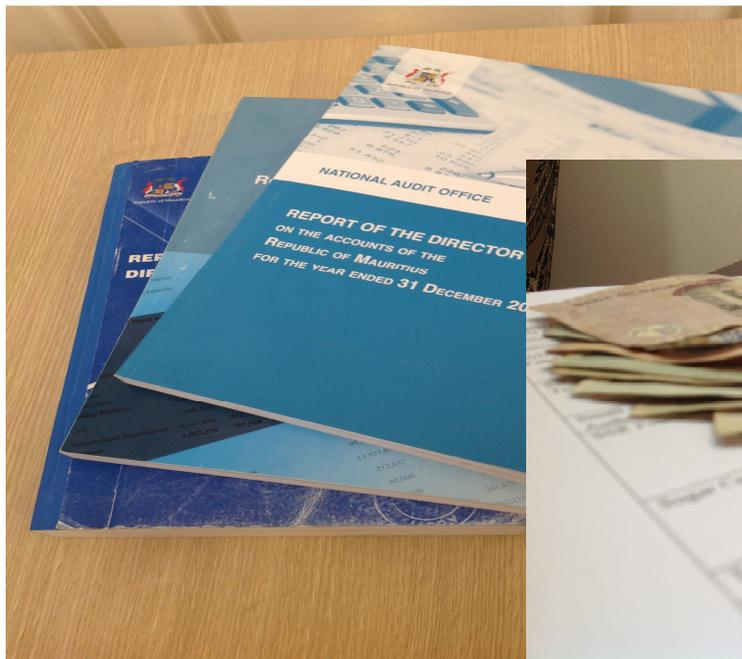


Republic of Mauritius

NATIONAL ASSEMBLY

The Report of the Public Accounts Committee



Fifth National Assembly
Second Session
First Report
21 May 2013

TABLE OF CONTENTS

	<i>Pages</i>
1.0 Introduction	1
2.0 General	2
3.0 Findings and Recommendations	2
A. Prime Minister’s Office – Police Department	2-7
B. Ministry of Public Infrastructure, National Development Unit, Land Transport and Shipping	7-9
C. Ministry of Social Security, National Solidarity and Reform Institutions	10-14
D. Ministry of Education and Human Resources	14-18
E. Ministry of Environment and Sustainable Development	18-20
F. Ministry of Information and Communications Technology	20-26
G. Ministry of Health and Quality	26-31
4.0 Conclusion	32-35
5.0 Acknowledgement	36
6.0 Appendix	37

1.0 INTRODUCTION

The Public Accounts 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.

The Public Accounts Committee, for the current session, was appointed on 22 March 2012 and was made up of the following –

The Hon. Alan Ganoo	Chairperson
The Hon S.M.A. Ameer Meea	Member
The Hon Ms S. Anquetil	Member
The Hon Ms K. R. Deerpalsing	Member
The Hon J. H. Thierry Henry	Member
The Hon. Abdullah H. Hossen	Member
The Hon Ahmed Reza Goolam Issack	Member
The Hon D.S. Kamajeet	Member
The Hon K.C. Li Kwong Wing	Member
The Hon M. K. Seeruttun	Member

Your Committee has held 33 meetings.

Your Committee examined the Reports of the Director of Audit for the years ended 30 December 2010 and 2011 on the accounts of selected Ministries.

Your Committee summoned the Accounting Officers of these Ministries to give evidence on the concerns of Your Committee on the matters raised by the Director of Audit in the Reports mentioned above and they were given all latitude to be accompanied by officers whom they considered could be of assistance to them and to submit further particulars.

Your Committee was assisted in its task by the Director of Audit and/or his representatives, the representatives of the Ministry of Finance and Economic Development and the Accountant General and/or his representatives.

Your Committee has as Secretary the Clerk of the National Assembly.

Your Committee's minutes of proceedings were taken down verbatim.

2.0 GENERAL

Your Committee invited the Accounting Officers of the following Ministries while examining the Reports of the Director of Audit on the Accounts of the Republic of Mauritius for the years ending ended 30 December 2010 and 2011 in relation to their respective Ministries -

- Prime Minister`s Office
- Ministry of Public Infrastructure, National Development Unit, Land Transport and Shipping
- Ministry of Social Security, National Solidarity and Reform Institutions
- Ministry of Education and Human Resources
- Ministry of Environment and Sustainable Development
- Ministry of Information and Communications Technology
- Ministry of Health and Quality of Life

Your Committee held several meetings with the Director of Audit, the Accountant General, the Director of the Procurement Policy Office, the Chairperson of the Central Procurement Board, the Director of the Office Public Service Governance and the Ministry of Finance and Economic Development.

3.0 FINDINGS AND RECOMMENDATIONS

Your Committee had, in the course of the examination of the different Ministries, made some findings and proposes recommendations accordingly.

A. Prime Minister`s Office

The Police Department

1. Provision and Stores

Findings

Your Committee took note of the fact that, an amount of Rs 55 million had been spent on foodstuffs delivered to the four Catering Stores of the Police Department.

Your Committee noted with serious concern the fact that, for nearly one year, neither entries of receipts of foodstuffs nor entries for issues dating back to some two years had been recorded at the stores of the Special Mobile Force and at the Main Catering Stores of the Line Barracks.

Your Committee was apprised of the fact that the Stores of the Police Department were previously managed by Police Officers. However, since the year 2000, the Procurement and Supplies Officers of the Ministry of Finance and Economic Development are performing these duties.

Your Committee was also apprised of the fact that, the records for receipts and issues of foodstuffs had not been updated and recorded in the ledger, as per the requirement of the Financial Management Manual, reportedly, due to a shortage of staff.

Furthermore, Your Committee was informed that presently, seven Procurement and Supplies Officers who are on the establishment of the Police Department are either on leave without pay or attached to other Ministries.

However, Your Committee was informed that the Police Department had already written to the Ministry of Civil Service and Administrative Reforms for the posting of additional staff thereat.

Your Committee was also informed that, with the support of Police Officers, the records at the stores are being updated and, if required, additional support will be extended thereto.

Your Committee was also apprised of the stand of the Commissioner of Police regarding the management of the procurement and supplies at the stores and of his wish to revert back to having Police Officers carry out these duties.

