



**HIS MAJESTY THE KING MOHAMMED VI**  
**MAY GOD ASSIST HIM**



**Annual report of the  
the Audit Court  
2018**

**Highlights**



## Majesty,

I have the distinct honor to submit to **Your Majesty**, in accordance with the provisions of Article 148 of the Constitution and Article 100 of Law No 62.99 forming the Code of Financial Courts, the annual report of the Audit Court for the year 2018.

This report contains a detailed overview of the activities of the Audit Court and the Regional Audit Courts as well as summary notes of all the audit missions carried out by the various components of the financial courts. It consists of two volumes; the first concerns the activities of the Audit Court, while the second, consisting of 11 books, deals with the work of the Regional Audit Courts.

Thus, this report presents the results of the execution of the missions programmed by the Audit Court and the Regional Audit Courts during the year 2018, which covered the various powers vested in the financial courts. This applies to both jurisdictional powers to ensure compliance with the rules in force and to sanction any failure to comply, where applicable, and non-jurisdictional powers, through which the audits carried out focus on the efficiency, effectiveness and economy of financial operations conducted by public bodies, as well as on the achievement of the expected goals of public programs and policies.

Moreover, this year's programming was characterized, in addition to respecting the principle of balance between the different powers conferred on the financial courts, by the increase in the number of audit missions carried out, which reached 274, compared with 160 in the two previous years, as well as by the diversity of the scope of action of the financial courts, thus covering most of the vital public sectors. At the same time, there has been a rise in the number of cross-cutting public policy and program assessment missions, including the mission related to the sustainable development goals.

Also, during 2018, the Court was able to maintain the same pace of carrying out partnership missions with the Regional Audit Courts with a view to reinforcing it. In this respect, the Regional Audit Courts conduct audit missions at the level of public bodies of a

regional nature falling within the jurisdiction of the Audit Court. This annual report contains summary notes of 11 audit missions carried out in this regard.

As regards the assessment of the work of the financial courts, it should be noted that the Audi Court carried out 50 audit missions pertaining to the management of public bodies and the assessment of public programs. Similarly, the Court's chambers delivered 181 judgments on the audit and judgment of accounts, as well as 15 judgments on budgetary and financial discipline.

As for the main achievements of the Regional Audit Courts, they can be summarized in the performance of 224 audit missions as part of the management audit at the level of certain local authorities and local public institutions, as well as at the level of certain delegated management companies. On top of this, 1,963 final judgments were issued relating to the audit and judgment of accounts, as well as 53 judgments dealing with budgetary and financial discipline.

On the other hand, the Public Prosecutor's Office in the financial courts referred 114 involved individuals to these courts in terms of budgetary and financial discipline. Similarly, the King's Attorney General at the Audit Court referred eight (8) cases to the President of the Public Prosecutor's Office concerning facts that may be used for applying criminal sanctions.

Furthermore, the financial courts continued the process of receiving mandatory declarations of assets. Thus, in 2018, they were able to receive 9,387 declarations, including 8,461 at the level of the Regional Audit Courts; this reduced the total number of declarations received since 2010 to a total of 231,413 declarations.

Also, and following the example of the Audit Court's annual report for the years 2016 and 2017, this report includes a summary of the report of the Court's mission on the execution of the State budget for the year 2017, drawn up on the basis of preliminary information provided by the Ministry of Finance. It should be noted that the Court carries out this mission annually on a regular basis. Thus, the report

on the State budget for the year 2018 will be published in the coming weeks.

In this context, the implementation of the 2018 Finance Act recorded a budget deficit of MAD 41,353 million, compared to forecasts of MAD 33,274 million, a difference of MAD 8,079 million. This is mainly due to the growth in overall expenses (+MAD 2,777 million), and the decrease in ordinary income (-2,891 million dirhams), as well as the decrease in the net income from the special Treasury accounts (-MAD2,411 million).

In relation to gross domestic product, the budget deficit rate was around 3.7%, recording a growth of around 0.2 percentage points compared to 2017, and as a result, a reversal in its trend, which in previous years was characterized by a downward trend, from 6.8% in 2012 to 3.5% in 2017.

Moreover, State finance faces other difficulties, the most prominent of which is the failure to handle with the growth of Treasury debts, which at the end of 2018 reached a total of approximately MAD 722.6 billion, i.e. a growth rate of around 4.4% compared to 2017. In addition, the Treasury's outstanding debt more than doubled between 2009 and 2018, recording an average annual growth rate of around 8.6%.

Thus, and to address these difficulties, it is necessary to establish good governance throughout all State functions, namely the planning, programming, executing, monitoring and assessing of the programs and operations carried out by public bodies.

This present document highlights the most outstanding findings drawn from the audit missions, relating to the audit management and the evaluation of public projects, included in the Audit Court 's annual report for the year 2018.





## **Main findings drawn by the Audit Court in terms of audit management**

The Audit Court 's annual report for 2018 contains summary notes of 50 audit missions carried out by the various chambers of the Audit Court relating to audit management.

In this context, this summary report will present the most outstanding findings raised pertaining to these missions.

### **Sustainable development goals**

The Audit Court has issued a thematic report to assess Morocco's level of preparedness for the implementation of the sustainable development goals for the period 2015-2030 adopted by the United Nations General Assembly at its seventieth session held on 25 September 2015. By 2030, this program has put in place a global framework for work based on the implementation of 17 sustainable development goals (SDGs). Morocco was among the countries that joined this program and has committed to its implementation.

#### **A. General framework for the implementation of sustainable development goals**

##### **1. Measures taken for the implementation of the Program**

###### **➤ A clear commitment to the implementation of the 2030 Program**

Morocco made a clear commitment in 2015 to implement the 2030 Program. It reiterated this commitment at the State highest level, as well as at the level of government, parliament and other institutions. In addition, Morocco has a constitutional and legislative framework adequate for the implementation of this Agenda. This is reflected in several frameworks, the most important of which are the Constitution, the organic law on the national charter for the environment and sustainable development, the assessment of the Millennium Development Goals (MDGs) program, as well as the adoption of sectoral policies that are part of a sustainable development approach.

###### **➤ Lack of a communication plan or a mobilization strategy**

The 2030 program is based on a participatory approach involving several stakeholders from government, local authorities, the private sector and civil society. The challenge is to strengthen forms of synergy and foster

multi-stakeholder partnerships that can create both inclusive and coherent growth in order to achieve efficient and effective implementation of this program. In this context, the Court noted the lack of a communication plan or a mobilization strategy describing how to involve all stakeholders and the Moroccan population in a broad dialogue on Program 2030. It also noted the absence of a national leadership and governance structure with clearly defined prerogatives to manage government action and coordinate a national approach with other levels of government and the population on the 2030 Program and the definition of national priorities.

➤ **Low rate of convergence of ongoing strategies with the 2030 Program**

The government has designed several strategies and programs at the national as well as at the sectoral levels. Moreover, the actions taken to converge its strategies and programs with the 2030 Program, in accordance with national priorities and preferences, remain weak. This is the case, in particular, of the national sustainable development strategy (NSDS) and the sectoral strategies of the ministerial departments.

**2. Overview of the measures taken to implement health and education goals**

➤ **Significant measures taken by the Ministry of Health to implement health goals are not achieved**

The 2030 Program considers health as enabling everyone to live a good life in good health and promoting the well-being of all at all ages. It also recognizes that health and its determinants influence and are influenced by other objectives and targets that form an integral part of sustainable development.

At the national level, although there is no national plan for the implementation of the 2030 Program, the Ministry of Health has initiated a process of contextualization and ownership of health objectives, especially the ODD3. But, in the absence of an effective implementation of the objectives and targets at the national level, the efforts made by the Ministry of Health have stopped at this level without being completed. It should also be noted that no assessment of funding needs has been carried out.

The ODD4 aims to "ensure access for all to quality education on an equal footing and promote lifelong learning opportunities". It consists of seven (7) targets and three (3) implementation modalities or accompanying measures.

Following the recommendations of the UNESCO Education 2030 Steering Committee, the Ministry of National Education took the initiative to set up

a National Coordination Committee (NCC) for the ODD4. The latter has held several meetings, but its initiatives are hampered by the fact that it does not have any prerogatives in terms of steering and monitoring.

In terms of ownership of the objectives, the actions conducted by the Ministry of National Education remain limited in scope. Indeed, awareness and ownership actions were limited to meetings held by the CNC. And they mainly concerned the central level without having an impact on the other partners.

## **B. Data collection and measurement system for ODD indicators**

### **➤ Statistical information system of the HCP meeting international quality standards**

At the normative and methodological level, HCP, as the central core of the national statistical system, is able to assess progress made in the implementation of the ODD. Indeed, in the United Nations database of good practices, it is stated that the Moroccan statistical production system is compatible with the principles of relevance, impartiality and equal access for all. Similarly, the laws and regulations governing its operation are made available to the public.

In addition, HCP has taken several measures to preserve the confidentiality of data and individuals. For example, it has published a charter for the use of its information system that defines the rules for the use and security of the information system that every user agrees to respect. It should also be noted that since 2005 it has acceded to the IMF's Special Data Dissemination Standard (SDDS) and has developed privileged scientific and technical exchange and cooperation relations with UN agencies, namely UNDP, UNFPA, UNICEF and ECA.

### **➤ Efforts still to be made to cover ODD indicators and targets**

The final list of MDG indicators that can be produced by the national statistical system has not yet been finalized. Only a preliminary diagnosis was carried out separately by some actors in the system.

According to the data provided by the High Commissioner for Planning during this review, the national statistical system is able to produce 48% of the indicators related to the MDGs, half of which can be produced by the HCP, and the rest by the other components of the national statistical system (ministerial departments, semi-public organizations, etc.).

The generation of other ODD indicators not yet covered by the available statistics will require the implementation of new statistical operations and

the revision of both permanent and structural statistical operations, in particular the HCP.

Although the various components of the national statistical system are aware of the urgency of capacity building, monitoring the design of methodologies and indicator approaches that are challenging, the lack of coordination mechanisms hinders this process.

➤ **Poor visibility about the determination of reference values**

The UN resolution on the MDGs stressed the need to establish national and global baseline data so that progress can be measured more accurately, especially for targets that do not have clear numerical objectives.

In this context, the investigations carried out with the relevant ministerial departments and the HCP revealed the absence of even a preliminary diagnosis of the available reference data. Indeed, apart from the Ministry of Health, which has launched data collection operations (surveys) to define reference values for certain ODD monitoring indicators, the other departments lack visibility as to the actions to be taken to establish this list of reference data.

➤ **Obligation to set up a monitoring and reporting system**

The choice of departments or body responsible for monitoring and reporting, both for all sustainable development objectives and for each objective separately, has not yet been made. On the other hand, the new decree on the reorganization of the HCP has given the planning department the responsibility for preparing reports on sustainable development objectives. However, no explicit mention was made of the monitoring and reporting mission.

In addition, the Audit Court noted that the issue of monitoring and reporting is a matter of discrepancy between the various departments, in particular the Secretariat of State for Sustainable Development, which is the chair of the steering committee for monitoring and support under the Strategic Committee for Sustainable Development, the HCP, the Ministry of Foreign Affairs and Cooperation and the Deputy Ministry in charge of General Affairs and Governance.

## Execution of the State budget for the year 2017

Under the provisions of Article 147 of the Constitution, the Audit Court is responsible for ensuring the highest level of control over the implementation of the Finance Act. In this respect, the execution of the State budget in 2017 raised the following key observations:

➤ **An improvement in the deficit accompanied by a steady increase in debt**

The execution of the State budget for 2017 resulted in a deficit of MAD 37,843 million. Compared to 2016, the budget deficit continued its improvement trajectory, which began in 2012, with a decrease of MAD 6,053 million, or 13.87%. This improvement is due to a favorable evolution of 56.1% of the ordinary balance, which stood at MAD 24,125 million, against MAD 15,545 million at the end of 2016. It is explained by an increase in ordinary income (+11,464 MAD) more significant than that of total expenditure (+6,021 MAD).

The Treasury's debt continued its upward trajectory with an additional volume of MAD 34,860 million, an increase of 5.3% compared to 2016. This constant increase in the volume of Treasury debt was mitigated in 2017 by a significant increase in GDP of 4.9% compared to 2016. Thus, the ratio of the treasury debt to GDP increased slightly, from 64.9% in 2016 to 65.1% in 2017.

Nevertheless, debt charges have continued to decline since the peak in 2013. Thus, in 2017, it amounted to MAD 127,871 million, a decrease of MAD 1,105 million compared to 2016, which recorded a charge of MAD 128,976 million.

This level of Treasury debt does not include the State's receivables from PEFs and other private sector companies in terms of VAT and corporation tax. Indeed, despite the efforts made by the government in recent years to pay off these debts, the State's debts to the PEFs and the private sector amount to MAD 51,800 million, including MAD 32,200 million for the PEFs' VAT credit.

Similarly, PEF debt continued to grow at a faster rate than Treasury debt. It reached MAD277,755 million at the end of 2017 compared to MAD261,233 million in 2016, representing an additional MAD16,522 million in outstanding loans and a 6.4% increase. The foreign currency debt, having totaled MAD 178,300 million, or 16.7% of GDP, represents 53.9% of the external public debt.



In conclusion, the debt situation shows overall continuity in the increase in the Treasury's debt and that of the PEFs. In addition, the cost of debt continued to benefit from the favorable conditions of recent years, reflected in the slight decrease in debt charges.

➤ **Increase in ordinary income with a high concentration on certain types of taxes**

In 2017, the ordinary income of the general budget amounted to MAD 229,886 million, an increase of 5.2% compared to 2016. This increase is mainly explained by the evolution of net tax revenues which went from MAD 188,958 million to MAD 200,535 million, while realized non-tax revenues remained almost stable at MAD 25,809 million against MAD 25,896 million.

Indeed, the increase in tax revenues is mainly due to the increase in corporate income tax revenues, which generated a surplus of MAD7,009 million compared to 2016, thanks to the results of companies in the financial sector, oil companies, the national land conservation agency, cement plants, sugar factories and telecommunications companies. As well as VAT, which improved by MMDH 4,037 million due to the increase in household consumption.

Nevertheless, tax revenues from certain taxes pose a risk of sustainability due to their concentration on a limited number of taxpayers. This is the case, in particular, for corporate income tax, which has one of the highest concentration rates. Indeed, in 2017, half of the corporation's revenue was paid by only 74 taxpayers, less than 2‰ of those subject to this tax. Similarly, 75% of the proceeds of this same tax were paid by only 654 taxpayers and 80% by 1,069, while the number of entities subject to the tax, having filed at least one return during the last four years, is 338,779.

➤ **Increase in overall expenditures compared to a modest level of execution of capital expenditures**

In 2017, overall expenses, excluding medium and long-term debt retirement, amounted to MAD272,640 million, exceeding ordinary income by MAD42,754 million, or 18.6%. They consist of 38.4% of staff expenses, 24.5% of capital expenses, 21.6% of goods and services expenses, 9.9% of public debt interest and 5.6% of compensation expenses.

Compared to 2016, overall expenses increased by MAD 6,021 million, or 2.3%. This increase is mainly owing to capital expenditure (+3,228 million dirhams), as well as to "Material and Miscellaneous Expenses" (+1,841 million dirhams), compensation expenses (+1,233 million dirhams) and interest expenses (+142 million dirhams), while personnel expenses decreased by 261 million dirhams.

As a result, staff expenses remain the main budget expenditure item in 2017, with 104,598 million dirhams, a decrease of -0.2% compared to 2016. However, this amount does not reflect the reality of the weight of this expenditure. Indeed, taking into account the employer's contributions, the share of staff expenses in the operating subsidies to public administrative establishments dependent on the general State budget and the staff expenses charged to certain special Treasury accounts, the staff expenses actually supported by the State in 2017 would exceed 136,392 MDH, representing a slight increase by 1% compared to 2016.

As a result, the adjusted wage bill as a percentage of GDP was 12.83%, down 0.5% from 2016. However, this reduction is not the result of a particular effort to control the budget for this type of expenditure, but of the GDP growth recorded during this year.

The increase in compensation expenses is mainly due to the increase in the butane gas subsidy, which rose from MAD 6,716 million in 2016 to MAD 9,910 million in 2017, i.e. by 47.5%. On the other hand, the support to ONEE decreased by 1,500 MDH.

In 2017, the level of execution of capital expenditure remains modest. Indeed, even if it has issue and completion rates of 83% and 79% respectively, the latter are substantially boosted by the importance of transfers from ministries' budgets and the chapter on common charges (investment) to the special accounts of the Treasury and the PEFs. Indeed, by counteracting the impact of these transfers, the emission and completion rates are considerably reduced to 55% and 59% respectively.

### ➤ **Persistence of trust accounts to accumulate significant carry-over balances**

Compared to the ordinary revenue and expenditure of the general budget, the revenue and expenditure of the Treasury's special accounts in 2017 amounted to 33.9% and 25.9% respectively. The revenues from the special accounts of the Treasury thus amounted to MAD 77,871 million and the expenses to MAD 70,672 million.

Some trust accounts have income significantly in excess of their expenditure. This situation reflects a deficiency in the resource allocation process. This excess of income over expenditure leads to the accumulation of large credit balances. Thus, for the management of the year 2017, the trust accounts showed a surplus balance of MAD 12,823 million, against a forecast of MAD 8,237 million, i.e. a difference of 56%.

As a result, the cumulative balance of the Treasury's special accounts continued its upward trend, reaching a total amount of MAD 130,835 million at the end of 2017, an increase of 6.6% compared to 2016.

## Caisse de dépôt et de gestion

The Caisse de Dépôt et de Gestion (CDG) is a public institution with legal personality and financial autonomy, created by virtue of Dahir n°1.59.074 of 10 February 1959. It is responsible for centralizing and managing savings funds which, by their nature, require special protection.

In terms of governance, despite the far-reaching changes and the diversification of its areas of activity and their extension to competitive activities as well as the increase in the number of subsidiaries and equity interests, CDG's governance has not yet evolved to the extent that it does not yet have a fully constituted Board of Directors sitting as the Group's true decision-making, administrative and supervisory body.

In terms of strategy, the vision of the CDG group has changed over the years with the transition from a savings collection and investor in Treasury bonds to an active operator that invests in riskier activities and in areas such as industrial zones, offshore zones, etc.

As regards the investment of resources, despite their particularity, CDG invests in different asset categories (listed and unlisted shares, bonds, land and real estate assets, loans and advances to subsidiaries and equity interests, etc.), in the absence of an appropriate allocation of its resources that optimises the risk/return ratio. As a result, its choices have led to an unbalanced asset structure in favour of "shares" and "advances and loans", characterised by higher risks than those associated with investing in "bonds". This policy has led CDG to accelerate the consumption of its economic equity capital, which is supposed to cover its risks on a permanent basis.

Also, at the national level, investment is a result of certain shortcomings, in particular the following:

- Equity investments and creation of subsidiaries not systematically authorized;
- Absence of formal rules governing the management of the "direct shareholdings" portfolio;
- Concentration of the investment effort on a limited number of subsidiaries and shareholdings;
- Declining portfolio yield;
- Degraded situation of certain participations.



In addition, investment at the international level has suffered from a number of shortcomings, in particular:

- Lack of strategic vision;
- Low and non-regular returns of dividends to the mother company;
- Long-term impairment of international investments;
- Financial situation increased by the weight of interest charges;
- Net position deteriorated as a result of cumulative losses;
- Disposals at a loss of certain shareholdings.

With regard to the creation of subsidiaries, the accelerated evolution of investments has resulted in an increase in the number of subsidiaries and holdings, from 80 in 2007 to 143 in 2017. However, this action of diversifying activities and creating subsidiaries has not been sufficiently controlled.

Examples are the following activities:

- **Banking, finance and insurance:** CDG's position in this activity does not often stem from a proactive strategic vision and ambition. As a result, CDG has been involved in certain activities either because of its historical role in the financial sector during the various stages of the country's development, or because of its contribution to the revitalization and restructuring of certain institutions (CIH, Sofac, Finéa, Maroc Leasing and BNDE) in which it has played an important role by ensuring their recovery through its involvement as a key shareholder;
- **Spatial development and urban planning:** the results achieved in this sector are mixed. These are mainly the wood sector, local development companies, tourism and economic as well as social housing.

## Medz Company

The company MEDZ, a subsidiary of the Caisse de Dépôt et de Gestion (CDG) group, is a public limited company with a management board and a supervisory board. Its main mission is the planning, development, marketing and management of economic activity zones (EAZs) in the areas of industry, tourism and offshoring.

MEDZ's portfolio consists of 17 subsidiaries and equity investments, four of which are staffed. Each subsidiary or participation is responsible for carrying out one or more projects relating to the EAZ.

In this respect, the audit of the management of this company revealed the following main observations:

### **A. Strategy, business model and financial situation**

Since its creation, MEDZ's business model has been constantly evolving. This business model aims to strike a balance between the general interest and economic and financial profitability.

In addition, the examination of this business model revealed that it was running out of steam and was no longer suitable for certain activities, particularly offshoring. In fact, MEDZ's financial situation has weakened due to certain factors, in particular those related to the modest return on investment and the financing of part of the investments by short-term debts.

### **B. Industrial activity zones**

MEDZ has adopted a logic of supporting public authorities in the operationalisation of national and regional plans as well as programs for the development and planning of industrial areas (P2i).

In this context, MEDZ has developed 13 integrated industrial platforms (P2i), with an estimated overall cost of 5.77 MMDH, excluding the cost of developing the Gueznaya areas and the Rabat technopole. At this level, the following was noted:

#### **➤ Inadequacies in the design of industrial business zones**

The examination of the projects carried out by MEDZ revealed that market studies had not been carried out for the "AFZI", "Midparc", "P2i" of Ait Kamra, "P2i" of Boujdour and the Selouane park projects. It was also noted that there was no positioning study of the "Haliopolis" and agropoli projects in Agadir, and that there was no memorandum of understanding on the Ait kamra, Boujdour and "Haliopolis" projects.

#### **➤ Difficulties in marketing P2i**

The examination of this aspect revealed a delay in achieving the turnover forecast between 2015 and 2017, as well as a low rate of valuation of the areas sold since this rate could not exceed 41%, in addition to the extension of the delays in examining client files, which vary between four and seven months.

#### **➤ The continuation of the company's assumption of responsibility for expenses in industrial activity zones**

The management of industrial business zones is the responsibility of MEDZ sourcing, a subsidiary of MEDZ. Thus, in the absence of a commitment from industrialists to contribute to the costs of managing

these areas, MEDZ takes charge of them in its budget in order to maintain these areas in good condition.

As a result, from 2014 to 2017, the amount of expenses for the management of the free zones amounted to MAD26.4 million, which further increased its cash flow.

### **C. Offshoring activity zones**

In this context, the following was noted:

#### **➤ The company's commitment to make investments exceeding its financial capacity**

Since 2006, and as part of a public-public partnership with the State, MEDZ has committed itself to developing four offshoring parks, covering an area of 602,000 m<sup>2</sup>, in four cities (Casablanca, Rabat, Fez and Oujda). For this purpose, at the end of 2017, MEDZ valued half of the areas provided for in the investment agreements.

Thus, the choice of MEDZ's public authorities as the supporting company for the implementation of the offshoring strategy has pushed the company to commit itself to carry out projects that exceed its financial capacity, which has weakened its financial situation. In this respect, it should be noted that MEDZ, in 2006, invested an amount equivalent to MMDH 3.6 million, especially since the acceleration of investments and delays in marketing have resulted in a deterioration in profitability and cash flow.

#### **➤ Lack of studies prior to the implementation of projects**

Within the framework of the partnership with the State, and in accordance with the provisions of the specifications relating to offshoring zones, MEDZ has undertaken to carry out preliminary studies relating to the market and positioning, as well as those relating to the technical and financial aspects. Nevertheless, the company was unable to meet its commitment in this respect.

Moreover, the choice of the location of all offshoring zones was not justified by feasibility studies. This generally presents a risk regarding the attractiveness of companies and investments by these areas (examples of Fez-shore, and Oujda-shore).

#### **➤ Failure to achieve the construction objectives of offshore parks**

At the end of 2017, the overall implementation rate of offshore park construction projects could not exceed 46%. While the highest implementation rate remains at 81% at this level, this rate was recorded in Casablanca Near shore (CNS). In addition, a breach of contractual performance deadlines was noted.

In addition, up until the end of 2017, several parcels were developed, but which remained bare land that was not built and not developed. This is contrary to MEDZ's commitments with the State.

➤ **Delay in the achievement and failure to meet the development objectives of offshoring parks**

Up to the end of 2017, a delay was noted in the implementation of the CNS, Technopolis - Rabat (TRS) and Fès-shore projects. As a result, no offshoring projects initiated by MEDZ were completed within the contractual deadline of 72 months from the date of commencement of the works. In fact, the delay reached 72 months for the CNS project, 60 months for the TRS project, and 48 months for the Fez-shore project.

➤ **Insufficiently justified creation of a free-zone within Technopolis- Rabat**

The TRS park, intended for an offshore zone relating to high value-added ICT, training and research and development, has seen the installation of tertiary activities and free zones. Consequently, the purpose of the zone has substantially changed by allowing industrial activities unrelated to the original purpose, while MEDZ has developed not far from this site (less than 30 KM), the P2i "AFZ" in Kenitra which includes a free trade zone and a free-zone with a total area of 345 hectares.

➤ **Multiplicity of stakeholders and insufficient procedures**

In addition to MEDZ and its subsidiaries, other MEDZ partners are involved in the process of promoting offshoring spaces, including the Technical Offshoring Committee, the Ministry of Industry and the former AMDI. However, this intervention takes place in the absence of a formal procedure outlining the role and responsibilities of each party. As a result, this poses a coordination problem.

➤ **Failure to develop high-potential sectors**

In 2017, MEDZ's offshoring fleets welcomed 107 specialised companies, mainly in three areas of activity: information technology outsourcing (ITO) (48%), CRM call centers (18%) and business process outsourcing (BPO) (15%).

Moreover, although the Knowledge Process Outsourcing (KPO) and Engineering Service Outsourcing (ESO) sectors have strong international potential, they are not sufficiently developed in MEDZ's offshoring parks. In fact, the ESO sector represents only 8%, while the KPO sector is missing.

### ➤ **Difficulties in marketing offshoring spaces**

The marketing of offshoring spaces in MEDZ parks grew by an average of 14% during the 2009-2016 period, which witnessed two levels of growth: the first (2009-2012) with an average growth rate of 25%, and the second (2013-2016) with an average growth rate of 5%.

In addition, it should be noted that rental demand is declining as it moves away from Casablanca and Rabat towards Fez and Oujda. As a result, the constructed parts of the Fez-Shore and Oujda-Shore parks remained completely unoccupied several years after their delivery and commissioning.

### ➤ **Revenues concentrated in the CNS customer base**

Between 2013 and 2017, the average annual growth rate (AAGR) of cumulative rental revenue reached 7.65%, with an average annual increase of MAD24 million. This figure reflects the stagnation in the marketing of offshoring spaces outside Casablanca. In fact, offshoring revenue is concentrated in the CNS fleet, which generated MAD253 million in 2017, or about 80% of the annual revenue.

### ➤ **Failure to achieve the objectives relating to the socio-economic impact of offshoring parks**

In 2015, the offshoring sector generated a turnover of 8 MMDH compared to 7.21 MMDH in 2013, and generated a significant increase in the number of jobs created, reaching 70,000 jobs. And as of 2016, the sector grew by more than 6%. However, the results achieved by the offshoring strategy remain below the objectives set by the State, both in terms of jobs created and revenues from exports in the sector.

Besides, until the end of 2017, MEDZ invested MMDH 3.6 million in the development and construction of offshoring areas in partnership with public authorities. Bearing in mind that the expected objective is to invest an amount of MMDH 6.1 million.

Moreover, MEDZ's offshoring parks host 107 companies, have more than 32,000 direct jobs and generate nearly 45% of the offshoring sector's turnover.

Furthermore, MEDZ has undertaken to carry out a study of the socio-economic, territorial and environmental impacts of its industrial and offshoring parks, which will be systematically updated.

## **D. Tourist activity zones**

At the end of 2017, MEDZ initiated and built about ten tourist activity zones (TAZs) at a cost of up to 2 MMDH. The decision to engage in these projects remains the responsibility of the CDG group, either as part of the



2010 tourism vision initiated in 2001, or as part of the regional tourism development plans (RTDP) initiated by local authorities. In this respect, the following observations were noted:

➤ **Launching of certain zones that do not meet the demand**

For the development of a tourist zone, MEDZ is in charge of the realization. While preliminary choices such as vocation, size of the area, location, etc., are generally made within the framework of a government strategic vision or the RTDPs initiated by the local authorities concerned. Thus, in some TAZs, it is noted that the sales of the developed lots were not carried out as planned. This has led MEDZ to resize certain zones and even review the vocation of certain lots.

➤ **Delay in transferring equipment from certain developed zones to local authorities**

After provisional reception of the work, MEDZ transfers the files relating to the works carried out to the local authority concerned. After one year, the final approval is granted. However, no developed zone has yet been definitively received.

➤ **Prolonged development periods**

The review of achievements identified shortcomings in the initial studies for the launch of the Oued Fez project. The latter has experienced difficulties insofar as the deadlines for completion are relatively long.

➤ **Marketing difficulties in certain zones**

The examination of the marketing of certain TAZs, in particular those of Oued Fez, revealed a low marketing rate of no more than 22% at the end of 2016, as well as a delay in the launch of marketing which began in the second half of 2016, although the area was developed in June 2010.

➤ **Difficulties in enhancing the value of certain zones**

Examination of this aspect has revealed a delay in the establishment by local and regional authorities of appropriate conditions for the operation of certain developed zones, such as electricity supply, waste collection, etc. As a result, MEDZ is obliged to carry out this work on its own. This delay in recovery has resulted in the degradation of the equipment and green spaces built (example of the annakhil area in Marrakech).

## "Fipar-Holding" Company

The Financial Holding of Participations and Investments called "Fipar-Holding" is a public limited company with a Board of Directors created on June 10, 1989 by the former BNDE and acquired by CDG in 2003. Its share capital is MAD2,820 million.

Its mission is to build up portfolios of minority interests, of a strategic nature and significant size, with a medium- and long-term profitability rationale.

Thus, the management audit mission carried out by the Audit Court within Fipar-Holding highlighted the observations and recommendations relating to the following areas:

➤ **Failure to define a target structure for the portfolio in listed and unlisted securities**

The investment strategy adopted by Fipar-Holding in November 2010 did not specify the terms and conditions for fixing listed and unlisted securities in the portfolio.

➤ **Non-formalization of the prospecting process**

Despite the fact that the procedures manual described the prospecting process, this tool is not always used. To this end, it was noted that this prospecting phase, which is essential for decision-making, is not formalized.

➤ **Failure to respect the investment decision-making process**

The failure to hold investment committees for the 2006-2011 period and the absence of PVs of some of its meetings did not make it possible to assess the elements of the business plan and valuation proposed during this period.

➤ **Insufficient information on how to carry out and finance investments in the work of the investment committee**

The acquisitions approved by the Committee were not supported by information on how these investments were financed.

➤ **Lack of a formalized disinvestment strategy**

The 2010 investment strategy does not provide any exit mechanisms, although the 2006 investment strategy specified the different exit options/strategies.

➤ **Failure to submit agreements signed to the prior authorization of the Board of Directors**

The agreements signed between CDG and its subsidiary Fipar-Holding during the period 2004-2014 were not subject to prior authorization by the Administrative Council, in accordance with the provisions of Article 56 of Act No. 17.95 on public limited companies.

➤ **Failure to comply with the investment criteria set out in the investment strategy**

During the period 2010-2016, Fipar-Holding invested in certain equity lines that significantly exceeded the maximum of 20% of the revalued net assets.

It was also noted that the industrial sector represents on average 55% of the company's revalued net assets for the period 2010-2013, thus exceeding the 30% threshold set by the investment strategy.

➤ **Portfolio structure dominated by development stage investments**

It has been found that Fipar-Holding tends to favour structures in the development phase and investment in start-up companies.

➤ **Declining portfolio performance**

Fipar's commitment to structuring and heavy projects, which could not generate dividends in the short and medium terms, meant that the return remained low and did not exceed an average of 4.25%.

➤ **Concentration of investments in industry, telecommunications and infrastructure sectors**

Fipar-Holding has not respected the sector diversification commitments included in its investment strategy by carrying out 93% of its planned investments in the two sectors, industry and telecommunications.

➤ **Predominance of dividends received by listed companies over unlisted companies**

The increase in dividends from listed to unlisted investments represented 51.7% and 48.3% respectively of the total amount of dividends generated by all investments.

➤ **Deficiencies in the interests of certain capital investments**

In this context, the following important remarks were noted:

- Failure to comply with prior authorisations relating to capital holdings;



- Participation in the same company held by two subsidiaries of the CDG group;
- Non-respect of the exit horizon planned by the investment study;
- Transfer before prior approval by the Minister of Finance;
- Failure to comply with the regulatory authorization and the amount of the initial investment of the agreement with CDG;
- A participation with negative financial profitability and exit difficulty;
- Sale of the loss-making M1 stake to Accacia;
- Difficulty in repaying loans granted to company "M1";
- Sale of the shares in the company "Ve" at a loss.

## Central Depository for Transferable Securities

The management audit of the central securities depository (Maroclear) revealed shortcomings relating to the following aspects:

### A. Conservation and management of securities

#### 1. The "Stock Market" sector

##### ➤ Delay in the settlement of transactions

The Central Depository (CD) has not put in place mechanisms to maximise settled transactions, as the level of suspense is the main indicator of a financial center's performance.

To thwart or minimize suspense, penalties are applied. However, these are insufficient

##### ➤ Non-segregation of accounts

Account keepers, authorised issuing legal entities and financial intermediaries, are required to open separate current accounts for their own assets and those of their clients.

However, current legal and regulatory provisions do not require depositories to segregate accounts opened in the DC. Thus, financial and operational risks are essentially linked to the transparency of securities account movements during a draw on the mass.

➤ **Failure to formalize the confirmation of depositaries**

Confirmations and controls carried out as part of the settlement of stock market transactions are not systematically kept in the accounting day's file.

This situation would compromise the supervision of the work of second-level internal control, as well as the conduct of the audit work.

## **2. The "Securities transactions" sector**

➤ **Delay in sending notices to affiliates**

The DC operating rules provide a five-day time limit for making information relating to the securities transaction to be carried out publicly available to market participants.

However, this provision did not comply in the light of the delays noted.

➤ **Failure to formalize the reconciliation of accounts**

The DC reconciles the centralization accounts and the fiscal accounts manually. However, it was found that this control is neither formalized nor even subject to validation.

It was only in the second half of 2016 that DC developed a reconciliation tool on Excel files. However, the mission was not able to take note of the latter and thus doubts the real existence of these files.

## **3. The "Real Time" field**

➤ **Lack of control over transfer operations**

As part of the inspection of account keepers, the DC does not control transfer operations. Knowing that these operations carry the risk of withdrawal from the mass, and therefore of the use of clients' assets for their own or speculative needs.

➤ **Lack of actions to encourage the settlement of real-time transactions**

Transactions that take place in real-time are either settled in full or canceled due to a lack of agreement between the parties. However, DC has not developed a system to encourage maximum settlement of transactions.

## **4. Treatment of Undertakings for Collective Investment in Transferable Securities (UCITS)**

UCITS accounts are updated on a quarterly basis. This cannot reflect the accounting position of the assets, given the daily variability of the net asset value of UCITS shares.

The DC relies on the accounting entries of the UCITS to adjust its internal accounting entries. It does not carry out any checks to ensure that the entries are fair and justified.

## 5. Current account management

Pursuant to legal provisions, in particular Articles 3 and 39 of Act No. 35.96 on the creation of a central depository and the introduction of a general regime for the book-entry of certain securities, as well as the provisions of Articles 3 and 56 of the DC General Regulations, the latter is required to ensure accounting balances. In addition, its agents may at any time verify the formal regularity of the accounting operations carried out by the account keepers.

However, although this control is carried out by the DC, it is neither formalized nor reviewed by a superior as part of first-level controls.

## 6. Dematerialization

Dematerialization is the removal of the physical representation of the issuer's securities and its replacement by a book-entry in electronic format with the Central Depository. While the dematerialization process has been completed for the mandatory part provided for by the aforementioned Act 35.96, this is not the case for unlisted companies. Book-entry registration is optional.

It was noted, to this end, that no action plan dedicated to the dematerialization project has been provided for in the framework of the Central Depository's overall strategy (CAP 2014-2016). Similarly, the budget dedicated from 2014 onwards to the dematerialization of unlisted companies remains low: around 0.14% of total DC expenditures.

## B. Internal control and inspection of account keeping

### 1. Internal control

#### ➤ Outdated procedures

These include, in particular, the performance indicators contained in internal control procedures, most of which are outdated due to changes in the Central Depository's information system or for other organizational reasons.

Moreover, these indicators are neither calculated nor monitored by DC to measure performance and take the necessary corrective actions.

#### ➤ Inadequacies in risk assessment and treatment

The risk mapping carried out by DC using an external service provider is very detailed, in fact, it contains 1,011 identified risks. This situation would compromise the monitoring and implementation of a risk management plan.

In addition to the non-exhaustive nature of the risk treatment plan, it also suffers from shortcomings in the implementation of the planned actions.

## **2. Inspection of account keepers**

### **➤ Insufficient affirmation and follow-up of inspection missions**

Since the start of account-keeper inspection work 11 years ago, the DC has not provided an exhaustive overview of depository institutions and account-keepers. As a result, the turnover of inspection missions varied from three to six during the period from 2006 to 2017.

In addition, monitoring does not play a key role in the activity of controllers. However, it is this monitoring that makes it possible to support and supervise the compliance efforts of account keepers.

### **➤ Non-exhaustive control of the accounting balance**

It was noted that the DC does not have instant access to customer data to perform the instant accounting control to ensure accounting balance.

This approach does not allow the DC to ensure the accuracy of the accounting balance and could pose a risk to clients' holdings of securities.

## **C. Information system**

### **➤ Operational deficiencies**

The ISD has not equipped itself to ensure the effective management of internal and external projects. The use of Excel does not allow for better task planning, i.e. optimal allocation of resources and traceability of associated risks, as well as updated monitoring of progress by project and at the ISD level (especially for large projects).

### **➤ Deficiencies in terms of IS security**

It was noted that the control of IT administrators is not operational contrary to the requirements of the national IT security directive.

In addition, the management, monitoring, and implementation of improvements resulting from IS audits have shortcomings relating to the allocation, prioritization and monitoring of deadlines for the implementation of actions by the ISD.

### **➤ Weakness in the IT department's ability to support the business and strategic developments**

To this end, the Audit Court noted the following:

- The allocation of activities and tasks to resources, and the planning and monitoring of their implementation are not regularly tracked, and are not evaluated to optimize the use of IT staff;

- The evaluation of the IT team's skills is not held regularly;
- Centralized monitoring of all IT actions resulting from reviews and audits, and their relationship to strategic projects initiated or closed, remains insufficient.

➤ **Increase in maintenance costs and failure to implement competition**

The DC did not have a bidding document that details the CPS specifying the DC's requirements, the consultation regulation outlining, among other things, the conditions for evaluating competitors' bids and the estimated approximate cost of the solution. Thus, the Audit Court was unable to examine the choice of service provider and its solution in terms of quality, costs, data security, impact assessment, etc.

In addition, the DC did not negotiate the maintenance contract, as it does not give the right to updates and developments of the software. Thus, the DC was obliged to pay for the update of the V6 version in 2013.

Besides, the DC incurs a critical risk regarding the maintainability of the TCS Bancs solution due to its management outsourced exclusively by the sole TCS provider.

## **D. Support activities**

➤ **Weaknesses in pricing and invoicing**

The DC grid presents different rates depending on the nature of the financial instrument (example: equity admission fee in exchange for a debt admission fee). This differentiation does not favor an integrated organization that stimulates the development of margin equalization between different types of products.

In addition, opinion surveys confirm that member satisfaction remains low, due in particular to the complexity of the pricing model developed by the DC, as well as the cost of the services provided.

Finally, the price list requires manual processing for the preparation of invoices. Because the TCS Billing tool does not currently generate commissions without errors.

➤ **Budget overruns**

There were budget overruns for an amount of MAD 9.3 million from 2010 to 2015 without prior approval by the Board of Directors. This point was highlighted by the audit committee at its meeting of 23 November 2016.



➤ **Failure to comply with the principle of competitive tendering**

The DC expenses increased from MAD 34 million to MAD 70 million between 2010 and 2015, mainly divided between IT and staff expenses.

Also, the examination of samples of contracts and purchase orders revealed that the principle of competition is often not respected in accordance with good practice.

## **Implementation of the energy efficiency system**

Since 2009, energy efficiency has been elevated to a national priority. This commitment was confirmed by Act No. 47.09 of 29 September 2011 on energy efficiency, which mainly deals with the principles of energy performance, energy impact studies, mandatory energy audit and roadworthiness tests.

In 2011, the energy efficiency projects and programs planned as part of the national energy strategy adopted in 2009 were integrated into a draft national strategy for energy efficiency. In 2017, the objectives initially set and the programs included in this project were revised to save 5% of national energy consumption in 2020 and 20% in 2030.

This project, which is currently being validated, is structured around seven strategic priorities divided into 22 strategic objectives split into horizontal and other sectoral measures affecting the most energy-consuming sectors, in particular transport (41%), industry (21%), construction (33%) and agriculture and public lighting (5%).

The evaluation mission addressed the main levers of intervention, namely the legal and institutional framework, financing and incentive aspects and accompanying measures. It also assessed the process of developing, consecrating and implementing the national energy efficiency strategy and proposed areas for improvement based on best practices at the international level. The evaluation covered the transportation, industrial and construction sectors.

