

VERBATIM REPORT

Committee: Finance and Public Accounts Committee
Meeting: Meeting with the **Ministry of Health** to discuss the Auditor General's Report of 2009 and 2010
Room: Committee Room 3
Date/Time: Monday 20th August, 2012 at 1400 hours

Present:Committee

Hon. David Pierre - *Chairperson*

Hon. Charles De Commarmond – *Vice-Chairperson*

Hon. Lenny Lebon

Hon. Nichole Barbe

Hon. Marc Volcere

Hon. Bernard Arnephy

Hon. Sebastien Pillay

Ministry of Health

Ms. Veronique Laporte – *Principal Secretary for the Ministry of Health*

Mr. Tony Maria – *Senior Project Officer*

Ms. Nadia Leon – *Asset Manager*

In Attendance:Office of the Auditor General

Mr. Marc Benstrong - *Auditor General*

The Secretariat

Ms. Sandra Hall - *Secretary to the Committee*

Ms. Angelic Appoo – *Committee Advisor*

Ms. Saviona Isaac - *Secretary Assistant*

HON DAVID PIERRE

Ok, let's not waste more time. Let me first of all welcome you. Before we even start, we are the Finance and Public Accounts Committee and we get our powers from the Constitution. Article 104 of our Constitution gives the Assembly the power to form Standing Committees of which FPAC is one of them. And Article 104 (3) of the Constitution, if I may read it:

"For the purposes of effectively performing its functions, a Standing Committee or other Committee may summon any person the committee believes may assist the committee in the performance of its functions and the committee shall have the powers, rights and privileges of the Supreme Court for:

(a) enforcing the attendance of witnesses and examining them on oath, affirmation or otherwise;

(b) compelling the production of documents; and

(c) issuing a commission or request to examine a witness abroad."

So basically those are the powers of our Committee and you are here today to assist us with the work with respect to the report of the Auditor General for 2009 and 2010. However before we even start I would like to introduce you to the Committee and then I'll give you the opportunity to introduce your delegation. I myself, Honourable Pierre, is the Chairperson of the Committee, and we also have the Vice Chairperson which is Honorable De Commarmond and other members: Honorable Volcere, Honorable Barbe, Honorable Arnephy, Honorable Lebon, and Honorable Pillay. And please Sandra kindly introduce.

MS SANDRA HALL

I'm Ms Sandra Hall, the Secretary to the Committee, this is Ms Angelique Appoo, the Committee Advisor, Ms Saviona Isaac, Assistant Secretary to the Committee, and we also have Mr. Marc Benstrong, the Auditor General.

HON DAVID PIERRE

Ok, so like I've said, please introduce your delegation.

MS VERONIQUE LAPORTE

Good afternoon honourables, I do apologies, I did not see you Mr. Benstrong at the back there. So sorry I said hello to everybody except you. I'm sorry. Today I have Tony Maria; Tony is working with Ministry of Health, heading the section of maintenance but he was the one dealing with air-condition. It was already there, but when he was recruited he was organising that. And we've got Nadia; Nadia last year was recently been appointed as the asset person, the one looking at asset at the Ministry. So I've brought the 2 because this is the 2 questions I've been told in front of me. And I'm PS Laporte, newly appointed as well as of the 14th of March as the PS of Health.

HON DAVID PIERRE

Ok, we welcome you once again. So like I said you are here to answer questions with respect to the 2009 and 2010 report. And the Committee expect any witness to speak the truth and nothing but the truth and everything that is said here remains for the consumption of our Committee. So we will start straight away and I will be asking the first set of questions. And I refer to page 60 of the 2010 report, 5.2 and 5.3. 2010 report do you have it? Ok it is 5.2 and 5.3.

MS VERONIQUE LAPORTE

That's procurement of air-conditioning unit?

HON DAVID PIERRE

Yes. Ok number 1; can you kindly tell us why there was no replacement plan before the purchases of the air-conditioning units were done? And if I may ask both questions at the same time, why did the Ministry try to avoid following prescribed procurement loans? Thank you very much.