Your Committee also took note of the remark of the Director of Audit to the effect that he considered it more appropriate for the stores duties to be carried out by Procurement and Supplies Officers who have the required competencies.

Your Committee viewed that situation with serious concern, inasmuch as, improper recording of entries may lead to the commission of offences, which may go undetected.

Recommendations

Your Committee recommends that the Director of Audit carry out a stock take for the period for which the ledgers were not updated.

Your Committee further recommends the computerization of the whole process at the Police Catering Stores for increased effectiveness and control.

2. Procurement of Uniforms and Accessories

Findings

Your Committee noted that a sum of Rs 33.5 million had been budgeted for the year 2011 for the procurement of uniforms for the Police Force. Several deficiencies were noted by the Director of Audit in the procurement of uniforms, which resulted in funds being lapsed due to the non-finalization of the procurement procedures before the end of the financial year.

Your Committee was informed that, although a planning exercise for tenders is carried out before the beginning of each financial year, the Police Department is unable to meet the deadlines in all cases.

Your Committee noted that, this was due to a lack of human resources on the one hand and to the lengthy procedures in the procurement and tender exercises on the other hand.

Your Committee was informed that, the Police Department carries out approximately 400 formal tender exercises yearly with only five Procurement and Supplies Officers.

Your Committee was informed that, in the case of uniforms, remedial measures have been taken for the procurement procedures to start some three months before the beginning of the financial year, with the concurrence of the Ministry of Finance and Economic Development.

Your Committee took note that, a Committee, operating under the aegis of the Ministry of Finance and Economic Development, has been set up to review the procurement procedures for all Departments and Ministries.

Your Committee took good note of the remedial measures to be taken by the Police Department to ensure that Police Officers be provided with new uniforms and other accessories on time.

Recommendations

Your Committee recommends that, in view of the constitutional duties of the Police Department which are *d'intérêt d'ordre public*, the Public Procurement Act be revisited to allow the Police Department to carry out its procurement exercises more efficiently and expeditiously.

Your Committee further recommends that, adequate and trained human resources be provided to the Police Department for procurement.

3. Purchase of Smoke and Sound Level Meters - Training on Smoke Meters - Use of Sound Level Meters

Findings

Your Committee took note that, the Police Department awarded the contract for eleven smoke meters and ten sound level meters for the sum of Rs 6.1 million, inclusive of an amount of Rs 1.7 million, as training cost.

Smoke Meters

Your Committee noted with dismay the fact that, some of the smoke meters had not been put to use, as at February 2012, due to the fact that the trainers of the Ministry of Public Infrastructure, National Development Unit, Land Transport and Shipping did not train the officers of the National Transport Authority therefor.

Your Committee also noted that, following the remark of the Director of Audit in his previous report, remedial actions had been taken and the smoke level meters are being used.

Smoke Level Meters

Your Committee was informed that, the sound level meters are not being used as at to date, due to some legal complexity and that a technical committee is looking into the matter.

Your Committee also took note that, the Police Department had not been involved in the preparation of the specifications of these apparatuses, inasmuch as, they were acquired by the Ministry of Environment and Sustainable Development.

Your Committee also noted that, these meters could not be put into use, since the sound level meters are of British standard whilst the origins of the local fleet of vehicles are from different countries, including the Republic of India and the People's Republic of China.

Recommendation

Your Committee recommends that, prior to the purchase of any equipment, the Department which would eventually be required to use same, ought to be consulted, together with all the stakeholders concerned, in order to avoid the recurrence of similar situations and to ensure efficient use of public funds.

4. Abuse/Lack of Control over Police Vehicles

Findings

Your Committee noted that, officers in the grade of Assistant Commissioner of Police, Superintendent of Police and Assistant Superintendent of Police, although enjoying duty free facilities, were making use of police vehicles. No proper recordings were kept in logbooks and furthermore, the management of fuel consumption was not effected in an efficient manner.

Your Committee was also informed that, although the regulations impose prohibition without exception, in practice, officers of those grades were allowed to make use of police vehicles in exceptional circumstances.

Your Committee was informed that police inquiries were carried out into cases of abuse by Police Officers of the use of police vehicles.

Your Committee was apprised of the fact that, a Police Officer is being prosecuted before court for abuse of use of police vehicle and a few Police Officers had refunded money for the fuel consumed.

Your Committee noted that, although orders were regularly issued to prohibit such abuses, nevertheless such cases recur, though to a lesser extent.

Recommendations

Your Committee recommends that, the regulations be strictly adhered to and that severe sanctions be taken against the contraveners.

Your Committee further recommends that internal control measures be reinforced to prevent abuses.

B. Ministry of Public Infrastructure, National Development Unit, Land Transport and Shipping

1. Contract for Minor Works on Government Buildings

Findings

Your Committee took note of the comments of the Director of Audit following the decision of Government, in January 2008, to entrust the repairs, the maintenance and the rehabilitation works of government-owned buildings of up to Rs 5 million to district contractors, for the implementation thereof on a fast track basis.

Your Committee took cognizance of the fact that, the Ministry of Public Infrastructure, National Development Unit, Land Transport and Shipping, initiated the implementation of new projects under this scheme, contrary to Government's decision.

Your Committee noted that, in regard to several projects mentioned in the Report of the Director of Audit, additional works orders exceeding the threshold of Rs 5 million, had been allocated by the Ministry of Public Infrastructure, National Development Unit, Land Transport and Shipping, without the prior approval of Government.

Your Committee noted that, as regards the non-completion of projects within the contract period, too much flexibility had been exercised by the Ministry of Public Infrastructure, National Development Unit, Land Transport and Shipping, which had resulted in abuses by the contractors.

Your Committee also noted that, the selection of only one contractor per region inevitably resulted in overburdening the latter, which lead to his incapacity to complete the projects within the prescribed contract periods.

Your Committee was apprised of the issue which arose as to whether the ceiling of Rs 5 million should be inclusive or exclusive of the Value Added Tax.

Your Committee took note of the stand of the Director of Audit who maintained that the ceiling of Rs 5 million should be inclusive of Value Added Tax.

