

RODRIGUES REGIONAL ASSEMBLY



**SECOND REPORT
OF THE
PUBLIC ACCOUNTS COMMITTEE**

*For Financial year
2006/2007*

**SECOND RODRIGUES REGIONAL ASSEMBLY
FIRST SESSION**

September 2009

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SECOND REPORT – PUBLIC ACCOUNTS COMMITTEE

SECOND RODRIGUES REGIONAL ASSEMBLY

MISSION STATEMENT

INTRODUCTION

The Committee on Public Accounts is constituted by the Regional Assembly for examination of accounts showing the appropriation of sums granted by Parliament for expenditure of the Rodrigues Regional Assembly, the annual Finance Accounts of the Rodrigues Regional Assembly, and such other accounts laid before Parliament as the Committee may deem fit. This is the second report of the Public Accounts Committee of the Second Rodrigues Regional Assembly and covers matters raised by the Director of Audit in his report on the Regional Assembly for the period of 1st July 2006 to 30 June 2007 and on observations made during various site visits effected by the Committee. The Public Accounts Committee derives its powers under Standing Order 63 of the Standing Orders and Rules of the Rodrigues Regional Assembly which is being reproduced in toto:-

- (1) *There shall be a committee to be known as the Public Accounts Committee to consist of a Chairperson to be appointed by the Chairperson and not more than four other members to be elected by the Assembly.*
- (2) *The Committee shall examine the audited accounts showing the appropriation of the sums granted by the Assembly to meet the public expenditure and other accounts laid before the Assembly together with the Director of Audit's thereon.*
- (3) *The Committee may, in the exercise of the duties mentioned above, send for persons and records, to take evidence, and to report from time to time.*
- (4) *Where the chairperson is unable to be present at any meeting, the Committee shall elect a chairperson for the day only.*
- (5) *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 shall satisfy itself:-*

- (a) *that the monies shown in the accounts as having been disbursed were legally available for, and applicable to, the services purpose to which they have been applied or charged;*
- (b) *that the expenditure conformed to the Authority which governed it;*
- (c) *that every re-appropriation has been made in accordance with the provisions made in this behalf under appropriate rules; and*
- (d) *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 Assembly, are subjected to scrutiny.*

2. For a democracy to be effective, it requires not just an Executive but also a balance of a strong Assembly which holds the Executive to account and scrutinizes its actions. The essential balance would be provided by a scrutiny function which would be canvassed by the Regional Assembly through its Public Accounts Committee. This scrutiny as canvassed would be more of an advisory attitude, guided to put public officers, more precisely Accounting Officers, on the track wherever there may be financial irregularities, mismanagement and nugatory expenditures.

This exercise of scrutiny, be it as a watchdog, also consolidates the role of Parliament in the budgetary process by holding public officials accountable in the discharge of their duties and exciting public interest in Parliament's efforts at increasing transparency and accountability in democratic governance of the country. The revelations at the public hearing is the strongest signal yet that the collaboration between the Executive and Parliament which is a prerequisite for rooting out the abuse of public resources and the inimical impact on national socio-economic development.

- 3.** Another important function of the Committee is the discussion on points of financial discipline and principle. The detailed examination of questions involving principles and system is a leading and recognized function of the Committee. The Committee as such is not concerned with questions of policy in the broad sense though it is within its jurisdiction to point out whether there has been extravagance or waste in carrying out that policy. And this aspect of the Public Accounts Committee has been constantly put forward during the hearing of officers.
- 4.** The functions of the Committee extend, however, beyond the formality of expenditure to its wisdom, faithfulness and economy. The Committee thus examines cases involving losses, nugatory expenditures and financial irregularities. When any case of proved negligence resulting in loss or extravagance is brought to the notice of the Committee, it calls upon the Commission/Department concerned to explain what action, disciplinary or otherwise, it has taken to prevent such a recurrence. In such a case, it can also record its opinion in the form of disapproval or pass strictures against the extravagance or lack of proper control by the Commission/Department concerned.
- 5.** The Committee on Public Accounts scrutinizes the Appropriation Accounts of the Regional Government and the reports of the Director of Audit, thereon. While doing so, it is the duty of the Committee to satisfy itself that:-

 - (a) the moneys shown in the accounts as having been disbursed were legally available for, and applicable to, the service or purpose to which have been applied or charged;*
 - (b) the expenditure conforms to the authority which governs it; and*

(c) every re-appropriation has been made in accordance with the provisions made in this behalf under rules framed by competent Authority and existing financial rules and regulations.

If any money has been spent on any service during a financial year in excess of the amount granted by the House for that purpose, the Committee examines with reference to the facts of each case the circumstances leading to such an excess and make such recommendations as it may deem fit.

6. Working of the Committee

The Committee has taken the leeway and moved a step further in touching all those cases that has been audited and repeated in the report of 2007/2008 in as much as in almost all cases the issues keep in recurring year in and year out. This has been done to avoid overlapping wherever it has been noted by the Committee. This has been done in a few cases namely in State Land arrears and overtime paid in the Transport Section amongst others. During the hearing, the Accounting Officers of different Commissions were made aware of this procedure and this would have the effect of providing a timely analysis of the issues constantly repeated by the Audit report. And this process does not in any way whatsoever preclude the Committee to prepare its third report for the year 2007/2008.

7. The present Public Accounts Committee for the current session was appointed on 13 February 2007 and is made up as follows:

- Mr. Nicolson LISETTE - Member of the RRA (Chairman)
- Mrs. M. Désirée L. Chan MEUNIER - Deputy Chairperson of the RRA (Member)
- Mr. Desire Laval GUILLAUME - Member of the RRA (Member)
- Mrs. Jacqueline PROSPER - Member of the RRA (Member)

- Mr Jean Daniel SPEVILLE - Member of the RRA(Member)

The Secretary of the Committee is the Clerk of the Regional Assembly.