MS VERONIQUE LAPORTE

Chair I think the first point I need to make is I think you already know I'm here 2012. Now 2010 and 2009 most of the people who were suppose to be overseeing all that is not currently in the Ministry of Health. We are all trying to make do what has happened in that time, but the F.C who is unfortunately on leave was there. If you permit me, when the Auditor General sent this particular information to the Ministry of Health back then in 2011, I would firstly answer, read what was sent back to him because at that time it was the person who was occupying that, and then I would comment further as to what is happening. So in regards with those two questions combined together more or less, the answer is according to 16th February 2011 by our then PS and FC, is: 'the Ministry through oversight did not request addition quotation as in the Public Procurement Act.' This is where we're talking about avoiding procedure and things like that, it's not direct question answer. It was and will never be the intention of the Ministry to overwrite or over dive, they have put there, the requirement for purchase to the procurement oversight unit of the Ministry of Finance. As from the year 2011, all purchase that needs to be approved by the Procurement Oversight unit of the Ministry will be sought.' So why there was no replacement plan; they did not answer that. As far as I know I would honestly tell you I don't know why there was no replacement plan. I would have assumed there would have been one. But what we are doing now is there is the first thing that we did in April I got Tony to do because one of the main complaints we had at the Ministry of Health was even us, when the Minister went around we would see the aircon leaking, *gomon partou* and all these things. So what Tony did in April when we came, when I managed to get some time to do an audit of all the aircons. So we

have now what I would call an audit registry of all the aircons, its status, its serial number, and the cost, what needs to be done; either service or replaced. Now from there the total cost is about half a million rupees, which I felt I could not do to basically replace or do all the aircon. So what we've done now with the plan that we have is looking at really what needs to be changed or where it's really critical for example in ICU, in doctor's room, in one or two places where we feel that it's necessary to be done. To be honest, it's still being done on an adhoc basic. The plan is there but we are not doing now because what we feel for example Tony and I when we discussed, he said look we need this one there, we may not need this one, and then this one break. So what we have to do now, cancel the plan because it's in the doctor's room, the doctor see client without the aircon. So yes we do have a plan, but we did not have then there, I don't know, but now we have this sort of a plan that we are trying to work towards it but like I say still the plan breaks. But any plan breaks anyway depending on the situation. I wish I could have half a million rupees and replace everything and start back again with our service and things like that. In addition to the plan, what Tony is insuring is maintenance. Each aircon is going to have their little black-book, when maintenance is done, if it was a new aircon when it was installed. So next time I'm summoned to you Chair and your team, I would have more details as to what has been the issue. So going back to your 2 questions, why there's no replacement plan, I don't know but there is today, and why they were avoiding, they do say here that it was an oversight that they did not look at quotation but as we stand there Tony can correct me, I make sure that he gets three quotations when it's necessary. But sometimes you don't get 3 quotations because especially if it's urgent I cannot wait for somebody to give me a

quotation, but if I have 2 we go with the 2 quotations, and usually it's me who they come and say look this is better and then we purchase the aircon. Now the other thing I want to make clarity because I'm learning the procurement as well I did not know before. I understand it's R150,000 you go to the procurement and below that you don't go. It is important to note I don't intend to go buy R150,000, so it will be at fault again, so it might come back saying that I'm buying one by one so not to go to the procurement. Now, why I'm buying one by one is now what we have done is we have tried to replace what we think is the most urgent, and now we are just go with the plan or if it breaks we replace. I don't think, for up to now which is four months, I have never signed for about above 150, so it's 1 or 2 aircons at one time. So I don't know if that answers the question or if it brings up further questions that I can answer.

HON DAVID PIERRE

Just one clarification, have you requested for a budget to ensure that your plan is put in place?

MS VERONIQUE LAPORTE

For next year. We don't ask the budget for aircon per se, but in terms of our maintenance we are looking at it.

HON DAVID PIERRE

It has been included as part of your budget?