### **A. Assessment of the modalities for implementing the strategy**

The project strategy did not provide for procedures for calculating energy savings and its standardization and for addressing uncertainty and future multiplier effects on the market of certain energy-saving measures that do

not systematically fall within the scope of public intervention. This makes it difficult to assess the performance of energy efficiency achieved.

In addition, it is noted that the pace of completion of the legal framework is progressing slowly for the implementation of the technical regulations. In addition, the financing constraint is all the more severe given the inadequacy of financial incentive mechanisms and the scattering of existing budgetary support, which is mainly in the form of public actions. These incentives include direct subsidies, tax incentives and the creation of an energy efficiency fund.

## **B. Sectoral evaluation**

Concerning the transportation sector, it is noted that despite the effort made to improve energy efficiency, the measures taken have not had the expected impact. In addition, the actions undertaken are focused on the road transportation sector. This sector remains constrained by many legal, organizational and management obstacles.

In addition, it is noted that there is a lack of standards dedicated to the transportation sector that can be used to improve energy efficiency and data on energy consumption in the transportation sector (road, rail, air and maritime) and in addition to the lack of technical indicators to assess the effects and impacts of energy efficiency measures at the level of sub-sectors of activity.

Moreover, the lack of an integrated vision for urban travel management leads to strong pressure on road infrastructure, networks, and traffic disruption. This situation is aggravated by the lack of a legal framework governing the organization, management, and planning of urban travel and the delimitation of its perimeters, as well as the regulation of public transport modes.

As regards the industrial sector, it is noted that the projects decided upon by the Industrial Energy Efficiency Program, launched in 2011, have been partially implemented due to shortcomings in various aspects, including institutional and regulatory development, financing support, capacity building, and accreditation.

Moreover, the measures and actions planned concerning information and advice, technical regulations and financial incentives have not been designed with a view to targeting and adapting them to the diversity of the industrial fabric and the specific nature of its sectors as well as the size of companies.

Furthermore, there is a lack of innovative energy-saving solutions. However, many innovative energy efficiency solutions exist for the

industry. Also, national energy policy has provided for the implementation of mandatory energy audits in the industrial sector, but they are not yet generalised and no provisional timetable for their implementation has been set up.

It is also noted that at the level of industrial entities, the implementation of accounting and an "Energy" dashboard remains a weak point in the energy management process. This weakness is coupled with deficiencies in control and measurement. It should also be noted that the most significant energy efficiency gains are achieved by adopting a systemic approach that integrates the organizational and operational level (production chain).

For the building sector, it is noted that the effective implementation of the new provision provided in the thermal building regulations was not preceded by the establishment of the procedures for carrying out roadworthiness tests and penalties for non-compliance with these provisions. Moreover, this regulation did not set minimum energy performances integrating both the building and its equipment, knowing that this equipment represents more than 2/3 of the total energy consumption.

In addition, it is noted that despite the importance of the existing buildings, the thermal regulations only apply to new buildings. While this exclusion certainly imposes additional cost constraints and strengthens the professional capacity of the building sector, it would lead to the establishment of a dichotomy in the building sector.

For the application of the new thermal regulations for buildings, additional investment costs have been identified and assessed by AMEE through pilot projects carried out during the preparation of the regulations. However, it is noted that there is a lack of financing incentives for the implementation of energy efficiency in the building sector, which would lead property developers to pass on these additional costs to the final consumer.

In addition, the development of a Moroccan energy performance label for residential buildings is still lacking. This label should be a lever for strengthening the development of energy efficiency policy in the housing sector.

## Mining activity within the OCP

The management audit mission carried out by the Audit Court within the OCP focused on mining activity, which includes phosphate extraction and processing, and was carried out at the Khouribga and Gantour mining sites.



It was particularly interested in aspects relating to the planning and programming of mining activities, as well as the treatment of phosphate by washing and flotation. It also examined the use and maintenance of operating equipment, in addition to the environmental aspects related to mining activity.

The main observations of this mission are as follows:

### **A. Mining planning**

The planning for the development of new mines planned at some sites to meet the objectives set by the mining production capacity development strategy, deployed since 2008, and has been marked by certain shortcomings.

Indeed, the studies on mines under development, carried out between April 2008 and January 2009, were supposed to give more importance to the refinement of the geological reconnaissance of the deposits. In addition, the timing of commissioning of new mines at some sites has not been sufficiently studied in view of its importance. Thus, the production program by 2050 only identified the relief deposits without specifying the elements taken into account and the criteria used to prioritize between these deposits. The development of this production program would have been more relevant if it had been based on a comparative analysis with regard to the criterion of optimizing the ratio between capital expenditure and operating costs.

In addition, multi-year planning must be guided by a formalized and documented process. Indeed, the current process of developing planning materials is done separately between mines, and in the absence of a planning structure that can be put in place at the mine site level to coordinate, harmonize and align this process with an overall vision.

The improvement of this process is likely to avoid frequent disruptions in the implementation of mining projects that impact the execution of production programs.

Moreover, the process of acquiring the land base necessary for the development of mining activities requires a formalized and documented framework that defines the stakeholders, their roles and the management rules governing the process of identifying and planning land needs. Indeed, any delay in this process affects the timely availability of the land reserve necessary for the implementation of capacity development programs and constitutes a significant pressure of land constraint on the implementation of these programs.

## **B. Programming and implementation of production programs**

The preparation of the annual mining project, which is an essential document to ensure appropriate programming of production activities, would benefit from being based on a unified and documented reference framework. Indeed, production planning in the various mines is currently based on disparate means, methods and criteria, which have an impact on the quality of the technical and statistical data used and limit their adaptation to the objectives set. This generally results in significant differences between forecasts and production achievements.

As a result, the implementation of the optimized production program, adopted as part of the "margin management" process, is marked by a recurring recourse, during the year, to the modification of the planned operating circuits on which the operating projects of the various mines have been built.

Similarly, the quality structure of the phosphate produced at certain mines shows significant and recurrent deviations from the production objectives resulting from the "margin management" process. These differences are mainly due to frequent changes in sales forecasts driven by market demand, which impacts the operation of some mines and disrupts the implementation of selected production programs.

The same applies to the implementation of the mining process, which is marked by the instability of the extraction rate during the year, in terms of volumes and quality structure extracted. This instability is mainly due to insufficient coordination of the preparatory stages of extraction, which must be better managed in order to ensure regularity in the pace of exploitation.

## **C. Phosphate treatment**

It was noted that stock management at the entrance and exit of laundries would benefit from being formalized in such a way as to define, in particular, optimal values for product safety stocks guaranteeing reasonable autonomy and ensuring a normal rate of operation for these laundries.

Indeed, the current stock management means that laundries often operate on a just-in-time basis, creating risks of disruption in production programs.

Moreover, the monitoring of laundry activities does not allow for appropriate management. Similarly, the development of the process function in the washing units has been slow to be implemented since it was

launched in 2015 as the main project to professionalize treatment activities in order to achieve the company's objective of operational excellence.

#### **D. Use of the operating equipment**

Although the equipment fleet is of crucial importance in phosphate mining activities, its management is weak, mainly due to the lack of precision and documentation of the data used in the studies to determine the number of machines required for mining operations.

This management does not have a reform and renewal plan for equipment that would optimize its use.

Similarly, given the complexity of mining activity using a consistent and diversified park of machines, as well as the multiplicity of performance indicators required for its monitoring, a computer solution is needed to allow appropriate monitoring to optimize the use of the park.

#### **E. Maintenance of operating equipment**

In order to promote maintenance as a performance lever, the company has undertaken numerous projects and actions. However, several of these projects have been significantly delayed and have resulted in disparate achievements between the different mining entities. Indeed, the maintenance policy for the equipment and materials used in the extraction and processing of phosphates was only adopted in 2018, after several projects had been launched.

Similarly, several projects included in the maintenance professionalization project are repeatedly delayed, and are struggling to materialize and become widespread. These are essentially the projects to revitalize computer-aided maintenance management (CAMM), the promotion of method offices, as well as the management of sub-assemblies and spare parts.

Maintenance work is marked by a double insufficiency in the use of preventive maintenance and in the execution of planned maintenance work. As a result, the rates of preventive and planned work remain below the objectives set by the company, which has an impact on maintenance performance and on operations.

Moreover, it was noted that there was a lack of human resources in several units, certain specialties, and skills required to carry out maintenance work under optimal conditions.

In addition to these shortcomings, the impact of the heterogeneity of the machinery fleet on maintenance work in terms of costs and availability of

the qualified human resources needed to produce them for different types of equipment.

## **F. Environmental impact of mining activity**

Despite significant actions taken by the company to minimize the environmental impact of mining activities, some deficiencies remain to be addressed. Indeed, with regard to the rehabilitation of exploited land, and despite the significant developments recorded in recent years under the environmental excellence program and the action plans resulting from it, additional efforts should be made to treat areas that have not been rehabilitated and accumulated over a long period of exploitation.

Similarly, it was noted that the problem of sludge disposal from phosphate washing and flotation processes persists, marked by the increase in the number of basins used for their storage (spreading dikes), resulting in significant land consumption, in addition to the environmental effects that this mode can cause, which remain poorly studied.

## **"Halieutis" plan**

Morocco has a renowned maritime area among the areas with a wealth of fish. Covering an area of approximately 1.12 million km<sup>2</sup>. This fishing heritage enables the maritime fishing sector to make a significant contribution to the national economy. Thus, seafood exports reached 22 MMDH in 2017 and represented nearly 50% of Moroccan agri-food exports, and 10% of total exports.

The Audit Court carried out an evaluation of the maritime fisheries sector during the period 2016-2017. This mission focused on evaluating the progress of the Halieutis Plan, which concerns the period 2009-2020, in order to assess the level of achievement of its objectives and identify the main rigidities and constraints in the sector.

### **A. Design of the Halieutis Plan and assessment of its progress**

The Audit Court noted that the Halieutis plan did not define the budgets allocated, the sources of funding and the implementation schedule for the various programmed projects. And as regards the achievement of the objectives, the Audit Court noted that some strategic objectives have not been achieved, in particular, those relating to Morocco's share of the world market in volume, aquaculture production and annual fish consumption per inhabitant.

Also, with regard to the monitoring and steering of the plan, it was noted that the steering committee, the monitoring committee, the operational steering cell, and the national fisheries committee had not been set up.

In addition, the Audit Court reported the use of the same service provider for the preparation, monitoring and mid-term evaluation of the Plan in question, through three contracts for a total amount of MAD 37 million. This concentration carries the risk of incompatibility and subjectivity of the analyses carried out by the service provider.

## **B. Sustainability of the fishery resource**

Insufficient human resources and scientific equipment dedicated to fisheries research have been identified. This situation poses risks related to the operation of INRH laboratories. Indeed, they only monitor about sixty species, among the 300 species that are identified as commercial species.

Despite the efforts of the DPM (Department of Maritime Fisheries), fisheries management is dysfunctional, resulting in several stocks being overexploited. This is reflected in cases of exceeding regulatory by-catch limits, non-compliance with restrictions on fishing gear and biological rest, and non-compliance with quotas. In addition, the weakness of monitoring and control structures does not allow for the rigorous application of management plans.

In addition, management measures for some species have been introduced by simple ministerial decisions, which has created enforcement constraints, including the difficulty of enforcing repression and prosecution of offenders.

Despite efforts to eliminate drift-nets through a program that costs MAD253 million, or more than 85% of the total expected cost of MAD296 million, these fishing gears are still used by some fishermen.

Furthermore, the Audit Court noted that there was little support from the professionals targeted by the "Ibhar" program to upgrade and modernize the coastal and artisanal fishing fleets, as the funds were released only 22% of the total planned subsidies, which are in the order of 1MMDH.

As regards aquaculture, which is a complementary but distinct sector to traditional fishing, the Audit Court noted in particular:

- the delay in the adoption of the Aquaculture Code;
- the absence of tax incentives;
- difficulties in accessing financing,
- the lack of suitable insurance products on the national market.



This situation does not improve the competitiveness and profitability of the aquaculture sector.

### **C. Performance and competitiveness of the sector**

With regard to the development of port equipment and services and fishermen's villages (VDP), the Audit Court noted, in particular, the inadequacy of the port equipment necessary for berthing vessels and landing fishery products and unloading facilities (cranes, forklifts, tugs, pumps, etc.), as well as ice factories and cold stores.

The Audit Court also noted the failure of the operation to reorganize the management of fishing ports, initiated in 2009, which is based on the principle of separating the regulatory and commercial operating functions that have been granted to the ONP. Indeed, in April 2018, the PNA and the ONP decided by mutual agreement to put an end to the convention on the concession of fishing ports.

As regards the development of a network of wholesale PGM fish markets, the first action to continue the construction of ten PGMs has not yet been fully completed (completion of five out of eight PGMs), and the second action to build ten additional PGMs has not yet been initiated.

Similarly, most of the marketing of seafood products is carried out at the Casablanca PGM level, with 74% of total PGM sales. Nevertheless, this PGM has shortcomings, particularly in terms of access control. As for health control, only two technicians are responsible for carrying out control of a quantity of 500 tons/day. The capacity of the auction room at this PGM is also limited. In fact, the volume of trade is 116,000 tons, which is more than 8 times its initial carrying capacity.

In addition, despite the efforts made by the support for the revitalization of a network of retail structures, it remains generally unorganized and unregulated. Thus, itinerant merchants operate in conditions not governed by strict hygiene standards.

The fisheries products industry sector, for its part, is characterized by limited processing and low value-added of fish products.

With regard to the diversification of export supply and the penetration of new markets, Morocco's position vis-à-vis foreign markets has not changed significantly. Exports remain oriented towards EU countries, particularly Spain, while access to Asian and American markets is limited.

### **D. Oversight, governance and capacity building**

The control system is characterized by the non-optimization of the staff responsible for control, insufficient controls on industrial units, low

dissuasive fines and an excessively wide discretionary margin in the treatment of infringements, as well as the virtual absence of control on small-scale fishing.

On the other hand, the governance of the sector is characterized by a lack of precision in defining the roles of institutional stakeholders and a delay in completing the legislative and regulatory framework.

The Audit Court also noted the unjustified exclusion of deep-sea fishing from the distribution channel managed by the ONP. Indeed, this segment, which represents nearly 40% by value of fish resources, is still not integrated into the marketing circuit managed by the ONP and does not pay the fish market tax.

Moreover, this sector is also characterized by the persistence of the multiplicity of representations of fishing professionals, combined with a lack of coordination between the Department and professionals. On top of this, the failure to carry out the planned overhaul of the chambers of sea fishing.

With regard to capacity building and the attractiveness of sea fishing professions, it was noted that the needs for skilled seafarers and qualified workers are still not being met and that the number of trainers at maritime training establishments remains insufficient.

## National Food Safety Authority

The National Office for Food Sanitary Safety (NOFSS) is a public institution created in 2009, under the supervision of the Ministry of Agriculture and endowed with legal personality and financial autonomy. On behalf of the Government, it exercises powers relating to the preservation of animal and plant health and food safety along the entire food chain.

Act No. 25.08 establishing the NOFSS entrusted the latter with a multitude of responsibilities, all relating to the protection of consumer health and the preservation of animal and plant health.

The purpose of NOFSS's management control assignment was to examine the extent to which this institution fulfills its legal and regulatory obligations in the performance of the various tasks entrusted to it. In this context, several observations were recorded, the most important of which are presented as follows:

## **A. Institutional positioning and public policy in food safety**

On these aspects, the Audit Court mainly noted the insufficient independence of NOFSS from the supervisory authority, as well as the inadequacy of the human resources allocated to this institution with the missions entrusted to it.

As regards the safety of the food chain, the Audit Court noted the absence of a genuine public policy in this area, as well as a system for the scientific assessment of health risks.

## **B. Food safety control**

Since its creation, NOFSS has focused on upstream control of the value chain, i.e. at the level of establishments (production and processing/treatment), through the implementation of a system of health authorizations and approvals allowing monitoring and control.

During its implementation, this scheme has shown certain constraints, in particular, a multitude of procedures, a single and binding set of specifications, especially for small operators.

The Audit Court also noted strong pressure on NOFSS's already limited staff (time constraints), as well as poor information for operators who sometimes move towards accreditation when their activity only requires an authorization.

In addition, several weaknesses were noted in the control exercised by NOFSS services over food products, including the following:

- Weak control on the premises of the collective catering industry;
- Lack of control on pesticide residues in fruit and vegetables intended for the local market. Indeed, unlike products intended for export (products that must pass through packaging stations) where pesticide residues are rigorously monitored, products intended for the local market are out of control in terms of traceability and knowledge of their pesticide residue content;
- Lack of sanitary control at the level of wholesale fruit and vegetable markets: NOFSS services do not intervene at the level of wholesale fruit and vegetable markets because they consider that these structures are not sufficiently organized and that there is a lack of traceability from the farm to the wholesale market;
- Lack of control over products containing genetically modified organisms (GMOs): To this end, the Audit Court noted that there



is currently no legal framework for GMOs in Morocco despite the international debate on their potential health risks.

Also, in addition to the lack of staff that characterizes the Office, the Audit Court found that its staff has limited power to impose administrative sanctions since they do not have the possibility of ordering the total or partial closure of an establishment. They may only, in accordance with Act No. 28.07 on food safety, seize non-conforming goods or consign them pending the results of the controls. Thus, since the decision to close the plant can only be taken by local authorities, several negative findings by the NOFSS remain without effect.

Furthermore, it should be noted that there are several black spots for which the Office has difficulty in carrying out health checks. These are the slaughterhouses and rural slaughterhouses for red meat, the traditional poultry slaughterhouses (riachate), as well as the milk collection centers, the number of which is around 2700 in Morocco.

### **C. Chemical input control**

Chemical inputs are divided into two main categories: pesticides and fertilizing materials and crop supports (FMCS). In this respect, it has been found that there is no control over the retail sale of pesticides for agricultural use, which poses a significant risk to public health because unauthorized sellers, whose competence and knowledge of the appropriate use of these pesticides is unknown, also provide advice to farmers with a view to increasing their productivity.

There was also a lack of control over the repackaging activity of pesticides for agricultural use, which is of great concern given the significant risk of direct pesticide handling and possible fraudulent practices, namely, changing the composition of the pesticide by adding other products or repackaging expired products.

### **D. Protection of animal heritage**

The Office carries out its responsibilities for the protection of animal heritage through a network of 69 provincial veterinary services overseen by ten regional directorates. In this respect, several observations were made regarding animal health control, in particular with regard to:

- The inadequacy of the epidemiological monitoring system;
- The absence of a specific law on livestock farming;
- The lack of a formalized framework for decision-making on immunization;

- The lack of a strategy to claim the "free" status of certain legally suspected contagious diseases (LSCD)
- The ineffectiveness of the bovine tuberculosis sanitation program through the use of sanitary slaughter;
- Deficiencies in the livestock identification and traceability process.

## Olive-growing sector

As a fundamental component of the agricultural sector, olive- growing is at the crossroads of the economic, social and environmental challenges. Thus, the olive-growing sector contributes with 5% to the national agricultural GDP and covers an area of more than one (1) million hectares.

In addition, the Green Morocco Plan has made the olive oil sector one of the priorities for agricultural development and has aimed to make it a modern, efficient and competitive sector through the conclusion of a contract program (CP) to upgrade the sector. The contract was signed in April 2009 between the Government and the Moroccan Interprofessional Olive Federation (Interprolive) for the period 2009-2020, for a projected investment cost of 29.7 MM DH, covered by the Profession for 21.3 MMDH, and by the Government for 8.4 MMDH.

This contract aims to achieve several objectives by 2020, including the extension of olive tree cultivation to an area of 1,220,000 ha, the production of 2.5 MT of olives, the increase in the tonnage exported to 120,000 t in olive oils and 150,000 t in table olives.

In addition, the governance of the olive oil sector is ensured by the Directorate for the Development of Production Chains (DDPF) within the Ministry of Agriculture, Maritime Fisheries, Rural Development and Water and Forestry (Ministry). As for the management and monitoring of the program contract, it is ensured by a Project Management Office (PMO) which includes a monitoring committee composed of the Government and partners, a steering committee in charge of coordination and working groups for each sector.

In this context, several observations were made, the most important of which can be presented as follows:

The olive-growing areas have increased by almost 32%, from 773,000 ha in 2008/2009 to 1,020,570 ha in 2016/2017, thus reaching almost 84% of the expected target of 1,220,000 ha by 2020. However, this increase is

more driven by the areas planted with Bour, which accounted for 86% of the total.

Furthermore, production and output have been subject to fluctuating changes. Indeed, between the two marketing years 2008/2009 and 2017/2018, average production reached 1.3 million tonnes or 54% of the expected target. The average output did not exceed 1.4 t/ha over the same period and remains below the 2t/ha target set for 2020.

As regards the determinants of olive oil production, the productive fabric is weakened by the predominance of micro property, since nearly 93% of olive oil producers are small-scale farmers with an area of fewer than 5 hectares. It is also characterized by a slightly diversified varietal profile where Moroccan Picholine constitutes 90% of the national olive oil production heritage.

On the other hand, the record of achievements in terms of aggregation projects has been weak, since only three (3) productivist aggregation projects have been carried out, i.e. 1.76%, and 20 solidarity aggregation projects carried out within the framework of the Millennium Challenge Account (MCA), i.e. 6% of the objectives planned for 2020, which are respectively 170 projects of productivist aggregation and 340 projects of social aggregation.

With regard to the enhancement of production and the upgrading of the processing equipment, it was recorded that between the two marketing years 2008/2009 and 2017/2018, the average production of olive oil and table olives reached 130,500 t/year and 108,000 t/year respectively, i.e. 40% and 34% of the target by 2020.

Also, the upgrading of traditional units and the compliance of modern and semi-modern crushing units with the requirements of Act No. 28.07 have been delayed, since only 29% of these units have been authorized. In addition, the supply of these units is exposed to intense speculation from intermediaries, which represents 43% of this circuit.

With regard to the Economic Interest Groups (EIGs) created under the MCA, it was noted that some of them suffer from financial, management and marketing problems, especially since the 20 crushing units created under this program are under-exploited. Indeed, during the last three olive growing campaigns, these 20 units have crushed a total of 54,000 tons, which corresponds to only 13 working days per EIG and per campaign.

As regards the organization of the internal market, there was a low level of national consumption, since, in the 2016/2017 marketing year, olive oil consumption was 3 kg/capita, which is still below the target set in the program contract for 2020, which is around 4 kg/capita/year.

In addition, marketing channels are poorly organized since large and medium-sized areas represent only 8% of the existing circuit, and olive oil purchases are made in a format that does not favor quality (51% in plastic packaging, 26% in glass, 16% in bulk and 7% by other means), which impacts its quality and encourages informal and bulk consumption. The latter dominates the internal market, accounting for between 80% and 90% of national olive oil consumption.

Exports of olive products, on the other hand, are far from the objectives expected in the CP, since over the period between the two marketing years 2009/2010 and 2016/2017, the average volume of olive oil exported is 16,101 t/year, and that of table olives is around 67,628 t/year, or 13% and 45% respectively of the expected objective. These exports are dominated by bulk, low-value products, with an average of 88% for olive oil, 53% for table olives and 98% for pomace oil for the period between the 2009/2010 and 2016/2017 marketing years.

As regards governance, professional organization and framework conditions of the sector, it was noted that there was insufficient monitoring of the implementation of the PC, the absence of PC action plans and delays in updating and validating the regional agricultural plans (RAPs). It was also noted that the interprofessional sector suffers from the lack of regional representation and the difficulty of collecting membership fees and concluding extensive agreements. This had an impact on its cash flow and did not allow it to honor its commitments. There was also a lack of visibility and coherence in the preparation of specific research and development agreements and the lack of involvement of the Directorate of Studies, Training, and Research at the level of the relevant Ministry, as well as the delay in the implementation of the CP in the aspects relating to training.

## Irrigation Extension Program

In 2008, Morocco adopted the "Green Morocco Plan" (GMP) as its sectoral strategy for agriculture. This plan includes seven transversal axes, including the Water axis, which is divided into three hydro-agricultural development programs (HADs), namely:

- The Irrigation Extension Program (IEP);
- The National Irrigation Water Saving Program (NIWSP);
- The Public-Private Partnership Irrigation Program (PPPI).

To this end, the Audit Court assessed the first program, the IEP, which aims to create new perimeters and strengthen irrigation of the perimeters downstream of the dams over an area of 160,000 ha. Knowing that this program consists of 20 projects with an estimated total cost of 21.5 MM DH over the period 2008-2020.

Thus, the IEP evaluation focused on the program and projects that make up the program and analyzed the national water context and identified several observations, the most important of which are summarized below.

The national water context is characterized by an unfavorable situation since Morocco has an annual potential of natural water resources that is among the lowest in the world. Also, the main water resources management planning documents, namely the National Water Plan (NWP) and the Integrated Water Resources Management Master Plans (IWRMMP), are not approved. In addition, the bodies for governance and coordination of actions in the water sector, which are the High Council for Water and Climate (HCWC) and the Interministerial Commission for Water (ICE), do not function.

Furthermore, the assessment of the development of the program revealed discrepancies with water resources planning documents and the absence of criteria for selecting and prioritizing projects.

Moreover, the program is at a low stage of progress. In fact, the developed area represents 11.2% of the IEP' s planned objective, and the impoundment represents only 6.2%. The volume of water recovered represents 24% of the total water mobilized or mobilizable by the dams concerned, and the expenses incurred are in the order of 15% of the total estimated cost of the program. This is mainly due to the failure to launch the major project related to the coverage of the gap in Gharb, and to insufficient funding.

It should also be noted that the program has no steering body and no planning and monitoring indicators. In addition, shortcomings were identified in the program's cross-cutting actions, in particular, the lack of widespread access to environmental impact studies, the lack of guidance and coordination of agricultural development actions, and the weakness of capacity building actions for farmers and project managers.

With regard to project management, various weaknesses were identified at the level of all phases of the lifecycle of projects: planning, implementation, monitoring/evaluation, and closure.

Also, for the planning phase, it was noted that some preliminary studies were missing and that there were gaps in the identification of risks and stakeholders. In addition, the majority of projects do not have a steering



committee and lack human resources at the level of project management units. As for the preparation of the property, the procedures for land consolidation and expropriation are experiencing significant delays.

On the other hand, for the implementation phase, shortcomings were identified, such as the lack of monitoring of quality control and the lack of control over technical assistance services, in addition to delays in launching the localized irrigation equipment procedure, as well as weaknesses in the way project documentation was kept.

Similarly, for the monitoring/evaluation aspect of projects, the Audit Court noted the absence of a project monitoring information system and the lack of generalization of inspection and audit missions.

As regards the closure phase, it was noted that there was no formal closure of the projects, that no balance sheets had been drawn up for them and that documentation had not been archived.

## The Hydraulic Public Domain

The Natural Public Hydraulic Domain (HPD) is made up, according to data from the agencies of the hydraulic basins (AHB) of the year 2017, of approximately 77,884 Km of watercourses, 4,647 Km<sup>2</sup> of water bodies, 250,400 Km<sup>2</sup> of groundwater aquifers and 783 springs. The artificial HPD consists essentially of 139 large dams with a storage capacity of more than 17.6 billion m<sup>3</sup>, and 157 small dams and hill lakes with an initial storage capacity of about 86 million m<sup>3</sup>. The artificial HPD is also composed of several thousand kilometers of canals, water pipes, and Seguias.

The audit of the management of the HPD carried out by the Audit Court revealed several observations, the most important of which are presented below:

### A. Constitution and delimitation of the HPD

To manage, protect and preserve the properties of the HPD, they must still be known, identified, inventoried and secured. The main observations noted in this regard are as follows:

#### ➤ Heritage insufficiently understood and controlled by AHBs

Effective management of HPD assets requires that AHBs have full control over all HPD assets within their area of action, regardless of whether they are managed by themselves or by other organizations. However, this goal has not yet been achieved since all AHBs do not have exhaustive data on the assets of the HPD, particularly those managed by other bodies such as

ONEE, ORMVA, the services of the Ministry of Agriculture and Territorial Communities.

➤ **Weak record of the demarcation of the HPD**

According to data provided by the services of the Department of Water (SDW), only seven (07) sections, among those studied by the AHBs, have had their bank boundary fixing orders published in the O.B. As for the delimitation of the HPD, as a specific allocation of the SDW, only decree n°2.10.546 dated 23/11/2011 was issued delimiting the Oued MARTIL watercourse and covering two lots of land with a respective surface area of 87 hectares and 6 hectares. However, this area remains insignificant compared to the total area of the Moroccan HPD.

**B. Use and exploitation of the HPD.**

The legislator has put in place mechanisms for water planning, it has also made the use of the HPD subject to authorization, concession regimes and the payment of fees, etc. Nevertheless, the implementation of these mechanisms by the SDW and the AHBs raises the following remarks:

➤ **Insufficiencies related to the application of the regimes of authorization and concession of the use of the HPD.**

Despite the considerable efforts made by the AHBs to apply the provisions of the Water Act and its implementing regulations, in particular those relating to the generalisation of the authorisation regime, and to the fight against the uncontrolled exploitation of the HPD, the inventories of private water withdrawers carried out by the AHBs highlighted the existence of a significant number of undeclared and unauthorised withdrawers, in other words not included in the authorisation regime. Thus, according to the data from these inventories, there are more than 102,264 water withdrawers (all categories of withdrawers combined: drinking water, irrigation water and industrial water) outside the authorization regime, i.e. undeclared or unauthorized withdrawers.

Moreover, a significant number of the uses of HDP subject to the concession regime, under the provisions of Article 33 of Law No. 36.15, are not yet covered. In this respect, it should be noted that the number of concession contracts concluded with public and private bodies that draw water to ensure the supply of drinking water to the public and the production of hydroelectric energy, such as the ONEE, water distribution boards, municipalities, and associations, remains very limited, although these operations are subject to the concession regime.

➤ **Insufficient control of the situation of water withdrawers**

AHBs find it difficult to put an end to the situation of water withdrawers (all categories of withdrawers combined: drinking water, irrigation water, and industrial water). With regard to the abstraction of irrigation water, the AHBs are unable to control the situation of private abstractors, particularly those who divert water from rivers not regulated by public works, or who use groundwater within the ORMVA's areas of action.

As for the abstraction of drinking water, AHBs do not have complete and exhaustive lists of all water abstractors intended for drinking water supply. Thus, several municipalities and associations providing drinking water services to the population have not regularized their situation with regard to AHBs.

Also, the AHBs do not have a complete inventory of industrial units not connected to the public drinking water system that draws industrial water because they have not rectified their situation, and they do not report the quantities of water drawn.

### **C. Preservation and safeguarding of the HDP**

There is increasing pressure on water resources in Morocco. These pressures include a decline in the quantity and quality of water resources. In this context, the following observations were recorded:

➤ **Deterioration of the capacity to mobilize water resources**

Siltation is a problem that compromises the mobilization and management of water resources. Thus, as a result of soil erosion, the siltation of dam reservoirs continues to worsen, resulting in a reduction in the capacity to mobilize water resources. According to data produced by the AHBs, the total silted volume is estimated at nearly 2.24 billion m<sup>3</sup>, which represents nearly 12.72% of the total dam capacity estimated at 17.6 billion m<sup>3</sup>, a decrease of about 0.5% per year.

➤ **Excessive exploitation of water from certain groundwater sources**

Several groundwater aquifers have experienced a significant decrease in piezometric levels, particularly the Tadla, Souss, and Saiss aquifers. According to data produced by the AHBs, the average annual volume of overexploited groundwater resources amounted to about 937 million m<sup>3</sup>/year. The main observations noted in this regard are as follows:

- **Low use of groundwater contracts to address the problem of excessive exploitation of groundwater**

Despite the importance of groundwater contracts in terms of groundwater protection, with the exception of the Souss groundwater contract, no contract has been signed so far, given that the draft performance report of the SDW accompanying the finance law for 2018 had set the objective of signing ten (10) contracts for ten (10) of the 24 priority groundwater tables by the end of 2018.

- **Shortcomings related to the establishment of safeguard and prohibition zones**

Despite the importance of the delimitation of safeguard and prohibition perimeters in terms of protecting groundwater from overexploitation and/or degradation, the SDW and AHB rarely use the delimitation of safeguard and prohibition zones. In fact, only the Shtuka aquifer was delimited as a safeguard zone with a declaration of the state of shortage by a decree published in 2017.

- **Waste of irrigation water in transport and distribution networks**

Water losses in irrigation water transport and distribution networks are a source of water waste. Thus, according to the data produced by some AHBs, 120 million m<sup>3</sup> of water are lost annually in the AHB action zone of Sebou, 100 million m<sup>3</sup> in the AHB action zone of Moulouya, 64 million m<sup>3</sup> in the AHB action zone of Guir Ziz Ghriss Draa, and 51 million m<sup>3</sup> in the AHB Loukous action zone.

Faced with this problem of water waste, a dilution of responsibilities between AHBs and ORVMAs has been observed. This situation is due to the fact that the costs of these losses are borne by the ABHs, given that the meters used to calculate the volumes of irrigation water withdrawn are installed at the head of the farm instead of at the foot of the dams, or at the entrance to the irrigated area, while the maintenance and upkeep of these networks are not part of their remit, but fall within the competence of the ORMVAs.

## Enhancement and regeneration of forests of cork oak

Morocco has a suberie of 294,378 hectares, making it the fourth largest in the world, among six countries in the Mediterranean region, representing 15% of the world's suberie. These areas extend from the plains of the Atlantic coast to the Rif and the Middle Atlas (Maâmora and Larache suberies 44%, Middle Atlas suberies 22%).

In addition to its ecological importance, the national suberie generates financial resources for the State and local authorities in the order of 104 MDH (between 2012 and 2017) which are the proceeds from the sale of 94,000 cork steers supplying industry of ten companies. Exports of semi-manufactured cork and cork products amounted to 168 MDH and imports to 10 MDH (between 2012 and 2016).

Following the narrowing of the national suberie by more than 130,600 ha since 1965, several programs have been implemented to restore it, resulting in the regeneration of 24,331 ha from 2013 to 2016.

In this context, the mission to evaluate the valuation and regeneration of cork oak forests identified several observations, the most important of which are presented below:

The different suberies are affected, to varying degrees, by the combination of several degradation factors leading to differentiated deterioration situations. All the more so as illegal logging and clearing reduce the cork oak forests. As such, the loss is estimated at about 250 ha per year at the level of the territory managed by the Regional Directorate of Water and Forests and the Fight against Desertification (RDWFFAD) of the Rif region. These practices continue to exist and to be considered as simple offenses, despite the coercive provisions provided for in this regard by the Dahir of 10 October 1917. Additionally, there is the complete collection of acorns, which persists despite its criminal nature in the sense of the same Dahir.

To prevent cases of acorn deficiency, seed sites were identified and mapped in 1996. However, this identification has never been updated. Thus, due to the absence of cork oak plants, several regeneration operations were postponed or terminated. The related financial loss amounts to more than MAD2 million.

In addition to the above factors, there is overgrazing, particularly in the Atlantic suberies where the pastoral load far exceeds the equilibrium load.



The grazing livestock stays there almost all year round and reduce any possibility of natural regeneration.

Also, in terms of regulating the route, the strict application of the provisions of the Dahir of 1917 and the Viziriel Decree of 15 January 1921 has come up against the growing needs of those entitled to the route. In fact, neither the annual assessment of the forage capacities of the forests nor the identification and registration of the beneficiaries of real rights in the area are carried out.

Moreover, the interaction of the various degradation factors leads to the decline of cork oak stands, which is manifested by the deterioration of the health status of the trees (in the Maâmora forest 10% to 44% of the trees are affected) or by de-densification (58% of the Maâmora suberie has a density of fewer than 100 strains per hectare in 2006).

In order to reverse the degradation dynamics of the national suberie and restore the lost areas, the Forest Administration has launched several regeneration programs and plans since the 1970s and has tried several technical processes. Thus, the reforestation master plan (RDP) for the period 1997-2027 has set itself an urgent objective of planting 30,000 ha in cork oak by 2007. After 20 years of its deployment, the High Commission for Water and Forests has not carried out any assessment of the RDP and its results remain below the objectives, with an implementation rate of 43% (9,679 ha) recorded for the Maâmora suberie during the period 1997-2007.

Furthermore, the natural regeneration of cork oak has proved difficult to establish, particularly in the Atlantic suberie. Forest managers have therefore turned to artificial regeneration techniques. In this context, the planting technique was adopted but without reference to unbiased arguments, whereas the RDP recommended sowing acorns. In the end, the regeneration operations experienced recurrent failures. In fact, the lack of monitoring and maintenance of plantations (watering, hoeing and weeding) causes mortality and decline of young plantations and encourages white worm attacks.

To secure artificial regeneration, the forest administration has tried to directly involve right holders in the effort to rebuild the forest estate by granting a compensation allowance for forest defenses (MDC) set at 250Dh/ha. However, the practice has shown that this mechanism has not succeeded in gaining the support of all rights holders, and therefore deserves careful consideration with a view to improving its effectiveness.

Similarly, the commitment of the cork oak reintroduction programs has resulted in the artificial regeneration of an area of 1,872 ha on average

annually between 2003 and 2016, mainly in the RDWFFADs of the North-West and Rabat-Salé-Zemmour-Zaer, i.e. only 24% of the provisional program. The final results also show a loss of around 7,560 ha between 2011 and 2016, mainly due to late failures. Thus, the absence of a monitoring and evaluation mechanism for these programs and the establishment of regeneration balances at the level of the budget year give only a partial picture of the state of reconstitution of the subseries.

## National Health Insurance Agency

The National Health Insurance Agency (NHIA) was created by article 57 of Act No. 65.00 relating to the basic compulsory health insurance (CHI) scheme, in the form of a public-owned establishment with legal personality and financial autonomy. As such, it is subject to the supervision of the Government. It is responsible for ensuring the proper functioning of the basic coverage system and for providing technical supervision of the basic Compulsory Health Insurance, as well as for ensuring the implementation of the regulatory tools of the said system. In addition, it is responsible for managing the resources allocated to the Medical Assistance Plan (RAMED).

Its budget increased by more than 135% from 34,099,585.56 DHS in 2006 to 80,125,420.00 DHS in 2017.

Thus, ANAM's management audit revealed the following main observations:

### A. Compulsory health insurance

#### ➤ An establishment with ambiguous and limited powers.

The reading of Act No. 65.00 and its implementing decrees makes it difficult to situate the role supposed to be played by ANAM. This is reflected in the discrepancy between the law and its implementing regulations, which makes ANAM's powers as a regulatory body ambiguous.

In fact, in accordance with the provisions of Article 58 of the said law, ANAM is the body in charge of ensuring the proper functioning of the Basic Medical Coverage (CMB) system, while Article 59 solely entrusts ANAM with the task of "proposing to the administration the measures necessary to regulate the basic compulsory health insurance system".

Moreover, by submitting ANAM to the supervision of the Government (art. 58), the aim was to raise its level of institutional affiliation in order to safeguard its independence and authority. However, since its inception,

ANAM has acted as a division or branch of the Ministry of Health. However, the Ministry of Health is only one of various stakeholders acting within the framework of basic medical coverage. This placing under supervision is detrimental to ANAM's powers and room for maneuver and does not allow it to perform its functions of arbitration, sanction, and regulation of the regime.

In addition, there was a discrepancy between the provisions of Articles 24 and 25 of the aforementioned law, since medical care costs are reimbursed or covered on the basis of the national reference rate laid down in the agreement even if the provider of medical services is excluded from the national agreement.

Thus, contrary to Article 43 of the above-mentioned law, the outline of the statistical documents and the information relating to the medical consumption of the insured do not cover all the information necessary for ANAM to monitor the financial equilibrium of the two funds (Caisses). Also, ANAM does not have statistics on drug consumption, and no cross-referencing of information is possible because the tables on population cannot be correlated with those on medical consumption.

#### ➤ **A long and inconclusive agreement process**

Since 2006, the date of the start of the CHI, six national agreements have been signed for a period of three years, as stipulated in Article 28 of Decree No. 2.05.733. Despite several attempts, these could not be renewed, which created a climate of mistrust and consequently led to a situation of deadlock, which was manifested by the following:

- Signing of a memorandum of understanding in 2011 restricting ANAM's prerogatives in terms of sanctions;
- Non-revision of the national reference pricing, which dates back to 2006, resulting in tariff overruns by healthcare providers;
- Inability of ANAM and the managing bodies to introduce new measures for medical supervision of expenditure.

#### ➤ **A basket of stagnant care and a rest to be paid for the evolving insured**

With the exception of the list of reimbursable drugs, the extension of which remains well controlled, the content of the healthcare basket has been updated very little since the advent of the CHI, with obsolete and incomplete nomenclatures, a limited list of medical devices and national conventions from 2006, making the national reference pricing outdated.

The impact of the absence of the update and the low extension only increased the remaining cost to policyholders, reaching 35% in 2016

instead of 28% in 2010. These rates do not include benefits paid without an invoice and non-reimbursable acts under the CHI, which brings the participation of insured persons to high rates, practically the same level of direct household expenses in Morocco, around 51% (National Health Accounts, report of 2015).

➤ **An increasingly important weight of LTCs and HCCs**

The Audit Court found that the list of long-term conditions (LTC) and heavy and costly conditions (HCC) established by Order No. 2518 of the Minister of Health dated 5 January 2006, has not been reviewed or updated since that date.

Each managing body adopts its own criteria for admission to LTCs and HCCs, in the absence of medical-technical standards established by ANAM and which are enforceable against them, especially since the exemption thresholds for user fees applied are not the same between the different Funds.