Your Committee also took note that, the matter had been referred to the State Law Office and that the latter's advice had been to the effect that the ceiling of Rs 5 million should be exclusive of Value Added Tax.

Your Committee noted with much concern the lack of adequate planning and forecast which resulted in the poor management of public funds.

Recommendations

Your Committee recommends that, the Ministry of Public Infrastructure, National Development Unit, Land Transport and Shipping strictly abide by the decision of Government to execute only projects pertaining to repairs, maintenance and rehabilitation works of Government-owned buildings under the fast track scheme and that no new project be undertaken under that scheme.

Your Committee recommends that, the practice of deliberately splitting tenders be not resorted to.

Your Committee recommends that, the Ministry of Civil Service and Administrative Reforms respond to the request for the posting of additional human resources thereat.

Your Committee recommends that, two or more contractors be assigned to each region to avoid delays in the completion of the projects.

2. National Development Unit

Findings

Your Committee noted that, as in previous years, the following points were observed in the management of the projects –

- lack of adequate planning and supervision;
- deviations from contract specifications;
- long delays in the completion of works;
- non-renewal of performance bond and insurance policies; and
- failure to produce completion certificates.

Your Committee noted that, the award of small projects to the small contractors, in the context of the democratization of tendering procedures, had led to numerous delays.

Your Committee also noted that, the sanction of 10 % as liquidated damage has had very little deterrent effect.

Your Committee noted that, far from its intended purposes, the appointment of consultants often resulted in delaying further the decision-making process and in increasing the cost of projects.

Your Committee was informed that the National Development Unit was revisiting the practice of appointing consultants.

Recommendations

Your Committee recommends that, with a view to improving efficiency in the management of the National Development Unit projects, the request for additional human resources submitted to the Ministry of Finance and Economic Development be urgently entertained.

Your Committee recommends that, there be better coordination at the level of the different authorities in order to ensure more effective implementation of contracts and to avoid poor performance and delays.

Your Committee recommends that, more severe sanctions be imposed on the non-performing contractors for the sake of effectiveness and judicious use of public funds.

Your Committee recommends that, the terms and conditions pertaining to the appointment of consultants be reviewed to ensure that value for money is achieved.

3. National Transport Authority

Your Committee noted that, following the occurrence of two burglaries in a single year, the National Transport Authority decided to hire the services of a cash transit service operator, to avoid keeping huge sums of money overnight.

C. Ministry of Social Security, National Solidarity and Reform Institutions

1. The Social Aid Unit

Findings

Your Committee noted with deep concern that, separate files were maintained in respect of beneficiaries drawing both basic pensions and social aids.

Your Committee was of the view that, this practice was not conducive to proper control and even led to cases where beneficiaries were drawing over Rs 100,000.

Your Committee was also of the view that, this situation was due to the absence of a proper centralised filing system.

Your Committee noted that, the beneficiaries of social aids were also drawing regular Immediate Payments.

Your Committee further noted that, controls of Immediate Payments were still inadequate.

Your Committee noted with concern that, in 2011 some 4,200 Immediate Payments, totalling Rs 16.68 million were processed and approved by one and the same officer and that in one case, the Immediate Payments totalled Rs 80,738.

Recommendation

Your Committee strongly recommends that a centralized computerized system be urgently implemented to ensure that the payments of both social benefits and pensions be made strictly in accordance with the eligibility criteria.

2. The Scheme for payment of examination fees for School Certificate and Higher School Certificate students -

Findings

Your Committee was informed that, the implementation of the scheme entailed considerable inputs from the Ministry and that, consequently, substantial costs had been incurred, as follows -

- over two months work by the officers, including follow up of payment to the Ministry at later stages until December 2011;
- payment of overtime to the tune of some Rs 5.1 million to more than 300 officers to process applications relating to period 7 February 2011 to 26 March 2011;

- costs of processing during normal working hours and other associated costs such as mileage allowances paid to officers and of other investigations carried out to confirm eligibility of applicants have not been worked out by the Ministry to ascertain the total costs of implementing the scheme; and
- implementation of the scheme by so many officers over such a long period of time impacted upon the other areas of activity of the Ministry and over their effectiveness.

Your Committee observed that, had the scheme been extended to a wider range of beneficiaries, the implementation thereof would have been cost-effective, having regard to the intensive use of human resources required therefor.

Recommendations

Your Committee recommends that, the formula for the payment of examination fees be reviewed to allow for a more cost-effective monitoring and processing of the scheme.

Your Committee also recommends that, control procedures for the reconciliation of applications supported by pay sheet generated by the Mauritius Examinations Syndicate for the payment of examination fees be clearly defined and established.

Your Committee recommends that, a Memorandum of Understanding be signed with the Mauritius Examinations Syndicate for more effective coordination to ensure timely submission of relevant reports to the Ministry of Social Security Social, National Solidarity and Reform Institutions, for reconciliation and control purposes.

3. Integration of persons with disabilities and strengthening of the Non Government Organisations - Rs 72.98 million

Findings

Your Committee noted with grave concern that, as at January 2012, a database of disabled persons was not available.

Your Committee also noted that, the control over the disbursement of Rs 13 million as social benefit for refund of travelling expenses to accompanying parents of disabled children attending specialised schools was unsatisfactory for the following reasons -

- application form was not supported by medical certificate in all cases;

- application form was supported by photocopies of outdated medical certificates (one or two years old) in some cases; and
- absence of certificate from a Medical Officer attesting the invalidity of the child in support of application form which was only accompanied by a letter emanating from the school certifying that the child was invalid.

Recommendation

Your Committee recommends that appropriate up to date medical certificates be henceforth requested.

4. Protection and Well Being of the Elderly - Domiciliary Visits

Findings

Your Committee noted that, medical certificates did not always support the applications for Domiciliary Visits, in respect of bedridden persons, above the age of 75, which were forwarded to the Medical Unit.

Your Committee also noted that, the Medical Unit was responsible for allocation of Domiciliary Visits, preparation and certification of claims from doctors, and that, these were not subjected to any independent verification.

Your Committee further took note that, the criteria for distribution of Domiciliary Visits among doctors were not properly set and for instance, in 2011, the lowest paid doctor earned Rs 250,000 and the highest paid doctor earned Rs 1.6 million.