MS VERONIQUE LAPORTE

Yes, we have for next year though. So hopefully by next year we can get all that replaced but still even in the back of my head I'm still thinking even if I do get the grant I don't think I should just go and replace it unless it's necessary. The problem I have, which I wish to bring to the Committee, which we are trying to sort out, is again this issue of getting people. I'm trying to bring back an

internal maintenance team, I know there's a circular that has gone out preventing from doing that you have to contract out. I think we need to understand that contract out does not work all the time. You need to have core team, then you can for example for the maintenance of the aircon we will still contract out. But there still needs to be a core team, I mean tomorrow it breaks, a little thing, I have to do it now, I cannot wait for company B or company C when they want to come in to come and repair. So what we are trying to do with Tony, build his team back again to do some repair, maintenance, electrical, aircon, but the major job is done contracting out. That's what we're doing now, but it's not done because

HON DAVID PIERRE

Ok. With respect to the do you believe that your staff, with respect to procurement laws, do you believe that they need training to understand the laws or what are you doing to ensure that?

MS VERONIQUE LAPORTE

We've already done that Chair. I've got the Procurement Committee to work with Ministry of Finance to refresh. Me myself I'm refreshing, I'm yet to read the Act. We're liaising with Ministry of Finance on the matter, we are getting good corporation there. There's also Patrick Course who is also on a little contract basis with us, who comes and helps us. He works with the Ministry of Finance, but he works with the Procurement Unit until I can set it up professionally and get more people in there.

HON DAVID PIERRE

So basically they understand that the procurement laws have to be respected at all times?

MS VERONIQUE LAPORTE

Yes, they know that.

HON SEBASTIEN PILLAY

I would like to just clarify something. You've mentioned that currently you are buying 1 or 2 at one time. So let's assume you buy 10 by 2 in a year which is 20, at a unit cost of say R10,000.

MS VERONIQUE LAPORTE

68.

HON SEBASTIEN PILLAY

So that would be almost close to 150 or above 150. So there might be a time if you're buying it adhoc as you are saying, that you would go above 150, and if it was to be considered therefore you'll be spending more than 150 for air condition.

MS VERONIQUE LAPORTE

Over a year, you mean. If you tell it over the year I would assume so. But right now what I would not do with the money that we don't have is go and buy 10 aircons and put it in stock because I may not use that aircon. So yes, if now the way we are doing it, if we go with respectively go back in December and see how many aircons we've brought, maybe it will be even more, because I don't know now tomorrow who will call me and tell me their aircon is bad. And if it's in ICU, if it's somewhere, I would have to change it. What I wanted to clarify is that if tomorrow Ministry of Finance says yes, here is R500,000 change all your aircons, then yes I would have to do that. But even so my point to the Committee, the way I see it is even if somebody gives me R500,000 I'll put it in my account, I would not change these aircon until I think it's necessary to change. You understand? So it would still be buying 4 or 5 or I don't know, it would not be 150. And I would assume probably this is what was going on, I cannot confirm.

HON DAVID PIERRE

But you haven't done a proper assessment of all the aircon?

MS VERONIQUE LAPORTE

We have done. For example, we have the aircon where it is and a little bit the status. Now even if they tell me the status is not good, I would not remove it until it stops, unless it's leaking, unless something happens, there's no point I remove the aircon and put a new one because it could last me another 5 months. *Ou konpran?* So I don't need to spend the money. But there are where we have removed, *ki'n arive, sa bann aircon ti pe fer tapaz*. For example, *I annan landwar kot aircon pe fer tapaz, I koule en kantite*. So what we do, they will remove, we put a new one but the old one somebody assess it. They look at the old one, maybe even that old one *ki mon'n tire la monn met enn new*, we repair it and put it somewhere else. Unless they are not doing it, but this is my instruction to them. They will remove for example if it's ICU *pou zot pa vin sanz ankor toulazournen pe antre sorti, mon fer met enn nef*. I can put a new one. Then that one, it doesn't mean it's bad, probably it was just making noise or the fan, they have to go there a few times to repair, so we take it and put somewhere else in an office or somewhere where it can be fixed. But my problem is that at the moment we are getting a supplier to do an assessment of the aircon. A supplier *li ler in tir sa aircon* maybe, I don't know, that supplier may think "there's a little thing in there I need for my previous aircon, I can have R8,000 with it", you never know. He can do it, but at one point I have to trust somebody. So if I get somebody in house who can especially when we're removing the aircon to do the assessment, what can be removed to put in another one to do something else, then it benefits the Ministry, then I won't spend money to buy a new one. You understand, because there are offices where we don't need to have a brand new aircon, we can have a second-hand fixed, clean, but