➤ **The rareness of therapeutic protocols**

The partnership agreement, dating from 2007, between ANAM, the Ministry of Health, the Moroccan Society of Medical Sciences and the National Council of the Order of Physicians made it possible to develop 16 standards of good medical practice, three of which were validated and distributed by the Minister of Health.

Since then, it was not until 2014 that a new convention between the same parties ensured that six of the 10 therapeutic protocols supposed to be developed annually, and were approved by the Ministry of Health on May 20, 2015.

## **B. Medical Assistance Plan**

The management of the Medical Assistance Scheme (RAMED) is carried out by the Ministry of the Interior, which is responsible for drawing up the list of eligible persons, the Ministry of Health, which is responsible for providing care, and ANAM, which is responsible for registering, issuing and distributing membership cards and collecting contributions from beneficiaries of the scheme in vulnerable situations. In this respect, the following has been noted:

➤ **Legal gaps in the management of RAMED's financial resources**

In accordance with articles 60 and 127 of Act No. 65.00, ANAM is responsible for managing the financial resources allocated to RAMED. However, Decree No. 2.08.177 entrusted the management of these resources to the Ministry of Health, and limited ANAM's role in collecting

partial annual contributions from beneficiaries in vulnerable situations and paying the sums collected into the trust account entitled "Central Pharmacy Special Fund" of the Ministry of Health.

At the end of June 2017, the envelope relating to the contribution of the population in a vulnerable situation was estimated at 154,579,758.00 DHS. It is blocked by the difficulty of paying it to public service providers because of the legal constraints mentioned above.

➤ **Operational gaps in the management of RAMED's financial resources**

In addition to the legal gaps mentioned above, other operational constraints were identified, including:

- The lack of reliability of applicants' declarations following the detection of cases of dual RAMED-CHI affiliation;
- The renewal of RAMED cards is experiencing difficulties that do not allow the regime to achieve the necessary momentum;
- The absence of a comprehensive information system.

**Basic compulsory health insurance for employees in the private sector, managed by the National Social Security Fund**

Basic compulsory health insurance (CHI) for employees in the private sector was established by Dahir No. 1.02.296 of 25 Rejeb 1423 (03 October 2002) promulgating Act No. 65.00 on the basic medical coverage code. The management of this health insurance has been entrusted to the National Social Security Fund (NSSF). The effective start of the basic CHI for private-sector employees began in September 2005 with the commitment of the first levy of contributions. As for the reimbursement of the first health care benefit files, it began in March 2006. Six months after the end of the probationary period provided for in Article 101 of Act No. 65.00.

The review of the management of this system by the NSSF made it possible to record observations and make recommendations related to the following aspects:



## **A. Governance of basic compulsory health insurance for private-sector employees**

### **1. Legal framework**

The examination of the legal framework governing the basic CHI for private-sector employees showed that this framework is incomplete for failure to promulgate the implementing regulations for the application of the provisions of Act No. 65.00. It has also been found that some of these provisions are ambiguous, in particular, Article 114, or are applied without removing the cases of incompatibility mentioned in Article 44 of this Law.

### **2. Monitoring of basic compulsory health insurance for private-sector employees**

#### **➤ Lack of technical supervision by the insurance and social security supervisory authority**

The CHI scheme for employees in the private sector is subject to the financial and technical controls of the Government provided for in Articles 53 and 54 of Act No. 65.00. These controls are carried out on the basis of documents and on the spot by officials delegated for this purpose by the Ministry of Finance.

As of the date of promulgation of Act No. 64.12 by Dahir No. 1.14.10 of 6 March 2014, establishing the Insurance and Social Security Supervisory Authority, these controls were transferred to the latter. In this context, a single audit mission of the basic CHI for private-sector employees was carried out in November 2017. In addition, the NSSF does not have any information on the follow-up to this mission.

#### **➤ Lack of technical supervision by the Ministry of Health**

In the application of the provisions of Article 40 of Decree 2.5.733 dated 18 July 2005 implementing Act No. 65.00, the CHI scheme for employees in the private sector is also subject to roadworthiness tests carried out by medical officers of the Ministry of Health. This supervision is carried out either on the basis of documents or on the spot at the initiative of the Ministry of Health or at the request of the National Health Insurance Agency. However, this scheme has never been subject to this type of supervision.

### **3. Coverage of health care costs**

#### **➤ Existence of medical procedures not covered by the CHI**

The general nomenclature of professional acts was established by Order No. 177-06 of the Ministry of Health dated 27 January 2006. Since that

date, the said nomenclature has not been updated. Knowing that successive advances in the medical sciences are leading to new acts. Thus, these new acts can neither be covered nor reimbursed by the CHI for employees in the private sector.

In addition to the new acts, certain acts in the general nomenclature of professional acts are excluded from the basket of health care covered by the CHI for employees in the private sector. It should also be noted that these procedures are prescribed and invoiced by health professionals and paid for by insured persons. These are, for example, the following acts:

- Consultations when they are invoiced on the same day by the same attending physician who has performed another procedure whose price is higher than that of the consultation;
- Acts of treatment of sterility or infertility;
- The act of "monitoring" if it is performed on the same day of delivery;
- Dermatological procedures if they are mentioned on a care sheet containing a hair loss or skin cleansing treatment.

#### ➤ **Low coverage rate for costs incurred by insured persons**

It was found that the overall and actual coverage rate of costs incurred by policyholders, all categories combined, remains well below the regulatory coverage rate. This rate averaged 64% over the period 2006-2017. Thus, it should be noted that it would have been even lower if the expenses paid but not declared to the National Social Security Fund had been taken into account. This average rate varies from one care station to another, from 19% for medical eyewear and 69% for hospitalization.

For the category of insured persons with long-term and/or costly conditions, this rate does not exceed on average 74%, bearing in mind that Article 9 of Act No. 65.00 provides a coverage rate of between 70% and 100% for this category of insured persons.

Furthermore, the low actual coverage rate compared to the regulatory coverage rate is explained by the fact that the reimbursement bases are often lower than the prices charged and invoiced by healthcare providers.

Thus, the acts are reimbursed on the basis of a tariff that has never been updated since the entry into force of the CHI for private-sector employees.

Drugs are reimbursed on the basis of the price of the nearest generic drug in terms of the purchase price, regardless of the drug prescribed by the

treating physician. Knowing that, for some medicines, the price of generic drugs is much lower than the price of their originator.

➤ **A relatively high level of remaining costs for insured persons compared to their salary levels**

The low rate of coverage of the costs actually incurred by the insured results in a high remaining cost to the insured. Indeed, the average rate of the total remaining amount payable by the main insured, all categories combined, was around 47% in 2006 and 37% in 2017. While some health care stations (consultations, eyewear, and oral care) recorded a rate of the remaining charge that exceeded 50%.

In terms of amount, the average remaining cost for 2017 for insured persons with serious and/or costly conditions exceeds MAD 4,300.00 per main insured persons. Given the monthly salary declared by the majority of main insured persons, this remaining charge is still high. Indeed, 50% of the insured persons have a salary of fewer than 2,500.00 DHS and 87% have less than 6,000.00 DHS per month.

Thus, and in the absence of supplementary health insurance, the rest to be paid by the insured persons exceeds the financial capacities of the majority of them. Especially since payments without invoices are common practice and remain required by some health professionals. These costs, although they constitute part of the rest to be paid by the insured persons, have not been taken into account, due to the unavailability of information concerning them.

**B. Resources, expenditure and financial balance of basic compulsory health insurance for private-sector employees**

➤ **CHI expenditures benefiting the private sector**

During the period 2006-2017, public healthcare institutions received only 5.74% of the disbursements made by the NSSF for the payment of benefits covered by the basic CHI for private-sector employees. While the NSSF's private clinics and 13 polyclinics respectively benefited from 84.38% and 9.17%.

This situation is explained by the low attractiveness of public hospitals. As a result, the insured persons are often attracted to private care facilities. To overcome this situation, the NSSF has set up counters in some public health care establishments.

➤ **Expenditure changing disproportionately in relation to the evolution of resources**

The examination of the financial situation of the basic CHI for private-sector employees during the period 2006-2017 showed that it is balanced or even in surplus. However, it should be noted that the expenditure of this scheme is changing disproportionately in relation to the evolution of its resources. In fact, the average annual rate of increase in expenditure (31.47%) exceeds that of resources (13.81%). That is 17.66 points of difference. This situation implies that even if the plan is currently in surplus, it may not be maintained in the future.

The Audit Court considers that the financial equilibrium of the scheme can be preserved, by acting first of all on expenditure control, and even by refilling the accumulated reserves over the period 2006-2017. And it considers that the sustainability of the basic CHI scheme for private-sector employees can be preserved by developing, a priori, the attractiveness of the supply of care in public hospitals.

## **The managed compulsory health insurance by the National Fund for Social Welfare Organizations**

A basic compulsory health insurance scheme (CHI) has been set up for employees and pensioners in the public sector (CHI/Public) in accordance with the provisions of Act 65.00, on the basic medical coverage code (BMC). Its management has been entrusted to the National Fund for Social Welfare Organizations (CNOPS).

During the audit period (2009-2017), the key figures of the CHI/PUBLIC civil servants showed a clear evolution. Thus, the total number of beneficiaries increased from 2,410,757 in 2009 to 3,030,448 in 2017. For 2017, they were divided up into 793,109 active insured with 1,303,759 beneficiaries and 436,822 pensioners with 496,758 beneficiaries.

Additionally, the overall number of beneficiaries affected (those who have submitted at least one care file) has increased from 1,081,705 in 2009 to 1,349,003 in 2017. They filed 4,018,282 cases in 2009 and 4,598,163 in 2017, representing an average frequency rate of 3.5 cases per beneficiary affected for this period.

On the other hand, the regime's revenues are mainly constituted by contributions, the amount of which increased from MMDH 3.46 in 2009

to MMDH 4.9 in 2017. As for the overall expenses of the scheme, they went from MMDH 3,077 in 2009 to MMDH 4,499 in 2017.

The management audit of this scheme focused on aspects relating to governance, medical coverage, financial balance and the sustainability of the scheme. Thus, the salient observations noted in this context are as follows:

## **A. Governance of the CHI-Public**

### **1. The legal framework of the CHI-Public**

At this level, the following was noted:

#### **➤ Unfinished legal framework**

The provisions of Act No. 65.00 refer to regulatory texts that were not adopted on the date of the performance of this audit assignment. This has made it difficult to manage and operationalize this regime.

#### **➤ Delay in the generalization of the CHI-Public**

The examination of the situation of the members of the basic CHI at the level of the CNOPS has shown that an estimated eligible population of 260,000 people, including those designated in Article 114 of Act No. 65.00 has not yet joined this scheme.

### **2. Administration and management of the CHI-Public**

At this level, the following was noted:

#### **➤ Absence of a budget specific to CNOPS**

Each plan managed by CNOPS must, in principle, have a separate budget. That is why CNOPS manages two budgets. These are, in fact, the budget for the CHI/Public scheme and the budget for the basic student CHI scheme. This situation means that CNOPS does not have, in addition to these budgets, its own budget which consolidates all its investment and operating expenses.

#### **➤ Incompatibility of mutuals**

With regard to the provisions of article 44 of Act No. 65.00, it was found that several mutuals are in an incompatible situation, due to the fact that on the one hand they have medical units, and act as care providers and on the other hand they manage certain CHI services on behalf of CNOPS.

#### **➤ Absence of technical supervision**

CNOPS is subject, in addition to the financial control provided for by article 53 of law n°65.00, to the State's technical control. This is a technical control exercised by the Ministry of Health and by the insurance and social



security supervisory authority. However, no technical inspection mission has been carried out since the implementation of this scheme.

## **B. Medical Coverage**

In this respect, the following was noted:

### **1. Technical support**

With regard to technical supervision, the following was noted:

- Non-inclusiveness of the reference system for health professionals and the lack of a legal system requiring health care providers to have an "INPE Code" identifier;
- Failure to update the general nomenclature of professional acts, which makes certain acts non-reimbursable under the basic CHI;
- Delay in the validation and approval of therapeutic protocols for all diseases, which does not allow for effective and efficient coverage of healthcare expenses by the CHI-Public.

### **2. Extension of the care basket**

There has been an extension of the refundability of certain procedures, medicines, medical devices and biological analyses that are not systematically covered by the scheme. This is reflected in the number of name-based opinions used by policyholders through complaints to the National Health Insurance Agency.

### **3. The coverage rate of healthcare expenses**

The coverage rate offered by the CHI/Public varies between 70% and 100%. However, the following was noted:

- A remaining amount to be paid by the significant insured. In fact, it should be noted in this context that the coverage rate for care is, on average, 58% and 93% compared to the national reference tariff (NRT), respectively, in ambulatory mode and in third-party payment mode, excluding the costs incurred by insured persons who are not invoiced;
- A limited contribution from complementary medical coverage.

## **C. The financial balance of the scheme**

The scheme recorded for the first time a technical deficit of MAD 225 million in 2016, then MAD 302 million in 2017, with an overall deficit of MAD 22.5 million. This situation is due, among others, to the following factors:

### ➤ **Quasi-stagnation of revenues**

There was a virtual stagnation in CHI/Public revenues, resulting, on the one hand, from the low evolution of contributions and, on the other hand, from a limited return on investments of reserves and cash surpluses with the Caisse de Dépot et de Gestion (Deposit and Management Fund).

### ➤ **Deterioration of the demographic rate**

The number of pensioners, which stands at around 436,822, represented 36% of all insured persons (1,229,931) in 2017. Thus, the rate of coverage of pensioners by working people rose from 3.26 % in 2009 to 1.81 % in 2017.

### ➤ **Prevalence of expenditure on long-term, heavy or costly conditions**

It should be noted that the population affected by these diseases represents only 5.6% of CHI/Public beneficiaries, while it consumes 49% of benefit expenditure.

### ➤ **Evolution of the loss ratio**

The CNOPS recorded an average rate of 45%, as the loss ratio in 2017

### ➤ **Ongoing expenditure growth**

The expenses of the CHI-Public have increased significantly during the period 2009-2017, from 3,077 MMDH in 2009 to 4,499 MMDH in 2017, divided into management expenses and service expenses.

### ➤ **Low attractiveness of public health care institutions**

It was noted that for the third party pay mode, the share of expenditure in favor of the private sector increased from 53% in 2009 to 84% in 2017. As for the share of expenditure allocated to public health care institutions, it remained virtually unchanged during the same period, at 12%.

## **D. Sustainability of the plan**

The analysis of the results of the actuarial projections for 2022 showed that, if the various parameters remain stable, the technical deficit will increase further to reach MAD1.23 million in 2022, with a net loss of nearly MAD1 billion.

The study of the different scenarios showed that acting only on contributions or on benefit expenditure would not ensure the sustainability of the CHI/Public scheme. Also, the scenario of a 30% shift of CNOPS's activity to the public hospital during the projection period could gradually improve the regime's financial situation. Thus, the implementation of a multi-parameter reform that takes into account both revenues and expenditure and the attractiveness of the public hospital would be

necessary to guarantee the sustainability of the system on the one hand and improve the coverage rate of healthcare expenditure on the other hand.

## Ministry of Health Regional and Provincial Hospital Centers

In 2018, the Audit Court, in collaboration with the Regional Audit Courts, continued its mission of auditing the management of hospitals under the Ministry of Health and managed independently. It thus audited the management of the following six centers:

- The Provincial Hospital Center of Boujdour (PHCB) has a capacity of 36 functional beds. The hospital's human resources consist of 17 doctors, 74 nurses and 45 administrative staff;
- The Provincial Hospital Center of Kelaa de Sraghna (PHCKS) is composed of three hospitals: Essalama Hospital in Kelaa Sraghna; Lala Khadija Community Hospital in Tamellalet and Psychiatric Hospital in Kelaa Sraghna. The PHCKS serves a population of 558,421 inhabitants; it has a staff of 218 executives and agents including 40 doctors, 142 nurses, and executives and 36 administrative and technical agents;
- The Casablanca Mohamed V Provincial Hospital Center (MV PHC), which has a total staff of 239 as of December 31, 2016, including a medical staff composed of 56 specialist doctors, seven general practitioners and a pharmacist; a paramedical staff composed of 135 civil servants, including 96 state-certified nurses and 39 state-approved nursing assistants and an administrative staff composed of 40 civil servants. In addition to this staff, the MV PHC benefits from the availability of 21 agents from several districts of the city of Casablanca;
- The Prefectural Hospital Center Moulay Abdellah of Mohammedia (PHCM) with a bedding capacity of 138 beds. It has a medical staff composed of 62 doctors in several specialties, a paramedical staff composed of 103 people with different profiles, and administrative staff of 17;
- The Provincial Hospital center of Sidi Slimane (PHC Sidi Slimane), covering an area of 11,743m<sup>2</sup> with a capacity of 50 beds, serves a population of 326,154 inhabitants, that is to say, one bed for 6,523 inhabitants;

- Mohamed VI Hospital of Tangier (HMVI), is a local hospital that is part of the Tangier RHC, created on July 19, 2006. It has a functional litter capacity of 52 beds. The hospital's human resources are made up of 89 civil servants, divided into three bodies: the medical (17), paramedical (51) as well as administrative and technical staff (21).

The investigations undertaken by the Audit Court have revealed several observations and weaknesses relating to the various aspects of the management of these centers, some of which have already been pointed out by the Audit Court in its previous reports. In this respect, we will present the most important ones below.

### **A. Strategic planning and governance system**

The most important observations recorded in this context concerned the following:

#### **➤ Absence of the hospital establishment project**

Contrary to article 35 of decree 2.14.562 of 24 July 2015 adopted for the application of organic law n°34.09 of 2 July 2011 on the health system and the provision of care and article 8 of decree n°2.06.656 on hospital organization, the centers do not have a hospital establishment project (HEP).

#### **➤ Inactivity of consultation and support bodies**

Under Article 13 of Decree No. 2.06.656, the director of the hospital center must be assisted by consultation and support bodies, namely the works council, the monitoring and evaluation committee, the council of doctors, dentists and pharmacists and the council of nurses, the committee for the control of nosocomial infections and the management committee. However, it was noted that the above-mentioned bodies do not fully play their role of assistance or have never been created.

For example, these bodies do not exist at the Boujdour PHC level.

At the Mohamed V PHC in Casablanca, it was noted that there was an irregularity in the holding of meetings of these bodies as well as the recurrent absence of their members. The meetings are limited to the presentation of last year's statistics and the constraints faced by the center's activities. On the other hand, the agendas ignore the discussion of the items relating to the powers vested in them (multiannual investment programming, action plans, continuing training programs, allocation of resources to the center's services and improvement of interdepartmental cooperation mechanisms).

## **B. Medical Services Management**

At this level, the following was noted:

### **1. Reception and orientation**

The control missions carried out in these centers revealed several shortcomings in the reception and orientation of patients, particularly in the management of appointments. This mission, which is the responsibility of the Reception and Admission Service (RAS), requires ongoing communication and consultation with all the services of the centers.

In this context, at the level of the Sidi Slimane PHC, it is the nurses of the surgery, gynecology, trauma and external consultations departments who are responsible for setting appointments, without coordination with the Center's reception and admission department. The RAS is only responsible for scheduling the laboratory's test appointments, which are done the same day.

For its part, Mohammedia's Moulay Abdellah PHC does not have an adequate reception structure to receive and direct the various flows coming into the hospital. In addition, the PHC does not provide patients and visitors with sufficient information on appointment orientation and management. It is also noted that there is a lack of communication between the RAS and the other services of the Center, which does not allow the updating of information on possible changes in available specialties, bedding capacity and the agendas of medical staff. In this sense, some appointments are scheduled by the heads of the various medical services without consultation with the reception service.

Also, at the Mohamed VI Hospital in Tangier, the audit revealed that the computer application used at the RAS level is only used for hospitalization management. The other functionalities relating to external consultations and examinations are not used, and therefore the application does not support the invoicing of these services. Invoices are only for hospital admissions. Also, it has been found through the records made for this functionality that the payment receipt number is not filled in the box reserved for it, which may constitute a potential risk of fraud.

### **2. External specialized consultations**

Outpatient consultations represent the main services provided by these hospitals, they are also one of the access points for their hospital services. Most of the observations noted concern the programming and availability of medical specialties



Thus, at the Moulay Abdellah PHC in Mohammedia, 27,427 consultations were recorded during 2016, compared to 36,655 in 2015. This represents a decrease of 9,228 consultations. This decrease is mainly due to the decrease in dental consultations by about 27%, the decrease in ophthalmic gynecology and ENT consultations by about 20%. It should be noted that urological consultations have not been provided since 2016, following the departure of the urologist.

The Court also noted shortcomings in the consultation schedules. In this sense, there has been a lack of time slots for some specialties, such as dermatology and trauma services, each composed of two doctors and providing only one-time slot per doctor throughout the week. This also applies to the stomatology department, composed of six dentists, without displaying their consultation schedule. The gynecology-obstetrics service, composed of three doctors, ensures only one-time slot per doctor throughout the week.

These shortcomings, in terms of the time slots that characterize the rate of operation of the consultation center, clearly illustrate the lack of follow-up of the programmed schedules in relation to the large flows of care seekers. As a result, the appointment times for some specialties are long. For example, the appointment time for ophthalmology is 90 days in 2016, for endocrinology it is 70 days, for rheumatology, it is 61 days.

At the Sidi Slimane PHC, this service is characterized by low performance of specialized doctors, since the average daily number of outpatient consultations per doctor is between 1 and 9.

### 3. Surgical Service

Most of the observations made in this context are related to the surgical operating room (OR) of these hospitals.

Thus, the OR of the Mohammed V PHC in Casablanca suffers from several deficiencies that have a direct influence on the level of activity, quality and safety of the surgical operations performed, namely:

- The OR lacks a progressive asepsis pattern. In fact, the doors of both administrative and traffic sections outside the operating room area are kept open at all times. In addition, the degree of asepsis of the operating district, which must be monitored by means of appropriate bacteriological tests on a periodic basis, has never been the subject of such a test;
- Not all operating rooms have an air treatment system and automatic closing of access doors. These rooms are cluttered with obsolete medical and technical equipment with an advanced

degree of oxidation that promotes the development of bacterial niches on torn plastic floors and non-leachable walls;

- The OR operates in the absence of an independent sterilization unit with separate elevators for the dirty and clean transport of material. The existing unit is located within the OR, which is a hindrance to the smooth running of this service;
- The management of the scheduling of surgical operations within the various rooms of the OR is done in the absence of a committee of the OR;
- The lack of information on the dates of consultations prior to the scheduling of the surgical operation does not allow the calculation of the average appointment times per type of operation;
- The OR suffers from the absence of a resuscitation room in the presence within the PHC of the four reanimators.

Concerning Mohammedia's Moulay Abdellah PHC, and with the exception of 2016, which saw a slight increase in the number of surgical operations, the OR's activity declined for the 2012-2016 period. Thus, the number of surgical interventions has increased from 1,892 in 2012 to 1,732 in 2016. The number of scheduled surgical procedures has increased from 1,003 in 2012 to 647 in 2016. In the same way, there has been a decline in the number of scheduled surgeries per working day, from 12 in 2012 to only five in 2016.

The examination of scheduled surgical procedures in the operating room revealed the importance of the number of days of absence with an operating rate not exceeding 54% (this rate was 36% in 2012, with only 85 days of operation in the OR).

It has also been found that some operating rooms remain unused because of the absence of certain equipment necessary for surgical operations (eg. scialytics and brightness amplifiers, etc.).

#### **4. Emergency service**

The control of the management of emergency services in hospitals has shown that they suffer from anomalies and dysfunctions.

Thus, at Mohammedia's Moulay Abdellah PHC, the screening of emergency room users remains low and is not sufficiently operational.

Also, the red and green circuit is not sufficiently identified and respected. This is due to the absence of a triage cell allowing patients to be treated by a doctor, under conditions that guarantee better management of urgent

cases. This situation results in the existence of false emergencies that present themselves directly to emergency physicians without going through a triage structure, resulting in a loss of time for these physicians, and congestion at the emergency level, which often experiences conflicts that disrupt its functioning. This ambiguous situation also allows false emergencies to benefit from radiological examinations and hospitalizations without respecting the normal admission circuit.

In addition, emergency coordination and regulation between the various hospitals in the health region remains weak.

More concretely, it was found that the regulation of emergencies between the Hospital Center and other health structures, in particular, the Regional Hospital Center and the University Hospital Center, is inadequate. It should be noted that regulatory measures in the Casablanca region have been in place for about four years, but these measures have not been sustainable over time.

On the other hand, the emergency care system is not respected. Indeed, emergency physicians systematically transfer urgent cases to the Ibn Roch University Hospital Center without referring to the Regional Hospital Center and in contradiction with the provisions of article 65 of the internal regulations of hospitals.

### **C. Hospital pharmacy**

The management audit of pharmacies at the level of these hospitals has made it possible to identify several deficiencies related to working resources, supplies, as well as the monitoring of the storage and consumption of medicines. Below, we will present the most important ones:

#### **➤ Deficiencies related to the working means**

Concerning the working means and precisely the premises, it was noted at the Boujdour PHC that the space housing at the hospital pharmacy does not have the equipment and materials necessary for its proper functioning.

The storage of pharmaceutical products is carried out at several premises that are located in a dispersed manner and far from health care services, which does not allow for the proper provision of pharmaceutical services to applicants.

Also, the storage conditions (ventilation, lighting, thermo-hygrometer, location...) are not respected and are in contradiction with the standards set by the guide for the organization and functioning of hospital pharmacy.

As for Mohammedia's Moulay Abdellah PHC, its pharmacy lacks shelving cabinets and a cold room for storing thermolabile products. Faced with this

situation, this department is forced to deposit these products in the cold room located in the hospital kitchen with all the potential risks.

At the Sidi Slimane PHC, drugs are stored in five rooms, one of which is located in the diagnostic center. In addition to the dispersion of these rooms and their narrowness, it was found that the storage conditions laid down in the guide to hospital pharmacies, such as ventilation and hygiene, were not complied with.

### ➤ **Malfunctions in the supply and delivery of Medicines and Medical Devices (MMD)**

Group purchasing of pharmaceutical products is carried out centrally through the Supply Division (SD) of the Ministry of Health, as mentioned above. The MMD delivery operation faces some difficulties, namely:

- The delivery schedule is in line with the year for which the order was placed;
- Lack of consultation between the SD and hospital pharmacies. Indeed, deliveries are not systematically made according to the needs of the moment and the state of stocks;

Moreover, the supply of medicines and pharmaceutical products is subject to irregularities that negatively affect its effectiveness. Indeed, the procedure followed in this sense means that the central services of the Ministry of Health proceed to the prior deduction of the budget envelope corresponding to the orders issued by each Hospital Center. These same departments then concentrate the orders of all the hospitals in the sector at the central level.

Also, the audit of the procurement procedure revealed the existence of a discrepancy between the amounts deducted and the pharmaceutical products delivered. Thus, for the Mohammed V PHC in Casablanca, the value of these undelivered products exceeded MAD49 million between 2012 and 2016.

These limits result in the expiry of some drugs and the depletion of others. Thus, the value corresponding to this expiry for the period 2012-2016 reached MAD 5,551,863.50 for the Mohammed V PHC in Casablanca, MAD 1,833,184.95 for the Moulay Abdellah PHC in Mohammedia and MAD 3,591,257.00 for the Kelaa PHC in Sraghna.

### ➤ **Insufficient monitoring of the stock of medicines and medical devices**

It was noted that the management of the hospital pharmacy stock is done in the absence of the handrail register and stock sheets. In addition, no inventory of medicines and medical devices has been carried out since

2011 except for Anti-D, oral medicines, and narcotics. Knowing that the stock consists of 780 products (according to the 2015 ministerial command). This lack of inventory and traceability raises the problem of controlling MMD inputs and outputs.

## **D. Hospital center revenue management**

With regard to the management of hospital center revenues, several observations were made that limit the self-financing capacities of these centers. These observations include the following:

### **➤ No continuity in the work of the reception and admission service**

It was noted that the reception and admission service of the Boujdour PHC does not ensure continuity of activity beyond 4.30 pm, on public holidays and weekends. It is, therefore, the manager/cashier who is responsible at the same time for the registration of patients admitted outside normal administrative hours, as well as for the recovery of the costs of medical procedures. This is without respect for the principle of the separation of authorising officers and accounting officers.

### **➤ Non-recovery of costs of medical procedures performed**

At the Mohamed V PHC in Casablanca, the comparison of the revenues declared for the heading "Payment proceeds from medical and surgical procedures provided externally" with the staff treated externally revealed an estimated difference for the period 2010/2016 of more than DH 26.42 million.

At Mohammadia's Moulay Abdellah PHC, investigations showed that some external services, such as emergency care, radiological examinations and laboratory tests, were neither invoiced nor informed about the AAS computer system. Additionally, it was found that the invoicing operation was not exhaustive as it did not cover all the care provided to patients.

At the level of the Sidi Slimane PHC, a reconciliation between the biological analyses carried out by the laboratory and the amounts received from 15 cases dating back to December 2014 revealed differences between the amounts received and the amounts of services provided. It should also be noted that several registers of laboratory tests relating to 2014 are missing.

Also, the Sidi Slimane PHC has a computer system allowing the registration of all services rendered to patients, as well as the issuance of invoices concerning them. However, there were discrepancies between the revenues recorded in this system and those collected through the hospital



cash register. These services include laboratory, radiology, medicine and surgery. Thus, for example, for the year 2015, differences were recorded with estimated amounts of 275,178.00 DHS, 160,291.50 DHS and 30,595.00 DHS, respectively, for the services in question.

At the Mohamed VI Hospital in Tangier, it was found that the recovery procedure has certain shortcomings, which have generated a significant amount of uncollected revenue. For example, there was a failure in the examination of patient records, which are generally incomplete, due to a lack of either documentation or hospitalization records.

It was also noted during the examination of the files of patients with medical coverage that the recommended two-month deadline for their transmission to the health insurance management bodies is not respected. In addition, it was noted that there is no mechanism governing the transfer of files between the AAS and the collection agent, including the date of receipt of the files in question.

➤ **Malfunction in the management of medico-legal acts in the reception and admission service**

It should be noted that legal medical acts are managed by a unit chaired by a doctor. In this context, the audit revealed anomalies and malfunctions, namely:

- Failure to register legal medical acts at the reception and admission service, contrary to the provisions of Article 35 of the internal regulations of hospitals;
- Issuance to the said doctor of receipts concerning legal medical certificates without any oversight or follow-up.

## Scientific research at Mohamed V University

The mission to monitor the management of scientific research at Mohamed V University (MU5) raised several observations, the most important of which are presented below:

### **A. Fusion of the two Universities Mohammed V - Agdal and Mohammed V-Souissi**

➤ **Non-involvement of the two universities in the fusion process**

Under Act No. 36.14, the two universities UM5-Agdal and UM5-Souissi were combined into a single entity on 1 September 2014. However, it was

noted that the heads of these two universities were not previously involved in the process leading to the fusion.

➤ **Delay in the implementation of the fusion and in the accreditation of scientific research structures**

The new University Council (UC) only took up its duties on 20 February 2015, two months and 20 days after the deadline provided for by law. Furthermore, the research structures of the former UM5-Agdal worked for more than a year in violation of the UM5 scientific research structuring specifications, approved by the UC on March 29, 2016.

## **B. Management of scientific research activity**

➤ **A limited number of institutions hosting research structures**

The distribution of research structures by institutions shows that they are concentrated in a limited number. Indeed, the Faculty of Medicine and Pharmacy (FMP) houses 24.8% of all the university's structures, while the Faculty of Science in Rabat (FSR) houses about 16.7%. In addition, seven UM5 institutions (FSR, FMPH, FLSH, EMI and FSJES Souissi, Agdal and Salé) represent 72% of the accredited research structures.

➤ **Lack of research structures evaluation**

The accredited research structures at the two universities have not been evaluated either at mid-term or at the end of the accreditation period, nor do they produce the activity reports required by the standards for the structuring of scientific research.

➤ **The decrease in scientific production**

Through the analysis, it appears that the number of publications in indexed journals has decreased from 1398 in 2013 to 1200 in 2015. Knowing that these publications are dominated by articles in the disciplinary field of science, engineering and medicine, which represent 94.54% of publications, compared to only 4.09% for those covering the human and social sciences.

This low number of publications in the field of human and social sciences can be explained by the low rate of adherence of teacher-researchers to the work of structuring research in training institutions in the area of human and social sciences. In fact, the rate of involvement of teacher-researchers in research structures is 67% for FSJES-Agdal and Salé, 69% for FSJES-Souissi, and 71% for FLSH, while the average rate at the university level is 75%. This weakness can also be explained by the nature of the publication media used by the university, namely indexed journals.

## C. Doctoral Study Centers

### ➤ **Non-renewal of accreditation of doctoral courses**

The accreditation of doctoral courses is granted for a period of four years, renewable after evaluation of the courses, but it has been noted that the renewal of the accreditation of doctoral courses that have expired has never been carried out.

Thus, doctoral training continues to operate on the basis of letters from the Ministry of Higher Education sent annually to university presidents informing them of the extension of the accreditation period for doctoral training that has expired.

### ➤ **Lack of transparency and harmony in the procedures for selecting doctoral candidates and lack of oversight over registration and re-registration data**

The procedure for selecting doctoral candidates lacks transparency and differs from one doctoral study center to another for the five institutions selected in the sample.

In addition, the maintenance and follow-up of doctoral students' files suffer from several shortcomings, in particular, the absence of certain documents that must be included in the said files.

### ➤ **Failure to complete all compulsory additional training**

None of the doctoral study centers monitors the completion of the 200 hours of compulsory additional training, especially since they do not have documents showing the presence of doctoral students, training programs and teachers who have provided such training.

Thus, and in order to justify these 200 hours, doctoral study centers accept certificates relating to participation in seminars and conferences, supervision of Bachelor's and Master's student examinations, internships, vacations, participation in scientific events and events organised within the institution, etc.

### ➤ **Suspension of doctoral enrolment in violation of current legislation**

It has been noted that the Center for Doctoral Studies in the Life and Health Sciences (CDSLHS) suspends doctoral enrolment for certain doctoral candidates for various reasons, whereas Decree No. 2.04.89 and the CNPN on the doctoral cycle do not provide for the suspension of doctoral enrolment. Thus, over the period 2009-2015, 24 doctoral students benefited from this procedure, which is contrary to the regulations.

### ➤ **Low performance in the doctoral studies cycle**

The performance of doctoral study centers can be assessed, essentially, through three criteria, namely the number of theses defended, the duration of thesis preparation and the number of dropouts.

With regard to the first criterion, it should be noted that the number of doctoral students who defended their thesis was 388 students between 1,781 enrolled among the promotions for the period between the two academic years 2008/2009 and 2011/2012, i.e. a rate equivalent to 21.7% of the total number of enrolled students.

With regard to the second criterion, it should be noted that, during the same period, only eight (8) doctoral candidates prepared their thesis within a normal three-year period, compared to 207 theses prepared within a six-year period.

As for the third criterion, it was found that the average drop-out rate at the four doctoral study centers reviewed was 34.88% of the total number of students enrolled during the period between the two academic years 2008/2009 and 2015/2016. While it is 49% at the level of the CDSLHS and the Center for Engineering Sciences and Technologies. Also, this rate reaches 25% at the level of the Center for Doctoral Studies on Man and Space in the Mediterranean World, and 6% at the level of the Center for Doctoral Studies in Law and Economics at the Faculty of Agdal.

## **Faculty of Medicine and Pharmacy of Oujda**

The observations noted by the management audit mission of the Faculty of Medicine and Pharmacy of Oujda (FMPO) can be summarized as follows:

### **A. Governing Board**

#### ➤ **Deficiencies in the membership of the Governing Board**

During the period 2011-2020, the dean was assisted by two or three vice-deans instead of four as provided for by article 20 of law n°01.00 and decree n°2.01.2328. Similarly, the board included nine teachers instead of 12. As for civil servants and students, they were under-represented with two elected officials for each category instead of three respectively. During the current term 2017-2020, students are not represented on this council.

#### ➤ **Irregularity of meetings held**

The FMPO Governing Board does not hold its meetings on a regular basis at least three times a year and whenever necessary, in accordance with the

provisions of Decree No. 2.01.2328. In this context, the said Board never met in 2012 and met only once during the years 2014, 2016, and 2017.

The same applies to committees that do not hold their meetings once every two months in accordance with the rules of procedure.

## **B. Missions of FMPO**

### **1. Initial training**

#### **➤ Disparities in the hourly load accomplished**

In the academic year 2017/2018, the number of hours provided was only 2,299 hours, compared to 21,024 hours required under the current provisions. This means that the actual hourly volume, concerning all categories of research professors, does not exceed 11% of the regulatory volume provided for in Article 8 of Decree No. 2.98.548, which is 21024 hours. This means that the number of undelivered hours of study is 18,725.

#### **➤ Low capacity for all trainees**

A large number of students, which reaches between 250 and 350 students per class, creates difficulties in their distribution on services that do not exceed the number of 30 services in Oujda University Hospital, with a capacity of 15 beds per service. In fact, in the medical services, this distribution is 25 to 30 students per service for the 3<sup>rd</sup>, 4<sup>th</sup> and 5<sup>th</sup> years. For the 6<sup>th</sup> year, this distribution is of 20 students in pediatrics and gynecology, and 05 students per medical or surgical department. However, the supervision capacity at Oujda University Hospital does not exceed 15 students per department.

Moreover, the distribution may result in overlaps between two or more groups of internships. The situation becomes more complicated in the case of extensions of internships within the same department.

#### **➤ Risk of internship unsuited to the objectives of the training**

Before the 7<sup>th</sup> year in which the internships are carried out in Oujda University Hospital and the PHCs, the internships in the other years take place almost exclusively in the specialized services of the University Hospital where the interns are exposed to a 3<sup>rd</sup> category level of care. Hence the risk of internships unsuited to the objectives of the general practitioner's training, who will have to take care of 1<sup>st</sup> and 2<sup>nd</sup> level patients.

#### **➤ Modification of scores in the absence of criteria**

At the time of each deliberation, the members of the jury modify the marks for students who have not had an average of 10/20 and pronounce them



admitted without traceability of the bases of these decisions or listing the criteria for modification.

➤ **Disparities in the supervision of theses between professors**

The supervision of theses is subject to disparities in terms of distribution among FMPO professors. In fact, 25 teachers did not supervise any thesis, and 18 teachers supervised 383 theses, or 78% of the theses defended during the 2015-2018 period, while 39 teachers supervised 22% of the theses during the same period.

**2. Training of the specialist doctor**

➤ **Lack of preliminary studies for the distribution of open positions in the specialty**

The criteria for allocating volunteer and contract residency positions among different specialties advanced by FMPO have not been the subject of any prior and objective study adopted in an official document and approved by the faculty's authorities (school council, commissions).

➤ **Infringement of the principle of equal opportunities with regard to a change of specialty or the statutory situation.**

It was found that resident physicians at FMPO changed their initial specialty (at least 19 cases), or changed their statutory status (at least 6 cases). This practice, which allows misplaced candidates to choose at a later stage the specialties that their order of merit did not initially allow them to choose, empties the merit principle of its substance and constitutes an infringement of the principle of equal opportunities.

**3. Ongoing training and scientific research**

➤ **Lack of prior needs assessment and training evaluation**

The ongoing training activities provided to FMPO have not been the result of a reflection on their design. Thus, the faculty did not conduct any preliminary studies with the target population before the launch of the training in question.

Moreover, the FMPO only evaluates in-service training through oral interviews conducted by the pedagogical team of each training course with registrants. However, no action has been taken by the faculty to measure whether the objectives have been achieved or not.

➤ **Lack of strategy and insufficient scientific research projects**

The FMPO does not have a clear approach to scientific research and has not developed a strategy for scientific research in the form of annual action plans. In this respect, it has limited itself to the establishment of four research units.

In addition, apart from the two research teams "Medical Biology Unit" and the "Biology and Biotechnology Laboratory", which work on two projects respectively, the other research teams do not have any research projects.

### **C. Management of movable and immovable assets**

➤ **Shortcomings in the simulation center**

Simulation training at FMPO is still limited to four of 30 specialties or services. Similarly, simulation laboratories are not sufficiently equipped and suffer from a lack of lab assistants.

➤ **Non-use of certain scientific materials**

Some materials purchased for an amount of 2,866,900.00 DH by the FMPO and Mohamed Premier University (MPU), or received as donations, were not used, resulting in unused financial resources.

➤ **Insufficient provision of materials to the University Hospital**

In accordance with the provisions of Article 2 of the Framework Cooperation Agreement concluded between the MPU and the University Hospital of Oujda on 1 September 2014, the MPU made available to the University Hospital a significant number of scientific materials worth DHS 6,266,110.00, as well as computer and office materials worth DHS 922,746.80. To this end, the following was noted:

- The Framework cooperation Agreement governing this provision has not been approved by the MPU Council in accordance with the provisions of Article 12 of Law No. 01.00.

This provision has been characterized, in some cases, by the absence of any written procedure likely to determine the need for materials and to contribute to the monitoring of the movement of such materials and their use.

## Faculty of Science and Technology of Marrakech

The management audit mission of the Faculty of Science and Technology of Marrakech (FSTM) addressed several aspects, the most important of which are presented below:

### **A. University strategy and its implementation at the FSTM level**

The University Council, which met on 25 and 26 March 2013, adopted a development strategy for the years 2013 to 2016, which is structured around ten interrelated themes relating to the training map, scientific research, as well as governance, real estate policy and campus development, in addition to the policies of the Cadi Ayyad University of Marrakech (CAUM) relocated sites, partnership and international relations, the enhancement and interface through the establishment of the City of Innovation in Marrakech.