- 8.** The Committee has, since the issuing of its first report for financial year 2005/2006, met 13 times in the Committee Room in the Assembly House with regards to the Report of the Director of Audit for the year ended 30th June 2007.

Two additional sessions were devoted to site visits and these included:

- (i) Different beneficiaries under the Self-Help Low Cost Housing Scheme;
- (ii) Malabar Family Integrated Centre;
- (iii) Araucaria Government School;
- (iv) Mont Charlot Government School;
- (v) New Maternity Ward, Queen Elizabeth Hospital, Creve Coeur.

- 9.** The Committee had four (4) working sessions and hearing with Departmental Heads and Officers of their respective Commissions on the following dates and as follows:

- 31 March, 2009 - Departmental Heads, Chief Commissioners Office and their close collaborators as well as senior officers from Central Administration.
- 31 March, 2009 - Departmental Head, Commission for Public Infrastructure and others.
- 05 May, 2009 - Departmental Head, Commission for Health and others.
- 05 May, 2009 - Departmental Head, Commission for Education and others.

10. GENERAL OBSERVATIONS AND GUIDELINES

- (1.0) The Committee noted that some common issues are raised up in almost all Commissions which were scrutinized as regards to infrastructural project. The Committee is fully aware of its advisory role but it finds it fully justifiable to propose certain guidelines to Accounting Officers in as much as it fails to understand how the latter fails in taking timely appropriate remedial actions. These drawbacks are noted even though both the audit and the PAC reports made some recommendations in previous years. It is also noted in some cases that due to hasty handing over, when Departmental Heads are either leaving or transferred to another Commission, there is no proper follow-up of past and on-going projects by the in-coming Departmental Head.
- (2.0) It has been noticed on several occasions that no proper guidelines have been established as regards claims for liquidated damages in cases where delays have occurred in completion of works. As such the Committee recommends that henceforth, in contracts where unjustified delays in completing the work prevailed, liquidated damages should be claimed forthwith and consequently shifting the burden on the contractor to prove that such delays are justified. Such drawbacks were noted in the Chief Commissioner's Office, Commission for Public Infrastructure, Commission for Health and Commission for Education where infrastructural works were carried out.
- (3.0) Moreover, the Committee also recommends that all Accounting Officers should, as far as possible, make it a priority for the setting up of an Audit Committee or a Project Management Committee, at the level of their respective Commissions, which should meet at least once in a month for the proper monitoring of their budget and take up any matters/recommendations raised in any report. This will help to keep the Accounting Officers to be apprised of the status of any project and

take any appropriate measures promptly. Additionally, the Commission will be in a better position to compile any data since the Rodrigues Regional Assembly will be moving to Programme-Based Budgeting.

- (4.0) Likewise, with the setting of the Audit Committee, this will help, as the case may be, any officer or Accounting Officer to have a proper handing over, whenever the case arises.
- (5.0) The Committee further took note of the situation whereby contractors default in their contractual obligations and the same contractors bid for other tenders launched by the Rodrigues Regional Assembly. Under the present scrutiny two cases were identified namely under the Commission for Education and the Commission for Public Infrastructure. This seems to be odd as there is clearly some lacks of ethics somewhere to debar or prevent these contractors to bid again. It is, however, noted that some sort of correctional measures may be undertaken accordingly, during the screening process of tenders at the level of evaluation by the Tender Committee which may reject any tender, provided it is justified. Additionally, under section 53 of the Procurement Act 2006, it is noted that provision is made for debarring bidders who are in breach of this provision at the initial bidding process and not at the level where any contractor has defaulted in its contractual obligations.

Consequently, the Committee recommends that the Rodrigues Regional Assembly may compile a list of all defaulting contractors in Rodrigues for circulation to all Commissions for information purposes. Appropriate sanctions should be taken now so as to avoid any recurrence of such practices wherever such measures are justified.

- (6.0) It has been noted in several cases during hearings that Accounting Officers, that is, Departmental Heads had had to by-pass established

financial procedure by the covering approval of the Executive Council. It is by traditional convention that prevails whereby the Commissioner is considered the political head whereas the Departmental Head is responsible for day to day administrative matters of the Commission. Under the circumstances that a Commissioner plans a course of action which the Accounting Officer considers will infringe the requirement of regularity or value for money, then the accounting officer has to set out these objections in writing.

11. CHIEF COMMISSIONER'S OFFICE

Consideration of the Director of Audit's Report on matters under the responsibility of the Chief Commissioner

Annual Financial Statement – Rodrigues Regional Assembly for the year ended 30 June , 2007

Statement of Assets and Liabilities

In its first Report of 2005/2006 the Public Accounts Committee queried the Officers of the Chief Commissioner's Office and the Chief Finance Officer on issues such as Budget monitoring, Arrears on Revenue, Rental of Government property, State Land lease arrears. The Officers announced several measures undertaken namely the setting up of a "Revenue Monitoring Committee", updating of the system of collection of State Land lease arrears with the State Informatics Ltd, the possibility of writing off of all unrecoverable debts.

For the present report, the following issues were raised during the hearing process with the officers from the Chief Commissioner's Office:

- Arrears on State Land leases;
- Assistance to fishermen;
- Arrears in Revenue collection;
- Petrol Allowance to Commissioners;

- Overtime to Finance and Transport sections;
- Water Resources- Purchase of pumps at Mourouck pumping station
 - Construction of new pipelines
 - Construction of reservoirs

(1.0) STATE LAND LEASES

The Committee noted that State Land lease arrears increased from Rs 4.7 million to Rs 6.4 million from financial year 2005/2006 to 2007/2008, respectively. As such, at the hearing of the Officers from the Chief Commissioner's Office, the Committee wished to know where matters stand as regards to all the arrears to the State Land leases as at 30 June 2006. The Departmental Head explained, as he stated last year, that the arrears on state land represent almost 75% of all the arrears of the Rodrigues Regional Assembly of which are arrears due on Industrial lease. It is further reported that the arrears mentioned, therein, are exclusive of interest. He stressed on the fact that there is no system of collection of payment of State Land rental. He agreed that although the lease agreement makes mention for advance payment of rent, in practice this is not the case.

