside annual tenders will ensure that the price paid are fair and reasonable and no supplier is penalized. It will also avoid any collusion between staff in hospitals and suppliers;**
- **both the EIMS balance and stock system at the Central Supplies Divisions of MOHW should be updated to reflect the actual stock position;**
- **staff should be properly trained and monitored and encouraged to use the E-Procurement System; and**
- **the long awaited E-Health System should be implemented without delay.**

3.0 INTERNATIONAL COMMITMENTS

- 3.1 Successive Public Accounts Committees have made recommendations in order to enhance, clarify and codify the powers of the Committee so as to increase further its effectiveness and Your Committee makes a plea for the implementation of these recommendations at the earliest possible opportunity.
- 3.2 In many countries, the hearings of Public Accounts Committees are held in public and the report of the Public Accounts Committees are debated in Parliament. Several Public Accounts Committees have their own budget, permanent staff and support officers.
- 3.3 However, in answer to a Parliamentary Question on 12 April 2022, the Honourable Prime Minister informed the House that he does not see any need or any justification to amend the Standing Orders and Rules of the National Assembly to allow debate in the Assembly on the reports of the Director of Audit and of the Public Accounts Committee.
- 3.4 Your Committee is a member of Southern African Development Committee of Public Accounts Committee (SADCOPAC). At the last Annual General Meeting of SADCOPAC, it was resolved, inter alia, that Parliaments should put in place mechanisms that compel the Executive to implement the recommendations of PACs and that proper feedback should be given to the general public.
- 3.5 Your Committee recommends that the PAC be allocated its own budget with a view to empowering it and to ensuring its full autonomy.
- 3.6 Your Committee reiterates its recommendations that appropriate legislative changes be brought to sanction public officers who misuse or facilitate the misuse of public funds.
- 3.7 In line with established practices in other jurisdictions, Your Committee strongly recommends that necessary power be given to Your Committee to examine the audited accounts of Public Bodies, Parastatal Bodies, Local Authorities and other entities whose accounts are audited by the National Audit Office.

4.0 ACKNOWLEDGEMENT

- 4.1 Your Committee is grateful to **all** of its members who have actively participated in the various meetings of Your Committee and in drafting this report which was unanimously approved by all members.
- 4.2 Your Committee would like to place on record its appreciation for the collaboration it received from the Director of Audit, officers of the National Audit Office, officers from various ministries, the Accountant General's Department and Procurement Policy Office, who deponed before Your Committee.
- 4.3 Your Committee is grateful for the warm welcome that it received in Rodrigues and for the support and assistance which it received from the Clerk of the Rodrigues Regional Assembly, members of the Rodrigues Public Accounts Committee, the Island Chief Executive, the Departmental Heads and other public officers.
- 4.4 Your Committee would also like to thank the former and Acting Clerks of the National Assembly, the officers from the Clerk's Office and staff from the National Assembly for their support and guidance.

A handwritten signature in black ink, appearing to be 'M. Reza Cassam Uteem', written in a cursive style.

Honourable Muhammad Reza Cassam Uteem, MP
Chairperson of the Public Accounts Committee
19 May 2023

APPENDIX

Standing Order 69(2) of the Standing Orders and Rules of the National Assembly (1995)

(2) Public Accounts Committee

- (a) There shall be a Committee to be known as the Public Accounts Committee to consist of a Chairperson to be appointed by the Speaker and not more than nine Members to be nominated by the Committee of Selection at the beginning of each session. It shall be the duty of the Committee to examine the audited accounts showing the appropriation of the sums granted by the Assembly to meet the public expenditure and such other accounts laid before the Assembly as the Assembly may refer to the Committee together with the Director of Audit's report thereon.
- (b) The Committee shall have power, in the exercise of the duties mentioned at paragraph (a) of this Order, send for persons and records, to take evidence, and to report from time to time.
- (c) If the Chairperson is unable to be present at any meeting, the Committee shall elect another Chairperson whose tenure of office shall be for the day of his or her election only.
- (d) In discharging its duties under this Order, while examining accounts showing the appropriation of funds granted by the Assembly and such other accounts which the Assembly had referred to it, the Committee has to satisfy itself –
 - (i) that the monies shown in the accounts as having been disbursed were legally available for, and applicable to, the services or purpose to which they have been applied or charged;
 - (ii) that the expenditure conformed to the authority which governed it;
 - (iii) that every re-appropriation has been made in accordance with the provisions made in this behalf under appropriate rules; and
 - (iv) that cases involving negative expenditure and financial irregularities wherever they have occurred in the financial year under study, having regard to the financial report and the estimates as approved by the House, are subjected to scrutiny.