However, it was found that FSTM does not have an action plan to implement this university strategy at the institutional level and to enable the implementation of the above-mentioned themes. As it was noted that the university has not set up a multi-year budget for the proper monitoring of all programmed projects.

Moreover, it should be noted that in the absence of this action plan, the entities of the FSTM (departments, laboratory, administration, etc.) always act within the framework of the rationale of means by each expressing their respective annual needs.

In addition, it should be noted that the university's managers presented quantified indicators of achievements relating to each theme included in the strategy when the 2017-2019 strategy was implemented, in the absence of a specific action plan for each university institution.

### **B. Assessment of the pedagogical performance of initial training**

The analysis of the performance of the training offered by the faculty, both in terms of internal and external performance, revealed the following shortcomings:

#### ➤ **Low graduation rate**

Between the academic years 2006/2007 and 2012/2013, and out of a total enrolment of 4,977 new students, only 3,136 students were able to obtain

their diplomas, representing a graduation rate of 63%. This rate, which remains low for a faculty with regulated access, also hides disparities between the different training cycles.

This situation reflects a high rate of loss at the level of a regulated access faculty despite the importance of the resources mobilized, both human and material.

➤ **The high attrition rate at the level of the bachelor cycle**

Between 2006 and 2012, and out of a total of 3,300 students enrolled in the first year of the undergraduate cycle, 785 students did not continue their studies because of their absence, 508 were excluded and 360 withdrew their files before graduation, representing a wastage rate of 50%.

This situation shows that the faculty, despite the resources mobilized, cannot retain that half of the students enrolled, one in two students and the other half graduates without degrees, i.e. a wastage rate of 50% of students.

➤ **Lack of a system for monitoring the integration of graduates**

It should be noted that the courses offered at the FSTM are mainly dedicated to the labor market. Therefore, they must be part of an approach aimed at bringing training and employment into harmony. In doing so, the FSTM can improve the employability rate of its graduates and ultimately adapt the training offered to the demand of the labor market.

In this context, the FSTM undertook, in its 2009-2012 development plan, to set up a system to monitor and improve the integration of graduates of the faculty. However, it must be noted that, ten years after adopting its development plan, the FSTM still does not have a system for monitoring the integration of graduates, let alone information on the number of successful candidates who have joined the labor market.

Thus, this situation deprives the faculty of an important indicator for assessing the adequacy of the training provided in the labor market.

Also, and in the absence of surveys on the integration of laureates and their follow-up after graduation, the FSTM does not have any feedback on the quality of the training provided or its relevance.

## **C. Assessment of the Doctoral Studies Center and scientific research**

### **1. Center for doctoral studies**

The examination of the operating mode of the Doctoral Studies Center (DSC), as well as the assessment of its work, led to the following observations:

➤ **Failure to carry out certain tasks of the commission in charge of additional training**

It was noted that the commission in charge of additional training does not ensure the exercise of its powers vested in it by virtue of the provisions of Article 9 of the internal regulations of the DSC, in particular the organisation and monitoring of additional training common to all doctoral training and the establishment, development and monitoring of partnership relations with the socioeconomic sector.

➤ **Defense of thesis before completing the mandatory additional training**

It was noted that the authorization to defend thesis is granted without completing the additional training of doctoral candidates estimated at 200 hours in accordance with standard "D11" of the national educational standards for the doctoral cycle, and with article 20 of the charter of theses adopted by the university council on 22 July 2009, which made the submission conditional upon the request for defense by the validation of the doctoral candidate for 200 hours of additional training.

➤ **Renewal of accreditation of doctoral training in the absence of a regulated evaluation system**

It should be noted that the faculty uses the renewal of accreditation of doctoral courses in the absence of a regulated evaluation mechanism, which is contrary to the provisions of standard "D13" of the national educational standards for the doctoral cycle, which specifies that accreditation of doctoral courses is granted by the government authority in charge of higher education, after consulting the National Commission for the Coordination of Higher Education, for a period of four years, and that it is renewable after the evaluation of training.

## **2. Structures dedicated to scientific research**

➤ **Lack of participation of teacher-researchers in scientific research**

It has been observed that several teacher-researchers do not contribute to scientific production, despite the fact that they are part of the structures of scientific research. Thus, for example, only one teacher at the level of the Stochastic Methods applied to Finance and Actuarial Laboratory, which has 10 teachers, and only two teachers from the Biotechnology and Molecular Bioengineering Laboratory, which has 11 teachers, are involved in the scientific production process.



➤ **Low amounts allocated for scientific research structures**

The Audit Court found that the amounts allocated to the structures involved in scientific production were low. Indeed, the university allocates an amount not exceeding hardly 40,000.00 DH as a fixed annual grant for scientific research laboratories, in addition to an amount of about 20,000 DH as a fixed annual grant for scientific research teams, while the grant relating to scientific production remains very low and below the fixed annual grants.

➤ **Lack of an administrative structure dedicated to the management of scientific research projects**

It was noted that there is no administrative structure at the faculty level dedicated to the management of scientific research projects. This is the case, for example, of projects carried out under contracts, concluded with OCP and IRESEN, which actively contribute to funding FSTM research projects. Also, there was a lack of monitoring of subsidies granted to teachers in the context of scientific events.

## The Higher School of Technology of Laayoune

The Higher School of Technology of Laayoune (HSTL) is a university institution of higher education belonging to the Ibn Zohr University. It was created by Decree No. 2.07.1340 of 21 May 2009 amending and supplementing Decree No. 2.90.554 of 18 January 1991 on universities and university housing estates. Thus, it hosted its first students for the 2014/2015 academic year.

Also, the management audit mission of this school made it possible to raise several observations, the most important of which are presented below:

### A. School governance

➤ **Late establishment of the Governing Board and lack of a strategic vision for the development of the school**

The Higher School of Technology of Laayoune has the following management bodies: a governing board, an interim director since the school's creation in 2014, and four permanent committees.

Since its creation and commissioning in 2014, the School had been operating without forming its governing board as stipulated in article 20 of law n°01.00 on the organization of higher education. Indeed, the said Board was only set up on 17 January 2018.

Since its opening, the school has also been managed by an interim principal. The latter was satisfied with the management of the school's daily life in the absence of a clear and formalized strategic vision for the school's development.

### ➤ **Absence of an information system**

The School does not have an integrated information system, as each structure of the school (schooling, examination, internships, and scholarships) has its own management tools in the form of electronic files in basic form (Excel and Word).

In this context, Ibn Zohr University has made available to the school the "APOGEE" software for the management of the entire training process, from the administrative registration of students to the publication of transcripts, including internships and final projects. However, this software is not used due to the absence of an agent that controls its handling. To handle this, the school recruited a computer technician in 2017, however, it has not yet received any training about it.

## **B. Training offer**

The School only offers initial training, which is divided into seven streams. The review of this training offer revealed the following observations:

### ➤ **Insufficient pedagogical supervision**

In 2014-2015, the School accredited 7 courses without having the pedagogical support to provide the training. For example, for the three tertiary sectors: management techniques, communication, and marketing techniques and the professional BA in HRM have been opened in the absence of permanent teachers specialized in economics and management.

In response to this situation, the School uses individual contractors to teach the main modules of the two specialities: "management techniques" and "communication and marketing techniques". Knowing that the majority of these individual contractors are not professional interveners.

### ➤ **Insufficient didactic means to animate the practical workrooms**

The description of the course of study for the University Diploma of Technology in "Agricultural Engineering" provided for a set of practical work (PW) for half of the modules in the course (14 module elements out of 28 taught). These PWs form the basis of this training allowing students to complete their theoretical training in the fields of their specialty.

However, on the basis of interviews conducted with teachers in the sector, it was found that the majority of PWs were not carried out due to the lack

of essential materials and equipment in the rooms intended for this type of practical work.

## **C. Financial management**

The review of the School's financial management revealed the following observations:

### ➤ **An almost complete absence of own revenues**

The structure of the ESTL budget, for the 2014 to 2017 budget years, shows that the State subsidy remains predominant over other revenues. In fact, the share of own revenues is almost non-existent, and the only own revenue generated comes from the rental of the bar (cafeteria). Knowing that this lease was the subject of a contract concluded in 2014, for a period of one-year renewable by tacit renewal according to article 6 of the lease contract, for an amount of MAD 36,000.00 annually. However, the manager stopped offering the service following a request for termination sent to ESTL on 12-10-2016.

### ➤ **Inadequacies in the management of the security market**

ESTL has concluded a contract for the provision of security and surveillance services for the premises of university institutions, for the year 2015, with a company, for an amount of 217,107.84 DHS including tax. And the starting service order was notified on 01/07/2015.

In addition, the examination of the contract file and the assessment of the conditions for carrying out this service revealed the following observations:

- Absence of registers and summary reports;
- Non-approval by ESTL of the list of attendants;
- Use by the contractor of replacements for employees without prior authorization from the contracting authority;
- Payment of the accounts without any verification on the part of the School.

## **Regional Academy of Education and Training of the Souss Massa Region**

The audit of the management of the Souss Massa Regional Education and Training Academy (referred to as the Academy in the following) revealed several observations, the most important of which are summarized as follows:

## **A. Duties, organization and governance**

### **1. Carrying out of duties**

The Academy is responsible for the implementation of education and training policy through 17 missions, in accordance with the provisions of Article 02 of Act No. 07.00 establishing regional education and training academies. However, it was noted that all these tasks had not been completed, in particular, those concerning the preparation of regional school maps, as well as the contribution to the definition of young people's vocational training needs, taking into account regional economic realities, while proposing them to the regional vocational training delegation.

### **2. Organization and governance**

In this respect, the Audit Court noted that the meetings of the Academy's Council were not held regularly. Furthermore, the normal functioning of the sessions of this Council is hampered by the overwhelming number of members who constitute it.

It was also noted that some amended budgets are not subject to a vote by the Council.

## **B. Reception structure**

In this context, several shortcomings were observed. These include, in particular:

- Shortfall in basic infrastructure in some schools, such as connections to drinking water networks, electricity and liquid sanitation;
- Existence of multi-level classes (multiple courses) without appropriate teaching methods. Thus, the 2016/2017 academic year recorded 3,094 multigrade classes (two to six grades), 58% of which are located in the Provincial Directorate (PD) of Taroudant;
- Exceeding the capacity of some boarding schools and inadequate reception conditions in boarding and canteens;
- Under-utilisation of community schools and lack of status governing them. Additionally, there is a lack of human resources, particularly those necessary for the supervision of students in boarding schools;
- Inadequate safety and hygiene conditions in some schools, boarding, and canteens;

- Importance of crowded classes (classes with 41 or more students). Thus, during the 2016/2017 academic year, it was noted that there were 3,264 congested classes, 1,023 of which were at the level of the Inzegane PD.

### **C. School supervision**

As such, the main observations concerning the teaching staff concern the failure to comply with the regulatory time limit, particularly at the secondary college and qualifying secondary levels, as well as the existence of teachers without a duty roster.

With regard to the guidance and inspection corps, it was noted, in particular, that there are schools without guidance staff and that some provincial directorates are not staffed with pedagogical inspectors for certain subjects.

### **D. Budgetary and financial management**

The review of delegations of funds to sub-commanders (provincial directorates) revealed a significant difference between the amounts delegated and the amounts of transfers made during the period 2010-2013. Thus, on the one hand, the amounts of grants for the years 2011 and 2012 were not paid, and on the other hand, the unconditional and automatic carry-over of commitments and balances on payment appropriations resulted in the accumulation of significant outstanding balances.

In addition, the importance of disputes and appeals to administrative courts against the Academy was noted. These appeals have resulted in judgments that cost the academy more than 44MDH during the period 2008-2014.

### **E. Project Management**

Project management suffers from several deficiencies, in particular, in the mobilization of the land base necessary for the creation of schools, the elaboration of architectural plans and geotechnical and topographical studies. As a result, significant delays in the execution of construction projects have been identified. They are essentially due to the failure to clear the land base in advance, to take the necessary steps with regard to defaulting contractors, and to the lack of skills to monitor these projects.



## Higher Institute of Commerce Group and Corporate Administration

The Higher Institute of Commerce and Business Administration (HICBA) is a higher education institution with legal personality and financial autonomy, created in 1971 under the supervision of the Ministry of Industry, Investment, Trade, and the Digital Economy. It started with one institute in Casablanca before another was created in Rabat in 1995.

In accordance with Act No. 13.06 of 30 November 2007, the HICBA Group mainly carries out the following tasks:

- Initial and higher training in the field of management;
- Continuous training;
- Scientific research and the dissemination of knowledge.

The HICBA Group also has a monopoly on training provided as part of the chartered accountancy cycle (CAC) since its creation in 1996.

As for the Group's financial resources, they amounted to approximately MAD65 million in 2017, including MAD37.5 million in subsidies from the general State budget. The remaining MAD 27.5 million comes mainly from continuing training, and secondarily from initial training.

At the end of 2018, the Group had a staff of 47 permanent teachers, who work at both Casablanca and Rabat institutes, in addition to 84 administrative staff, all categories combined.

Also, the number of graduates of the initial training (Grande école) of the two institutes is 237 for the 2017/2018 academic year. For the CAC, this figure is 19 graduates for the same academic year. As for the doctoral cycle, it has 14 graduates from its inception to the end of 2017. With regard to continuing training, the number of candidates enrolled is 556 for the 2016/2017 academic year.

In addition, the HICBA's management audit identified several observations, the most important of which are summarized as follows:

The period under review (2012-2016) saw the succession of two development strategies of the HICBA Group. The first, called "Ambition 2015", covered the period 2011-2015. The second, called "Strategy 2020", covers the period 2016-2020.

Through the analysis of these two strategies, it turned out that, although they overlap on a number of aspects, they sometimes concern opposing choices. This is the case in particular with the creation of the Fez campus.

The decision was taken well before 2011, but this creation was abandoned in 2016, in the 2020 strategy. In fact, it has set as a strategic priority to "re-associate quality at the level of existing institutes", which consists of focusing efforts on existing institutes and postponing the creation of other institutes.

In addition to the consequences of this decision on the Group's partners who participated in the implementation of the Fez Institute project, which had reached an advanced stage, such a change of choice reflects a lack of visibility within the Group, and consequently raises the whole issue of the stability of strategic choices (regional extension or refocusing on the Casablanca and Rabat institutes).

On another level, the Group's strategy has not been applied to the institutes that make up the Group. This has resulted in the existence of a Group strategy adopted by the Casablanca Institute, and another adopted by the Rabat Institute, which is disconnected from the first. This situation prevents overall strategic coherence and therefore does not allow for the convergence of the actions of the two institutes.

In terms of initial training, the HICBA group has a staff of 45 permanent teachers in 2017, working both in Casablanca and Rabat. This number has increased by 21% compared to 2012 when there were only 37 teachers. The number of students received, on the other hand, fell by 6%.

Also, the analysis of the volume of hours taught by the permanent professors of the HICBA showed that some of them did not teach courses throughout the academic year, or only in one session out of two (the courses being taught at the HICBA in the autumn and spring sessions). Thus, during the 2013/2014 academic year, seven (7) teachers did not teach any courses throughout the year, compared to two (2) during the 2015/2016 academic year and one (1) teacher during the two academic years 2012/2013 and 2016/2017.

It also turned out that the hourly volume taught does not even reach 50% of the regulatory time for all the years under review. In fact, it did not exceed 39% during the 2012/2013 academic year, and 40% during the 2016/2017 academic year. On the other hand, a significant proportion of the time of permanent teachers is devoted to in-service training (a paid activity within the framework of the Group's off-budget account) to the point of constituting more than 64% of their time during the 2016/2017 academic year.

As a result, the Group is obliged to use individual contractors for a large part of the Grande Ecole's courses. As such, out of a total hourly volume

of 7,750 hours taught as initial training during the 2016/2017 academic year, individual contractors provided 3,322 hours or about 43%.

Thus, one of the consequences of the uncontrolled development of continuing education is that, even with the current number of students in the Grande Ecole, the HICBA is obliged to use temporary staff, which it pays, to make up the deficit in terms of hours to be taught by permanent teachers. For this reason, the vacations of the Grande Ecole cost approximately 1.1 MDH for the academic year 2015/2016.

Moreover, to provide the various in-service training courses offered, the Group uses individual contractors as well as permanent teachers (who at the same time provide part of the initial training courses). It should be noted, in this respect, that the intervention of both categories of teachers gives rise to remuneration.

On the other hand, an analysis of the level of contribution of permanent teachers to the various in-service training courses has shown that the latter devote most of their time to these courses to the detriment of initial training, which nevertheless remains their basic mission. Indeed, out of an hourly volume taught by a permanent staff of 12,322 hours for the 2016/2017 academic year, it was noted that only 7,894 hours were devoted to continuing training or 64%.

In addition, the analysis of the hourly volumes taught shows that the HICBA group's training effort is oriented towards continuing training cycles. In fact, the overall hourly volume taught in those cycles is about 2.4 times that taught at the initial training level.

Similarly, the review of the management of the chartered accountancy cycle revealed, in particular, the failure to comply with the regulatory volume of hours to be taught, as well as the delay in the reform of this cycle. This reform has been initiated for more than 9 years but has not yet been completed.

## National School of Architecture in Rabat

The mission of the National School of Architecture in Rabat (NSA) is to train specialists in the field of the arts and techniques of architecture and urban planning. As its mission is to ensure continuous training and scientific research. Similarly, NSA is considered to be a higher education institution outside the university, in accordance with the provisions of Act No. 01.00 on the organization of higher education.

Thus, the audit of the management of the NSA revealed several observations, the most important of which are summarized as follows:

## **A. Initial training**

Initial training, regulated by Decree No. 2.13.35, is considered one of the main missions of the school. Thus, the monitoring of this aspect revealed the following main observations:

### **1. Training system**

The implementation of the training courses provided by the NSA (architect's diploma, fundamental bachelor, professional BA, master's degree, specialised master's degree and doctorate in architecture) is subject to the introduction of national educational standards specifications (NESS), which specify the conditions of access, as well as the procedures for organising studies and examinations. However, the NSA has not developed these NESSs, and it continues to use the procedures established by Decree No. 2.89.56, which is supposed to be repealed following the publication of Decree No. 2.13.35

Faced with this situation, the NSA operates with a hybrid system, on the one hand, it is inspired by the LMD system without setting up the foundations of such a system (NESS, descriptions of sectors, etc.), and on the other hand, it continues to operate with Decree No. 2.89.56, which is supposed to be repealed since 2013.

### **2. Admission and Registration to the NSA**

Faced with the vacuum observed in the absence of NSSEs, which are supposed to supervise the admission and registration process, the NSA still uses the procedure provided for in Decree No. 2.89.56, namely that admission to the NSA is by competition among candidates holding the baccalaureate degree.

Moreover, the NSA uses admission procedures that are not provided for by Decree No 2.89.56. These procedures entitle students to access the school following their passage through other architectural training institutions as part of admission by equivalence for a few and as part of the authorization by the AMCI for foreign students. However, the procedure for admission by equivalence is not provided for either by Decree No. 2.89.56 on the creation and organization of the NSA or by Decree No. 2.13.35 reorganizing the National School of Architecture. In fact, the NSA used this procedure by referring to the School's internal rules.

### 3. Student supervision

The teaching staff at NSA, though very few, do not fully carry out their role of supervising students. Some teachers have been placed in administrative situations of availability, provision, or detachment for the benefit of other institutions, while the School has an apparent need for pedagogical supervision, especially in terms of architectural profile. Another part of the teaching staff worked in private architectural training institutions without being authorized by the Ministry. Some of the administrative staff were involved in the teaching operation as well to the detriment of their administrative management task, which reduces the administrative management ratio

### 4. Hourly load

The training provided at the NSA is affected by the failure to complete the entire time load provided for in the pedagogical models for certain subjects to be taught.

The examination of the absence tables for the 2016/2017 academic year (semester 1) provided by the NSA, which concern the units taught and the number of sessions taught per teacher, confirmed this observation. In fact:

- at the architecture workshop level, of the 160 hours planned for teaching this subject, and following the study of a sample of two groups, only 40 hours were taught to students for the first group, i.e. 25% of the planned hourly mass, and 88 hours for the second group, i.e. 55% of the planned hourly load;
- With regard to drawing and artistic expression (DAE), the examination of a sample of eight groups revealed that, out of the 64 hours planned for the teaching of each group, the number of hours taught did not exceed 30 hours for two groups, it was only 18 hours for one group, whereas it was 24 hours for 2 groups, 26 hours for one group and 28 hours for 2 groups;
- for the descriptive subject, the examination of a sample of 9 groups revealed that the NSA uses the combination of two groups in a single one, and instead of teaching the 32 hours planned, 28 hours were taught for 5 groups and 30 hours for 4 groups;
- for other subjects taught, such as graphic representation, expression, and communication, art history and construction, the NSA did not provide the relevant data.



## 5. Support for the end of study work

Each student is required to pass three types of internships, which he or she is expected to complete during the six years of training at NSA, before being able to support his or her end-of-study dissertation (TPFE). However, some students do not pass their internships and are defending their TPFE. Thus, the examination of this situation revealed important anomalies that reveal a lack of vigilance of NSA before taking any decision to defend TPFE (lack of internship reports, lack of internship evaluation forms, etc.). In addition, students who have been admitted to the NSA under the equivalence system and who have not completed the internships in question in their home institutions have not completed these internships before the TPFEs were defended at the NSA.

### B. Organisation and structure of scientific research

First of all, it should be noted that the NSA has not provided any document in which its strategy for scientific research is recorded, nor has it provided the scientific research standards booklet. To this end, the following observations were noted:

#### 1. The center for doctoral studies and research structures

Doctoral training was accredited on 16 July 2014 despite the fact that the CNPN concerning the NSA was not approved, as provided for in Article 10 of Decree No. 2.13.35.

Also, despite the absence of a scientific research standards booklet, the NSA submitted the application for accreditation of doctoral training accompanied by a list of research structures. Knowing that some of these structures do not exist, while others do not meet the conditions required to constitute a research structure (a laboratory must consist of at least 3 research teams, a research team must consist of at least 3 teachers...). Having said this, it should be noted that the determination of the teaching and research structures at school and their organization had to be determined by order of the government authority in charge of urban planning, on a proposal from the school council, after consulting the coordination council, as provided for in Article 18 of decree n°2.13.35, which hasn't been done.

#### 2. Conditions for registration in the Doctoral Studies Center

The doctoral cycle has been accredited by the Ministry of Higher Education, but with a recommendation requiring that the prerequisite pedagogical standards to be met. In this context, the Scientific Commission

has established the following pre-selection criteria to be taken into account when evaluating applications to the Doctoral Studies Center:

- administrative file taken into account up to 15%;
- scientific file constituting 25%;
- motivation taken into account up to 20%;
- relevance of the thesis project and its registration in one of the research axes with a rate of 40%.

Moreover, through the examination of the files of pre-selected candidates registered in the doctoral cycle, it was found that the candidates' files were not filled in with information in accordance with the pre-selection criteria mentioned above. As a result, the minutes produced to the Audit Court do not make it possible to ensure their compliance with the pre-selection procedure for the promotions pertaining to the academic years 2014/2015 and 2016/2017.

### **3. Scientific research programs and projects**

The NSA did not provide an exhaustive situation of the research programs in which it was able to participate. Nor did it report on the achievements and follow-up.

Teachers also manage the programs for which they are responsible in their own way. And they do not present any report to the administration, either scientific or financial. This makes it difficult to evaluate them.

## **C. Execution of expenditure**

The audit of the NSA's expenditure revealed certain irregularities, the most important of which can be summarized as follows:

### **1. Operating expenses**

In this context, the following was observed:

- granting of vacation allowances to permanent staff at NSA;
- granting travel allowances nationwide to persons on a mission abroad;
- granting double travel allowances to the same persons.

### **2. Expenditure by means of procurement contracts**

In this context, the following was observed:

- payment without performing of certain items (contract n°1/2009);

- anomalies have affected the management of the two cleaning and security contracts (contract n°3/2017 and contract n°2/2017), namely:
  - declaration of a higher number of employees than that actually used, and as a result of the payment of undue amounts;
  - use of maids in administrative activities;
  - non-application of special penalties in the event of the agents' absence.

## National Institute of Planning and Development

The National Institute of Planning and Development (NIPD) is a higher education institution outside universities, reporting to the government authority in charge of urban and spatial planning. In 2000, it was established as an Autonomously Managed State Service (SEGMA).

In addition, NIPD's management audit mission resulted in the recording of several observations, the most important of which are summarized as follows:

### A. Initial training

#### ➤ Lack of a clear vision of the Institute's vocation

After three years of operation under the LMD system, NIPD applied for accreditation for a new course called " Diploma of the National Institute of Development and Urbanism " (DNIDU). The Ministry of Higher Education has granted accreditation for the latter program on condition that the diploma is included in the list of national diplomas that NIPD is authorized to award. However, the 2013 NIPD reorganization decree, which is still in force, does not provide for NIPD to be authorized to award this type of diploma. This situation shows that NIPD does not have a clear vision of its vocation, particularly in terms of initial training provision.

#### ➤ Low diploma rate despite a satisfactory success rate

It should be noted that the graduate diploma in urban planning and development (GDUPD) recorded an overall success rate of 89% during the period 2010-2013 and that the Vocational BA (LP) in urban planning had an overall success rate of 88% during the period 2013-2016. However, it was found that despite these fairly satisfactory success rates, graduation rates for the GDUPD remain low due to the failure to defend the GDUPD's theses.

### ➤ **Unjustified use of overtime and shift work**

In addition to the underutilization of the available hourly volume of INAU permanent teachers, it was noted that the Institute uses external contractors and INAU teachers for overtime and shifts to deliver some of the elements of the modules.

The use of this practice raises three observations, the first concerns the unjustified use of overtime and shift work as long as INAU has the necessary profiles to ensure the elements of modules taught by individual contractors. The second concerns the volume of shift hours, which appears excessive compared to the volume provided by permanent teachers at INAU. And finally, the third relates to the fact that some teachers teach the elements of the modules concerned as overtime, while they do not carry out their regular hourly workload.

## **B. Ongoing training**

The examination of the documents relating to ongoing training showed that INAU limits itself each year to drawing up summary presentations of the draft budgets for the following year, including, thus, brief passages relating to the ongoing training activities planned during the budget year in question. On the other hand, it showed the absence of documents retracing INAU's strategy in the field of ongoing training, as well as the absence of action plans, programs and activities resulting from them.

## **C. Scientific research**

### ➤ **Absence of a set of standards for scientific research**

INAU does not have a set of standards for scientific research as they do in universities. In fact, the set of standards lays the foundations for the structuring of scientific research by specifying the nature of the research structures to be created, their composition, the number of teachers composing each structure and the procedures for their creation.

### ➤ **Absence of a decision to create research structures**

Scientific research within INAU is carried out within the framework of laboratory structures, namely the "Cities, power and urbanities" laboratory and the "Risks and territorial development" laboratory. However, these structures were not created by a decision of the government authority in charge of housing and urban planning, on a proposal from the institution's council, and after consulting the coordination council, in accordance with the provisions of Article 36 of law n°01.00 on the organization of higher education and Article 26 of decree n°2.13.36 dated 20 June 2013.

### ➤ **Poor performance in doctoral studies**

Doctoral studies at INAU are characterized by their low internal performance, since only three doctoral theses (out of 35 enrolled) have been defended since the beginning of the training in 2010, i.e. a defense thesis rate of 8% for the first two promotions (2010/2011 and 2011/2012) of the doctoral training entitled " Urbanism, Urban Governance and Territories ".

## **Royal Institute for Executive Training under the Ministry of Youth and Sports**

The Royal Institute for Executive Training under the Ministry of Youth and Sports (RIET) is a non-university higher education institution. It is governed by Act No. 01.00 on the organization of higher education and by Decree 2.10.622 of 23 September 2011 on the reorganization of the IFRC.

Thus, the RIET has been entrusted with initial and ongoing training, research, studies and expertise in the fields of youth, sports, and early childhood. It is also authorized to provide paid services through partnerships, to set up business incubators and to exploit BAs or patents.

The Institute, which is located in Salé, comprises the following five centers:

- Moulay Rachid National Sports Center in Salé;
- Youssoufia Center for the Advancement of Women and Kindergartens in Rabat;
- Yaâcoub El Mansour Center for the training of youth leaders in Rabat closed for renovation since the start of the 2017/2018 academic year;
- National Youth Center in Mamoura in Salé, made available to the Royal Moroccan Football Federation (RMFF) in the absence of any legal basis;
- National Sports Center La Bellevue in Rabat, which is currently being redeveloped and has been made available to the Social Work Foundation of the Ministry of Youth and Sport.

Moreover, IFRC's management audit has resulted in several observations, the most important of which are summarized as follows:



## A. IRFC Strategy

Because of the many training sectors in which it operates (sport, education, socio-cultural activities, child protection, family support, and early childhood education), the IRFC is involved in many public policies, both as a provider of human resources and as a structure for capacity building and scientific research. These include the following public policies:

- the Integrated National Youth Strategy (INYS);
- the National Sports Strategy (NSS);
- Integrated Public Policy for Child Protection (IPPCP);
- the Family Social Action Program (FSAP);
- the Public Policy for the Generalization of Preschool (PPGP).

However, the Audit Court noted that the IRFC does not have a formal strategy and that its actions do not accompany the above-mentioned public policies and programs, particularly in the area of human resources.

## B. IRFC's relations with the Department of Youth and Sports

### ➤ An undefined organic and functional relationship

The organization chart of the Ministry of Youth and Sports (MYS) as defined by the decree establishing its organization does not show the IRFC's organic relations within the MYS. In addition, the SEGMA division, which reports to the Budget Directorate, is the means of liaison with the Ministry. The role of this division is, in fact, limited to the financial aspect, since it is only informed retrospectively of the budgets and administrative accounts that are approved by the Governing Board.

Thus, although the inputs and contributions that the IRFC can make to the various services of the Ministry are numerous, the MYS does not exploit the Institute's potential in terms of ongoing training, studies, and expertise.

### ➤ Absence of contractualized commitments

The IRFC and the Department are not bound by contractual commitments under agreements or contracts of objectives. Aware that the adoption by the IRFC of a coherent strategy and its translation into action plans must be carried out in close collaboration with the Ministry of Justice as a provider of resources, the main recruiter and regulator of the sector.

Thus, the lack of contractualization between the IRFC and its supervisory department has had negative consequences on the quality of IRFC's management, the main ones being:

- action planning limited to the framework set out in the Finance Act;
- lack of visibility for the department and the institute;
- the granting of resources is not conditional on the achievement of objectives.

## **C. Missions of the IRFC**

It should be noted, at first glance, that the IRFC does not carry out all the missions assigned to it. Thus, research and expertise occupations have not been developed, and no activities in this area are carried out at the IRFC.

Also, and with the exception of the Certificates of Fitness for Sports Training (CFST), no ongoing training has taken place at the IRFC over the 2010-2017 period.

As for the development of economic activities, it is limited to the operation of sports facilities and accommodation. While the various possibilities offered to the IRFC under its creation text have not been taken advantage of.

The following are the main observations regarding the IRFC's training offer and its management of revenue-generating activities.

### **1. Training offer**

The development of training provided by the IRFC faces several setbacks, the most important of which are:

- insufficient number of teacher-researchers. The IRFC has, in fact, only two higher education professors;
- the choice made by the IRFC to position itself in professionalizing fields (bachelor's degree and professional master's degree) has had consequences on training capacities and on the nature of the participants. Thus, the level of supervision and follow-up required by this type of training, compared to the so-called fundamental training, requires a reduced number of staff in order to guarantee close supervision (about thirty per promotion);
- low involvement of professional communities in training, which is contrary to the requirements of professionalizing training;
- shortcomings in the system for monitoring the future of successful candidates, which does not provide the feedback necessary to implement adjustments and ensure that training meets the requirements of the labor market.

## 2. Training offered in the sports professions

Diploma training in sports professions includes two main fields: the technical field and the managerial or management field.

With regard to the technical field, the IRFC, jointly with the Teacher's Training College ("TTC"), was the only institution to train technical managers in the sports professions, with a difference in objectives. Since the institute aims to meet the needs of the sports department, while the TTC aims to meet the needs of the education system for physical education teachers.

In parallel to this university training system, there is a system of validation and certification of skills set up by the various sports federations. They issue national certificates that can be recognized at the continental or international level and which confer on their holders the right to supervise the practice of sport within the strict framework of their discipline.

As for managerial courses, various training institutions have created this type of courses in order to meet the needs for managerial resources such as the ENCG, the ISCAE, and certain faculties.

## 3. Training opportunities in the field of early childhood education

At this level too, the national training offer is minimal. In fact, this type of training is only available at the IRFC and at the Faculty of Education of Mohammed V University, along with some private schools that complete the offer in this area.

On the other hand, national legislation, which is characterized by low professional requirements and covers only private nurseries, does not contribute to raising the level of qualification of early childhood education workers.

As for the Institute's graduates in this field, it has been found that they are experiencing difficulties in finding employment. In fact, during the period 2009-2016, nearly 44% of successful candidates who were not civil servants, all promotions combined, were unable to enter the labor market.

Thus, the main causes of these difficulties are as follows:

- inadequacy of the level of qualification with the legal requirements. In fact, the winners of the course are overqualified with regard to the level of competence required by the legislation;
- selection not taking into account the prerequisites of candidates in foreign languages. In fact, the private sector, which is able to pay

for this level of qualification, provides bilingual or even trilingual education, and therefore requires educators who master foreign languages;

- absence of an application center and insufficient application training courses do not allow for sufficient professionalization of successful candidates.

#### **4. Training offered in socio-cultural youth work**

Training in the field of socio-cultural animation has a good external performance. This is confirmed by an integration rate of 86.7% for graduates over the 2012-2016 period, and also by the diversity of their job opportunities (33% of graduates were able to enter the private sector).

However, despite this success, training in socio-cultural animation has been discontinued. And a new professional bachelor's degree entitled "child protection and family support" has been created, which apparently corresponds to a real need at the country level.

#### **5. Revenue-generating activities**

Almost all of the revenue generated by the IRFC comes from the operation of accommodation and food infrastructure and sports facilities. Thus, the monitoring of this aspect revealed the following main observations:

- attractive indoor swimming pool but with limited capacity. In fact, the pool's capacity can no longer satisfy the growing demand of users in view of a large number of people on waiting lists, exceeding 2,000 people for the 2016/2017 school year;
- under-utilised accommodation infrastructure, given that the occupancy rate over the 2012-2016 period did not exceed 40%;
- insufficient promotion of IRFC service offerings. In fact, the IRFC does not have a communication policy that would allow it to improve its attractiveness at the national and international levels in order to make its infrastructures more profitable. Current revenues remain low in relation to available infrastructure;
- unused facilities. Thus, as part of the program to upgrade the national sports center begun in 2009 by the MYS, a hotel for sportsmen and women was built without being put into service. Along with the loss of revenue due to its non-operational use, the building's deficiencies could not be detected in a timely manner;
- partly deteriorated and insufficiently maintained sports facilities: these include the athletics track and the open-air diving platform.

## SNRT: Governance and management of television program production

The national radio and television broadcasting company (SNRT) is a limited liability company under Moroccan law whose share capital, amounting to MAD507.56 million, is entirely owned by the State. Its role is to ensure the execution of the Government's policy in the field of television, radio, television broadcasting, production, and advertising. It has eight television channels, four national radio stations, and eleven regional radio stations.

For the year 2017, the SNRT was financed by State subsidies (MAD 1,117), the fund for the promotion of the audiovisual landscape, public announcements and publishing (MAD 120), as well as by the tax for the promotion of the national audiovisual landscape (MAD 279), and its own revenues from advertising and other services (MAD 216).

The SNRT's management audit revealed several observations, the most salient of which are as follows:

### A. SNRT's Strategic Framework and Governance

#### ➤ Absence of a document defining the strategic orientations of the SNRT

The missions and powers of the SNRT are set by Act No. 77.03 on audiovisual communication, as amended and supplemented by Act No. 66.16. However, since its transformation into a public limited company, the SNRT has not put in place a document defining its strategic orientations, broken down into quantified objectives and action plans, in order to effectively carry out its missions.

In this context, at its meeting held on 30 June 2005, the Board of Directors raised the need to establish a strategy for the positioning of SNRT's radio channels in relation to competition, given the context of the liberalization of the national audiovisual field in which the company operates. However, this recommendation has not been implemented.

In addition, the Strategy and Investment Committee was not set up until six years after the creation of the SNRT, on June 08, 2012. Moreover, the examination of the minutes of the meetings of this committee showed that it does not fulfill its mission of accompanying the governance body in the elaboration of the company's strategy, in accordance with government policy in the audiovisual sector.



### ➤ **Non-renewal of the program contract between SNRT and the Government**

The translation of the obligations of the first two SNRT specifications covering the periods 2006-2008 and 2009-2011 was carried out through program contracts. However, these program contracts have not been renewed for the period after 2012. This situation goes against the provisions of Act No. 77.03, which specifies that the granting of subsidies must be carried out through a program contract.

### ➤ **No cost accounting**

The first program contract concluded for the period 2006-2008 specified, in Article 11, that the SNRT should set up cost accounting as from 2007. As for the second program contract for the period 2009-2011, it reiterated SNRT's commitment to establishing analytical accounting by activity and channel. However, the SNRT has not respected this commitment.

As a result, the absence of cost accounting deprives the SNRT of the possibility of calculating the cost of its grid, despite the fact that this indicator, used by other television channels, is an important tool for channel management. It is also difficult for it to estimate the actual cost of meeting its obligations, particularly those imposed by the specifications. Indeed, according to article 51 of Act No. 77.03, the funding granted to the SNRT must correspond to this actual cost.

### ➤ **Almost no formalized procedure manuals available**

The SNRT's management is not supported by formalized and written procedures, allowing the definition of the modalities of execution of its activities, as well as the acts and tasks of each stakeholder. This situation concerns not only secondary tasks, but also those of strategic importance to society, such as internal audiovisual production, monitoring the execution of external audiovisual production contracts, as well as accounting and financial management, archive management, program broadcasting (CSA), and monitoring of broadcasting rights.

### ➤ **Failure to update the purchase regulations**

Although there were changes in the regulations governing public procurement in 2007 and 2013, the SNRT's procurement regulations have not been revised or updated since their adoption in January 2006. Indeed, several provisions of this regulation are outdated and no longer meet the requirements of transparency, efficiency, and equality before public procurement.

## **B. Financial and budgetary management of the SNRT**

### **1. The financial situation of the SNRT**

The analysis of the main aggregates, calculated on the basis of the SNRT's general accounts and summary statements, revealed the uncertain situation of the SNRT. In this respect, the following has been noted:

#### **➤ Dominant weight of Government subsidies over own resources**

The analysis of SNRT's funding sources shows the weakness of its own resources and the dominant weight of public subsidies, which are granted without a contractual framework from 2012 onwards. These subsidies, which are part of an upward trend, increased from MAD 895 million in 2012 to MAD 1,117 million in 2017, or an increase of 25%.

The tax for the promotion of the national audiovisual landscape (TPNAL) and the contribution from the fund for the promotion of the audiovisual landscape, public announcements and publishing (ex FPPAN) are charged to the account entitled "sales of goods and services produced". These taxes reached an amount of 399 MDHS in 2017, or 65% of SNRT's turnover in 2017.

Thus, subsidies and taxes are predominant over the company's own resources, given that sales of advertising space, technical services, and sports rights have not exceeded 13% of total funding sources since 2013.

#### **➤ The negative or low net result**

The net result of the SNRT deteriorated sharply in 2012, reaching less than 146.35 million dirhams. And despite its improvement in subsequent years, it is clear that it is struggling to find a sustained level and stability. In addition, the deficit recorded in 2012 had a negative impact on SNRT's equity. For this purpose, the latter carried out a recapitalization operation by an "accordion stroke", by increasing the capital to MAD 914 million, by creating and issuing 3,893,670 new shares of MAD 100 million, and then by reducing the capital by MAD 407 million by absorbing accumulated losses.

#### **➤ Management of SNRT's advertising revenues**

SNRT's advertising revenue comes mainly from television media, especially Al Aoula and Arriyadia, as well as radio media, notably Al Idaa Al Wataniya. In 2017, advertising revenues amounted to MAD 161 million. In this context, the SNRT advertising agency is responsible for managing and marketing advertising space on various television and radio media. However, this management raises the following observations:

➤ **Insufficient occupancy rate and decline in advertising revenues**

The SNRT has unsold advertising potential capable of generating significant revenues and thus increasing its annual turnover. In fact, the estimated filling rates used by the advertising network remain well below the reserves of the advertising screens available to the SNRT, bearing in mind that the filling objectives are not validated by the bodies in charge. For example, the screen fill rate in 2017 did not exceed 20%, while the available unsold advertising volume was about 80%.

Additionally, revenues from the sale of advertising space showed a downward trend. Indeed, the turnover excluding tax, which amounted to MAD253 million in 2011, increased to MAD161 million in 2017, representing a decrease of 36%.

➤ **The predominance of revenues generated by certain TV and Radio channels**

The analysis of revenues by medium reveals the predominance of revenues generated by TV media, while revenues from radio media are low. For example, TV advertising revenues in 2017 amounted to MAD 148 million, or 91% of total revenues, while radio revenues did not exceed MAD 14 million, or 9%.

It should also be noted that Al Aoula's advertising revenues predominate over other TV channels and Al Idaa Al Watanya's radio station for Radio media.

## **C. Management of television programs production**

➤ **Accumulation of undistributed programs acquired by contract by mutual agreement**

Similarly, to other broadcasting companies, the SNRT must have a program security stock. However, the analysis of available program stocks revealed the accumulation of undistributed programs from year to year. In fact, the value of the stock of programs not broadcasted at the end of 2016 reached MAD 62.79 million, of which MAD 28.48 million concerned programs delivered before 2014.