Your Committee was also informed that, death cases were not notified to the Medical Unit thereby resulting into cases where Domiciliary Visits were scheduled for persons who had already passed away.

Recommendations

Your Committee recommends that monthly Domiciliary Visits be carried out according to regulations.

Your Committee also recommends that, the Unit processing applications for Domiciliary Visits be independent from the Unit preparing and certifying claims for control over payments.

Your Committee further recommends that, a protocol be established between the Ministry of Social Security, National Solidarity and Reform Institutions and the Central Civil Status Division for monthly submission of a list of deceased persons.

5. **Centre for Severely Disabled Elderly Persons at Pointe aux Sables (Centre)**

Findings

Your Committee noted with great concern that, the Ministry had paid some Rs 5 million, over and above its contractual commitment with the third party responsible for the management of the Centre under a Public Private Partnership agreement, when it should have financed costs only for the first year of operation starting in September 2008.

Your Committee noted with concern that, the Ministry was still bearing the costs for the second and third year of operation of the Centre.

Your Committee further noted that, the Ministry spent Rs 2.9 million over and above its contractual commitment in 2011 in connection with maintenance and other expenses of the Centre.

Recommendation

Your Committee recommends the redefining of the responsibilities of the two parties within the framework of a new Memorandum of Understanding.

6. **National Pension Management**

Findings

Your Committee noted with grave concern that, cumulative overpayments of pensions, as at December 2011, totalling Rs 58 million, were attributed to -

- undetected death of beneficiaries;
- undetected marriage of widows;
- prolonged absence of beneficiaries from Mauritius and permanent departures; and
- errors in the system or in processing.

Recommendations

Your Committee recommends that, legal actions be taken in case of no refund.

Your Committee also recommends that, a computerized system be developed, between the Central Civil Status Division and the Ministry of Social Security, National Solidarity and Reform Institutions, for the automatic reporting of the death of the beneficiaries and the marriage of widows to stop payment.

Your Committee further recommends that, a computerized system be developed between the Passport and Immigration Office and the Ministry of Social Security National Solidarity and Reform Institutions to report prolonged absences and permanent departures of the beneficiaries to stop payment.

D. Ministry of Education and Human Resources

Four main issues have been raised by the Director of Audit, which Your Committee discussed at length.

1. The Stimulus Package Grant

Findings

Your Committee was informed that, a sum of Rs 208 million had been granted to the Ministry of Education and Human Resources in September 2009 for the financial year 2010 to enable minor works to be carried out in Government schools.

Your Committee was informed that, the purpose of this grant was to improve the school infrastructure whilst also providing employment opportunities. However, the process for the selection of the district contractors had been so time-consuming that, only Rs 88 million had been spent in the year 2010 and only 76% of the amount earmarked therefore had been spent by December 2011.

Your Committee further took note that, the delay in implementation was mainly due to the limited number of engineers attached to the Ministry and the late appointment of the district contractors.

Recommendation

Your Committee recommends that, owing to the delay in the selection of contractors, which is a recurrent feature, the selection process be revisited to ensure prompt and cost effective implementation of infrastructure works in the future.

2. Printing and Supply of Primary School Textbooks for Academic Years 2010 & 2011

Findings

Your Committee was informed that, the late delivery of the textbooks was due to the fact that they were printed abroad.

Your Committee was informed that, the publication of new textbooks was also a cause for delay. This required a whole new process of design and vetting, which was time-consuming, in view of the substantial changes due to the new programme.

Your Committee noted with appreciation that, in order to address the issue, the Ministry is now having recourse to local printers for the publication of textbooks, as a result of which, the distribution is carried out as and when the central store receives the textbooks from the suppliers.

3. Cleaning Services

Findings

Your Committee noted that, one particular contractor had been awarded cleaning services for 215 primary schools, 75 secondary schools and other administrative premises of the Ministry Education and Quality of Life. Following a tender exercise, the Central Procurement Board awarded the contract to the lowest bidder in all the 22 bids.

Your Committee noted that, the services delivered by the contractor were totally unsatisfactory due to inadequate resources.

Your Committee was further informed that, the said contractor had also contravened the law by failing to pay its employees according to the relevant Remuneration Order.

Your Committee viewed that situation with serious concern.

Your Committee also took note that, no prior due diligence exercise had been carried out, inasmuch as no consideration was taken of the capacity of the contractor to deliver, having regard to his past performances in other Ministries.

Your Committee also viewed with concern the issue of penalty for breach of contract.

Your Committee noted that, in view of the complexity of the procedures, the officers of the Ministry had to seek proper advice, which resulted in a lengthy process before the contract could be terminated and sanctions applied.

Your Committee was however alive to the fact that, similar problems recur in the case of contracts, for cleaning services in other Ministries.

Recommendations

Your Committee therefore recommends that, henceforth, there be proper monitoring and communication among the authorities involved in the award of contracts in order to ensure better results from service providers.

Your Committee further recommends that, the bidder be required to demonstrate his capacity to deliver, in terms of human resources and equipment, and indicate the number of other similar contracts he has already entered into for the evaluation committee to be able to assess whether he has the required capacity to honour his contractual obligations with the client Ministry or Department.

Your Committee also recommends that, past performance and rating of contractors be taken into account in bid evaluation.

Your Committee further recommends that, at the time of award of the contract, due diligence be exercised so as not to overburden a single contractor.

Your Committee also recommends that, the client Ministry or Department exercise proper and rigorous monitoring to ensure performance and effective service delivery in strict compliance with the terms and conditions of the contract.

4. Extension works to 3 secondary schools

Findings

Your Committee took note that, the award of 3 contracts for extension works to 3 secondary schools was allocated to two contractors to the tune of Rs 236.97 million.

Your Committee also took note that, the completion of those projects was delayed and lasted for as long as 26 months in the case of Project 1- Construction of the New Primary School at Geoffroy Road, in Bambous.

Your Committee further took note that, works were not executed to standard and had been subcontracted, in breach of the terms of the contract and that, hardly any supervision of the works on site had been carried out and the progress of works had been far behind schedule.

Your Committee was informed that, no sanction could be applied in line with the provisions of the contract due to the lengthy process of coordination and clearance among the relevant bodies, the more so, when the maximum liquidated damages provided were too low to act as a deterrent to the contractor in case of default.