there are places where I would have to have a new aircon.

HON SEBASTIEN PILLAY

Isn't there a risk if you were to say, wait 5 more months to replace say a unit that the cost of sage unit would have gone up within that time and therefore your cost spent on those units will also go up? That is one issue. And then, a second issue, if you could answer this, in the meantime that you wait for a proper assessment of all your aircons you are saying you would wait until they bring it down, which I think is sound judgement given the scarcity of funds available to your Ministry, but at the same time, can you reassure us that places where there needs to be aircon in place as you've mentioned; ICU, operation theatre, ect, all these aircons are brand spanking new and they are not supposed to be breaking down in the near future?

MS VERONIQUE LAPORTE

Ok one thing I need to clarify. The assessment is done, we are not doing the assessment. It's there. The assessment that he has done with his people is we have looked everywhere, we have looked at the status of the aircon, as much as he can with the person who fixed the aircon, with the data that we have, to say this aircon there is like this, this aircon needs to be replace asap. So with the status and he has done a costing as well. This is where I say if I was to replace everything or fix everything, we are talking about half a million rupees. Which I believe, half a million rupees can be used somewhere else in Ministry of Health more important. Now with regards to your cost, yes, there is a risk but I don't see that a big problem because especially now where the country is going, unless the foreign exchange doesn't go in our favour again, because then the price will increase, but with the way things are going aircon is quite competitive and you can even go with different

suppliers to get aircon. But the risk is there, I agree. But what is the risk in terms of me buying 6, 7 aircons and put it in the room and tomorrow it may be cheaper. Like for example now with the foreign exchange if I bought it a month ago I would lose out, it's cheaper now. Well I hope it's cheaper anyway with the forex being in our favour. So tomorrow the dollar is 12 or 11 now, it may go 16, 17. This is the risk you take in terms of management, in terms of a business. But I still believe especially now coming at the end of the year where most of the funds are finishing, we don't have new funds, there's medication, there's employees to pay, and another thing at the Ministry of Health which I would share with you; we are relooking at all these issue of contract and employment. I annan *en kantite dimoun ki sipoze pe ganny peye, pa pe ganny peye*. You know in the sense that somebody did not put their induced allowance. Now we are building the HR, they are looking at all that. So I need to make sure, although it's emoluments, but at the same time when things like that happen we need to make sure we can vire with the permission of Ministry of Finance. Plus there are places where people needs to work, they don't have a computer for example, or that computer cannot even run a program that needs to be run. So when you look at the little bit of money you have, what you have to spend it over, for me it is better if I wait for the aircon. But I agree with you, places like I mentioned ICU where people doesn't have to come a few times up and down to remove, this we put brand new. Then I remove that one and I put it in a place where Tony can go up and down and fix it if need be a few times before I actually decide to say lets write it off. But in critical places which is most places, yes we are doing that.

HON SEBASTIEN PILLAY

So our next question for you PS relates to the same report, on the same page; page 60, and it concerns the fixed assets register. According to the report at 4.3 it states that it was noted through the audit follow-up that an inventory of all health centres and stores had been carried out and an inventory of the headquarters was to be performed at that time. My question is has the inventory of the headquarters been performed?