➤ **Absence of a viewing commission for the programs delivered**

Once the delegated producer delivers the audiovisual program to the SNRT channels, a quality commission must view the program, as provided for in the article on the delivery conditions provided for in external production contracts. This viewing committee must verify whether the production company has met the quality criteria and broadcast standards. However,

this commission has not been established. According to SNRT officials, program viewing is carried out either by the channel directors or by the head of the programming and antenna department at channel level.

## **SNRT: Terrestrial and satellite broadcasting of Television and Radio channels**

SNRT is the main national operator of terrestrial and satellite broadcasting of television and radio channels. It provides TV and Radio broadcasting for its own channels and those of 2M and Medi 1, as well as for some private channels. In addition, the estimated budget allocated to broadcasting amounts to MAD 80 million in 2017, compared to MAD 170 million in 2016 and MAD 60 million in 2015.

Furthermore, the management audit of the broadcasting services provided by the SNRT raised several observations, the most salient of which are as follows:

### **A. Strategic planning of broadcasting**

#### **➤ Lack of a clear and formalized strategy**

Despite the existence of a national TNT strategy, the SNRT does not have a formal document setting out its broadcasting strategy, which defines general objectives in the field of television broadcasting for a fixed period of time. Such a strategy should be compatible with the Government's orientations in the audiovisual sector and validated by the competent bodies, in particular, the SNRT's Board of Directors.

#### **➤ Absence of a pre-defined coverage threshold**

Over the past five years, the SNRT has made significant investments to ensure satisfactory TNT and FM coverage. However, it has not defined, in advance, coverage thresholds (also known as objective thresholds) to be reached.

Thus, the absence of such a coverage threshold deprives the SNRT of a performance indicator enabling it to rationalize its investment choices and achieve a match between the coverage rate to be achieved and the financial and technical resources to be mobilized. In this sense, the CEO of the SNRT had raised at the Board of Directors meeting held on April 7, 2015, the importance of addressing the issue of citizens' access to channels, and not that of their access to TNT, given that 76% of the population receives national channels via satellite receivers, and not via conventional or TNT antenna.

➤ **Insufficient consideration of the correlation between the different types of diffusion**

The Television Broadcasting Branch is responsible for the execution of investments related to television broadcasting. However, the choice of these investments does not take into account the correlation between the different forms of broadcasting (TNT, DTH, FM, etc.), as well as new developments and changes in the television and radio sector (ADSL television, catch-up television, mobile and personalized television, terrestrial digital radio, etc.). Thus, the apprehension of the coverage rate by type of dissemination separately, and the failure to take into account the penetration rate and the use of new technologies are not likely to allow the rationalization of the investments made.

➤ **Indexation of the coverage rate on the population number**

The coverage rate is calculated on the basis of the number of people served by the broadcast. This indexation remains insufficient because some grey areas within the covered areas are not taken into account in the calculation of the population served. As a result, coverage rates are, in some cases, relatively higher than they actually are. Conversely, territorial coverage by the "FM" frequency on roads, known as the ground frequency, is not taken into account, despite its importance (in view of the number of road users).

➤ **No grouping of satellite stations on a single site**

The fact that the satellite stations under the SNRT are not grouped together in a single-center makes the number of stations heterogeneous and does not make it possible to rationalize their management in terms of monitoring, oversight, energy, and maintenance.

In fact, the "Eutelsat 7°" satellite station is located at the SNRT headquarters, the "Arabsat" station is located in the center of Zaer, and the "Eutelsat 21°" and "Hotbird" stations are located in the center of Temara.

## **B. Operation and management of broadcasting infrastructure**

### **1. Management of land assets allocated to broadcasting**

To ensure wide distribution, the SNRT has a park of 254 sites spread nationwide. In this respect, the Audit Court's mission made the following observations:

➤ **Failure to complete the regularization of the sites**

The cross-checking of the condition of the existing sites revealed that there was a significant discrepancy between the data provided by the broadcasting



department and those provided by the legal department. In fact, the broadcasting department has a number of 254 sites (all categories combined), while the legal department's situation reveals a number of 188 sites.

This situation is explained by the fact that some sites have been made available to the SNRT by the owners of the land, in particular, the local authorities, in the absence of a document justifying their availability.

Conversely, some land included in the legal department's land base as an "Issuing Center" is not included in the list of sites produced by the broadcasting department.

### ➤ **No supervision of the land structure of the real estate**

On the basis of a sample of 188 stations drawn from the data of the legal department, it appears that the land situation of the SNRT's installations and equipment fleet is not under supervision. Indeed, 48% of the stations are made available to the SNRT (91 stations), 28% do not have documents specifying their legal situation (52 stations), and only 14% have been transferred to the SNRT by order of the Minister of Finance (27 stations).

It should also be noted that a significant number of sites with the status of "made available" do not have documents attesting to this legal status.

## **2. Electricity supply management for the operation of broadcasting stations**

The operation of broadcasting equipment requires the supply of electricity to the sites. As such, several problems, related either to the launch of projects or the operation of equipment, were raised. This results in delays in project implementation and recurrent power cuts. In this respect, the following observations were raised:

### ➤ **Problem connecting stations with electricity**

The SNRT has encountered difficulties in connecting certain stations with electricity. Indeed, some stations located in remote areas or on difficult terrain could not be started up within the planned time frame due to difficulties in connecting them to electricity.

Moreover, other stations are without electricity because ONEE requires the installation of prepaid card counters. However, these counters are not suitable for generally unguarded stations located in remote and isolated areas.

### ➤ **Accumulation of unpaid electricity bills**

Several television broadcasting stations have experienced power cuts due to failure to pay ONEE's bills. In fact, the number of unpaid debts relating to the period 2008-2016 reached MAD 3.81 million (as at 19/04/2016).

The importance of these unpaid amounts is due to the difficulties in monitoring electricity bills by the television broadcasting services (a large number of stations, monthly bills, non-systematic notification of bills, etc.), as well as the lack of coordination between the SNRT departments (markets department, television broadcasting department and financial department).

### **3. Management of projects for the supply, installation, and commissioning of broadcasting equipment**

The SNRT has carried out several projects to install and commission the equipment needed to broadcast programs, such as transmitters, satellite reception systems, triples, satellite dishes, etc. However, the implementation of these projects raised the following observations:

#### **➤ Significant delays in the execution of equipment contracts**

The equipment of the sites in installations and material is conditioned by the availability of the land, the realization of the infrastructures and their electrification. However, the problems generated in these three components have significantly influenced the execution of projects relating to site equipment. In fact, the lack of an integrated approach to project management involving these different components (site selection, infrastructure, energy, and equipment) did not allow the SNRT to carry out its projects in a timely manner.

#### **➤ Invoicing of frequency charges for non-operated sites**

For the transmission of audiovisual programs, the SNRT uses radio frequencies allocated by the HCAC (in coordination with the ANRT) in return for the payment of operating fees for these frequencies.

However, cross-checks with HCAC's billing data have shown that billing of frequency charges for transferred sites has continued without SNRT requesting termination. Thus, the number of fees invoiced in the absence of any operation was estimated at MAD 543,169.40 at the end of 2017 (amount calculated on the basis of a sample).

In fact, the SNRT does not ensure that it informs the HCAC about transfers made at the same time as the request for new frequencies for site changes or equipment transfers, which also require changing frequencies, increasing or decreasing power, changing antenna orientations, or abandoning a site.

#### **➤ Lack of traceability of reformed equipment**

The SNRT does not have a procedure in place to ensure the traceability of unused or reformed equipment. In fact, several equipment dismantling

operations, such as antennas, pylons, and panels, were conducted (generally by means of purchase orders), without maintaining the traceability of this reformed equipment. The same applies to equipment at abandoned sites.

## Management audit of SOREAD-2M

The SOREAD-2M management audit mission identified several observations, the most important of which are presented below:

### A. The economic model and financial situation

#### ➤ An inadequate economic model

During the period 2008-2017, SOREAD received MAD506 million in public subsidies or an average of MAD50.50 million per year. In return, it paid the Government MAD 32 million in screen tax.

The amount of these subsidies has been divided by three (by reference to 2001), bearing in mind that the Government did not grant a subsidy to SOREAD in 2008. In addition, since 2013, the share of these subsidies in the company's products has averaged 7%.

Thus, although it is a public channel, SOREAD is essentially financed by its advertising revenues. This economic model makes it difficult to balance financial profitability with public service obligations as defined in the channel's specifications, which impose a number of obligations for the broadcasting of advertising.

#### ➤ Alarming financial situation of SOREAD

Since 2008, SOREAD has only recorded loss-making results. In fact, it suffered from an average annual loss of MAD 98.4 million between 2008 and 2017. These deficits are due to the high level of expenses in relation to income (including government subsidies).

Also, all of SOREAD's accounting and financial aggregates are alarming. Its added value represents less than 50% of operating expenses. In some years, this added value cannot even absorb personnel costs. Similarly, its turnover is totally devoted to expenses.

Given the difficult cash situation, SOREAD discounts its turnover (in the form of bills) by two (2) and a half month in advance, which further aggravates its financial situation due to the financial costs incurred (MAD07 million in financial costs per year).

### ➤ **The financial deficit of Radio 2M and Digital**

Radio 2M's turnover has decreased significantly since 2008, from more than MAD22 million to MAD8.4 million in 2017, a decrease of about 62%. Also, among the significant expenses borne by Radio 2M, it is worth mentioning the expenses related to marketing campaigns entrusted to a private agency.

In the same way, the turnover generated by SOREAD's digital business does not even cover its direct costs. Thus, the analytical result of this activity showed a deficit of MAD 9.2 million in 2017, despite a significant increase in the turnover of digital activities.

### ➤ **Non-compliance of SOREAD's net worth with the SA Act**

SOREAD's net worth as of December 31, 2013, was MAD 54.73 million for share capital of MAD 358.69 million. It is therefore below the legal threshold set at one quarter (1/4) of the share capital. Thus, although its situation is alarming, the Extraordinary General Meeting (EGM) decided, at its meeting of 26 June 2014, to continue the company's operations, in accordance with the provisions of Article 357 of the SA Act.

In principle, a restructuring of SOREAD's equity capital was to be completed by the end of 2016 to comply with the law. However, until the end of 2017, the company's net worth was still less than a quarter of the share capital, and the Government that did not subscribe to its share of the capital increase requested that the subscription date be postponed.

## **B. SOREAD's relationship with its advertising agency**

### ➤ **Assignment of advertising operations to the same advertising agency in other media**

The exclusive manager (Régie 3) of SOREAD, whose share of the turnover constitutes nearly 95% of the latter's total sales, is at the same time the exclusive manager of other media, namely: Média1 TV and Radio Média1. This situation presents a risk for SOREAD.

### ➤ **Absence of revenue oversight and audit of the advertising network's accounts**

The verification of the invoicing of revenues revealed that SOREAD continues to wait for the invoicing statement from Régie 3, and does not invoice these advertising sales itself, taking into account commercial conditions and rates.

Furthermore, it should be noted that Article 8 of the 1991 advertising network contract stipulates that each year, an audit of the network's

accounts will be carried out by an expert at the request of SOREAD. However, the Audit Court found that SOREAD has never requested that an audit be conducted on the accounts of the Régie 3. This is despite the fact that this observation has already been recommended by the Audit Court in its 2009 report, but has not been implemented by SOREAD.

### **C. Governance of SOREAD**

#### **➤ A public audiovisual center in the making for more than 12 years**

When appointing the CEO of SOREAD, the High Council for Audiovisual Communication (HCAC) issued an opinion in which it stressed that all the components of public broadcasting should be brought together, with a view to assembling them, in a single entity called the "public broadcasting unit", which should be diversified and complementary, while building on the achievements of existing operators.

After 12 years, the "public audiovisual center" as recommended by the HCAC's High Council for Audiovisual Communication has not been set up. This is despite the fact that the two public audiovisual companies have the same CEO, but do not form the same group, and are sometimes forced to take action without complementarity or coordination instead of benefiting from the savings that can be generated by pooling efforts.

#### **➤ Non-renewal of the program contract**

Since the entry into force of Act No. 77.03 on audiovisual communication, the Government has concluded a single program contract with SOREAD for the period 2010-2012. The contract has not been renewed since that date, especially since the Government has awarded subsidies to SOREAD in the absence of program contracts.

In addition, the amount of these subsidies amounted to 45 MDH/year from 2013 to 2016, 80 MDH in 2017 and 65 MDH in 2018. However, each year, the board of directors, on which the Government representatives sit, approves a budget providing for a Government subsidy of MAD 80 million, whereas the actual subsidies are less than this amount.

#### **➤ Acquisition of programs through sponsorship contracts**

The 2012 specifications require that external production or co-production contracts be concluded on the basis of competitive bidding.

However, during the period 2013-2017, SOREAD-2M concluded several OTC contracts for the acquisition of ready-to-transmit programs (OTC) whose total value exceeds MAD 275 million, equivalent to 74% of the budget spent on the acquisition of programs by tender during the same



period (MAD 368 million). These are, in fact, tripartite contracts (SOREAD, Régie 3 and the production company) known as sponsorship contracts.

➤ **Lack of procedures for the acquisition of broadcasting rights**

The conclusion by SOREAD-2M of contracts to acquire broadcasting rights is based on the negotiation of prices, which depends on the duration of the rights, the number of broadcasts, the broadcasting channels (terrestrial, satellite, etc.) and the exclusive broadcasting rights.

However, it was noted that there is no formal procedure for the acquisition of broadcasting rights, and that the price offer remains the only reference.

## **Programs to promote the film industry (Moroccan Film Center)**

The mission to evaluate the programs to promote the film industry identified observations relating to the general framework for the implementation of the sector's development objectives, as well as the management of the following support funds: "the support fund for the production of cinematographic works", "the support fund for the digitisation, renovation and creation of cinemas", and "the support fund for the organisation of film festivals".

### **A. Implementation of the objectives for the promotion of the film sector**

At this level, the Audit Court made the following observations:

➤ **Lack of an integrated strategic plan for the development of the film industry sector**

The Moroccan Film Center (MFC) submits annual multi-year development programs to its Board of Directors. However, in the absence of an integrated strategic plan for the film sector, no action is taken to identify the actors in charge of implementing the actions contained in these development plans, or even the required steering and evaluation mechanisms.

Moreover, the review of these multi-year development plans prepared by the MFC showed that they are characterized by the lack of prioritization of actions, planning of necessary deadlines and setting of required and feasible modes of intervention.

➤ **Lack of a strategy for financing the objectives of promoting the film industry sector**

The multiannual development plans for the film sector, approved by the MFC's Board of Directors, are not accompanied by provisional financial packages to support them. This is the case for the multi-year plan 2017-2019, approved at the 2016 session.

Thus, the feasibility and implementation of these multi-year development plans remain dependent, among other things, on the adoption of a financing strategy that defines the short- and medium-term cost estimates and provides for a process for adjusting these costs in line with available financial resources. In this respect, the Audit Court noted the absence of a clear strategy for financing the objectives of promoting the film industry sector.

➤ **Completion of the process of relaunching the film sector**

Although several actions have been undertaken to revive the film sector, including in particular the adoption of a new system of support for film production, the digitisation, renovation and creation of cinemas and the organisation of festivals, and also through the creation of a higher institute for audiovisual and cinema professions, as well as support for the production of foreign cinematographic and audiovisual works in Morocco, the process of reviving the film sector is not yet accomplished .

In fact, one of the main objectives of this process, which is to revive and promote the film exhibition sector, has remained unfinished or even regressed compared to the situation prior to the adoption of the support system for digitisation, renovation and creation of cinemas.

In this context, the objective of the 2010-2012 multi-year plan, taken over by the program contract and also by the 2013-2015 multi-year plan, to reach 235 operational screens in 2015, has not been achieved. In fact, the film stock has declined from 53 active cinemas in 2009 to 28 cinemas in 2017, all of which are located in only nine cities.

A reflection is necessary at this level in order to revitalize the film exhibition sector.

## **B. Management of support funds for the film sector**

The analysis of the distribution of support granted by the three film promotion funds showed that the film production support fund received about two-thirds of the total amount allocated. Also, the support fund for the organisation of film festivals received 28%. As for the fund to support

the digitisation, renovation and creation of cinemas, received only 7% of the total amount allocated.

Moreover, the assessment of the procedures for managing the fees of the support funds and their secretariats, as well as the supervision and monitoring actions relating to the management of these funds, revealed general and other observations specific to each of the three funds. The following are the most important ones:

## **1. Governance tools for support funds**

At this level, the Audit Court made the following observations:

- Absence of action plans from the three aid granting commissions;
- Absence of rules of procedure laying down the specific rules and methods of work of the three commissions;
- Insufficiencies related to the recording of debates and decisions of aid granting committees.

## **2. Support for the production chain**

The monitoring of the implementation of the production aid system has led to the following observations:

### **➤ Management based on the consumption of financial resources instead of results**

The analysis of decisions to grant aid to film production revealed the adoption of a support approach based on resources rather than results, in the absence of a scoring grid, including the criteria justifying the choices made. For example, during the first session of 2017, the aid granting committee distributed the budget linearly among the six films receiving aid before production, i.e. MAD3 million for each film.

This situation indicates the absence of a scoring grid, which includes the criteria justifying the choices made. In fact, the minutes of the Commission's meetings on the granting of the aid do not include any indication of the qualitative assessment of the criteria for granting the aid.

### **➤ The low repayment rate for advances on receipts**

The repayment rate of advances on receipts did not exceed 1.22% during the period 2004-2013. In fact, during this period, the total amount of reimbursements was limited to MAD5.5 million out of a total amount of MAD450.32 million granted to 200 films. As a result, the amount of outstanding advances amounts to MAD444.82 million.

➤ **Failure to take into account other sources of revenue likely to generate revenues other than box office revenues**

The Audit Court has identified several films that have won awards at festivals nationwide or worldwide but has not refunded the share of revenue corresponding to the awards won. The same observation concerns films that have been marketed abroad, but without trying to pay the share of box office revenues generated. The same applies to films that have been the subject of an assignment of exploitation rights.

➤ **Continuation of the granting of aid without requiring repayment of advances previously granted**

In the event that the production company does not reimburse all the advance on receipts from which the film has benefited, it may not claim new aid until the entire advance on receipts from which the film has benefited has been reimbursed. However, some production companies have benefited from production aid without having repaid all or part of the amounts obtained during previous support.

### **3. Support for the distribution and exhibition of cinematographic films**

At this level, the Court made the following observations:

➤ **Lack of planning for the management of the Support Fund**

At this level, the Court found that the distribution of the aid granted to the three branches, concerning digitization, renovation, and creation, was not subject to any prior planning based on results-based management with specific criteria and objectives to be achieved. Consequently, no support has been granted for the creation of cinemas, despite the fact that the film park is insufficient to promote the sector. In the same way, the number of rooms supported and the amounts of aid granted vary significantly from one year to the next in the absence of pre-established criteria justifying the choices made.

➤ **Insufficient oversight of the use of aid granted to cinemas**

At this level, the Audit Court found that the verification prior to any grant of aid did not cover all the beneficiary rooms, which deprived the Commission of the possibility of ensuring that the beneficiary rooms complied with the conditions required. In addition, several of the rooms receiving the aid were not subject to post-control and monitoring in order to verify the quality and sincerity of the digitization or renovation work carried out.

#### 4. Support for festivals and film events

At this level, the Audit Court noted the following observations:

➤ **Non-application of the resolution of the Board of Directors on the situation of incompatibility with regard to the granting of aid and the organization of festivals**

In this context, the Audit Court noted the non-implementation of the resolution of the CCM's Board of Directors on "consultation (of the CCM) with the Ministry of Communication and the Ministry of Economy and Finance in order to find a regulatory solution for direct financing, and not through the Festivals Support Commission, of the three festivals organised by the CCM", namely: First, the Tangier National Film Festival, second, the Tangier Mediterranean Short Film Festival, and third, the Documentary Film Festival on Culture, History and the Sahrawi Hassani Space. This situation constitutes, in fact, an incompatibility to which the CCM is exposed, since it is, on the one hand, the body in charge of organizing the three festivals, and on the other hand, the CCM proposes to the Minister of Communication the members of the commission for granting aid to film festivals, and it is responsible for setting the specifications in question, which are approved by its Administrative Council.

➤ **Weak control of the use of aid granted to film events**

At this level, the Audit Court noted the low rate of demonstrations that are subject to control. In fact, out of 203 festivals that received support during the 2013-2016 period, only 37 festivals were monitored, representing 18% of the total number of beneficiary festivals. Thus, the lack of monitoring and control of the conditions for organising the events in question does not make it possible to ensure compliance with the clauses of the specifications and the standard agreement, which makes it difficult for the commission granting the aid to decide on the merits of the second instalment, which is normally conditional on compliance by the beneficiary with all its commitments.

### Penitentiary institutions

Created in 1912, the prison administration moved from a department under the Public Security Directorate to a Directorate under the Ministry of Justice in 1956, before being set up in April 2008 as a General Delegation under the supervision of the Head of Government. This autonomous structure is responsible for developing and implementing the government's policy in the field of the rehabilitation of prisoners, the protection of their



safety and the security of persons, buildings and facilities in penitentiary institutions (PI), as well as the maintenance of public order.

In this context, the evaluation mission carried out by the Audit Court revealed several observations, the main ones being summarised as follows:

### **A. Governance of penitentiary institutions**

With regard to governance, the Audit Court noted that the inter-ministerial commission responsible for improving the performance of penitentiary institutions and improving prison conditions has been delayed by 10 years in its operationalization.

The Audit Court also found that the management ratio in the PI (ratio between the number of officials and the number of detainees) is limited to 14%, and remains low compared to European practices, where the lowest rate is around 34.83%. The Audit Court also noted the vacancy of several positions of responsibility, as well as the failure to appoint directors of the central administration, and the insufficient involvement of the regional directorates of the General Delegation for Penitentiary Administration and Reintegration (GDPAR) in the management of penitentiary institutions that fall within the territory of their competence.

### **B. Management of the real estate assets of penitentiary institutions**

In order to solve the problem of overcrowding, which sometimes reaches 1.2 m<sup>2</sup> per prisoner instead of 3 m<sup>2</sup> per prisoner, as recommended by international standards, GDPAR has undertaken a number of actions and measures, the implementation of which has been subject to several constraints and shortcomings summarized as follows:

- Failure to comply with the financial commitments relating to the implementation of the program for the relocation of old and isolated prisons in accordance with the provisions of the Framework Convention and Implementation Convention No 1, signed between the GDPAR and the Directorate of Domains, which are intended to replace these PIs and to enhance the value of their land bases in socio-economic development projects;
- Unavailability of land suitable for the replacement conditions of PIs located in urban areas, as recognized by international standards in this area;
- Non-regularization of the land situation of part of the assets allocated to the GDPAR by the Directorate of Domains, as well as those relating to administrative detention;

- Failure to check the construction costs of buildings and delay in the completion of some PIs whose prices per m<sup>2</sup> varied, during the period 2012-2017, between MAD27,628/m<sup>2</sup> and MAD46,887/m<sup>2</sup>;
- Importance of the costs generated by the redevelopment work on outdated and unsuitable PIs, which cost GDPAR approximately 442.2 million dirhams between 2012 and 2017;
- Delay in the implementation of the provisions of the partnership agreement between GDPAR and OCP, which concerns the management and development of the Mazagan urban center;
- Delay in the implementation of the provisions of the partnership agreement between GDPAR and the Southern Development Agency, signed on 08 April 2015, for the construction of a penitentiary center and its outbuildings in Dakhla.

### **C. Security management in penitentiary institutions**

At this level, the Audit Court noted the following observations:

#### **➤ Deficient security infrastructure in the PIs**

The Audit Court's visits to some PIs revealed serious weaknesses in basic security infrastructure, mainly related to insufficient monitoring of prisons by watchtowers, and a lack of compliance with standards, as well as the unavailability of perimeter security zones. Moreover, the design of Moroccan local prisons does not allow for compliance with the mode of incarceration by reserving only an average rate of 2.31% of their total accommodation capacity for individual cells.

#### **➤ Inadequate electronic anti-intrusion control and video surveillance systems**

In this context, the Audit Court found a significant deficiency in electronic anti-intrusion control instruments. In fact, it turned out that 39 PIs do not have X-ray scanners. In addition, the available equipment does not meet the needs of PIs for staff and visitor control.

On the other hand, the effectiveness of video surveillance systems remains limited due to the low spatial coverage rate of systems installed in prisons, which does not allow all critical space components to be scanned, as well as recurring failures and inadequate maintenance of these devices.

#### **➤ Non-respect of legal rules and procedural provisions for the classification of prisoners**

The assignment of detainees within the PIs does not respect the provisions of article 6 of Act No. 23.98, concerning the separation of detainees

according to their criminal categories (convicted, in pre-trial detention and enforceable for civil reasons). The Audit Court also found, during the PI visits, that the procedure for classifying convicted persons in three categories (A, B and C) had not been observed.

## **D. Management of inmate food and canteen management**

At this level, the Audit Court made the following observations:

Deficiency in the traceability of controls required upon receipt of food products and in the management of raw material stocks

In this respect, it is worth noting the almost general absence of food receipt reports in the majority of the PIs visited, which are the responsibility of the control commission as required by the SPC. In addition, it should be noted that the Audit Court found non-compliance with the security stock level required by the SPC (one month for non-perishable products and one week for perishable products) in 60% of the PIs.

### **➤ Insufficiencies related to the meal preparation phase**

It was noted that the rule of one kitchen assistant for every 300 prisoners, defined in the specifications, is not respected in all PIs. Moreover, it must be noted that it is tolerated by GDPAR to cook in cells despite the danger it may cause to the safety of inmates.

### **➤ Malfunctions related to the meal distribution phase**

These are mainly distribution logistics not adapted to the design of the PIs (about 45% of the PIs), and the non-qualification of prisoners distributing meals, as well as the risks associated with eating meals in the cells.

## **E. Health care in penitentiary institutions**

In this context, the following was noted:

- Delay in the implementation of the agreements on strengthening the medical care of detainees and released detainees signed between the Ministry of Health, the Mohammed VI Foundation for the Rehabilitation of Detainees and the DGP, in order to provide the PIs with the same medical devices as those existing in public hospitals, especially in terms of infrastructure, equipment and medical services provided.
- Lack of standard and generalized procedures at PI level;
- Lack of medical infrastructure and equipment in the PIs needed to improve health care for prisoners;

- Inadequate distribution of medical staff on PIs and non-compliance with working hours;
- Deficiencies related to the use of contract doctors. In fact, the Audit Court found that contract doctors are not regularly present at the PI level and remain unequally distributed over the PI;
- Deficiencies related to the management of medicines in terms of the expression of needs by the medical profession of PIs, the acquisition, and management of their stock by the penitentiary institutions.

## **F. Preparation for reintegration**

In this context, the main observations noted concerned the following aspects:

- Failure to use the budgetary appropriations allocated to prepare for reintegration. In fact, transfers are made annually to other budget items such as security and food, which are considered a higher priority by the DGPARG in view of the financial setbacks it faces;
- Delay in the implementation of the training centers provided for in the partnership agreements on the transfer of agricultural land in the private domain from the State to private companies;
- Low supervision rate of prisoners in activities dedicated to preparing for reintegration;
- Deficiencies related to the implementation of the higher education, education and vocational training program in the PI, and insufficient criteria for selecting eligible prisoners for training, as well as the low enrolment rate (29% in 2017) and the success rate which does not exceed 53%;
- Poor access of detainees to sports, culture and other activities, due to the lack of sufficient equipment and facilities;
- Constraints related to the implementation of the agricultural training program at PI level. This is due to the distance of PIs from agricultural vocational training institutions, the low enrolment rate and the inadequacy of teaching materials and the agricultural equipment necessary for training;
- The decrease in the rate of inmates benefiting from artisanal training, as well as in the rate of beneficiaries of nuggets from the work of inmates in artisanal production.

## Vehicles registration centers in Tangier and Tetouan

The management audit mission of the two registration centers in Tangier and Tetouan for the period 2012-2017 identified several observations, the most important of which are presented below:

### **A. The organisation of registration centers and means made available to them**

#### ➤ **Inadequate human resources at registration centers**

The number of officials working in the Tangier registration center is 17, but this number does not exceed 12 at the Tetouan registration center. Despite the efforts made by the heads of the centers to rationalise the division of tasks between the staff concerned, it is difficult for the latter to comply with all the procedures, due to the diversity of the centers' tasks and the increase in the number of applications for car registration and driving licences processed annually.

#### ➤ **Lack of staff training and awareness of the risks associated with their profession**

Recently recruited registration center staff have not received any training in the legal and regulatory aspects of the nature of their duties, the procedures to be followed and the information to be assimilated. Moreover, it was found that these agents are not aware of the nature of the legal responsibilities entrusted to them, and the risks that can result from breaches of the controls they are required to exercise on the documents received by the center, and the procedures defining their tasks.

#### ➤ **Absence of internal procedures defining the procedures to be followed in the event of fraud detection during vehicle registration and transfer**

Despite the diversity of fraudulent practices detected at the two registration centers, the cases of fraud detected are not systematically submitted to the competent judicial authorities. In fact, agents often simply refuse to process the above-mentioned files and return them to their applicants without any legal proceedings.

#### ➤ **Deficiencies in reception structures, the orientation of citizens and handling of complaints**

The registration centers in Tangier and Tetouan are frequented on a daily basis by large numbers of citizens. However, these centers are characterised by a lack of structure and organisation necessary to receive



users, process their complaints and ensure compliance with the procedures in force.

## **B. Implementation of vehicle registration and transfer procedures**

### **➤ Receipt of vehicle registration and transfer files in the absence of essential documents**

It was noted, particularly at the registration center in Tetouan, and in a moderate way at the Tangier center, that several vehicle registrations and transfer files were accepted, although the documents submitted were incomplete, or contained incomplete data.

### **➤ Non-application of legal fines in the event of exceeding the deadlines for filing registration files or transferring vehicles**

The two centers do not apply to the legal provisions mentioned in article 118 of Act No. 52.05 on the Highway Code. Thus, the non-application of the above-mentioned provisions for operations carried out during the period from 2012 to October 2017 resulted in a loss of revenue for the Public Treasury of at least MAD22.5 million in fines

### **➤ Irregularity in file exploitation and data entry at the information system level**

The procedures provide that files submitted at both centers must be received and checked, and that data must be entered into the information system on the very day the files are submitted. However, it was found that these operations actually exceed the time limit defined at the procedural level.

### **➤ Circumventing certain controls in the information system when entering data**

It was found that staff at both centers sometimes bypass certain controls in the information system on the data entered, instead of informing their superiors or central management to process and find solutions to the cases in question.

### **➤ Failure to check the number of car registration documents received and the data they contain**

The number of car registration documents received by the two centers and the validity of the data they contain is not often verified. Sometimes, the owners of the vehicles are provided with cards containing incorrect data. Additionally, according to the information system, it was noted that the number of vehicle registration documents received by each center had not been updated.

## C. Information system for vehicle registration

### ➤ Frequent slowness and disruption in the information system

The information system set up at the two centers is frequently slow, particularly in terms of opening windows, data entry and processing. Sometimes it stops working almost completely, which delays the processing of files and gives rise to reclamations and complaints.

### ➤ Failure to adopt a standard form for data entered at the information system level

It was found that the information system does not allow a check on the form of the data entered. However, it is possible to define a given form for all data entered in the information system when vehicles are registered or transferred so that the information system may not authorize the entry of data that do not comply with the pre-established form, except in exceptional cases to be processed individually.

### ➤ Non-correction of data entered in the database

Many data were incorrectly entered or not entered in the vehicle registration database. However, it should be noted that no remedial or corrective measures have been taken to check the validity of these data.

## Clearance of accounts of departmental treasurers

In the context of the audit and judgment of the accounts of State-owned services, in application of the provisions of Articles 25 and 32 of Law No. 62.99, as amended and supplemented, forming the Code of Financial Courts, the Audit Court carried out 17 audit missions during the period 2016-2017 which concerned the central services of the following ministerial departments and high commissions : Equipment and transport, Agriculture, Sea fishing, Health, Tourism, Handicrafts and social economy, Administrative and civil service reform, Youth and sport, Employment and professional integration, Higher education and scientific research, State Secretariat for Water, Culture, Vocational training, Housing and urban policy, Family, solidarity, equality and social development, High Commission for Water and Forests and the Fight against Desertification and High Commission for Veterans and Former Members of the Liberation Army.

These audit missions covered the financial years from 2009 to 2016. Particular attention was paid to the organizational aspects related to financial management in the last years of the period.

Thus, the most important observations raised by these audit assignments are reported below.

## **A. Financial analysis**

In this context, the main observations noted concerned the following aspects

### **1. Evolution of the budgets of the different departments**

- **Significant increase in the funds allocated to the Departments of Agriculture, Sea Fishing, Equipment and Transport, Health and Higher Education, Scientific Research and Training of Executives**

In fact, for the Department of Agriculture, the appropriations allocated increased by 12.13% between 2012 and 2016. This increase was 10.35% in 2016 compared to 2015.

Similarly, the credits allocated to the Equipment and Transport Department increased from MAD 6.67 million in 2012 to MAD 7.95 million in 2016, an increase of 19.25% during the period concerned.

Furthermore, the budget for the Ministry of Health has increased significantly from MAD11.88 million in 2012 to MAD14.2 million in 2016, representing an increase of 20.20% for the period between 2012 and 2016. The budget of higher education and scientific research rose from MAD8.8 million in 2012 to MAD9.89 million in 2016, an increase of 12.38% over the same period.

- **Evolution of operating appropriations for the majority of ministerial departments with a prevalence of staff expenditure**

The audit revealed that the budgets of most departments (Agriculture, Sea Fishing, Equipment and Transport, Health, etc.) showed a positive trend, especially between 2012 and 2016, with the prevalence of staff expenditure. This predominance has reached 93% of operating expenditure in some cases, namely the Ministry of Equipment and Transport.

### **2. Execution of capital investments**

The examination of this aspect revealed the following observations:

- Payment rate not exceeding 63% for the majority of the audited departments;

- Low expenditure implementation rate regarding special accounts;
- Low payment rate for SEGMA budget expenses;
- Evolution of appropriations carried over from one year to the next, occasionally exceeding 50% of the final appropriations.

## **B. Governance**

### **1. Relations between the authorising officer and the sub-authorising officers**

The following observations were noted in most of the departments:

- Failure to adopt clear criteria for the distribution of budget appropriations between sub-authorizing officers;
- Lack of tools to measure results;
- Lack of gap analysis between objectives and achievements;
- Failure to prepare detailed reports on the achievements of sub-authorizing officers.

### **2. Relationship between ministries and public institutions under their supervision**

In this context, it was noted that some ministerial departments do not conclude program contracts with the public institutions under their supervision, in addition to failing to report on the implementation of the relevant program contracts.

### **3. Relationship with associations and beneficiaries of ministry grants**

In this respect, the examination revealed the following observations:

- Limited monitoring of the implementation of partnerships with grant recipient associations;
- Lack of mechanisms to monitor and oversee the use of the funds granted.

## **C. Internal audit and inspection**

The audit of this component revealed the following observations:

- Priority is given to inspection and advisory missions over audit and evaluation missions;

- Under-staffing of human resources assigned to the general inspection;
- Failure to submit inspection reports to the Audit Court.

## **D. Management audit**

The examination of this aspect revealed the following observations:

- Absence of a management audit entity in most departments;
- Absence of a dashboard with indicators to measure the achievement of objectives;
- Lack of cost accounting;
- Non-control of the resource's economy.

## **E. Evaluation of internal control**

The examination of this aspect revealed the following observations:

- In terms of organizational structure, it was noted that some administrative services had not been effectively set up and that other services had been unjustifiably created;
- As far as human resources management are concerned, it was noted the lack of a clear and precise system properly communicated to employees on monitoring and evaluating the activities of administrative services.

## **F. Risk Management**

In this context, the audit identified the following observations:

- Lack of risk mapping and documented risk management system;
- Lack of written manuals and procedures describing the activity of administrative services;
- Failure to define the financial responsibilities of different officials;
- Holding of incompatible tasks;
- Absence of inspection and internal audit guide;
- Lack of regular evaluation of the internal control system.

## **G. Economy of resources and cost control**

The examination of this aspect revealed the following observations:



## **1. Purchasing policy**

It was noticed that the departments under review do not have a clear and documented policy that specifies the principles and general orientations of procurement.

## **2. Definition of needs and cost estimation**

In this respect, the audit made the following observations:

- Weakness in the management capacity to determine the needs to be met through public procurement, whether in category or quantity;
- Failure to consult stock situations before making purchases to meet expressed needs;
- Non-involvement of the services concerned in determining the needs to be met;
- Anomalies in the estimation of certain contracts, by services not directly concerned by the works or services subject to a call for tenders, or in that carried out on the basis of contractual experience in previous years only.

## **3. Management of equipment and movable property inventories**

Regarding this aspect, the following observations were made:

- Lack of suitable conditions for storage;
- Weakness of preventive measures to prevent the loss and deterioration of stored items, as well as lack of training for managers responsible in this area.

## **H. Management of public procurement**

The management of public procurement in the departments under review suffers from dysfunctions related to the following areas:

### **1. Determination of needs and contractualization**

In this context, the audit revealed the following observations:

- Concentrated consumption of credits during the last three months of the year;
- Absence of a real process to ensure competitive spending by purchase orders;

- Lack of a database including prices and details of suppliers, which hinders the implementation of competition.

## **2. Management of public contracts**

The examination of this aspect revealed the following observations:

- Delay in the execution of works contracts;
- The exploitation of the constructions covered by the contracts before provisional acceptance;
- Lack of an alert system that allows the detection and monitoring of work that has been delivered but not paid for;
- Failure to keep records of stop and resumption orders.

## **3. Study contracts**

On this subject, the audit revealed the following observations:

- Absence of feasibility studies;
- Failure to achieve the objectives set by the studies;
- Delay in the execution of certain contracts;
- Termination of certain study contracts before their completion;
- Excessive use of stop and restart orders.

## **Main observations recorded by the Regional Audit Courts in the context of management audit**

The Audit Court 's annual report for 2018, in its volume on the Regional Audit Courts contains summaries of the reports on 224 management audit assignments carried out by the various Regional Audit Courts to public bodies and delegated management.

These summaries concern 204 audit assignments concerning municipalities, 14 on companies in charge of managing local public services, two (2) regarding groups of municipalities, two (2) others within local public institutions and two (2) missions relating to the use of public funds by associations.

The following is a summary of the most salient observations raised during these audit assignments conducted by Regional Audit Courts, preceded by general observations.

### **General observations**

#### **A. Delegated management of the cleaning service**

##### **➤ Lack of municipal waste management plans**

As a result of the audit operations carried out, the management of household and similar waste by several municipalities does not fit into a methodology based on the national directives on waste management provided for in Act No. 28.00 on waste management and disposal. In fact, the municipalities concerned do not have plans for the management of household and similar waste, which are supposed to provide a framework for the measures to be taken and the different stages of waste management, namely the pre-collection, collection, storage, transport, landfilling and disposal of waste, as well as its treatment, recovery, recycling and sorting, where applicable.

##### **➤ Inadequate control and monitoring of the performance of delegated management contracts**

The work of the supervisory bodies in several local authorities is marked by multiple deficiencies, mainly those concerning the irregularity of meetings of the Monitoring and Control Committee, as well as the failure to carry out studies and controls of the documents and reports presented by the delegate, namely the study of financial data and reports and operating accounts, and the control of the registers relating to the maintenance of the

equipment of the local authorities in question as well as the limited quality control of the services provided.

➤ **Failure to comply with contractual commitments and penalties**

It was found that the delegate, in most cases, does not respect its contractual commitments, especially with regard to the renovation of certain waste collection equipment or the installation of certain materials and equipment for landfills, as well as with regard to the cleaning service, namely, sweeping, cleaning of avenues, streets and public squares, washing of containers, disposal of black spots of household waste, and non-mixture of different waste categories.

Despite the fact that the delegate does not honor its contractual commitments, the delegating authority does not use the provisions of the contract for delegated management by applying the penalties provided for.

## **B. Effort of development and planning**

➤ **Weakness in planning and programming**

It was noted, in all the municipalities audited, that the municipal development plans (2009-2015) were weak in terms of planning, particularly in terms of adequate programming for their implementation and the provision of the necessary financial resources. In fact, it was found that, when preparing these municipal plans, the municipalities concerned did not adopt a clear strategic vision that took into account their capacities and needs. It was also recorded that these municipalities were not able to carry out a significant proportion of the projects programmed under these municipal plans, and that some projects experienced a weakness in the frequency of their implementation. On the other hand, as for the municipal action plans (2015-2021), several municipalities did not work on their preparation, while other municipalities were late in this area.

➤ **Lack of preparation of the necessary studies prior to the start of the work**

It was noted, through the examination of several files of the planned projects, that no prior studies had been conducted and no reports had been prepared relating to the projects in question to determine their precise costs, their financial arrangements and the methods of their implementation. This hinders, in most cases, the implementation of these projects and delays their commencement. This is in addition to problems with their exploitation and coordination with the parties involved in the investment. Thus, for example, the delay in the start of these projects is mainly due to the delay of the municipality in question in preparing the topographical

works and granting authorizations, without forgetting, however, the non-participation of other parties in the financing of the planned projects.

➤ **Failure to conclude partnership agreements**

The audit of the management of several municipalities revealed that there was an insufficient initiative to conclude partnership agreements in order to implement the planned projects. It has been noted that the municipalities in question include projects in the municipal development plan or action plan of the municipality concerned, the implementation of which is linked to the participation of several partners, in the absence of agreements binding them by the implementation schedule and governing their financial commitments. Which leads, in most cases, to the failure or difficulty of the achievement of these projects.