Your Committee viewed with serious concern that, similar issues were raised with regard to Projects 2 and 3.

Your Committee observed that, very often, projects are initiated on a priority basis and contracts are awarded following established procedures. Yet, in their implementation, very often, delays occur, works executed are below standard, contractual agreements are breached, sanctions are not applied and remedial actions are rare and not severe, leading to waste of public funds.

Recommendations

Your Committee recommends that, henceforth, the clause pertaining to sanctions should provide, in case of default, for -

- more severe sanctions; and
- the application thereof within least delays.

Your Committee also recommends that, Ministries and Departments appoint a designated project manager to be accountable for the efficient management, regular progress of works and delivery of any specific contract.

E. Ministry of Environment and Sustainable Development

1. Non-compliance with Procurement Procedures

Findings

Your Committee took note, with much concern, that the Ministry did not always follow the provisions of the Public Procurement Act and the other procurement regulations, issued by the Public Procurement Office.

Your Committee observed that, due to the fact that many bidding documents were not comprehensive, the scope of works of the contracts had to be changed after award.

Your Committee also took note that, bids did not contain the mandatory documents required for eligibility, namely valid Trading Licence, Tax Account Number and Value Added Tax Registration Number.

Recommendations

Your Committee recommends that, henceforth, the Ministry ascertain that all the provisions of the law with regard to procurement be strictly complied with and that mandatory documents be submitted and verified before the award of any contract.

Your Committee also recommends that, any contractor or consultant who is guilty of breach of the terms and conditions of the contract be exemplarily sanctioned because, far too often, irresponsible contractors and consultants have flouted conditions of contracts with impunity.

2. Non-compliance with Terms of Contracts

Findings

Your Committee took note that performance securities were not always submitted in time.

Your Committee further took note that, many insurance certificates were not submitted and that the Ministry did not carry out follow-up actions.

Your Committee further took note that, the performance securities were not always submitted in time.

Your Committee was apprised of the fact that, the testing certificates were neither produced nor requested by the Ministry as specified in the bidding documents.

Recommendations

Your Committee strongly recommends that, the Ministry ensure that all the laws and regulations be complied with, before the green light is given for any project and that, performance securities, insurance certificates and other required documents be in order.

2. Performance of Consultants

Findings

Your Committee noted the lack of precise quantifiable information in progress reports, considerable delays in submission of deliverables and inadequate supervision and monitoring of projects.

Recommendations

Your Committee recommends that, the Ministry monitor closely all the stages of the consultancy and be regularly provided with a progress report for each project, together with details regarding the financial aspects and ensure that the consultants strictly comply with the terms and conditions of the contracts.

3. Delayed works

Findings

Your Committee noted with concern that, works were often severely delayed and the programme of works and the completion date had been revised several times.

Recommendations

Your Committee recommends that, the terms of payment specified in the bid documents be clearly spelt out.

Your Committee also recommends that, the Ministry scrupulously enforce the terms and conditions of the contracts with a view to safeguarding public interest.

4. Supply of an Ambient Air Quality Monitoring System

Findings

Your Committee was appalled to learn that, the Ambient Air Quality Monitoring System, caravan type, for use across the island, had been received with undue delay, with many items missing and various deviations from the specifications.

Your Committee took cognizance of the fact that, no provision had been made in the contract regarding repairs, maintenance and after-sale services to be provided by the supplier.

Recommendations

Your Committee strongly recommends that, payment to suppliers be effected only after all items be duly received and commissioned, as per the terms and conditions of the contract.

Your Committee also recommends that, the Ministry include a maintenance clause in the contract at the time of acquisition of any equipment.

F. Ministry of Information and Communications Technology

Your Committee met the officers of the Ministry on three occasions to examine the Report of the Director of Audit for the years 2010 and 2011.

1. Microsoft Enterprise Agreement

Findings

Your Committee took note that, a contract for an amount of Rs 223 million had been signed on 27 June 2008 between the Ministry of Finance & Economic Empowerment on behalf of Government and Microsoft Ltd. for the provision of Microsoft Office Licences while the Ministry of Information and

Communication Technology was entrusted with the implementation thereof.

Your Committee observed, with great concern, the way this project had been initiated, developed and implemented and which resulted in inefficient and improper utilisation of public funds.

Your Committee noted that, the Ministry of Information and Communication Technology was not agreeable to the project, which it had inherited from the Ministry of Finance and Economic Empowerment and has had thus to devise ways and means to ensure proper implementation thereof.

Your Committee also noted that, no prior needs analysis had been carried out to assess the viability of the project and that no planning, evaluation or consultations had been carried out with the Ministry of Information and Communication Technology.

Your Committee was informed that, neither the Central Informatics Bureau nor the Central Information Systems Division, which are responsible to carry out surveys and needs analysis, had been involved therein.

Your Committee took cognizance of the fact that, at the time of the signature of the Agreement with Microsoft Enterprise Ltd., the Ministry of Information and Communication Technology was not agreeable to the project.

Your Committee also observed that, three years after the signature of the Microsoft Enterprise Agreement, Ministries and Departments were still not making optimal use of the licences issued and limited benefits have been derived therefrom. Additionally, several components of the licences procured were not compatible with the existing software in use in the Ministries and Departments and therefore could not be utilised.

Your Committee was informed that, an additional sum of Rs 197 million was needed for the setting up of a disaster recovery site, which did not materialise as the Ministry of Finance and Economic Empowerment did not provide the necessary funds therefor.

Recommendations

Your Committee recommends that, the Ministry of Information and Communication Technology carry out a full review of the new Information Technology, including software and hardware, required by all the Ministries and Departments.

Your Committee recommends that, proper surveys and evaluations be carried out, prior to embarking into major projects in order to avoid misuse of public funds and that the Ministry of Information and Communication Technology should be consulted to assess the Information and Communications Technology needs and requirements of Government.

Your Committee recommends the setting up of a disaster recovery site, in accordance with international standards, to ensure that the investments in the Information and Communications Technology sector be not jeopardised in the event of a major breakdown.