MS VERONIQUE LAPORTE

Chair we have tried to look at it, we don't know, we don't have the report. But what I know is apparently somebody was contracted out to do that report, a Mr. Maxim Monthy. But nobody knows where the report is, payment has been made to him, so I'm not too sure. To be honest I talked to the Chair, I got this on Thursday so Friday they tried to do whatever they can to look for the information, today Monday they couldn't find anything. Maybe it's there. And the Financial Comptroller is on leave as well, so maybe there's a report there before the payment. But he did it once according to people recalling, but I couldn't find anything. But what has been done is Nadia has been appointed now, she's from the Finance but I'm removing her from Finance, now I'm going to call her 'Asset Manager', 'Asset Supervisor', whatever name, she's going to now deal with asset. She's going to have the full registry, I have already spoken to her what needs to be done, she started some work already, she's going to start with the audit of everything that we have, even we have to get some school children to come in and help put in place and as January next year we will have everything with the code, with the date, but she pointed out to me when we were discussing that there are some very old stuff, but she started already. And we would not know the date and all that so I've told her those that we don't, we give a new number and we

put certain remarks on it, but everything that is being done including donations. And for your information, donations were not being accounted for until I came and the Minister, and said we need to stop and all donations will go through her office as well, through accounts, to make sure it's registered, it's on the list and we follow-up. Going back to your question, it looks like it was done but I don't have the report and it was done one time. And until Nadia finishes this exercise we would not have a proper audit report.

HON SEBASTIEN PILLAY

I have two follow-up. So you are talking about both the inventory of the headquarters and inventory of the head centres as well?

MS VERONIQUE LAPORTE

Everything, yes.

HON SEBASTIEN PILLAY

In terms of the contract with the person that was contracted to carry out the inventory, was there a contractual agreement with that person and do you have sight of that contract? So you don't have sight of that contract?

MS VERONIQUE LAPORTE

This is what we don't know. This is what I'm looking for. I'm looking for it but nobody seems to know. If you want I can revert back in writing on this. But I don't know, maybe when Terrence comes back. Terrence comes back on the 30th of August. So Terrence is the Financial Comptroller, he was the one dealing with all this, so maybe when he's back I'll make it a point, we would ask him to revert and I would write to the Chair on feedback on this inventory audit follow-up, what has happened, and if there is a report I'll attached to it as well.

HON DAVID PIERRE

Yes. So tell me something, you said that the contract was contracted out

and payments were made, right? How much?

MS VERONIQUE LAPORTE

This is what I understood. I did not get that figure, unless you have?

MS NADIA LEON

Yes. R20,000 was paid and R5,000 was not paid.

MS VERONIQUE LAPORTE

So R20,000 and R5000 was not paid. So probably he was supposed to submit and he has not submitted it. I don't know. I will report on it. So it looks like it was a R25,000 contract, 20 has been disbursed, there's a R5,000 not disbursed. Give me till September because he's back end of this month so we will organise and I will write back.

HON DAVID PIERRE

You have something based on this? Is it a new question or

HON CHARLES DE COMMARMOND

No I don't have a questions, just maybe some additional information about the Ministry, because I know Mr. Didon; Elvis. He was doing some work in relation to the assets of the Ministry, the building and so on.

MS VERONIQUE LAPORTE

Buildings are different. Elvis has started on this. In fact I requested Nadia to follow-up. That was not being done as well but it's being sort of getting in including houses and whatever new buildings we are building. Nadia is on top of it together with Elvis. But we don't have an audit report as per se as we say today because I checked all that. There's also vehicles that we have included, we don't even have for vehicles. So there's a whole reorganisation now that we are looking at to get it done.

HON SEBASTIEN PILLAY

So in line of the size of the task which Nadia has now, and also knowing

from personal knowledge the difficulty of assessing the assets, when do you posit this inventory would be completed?