- (1.1) On the same line, the Committee wanted to know where matters stand as to the setting up of a system, of revenue collection for state land, with the State Informatics Ltd (SIL) which was announced during the last year's hearing by the Officer. The Officer explained that the system has already been established but need to be adapted to the Rodriguan context. He further informed the Committee that the system would be ready by July this year which would be the appropriate time for its launching since most of the lessees would have to renew their leasehold. The Departmental Head also stressed on the difficulty being faced during the testing of the system, such as the issue of penalty which will need to be settled on a case to case basis.
- (1.2) Additionally, the Departmental Head further explained that through the "Revenue Monitoring Unit" arrears for Industrial Leases has been settled to some extent and as at to date the Commission has only some 15 bad debtors out of a total of around 40 leases. Consequently, the Departmental Head furnished the

Committee with a last update of revenue collection and arrears for Agricultural, Commercial, Industrial and Residential leases.

LEASES	AMOUNT DUE(as at 30 June 2008) Rs	AMOUNT COLLECTED(up to 30 June 2008)
Agricultural	94,218.32	2,406.44
Commercial	361,140.00	91,000.98
Industrial	1,524,117.00	1,226,277.86
Residential	2,878,775.00	526,852.45
TOTAL	4,856,250.32	1,846,537.73

- (1.3) On further question put by the Committee, the Departmental Head explained that the Commission is expecting a decrease in total sum of arrears on land lease consequent to a decrease in arrears of Industrial and Commercial leases which is the main component of land leases. As regards to Residential leases the response has not been positive as such since, there is no proper system to update the leases. But with the cadastral survey which has been recently completed and with the proposed establishment of the system of revenue collection for State Land, the Commission will regularize all leases on a zone to zone basis.
- (1.4) The Committee noted that some of the copies of lease agreement are missing as mentioned in the Audit Report for period August 2006 to December 2006. On that issue, the Departmental Head explained that these are being looked into and since September 2007 lease agreements are prepared in three copies.
- (1.5) The Committee wished to know whether, in cases where houses are funded by the Trust Fund or on social ground, the lessees are also paying their leases. The Departmental Head explained that formerly beneficiaries of houses on social ground or Trust Fund Houses constructed their houses wherever they wanted without having obtained a land lease. But these have been catered for by the Commission as it is now a prerequisite that the beneficiary will not be delivered materials without the letter of intent for a lease from the Cadastral Office.

Recommendation

It has become crucial to set up a proper database of land leases revenue collection on State Land leases.

(2.0) ASSISTANCE TO FISHERMEN

An allowance is paid to all registered professional fishermen on days which are declared as bad weather day by the Meteorological Services. The rate of bad weather allowance (BWA) was Rs 155 per day in 2006/2007. As of June 2007, there were some 2000 professional fishermen registered at the Fisheries Services.

- (2.1) The Committee recognizes that this issue is sensible as it touches a large part of the lower segment of the Rodriguan population. The Committee reminded the Officers that the duty of the Public Accounts Committee is not to question policy decision but the financial aspect of the payment of such allowance under that policy. As such, the Committee queried as to whether the overpayment for Bad Weather Allowance (BWA), as mentioned in the Audit Report, can be construed as a non-compliance with financial instructions. The Departmental Head explained that there was an Executive Council decision on this matter and the Accounting Officer at that time followed that decision and as such the payment for BWA was agreed to.

Consequently, the Committee agree that an Accounting Officer is bound to follow Executive Council decisions but within the rules and regulations as established by financial manuals. In support to what the Departmental Head stated, the Chief Finance Officer explained that the Executive Council was not aware at that point in time that the payment of Bad Weather Allowance was categorized under the Social Aid Act where the Rodrigues Regional Assembly did not have autonomy. The Departmental Head informed the Committee that it was only following an advice from the State Law Office that the Rodrigues Regional Assembly stopped the payment of Bad Weather Allowance *viz* as from October 2007. The Departmental Head explained that the Rodrigues Regional Assembly backed its decision to pay the Bad Weather Allowance by an advice from the Legal Adviser of the Rodrigues Regional Assembly who legally advised, accordingly.

(3.0) RENTAL OF SNACKS

The Committee took note of the legal advice given by the Legal Advisor of the Rodrigues Regional Assembly with respect to collection of arrears on rental of snacks.

Legal advice has been obtained in a letter dated 12 February 2009 from the Legal Adviser which stipulates that “ in order to benefit from summons issued to debtors one must act within one year in accordance with section 114 of the Local Government Act 1989. We cannot go by way of summons to debtors as previously envisaged. We will have to instruct a Solicitor to sue the debtors by civil process.”

- (3.1) The Committee wanted to know why there has been a constant decrease in revenue collection in general taking into account the different mechanism put in place by the Commission, such as the “Revenue Monitoring Committee”, to monitor revenue. The Chief Finance Officer explained that the major component of arrears in revenue is state land leases which represents almost 80 percent of all revenue and that the Departmental Head had amply given his comments on this. Additionally, certain revenue collected on other items, e.g visit to Caverne Patate, Ile aux Cocos, and all the revenue collected are credited to the account of the Company which manages those sites.

(4.0) PETROL ALLOWANCE 2006/2007

The Committee decided to look into the item consumption of petrol by vehicles attached to Commissioners and the payment of petrol allowance to the latter. The Committee made a brief recapitulation of what the law provides under the Rodrigues Regional Assembly (Allowances and Privileges) Act, 2002, for Members. On question put as to what is the practice today for payment of petrol allowance, the Chief Finance Officer explained that the Rodrigues Regional Assembly is following the practice as devised in Mauritius and that of the Office of the Island Chief Executive. The Officer made it bold that no such irregularities whatsoever have been effected under this item.

The Committee is hereby reproducing the information provided by different Commissions on the issue of petrol consumption by vehicles to different Commissioners.