2. **Information and Communications Technology/Business Process Outsourcing Conference 2011**

Findings

Your Committee was taken aback by the severe criticisms levelled by the Director of Audit on the way the ICT/BPO Conference, held on 05 and 06 October 2011, had been managed. The observations and comments made by the Director of Audit had been eloquent.

Your Committee believed that, these observations and comments unveiled only part of the total mismanagement of the organization of the Conference, which was fraught with serious shortcomings, as well as, departures from the basic principles of good governance and accountability.

Your Committee convened the officers involved therein and noted the complacency with which some decisions had been taken with regard to the assignment of responsibilities to some officers of the Ministry of Information and Communication Technology.

Your Committee noted that, for unclear reasons, a subordinate officer had usurped the powers of the Permanent Secretary, and bestowed upon himself unreasonable decision-making powers.

Your Committee concurred with the Director of Audit that, the Organising Committee ought to have been chaired by the Permanent Secretary of the Ministry of Information and Communication Technology, who is also the Accounting Officer.

Your Committee probed into the matter and no plausible explanation was given as to why the Organising Committee was chaired by an officer other than the Permanent Secretary.

Your Committee was appalled by the argument of the subordinate officer to the effect that, "*funds provided by sponsors were not Government funds*", thus showing his total ignorance of section 20.5.15 of the Financial Management Manual.

Your Committee was of the view that, no officer ought to have ignored the fact that funds generated by sponsorship are deemed to be public funds and hence ought to be managed in strict accordance with the financial management procedures obtainable in the civil service.

Your Committee was also of the view that, likewise, procurement of goods and services in the context of the ICT/BPO Conference ought to have been governed by public procurement procedures in strict compliance with the Public Procurement Act.

Your Committee noted that, most of the procurement exercises glaringly flouted the public procurement procedures, and thus were neither transparent nor accountable.

Your Committee noted that, the test of fairness and transparency failed because the Chairperson of the Organising Committee unilaterally drove the procurement exercise.

Your Committee also noted that, no prior cost estimates had been worked out and that, no proper records of expenditure had been kept for auditing purposes.

Your Committee observed that, the selection of officers to service the Conference and the computation of their respective allowances defied management best practices.

Your Committee viewed with concern that, such arbitrariness resulted in unfair gratification of some officers.

Your Committee was outraged to learn, from the National Audit Office, of the intimidation to which members of its staff was subjected during the audit process, whereby the subordinate

officer incessantly interfered in the audit exercise and not all the information requested by the National Audit Office was provided.

Your Committee took cognizance of the fact that, the Permanent Secretary had been excluded from the organization of the Conference and had been unaware of the doings and dealings of the Chairperson of the Organizing Committee of the Conference.

Your Committee did not propose to enumerate and dwell on each and every irregularity surrounding the organisation of the ICT/BPO Conference in this Report.

However, Your Committee considered that, it should highlight that expenditure incurred was derived from public funds and, therefore, the processes and procedures governing the conduct of official business should have prevailed.

Your Committee observed that, it had been deplorable that, in this case, public funds had been spent in an uncontrolled and unaccountable way, which left room for abuses.

Recommendations

In the light of the above, Your Committee recommends that, to avoid any recurrence of the state of affairs which characterised the organisation of the ICT/BPO Conference, the following measures be envisaged -

- The Head of the Civil Service to come up with well-designed and clearly defined guidelines to govern the organisation of Conferences by Ministries/Departments, which should be strictly adhered to.
- Clear indications be given regarding the seniority of the officer who should chair any Organising Committee.
- Ministries and Departments to be reminded that, funds generated by sponsorship are public funds and that management thereof to strictly comply with the provisions of the Financial Management Manual.
- All procurement activities to be conducted in line with the Public Procurement Act.
- The guidelines to include a clear and transparent procedure for the selection of staff to service a Conference.

- The Ministry of Civil Service and Administrative Reforms to be consulted on all matters of payment of additional allowances other than the established or prescribed ones.
- The Human Resource and Procurement Sections of the Ministry or Department concerned to be involved in the organisation of any conference or event.
- As far as possible, a senior officer from the Ministry of Finance and Economic Development or from the National Audit Office to be designated to oversee all financial and procurement transactions.

Your Committee reiterates that, many activities in the organisation of the ICT/BPO Conference had not been in conformity with the established parameters obtainable in the civil service, accountability obligations had been missing and public funds had not been properly and judiciously spent and the whole process not transparent.

In the light of the above, Your Committee strongly recommends that, appropriate exemplary disciplinary actions be initiated and sanctions imposed.

3. **Rental of Building**

Findings

Your Committee noted that, the Central Informatics Bureau rented a building for three years, from December 2009 to November 2012 and that, since the effective date up to March 2011, the Ministry disbursed Rs 4,148,674 as rent, partitioning and cabling works, when only 14% of the space rented was occasionally utilised.

Your Committee was of the opinion that, prior to renting spaces, the relevant Ministry ought firstly to have assessed its needs and planned accordingly, the more so, as two different entities were to share the rented space.

Recommendations

Your Committee strongly recommends that, to avoid such recurrence, Ministries should ensure that the proposed rented space be provided with the required partitioning, utilities and services.

G. Ministry of Health and Quality of Life

1. Review of Procurement System

Findings

Your Committee was concerned with the failures, shortcomings and poor management of the annual procurement and requirements of the Ministry, which led to inefficient and wasteful utilisation of public funds.

Your Committee noted that in several cases –

- procurement planning was inadequate and incomplete;
- database of suppliers and of non-performing contractors was not properly maintained;
- tender bid documents contained inadequate specifications;
- evaluation process was faulty and subject to challenges, cancellation and delays; and
- there has been no proper contract administration.

Your Committee further noted that, the threshold for procurement, which was only Rs 1 million, was subsequently raised to Rs 5 million, Rs 15 million and again to Rs 50 million within a short period, with the proclamation of the Public Procurement Act in 2008, subsequently amended by the Finance Act 2009.

Your Committee was informed by the Ministry that, as a result of the above, the number of procurement and award exercises increased while the number of procurement staff remained the same without adequate training in the constantly changing procurement procedures, guidelines and directives.

Recommendations

Your Committee recommends that, there be a comprehensive reassessment of all the planning process, implementation and evaluation with regard to procurement and a modern and effective system to ensure value for money.