➤ **Failure to regularize the land situation of the lots housing communal projects**

Some municipalities proceed with the construction of public projects without regularizing the situation of the land base sheltering or intended for sheltering those projects. This causes conflicts with the concerned owners of the land and may make the municipality's budget bear the cost of the compensation due for this purpose.

## **C. Public revenue management**

➤ **Lack of a strategic vision for revenue development and management**

The majority of the municipalities audited do not have a clear strategic vision for the management and development of their revenues, as they do not make effective efforts to know their actual and potential revenue capacities, as well as to control their tax bases and the number of taxable taxpayers. Therefore, the above-mentioned municipalities do not ensure, in this respect, that they set up means of coordination between the revenue service and the other services concerned (internal and external) for the optimal management of municipal revenues. This, in addition to the lack of the necessary human resources, capable of ensuring the recovery of the revenue concerned, as well as its monitoring and control.

➤ **Insufficiency in the control of taxpayers and the control of their declarations**

The municipalities audited do not ensure the control of all possible taxpayers with regard to the majority of taxes due, and do not check the validity of the data at their disposal on the persons and establishments subject to the taxes in question, nor do they control the tax base in order to ensure a more comprehensive recovery of the revenue due to them. In fact, for example, it has been noted that several municipalities do not carry out



an annual inventory of goods subject to the business tax, the housing tax, and the tax on municipal services, as well as the tax on undeveloped urban land, the temporary occupation fee on municipal public property, and the tax on the extraction of quarry products..., etc.

Some of the municipalities audited are therefore satisfied with the receipt of the taxpayers' declarations and the collection of taxes and fees due, without, however, exercising their right to check the declarations submitted in order to ensure the validity of the data they contain and, as a result, to correct, if necessary, the bases for the liquidation of the taxes in question.

#### ➤ **Failure to impose, collect taxes and fees**

Several municipalities suffer from deficiencies in the collection of taxes and fees due to them. In fact, in several cases, there has been a failure to tax and collect most of the taxes and fees due to the municipalities concerned, such as tourist tax, compensation fees for illegal occupation of municipal public property, tax on public passenger transportation, penalties linked to the absence of a declaration of existence, tax on open urban land, tax on pubs, tax on slaughter duties, and tax on construction operations, etc.

Moreover, it was noted that a significant number of tenants of municipal premises for commercial or residential use do not pay their fees in favor of the municipalities concerned.

In return, the latter do not take the necessary measures against recalcitrant taxable persons to recover the sums due. This results in the prescription of several municipal recipes.

### **D. Asset and communal services management**

#### ➤ **Failure to take the necessary measures to safeguard municipal property**

Overall, it was found that several municipalities do not ensure that the land base of communal facilities and some of their private property is cleaned up. Similarly, it was revealed that private property is registered in the communal public domain, as well as the non-exhaustiveness of the content of the communal public property bases and negligence in the management of the inventory of movable property.

In fact, despite the fact that they enjoy or use many real estate assets, the municipal services responsible for asset management do not keep the technical and legal files relating to all these assets. Nor do they carry out the legal steps necessary to delimit and register the said properties in the bed bases of consistencies, in order to preserve the rights of the municipalities in question. Moreover, and in disregard of the applicable

legislative and regulatory provisions, the municipalities have not worked to draw up the topographical studies necessary for the delimitation and land registration of communal property and to reserve the budgetary appropriations necessary for the legal clearance of such property. Thus, and although title deeds are of crucial importance to the conservation and valuation of real estate, a number of municipalities do not have such titles, nor any legal documents attesting to the ownership of the property they operate. This violates the provisions in force in this area.

➤ **Inadequate management of weekly souks and slaughterhouses**

Most weekly souks and slaughterhouse operators do not ensure that their commitments to the municipalities are respected, which explains the deterioration of their situation. It has been found that slaughterhouses in several municipalities are in an inappropriate situation in relation to the health and safety standards required in this area. In fact, insects and accumulated waste spread to the surroundings of the slaughterhouse, and wastewater from slaughter and offal residues are released into the air without regard for the harmful consequences of this situation on the environment. Also, the municipalities concerned do not pay particular attention to the cleanliness of the weekly souk, which can have a direct impact on the health of citizens, as well as on the financial resources that result from it.

## **E. Urban planning and land management**

➤ **Absence of development plans or delay in their preparation**

It was noted, in this respect, that most of the municipalities audited do not have approved development plans, or are late in their preparation, despite the importance of these plans in the framework of urban development of local authorities, as regulatory documents defining land use rights, as well as the servitudes and legal provisions that apply. Hence the creation of a gap in the coverage of the municipal territory by the public facilities necessary to meet the needs of the inhabitants in parallel with rapid urban growth, the proliferation of illegal construction, as well as the illegal division of land.

➤ **Non-respect of the conditions for the creation of subdivisions**

It was noted, through the examination of the files of the allotments created in several municipalities, that the latter does not ensure that the work carried out complies with the required technical standards and the technical documents concerned. In addition, they do not ensure that developers carry

out certain equipment provided for in the specifications, or do not violate the approved plans, as is the case for non-completion by developers of road and passage works, public lighting, the sewerage network, and the allocation of land intended for green spaces, etc.

It should also be noted that some municipalities are provisionally accepting allotment works without collecting the remaining balance of the tax due. As they also proceed to authorize the creation of housing estates before the land situation of the land concerned is restored.

➤ **Failure to comply with the provisions relating to the granting of building permits**

It has been revealed, through on-the-spot observations carried out in the territories of the audited municipalities, the existence of many dwellings built or under construction, in the absence of the required permits. In addition, the presidents of some municipalities have issued building permits unilaterally and without the advice of the competent provincial commission.

In the same sense, it was also noted that public administrations were not under any obligation to obtain the necessary authorizations before the start of construction operations, and that renovation authorizations were granted in place of construction authorizations.

## Regional Audit Court of the Rabat-Salé-Kenitra Region

As part of its annual program for 2018, the Regional Audit Court of the Rabat-Salé-Kenitra Region carried out 27 management audit missions. Six of which concerned the delegated management of the collection and disposal of household and similar waste and the cleaning of public roads and squares in the municipalities of Salé, Kenitra (Saknia Sectuer), Temara, Kemisset, Skhirat and Tiflet. The other 21 missions concerned the management of municipal services and equipment and the management of revenues in the municipality of Temara, the management of urban planning and municipal services in the municipality of Ain Aouda and the municipalities of Sidi Kacem, Rommani, Tiflet, Oulad Slama, Ain Sbit, Ameer Echamalia, Safsaf, Kariat Ben Aouda, Oued El Makhazine, Sidi Boubker Elhaj, Moulay Driss Aghbal, Msaada, Sidi Mohamed Benmansour, Selfat, Oulad Ben Hamadi, Chbanat, Sfaa and Bni Malek.

The main highlights resulting from these audits are summarized as follows.

## **A. Audit of the delegated management of the collection and disposal of household and similar waste and the cleaning of public roads and squares**

In this context, 11 delegated management contracts for the collection and disposal of household and similar waste and cleaning services were audited, including 4 expired contracts and two in progress in the municipality of Salé, in addition to one in each of the municipalities of Kenitra (Saknia sector), Skhirat, Témara, Tiflet and Kemisset. The audit operations revealed several observations, the main ones being as follows.

### **1. Programming and preparation of the contractual framework for household waste management**

#### **➤ Failure to integrate waste management obligations into urban planning documents**

The examination of urban planning documents, particularly in the municipalities of Kenitra, Skhirat and Temara, has shown that the service for collecting household and similar waste is not taken into consideration when drawing up these documents, although Article 19 of Law No. 12.90 on urban planning provides for the integration of spaces reserved for collective facilities, installations of general interest and servitudes established in the interest of hygiene, traffic, safety, and public health into urban planning documents.

In this context, it was noted that the development plans and studies concerning them did not address the issue of waste management and its relationship with urban planning choices and the effects of the nature of housing on the method and resources of management on the one hand, and the determination of sites dedicated to transfer centers and the depots of delegates on the other hand.

Furthermore, it was noted that there were no provisions concerning waste management in the specifications of housing estates and housing associations and that developers were required to provide sites for containers, and that the municipal services responsible for monitoring solid waste management were not consulted when subdivision files were examined.

#### **➤ Failure to carry out studies prior to the preparation of specifications**

The majority of the communes audited (Tiflet, Kenitra, Khémisset and Salé) did not carry out any studies to determine needs, service delivery methods, total investment and management costs. Thus, in the preparation

of contractual documents relating to delegated management, standard contracts are used without updating or adapting them to the results of the studies, which determine the characteristics of each municipality and provide a framework for the various elements of the service.

### ➤ **Inadequacies in the provisions of delegated management contracts**

An examination of the provisions of the delegated management contracts for the municipalities audited revealed the following deficiencies, which are summarized below:

- Non-inclusion in the contract of performance indicators and quality levels with measurable indicators, particularly with regard to the eradication of black spots and uncontrolled landfills, as well as deadlines for handling complaints and quality of service indicators (adherence to schedules, non-collection of waste, partial collection, etc.);
- Inclusion of provisions in the delegated management contract for the municipality of Salé concerning the unloading of waste in the transfer center under the jurisdiction of the municipality of Rabat, in the absence of a contract between the parties concerned;
- No provision in the specifications, in the case of the municipality of Tiflet, for container requirements in terms of volume, number, and quality. Additionally, the criteria for selecting the location in avenues and streets to house containers have not been specified, making monitoring and control operations difficult;
- Failure to set the budget and content of communication campaigns aimed at users, which prevents financial monitoring and evaluation of results;
- Failure to break down the fixed price of certain services provided for in the contracts, in particular, those relating to container management (supply, renewal, distribution, repair, and cleaning), manual cleaning services including weeding and removal of displays (in the case of the municipalities of Skhirat, Témara and Khémisset). This does not allow the estimation of the cost of the partial services not performed and its deduction.



## 2. Execution of the household waste collection service

### ➤ Failure to equip trucks and skips with geolocation systems

Although the technical offers of the delegates provided for the equipment of collection trucks, a geolocation system to ensure the immediate location and monitoring of vehicle routes (Tiflet, Salé, Khemisset and Skhirat) and the equipment of program containers to provide all the data relating to their monitoring and management (Salé, Skhirat), this commitment was not respected. This prevented the delegator from checking truck routes during collection and unloading, from identifying stationary or unused equipment and from preventing double weighing of trucks.

### ➤ Malfunctions relating to the execution of the containerization program and the collection circuit

Several observations were noted regarding containerization and the household waste collection circuit, including:

- Existence of significant differences between the actual number of containers and the number provided for in the specifications in the communes of Skhirat, Khemisset, Salé, and Kenitra;
- Failure to carry out washing operations during the first year of the delegated management contract in Kenitra and without applying the penalties provided for;
- Failure to comply with the contractual commitments relating to the washing of containers, namely the washing techniques and the use of the equipment and tools designated in the technical offer (Skhirat, Salé, Kénitra and Khemisset), as well as the failure to respect the washing frequencies (Skhirat-Témara) or the absence of the prior agreement of the delegate on this frequency and the failure to provide the prior program (Salé);
- Very apparent recourse of the municipality of Temara to the grouping of containers in the absence of contractual provisions setting the ceiling, besides the excessive use of metal boxes. In fact, their use in 2017 represented the equivalent of 213% of those provided for in the delegated management contract;
- Failure to include provisions relating to the washing of containers in the daily and annual reports of the municipality of Kenitra, in particular, the location, the number of containers washed and the average washing rate;

- Failure to comply with the frequency of washing of metal boxes in the municipalities of Salé and Kenitra.

➤ **Change in the collection method adopted in the communes of Skhirat, Temara, and Kenitra**

Delegates of the municipalities of Skhirat, Temara, and Kenitra have made significant changes in the collection method adopted by the delegated management contracts, with a gradual return to the door-to-door collection in areas where the containerised collection is used. This has had a negative impact on the service quality by extending the duration of its execution, the accumulation of waste in the public highway, interference with collection and cleaning operations and the creation of black spots in the locations of the removed containers...

➤ **Use of contractual equipment outside the scope of the operation covered by the delegated management contract**

The examination of the situations of mileage, weighing tickets and registers of entry and exit of machinery from the farm's fleet and registers of delegates of the landfill concerning data relating to the delegated management contracts of the municipality of Salé revealed the use of contractual machinery outside the farm's perimeter. In this sense, these machines were used at the Airport and in the municipalities of Abi Al Kanadil, Ain Attiq and Sidi Allal Al Bahraoui, which resulted in the delegator assuming responsibility for fuel expenses, spare parts and salaries for non-contractual services, in addition to assuming responsibility for the costs of evacuating and discharging waste collected outside the contractual scope of the operations concerned.

The same observation applies to the municipality of Kenitra, where the on-site inspection showed that household waste was collected in a housing estate in the municipality of Oulad Slama and adjacent to the municipality of Kenitra.

➤ **Persistence of black spots in household waste**

The examination of the daily reports of the delegates of the communes of Skhirat, Salé, Témara and Khémisset, and the on-site inspection showed that the black spots of household waste persist, particularly in unstructured and densely populated areas. Despite this situation, contractual penalties for not dealing with black spots have not been applied.

➤ **Comments on the performance of the scanning service**

The deficiencies identified in the performance of the scanning service are as follows:

- Disposal of the swept material from the municipalities of Skhirat, Khemisset, Kenitra, Temara and Tiflet in household waste containers instead of direct transport to the municipal landfill. Since the payment for the sweeping service is a lump sum payment and includes the transportation and disposal of the product in the transfer center, this product should not be mixed at the time of transportation and disposal with the product from the household waste collection, the consideration for which is paid by weight;
- Introduction of changes in the scanning program in the communes of Khemisset, Temara, and Tiflet with regard to frequency, distance traveled and areas affected by cleaning, without formalization with the delegator and without support from the necessary work tools;
- Failure to comply with the program and frequency of mechanical sweeping in the municipality of Salé with a completion rate of 42% in the second half of 2016, while the city of Temara is experiencing partial implementation of this service due to difficulties in accessing mechanical sweepers in several lanes due to the problem of permanent car parking;
- Presentation of daily reports containing the same data on manual cleaning by the delegates to the municipality of Salé. Moreover, reporting on mechanical scanning is only done monthly, depriving the delegator of the information necessary for the control of the service at the appropriate time;
- Failure to recruit the contractual number of staff assigned to manual scanning in the municipality of Salé as defined in the contract. This number was 25% lower than the technical offer in the first half of 2017, excluding replacement and rest.

### **3. Control and monitoring of delegated household waste management**

#### **➤ Inadequacies in the control bodies**

The work of the control bodies at the level of the municipalities audited is marked by deficiencies relating, in particular, to the following:

- Lack of access by monitoring and control officials to computer programs dedicated to delegated management in the communes of Skhirat, Khémisset, Témara and Tiflet, although this access is stipulated in the specifications. In addition, the delegate did not set up computers equipped with these programs for the control unit

and did not train municipal staff, without the municipalities taking the necessary measures in this regard;

- Recurrent examination of the same problems by the monitoring committee without presenting suitable solutions (Salé, Tiflet, Khémisset, and Kénitra). These problems concern the lack of space at the landfill for the reception of waste, the discharge of waste by the population into bare land, the accumulation of arrears due to late payment, the low frequency of sweeping, the insufficient number of containers and their degradation;
- Failure to verify the veracity of the information provided in the daily, annual and supporting documents, absence of details in the reports submitted by all the municipalities concerned. It was also noted that there was a delay in sending these reports to the delegator in the municipality of Kenitra;
- Failure to take the necessary measures by the municipalities of Khémisset and Kenitra to ensure control during weekends and other public holidays;
- Failure to carry out all the controls provided for in the specifications, in particular, the examination of the accounting and financial information concerning the management of the contract, the control of records concerning the maintenance of equipment in the municipalities concerned. Furthermore, the failure to carry out a technical and financial audit of contractual obligations in the case of the municipality of Salé.

## **B. Control of the management of the municipalities**

The management audits carried out in the municipalities mentioned above revealed a number of observations, the most salient of which are listed below.

### **1. Programming and implementing municipal projects**

#### **➤ Non-execution of the urban renewal agreement for the municipality of Tiflet**

In 2014, the municipality of Tiflet concluded an agreement with a private company to create an urban renewal zone in the city center next to the avenue la Marche Verte. On the basis of this agreement, the municipal council transfers to the company parcels of land covering a total area of approximately 06 hectares in order to create a large public square overlooking this avenue and the construction of residential buildings of five floors.

In return, the company has undertaken to transfer free of charge a plot of land of approximately 10 hectares located to the north of the town to the municipality of Tiflet in the "Al Feline" allotment belonging to it. This land will be allocated for the creation of the weekly souk and its annexes such as the wholesale fruit and vegetable market and the municipal slaughterhouse.

The company has also committed to build the first phase of the weekly souk with all its basic services for an estimated financial envelope of 15 MDHS, the first part of the sports complex with a financial envelope of approximately 20 MDHS, and the construction of the new bus station with a financial envelope estimated at 10 MDHS.

At the end of May 2018, four years after the signing of the agreement, and despite the evaluation of the transfer price of the property housing for the bus station by the Administrative Commission on 15 April 2015, the terms of this agreement have not yet been implemented.

➤ **Failure to carry out the technical studies necessary for the execution of urban road development works by the municipality of Sidi Kacem**

The municipality of Sidi Kacem programed and carried out the contract n°03/2010 for an amount of 10,750,800.00DH relating to urban road development works in the absence of preliminary technical studies. In fact, the specifications were drawn up by the municipality's technical department and the technical study was limited to the preparation of technical sheets for the districts concerned by this contract.

Consequently, and due to the lack of precision in the technical characteristics, the contract recorded an increase in the volume of work and was the subject of additional work under an amendment.

## 2. Communal recipes

➤ **Inadequacies in the management of the tax on undeveloped urban land**

The audit of the management of the tax on undeveloped urban land revealed a number of observations, which can be summarized as follows:

- Failure to carry out an exhaustive census of undeveloped urban land in the audited municipalities;
- Non-generalisation of the imposition of the tax on undeveloped urban lands (municipality of Sidi Kacem);



- Exceeding the legal deadline for exemption from the tax on undeveloped urban lands (municipalities of Sidi Kacem, Rommani and Temara);
- Failure to issue revenue orders against taxpayers who have not filed their returns or who do not pay the tax (Témara municipality).

➤ **Inadequacies in the management of the tax on subdivision operations**

The audit of the management of the tax on subdivision operations revealed the following observations:

- Failure of the revenue department to audit allotment files and lack of coordination with the departments concerned (Temara);
- Failure to collect the tax on allotment operations in the event of a renewal of expired authorizations (Temara);
- Insufficient control of the taxpayers' declarations (Sidi Kacem);
- Failure to collect tax on certain subdivision operations (Sidi Kacem).

➤ **Inadequacies in the management of the tax on construction operations**

The management of the tax on construction operations has been the subject of a series of observations, the main ones being as follows:

- Non-availability at the level of the municipality of Temara of a computerized database relating to the collection of tax;
- Non-collection of the tax on construction operations, to the municipality of Temara in the event of a renewal of expired authorizations;
- Non-imposition by the municipalities of Ain Sbit and Safsaf of the tax on construction operations on a set of authorized construction projects by the municipalities of Ain Sbit and Safsaf;
- Non-compliance of the liquidation of the tax with the provisions of Article 53 of Law 47.06 on the taxation of local authorities as regards the method of calculating the areas of projections by the municipality of Safsaf;
- Failure to collect the tax on construction operations in the districts concerned by restructuring operations in the municipality of Sidi Kacem.

➤ **Non-application of fines relating to the tax on public houses and weakness of control measures**

The municipalities audited do not apply fines for failure to submit declarations relating to the tax on public houses. For the declarations received, they are limited to calculating the tax on the basis of the turnover declared without initiating audit measures in the event of under-declaration.

### **3. Municipal equipment**

➤ **Inadequacies in the management and maintenance of the public road network**

The management and maintenance of the public road network by the municipality of Temara are marked by the following deficiencies:

- Absence of the urban transport plan and functional classification of public roads;
- Failure to provide roads, tracks, passages, and streets in some subdivisions;
- Existence of several dead ends due to the illegal subsistence of pockets of unhealthy housing (Avenue Mohamed V, Avenue Moulay Rachid, Avenue Moulay Ali Cherif, Avenue Hansali...);
- Poor monitoring of the general situation of the road network and lack of multi-year planning of maintenance and repair operations;
- Failure to take into account the specificities of people with special needs when designing tracks.

➤ **Inadequacies in traffic management, signaling and road safety**

The review of traffic management, signage, and road safety revealed the following:

- Failure to implement the framework agreement on road safety approved by the municipal council in May 2016;
- Delay in the development of sidewalks in residential areas (Maghreb Arabi, Wifak,...);
- Absence of bicycle lanes in the city;
- A limited number of pedestrian crossings (Example: Sahl Rhone Avenue from its intersection with Moulay Driss Avenue to the corner of Erfoud Avenue) and absence of these crossings in bus stops ;

- Existence of uncontrolled speed bumps that do not comply with technical standards, particularly on the inside lanes of housing estates;
- Poor road signage in stopping areas for urban transport means.

➤ **Inadequacies in the management of the public lighting service in the municipality of Temara**

The audit of the management of the public lighting service by the municipality revealed the following deficiencies:

- Failure to carry out a public lighting development plan and a study to assess the situation of the network and identify needs in this regard;
- Absence of a rehabilitation and repair program for public lighting installations and equipment;
- Lack of data on the public lighting network such as the type of lighting, the energy consumed in each district, the type of lamps, their longevity and lighting quality, as well as the type, height, obsolescence, and number of light points connected to them;
- Conversion of the underground network into an overhead network with several points;
- Weak preventive interventions to renew the public lighting network installations in some districts, despite the high level of wear and tear on the equipment;
- Lack of human and logistical resources dedicated to repairing breakdowns in the public lighting network;
- Lack of a practical guide for the various activities related to the maintenance of the public lighting network;
- Payment of invoices for public lighting points, without reading the meters and invoice verification before payment;
- Accumulation of arrears in public lighting charges.

➤ **The proliferation of wholesale vegetable and fruit sales operations without going through the wholesale market and weak control**

Temara's wholesale fruit and vegetable market have received several complaints and protests from operators against illegal competition caused by the sale of vegetables and fruit in the city without going through the

wholesale market. This failure to pass through the market deprives the municipality of significant financial income.

➤ **Non-use of warehouses and their illegal use by sellers**

The municipality has built 17 shops in the wholesale fruit and vegetable market, to be operated as warehouses by traders for the storage and cooling of vegetables and fruit. However, despite the calls for offers to rent these shops, the municipality was unable to rent 15 of them.

The non-operation of these stores since their construction is due to the completion of the wholesale market project in the absence of a feasibility study to ensure that sellers needed refrigeration facilities to store their merchandise.

This situation has led to the deterioration of the shops that are operated by the sellers as illegal warehouses for goods, in the absence of any action by the municipality.

➤ **Insufficient monitoring of truckloads**

It was found that the staff responsible for checking truck entries do not carry out the necessary checks to identify the types and quantities of vegetables and fruit loaded, and are limited to oral declarations by truck drivers. Similarly, the personnel assigned to platform control do not draw up a list of the vegetables and fruit deposited by each truck. This does not allow the municipality to check the reliability of the declarations of truck drivers.

This deficiency in the control of truckloads represents a loss of income for the municipality in the event of false declarations by truck drivers reducing the amount taken into account in the calculation of the municipality's share.

#### **4. Urban planning management**

The urban planning audit missions of the municipalities recorded a series of deficiencies mainly related to the following:

➤ **The persistence of substandard housing in the municipalities of Ain Aouda and Ain Sbit**

The city of Ain Aouda has been declared a slum-free city since 2009, but substandard housing still persists. These are mainly two groups forming a common area known as Douar Charaka, located on the boundaries of residential development and includes substandard housing not connected to the drinking water and liquid sanitation networks.

Similarly, despite the signing of the partnership framework in March 2005 to resolve the problem of the slums of the municipalities of Ain Sbit, Had Brachoua, Tidas and Oulmas, the issuance of the authorization for the

construction of two housing estates by 3rd April 2014 and the compliance by the municipality of these commitments consisting in the regularization of the land base situation, the project's implementation rate is slow, particularly that of the electricity and the road network.

### ➤ **Failures in the management of the "Anasr" relocation operation in Ain Aouda**

The audit management of Operation Anasr to relocate slum dwellers, which consists of nine sectors, revealed the following observations:

- Poor implementation of local public facilities;
- Sale of land lots by beneficiaries before paying the price for them;
- Issuance of building permits without requiring prior payment of the total price of the lots of lands covered by the permit;
- Allocation of additional lots of land to the same beneficiaries without requiring additional payment of the land price previously acquired.

### ➤ **Inadequacies in the operational management of urban planning**

The examination of the management of urban planning operations at the audited municipalities revealed the following:

- Absence of municipal building regulations in the municipalities of Rommani and Ain Aouda, despite the existence of a significant number of construction projects carried out on their territories;
- Launching of the development work on an unauthorized subdivision in the municipality of Ain Aouda. It was thus noted that partial work had been carried out to develop a plot of land on Regional Road No. 401 adjacent to Sector 9 of the Al-Nasr district near the former communal souk, including sanitation work and the opening of a lane for the allotment;
- Low allocation of local public facilities in the allotments of the municipality of Rommani;
- Equipment, by the municipality of Rommani, of the allotment "M" by the electrical network in place of the allotment developer;
- Granting of the authorization to create housing estates in the municipality of Sidi Kacem without obtaining the approval of all the members of the commission in charge of studying applications for authorizations.



## Regional Audit Court of the Casablanca-Settat Region

In 2018, the Regional Audit Court of the Casablanca-Settat Region carried out 20 audit missions, including first of all the autonomous water and electricity distribution agency Chaouia "RADEEC" and the delegated management of household waste collection and cleaning works, in the territorial authorities of Azemmour and Bir Jdid as Delegating Authority and the company "CASA-TECHNIQUE" as delegatee.

### **A. The autonomous water and electricity distribution authority Chaouia (RADEEC<sup>1</sup>): public drinking water distribution service**

The management audit of the Régie, covering the period 2012-2017, made several observations, the main ones being as follows:

#### **1. Governance system and strategic management of the Régie**

##### **➤ Unreliability and ambiguity of certain information presented to the Board of Directors (BoD)**

The reports submitted by RADEEC to the Board of Directors contain unreliable or outdated information. As an example, we can mention the communication to the Board of the purchase of "ERP<sup>2</sup>" software since 2014, whereas this service was not received at the end of July 2018.

##### **➤ Failure to comply with the minimum frequency of meetings of the Management Board and the Audit Committee**

The Executive Committee does not meet once a month. In fact, during the period audited, it met only twice a year instead of the 12 times provided for as a minimum threshold. Similarly, the audit committee met only once a year instead of three meetings required as a minimum threshold.

##### **➤ Weak association of the municipalities served with the Régie's action plans**

It was noted that the municipalities served were not involved, as they were primarily responsible for the creation and management of the public drinking water distribution service, in the planning, programming and even the execution of its actions in their territories. As such, the municipalities

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<sup>1</sup> La régie autonome de distribution d'eau et d'électricité Chaouia

<sup>2</sup> Enterprise Resource Planning

concerned do not have strategic orientation documents relating to their territories such as drinking water master plans, five-year strategic plans, and annual action plans.

➤ **Non-control and non-updating of the contractual framework linking the Régie to the municipalities served**

It was noted that the old contractual framework had not been updated in order to adapt it to the new administrative division of the Kingdom, in addition to the fact that the old minutes of the transfer of the drinking water network had not been replaced by agreements governing the rights and obligations of both parties in order to ensure optimal management of this public service.

➤ **Poor prevention against the risk of foreseeable water stress in most of the communities served by the Régie**

The Régie's Planning and Studies Department forecasts a significant increase in the needs of the population and industrial units for water resources in the coming years. In fact, during peak hours, it estimated the water deficit for 2019 at 179.78m<sup>3</sup>/h, and estimated it at 3042m<sup>3</sup>/h by 2030, particularly in the localities located in the province of Berchid. To cope with this situation, the Régie is required to increase its investment capacity in order to meet changing needs, and improve its performance by developing its resources and rationalizing consumption, and to avoid the expected impact of water stress on the population.

➤ **Delay in updating and adapting drinking water master plans (SDEPs) to the changes observed in certain action areas**

Despite demographic, urban and territorial changes and developments in the area served by the Régie, particularly in the centers under the jurisdiction of the province of Berchid, the Régie has not taken the necessary measures to update and adapt the studies related to the master plans. This has encouraged the programming of several projects outside the scope of the SDEP<sup>3</sup>s, such as the extension of the city of Settat to the west and the proliferation of projects authorized under the urban planning derogations.

➤ **Low implementation rate of projects and objectives programd in the SDEP**

The implementation rate of the programs contained in the SDEPs is low. In fact, as the SDEP horizon approaches, the overall implementation rate

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<sup>3</sup> Les schémas directeurs d'eau potable

of programd projects does not exceed 45%, with achievements of less than 20% in the centers of Sidi El Aidi, Oulad Said, Oulad Abou, and T'lat Loulad.

➤ **Failure to establish protection zones around wells and boreholes operated by the Régie**

The Régie continues to exploit the boreholes and wells without taking the necessary measures to establish close protection zones. As a result, it does not have data on the hydrological specificities and potential risks of massive groundwater exploitation. This does not promote the protection of its water supplies against uncontrolled exploitation.

**2. Evaluation of the drinking water distribution service by the Régie**

➤ **Deficiencies in the development and functioning of reservoirs**

As such, it was noted that water level sensors were not available. Also, some reservoirs are not protected against the intrusion of debris, insects and animals, or any harmful materials that could affect water quality. Moreover, some traps in drinking water tanks are corroded, while others are not covered.

➤ **Deficiencies in the care and maintenance of technical equipment, leak detection and repair operations**

The Régie's pressure boosting stations suffer from the lack of qualified human resources to monitor and maintain this equipment. In addition, the maintenance function of this equipment is not governed by formalized procedures specifying the attributions and monitoring and reporting indicators. Furthermore, for the leak detection operation entrusted to a team of three agents working mainly in the City of Settat, and without adequate material and equipment to carry out its missions.

➤ **Excessive slowness in processing claims related to heavy drinking water consumption**

This observation has been clarified in all phases of claims processing. In fact, during the period from 2015 to 2017, the number of invoices corrected after more than six months reached 21,491 with a correction period of at least eight and a half months.

➤ **The imposition of disconnection charges on late subscribers without an effective disconnection**

In the sales offices of Settat, Sidi Rhal, Deroua and Soualem, the technical and sales departments concerned systematically invoice the late

subscribers for the cut-off costs, set at 76.94DH, without having made any real cuts.

## **B. Delegated management of the cleaning sector**

In general, the main observations made during the two monitoring missions on the delegated management of household waste collection and cleaning works in the communes of Bir Jdid and Azemmour can be summarized as follows:

### **1. Means used in the execution of the delegated management contract**

#### **➤ Use of a dump truck for two delegated management tasks**

The delegatee company operated a dump truck listed among the machines relating to contract n°01/2016 in the performance of the delegated management of household waste collection and cleaning relating to the municipality of Azemmour. At the same time, it uses trucks attached to the delegated management of Azemmour for the benefit of Bir Jdid, taking advantage of the geographical proximity of the two communes as well as the operation of the same landfill site in Moulay Abdellah. This is mainly due to the fact that the devices operated in the two delegated management systems do not provide any information on the delegating authority.

#### **➤ Recording of variations in the weight of truck tares**

Through the reading of the weighing tickets of the weighbridge, it was found that the weight of the tars of the trucks and machines operated by the delegate of the management delegated to Bir Jdid is not stable and often varies without the municipality drawing its attention, especially since it does not have what can justify measuring the weight of empty trucks and machines, in order to monitor the evolution of the weight of household and similar waste that has been discharged.

### **2. Evaluation of the execution of the household waste collection and sweeping service**

#### **➤ Contradiction in the execution of the weekly souk cleaning**

Article 11 of the specifications relating to the rental of the Khmis Bir Jdid weekly souk stipulates that the cleaning service is the contractor's responsibility. This souk is located within the urban perimeter of Bir Jdid which falls within the competence of the delegate according to the specifications relating to the delegated management agreement. Such a situation is the cause of the deteriorated state of cleanliness within this department.

➤ **Failure to comply with contractual requirements regarding the number of waste containers**

It was noted in this regard that the delegate in Azemmour is satisfied with the manual scanning of streets and avenues, whereas article 26 of the specifications recommend a combination of their manual and mechanical scanning. On the other hand, it was noted that the delegate did not comply with the number of containers indicated in Article 34 of the delegated management agreement. The delegate was to bring 720 containers when it only brought 160. In addition, the delegate did not systematically replace the perforated and damaged containers as agreed in the contract and specifications.

Similarly, for the town of Bir Jdid, the delegate had to bring 212 garbage bins (660 L) when it only brought 170, and 151 bins (360L) when it was 149, and more than 5 of the 25 bins for black spots were not put in place.

## **C. Management of local authorities**

The main observations, identified in this regard, can be summarized as follows:

### **1. Administrative organization and internal control**

➤ **Organization chart not approved by the competent authority**

Article 118 of the Organic Law n°113.14 on Municipalities states that: "The decision on the organization of the administration of the municipality and its powers shall be enforceable only after approval by the governor of the prefecture or province or his interim, within twenty days of their receipt from the president of the council, the deliberation relating to the organization of the administration of the municipality and fixing its attributions".

However, it has been noted that the new organization chart of the Sidi Belyout district was not approved by the Governor of the prefecture of Casablanca. The one in the municipality of Sahel Ouled Hriz is also not targeted by the governor of the province of Berrechid.

➤ **Lack of monitoring of communal property**

No follow-up is provided for office equipment and furniture or store stock in the municipalities of Sebt Sais, Ouled Hssein, Sidi Mohamed Khdim, and Bir Jdid. Moreover, these municipalities do not keep a register containing all the information relating to these properties.



➤ **Malfunction in the management of the municipality's warehouse**

This aspect concerned the municipalities of Ouled Hssein, Sidi Mohamed Khdim, Sidi Mohamed Benrahal, and Sebt Sais, which do not have appropriate stores to ensure proper management of the stored material. In fact, all equipment and supplies are stored in the municipal garage under conditions that do not facilitate their access, in the absence of any stock sheet or receipt or delivery notes.

## **2. Programming and management of municipal projects**

➤ **Lack of municipal action plans**

Most municipal councils were unable to implement the action plan stipulated in the abovementioned Organic Law on Municipalities, which had to be developed and implemented since 2016. For the few municipalities that were able to establish their action plans, they were remarkably late in noting the absence of the necessary studies and the participation of the various partners.

➤ **Low project completion rate**

Despite the significant amounts programd by the municipality of Zemamra under its 2011-2016 development plan, which reached 875.2 MDHS, no project monitoring and evaluation mechanisms have been planned or put in place. As far as its implementation is concerned, the municipality has not taken any measures to monitor the rate of project implementation and compliance with partners' commitments.

In the commune of Sidi Mohamed Benrahal, only 4 projects out of a total of 35 were carried out, knowing that the project management of all projects was the responsibility of the other partners (the ministries' external services). The same applies to the municipalities of Sebt Sais, Ouled Hssein, Sidi Mohamed Khdim and Bir Jdid.

## **3. Revenue management**

➤ **Increase in the outstanding balance of the Unbuilt Urban Lands Tax (TTNB)**

The outstanding to be recovered, under the TTNB<sup>4</sup>, in the commune of Bouznika reached 215.81 MDHS in 2016, representing more than 72% of the total RAR, with an increase of 40.69% compared to the 2014 financial year.

➤ **Failure to monitor the conditions and deadlines for exemptions granted under the TTNB**

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<sup>4</sup> Titre de la taxe sur les terrains urbains non bâtis

These are exemptions granted to social housing projects or land subject to a subdivision or construction permit for a period of three years. This is due to the lack of coordination between the Urban Planning Division and the Financial Resources Development Division in monitoring the timing and conditions of exemptions, as well as the lack of a computer system to ensure the reliability and updating of the TNB data.

In the case of the commune of Bouznika, and on only five housing estates, there was a shortfall of about 2.74 million dirhams.

➤ **Low rental value and non-recovery of rental income**

It was found that the rental income from the municipal property is low, which does not allow municipalities to develop their financial resources, as is the case for the municipalities of Azemmour and Sidi Mohamed Benrhal, either residential or commercial premises.

It was also noted that the rental rights for the livestock sales market in Ouled Hssein were not collected for the years 2013 and 2015. Similarly, it was found that a number of tenants of the commercial premises in the municipality of Sidi Mohamed Khdim do not pay their debts, and yet the municipality does not take any action against the procrastinators.

➤ **Filing of flat-rate declarations with underestimation of work costs**

Some promoters declare lump sums and low amounts, which do not reflect the reality of the equipment and installations carried out at the subdivision level, which leads to the loss of considerable revenue for the municipality. In fact, it has been revealed in the municipality of Bouznika, for example, that the cost of developing housing estates cannot be less than 3000DH/m<sup>2</sup>, and may exceed this threshold if the development of the housing estate requires costly work such as the construction of wastewater treatment plants or drinking water pumping stations. Thus, this commune was deprived of additional revenues estimated at 1.76 MDHS, concerning only seven subdivisions.

In parallel, the municipality of Cherrat is based on the liquidation of the tax on a cost of about 59.80DH/m<sup>2</sup>, while the actual cost of equipment per square meter exceeds this threshold.

➤ **Error in the liquidation of the remaining balance of the tax on allotment operations**

The review of the invoices attached to the declarations of the real costs filed by the owners of three housing estates at the completion of the works in the municipality of Bouznika revealed that some of them were wrongly liquidated, which deprived the municipality of additional revenues estimated at 608,426.19 DH.

➤ **Failure by municipalities to monitor the quantities extracted and subject to the tax on the extraction of quarry products**

The municipalities do not check the quantities declared by quarry operators, which are considered as the basis for the liquidation of the tax on the extraction of quarry products.

It was also noted that the majority of municipalities rely on the declarations of operators without supporting documents, including the topographical statement that determines the quantities extracted, and on which the company's declarations can be verified.

➤ **Lack of supporting documents for the quantities extracted and not equipped from the quarries of computerized weighing equipment**

When declaring the tax on the extraction of quarry products, taxable persons do not provide copies of numbered receipts from a continuous series for the quantities acquired, contrary to Article 95 of Act n°47.06 on local taxation. Nor do they use computerised scales publishing information on the chronology, quantities, identity of the quarry, the operator and the carrier, in breach of Articles 8 and 9 of the specifications for quarrying and quarry control.

➤ **Failure to comply with the slopes and depths set by the operating permit**

Quarrying permits insist on the obligation to respect slope thresholds and to excavate in stages. However, the site visits revealed that quarry operators did not comply with these thresholds, which has negative impacts on the groundwater table.

➤ **Failure to rehabilitate mining sites after their closure**

The municipality of Sahel Oulad Hriz is home to several quarries that are no longer in operation, following the withdrawal of the permit. However, most of these quarries have not been rehabilitated, contrary to the Prime Minister's Circular No. 06/2010 of 14/06/2010 on the exploitation and control of quarries.

#### **4. Management of the urban planning sector**

➤ **Recurrent use of derogation procedures**

In the municipality of Oulad Hriz, the areas dedicated to derogations exceeded 228 Ha between 2009 and 2017. They concerned the development of industrial and/or residential housing estates. Thus, the use of this procedure has become systematic rather than exceptional.

### ➤ **Absence of criteria for granting exemptions and weak control**

On the territory of the municipality of BOUZNIKA, a number of developers benefit from urban planning derogations in the absence of the criteria and conditions set out in the mixed interministerial circular n°31/10098 dated 6 July 2010. Thus, real estate projects are authorized, while other similar projects sheltered in the same land base or neighboring areas are not.

Moreover, the derogations are not justified and do not specify the stipulations that have been the subject of derogation, such as (zoning, altitude...), nor do they clearly and precisely specify the commitments and obligations incumbent on promoters in return for granting the derogation.

In other cases, weak control was found in the respect by property developers of their commitments arising from decisions, which concern either the sale of property (land or construction) or the provision of services. Most of these commitments are not honored due to the laxity of the municipality and the lack of diligence towards these practices.

### ➤ **Gaps in the control of subdivision operations**

These gaps are manifested through the following:

- Failure by the municipality to provide any work program for officials responsible for monitoring and visiting construction sites and notifying infringements;
- No signature by all members of the committee in charge of studying the documents making up the application for authorization or the signature of contradictory documents;
- No use of a bank or personal guarantees in the event of allotments of the works, in order to oblige the project owner to respect the program and deadlines;
- Failure to monitor the obligation of the architect to keep the site logbook and definitively accept the allotments;
- Incomplete data on the number of authorizations granted;
- Errors in the liquidation of the tax on subdivision operations;

### ➤ **Negative effects of derogations on municipal spatial planning**

The derogation procedure has created territorial inequalities and socio-economic, urban planning and environmental inconsistencies. In fact, in addition to industrial units, housing developments are also authorized on

agricultural land. This situation has led to the proliferation of a large number of industrial units, both authorized and unauthorized, in the absence of solutions to combat its environmental impact. According to the minutes of the provincial commissions, industrial waste that is deposited without treatment in nearby lakes or roads, as well as harmful and foul-smelling fumes.

## 5. Expenditure management

### ➤ Failure to define needs accurately

It was observed that the Municipality of Azemmour does not precisely define its needs when issuing purchase orders. According to the letters of consultation, the goods and services ordered are described in general terms without specifying specificities and technical characteristics. The same observation was raised in the Commune of Sidi Mohamed Khdim, where the consultation letters do not precisely define the specificities of the work and needs.