**Petrol Consumption by vehicles attached to different Commissioners for
Financial Year 2006-2007**

Commissions	Litres consumed	Amount(Rs)
Chief Commissioner's Office	992	29,159.35
Deputy Chief Commissioner's Office	3,281	93,185.75
Commission for Social Security	3,294	96,219.90
Commission for Public Infrastructure	2,081	60,605.00
Commission for Youth and Sports	2,413	71,715.62
Commission for Health	2,205	64,308.80
Commission for Agriculture	3,387	92,916.75

(5.0) OVERTIME TO FINANCE AND TRANSPORT SECTION

The Committee requested for information on overtime paid in both the Finance and the Transport sections and noted with satisfaction a decrease in the amount of overtime paid for the year 2006/2007 to 2007/2008. Again the Committee has used the figures for the year 2007/2008 for reference and it is to be noted that there has been a decrease in overtime paid in both sections and the Committee gives its full appreciation for this laudable effort:

DIVISION	FIN/YR 2006/2007	FIN/YR 2007/2008
Transport Division	Rs 1,068,799.15	Rs 694,954.40
Finance Section	Rs 621,795.07	Rs 437,206.40

- (5.1) On further question, the Committee wished to know whether it is possible for a Driver to earn more overtime than his basic salary and if so, how. The Officer explained that if a driver is called to work for odd hours, on Public Holidays and Sundays also and consequently under these circumstances it may happen that the Driver may earn more overtime than his salary. The Chief Finance Officer further assured the Committee that with the new measures adopted by the Transport Section these situations may not occur as such.

A detailed list of overtime paid to drivers attached to the Transport section for financial year 2006/2007 was provided to the Committee. On analysis, it was found that:

- (i) Overtime paid to individual driver was on the high side since some of them were consistently drawing an overtime of more than Rs 10 000 monthly which was almost equal or greater than their basic salary.
- (ii) For the month of June 2007, a driver obtained more than Rs 45,000, four of them obtained between Rs 20,000 and Rs 27, 000, as overtime.

Recommendations

In order to further reduce the overtime paid to Drivers the Committee recommends that more drivers on roster be put at the Transport section.

(6.0) WATER RESOURCES

Purchase of pumps at Mourouk Pumping Station

This project was initiated in September 2006 with a view to remedy a precarious situation at the Mourouk pumping station. The initial tender was launched for the supply and installation of only one surface pump. However, on approval of the Executive Council three pumps were purchased totaling an amount of Rs 2,282,589, VAT inclusive.

- (6.1) The Committee wished to have more information as to how does the Commission account to the fact that at the initial stage of the project there was only one pump which was to be purchased amounting to Rs 720,613 and at the end the latter turned up to purchase three pumps amounting to Rs 2,282,589. During this exercise the Commission by-passed the prescribed procedure by the then Central Tender Board Act which provides that any expenditure exceeding the prescribed amount of Rs 1 million needs to have the approval of the Central Tender Board. The Committee considers that this can amount to a breach of procedure by the Accounting Officer.

The Departmental Head agreed that legally speaking this may be considered as a breach of procedure. However, he assured the Committee that the approval of the Executive Council was received for the purchase of the three pumps.

The Committee reminded the officers that even though they may be covered by the approval of the Executive Council they have a duty to ensure that each and every prescribed procedures of any relevant legislation or the Financial Management Manual should be followed.

- (6.2) On the same line, the Committee wanted more information as to why the liquidated damages, which resulted in the delivery of the pumps, i.e 34 days after, were not claimed from the supplier. The Departmental Head explained that there is a covering approval for the extension of time on delivery. The officer provided the Committee with copies of the letter for the covering approval of extension of time.
- (6.3) On question put as to why only two pumps were delivered and installed instead of three as per the tender for purchase, the Departmental Head assured the Committee that three pumps have been purchased.

Construction of new pipelines

This project consists of the construction of pipelines from Petit Brule Reservoir and from Coromandel Reservoir to Montagne Cabris Reservoir.

- (6.4) The Committee wished to know the practice as regards release of retention of money and application of liquidated damages in cases

where lateness has occurred in completion of the project. The Departmental head explained that this project was formally under the supervision of a consultant and he is not as such aware of the outcome of these issues.

Thereby, the Chief Finance Officer assured the Committee that this matter is being looked into, as a “*mise en demeure*” will be shortly served on the contractor as advised by the Legal Adviser.

Recommendations

Even though the project may be under the supervision of a consultant, it is the duty of the Commission who is the client to request for any liquidated damages since the contract is between the contractor and the Commission. The consultant is having only a supervisory role.

Construction of Reservoirs

This project was initiated in view to contract the construction of three reservoirs of capacity 1,000 m³ each in reinforced concrete at Anse Baleine, Anse Quitor and Union.

- (6.5) The Committee queried as to unused materials which were already deposited by the contractor for the construction of the reservoir at Union which was to act as a service reservoir for the region but which did not go ahead. It is obvious that such material were claimed by the contractor before leaving the site. The officers explained that part of the construction materials were diverted to other projects such as construction of track roads in the region and as regards equipments such as pipes and fittings these were retrieved by the Commission for Water Resources.
- (6.6) As regards the Anse Baleine reservoir, the Committee was informed that there is no water for testing. The officers assured the Committee that in around one month time a new borehole in the vicinity will be operational to feed the reservoirs. However, during a visit effected in the month of June by the Committee, the situation was unchanged.

(7.0) OTHER MATTERS

Moreover, the Chief Finance Officer explained that a Central Audit Committee has been set up by the Ministry of Finance for the monitoring of all aspects raised by the Audit Office and which in turn refer its recommendations to the Island Chief Executive. Additionally an Audit Committee, under the chairmanship of the Island Chief Executive, has been set up in Rodrigues to monitor the different recommendations of the Central Audit Committee and the Audit Report.