MS VERONIQUE LAPORTE

Well what I told Nadia - she's looking at me now - is that we would get her help to audit and I've told her to get 2 or 3 people from school now. We can take them on a part-time basis, get them to do the auditing, but I want a draft end of November and I want to start on a new format 1st of January. So a draft would give us all the problems she is having, all the issues, so we will have one month to finalise it. And I've removed all the tasks from her, any other finance tasks that she is doing, in fact I'm reviewing her job description and so she would be the asset person. So she would just do that, *bomaten, aswar, I a dormi, I ava leve, I a fer tou keksoz sanmenm, manze.*

HON DAVID PIERRE

Good luck Nadia. Ok. Let me bring your attention to page 59, 2010. It concerns outstanding debts.

MS VERONIQUE LAPORTE

Outstanding debts to?

HON DAVID PIERRE

Outstanding debts to the Ministry. 3.3 and 3.4, page 59.

MS VERONIQUE LAPORTE

R5.6 million was outstanding for collection as of July 2011. For collection?

HON DAVID PIERRE

Yes, now can someone tell me what is being done to collect this outstanding debt.

MS VERONIQUE LAPORTE

I don't know Nadia, would that fall under you? In terms of debts.

MS NADIA LEON

It's for revenue units.

MS VERONIQUE LAPORTE

Ok. I don't know whether this still stands today, because from my review I've done this did not come up. So again I would have to revert back.

HON DAVID PIERRE

That was from the last report. 2010.

MS VERONIQUE LAPORTE

I did not read this unfortunately Chair. What I did is I called Mr. Benstrong and asked for the two because you asked me for these two, so if you wanted this I could have come prepared. So on one day I could only do the two; the aircon and the assets. I mean I can check and write back on this, but it is new to me. And yes, maybe I should have read the whole Auditor General's report 2010, I did not do that, so I'm not aware, I don't think my two technicians would be in a position to answer that.

HON DAVID PIERRE

So we expect an answer from you soon.

MS VERONIQUE LAPORTE

Wi. So basically what do you want to know exactly? I can take note.

HON DAVID PIERRE

What is being done to collect that R4.6 million?

MS VERONIQUE LAPORTE

And we don't know yet who are these people that we have to get money from?

HON. SEBASTIEN PILLAY

Perhaps if I may interject Mr. Chair, the question relates to the debtors ledger which is not been updated. So you start from there.

MS VERONIQUE LAPORTE

No, but that's what I'm saying, because from the review that I've done, unless they are not giving me all the information. That is why I'm getting a little bit concern now, if this

is still there, I would have picked it up. You understand? So unless they brought me a certain information, so I have to go back and see on that with the relevant officer.

HON DAVID PIERRE

But you have got the debtor's ledger? It must be there.

MS VERONIQUE LAPORTE

I don't check the ledger but I asked them the information; what is the debtor. But I don't see that amount, because I would have got them to go and get it. That's for sure. If I knew I had 4.6 million out there, this is no joke. But thank you for that information. That's really money that I need asap. I mean, medicine today I'm fighting to get some medicine this morning. We have got some serious problem with some medication, but you know, that would have gone a long way to get me the medications.

HON DAVID PIERRE

Any other questions? Ok, it remains for me to thank you so very much for coming and thank you for the answers you've given us. We await your reply.

MS VERONIQUE LAPORTE

You're welcome. Yes on the 4.6 and what was the other one?

HON SEBASTIEN PILLAY

Revenue 3.1, it's on page 59.

MS VERONIQUE LAPORTE

4.6 million, and the other one is on the fixed assets, assessment done by the private person.

HON DAVID PIERRE

And the report, the R20,000.

MS VERONIQUE LAPORTE

If there is one.

HON SEBASTIEN PILLAY

If you can locate the report.

MS VERONIQUE LAPORTE

What R20,000? That's the one; the fixed assets by the private person. The R20,000. Well I sure hope there is one, otherwise he would refund me my money.

HON CHARLES DE COMMARMOND

Mr. Chair may I suggest that while leaving if we could give her a copy of the page.

MS VERONIQUE LAPORTE

No, I will get it. But for this meeting I only looked at this page, you see. I didn't know I have to look at the fixed asset, the other part. Thank you very much Chair and Members, Mr. Benstrong. Have a good afternoon, and ladies. Thank you.