### ➤ The obstacle to project implementation due to a lack of precision in the work

As part of the implementation of the project to secure the bank of the irrigation canal, the Municipality of Zemamra concluded the contract n°37/2011 for an amount of 2,654,148.00 DH for the implementation of liquid sanitation and paving works. After an unjustified decision of more than two years, the Municipality acknowledged in a letter dated 20 June 2014, and without giving any justification or explanations, that there were price overruns concerning the impregnation of the "cat" and the coating of the asphalt, and that it cannot continue the execution of the work. As a result, it was decided to terminate the contract and conclude a new contract for the completion of the work.

In addition, as part of the rehabilitation of the city, the Commune has launched an internal roads program. After the allocation of the funds and the start of the works, it was found that the liquid sanitation infrastructures are very deteriorated, which will lead the Commune to schedule additional works to change and strengthen the existing networks. This new programming has led to delays in the execution of the internal road program and the halt of ongoing works, with negative consequences for the companies responsible for carrying out the works and for municipal management and the population.

### ➤ Lack of a clear and precise vision on public street lighting works

As part of the municipal development plan for the city of Zemamra between 2011/2016, the contract n°33/2011 has been launched for the



rehabilitation of the public lighting network at a cost of 804,840.00 DH. After the final acceptance of the works on 20/12/2012; it was found that 75% of the works carried out (61 electricity poles among 80 units) concerned a section of Hassan II Avenue. Five years later, the Commune proceeded to remove these poles with their bases and electrical cables under the pretext of widening the regional road 202, and laying new electrical poles for a total cost of 17,000,000.00 DH.

➤ **Purchase of hardware and software without using them**

The Municipality of Azemmour incurred expenses without achieving the expected objectives. This is the case of the purchase of computer software for the civil registry office for an amount of 199,992.00 DH to enable its officials to issue administrative certificates. In fact, it was revealed that despite the acquisition of computers and computer software, they were not used. Another example concerns the purchase of signs for signage equipment for an amount of 49,728.00 DH. Although the streets and lanes do not have traffic signs, the municipality has been storing this equipment since its purchase.

➤ **Low use of the procurement procedure for the execution of the work and use of the same suppliers**

For the execution of certain expenses, the Commune of Sidi Mohamed Ben Rahal used purchase orders by consulting the same companies, and it was noted that a limited number of suppliers monopolize these purchase orders. The same observation was noted at the Commune Sidi Mohamed Khdim, which uses the same suppliers for the price offer.

➤ **No application of price revision**

It was revealed that the municipality of Azemmour did not apply the price revision stipulated in the specifications for certain contracts. This resulted in the payment of undue amounts to the companies that carried out the work. This observation concerns the contracts n°05/2012, n°06/2012 and n°08/2012. The total amount of the revision calculated following the non-application of the revision is estimated at 473,371.82 DH.

## **6. Management of communal property**

➤ **Absence of contracts for certain commercial premises and failure to regularize their situation**

This concerns the municipality of Oulad Hssine, where 40 stores do not have rental contracts and the municipality has not taken the initiative to regularise their contractual situations, nor has it updated the contracts concluded previously. It was also noted that in the Commune of Sidi Mohamed Khdim, the premises were made available to several civil servants without any contract. In addition, a large warehouse near the

commune's headquarters was made available to a dairy cooperative under the same conditions.

➤ **Non-respect of competences with regard to the issuance of decisions on the allocation of commercial premises**

As regards the conclusion of rental contracts and the issuance of rulings relating to the operation of commercial premises, the competence lies with the president of the municipality, in accordance with article 94 of Act No. 113.14, which stipulates that the president of the municipality shall conclude and revise rental contracts.

However, contrary to these provisions, the presidents who succeeded to the arrondissement of Sidi Belyout, since the date of the beginning of the arrondissement regime (in 2003), have issued operating shutdowns of commercial stores and signed the related rental contracts, although this competence falls within the power of the president of the municipality of Casablanca.

## Regional Audit Court of the Oriental Region

In 2018, the Regional Audit Court of the Oriental Region carried out 22 management audit missions involving a local public institution, the Autonomous Water and Electricity Distribution Authority of Oujda and 21 municipalities.

### A. Autonomous water and electricity distribution authority

The observations raised under this heading concerned the following aspects.

#### 1. Financial situation of the Régie

The financial situation of the Régie experienced a decline in certain financial indicators. In 2017, it recorded a negative net result of -36.31 MDHS, against +14.43 MDHS in 2016, the operating result also decreased from +30.7 MDHS in 2016 to MAD -13.96 MDHS in 2017. As for the financial result, it remained negative throughout the period from 2011 to 2017, with a deficit of 7.14 MDHS in 2017.

#### 2. Drinking water supply

The water distributed by the Régie comes from the wells managed by ONEE (11 wells) and the Régie (13 wells) and from surface water from the

Mechrâa Hammadi dam. The monitoring of the drinking water supply system revealed the following deficiencies:

- The continuous decline in the Régie's own production capacity, particularly for certain boreholes, as such, the analysis of future drinking water needs for the 2017-2020 period shows that the own production capacity will continue to decline by about 27% in parallel with an increase in the quantities of water purchased of about 22%;
- Recurrent breakdowns in the supply pipe from the Mechrâa Hammadi dam, causing disruptions in the drinking water supply to the city of Oujda. During the period 2007-2017, this pipeline experienced 146 failures and the duration of ruptures reached 527 days. Although an action plan has been jointly agreed between the Régie and ONEE to resolve the problem, the agreed work has not yet been completed, including the doubling of a 17 km section of this supply line;
- Delay in resolving the constraints identified by the diagnosis carried out as part of the drinking water master plan. These include weaknesses in preventive and maintenance control on stabilizers and other hydraulic equipment, as well as water stagnation due to the sectorization of the distribution network.

### **3. Actions to improve the performance of the drinking water distribution network**

Investments made to improve the efficiency of the drinking water distribution network during the 2013-2016 period amounted to 63.2 MDHS, and concerned the implementation of a remote management system for monitoring the water loss indicator and night flow, the renewal and rehabilitation of the drinking water distribution network, the renewal of old or blocked meters, and the implementation of a geographical information system. However, the investments in question were started in the absence of a diagnosis of the network and without a precise determination of the objectives. In terms of results, the impact of these investments remained limited. The following observations illustrate the deficiencies identified:

- - The low efficiency of the water distribution network reached 62% in 2015, which is lower than the national average recorded by the authorities and delegates (74.6%) and below the objective of 68% set by the Authority in its 2015 budget. The quantities of water lost in the distribution network reached a total of 8.03

million cubic meters in 2017 or more than 65% of the quantity of water purchased from the ONEE;

- Insufficient sectorization of the distribution network, which includes 48 hydraulic sectors, some of which are more than 60 km long and others reach 90 km, which does not allow for fine control of water losses. Moreover, the mismatch between the hydraulic and commercial sectors does not allow a reconciliation between the operating data and the sales volume. Faced with these deficiencies, water loss indicators remain high in some sectors and below the planned objectives;
- Inadequacies in the measurement of indicators relating to the distribution network: the Régie does not have a protocol for counting and calculating performance indicators. The measurement of the night flow indicator is not accompanied by a method to neutralize the effects of non-domestic consumption and that of large consumers. In addition, the values of the performance indicators are calculated outside the Régie's geographic information system, as the latter does not currently allow this calculation to be performed automatically, which increases the margin of error in the calculation of the indicators. Consequently, the Régie does not currently have an exhaustive hydraulic situation for each sector;
- The Régie spent significant amounts on the implementation of a remote management system for monitoring network operating indicators (6.7 MDHS) and a geographic information system (2.25 MDHS). However, in the absence of a global vision, the geographical information system is not yet fully operational and work on its implementation remains ongoing (since 2007) until the end of 2018, some hydraulic zones and sectors and the various equipment it includes are not yet integrated, in particular, subscriber meters and meters located at the entry and exit of hydraulic sectors.

## **B. Missions of the management audit of the municipalities**

The municipalities' audit missions focused on the management of public procurement, revenue, and urban planning. Below are the main observations noted.

## 1. Expenditure management

### ➤ **Insufficient preliminary studies leading to substantial changes in the quantities carried out**

In several contracts, the work carried out was quantitatively different from the forecasts, indicating deficiencies in the preliminary studies. In the municipality of Al Aaroui, the variations ranged from -79.87% to +820.77%, and in one contract, some works were not carried out while another contract was subject to unpredictable works. The variations in question were also found in three contracts in the municipality of Tsaft, two contracts in the municipality of Aklim and one contract in the municipality of Bni Tajite. In the municipality of Iaazzanene, a works contract was awarded without a geotechnical study of the site where the project was carried out, which resulted in an increase in some work quantities (with rates of 100%). In the municipality of Bouanane, the lack of precision in the determination of needs negatively affected the execution times and quantities of work carried out with an increase (50%) or a decrease (44%).

Also, and due to the inadequacies of the preliminary studies, the municipalities of Tsaft and Azlaf have issued purchase orders for the completion of works that have already been accepted under contracts. In the same way, the municipality of Iaazzanene carried out, by purchase order, work to develop a road, and two years later, it did the same development via a contract.

Similarly, the municipality of Ain Erreggada announced calls for tenders for the implementation of projects without a precise determination of needs, the contractual framework and the implementing procedures, which resulted, in one contract, in the payment of supplies for an amount of 59,920.00 DH, which were not exploited, and additional costs estimated at 36,000.00 DH because of the division of the works into two contracts in another project. In the said municipality, the deficiencies of the preliminary studies are reflected in the frequent increase in the volume of work, which concerned seven of the 11 contracts launched during the 2013-2017 period.

In the municipality of Oulad Bourima, the inadequacies of the preliminary studies for a project resulted in the contract amount for the construction of the shell works only being exceeded, as well as to non-compliance with the plan drawn up by the architect, resulting in the project being halted at the shell works stage and its completion not being completed until the end of 2018.

Furthermore, the municipality of Figuig issued several calls for tenders for the renewal and extension of drinking water channels for a total amount of 2,590,512.00 DH and spent a total amount of 455,669.00 DH on street



lighting to adopt LED technology. However, these projects were not based on preliminary studies for the implementation of the overall design and the precise determination of the work to be carried out.

➤ **Award of contracts in the margins of the consultation regulation and unjustified exclusion of certain tenderers**

In the municipality of Sidi Ali Bel Quassem, a company was awarded a contract despite its recent creation and its submission of only two reference certificates with a different subject matter from that of the contract. Similarly, the municipality of Azlaf awarded a contract to a company despite the fact that the reference certificates it submitted did not match the subject matter of the contract at the time when another bidder was ousted for the same reason. In the municipality of Figuig, bids were accepted although they did not meet the consultation regulation in terms of the criteria for reference certificates, and in the municipality of Bouanane, bidders were rejected without justification or with justification without legal basis.

For the municipality of Iaazzanene, three contracts were awarded to tenderers who did not submit their technical files and additives as provided for in the consultation regulations. In the same municipality, substantial discrepancies were found in certain articles of the special requirements documents signed by the bidders, included in their files, and the documents relating to the estimated costs of quantities of several work units, yet the tender commissions did not find any observations in this regard.

In the municipality of Bni Guil, a contract was awarded to a bidder after amending its bid during the bidding session by reducing the price of a work unit so that the bid in question became the lowest priced.

➤ **Non-application of the procedure for abnormally low tenders**

In the municipality of Al Aaroui, the procedure for bids with abnormally low or high prices was not implemented in three contracts, the bids of the tenderers included ten (out of 13) abnormally low prices in the first contract and 49 abnormally low prices and seven high prices in the second. As for the third contract, out of three bids concerned, only two bidders were invited to submit their justifications, while the other bidder had also submitted five abnormally low prices.

In two contracts in the municipality of Chouihia, two bids with abnormally low and high prices were selected without the bidders concerned being invited to submit their justifications. The same observation was made in four contracts in the municipality of Ain Erreggada, two contracts in the

municipality of Iaazzanene, and one contract in the municipality of Oulad Bourima.

As for the municipality of Figuig, one bidder was rejected on the grounds that its bid was abnormally low, but without inviting it to justify it, and another bid was selected in another contract, whereas the bidder's justifications concerned only 11 low prices when its bid included 14 low prices and five high ones.

In another contract in the municipality of Abbou Lakhhal, the bids of three bidders were considered abnormally low, two of which were rejected, without requesting justification from the first and without specifying the inadequacies of the second's justification. In another contract in the same municipality, a bidder was rejected on the grounds that his bid was abnormally low, whereas the bid was not.

In other cases, although the procedure in question was implemented, the justifications provided were accepted for some bidders and rejected for others, although they were the same justifications. This observation was noted in three contracts in the municipality of Bni Guil, two contracts in the municipality of Ain Erreggada, and one contract in the municipality of Sidi Ali Bel Quassem.

➤ **Conclusion of contracts to regularize work previously performed in violation of the rules for the execution of expenditure**

The municipality of Al Aaroui began a study and a works contract even before their approval and the commitment of the related expenses. In addition, a purchase order was issued to regularize work already completed. And in a negotiated contract (concerning an architect's contract), the preliminary plans and diagrams of the project were drawn up, more than six months before the signature of the architecture contract and its approval.

In the municipality of Bouanane, 12 contracts were awarded and their approvals notified before the commitment visa, in some cases the commitment control took place after the notification of the service order to start the execution, or even after the acceptance of the works in other cases. In the municipality of Bni Guil, the procurement procedure proved to be a regularization of work previously carried out.

➤ **Failure to take action in response to the failure to produce certain contractual documents and deficiencies in the monitoring of the execution of the work**

As regards the guarantee, the municipality of Bouanane did not confiscate the provisional guarantee despite the late submission of the final guarantee. The same observation was made in a contract concluded by the municipality of Figuig.

Furthermore, the municipality of Bni Tajite has not taken any steps to ensure that contract holders submit insurance certificates, attachments, and stocktaking plans. In the municipality of Ain Erreggada, the provisional acceptance of two construction works contracts were granted without requiring the submission of the 10-year guarantee.

The companies holding the contracts did not present the work situations in three contracts in the municipality of Aklim, three contracts in the municipality of Bni Tajite and one contract in the municipality of Oulad Bourima. In the municipality of Ain Sfa, the provisional acceptance of two works contracts was granted without providing the collection plans.

At the municipality of Iaazzanene, the execution of the works planned in four contracts continued beyond their initial volumes without the municipality establishing service orders to continue the execution, the total amount of the said works in excess reached 379,603.22 DH. In the same municipality, the holders of four contracts were not required to submit certain documents such as technical notes and topographic description books. This observation was also recorded in the municipality of Figuig where the work execution programs, plans, employee lists and the inventory of the equipment used were not presented to the project owner. In the municipality of Figuig, the site workbook was not kept in any works contract for the period 2013-2017.

In the municipality of Bni Guil, attachments are not established in some cases, which could affect the accuracy of the calculations for the settlement of the expenditure in question.

In one contract, the municipality of Azlaf did not receive the results of the laboratory and control tests from the holder, although some shutdown orders were motivated by the said tests, which does not make it possible to ensure the criteria and quality of the materials used.

➤ **Non-application of price revision clauses and liquidation errors**

Some municipalities do not apply price revision, which has led to errors in the settlement of the sums due under the contracts concerned. In fact, it

was noted that the sums relating to the price revision in favor of the municipalities varied between 594.58 DH and 161,894.88 DH, while those in favor of the companies varied between 2,082.68 and 38,840.29 DH.

➤ **Non-application of penalties for late payment and delay in the payment of fees to companies holding contracts**

In several contracts, the municipality of Al Aaroui has issued several stop-work orders. However, the purpose of these judgments was to avoid the application of late penalties. In four contracts, the total amount of these penalties amounts to 1,505,592.39 DH. The same observation was raised in two contracts in the municipality of Ain Erreggada where the number of penalties not applied amounted to 3,164.40 DH under one of the two contracts concerned.

The penalties for a late payment not applied amounted to a total of 130,116.31 DH for three contracts in the municipality of Mrija, and 3,921.09 DH for one contract in the municipality of Bouanane.

Concerning the payment of amounts due to contract holders, with the exception of two contracts, the municipality of Bouanane systematically experienced a delay in the payment of accounts during the period 2012-2017, these delays reached between 191 and 1,912 days, which could generate default interest to be charged to the municipality for a total amount of 74,203.00 DH. In Abbou Lakhel commune, with the exception of one statement, payments were made with delays of between 37 and 606 days. For the municipality of Azlaf, the payment was made 80 days late and the penalties were estimated at 1,637.76 DH.

➤ **Malfunctions in the provisional acceptance of certain contracts and payment for work not carried out**

In the municipality of Al Aaroui, the provisional acceptance of some works was granted before the laboratory quality tests were carried out. Similarly, in the municipality of Figuig, the acceptance took place without consideration of the reports of the experimental tests and the controls of the technical specifications in quantity and quality.

At the municipality of Mrija, the provisional acceptance of two contracts was pronounced with delays of ten and four months after the completion of the execution. The same applies to the municipality of Ain Sfa, where the acceptance was delayed by 57 days after its presumed date. In the municipality of Ain Erreggada, the provisional acceptance of the architect's services (follow-up of execution) was pronounced before that of the works, so the architect did not sign the attachments and statements on which the payment was based.

In addition, the payment concerned work that had not been carried out. For example, in four contracts in the municipality of Al Aaroui, the total amount of the works in question reached 122,123.40 DH. In the municipality of Iaazzanene, an amount of 25,297.44 DH was paid without consideration in a contract. Similarly, in the commune of Bni Guil, in two purchase orders, amounts of 18,000.00DH and 11,517.60 DH were unduly paid. The same discrepancy was found in two contracts in the municipality of Sidi Ali Bel Quassem.

In the municipality of Ain Erreggada, discrepancies were noted between the quantities of work included in some of the accounts and the actual works carried out, in addition to differences in the technical specifications and deficiencies in the quality of the works. As for the municipality of Chouihia, it acquired a nacelle truck that did not meet the specifications provided for in the relevant contract.

➤ **Inadequacies in the operation of the works carried out**

In the municipality of Sidi Ali Bel Quassem, a contract was launched in 2013 for the completion of the construction of several education and training centers for a total amount of 120,000.00 DH. However, these centers are not yet fully equipped, some of them are not connected to the water and electricity networks and their equipment has been damaged. Until the end of 2017, the centers in question have not yet been operated in any activity. In the municipality of Bni Marghine, a technical study was carried out in 2013, but the results have not yet been used (until the end of 2018).

The same deficiencies have been raised in the municipality of Bni Guil, where some projects are not being exploited or are being exploited for purposes other than those planned. This is the case, for example, of a vehicle equipped for the maintenance of water points, purchased at a cost of 498,880.80 DH, but which is used by the president of the municipality as a service car. In the same commune, a pound was built in 2013 for an amount of 244,669.20 DH and a refectory was built during the years 2016 and 2017, within a community school, at a price of 187,854.00 DH, but the two structures have not yet been operated since their construction.

➤ **Non-compliance with procedures for competitive bidding and purchase order expenditure**

In most of the municipalities audited, supplies are made from a limited number of suppliers, purchase order files do not include letters of consultation, and in some cases, contradictory estimates are not submitted. In other cases, estimates are undated and not recorded. These deficiencies were identified in the municipalities of Aklim, Sidi Ali Bel Quassem,



Bouanane, Azlaf, Tsaft, Bni Marghnine, Iksane, Mrija, Bni Tadjite, Bni guil, Figuig and Ain Sfa.

In the municipality of Bni Marghnine, a technical study was carried out in the context of the expenditure commitment procedure, and expenses related to work previously carried out were also regularized for a total amount of 524,268.00 DH. In turn, the municipality of Mrija issued an order form in 2016 to regularize the previous electrification work on some douars. As for the municipality of Iaazzanene, it paid in 2017 for the purchase of three scooters in the absence of a receipt and without competitive bidding.

In the municipalities of Abbou Lakhel, Bouanane, Tsaft, Azlaf and Bni Marghnine, in addition to the non-competition and fictitious nature of the consultations, the procedures for the commitment and liquidation of expenditure are not respected. In fact, some purchase orders are issued after the invoice or before the commitment or without the commitment date.

For the municipalities of Chouihia, Isly and Ain Sfa, the receipt of supplies and repairs is certified before the expenditure is incurred. In the municipalities of Isly and Tafersit, quantities of fuel were paid for before they were actually received. Similarly, the municipality of Sidi Ali Bel Quassem receives the requested supplies in exchange for delivery notes, before subsequently issuing purchase orders. In the same way, the municipality of Iksane uses a single supplier to obtain fuel and lubricants and the amounts due are subsequently settled and paid through an order form.

The municipality of Ain Sfa concluded two purchase orders to carry out the work, without competitive bidding and without observing the commitment procedure in the sense that the execution started even before the receipt of bids from the bidders consulted and before the commitment visa. In two other purchase orders issued by the same municipality, payment was made before the service was rendered. Another purchase order was issued on November 2017 to regularize a technical study and follow-up of the work carried out before June 2017.

In 2014, the municipality of Tsaft issued an order form for the regularization of technical studies and road construction monitoring expenses, whereas the said works took place in 2013, and the special conditions had been established by the design office receiving the order form.

## **2. Revenue management**

### **➤ Delay in updating the tax decree**

After the entry into force of Act No. 47.06 on the taxation of local authorities, as from 1 January 2008), the updating of the tax decree in each

of the municipalities of Bouarfa and Sidi Ali Bel Quassem was delayed, preventing the collection of significant amounts due to the non-application of the changes introduced on the tax rates on construction operations. These amounts were estimated at 461,685.00 DH in Bouarfa and 165,20.00 DH in Sidi Ali Bel Quassem.

As for the municipality of Mrija, the successive decisions to create revenue authorities do not include provisions relating to the tax on public passenger transport and the revenue from water points. Also, the tax decree does not include provisions on taxes on the occupation of public property, even though the municipality has issued 31 construction permits as well as the observation of the phenomenon of occupation of public property (without authorization) in the center of the said municipality. This phenomenon has also been observed in the municipalities of Iaazzanene and Ain Sfa.

➤ **Deficiencies in the application of the tax on undeveloped urban land and the tax on construction operations**

As regards the tax on undeveloped urban land, the municipalities of Al Aaroui and Bouarfa do not carry out an annual census of the land subject to it. During the period 2010-2017, the municipality of Al Aaroui had a tax potential of at least 78,571,450.00 DH, while the total recoveries in this respect did not exceed 13,257,286.00 DH. As for the municipality of Bouarfa, the amounts lost in this respect amount to more than 629,604.00 DH during the same period. For the municipality of Ain Erreggada, at the end of 2017, the amounts not paid for the tax in question amounted to 52,353.00 DH.

With regard to the tax on construction operations, in the municipality of Iaazzanene, the liquidation of the tax is carried out on an estimated basis in the absence of dimensions, or plans, or by excluding certain beneficiaries from the scope of the tax, resulting in the loss of an amount of 65,420.00 DH for the period 2010-2017. In the same municipality, errors in the liquidation of the tax resulted in losses estimated at 153,960.00 DH.

In the same way, the municipality of Chouihia issued five authorizations without application of the related tax for an amount of 68,255.00 DH, the same applies to the municipality of Aklim which issued three authorizations without payment of the tax for an amount of 28,040.00 DH, and the municipality of Sidi Ali Bel Quassem which issued two authorizations without their beneficiaries paying the tax for an amount of 7,360.00 DH.

➤ **Accumulation of outstanding balances related to taxes on public passenger transport and parking**

Some municipalities have not collected the two taxes related to public transport. This has led to an accumulation of the outstanding amounts to be recovered. In fact, their total, in each municipality, varied between 3,800.00 DH recorded at the municipality of "Ain sfaa", and 115,010.00 DH recorded at the municipality of "Bouaarfa".

➤ **Failure to take legal measures for the collection of rental income from municipal property**

Despite the importance of the outstanding amounts to be recovered for the operation of commercial premises and certain municipal public services, the municipalities do not take the necessary measures against tenants, in particular through taking the matters to the courts and the termination of contracts. As such, it was recorded the accumulation of debts due by the operators, varying, according to each commune, between 5,190.00 DH at the level of the commune "Ain sfaa", and 1,364,584.00 DH at the level of the commune "Bouaarfa".

➤ **Deficiencies in the collection of the tax on the extraction of quarry products**

In some cases, the municipality of Sidi Ali Bel Quassem, despite the availability of the necessary elements for the liquidation of the tax, did not take the necessary measures to recover an amount of 408,930.00 DH. Another amount of 411,755.00 DH, determined on the basis of an inspection report, was not also recovered.

The municipalities of Isly, Iksane and Oulad Bourima do not check the declarations in order to undertake, if necessary, the necessary corrections and revisions.

For the municipality of Bni Tajite, it suffers from the arbitrary exploitation of the quarries located on its territory. The said municipality has data on ten operators who have already filed their returns and paid the amounts due for the tax between 2013 and 2017, although they are not authorized.

## **Regional Audit Court of the Beni Mellal-Khenifra Region**

During 2018, the RCA of the Beni Mellal-Khenifra Region carried out 16 management audit missions involving a consortium (01), two delegated management contracts (02) and thirteen (13) joint projects. The most salient observations from these missions are presented below.

## **A. The " Great and Medium Atlas " grouping**

Created in 1995, the Group's mission is to open tracks, search for water points and carry out electrification work within the territorial jurisdiction of the 44 municipalities in the province of Azilal. The main observations identified in this regard are illustrated below.

### **1. Governance and financing**

The following has been noted at this level.

#### **➤ Absence of a study justifying the formation of the group and the evaluation of its action**

The Grouping was created in the absence of a study justifying its constitution and its capacity to carry out the missions entrusted to it, taking into account immediate and future resources. Moreover, although the Group has been in existence for more than 23 years, no evaluation of its performance and management has been carried out.

#### **➤ Malfunctions in the administrative management of the group**

The Group has neither an organization chart nor its own officials. Similarly, its assets and acquisitions are used in the management of the affairs of the divisions and services within the province of Azilal.

#### **➤ The multiplicity of the tasks of the officials made available to the Group hinders the normal monitoring of works and projects**

In the absence of its own officials, the management of the Group's projects has been entrusted to 10 officials from the Azilal province, who are also responsible for monitoring and controlling the implementation of projects carried out within the province's territorial jurisdiction under other budgets. During the period 2011-2016, they were in charge of supervising the execution of 400 public contracts for a total of 740 MDHS, with 40 contracts for a total amount of 74 MDHS per civil servant.

#### **➤ The disproportion between financial contributions and the representativeness of municipalities**

The calculation of the contributions of the member municipalities is based on the allocation by each of them of 50% of the estimated surplus and 20% of the actual surplus, which means that the contributions are significantly different from one municipality to another. Thus, the disproportion between these contributions and the representativeness of the municipalities at the Group's deliberative council has led to the appearance of signs of withdrawal, and the failure to honor financial commitments in respect of annual contributions.

It should also be noted in this context that, out of the 44 member municipalities, only 10 municipalities contributed 50% of the Group's income during the period 2011-2016, while the contributions of 17 municipalities did not exceed 11% of the total contributions. On payment, these ten municipalities received only 23% of their contributions, knowing that they are considered the poorest in the province according to the multidimensional poverty index.

## **2. Project Management**

At this level, the following has been noted.

### **➤ Lack of a clear strategy and imprecise programming for the search for water points**

The province of Azilal has significant water resources. However, in order to achieve the objective of providing drinking water to the population, the Group has not developed, in coordination with other actors, a clear strategy based on technical data and preliminary studies setting priorities and possible solutions to overcome problems in this area. As a result, in some cases, this practice has not achieved the objectives set. Thus, the Group invested about 8.4 million dirhams during the period 2009-2016 to supply the population with drinking water, however, 16 wells, built at a cost of about 4.6 million dirhams, remained unused.

### **➤ Use of irregular compensation between the quantities included in the statements**

In some cases, the grouping has included in the accounts quantities greater than those shown at the attachment level. These differences are due to the use of price compensation, although this practice is not legally justified.

### **➤ Deficiencies in the quality of the work carried out**

The physical verification of the runway development projects revealed deficiencies in their implementation, such as the failure to open trenches on several runway sections to protect them from diversions, the inappropriateness of the materials used for the development of the runways and tracks and the existence of differences in the width of certain sections of the same runway.

## **B. Delegated management of cleaning services**

In 2018, Regional Audit Court audited two delegated management contracts for cleaning services. The first concerned the municipality of Beni Mellal, while the second dealt with the municipality of Khenifra.

The main observations noted in this context are as follows.



## 1. Preparatory work and the procedure for concluding the delegated management contract

The preparation and conclusion phase of the two delegated management contracts was affected by several malfunctions, the most important of which are as follows:

- **With regard to the municipality of Khénifra:**
  - Adoption of a crapload other than the one approved by the municipal council;
  - Deficiencies in the archiving system resulting in the loss of a significant portion of documents related to service management;
  - Failure to establish unified criteria for evaluating competitors' technical offers;
  - Modification of the evaluation criteria during the bid evaluation session, by adding three (03) new criteria.
- **With regard to the municipality of Beni Mellal:**
  - Non-evaluation of the first contract concluded with the previous delegate;
  - Lack of a precise definition of the details of certain prices such as mechanical scanning, which has led to difficulties in comparing the offers submitted;
  - Failure to check the accuracy of the information and statements produced by competitors in the financial offers, the latter contained errors whose correction did not take place in time, resulting in personnel costs not being taken into account by the delegate;
  - Delay in drawing up the specifications for delegated management and in the call for tenders, resulting in an obligatory extension of the services of the previous delegate.

## 2. Governance and control of delegated management

The control of the delegates by the two municipalities was marked by the absence of a pre-established control work program, as well as the notification of the observations noted by the two municipalities orally to the two companies without the resulting penalties being applied.

Furthermore, municipalities and delegates do not control the nature of waste from health facilities and medical practices. They do not ensure that

they have internal systems for the treatment of operational and permanent medical waste and that the medical waste produced is effectively separated from household and similar waste before it is collected and deposited at the landfill.

In addition, it was noted that the internal control systems were not in place for both delegates in accordance with the clear provisions of the specifications.

Other deficiencies have marked the governance and performance control of delegated management contracts, including in particular:

- Failure to set up a monitoring committee and a control unit to monitor the implementation of the management contract delegated by the municipality of Khénifra;
- Failure to hold regular meetings of the monitoring and control committee of the municipality of Beni Mellal and to adopt internal regulations relating thereto;
- Commencement of the execution of the delegated management contract at the municipality of Beni Mellal before its approval;
- Delay in regularising the financial situation of the outgoing delegate by the municipality of Beni Mellal.

### **3. Contractual investments and actual achievements**

The delegatee company has undertaken with the municipality of Khénifra the investment of 55.50 MDHS throughout the ten (10) year term stipulated in the contract. Similarly, the delegatee company on behalf of the municipality of Beni Mellal has undertaken the investment of 19.45MDHS during the five (05) year term stipulated in the contract.

Besides the failure to keep separate accounts of the transactions carried out under the two delegated management contracts and the failure to adopt by mutual agreement between the co-contractors detailed lists of return and repossession goods, the following deficiencies were identified:

- Contribution by the delegatee company from the municipality of Beni Mellal of worn-out equipment instead of new one at the beginning of the performance of the delegated management contract;
- Recording a significant difference resulting from the purchase of waste collection containers for the benefit of the same company, estimated at 2.9 MDHS without having declared it to the municipality of Beni Mellal;

- Non-renewal and non-maintenance of the municipal equipment after its transfer to the delegate in question by the municipality of Khénifra;
- Delay in the implementation of new machinery and equipment by the municipality of Khénifra and the delegated company in question;
- Low maintenance of the weighbridge and failure by the Khénifra municipality to carry out regular calibration operations by the delegated company.

#### **4. Evaluation and invoicing of services provided under the delegated management contract**

The collection of waste and its disposal at the public landfill is the main component of the monthly invoice presented to each of the two municipalities. However, this operation is affected by several deficiencies concerning the weighing of empty lorries, for which significant differences have been noted for the same vehicles and which have been the basis for the settlement of the quantities invoiced for the services provided by the delegates.

Also, the loads carried by the tippers significantly exceeded the admissible capacities of the vehicles according to the relevant technical datasheets, with rates of over 50% for the delegated company on the part of the municipality of Khénifra, and over 55% for the delegated company on the part of the municipality of Béni Mellal. This constitutes a violation of the provisions of the Highway Code and a threat to road safety since the safety equipment of the vehicles concerned would be less effective.

Moreover, other deficiencies concerning the performance of services and invoicing were identified, namely:

- Payment by the municipality of Khénifra of additional amounts for the price revision for 2010 and 2011 and 2012;
- Lack of human resources mobilized by the municipality of Khénifra for the control of the waste disposal operation at the public landfill;
- Failure to achieve the objectives set out in the delegated management contract of the municipality of Beni Mellal concerning the selective waste collection and recycling.

## C. The municipalities

The audit missions carried out in 2018 concerned the following municipalities: Ouled M'barek, Tanougha (Béni Mellal Province), Aguelmam-Azegza, Elborj, Ait Saadli (Khénifra Province), Oued Zem, Hattane, Ain Quicher and Tachraft (Khouribga Province), Ait-Oukebli, Taounza and Timoulilt (Azilal Province), Ahl Marbaa (Fquih Ben Saleh Province). In this respect, several observations were noted, the most important of which are as follows:

### 1. Project Management

The management of municipal projects has been affected by several deficiencies, leading to delays in implementation, operational difficulties and failure to achieve the expected objectives. The main findings related to this aspect are as follows.

#### ➤ Lack of preparation and lack of a clear vision of the planned projects

Despite the efforts made by the municipality of Oued Zem, the restructuring operation of 20 districts, housing approximately 50% of the entire population of the municipality, was carried out in the absence of an overall vision set out in an official document, including in particular the following:

- A precise census of the slums, and a study of the land situation,
- Inventory of existing equipment networks and those that should be created,
- An estimate of the overall cost with the determination of the sources of financing, and the conclusion of agreements with the various stakeholders concerned,
- The elaboration of a schedule for the implementation of the programs, and the supervision of the inhabitants of the neighborhoods in the form of chapters and associations to facilitate communication with the commune.

These deficiencies have led to a delay in the execution of the work since at the time when the connection rates to the various networks have reached advanced percentages at the level of 12 districts, 08 other districts are still deprived of all the equipment and road networks or one of the two.

#### ➤ Failure to exploit the projects carried out

Some of the projects carried out have experienced a lack of management and a delay in operation, such as the communal swimming pool and student

house (Dar Taliba) projects located in the commune of Hattane. In fact, although the provisional approval of the municipal swimming pool took place on 22nd April 2013, its handover to the municipality was not due to the unavailability of the financial resources necessary for its operation. Thus, it was found that the pool equipment was damaged due to non-use and lack of safety. With regard to the student house project, carried out at an estimated total cost of 1.8 MDHS, construction work was completed in 2015, but until October 2017 the project has not yet started.

In addition, on July 17, 2012, the Oued Zem municipal council approved agreements for the construction of three social centers (neighborhood houses), a souk for street vendors and six stores for a total cost of approximately 13.6 MDHS, excluding land purchase costs. But, until the end of January 2018, these projects remain unexploited.

➤ **The reception of part of the work before the objectives set are achieved and the appearance of risks threatening the sustainability of the project**

The municipality of Oued Zem has benefited from a project to build a "Oued Zem-Ain Quicher green hill" in partnership with the Ministry of Energy and Mines (Department of Environment), over a length of 16 km, with the aim of creating large parks and developing areas for leisure and games, sports and other facilities. However, the project stopped at the level of the realization of the infrastructure, namely the buildings and the plant planting works, for a total cost of 50 MDHS over a distance of 1.5 km, and was then handed over to the municipality of Oued Zem before the objectives set were reached.

After receiving the project, the municipality of Oued Zem appointed, initially, 32 municipal agents to manage and maintain the project, and then concluded a renewable contract, for an amount of 1,999,680.00 DH, for the maintenance of the municipal green spaces including the project in question.

The fact that the municipality alone is responsible for the maintenance, monitoring, and horticulture of the hill, without any contribution from other stakeholders, weighs heavily on its budget. The site visit of this project revealed several observations related mainly to the deterioration of the condition of the lawn, insufficient planting, and the lack of use of the playground and sanitary areas. It was also found that the gardens are not protected by gates, which facilitates access and thus damages grasses and plantations, and that the drip irrigation system provided by the management and maintenance company is in a deteriorated state.



## 2. Management of certain basic services and equipment

### a. Management of the drinking water distribution service

The municipalities of Ait-Oukebli and Taounza manage, directly or with the contribution of certain associations, the drinking water distribution service. The main observations noted at this level are:

➤ **Increase in the backlog of drinking water consumption and failure by the municipality of Taounza to pay subscription fees**

The backlog of drinking water consumption in the municipality of Ait-Oukebli increased between 2013 and 2017, from 1,598.75 to 8,826.00 DH, not counting the 600 members who do not pay their consumption costs. On its part, the municipality of Taounza does not apply the membership fees set at 150 DH per member.

➤ **Insufficiencies in the relationship between the municipality of Taounza and the associations involved in the provision of drinking water to the population**

The number of associations acting in the management of this service, until 2017, has reached 11 at the level of the municipality of Taounza, of which nine (09) operate in the absence of any contractual relationship with the municipality. Furthermore, the municipality does not adequately supervise this service. In fact, this observation is particularly evident, on the one hand, in the lack of data relating to these associations such as their number, dates of creation, members, legal status, number of subscribers and investments, and on the other hand, in the adoption by these associations of tariffs other than those provided for in the tax decree, with all the resulting differences in terms of tariffs applied by each of the parties involved.

➤ **Deficiencies in drinking water supply**

The management of the drinking water distribution service in the municipality of Ait-Oukebli has suffered from several deficiencies, mainly due to the obsolescence of the network and the shortage of water, especially during the summer, which leads it to suspend daily the supply of drinking water to the population for periods that can reach, in some cases, 51 hours every 55 hours.

### b. Management of the slaughter service

Deficiencies were noted in the implementation of the provisions of the specifications. In fact, contrary to the provisions of article 3 of the specifications, the municipality of Ouled M'barek has assumed, instead of the tenant, the expenses related to water consumption, which amount to 413,830.00 DH for the period 2013-2017. In addition, the tenant does not

honor several contractual obligations, such as the lack of monitoring of the cleanliness of the service, the non-use of tickets and the failure to make a list available to the municipality, approved by the veterinary doctor, containing the number of heads slaughtered and the related weights.

### **c. Management of the weekly souk service**

As regards the souk located in the territory of the municipality of Ouled M'barek, it was noted that the tenant recovers certain taxes that are not provided for in the tax decree. In addition, the latter sublet components of the souk to others without the agreement of the municipality, just as a group of wholesalers built reed or cement shops and cafés without the written agreement of the municipality. In addition, the municipality did not require the tenant to present the insurance policy for labor and civil liability.

## **3. Urban and spatial planning**

Besides the observations noted in the municipalities audited, mainly related to the granting of building and subdivision permits, the issuing of residence permits, and the implementation of the necessary measures against urban planning offenders, the following should be highlighted.

### **➤ Issuance of administrative certificates of sale of land lots in an unauthorized subdivision**

The municipality of Hattane has issued administrative certificates to sell lots of land in unauthorized subdivisions, which could lead to illegal fragmentation and thus contribute to the spread of unauthorized construction. Additionally, the municipality grants administrative certificates for the sale of land lots in under-equipped neighborhoods that do not have a "post-boundaries plan", which may lead to overlapping lots.

### **➤ Infringement of a decision of the municipal council and a regulatory decision**

On 11 May 2015, the municipality of Hattane authorized the aerial connection of a housing estate to the electricity grid, in violation of the municipal council's decision of 13<sup>th</sup> April 2013 and the continuous regulatory decree of 20<sup>th</sup> March 2014, which provide for the obligation to connect underground to the electricity grid.

## **4. Management of financial resources**

The observations noted at this level are related to revenue and expenditure.

### **a. The recipes**

The proprietary resources of most of the municipalities audited are limited, and do not even allow them to cover their ordinary operating expenses. At this level, the following was noted:

➤ **No benefit for the municipality of Ouled M'barek from its position for the development of its financial resources**

Although the municipality of Ouled M'barek is located in the vicinity of the municipality of Beni Mellal, and has undergone significant demographic changes in recent years, it does not have a defined center, which deprives it of the right to impose and collect the tax on undeveloped urban land, in accordance with the provisions of Article 2 of Act No. 47.06 on local taxation.

➤ **Deficiencies in the management of the tax on the extraction of quarry products**

The management of the tax on the extraction of quarry products in certain municipalities (Aguelmam-Azegza, Ahl Marbaa, Tanougha, and Taounza) is flawed by several deficiencies. This tax, which is paid on a flat-rate basis, is paid without ensuring that the quantities declared are correct and without requiring operators to attach to their declarations a side plan and a certificate from a survey engineer specifying the area exploited and the quantities extracted. Moreover, the yield of this tax was negatively affected by the spread of unauthorized quarries in the municipalities of Taounza and Ahl Marbaa.

➤ **Inadequacies in the management of the tax on undeveloped urban land**

The management of the tax on undeveloped urban land in the municipalities of Oued Zem and Hattane has several deficiencies, mainly related to the following:

- Imposition and collection of the said tax only at the time of the issuance of building permits, subdivision permits or administrative certificates, which deprives the two municipalities of significant financial resources because of the prescription of a part of the claims due to the persons liable for this tax;
- Non-taxation of certain taxpayers despite the expiry of the period of total temporary exemption as stipulated in Article 42 of Law No 47.06;
- Lack of coordination between the revenue and urban planning departments, which resulted in a failure to control the tax base.