12. DEPUTY CHIEF COMMISSIONER'S OFFICE

The following issues were raised during the hearing process with the officers from the Chief Commissioner's Office:

- (i) Araucaria Government School
- (ii) Mont Charlot Government School
- (iii) Leisure Centre at Mont Plaisir
- (iv) Tombeau Maragon
- (v) Book Loan Scheme
- (vi) Other matters

(1.0) ARAUCARIA GOVERNMENT SCHOOL

Contract for the construction of two Community schools, each at Araucaria and Mont Charlot, was awarded to a Contractor on 18 April 2006 for the amount of Rs 28,010,866 and Rs 22,256,795 (both VAT inclusive), respectively. For both schools, works started on 22 May 2006 and were scheduled for completion on 22 May 2007.

Site visit

(1.1) During the site visit at the above named school the Committee took note of the following:

- (i) About 70 percent of the work has been completed with some minor work being undertaken in-house by the Commission of Public Infrastructure;

- (ii) As regards the remaining 30 percent, tenders would be launched for completion of same;
- (iii) No watchman was found on the site during the site visit;
- (iv) The works are expected to be completed by the end of this year.

Hearing

(1.2) The Committee reminded the Departmental Head that following the last report of the Public Accounts Committee the former Acting Departmental Head assured the latter that the Commission would speed matters to ensure the finalization of the construction of the school. And following the site visit some progress has been noticed at the school but nevertheless a lot of works are still pending.

The Departmental Head explained that following the determination of both contracts at Araucaria and Mont Charlot in February 2008, the Commission for Public Infrastructure took over the sites for the work to be completed in-house, mostly at Araucaria. But the Commission was unable to complete the work and the decision was taken to tender out the remaining works. Three different tenders were launched, following an advice from the Commission for Public Infrastructure, for the completion of work at Araucaria.

(1.3) The Committee finds it odd why the Commission did not seek it appropriate to launch one contract as a whole instead of three different tenders. The Committee was skeptical whether this was not done purposely in order to avoid going to the Procurement office and if it would not have been more economical for the Commission. The Officers explained that this was done upon the advice of the Commission for Public Infrastructure.

(1.4) Consequently, the Departmental Head thanked the Committee which during its recent site visit at Araucaria Government School noted the absence of the watchman and assured the latter that immediate remedial action has been taken. Moreover, in order to counteract any such repetition surprise check is being effected on a regular basis.

- (1.5) On further question put, the Committee was informed that as regards the Mont Charlot project, the tendering procedure would be as a whole. Moreover, no cost effective analysis has been effected following the launching of the three different tenders at Araucaria.
- (1.6) As regards Araucaria, the Committee was informed by the Departmental Head that the school should be operational by January 2010 since some works have reached an advanced stage.
- (1.7) Again the Committee queried as to whether a contractor, who has failed in completing its contractual obligations, can bid again on the same contract work if ever tenders are launched. The Officers were not able to provide with the information.
- (1.8) The Committee took note that the retention money has not been released as at to date and no liquidated damages were applied for.

(2.0) MONT CHARLOT GOVERNMENT SCHOOL

Site visit

- (2.1) During the site at the abovementioned school the Committee took note of the following:-
- (i) As at to now the completion work is still at about 40 percent.
 - (ii) The services of a Consultant have been retained for the preparation of the tender document which would probably be launched in May 2009.
 - (iii) The amount for the finalization of the construction surely cost more than the amount earmarked previously as the prices of all materials have risen.

(3.0) LEISURE CENTRE AT MONT PLAISIR

The contract for the construction of a Leisure Centre at Malabar was awarded to a Joint Venture for the sum of Rs 48,197,728, inclusive of VAT. The works started on 26 July 2005 and was scheduled for

completion on 22 May 2006. The works were completed on 31 October 2006.

- (3.1) The Committee reminded the Officers of the site visit effected last year and the recommendations made, thereof. The Committee queried on the issue of handing over as stated by the Audit Report, which resulted to an additional cost of around Rs 300,000 which had to be paid by the Commission. No satisfactory answer was obtained.
- (3.2) During the last site visit, the Committee noted several problems with the seats fixed in the theatre room and as such it wanted to know when the commissioning and fixing of the seats were done. The Officers were not able to provide the Committee with the requested information.
- (3.3) On questions put, the Committee took note of the following:-
- (i) No tenders were launched for the stage lighting and public address work in the theatre.
 - (ii) As at 30 June 2008, the final amount of money paid for the project was to be the tune of Rs 36 millions.
 - (iii) The remaining amount voted for the project would be used for the purchase of furniture, lighting system and public address work.
 - (iv) As regards the excess amount paid to the consultant, these cannot be recouped since that amount was calculated on basis of the initial project which was to be situated at Lataniers instead of Mont Plaisir.
 - (v) Defects as detailed by the snag list have not yet been attended to.
 - (vi) The retention money has not yet been released.
- (3.4) The Committee requested further explanation on the issue of liquidated damages which could have been claimed on the request for extension of 162 days which was applied one year after completion of work. Therefore, the rate of liquidated damages should have been to the tune of Rs 1,622,000, i.e a rate of 10,000

per day. Instead, the Commission approved the request for extension of time one year after completion of work and claimed liquidated damages of only Rs 300,000. The Committee is of the opinion that these types of practices may lead to corruption and leaves scope for malpractice.

(4.0) TOMBEAU MARAGON

Following the observations and recommendations made in its first report, the Committee took note of the following:-

- (i) the fencing has been repaired.
- (ii) Provision has already been made for lighting.
- (iii) A letter has already been addressed to the Commission for Health and Community Development to relocate the Community Centre.
- (iv) The joint venture for the management of the site has not yet been finalised.

(5.0) BOOK LOAN SCHEME

On the issue of books given under the Book Loan Scheme the Committee took note that the delay in providing students with books was due to a lack of the identified books on the Mauritian market and the prices of the books keep on increasing regularly.