Your Committee recommends a full review of the human resource requirements and training needs requirements in the procurement process for urgent and appropriate action.

Your Committee recommends the proper implementation of the remedial measures already taken by the Ministry to overcome the shortcomings and to enforce the accountability of the officers and of the contractors.

2. Procurement of Non-Medical Equipment

Findings

Your Committee noted that, the procurement of equipment was often made on a fast track basis to avoid that funds earmarked do not lapse before the end of the financial year.

Your Committee noted that, in the case of the purchase of 120 fax machines, the request for quotation was issued on 2 December 2009, and the closing date fixed at 16 December 2009, with unclear specifications and subsequent flawed evaluation.

Your Committee took note that, the case of the procurement of 220 Personal Computers, 200 laser printers and 36 notebooks led to remarks from the Director of Audit that they were being underutilised.

Your Committee further noted that, when the Ministry of Finance and Economic Empowerment, under the Stimulus Package in September 2009, released additional funds for the purchase of 21 cars instead of 9 cars, although such funds had been refused regularly in the previous years, this led to the request for quotations on 29 October 2009, with the closing date fixed at 11 November 2009, for immediate delivery, in order to spend the funds before the end of the financial year.

Your Committee noted that, further specifications were added in the bid documents leading to the wrong bidding method being used and inconsistent evaluation.

Recommendations

Your Committee recommends that, proper care and due evaluation be carried out in consultation with all departments for defining the correct requirements and technical specifications in compliance with procurement, budgetary and financial management procedures.

Your Committee also recommends the carrying out of proper planning, regular monitoring and control to ensure that there be no underutilisation of IT equipment or abusive utilisation of cars, mobile phones and other equipment, especially for private and unofficial purposes.

3. Procurement of Cleaning and Security Services

Findings

Your Committee noted with concern that, for both cleaning and security services in hospitals, tenders had been launched but not awarded due to non-compliance and a challenge from one unsuccessful bidder.

Your Committee observed that, three years have elapsed and as at to date, existing contracts are being renewed on a monthly basis, in spite of deterioration in service delivery.

Your Committee also noted that, the workers employed by the contractors are being remunerated in breach of the National Remuneration Orders and are regularly absent on site.

Your Committee took note that, substantial amount of public funds are being disbursed for poor services without getting value for money, nor any possibility of rescinding the contracts.

Recommendations

Your Committee recommends that, with regard to the procurement of cleaning and security services, all the Ministries concerned therewith review the whole situation with a view to working out a comprehensive practical solution that ensures value for money.

4. Procurement of Pharmaceutical Products

1.1. Dialysis Products

Findings

Your Committee noted that, the purchase of dialysis products in kits, comprising of several consumable items which might not be used or even required, resulted in millions of Rupees worth of unused items or surplus items which had expired before use. That situation required ample storage capacity, which was already lacking for the stocking of useable medical items.

Your Committee noted with appreciation that, the Ministry has now implemented the recommendation of the Director of Audit to reduce the number of items purchased in a kit and to order some items separately.

Recommendation

Your Committee recommends that, there be better communication and coordination among the various units involved in the process to ensure that there be no surplus and overstocking due to orders made in kits.

1.2. Local Purchase of Drugs at Hospital Level

Findings

Your Committee noted with concern, the high price deviation and late deliveries of local purchases from both retailers and manufacturers.

Your Committee noted that, close monitoring of consumption trends and stock levels was not carried out to avoid local purchases at hospital level in emergency cases.

Recommendations

Your Committee recommends that, proper purchase planning, price surveys and stock monitoring be carried out more regularly and systematically to minimise recourse to retail local purchases.

1.3. Supply of Methadone Dispensing Machines

Findings

Your Committee noted that, the eight methadone-dispensing machines acquired in November 2010, were sophisticated electronic machines not meant for distribution to more than 500 persons at a time.

Your Committee noted that, they were therefore not adapted to the Mauritian context where methadone doses need to be prepared and distributed to more than 1,000 patients within three hours and that consequently, one of the objectives of the machine to achieve efficient and timesaving distribution was not being met.

Your Committee was informed that, all the machines are now operational and are being supplemented by manual preparation of doses to cater for the patients needs.

Your Committee was informed that, according to the Ministry, the Harm Reduction Programme was proceeding satisfactorily.

Your Committee also took note of the complaints and outcries regarding the behaviour of users after dispensation on the site where methadone was distributed.

Recommendations

Your Committee recommends that, the security aspect surrounding the distribution of methadone be reviewed and that Closed Circuit Television Surveillance Systems be placed where appropriate.

Your Committee also recommends the relocation of the sites, where appropriate, to ensure better decentralisation of services and optimum use of the machines.

1.4. Capital Works

Findings

Your Committee noted with serious concern, the long delay in the completion and handing over of the Plaine Verte Mediclinic, which was carried out with poor workmanship and substandard materials.

Your Committee also noted that, on account of the poor design and flawed drawings of the new Souillac Hospital, the construction was faulty which led to protracted litigation and poor delivery of works.

Your Committee was informed that, the Ministry was vested with hundreds of buildings and could not carry out proper preventive maintenance, which resulted in continuous physical and technical degradation and that consequently, major renovation and upgrading works had to be undertaken instead of regular maintenance works.

Your Committee also noted the acquisition of a building to be used as a National Geriatric Hospital when it was not provided for in the PBB estimates 2010 or in the list of programmes, sub-programmes and priority objectives of the Ministry. Your Committee was informed that the matter was under investigation by the Independent Commission Against Corruption.

Recommendation

Your Committee recommends that, the whole issue of acquisition, construction, maintenance and management of buildings under the responsibility of the Ministry be reviewed in consultation with the Ministry of Public Infrastructure, National Development Unit, Land Transport and Shipping to ensure a more holistic approach for the proper planning, optimum use and cost effective maintenance and management thereof.

4.0 CONCLUSION

Your Committee's duty is to examine the audited accounts showing the appropriation of the sums granted by the National 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.

Your Committee has thus to satisfy itself 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;
- the expenditure conformed to the authority which governed it;
- every re-appropriation has been made in accordance with the provisions made in this behalf under appropriate rules; and
- 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.

Parliamentary scrutiny allows Parliament the opportunity to hold Government to account for its decisions and actions and monitor the effectiveness and efficiencies of associated public service delivery.

It is obvious that, over time, the responsibilities of Parliament to scrutinize and call Government to account have increased.

Hence, the work of Your Committee has become increasingly essential for the legislature to perform its defining functions of holding Government to account and representing the citizens and their interests.

True it is that the mandate and practices of Public Accounts Committees vary considerably from legislature to legislature in different countries since each one operates within a different political context and faces issues unique to the legislature it serves.

However, there is a shared and increased understanding across both the Commonwealth and the Southern African Development Countries as to the key features of a Public Accounts Committee in order to ensure its effectiveness.

Presently, Your Committee already satisfies some of the key features, namely –

- comprising of representatives from all the major political parties;

- the Chair being a politician from the main Opposition party;
- focusing on administration of policy rather than on policy itself;
- non-partisanship; and
- the National Audit Office being vested with a clear mandate and effective constitutional and legal framework to operate independently.

However, Your Committee is presently lacking in several other essential key features –

- The Standing Orders and Rules of the National Assembly presently give Your Committee the narrow task of examining the audited accounts showing the appropriation of the sums granted by Parliament to meet the public expenditure and of such other accounts laid before Parliament as the Assembly may think fit.

Your Committee recommends that this mandate be widened –

- in the context of the introduction of Programme Based Budgeting, to enable Your Committee to look into annual expenditure plans and outputs, as well as monitoring delivery against public service targets which means an increase in detailed examination;
 - besides examining *ex-post facto* expenditure incurred to also examine current expenditure;
 - to empower Your Committee to examine the expenditure incurred by private companies wholly or partly owned by government, local authorities and parastatal bodies;
 - to empower Your Committee to recommend the imposition of sanctions against the officers in case of *prima facie* evidence of malpractice or gross negligence of duty.
- It is also true that the existing rules and procedures make the task of the Public Accounts Committee to hold the executive accountable less effective. Clear examples thereof are that –
 - the hearings are not public;
 - the reports cannot be released until they are laid;
 - the reports are not debated before the House; and
 - the relevant ministries, departments and authorities do not respond with due diligence on the recommendations.

Your Committee strongly recommends that the Standings Orders and Rules of the National Assembly be amended to remedy the above.

- In terms of resources, Your Committee considers that presently it is not adequately equipped with proper resources and technical skills to carry out its onerous tasks more efficiently.

- The lack of dedicated full time staff and appropriate technical expertise to support the Committee members in their task constitutes a serious handicap.
- In most legislatures, the Public Accounts Committee is serviced by a full-fledged secretariat, comprising of a full time Committee Clerk together with the support of appropriate staff and *technical experts*, to ensure the better effectiveness of the Committee. The Committee Clerk acts as the committee's principal adviser, manages the staff and coordinates with the *technical experts*, establishes a close and strong relationship and consults the Chairperson on all aspects of the Committee's work and with the National Audit Office to carry out effective hearings.
- Another key feature that contributes to the effectiveness of a Public Accounts Committee is the regular capacity building of the committee members.
- Your Committee recommends that Your Committee be allocated the required financial and human resources to enhance its effectiveness. It is thus recommended that independent funding be earmarked therefor.
- Your Committee further recommends its affiliation with regional and international organizations such as the SADCOPAC for sharing of experience and exchange with other Parliaments.

The ideal process of accountability should function as follows -

- Effective Public Accounts Committee to receive good quality audit reports from the National Audit Office within an agreed timeframe.
- Public Accounts Committee to hold public hearing to discuss the results of the audits.

The importance of proceedings of the Public Accounts Committee to be open and accessible to the public is as follows -

- to ensure transparency of such proceedings and to endow the Public Accounts Committee findings and recommendations with the requisite legitimacy from the public. This, in turn, is instrumental in building the leverage of the Public Accounts Committee *vis-à-vis* those it is seeking to hold to account;
- for the media and civil society organisations, including watchdog organizations, to play an important role in improving the quality and effectiveness of the accountability processes;

- to stimulate public awareness and debate on Public Accounts Committee deliberations and conclusions, exert pressure on the executive and civil servants to improve their conduct and the quality of overall public service performance; and
 - to ensure the collaboration of the stakeholders to implement the recommendations of the Public Accounts Committee.
- Senior civil servants from the audited ministries to appear before Public Accounts Committee well briefed, able to respond accurately to probing questions and to treat the hearings with respect.
 - Following a hearing, an effective Public Accounts Committee to produce a short report highlighting areas where the audited Ministry, Department or organisation can reduce waste or improve performance.
 - The Executive to respond to these reports promptly indicating what changes it plans to introduce as a result of the report.
 - In due course, the Public Accounts Committee or National Audit Office to follow up to ensure that commitments by the Executive have been implemented.
 - Throughout this process, focus will be on lessons learned which are intended to contribute to an ongoing improvement of the accountability and broader governance systems.

The National Audit Office and Your Committee play an important role in identifying waste, confirming that controls operate effectively and providing recommendations on how Government institutions can operate better through the production of reports aimed at improving the way the Executive manages public resources. However, all these processes operate in a retrospective manner, inasmuch as they deal with expenditure that has already taken place.

Your Committee strongly recommends that this exercise include a forward-looking dimension, since the ultimate purpose of both Your Committee and of the National Audit Office is to encourage improvements in efficiency and effectiveness in the use of public money, which is essential in fostering more effective governance.

5.0 Acknowledgment

Your Committee would like to express its thanks to the Director of Audit and his representatives, the Financial Secretary and his representatives, the Accountant-General and his representatives, who provided assistance to Your Committee

Your Committee is also thankful to the staff of the National Assembly for their assistance.

Hon. Alan GANOO, MP
*Leader of the Opposition and Chairperson
of the Public Accounts Committee*

21 May 2013

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

(2) Public Accounts Committee

- (a) *There shall be a committee to be known as the Public Accounts Committee to consist of a Chairman to be appointed by Mr 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 Chairman is unable to be present at any meeting, the Committee shall elect another Chairman whose tenure of office shall be for the day of his 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.*

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