(6.0) OTHER MATTERS

- (6.1) On a more general basis, the Committee wished to know what measures/actions are taken at the level of the Commission following the presentation of the Audit Report and Public Accounts Committee Report. The Departmental Head assured the Committee that every measures are taken by each and every Officer of the Commission to monitor that whatever proposals/recommendations made are duly implemented.
- (6.2) On the same line, the Committee queried whether any Committee has been set up to monitor the Budget of the Commission or to counteract any lacuna brought forward by any report, whatsoever.

The Officer assured the Committee that since taking office a “Budget Monitoring Committee” has been recently set up with all the heads of division to scrutinize the budget as such.

13. OFFICE OF THE COMMISSIONER FOR PUBLIC INFRASTRUCTURE

The following issues were raised during the hearing process with the officers from the Commissioner for Public Infrastructure:

- (i) Upgrading of public beach at St Francois
- (ii) Posting of full time consultant at the Commission
- (iii) Self Help Low Cost Housing Scheme
- (iv) Casting of Roof Slab

(1.0) UPGRADING OF PUBLIC BEACH AT ST. FRANCOIS

This project was awarded to a contractor on 18 November 2005 with a view to upgrade the public beach at St Francois

- (1.1) The Committee noted that the extension of time under this project was sought well beyond the date the project was completed and as such requested more information of this state of affairs. The Departmental Head, on question put, explained that approval for extension of time is only awarded after a thorough investigation of facts have been made by the Engineer, as the case may be. But as regards the extension of time he explained that this was not illegal as such because probably at that point in time the extension of time was due. Nevertheless, he admitted that it rests with the client to ensure that these factors be taken into consideration at the time of final payment. At the time of the hearing, no such action has been taken by the Commission yet
- (1.2) Moreover, liquidated damages for delay in completion of works was not claimed from the contractor. The Departmental Head explained that now liquidated damage is applicable immediately after the completion of a project, wherever applicable. And it rests upon the contractor to contest that such damages should not be applicable, if reasons and consideration involving the different factors are given with evidence.

- (1.3) The Committee noted that, although the project was completed in November 2006, it was almost three months after that the Commission took over the site and no reasons, whatsoever, were stated as to this delay. This practice led the Committee to come to the conclusion that additional charges were imposed on the Commission by the contractor for having remained there. On further question put, the Committee wished to know why there has been a refusal from the part of the Commission to take over the site on being requested to do so in three instances. No plausible reason was provided by the Accounting Officer
- (1.4) On the issue of variation of work, the Committee wished to know whether the Engineer always go on the site to look into the matter and if so, whether any record of site meetings are kept. The Committee also informed the officers that the Audit Report did mention the lack of recording of minute of site meeting.

The Departmental Head explained in case of any variation and extension of time the practice requires that the contractor makes a written notification of such variation and extension. Moreover, as regards minutes of site meeting, only important things which have an implication on the project are recorded.

Recommendation

The Committee considers this procedure as a bad practice since it is very essential that every site visit by the Engineer in presence of the Consultant be recorded whatever be the minor implication or variation on the project.

- (1.5) The officers informed the Committee that for the project at the St. Francois the work was done under the supervision of a Consultant and that a snag list is prepared by the Consultant in presence of the client. Moreover, he further explained that snag list take into consideration only minor issues not issues that have a liability of the project.
- (1.6) The Committee reminded the officers, although it agree that the site was being supervised by a Consultant, nevertheless the fact remains that all works, variations and extension of time should be looked to the satisfaction and in presence of the client.

(1.2) FULL TIME CONSULTANT AT THE COMMISSION

The Committee reminded the officers of the recommendation of the Public Accounts Committee in its first report on the posting of a full time consultant at the Commission to which the former Departmental Head was not agreeable. The Departmental Head agreed to some extent with the stand taken by the former Departmental Head since at that point in time there was no lack of technical staff. But, he further explained that nowadays the services of a consultant have been retained since there is lack of technical staff and there is also the component of training, known as transfer of knowledge, is included in the consultancy work

He also informed the Committee that the Commission has many projects to be supervised with limited technical staff. He further explained that the Commission, for instance, has only one Engineer. He also informed the Committee that the Consultant will be in charge of major projects only.

(2.0) SELF HELP LOW COST HOUSING SCHEME

This project was initiated, following an Executive Council decision, in September 2006 with the initial construction of 100 low cost housing units for the vulnerable groups. The scheme was on a self-help basis whereby the beneficiaries would be provided with the construction materials. But the units should be constructed under strict specifications and under the supervision of the Commission.

Site visits and observations

(2.1) During the site visit to fourteen (14) beneficiaries chosen at random out of the 163 beneficiaries, the Committee took note of the following:

- (a) one beneficiary has not yet started with the construction work;
- (b) Four beneficiaries constructed not according to specifications and plans;

- (c) Most beneficiaries visited encountered financial problems for casting of slabs;
- (d) In two cases a number of cement bags were spoiled due to various reasons;
- (e) In one case metal bars were rusted;
- (f) Two beneficiaries were in Mauritius; and
- (g) Many beneficiaries complained in delays regarding delivery of materials.

Hearing

- (2.2) On question put the Committee wanted to know the timeframe for the completion of this project which started far back in 2006 and whether as to date any of these houses have been completed. The Departmental Head explained that since this is a social project there is no timeframe for its completion as such. The Departmental Head agrees that though the houses may not be considered fully completed as such but taking into consideration the social aspects of the situation it is far better.

The Committee was not quite convinced by the comments of the Officer. The Committee reminded the officers that it is the duty of the Commission to ensure that these houses are completed as per the designed specifications within a given time frame and not to look at the social aspect of the project as such. The Committee reminded the Officers of past experience whereby houses were left in an incomplete state.

- (2.3) The Committee was made aware that it is only in March 2009 that the tendering procedures for the construction of the openings, which is one component which remains to be delivered to beneficiaries, have been launched.

Recommendations

It would be very effective and economical if the Commission sets a specific time frame for the completion of the project.

- (2.4) The Committee queried on the lack of supervision in the delivery of materials and where does matter stand as regards the setting up of the Monitoring Committee as stated in the Audit Report.

The Departmental Head do not agree as such with what has been stated in the report of the Audit Office since there have been supervision in the delivery of materials. The officer stated that the wordings used in the report in that “supervision was not adequate” can be interpreted as a statement of opinion.

Recommendations and observations

Following the site visit of the Committee it was indeed observed by the statement of the beneficiaries that there is in fact delay in the delivery of materials.

- (2.5) The Committee insisted on the fact that at one particular place during site visit, the workmanship was of very poor quality which may become detrimental to the beneficiary after some time. The Departmental Head explained that the Commission cannot as such impose workmanship on the construction of the housing unit itself but it has a duty to ensure that these are constructed as per specifications. He further explained that there is no clause of debarment preventing the beneficiary from extending the construction.

Recommendations

The Committee is of the view that beneficiaries should have adhered to specifications given by the Commission and same should be bound by an agreement between the Commission and the beneficiary. Extension should be allowed only after that the house has been fully completed.

- (2.6) Moreover, in some cases materials delivered were spoilt due to delay in delivery of materials by the Commission. As regards the materials spoiled, such as cement, the Officer explained that these were mainly due to delay in delivering other materials as these were lacking on the national market. Likewise, in one case where metal bars were rusted, the Departmental Head explained that there is a duty on the beneficiary to exercise proper care and a duty for the proper storage of these materials.

(2.7) The officer assured the Committee, on question put, that no excess materials will be delivered under this project where there has been negligence on the part of the beneficiary for the storage of non-perishable materials.

Recommendations

The Committee endorse the view that where there is spoiling of materials a thorough enquiry should be carried out before delivery of any additional materials.

It is clear that there is poor monitoring and supervision of the project by the Commission and this is hindering on the progress of the project. More officials should be deployed for the supervision of same as at now, there was only one officer who was supervising the 163 houses all around Rodrigues.

Supply and delivery of lagoon sand

In September 2007, the Commission approved the quotation from a contractor for the supply and delivery of 2,000 m³ of lagoon sand at the rate of Rs 358 per m³. No security deposit was furnished by the contractor, contrary to the condition of the quotation. The contractor requested the Commission to cancel the contract on February 2008 after having delivered only 56 m³ of sand.

(2.8) Additionally, the problem in delivery of sand was due to the bad climatic conditions at sea lately. Thereafter, the Committee wanted to have more information on the contract awarded for the supply of lagoon sand under that project. The Committee informed the Departmental Head that the initial contract awarded, was for the supply of 2000 m³ of sand but only 56 m³ of sand was supplied in five months resulting in delay in the implementation of the project. The Departmental Head was not able to explain why no security deposit as per quotations was requested from the contractor.

But the Committee noted that when the Commission launched a second quotation on 10 March 2008 for the supply and delivery of 2000 m³ lagoon sand, the same contractor was awarded the contract for a higher price.

The issue of default by a contractor, as pointed out formerly, come up again. The Commission should ensure through the right procedure that default contractors are barred from quoting for projects tendered by the Commission.

(3.0) CASTING OF ROOF SLAB

This scheme is to fiscally support, under strict conditions, needy families in the form of a grant for the casting of roof slabs of houses.

(3.1) Again the Committee raised the issue of accountability of the Rodrigues Regional Assembly for the money given for the casting of slab by the National Housing Development Company Ltd (NHDC) as mentioned in its last report. The Departmental Head explained that the Commission is only acting as a facilitator in that it receives the applications, verify its eligibility and channel it to the National Housing Development Company Ltd.

Additionally, the Commission in a spirit of co-operation monitors the casting of slabs. In cases of discrepancies it is not the Commission which is liable but it is incumbent on the National Housing Development Company Ltd to take the appropriate measures.

(3.2) On the same line, the Departmental Head explained that during the preparation of the Audit Report, the officers of the Audit Office have meetings to discuss on all issue which need clarification. And it has been noted that several issues which have been clarified by the Commission were, even though, taken or reported in the Audit Report. This matter has been referred to the Audit Office.

(4.0) OTHER MATTERS

On a more general basis the Departmental Head explained on the different changes brought to his Commission which are namely: an analysis of the different recommendations of the Audit Report; a completion report has to be submitted at the end of every project by the

relevant officer amongst other things. This as such shows the policy of his Commission to go in line with the practice good governance.

14. COMMISSION FOR HEALTH AND OTHERS

The following issues were raised during the hearing process with the officers from the Chief Commissioner's Office:

- (i) New Maternity Ward at Queen Elizabeth Hospital
- (ii) Mont Lubin Health Centre
- (iii) General utilization of funds within the Budget 2006/2007
- (iv) Other matters

(1.0) NEW MATERNITY WARD QUEEN ELIZABETH HOSPITAL

The construction of the New Maternity ward was awarded in March 2006 with a view to propose a specialized unit with all the necessary equipments and furniture.

- (1.1) The Committee wished to have more information on the application of extension of time as requested by the contractor during the construction of the said Maternity Ward. The Departmental Head informed the Committee that this issue has been looked into and it was found that there was an application and covering approval for extension of time. But there was no copy of such in the file of the Commission. After a thorough investigation it was found by the Commission that the letter for the covering approval for extension of time was kept at the Commission for Public Infrastructure.
- (1.2) Thus on further question put, the Committee was skeptical as to why this matter has not been clarified upon receipt of the management letter from the Audit Office. The Departmental Head explained that, at that point in time, the covering approval was not yet found and as such the Audit Report was already made public.

Recommendations

The Committee recommends that, henceforth, any letter in relation to any contract should emanate from the Commission of Health, the client, and copied to the supervising Commission.

- (1.3) The Committee queried as what has been done or is being done to furnish and equip this ward which has been completed for more than one year. The Departmental Head explained that, since joining office at the Commission in March 2008, he took note of the item vote allocated for this item. Immediately he initiated action to launch the tenders for these work.

Consequently, the procedures with the Central Tender Board (CTB) and the Commission were on-going and it was recently in April 2009 that the contracts were awarded to the successful contractors. He also informed the Public Accounts Committee that the contractors have four (4) months to perform the contract and the performance bond has already been deposited by the supplier. The Officer also informed the Committee that he has requested, as a clause in the contract, that the delivery of the equipments be made in Rodrigues instead in Mauritius itself as used to be the case before. This has been done with a view to avoid wastage of time.

- (1.4) On further question put, the Departmental Head stated that the commissioning of the equipments would be done under the supervision of a Biomedical Technical Officer from the Ministry of Health in Mauritius, who would be present in Rodrigues at that time.

Site Visit

- (1.5) During the site visit, the Committee took note of the following:

- Handing over of the New Maternity Ward was not yet done;
- Several cracks were to be seen in the building;

Hearing

- (1.6) On the issue of handing over of the New Maternity Ward, the Departmental Head agreed that the handing over of the ward has not yet been done due to the different cracks and defects which have not yet been attended to by the contractor. Additionally, the

officer informed the Committee that the retention money has not yet been released since the contractor has not yet given the test certificate for water, air conditioning system and leakage and the final completion certificate. The Committee took note that the practical completion certificate has already been submitted by the Engineer.

- (1.7) The Committee took note that the defects and cracks would probably be remedied by the retention money withheld. But the Committee was skeptical as to how the Commission would coordinate the arrival of the furniture and the equipments with the defects which need to be remedied, thereafter. Consequently, this may lead to more delays in the opening of the ward.
- (1.8) The Committee found it odd that some contractors just default in the completion of their contracts and can come back and bid again. The Departmental Head agreed that the law and the Financial Management Manual do not provide for any provision to prevent a contractor to bid again.
- (1.9) On the issue of the Rs 929,332 paid in excess of contract value and which was raised during the site visit, the Departmental Head explained that the excess amount paid was due to several variation works which had to be undertaken. As such he elaborated on the different works which had to be varied. But the Committee was surprised to see so many variation works which had to be done even though the project was under the supervision of a Consultant. The Committee took note of so many varying works which were not included in the original tender document. The Departmental Head explained that several correspondences were sent to the contractor and the consultant but to no avail.

(2.0) MONT LUBIN HEALTH CENTRE

This project concerns the contract for the extension at Mont Lubin Health Centre and was awarded to a Contractor on 11 October 2005 for the sum of Rs 10,465,000, including VAT. Works started on 7 November 2005 and was scheduled for completion on 10 July 2006.

- (2.1) During the hearing, on questions put the Committee took note of the following:-

- (i) All equipment and furniture have already been purchased at the Health Centre.
- (ii) There are some minor works which need to be done such as placing of tiles in the male ward.
- (iii) A new telephone system has already been set up.
- (iv) A brand new sophisticated chair for the Dentist has already been purchased.
- (v) Almost all the rooms at the new wards are occupied.
- (vi) Provision has been made for a fully furnished conference room also.

- (vii) The Health Centre, the new and the old ward, would be painted soon with anti-fungus painting.

- (viii) New beds, pillows and bed sheets have already been purchased and are already being used by patients. It is now incumbent on the Charge Nurse to request for any additional items, if need be.

- (ix) Provision will be made, in the future, for a new access road to the Health Centre.

(3.0) GENERAL UTILISATION OF FUNDS WITHIN THE BUDGET 2006/2007

- (3.1) The Committee wanted to have further information on the filling of the post of Blood Bank Officer which appears in the Budget. Consequently, there is an allowance which is being paid to Bank Nurse Officer to perform that duty. The Departmental Head informed the Committee that the Scheme of Service of the Blood Bank Officer has already been prepared and referred to the Central Administration for finalization.

- (3.2) On question of overtime paid under the Commission for Health, the Departmental Head agreed that overtime is unavoidable in the Health Sector as it is an essential service. But on the issue that more overtime is being paid to only one category of drivers than the other, he made it bold that this was not the fact. He explained how in some circumstances it this may happen, but which not of

his volitions, taking as example of driver who has to fetch patients or other things at the airport and the plane gets delayed.

- (3.3) The Departmental Head, on question put, assured the Committee that there is no lack of medicine as such in Rodrigues.

(4.0) OTHER MATTERS

- (4.1) The Committee wanted to know what measures or follow up actions is being undertaken by his Commission following the submission of the Audit Report and the Report of the Public Accounts Committee. The Officer explained that following the receipt of any report a thorough analysis is effected at the Commission and in light of the analysis any recommendations or remedial actions are effected.
- (4.2) On further question put, the Committee wished to know, as recommended by the Minister of Finance in a previous Budget Speech, whether an Audit Committee has been set up at the Commission for Health. The Officer explained that there is no Committee as such at the Commission and this is explained by the fact that there is a lack of staff. But he informed the Committee that since his joining of office, a Management Committee has been set up for the proper monitoring of the Commission. The Management Committee meets on a weekly basis and is composed of all head of divisions.

15. CONCLUSION

This Second Report of the Public Account Committee reveals that there is a need to continuously and constantly improve the efficient use of financial resources appropriated by the Rodrigues Regional Assembly. Reports may only have practical value if Accounting Officers address the issues it raises and implements the recommendations made therein.

The present scrutiny by the Committee is not intended to be adversarial or destructive but should be seen as fulfilling the function of a *'critical friend'*.

We would like to express our thanks to the Director of Audit and his representatives, the Clerk of the Rodrigues Regional Assembly and all officers who provided assistance to the Committee.

.....(sd).....

Mr. Nicolson LISETTE
(Chairman)

.....(sd).....

Mrs. M. Désirée L.C MEUNIER

.....(sd).....

Mr. Désiré Laval GUILLAUME

.....(sd).....

Mrs. Jacqueline PROSPER

(sd).....

Mr. Jean Daniel SPEVILLE