**b. The Expenses**

There are several deficiencies in the management of the expenditure of the municipalities audited, including in particular:

➤ **Failure to comply with certain procedures provided for in the regulatory texts governing public contracts**

Some municipalities have not complied with the provisions of Decree No. 2.06.388 of 5<sup>th</sup> February 2007 or Decree No. 2.12.349 of 20 March 2013 on public contract management and with the consultation regulations. These include, in particular:

- Failure to inform unsuccessful bidders of the rejection of their bids by citing the reasons for the rejection (municipalities of Ouled M'barek and Ait-Oukebli), and failure to publish certain documents in the public contracting portal (municipalities of Oued Zem, Aguelmam-Azegza, Ouled M' barek and Ait-Oukebli);
- Eviction of a company due, among other things, to the failure to submit the work plan, at the time when the contractor has not submitted it in turn (municipality of Ait-Oukebli);
- Non-application of the evaluation criteria as defined by the consultation regulations (Taounza and Aguelmam-Azegza municipalities);
- Lack of clarification regarding abnormally low unit prices (Taounza and Hattane commune).

➤ **Decommissioning of appropriations intended for the performance of certain contracts for which the procedure for conclusion has already begun in the municipality of Hattane**

In the absence of a global vision as to the projects launched by the municipality of Hattane aimed at its development and provision of basic infrastructure, the latter cancelled a set of contracts in order to honour its contribution resulting from its commitment in the agreement relating to the integrated upgrading program of the city of Hattane set at 13 MDHS. In the same way, appropriations, initially intended for the implementation of the said projects, were transferred from the investment budget and allocated to the contribution to the said agreement. These credits were intended for projects whose preliminary studies have already been carried out for a total amount of 154,800.00 DH, and their procurement procedure which was initiated through the publication of four (04) calls for tenders and the holding of bid opening commissions.

➤ **Delay in the execution of the work**

The construction work on the "Ibraghen" bridge in the municipality of Taounza was not completed despite the fact that the contractual deadline of one year had been exceeded, given that 90% of the budget dedicated to

the work was used to carry out only 56% of the total work planned. This block indicates the deficiencies relating to the preliminary study, especially as regards the choice of the most appropriate technical solution for the construction of the bridge (use of concrete or metal slabs), given that this study cost the municipality an amount of 199,500.00 DH.

Work on contracts No. 01/ 2013 and No. 01/2014 in the municipality of Ahl Merbaa was similarly delayed due to the failure to clear the land base dedicated to the construction of the roads. This delay caused a blockage of the work for relatively long periods of time (the average time was around 10 months).

➤ **Failure to comply with the regulatory procedure for the cancellation of calls for tenders**

The municipality of Oued Zem cancelled two contracts relating respectively to the purchase of computer equipment and the purchase, installation, and execution of a computer program. This cancellation was justified according to the municipality by the radical change in the economic and technical data of the services subject to calls for tenders, linked to exceptional circumstances without explanation of the said circumstances, contrary to the provisions of Article 45 of Decree No. 2.12.349. In the same way, the municipality did not comply with the procedure for canceling calls for tenders, as provided for in Article 46 of Decrees 2.06.388 and 2.12.349, by cancelling eight (08) calls for tenders following reasons not provided for in the previous article. These cancellations are based on decisions of the president of the municipality in the absence of a decision by the competent authority which was represented by the supervisory authority, on the one hand, and on the other hand, the municipality did not inform the tenderers and the contractor in writing of the cancellation of the invitations to tender and the reasons for this decision.

➤ **Failure to implement the principle of prior competition, and to comply with the rules on the commitment of expenditure as well as the absence of stock accounting**

The municipalities of Aguelmam-Azegza, Tanougha, Ait-Oukebli, Taounza, Tachraft, El Borj, and Ain Quicher do not consult at least three competitors in writing before issuing purchase orders and initiate the execution of certain expenses before initiating the commitment procedure. Additionally, the municipalities of Ait-Oukebli, Taounza, Tachraft, and El Borj do not keep stock accounts showing the quantity and quality of



supplies received, nor do they have proof of the use of certain consumables, especially with regard to expenditure on fuel and construction materials.

➤ **Splitting of public expenditure through the issuance of purchase orders**

During 2015, the municipality of Taounza issued three (03) purchase orders for a total amount of 210,000.00 DH for the purchase of selected materials in order to continue developing rural roads, contrary to the provisions of article 88 of decree n°2.12.349 which sets the total number of services per purchase order of the same nature and during the same year at a threshold of 200,000.00 DH.

## Regional Audit Court of the Souss-Massa Region

The Regional Audit Court of the Souss-Massa Region carried out seventeen (17) management audit missions for the year 2018. This audit concerned the delegated management of the cleaning services of the Commune of Inezgane to a private company, the cleaning, collection and transport of waste by the Commune of Agadir, the distribution of drinking water to the Commune of "Oued safe", the control of the use of public funds granted to the sports association "Amal massa", as well as to thirteen (13) communes. The the most salient observations noted can be summarized as follows.

### **A. Delegated management of the cleaning services of the municipality of Inezgane**

Following the call for tenders n°25/2011/ST/BM, the municipality of Inezgane entrusted the management of cleaning services to the company "CASA TECHNIQUE (SARL)", by a contract concluded for a period of seven (7) years, and this for an amount of 17.99 MDHS annually. Approved on 6 June 2012, the contract has been in force since July 2012. It includes the collection and disposal of municipal solid waste (MSW), the cleaning of public roads and squares, as well as the disposal of cleaning products. The audit of this delegated management made it possible to raise several observations, the main ones being as follows:

➤ **Failure to comply with the investment program for the renewal of four compactors**

In accordance with Article 33 of the Convention and Article 41 of the specifications, the delegate is required to renew 4 compactors taken from the delegate when the contract enters into force. The delegate effectively

acquired two compactors in 2014 and two others in 2015. However, according to the daily reports of the landfill and the daily activity reports for the period between July 2016 and the end of 2017, it was found that the four new compactors were never used and that the four (04) compactors taken from the municipality at the beginning of the contract are still operational.

➤ **Failure in the care and maintenance of operating vehicles**

The on-site visit of the operating fleet showed that 16% of the operating vehicles (4 skips) are not functional and that 72% have anomalies related to the lighting and signaling device. The latter endanger the lives of drivers and collection agents, not to mention the risk of dazzling other users, since most vehicles start their tours early in the morning (from 5:30 am) and specifically on the road leading to the landfill located in the territory of the municipality "Drarga" and to which access is relatively difficult. With regard to odometers, it was found that they are not functional for eight (8) vehicles, which does not allow the commune's inspectors to check the activity of these devices.

This situation proves the failure of maintenance and servicing, which is in contradiction with the provisions of Article 45 of the specifications, which requires the delegate to maintain the vehicles in good working order and to ensure to this end all necessary maintenance, repair, and overhaul operations.

➤ **Absence of a regular manual scanning program**

The specifications set out in Annex 3 for the number of days of manual scanning at a frequency of one, three or seven days per week depending on the cleaning areas. However, the analysis of weekly cleaning schedules and frequencies for certain cleaning areas with a frequency of less than seven (7) days showed that some streets are not subject to any cleaning program since they are left to the free decision of the zone managers. This situation does not allow the monitoring of the performance of the services and the assessment of the cleaning quality in these locations by the services in charge of control, at the level of the delegatee and the delegator.

➤ **Failure to set up the monitoring committee and appoint the persons responsible for the control structure**

It was noted that until July 2018, i.e. 6 years after the entry into force of the contract and the start of operations in July 2012, the monitoring committee has not yet been set up and the three (3) officials carrying out the monitoring and follow-up tasks within the framework of the control and regulatory structure are not designated by a formal decision.

In this respect, it should be recalled that the operating procedures of these structures must be laid down in internal regulations specific to each structure, in accordance with Article 18 of Act No. 54.05 on delegated management of public services.

➤ **Limited control by the Delegate not allowing to ensure the quality of the services provided**

The assessment of the control aspect exercised by the delegate revealed the following observations:

- Although the controllers carry out field visits to ensure the quality of the delegation's services, their observations are not recorded in reports or minutes;
- Contrary to the provisions of Article 29 of the Convention, the delegate does not notify in writing the offenses established. The controllers communicate their observations verbally or by telephone to the delegate, which does not allow the delegate to apply coercive measures after the expiry of the time limit (maximum 24 hours) granted to the delegate to remedy the reported deficiencies and thus improve the quality of its services.
- Controllers do not rigorously monitor the number of materials brought in, their condition or their activity report;
- The documents' check is limited to the examination of the register of complaints. Activity logs and logbooks are not subject to any examination by the control service, which makes their production meaningless;
- The control is done during the day. Thus, services performed very early in the morning and those performed during the night are not monitored and controlled.

➤ **Depositing rubble on bare ground**

Following a controlled tour, significant quantities of rubble from the residues of earthworks, demolition and construction work were deposited on vacant land in the southern zone behind the new fruit and vegetable market, as well as on the banks of the Oued Souss. This encourages citizens to dispose of their household waste in these areas and leads to the regeneration of wild deposits and black spots

In this respect, it was noted that the delegate, in the person of the President of the Communal Council, did not take any coercive measures within the framework of the powers of administrative police, provided for by Article

50 of Law No 78.00 on the Communal Charter and Article 100 of Organic Law No 113.14 on Municipalities.

➤ **Mixing of hazardous medical waste with household waste**

Article 5 of the Delegated Management Agreement excludes from the contractual services the collection of medical and pharmaceutical waste from hospitals or clinics, as well as hazardous waste. However, during the inspection tour, it was noted that some public and private health establishments discharge medical waste directly and without any sorting into containers (bins) reserved for household waste.

It is important to note that, contrary to the provisions of article 38 of Act No. 28.00 on waste management and disposal, the municipality has not required health care institutions to submit an analytical report for the waste generated, drawn up by an approved laboratory, to ensure that the waste can be treated as household waste provided that it is sorted in advance and is not contaminated by hazardous waste.

In this respect, no action has been taken by the President of the Communal Council against establishments that violate the relevant regulations in the exercise of his powers under the provisions of Article 50 of Act No. 78.00 on the Communal Charter and Article 100 of Organic Act No. 113.14 on communes, in particular measures relating to the prevention or control of endemic or dangerous diseases.

## **B. Cleaning, collection and transport services for waste by the municipality of Agadir**

The main observations identified in this chapter are as follows:

➤ **Non-coverage of certain districts by the municipality's program for sweeping**

On the basis of the reports of assignment and monitoring of workers provided by the municipality, it was found that the scanning service is not provided for in some areas of the municipality of Agadir. These include the districts of Iligh, Tilila, Hay Mohammadi, Assaka and Founty. The municipality is content to implement isolated sweep campaigns in these districts, but these non-regular campaigns remain insufficient.

Furthermore, and even in areas where daily scanning is planned, the service is not provided exhaustively in some areas. In fact, given the number of sweepers assigned to each sector and the number of hours worked per day, as well as the size of the sector, which includes several districts with several boulevards and streets, it is impossible to cover the sectors swept

exhaustively during a working day. All this does not allow the required levels of cleanliness to be achieved.

➤ **Weakness of the containerization rate of the districts of the municipality**

The assessment of the supply of containers to the collection sectors revealed a general lack of containerization, with the exception of five (5) of the 42 sectors currently served where collection is sufficiently carried out in bins or metal containers.

The summary of the data collected at the end of the container census on the collection circuits shows the following observations:

- 11 sectors, or 26% of the total number of sectors, do not have containers, in the absence of these containers, waste collection is done manually by collection agents;
- 10 sectors, or 24% of the total number of sectors, are poorly equipped with waste bins (less than 34 bins per sector), since the waste disposed of every day from these sectors and their number of populations;
- 14 sectors, or 33% of the total number of sectors, are moderately equipped with waste bins (from 81 to 196 bins per sector);
- 3 sectors, or 7% of the total number of sectors, are well equipped with containers, collection in these sectors is entirely carried out in bins;
- 4 sectors, i.e. 9% of the total number of sectors, are equipped with metal containers, and where the collection is carried out using two "Ampliroll" and two "Multibenne" tippers.

And despite the almost annual investment in containers, the growth in the containerization rate remains dependent on the action of the municipality to address the underlying causes, the most obvious of which can be summarized as follows:

- Lack of regular washing of containers, making them a source of pollution and nuisance;
- The short life span of the bins which rarely exceeds two years;
- Absence of a containerization plan.

In addition, the low level of equipment in waste containers leads to difficulties in the work of collection agents, and consequently, the



reduction in the efficiency of collection rounds, and the transformation of depot points into a source of hygienic nuisance.

➤ **Failure to apply penalties for offences relating to the management of household and similar waste**

It was noted that there was no application of the penalties for offences committed in the field of household waste management provided for in Article 70 of Law 28-00, as well as no observation of these offences by the officials commissioned for this purpose. This situation is not in conformity with articles 62 and 68 of law 28-00, despite the existence of 36 sworn agents within the municipality, 7 of whom are from the Environment and Quality of Life Division.

This lack of implementation of the repressive system for offences committed in the field of municipal MSW<sup>5</sup> management has negative impacts on public health and the environment: An increase in the degree of fouling due to the lack of accountability of offenders and therefore a lack of effectiveness in restricting the unsociable behavior of some citizens. The cost of disposing of green waste and demolition waste deposited anarchically without any sanction against offenders is estimated at approximately 5 MDHS per year, borne by the municipality's budget (approximately 20,000T of waste disposed of annually).

➤ **Existence of black spots of agricultural and inert waste**

It has been noted that there are waste black spots, mainly composed of inert and agricultural waste, which are scattered in different parts of the municipality of Agadir. Despite the existence of a mobile team within the "cleanliness" service, responsible for the eradication of blackheads (11 agents and 2 controllers), the latter persist and their waste is collected by the municipality only occasionally through specific eradication campaigns, in the absence of a medium and long-term program aimed at the definitive elimination of these blackheads.

Most of these blackheads result from several causes, namely:

- Some producers of agricultural and inert waste prefer to dispose of it in wild dumps instead of transporting it to the rubble dump, either at their own expense or through the municipality for a fee;
- Lack of communication to inform citizens about the rubble and green waste landfill and the procedure to be followed to transport the waste there;

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<sup>5</sup> Municipal solid waste

- The low number of public awareness campaigns to influence citizens' behavior;
- Failure to apply the repressive system against offenders.
- Thus, the persistence of black spots has harmful effects on the environment and transforms the city's bare land into a kind of landfill for demolition and green waste and possibly household waste.

➤ **Non-control of medical and pharmaceutical waste treated as household waste**

Contrary to the provisions of Article 38 of Law 28.00, the municipality did not comply with the procedure laid down for the control of medical waste treated as household waste. It is a question of:

- Carry out pre-sorting of the waste and ensure that it is not contaminated by hazardous waste;
- Require waste suppliers to submit analytical reports from an approved laboratory certifying that the waste in question can be treated as household waste.

In this context, the municipality does not deploy any means of controlling the said waste and is satisfied with any sorting carried out at the initiative of the medical structures themselves. This dangerous situation may endanger the health of the agents responsible for their disposal, as well as that of the population, since they expose them to the risk of various infections leading to serious illnesses and intoxication or injury, not to mention that these wastes have a disastrous effect on the environment through soil, water and air pollution.

### **C. Control of the use of public funds granted to a sports association**

The sports association "Amal Massa" was created in 1983, it is affiliated to the regional football league of Souss-Massa, and to the Royal Moroccan Football Federation. However, it does not have the approval of the Ministry of Youth and Sports provided for in Article 11 of Act 30.09 on physical education and sport.

The association's income during the last five sports seasons (2013/2014 to 2017/2018) amounts to 850,703.20 DHS, including 61.7% of annual subsidies from the commune of Massa, as well as subsidies and donations granted to it by the provincial council of Shtuka Ait Baha and the Souss-Massa regional council, and the INDH account.

### ➤ **Non-production of annual accounts**

In accordance with the provisions of the Articles of Association, the General Assembly of the association is required to appoint an accountant annually on the proposal of the Management Committee, to carry out the annual audit and certification of its accounts, under the terms provided for in Articles 17, 27, 34, and 37 of its statutes, and in circular No 07/2003 issued by the Prime Minister. However, the association does not draw up and certify its accounts and limits itself to filing moral and financial reports with the municipality issuing the grant. These reports do not include the information required by the decree of the Minister of Economy and Finance of 31/01/1959 setting the conditions for the financial and accounting organization of associations.

Additionally, and contrary to the provisions of the Head of Government's circular No. 02/2014 of 5<sup>th</sup> March 2014 on the control of the use of public funds, the association does not produce its annual management accounts on the use of public funds to the Regional Audit Court, pursuant to the provisions of Article 155 of the Code of Financial Courts.

### ➤ **Absence of an accounting system of the association**

Contrary to the provisions of Article 37 of its Statutes, the association does not keep accounts that make it possible to identify the results of its management. Hence the impossibility of certifying these accounts and auditing their finances by the auditor. Aware that the obligation to keep accounts and the adoption of an accounting regime are stipulated by:

- Articles 32 and 32 Ter of Dahir No. 1.58.376 of 15 November 1958;
- The decree of 31 January 1959 laying down the conditions for the financial and accounting organization of associations subsidized periodically by a public authority;
- The Prime Minister's circular n°7/2003 on the partnership between the State and associations;
- The chart of accounts of football clubs organized into sports associations, adopted by the National Accounting Council on 11/07/2017.

### ➤ **Insufficient justification for some of the association's expenses**

Article 4 of the Decree of 31/01/1959 stipulates that all expenditure and revenue transactions must be supported by supporting documents. However, it was noted that there was a lack of supporting documents regularly drawn up for the travel expenses of committee members and

players, security expenses and other exceptional expenses, for a total amount of 215,701.00 DH. In addition, the review of the invoices issued by the "S" service station revealed that the association owes it a total amount of 92,250.00 DH not corresponding to any consideration in goods, services or works.

Moreover, the supporting documents provided by the association do not meet the conditions set out in Article 49 of the French Commercial Code and Article "145-III" of the French General Tax Code.

## **D. Management of municipal projects**

The audit of this component identified several observations, the most important of which are mentioned below.

### **➤ Delay in the construction of a cultural complex in the municipality of El Guerdane**

The cultural complex project is one of the projects covered by the El Guerdane urban upgrading agreement, signed in 2008, between the municipality in question, the Ministry of the Interior, the Ministry of Housing and Urban Development, the Taroudannt Provincial Council and the Municipal Development Fund. This agreement stipulates that the provincial council finances and executes the first installment (Structural work), and that the municipality finances and executes the second installment (Finishing works).

The first installment was carried out by the Provincial Council as part of contract No. 29/BP/2011 for an amount of 3,475,668.00 DH and the work was approved in 2013. On the other hand, the municipality has not yet completed the second phase, due to administrative problems with the architect in charge of supervising the work, leaving the work already completed exposed to the risk of deterioration for more than 4 years.

### **➤ Major delay in the implementation of the liquid sanitation project**

The agreement between the municipality of El Guerdane and the ONEE - Water Branch - stipulates that the project will be carried out from November 2014 to October 2016. However, until the end of 2017, only 80% of the first batch concerning the sanitation network has been completed. Work on the other three lots has not yet begun, especially the wastewater treatment plant.

➤ **Delays in the implementation of projects programd as part of the urban upgrading of Forum El Hisn municipality**

It was noted that the projects carried out by the Agency for the Promotion and Development of the Southern Provinces in Foum El Hisn municipality have experienced significant delays. In fact, of the 29 projects planned in the municipality, only twelve (12) were carried out, representing an implementation rate of 41% of the total number of projects planned and 36% of their overall amount. In addition, 11 projects remained unfinished, representing 37% of the planned projects, and 6 others not yet started, representing 27% of all projects.

And it was revealed through the control that the blocking of the planned development projects is mainly due to the deficiencies noted in the studies carried out but also to the weak monitoring and support efforts reserved for these projects.

➤ **Acceptance of excessive price offers without legal justification**

Following the examination of the file concerning the contract n° 04/BC/2016 relating to the works of the 2nd round of the extension of the electricity network to the under-equipped districts of the municipality of Lqliaa, for an amount of 883,020.00 DH, and in particular the minutes of the sub-commission appointed to examine the responses of the competitor concerning offers considered abnormally low and other deemed excessive. It was found that the subcommission accepted excessive bids on the grounds that they compensate for abnormally low bids submitted by the same competitor. This is contrary to the provisions of Article 41 of Decree 2.12.349 on public contracts.

➤ **Subcontracting without the authorization of the contracting authority and without respecting the 50% threshold of the contract amount**

Contract No. 03/2014 was concluded for the electrification of a well at the "Tirguitine" douar in Azaghar'Nirs commune, for an amount of 258,787.20DH, executed by Company "O". However, it was found, through the work monitoring reports by the ONEE services that this work was carried out by a company other than the one holding the contract. This subcontracting covered all the components of the contract, and was implemented without the authorization of the contracting authority, thus violating Article 158 of Decree No. 2.12.349 on public procurement, according to which "subcontracting may neither exceed fifty percent (50%) of the contract value, nor relate to the lot or main body of the contract". Also, article 11 of the special specifications of the contract in question



stipulates that "if the contractor wishes to entrust the performance of part of his contract to a third party, he must have the prior agreement of the contracting authority, after having notified him of the nature of the services he intends to subcontract, as well as the identity, reason or corporate name and address of the subcontractors and a certified copy of the above-mentioned contract".

➤ **Failure to convene the members of the tender commission within the prescribed time limit**

The president of the municipality "Sidi Boushab" convened, on 7 November 2014, the members of the tender commission of the contract n° 04/2014 relating to the installation of the drinking water network at the douar "Ait Moussa Oulahssen", for an amount of 232,884.00 DH, i.e. two (2) days after the opening session of the tenders held on 5<sup>th</sup> November 2014.

With regard to contract No. 01/2016 relating to the installation of the drinking water network at the "El Fid" douar, for an amount of 207,652.80 DH, the members of the tender commission were convened on the same day as the opening of the tenders, i.e. 25<sup>th</sup> February 2016, contrary to the fourth paragraph of Article 35 of Decree No. 2.12.349 of 20 March 2013 on public procurement. The latter requires the contracting authority to deposit the invitation to tender and the tender documents with the departments of the members of the tender committee concerned at least seven (7) days before the date fixed for the opening of the tenders.

➤ **Failure to take the necessary measures to complete the road surfacing project linking two douars**

The municipality awarded the contract n° 01/2014/ILDH with the company "S. SARL", for the development of the road linking "Douar Adousska" to "Douar Tikntine", pursuant to the partnership agreement concluded between the municipality, the provincial human development commission of Shtuka Ait Baha, the provincial directorate of transport equipment of Shtuka Inezgane and the Tikntin association for development, culture, and cooperation.

However, it was noted that the municipality resorted to the termination of the aforementioned contract, by decision of the president of the municipality dated 27/07/2016, following the finding that the work had stopped, which was the subject of the site report drawn up on 25<sup>th</sup> August 2015 and the contractor's failure to apply the recommendations addressed to him. It was also noted that the municipality had not taken any measures to finalize the project in question until the completion of the inspection mission (December 2017), in accordance with the provisions of Article 30

of the Special Prescriptions Book and Article 70 of the General Administrative Clauses applicable to works contracts.

## **E. Urban planning management at Oued Essafa commune**

The main observations noted in this regard are as follows:

### **➤ Non-conformity of douar restructuring plans with the actual situation on the ground**

According to data provided by the municipality, a group of douars have restructuring plans in place. The examination of a sample of these plans and the visit of certain points in order to consult their state of repair (douar Jdid Addouz, and douar Ait Ouagmar-sector Ouchen) made the following observations:

- There are several unauthorized buildings occupying the VC05 communal road provided for in the plan for the restructuring of the Jdid Addouz douar, the square in front of the mosque next to the VC02 communal road and some of the parcels in an area for allotment. The same observation was noted in the municipal road VC02 established on the restructuring plan of the douar Ait Ouagmar-Ouchen sector and the CP36 passage;
- The updated version of the restructuring plan for the Lahmer sector located in Douar Ait Ouagmar - approved by the Agadir urban agency on 30 March 2015 - has maintained certain CP footpaths despite their occupation by unauthorized new construction. These are CP11 and CP12;
- The updated version of the restructuring plan for the Ouchen sector in the Douar Ait Ouagmar approved on the same date, raised the same observation. Indeed, it has maintained some "CP" passages and municipal roads "VC" while neglecting both unauthorized new constructions and old ones. These are tracks VC01, VC02 and VC03 and passages CP07, CP08, CP09 and CP23.

Thus, the above-mentioned restructuring plans, either in their initial or revised versions, therefore require updating to take into account the changes that have occurred on the ground, which are due to various reasons, in this case, the lack of control and the failure to apply the coercive measures prescribed by the legislator.

➤ **Non-establishment of the one-stop-shop for urban planning authorizations**

Oued Essafa was included in the list of municipalities with a population of more than 50,000 inhabitants (56,547 inhabitants) by virtue of the joint order of the Minister of Town and Country Planning and the Minister of the Interior n°2164.16 creating a single window for town planning authorizations (Annex 1). However, it has been noted that the said office has not yet been established, notwithstanding its importance as the sole contact point for petitioners to provide them with relevant information relating to applications for authorizations.

➤ **Failure to file complaints concerning urban planning offences with the competent public prosecutor's office**

Article 66 of Act No. 12.90 on urban planning (before its amendment by Act No. 66.12 on the control and punishment of urban planning and construction offences) stipulates that "Where the facts found constitute (...), the prohibition of building without an express or tacit permit issued by Articles 40 and 42 (...), the President of the Municipal Council shall file a complaint with the competent King's Prosecutor for the purpose of bringing proceedings against offenders". However, the verification of both a sample of the files of the minutes of offences drawn up by the local authority in 2011 and 2013 and the data and registers produced by the municipality, reveals a delay or failure to file such complaints. For example, no complaint has been lodged to prosecute two persons despite the fact that they have been found guilty of offences by way of a report. In the same way, there has been a delay in the filing of complaints concerning other persons.

## Regional Audit Court of the Draa-Tafilalet Region

During 2018, the Regional Audit Court of the Draa-Tafilalet Region carried out 36 audit missions on the management and use of public funds. These audit missions concerned 33 municipalities, a group of municipalities, an association, the Moulay Ali Chérif regional hospital center in Errachidia, which was audited as part of the partnership with the Audit Court (Third Chamber), as well as the collection of data relating to the thematic study on wholesale markets, conducted in partnership with the Regional Audit Courts. Concerning the local authorities and their audited groups, their total revenues and expenses (operating budget, investment budget, special accounts, ancillary budgets) reached 601.31 MDHS and 327.14 MDHS respectively.

The observations made by the monitoring operations show that these municipalities are experiencing dysfunctions in their governance and overall management, particularly with regard to the management of municipal administration, human resources, heritage, and municipal services, urban planning and construction. It is also deduced from this that the importance that these municipalities should attach to improving their performance, in terms of mobilizing their financial resources and rationalizing their expenditure, in a more effective and efficient way. Overall, the most salient and frequently identified observations can be presented as follows.

## **A. Governance and general affairs of the municipality**

### **1. Municipal administration**

#### **➤ Granting of irregular delegations**

The presidents of the municipal councils have given delegations in the field of administrative management to some of their vice-presidents, while this field is reserved for the president of the council and the officials in charge (the director-general or the director, and the heads of divisions and administrative services). It was also noted that the functions relating to the authentication of signatures and the certification of the conformity of copies with the original documents have been delegated to officials who do not fulfill the condition of appointment in the post of Director General or Director, or heads of divisions and services in the municipality's administration, to perform these functions. This is contrary to the provisions of articles 51 and 55 of Act No. 78.00 on the communal charter, and articles 102 and 104 of Organic Act No. 14.113 on communes.

Furthermore, municipalities do not publish delegation orders in the official bulletin of local authorities and do not post them at their administrative offices and in their ancillary offices. This derogates from the provisions of article 277 of the aforementioned Organic Law No. 14.113, and from the circular of the Minister of the Interior No. D5229 of 16 July 2009, addressed to Walis of the regions, governors of prefectures and provinces and district governors, on measures relating to the delegation of the functions of the President of the Communal Council to his vice-presidents.

#### **➤ Illegal certification of acts relating to the transfer of real estate**

The services of some municipalities have certified acts of customary law relating to the transfer of ownership of immovable property and real rights, not drawn up by lawyers, in violation of the provisions of article 4 of Act No. 39.08 on the Real Rights Code. This derogates from the instructions

included in the circular of the Minister of the Interior n°1955 of 05/04/2012, which encouraged to refrain from certifying acts of sale of real estate because these operations could constitute a means of irregular subdivision and fragmentation.

## **2. Human Resources Management**

### **➤ Provision of municipal officials to other administrations without taking into account the interests of the municipality**

While the services of some municipalities suffer from a shortage of human resources, both in number and in qualifications, municipal civil servants, some of whom are classified in higher scales, are made available to the external services of the central administrations. This is without taking into account the interests of the municipalities, which are required in the first place to properly carry out the tasks for which they were created. In addition, there is a lack of reports at the end of each year by the receiving public administrations on the activity of the civil servant placed at their disposal, which includes an overall assessment of his or her performance, which violates the provisions of Article 7 of Decree No. 2.13.422 of 28 January 2014 establishing the implementing measures for Article 46 ter of Dahir No. 1.58.008 on the general status of the civil service, concerning the provision of services.

### **➤ Subscription of a contract of insurance against accidents at work for permanent civil servants**

Some municipalities have taken out workplace accident insurance contracts for the recruited workforce. However, it was found that the lists of names of persons declared to the insurance agent include officials appointed by the municipal administration. Except that they are not covered by the legislation on accidents at work (Act No. 18.12 on compensation for accidents at work), since they are subject to the provisions of article 45 of Dahir No. 1.58.008 on the general status of the civil service, with regard to accidents occurring in the exercise or in connection with the exercise of duties, as well as to the provisions of Act No. 2011.71 establishing a civil pension scheme. As a result, the municipalities concerned have paid undue charges annually as a result of not complying with the laws and regulations in force.

## **3. Asset management and communal services**

### **➤ Irregular allocation of communal buildings**

Many municipalities have allocated real estate belonging to them for the benefit of public administrations and other institutions (Ministry of Health, Ministry of Education, Barid Al Maghrib, National Mutual Aid, etc.); they



have also made housing and facilities available to associations and individuals. This is in the absence of contractual ties between the municipalities concerned and the beneficiaries, and in violation of the legislative provisions set out in articles 37 and 69 of Act No. 78.00 on the municipal charter, as amended and supplemented, as well as article 92 of Organic Act No. 14.113 relating to municipalities, requiring the obtaining of a decision of the municipal council for the allocation or decommissioning of public buildings and municipal property, in accordance with the laws and regulations in force, then the approval of the said decision by the supervisory authority and finally the conclusion of an agreement between the municipality and the beneficiary person.

➤ **Anomalies in the management and control of movable assets**

In this context, it is pointed out that there is a lack of internal mechanisms and procedures to help improve the management of movements of entry and exit of municipal acquisitions, especially office equipment and furniture, fuel and spare parts; this violates the provisions of Article 111 of Decree No. 2.09.441 of 03/01/2010 regulating the public accounting of local authorities and their groupings. The examination of the inventory registers kept by the municipalities audited revealed a lack of information ensuring the safeguarding, control and monitoring of their movable assets, such as furniture specifications, the name of the supplier, the purchase price, the place and user of the furniture, as well as the indication of its exit in the event of its non-use or reform, in addition to the purchase references (purchase order numbers, contracts, invoices, etc.). It is noted, therefore, that inventory numbers are incorrectly recorded or not recorded at all on some furniture, which contravenes the regulations in force on the maintenance of equipment and furniture inventory registers. Finally, it was also observed that furniture is sometimes reallocated and moved without mentioning it in the relevant registers.

➤ **Depositing waste in illegal landfills**

In accordance with the provisions of Articles 16 and 25 of Law 28.00 on waste management and disposal, as amended and supplemented, municipalities are required to draw up municipal or inter-municipal waste management plans which aim to define the pre-collection, collection, transport, landfill, disposal, treatment and recovery and, where appropriate, sorting of such waste. However, until 2018, not all the municipalities audited have drawn up any municipal or inter-municipal plans to improve waste management in accordance with the above-mentioned law. In practice, these municipalities, and in particular those with a large population (Errachidia, Ternata, H'ssia, Aït Ayach, Bouzeroual, etc.)

continue to use outdated means and processes in the management of this municipal service, such as the assignment of municipal agents for the collection and transport of waste in municipal trucks and its disposal in anarchic, uncontrolled landfills, sometimes located near urban areas in these municipalities or alongside storm waterways. This contravenes the provisions of article 41 of Act No. 11.03 on the protection and development of environment, which requires the administration and local authorities and their groups to take all necessary measures to reduce the danger of waste, to manage, treat and dispose of it in an appropriate manner so as to avoid or reduce its harmful effects on human health, natural resources, fauna and flora and the quality of the environment in general.

#### **4. Urban planning**

##### **➤ Failure to comply with applicable laws and regulations in the field of urban planning**

In violation of the laws and regulations in force in the field of urban planning, it has been revealed, following on-site visits to the territories of the municipalities audited, that persons carry out construction operations without the necessary authorisations for this purpose, as well as several municipalities issue residence permits and certificates of conformity for construction without prior authorisation, in order to allow their connection to the public electricity grid, on the pretext that these constructions are quite old, and therefore not subject to the town planning law. However, this is overruled by the examination of the files of the permits in question, and in particular the titles of ownership of the real estate in question.

##### **➤ Failure to notify copies of individual urban planning by-laws to the local authority**

The municipal services do not notify copies of individual urban planning decrees to the governor of the province and the members of the commission for the examination of urban planning files, which is contrary to the provisions of article 116 of Organic Law No. 113.14 on municipalities, which stipulates that:"[...] Copies of individual urban planning decrees must be notified to the governor of the prefecture or province or his interim, within a maximum period of five days from their issue to the person concerned", as well as to article 39 of decree No. 2.13.424 of 24 May 2013 approving the General Building Regulations, which stipulates that:"[...] a copy of the authorisation decision shall be forwarded within two working days of its issue to the local administrative authority and to the members of the investigating committee referred to in the above-mentioned Article 20".

## **B. Budget and financial affairs**

### **1. Taxation and revenue collection**

#### **➤ Failure to include taxes and fees in local tax decrees**

Many municipalities have not taken the initiative to amend their disc by-laws to include the tariffs of certain taxes and fees due to them. It is about:

- The tax on construction operations (articles 50 and 51 of the law n°47.06 on the taxation of local authorities);
- The tourist tax, (chapter IX of the law n°47.06 relating to the taxation of local authorities);
- The tax on the investigation of the inconveniences caused by commercial and professional activities (Dahir of 25<sup>th</sup> August 1914 regulating unhealthy, inconvenient or dangerous establishments, as amended and supplemented);
- The charge on services rendered by the public service for household and similar waste, as well as the charge imposed on generators of inert waste, final waste, agricultural waste and non-hazardous industrial waste (articles 23 and 24 of the law n°28.00 on waste management and disposal);
- Remuneration on technical plans and documents in accordance with the provisions of Article 2 of Order No. 1291.07 of the Minister of Finance and Privatization of 4<sup>th</sup> July 2007 fixing the remuneration for the submission of technical plans and documents contained in the tender, pre-selection or competition documents, and Article 2 of Order No. 1871 of the Minister of Economy and Finance.13 of 13 June 2013 determining the purchase price of the plans and technical documents mentioned in Articles 19 and 99 of Decree 2.12.349 of 20<sup>th</sup> March 2013 on public procurement.

#### **➤ Failure to apply and collect taxes and fees due to municipalities**

Contrary to the provisions of Article 42 of Law No 47.06 on taxation of local authorities, which entered into force on 1 January 2008, the municipality of Errachidia did not apply and collect the tax on unbuilt urban land concerning the company (O.M) for the years from 2013 to 2017; it is known that the capital works of its allotment were not approved after the expiry of the three-year period of the date for obtaining the subdivision permit No 01/2012. However, taking into account the total surface area of the allotment (1st part) amounting to 350,000 m<sup>2</sup> as a basis for the liquidation of the tax, and the tariff of 5 DH/m<sup>2</sup> applied to individual

housing according to the tax decree n°66/08 in force, the amount of the annual tax due on this allotment is estimated at 1,750,000.00 DH. In other words, the amounts due and not recovered on the allotment during the five years from 2013 to 2017 would be 8,750,000.00 DH, without taking into account the penalties and increases provided for in the above-mentioned law.

The same applies to the allotment (p) whose subdivision permit is issued on 30/01/2003 to its applicant without him being able to obtain provisional approval until June 2017. Taking into account the total surface area of the allotment, which is 50,000 m<sup>2</sup> as the basis for the liquidation of the tax, and the rate of 5 DH/m<sup>2</sup> applied to individual housing according to the tax decree n°66/08 in force, the amount of the annual tax due on the allotment amounts to 250,000.00 DH. In other words, the amounts due and not recovered on this allotment during the fourteen years from 2004 to 2017 would be 3,500,000.00 DH, without taking into account the penalties and increases provided for in the above-mentioned law.

Furthermore, buildings installed or repaired by the beneficiaries of building or repair permits issued by the municipalities have not been subject to the construction tax, knowing that they are not covered by any exemption under the legislation in force. The amounts due to the municipalities, which have not been taxed and collected in this respect, would be 911,857.14 DH.

Due to their failure to control the tax base relating to the tax on public passenger transport, and the parking charge on vehicles used for public passenger transport, many municipalities were unable to benefit from the amounts due to them, which are estimated at 582,040.00 DH. It goes without saying that not applying and collecting these municipal revenues risks leaving the amounts due to the municipalities concerned subject to the four-year limitation period provided for in Article 160 of Law No 47.06 on the taxation of local authorities, and in Article 123 of Law No 15.97 forming the code for the collection of public debts.

### ➤ **Failure to collect rents from certain commercial and residential premises**

It has been observed through the monitoring of rent payments that a large number of tenants of municipal properties for commercial or residential use do not pay their rent due to the municipalities concerned. However, they have not taken the necessary steps to collect the amounts of the rents in question. The total municipal receivables due to unpaid rents during the period of execution of the audit missions would amount to 1,074,154.66 DH. This is likely to deprive the budgets of the municipalities concerned of significant financial resources, and risks leaving some of them subject

to the five-year limitation period provided for in Article 391 of the Dahir of 12<sup>th</sup> August 1913, the code of obligations and contracts.

## **2. Execution of municipal expenses**

### **➤ Non-publication of contract forecast programs**

The presidents of some municipalities have not published the provisional public procurement programs planned to be launched for the budget year in question, which derogates from the provisions of Article 87 of Decree No. 2.06.388 of 5 February 2007 laying down the conditions and forms of public procurement and certain rules relating to their management and control, and from Article 14 of Decree No. 2.12.349 of 20<sup>th</sup> March 2013 on public procurement. It should be noted that the audited municipalities awarded more than 434 contracts during the period 2012-2017 with a total amount of 291.3 MDHS.

### **➤ No obligation of entrepreneurs to produce the required insurance policies**

The municipal services do not require entrepreneurs to produce copies of the insurance policies they must take out to cover the risks inherent in the performance of the work covered by the contracts awarded to them. Similarly, some insurance policies produced do not cover the entire period necessary for the completion of projects; but only cover the first year in the absence of proof that they are renewed until the provisional or final acceptance of the work, as the case may be. This contravenes the provisions of Article 24 of the General Administrative Clauses for Works Contracts, approved by Decree No. 2.99.1087 of 04/05/2000, and Article 25 of the General Administrative Clauses for Works Contracts, approved by Decree No. 2.14.394 of 13/05/2016, which entered into force on 01/10/2016.

### **➤ Issuance of unsubstantiated or justified orders to postpone work**

Most of the works contracts awarded by the municipalities have been subject to periods of downtime following the issuance of service orders, although the reasons for these postponements have not been indicated. However, it should be recalled that under the terms of Article 44 of the general administrative clauses applicable to works contracts, approved by Decree No. 2.99.1087 of 4<sup>th</sup> May 2000, and Article 48 of the general administrative clauses applicable to works contracts, approved by Decree No. 2.14.394 of 13<sup>th</sup> May 2016, work adjournments must be prescribed by reasoned service orders. In addition, it was found that some municipalities issued unjustified stop-work orders to contractors because other documents indicated that the work was in progress during the periods in question. This required the application of penalties for delays in the contractors' failure to meet their commitments regarding the time required to complete the work.



### ➤ **Lack of control and monitoring of works contracts**

Under the provisions of paragraph 6 of article 30 of the general administrative clauses applicable to works contracts, approved by Decree No. 2.99.1087 of 4<sup>th</sup> May 2000, the contracting authority is required to keep a worksite manual on which it must record any comments concerning the contractor's compliance with the laws and regulations relating to safety and the additional provisions provided for in the special specifications' manual. However, it was observed that the communal services do not hold the site workbooks, in their entirety and with original and serial numbered sheets, knowing that they constitute the credible means on which to rely to assess the rigor and effectiveness of the monitoring of the work carried out. It was noted that the works monitoring committees did not record their remarks and recommendations in the site specifications and that the contract files kept by the technical services of the municipalities contained only simple and scattered sheets, and did not in any way comply with the slightest formalities mentioned above.

### ➤ **Receiving work without submitting it to the control of conformity to technical specifications**

In accordance with the provisions of Article 65 of the general administrative clauses applicable to works contracts, approved by Decree No. 2.99.1087 of 04/05/2000, the works are only accepted after having undergone, at the contractor's expense, checks to ensure that the works comply with all the obligations of the contract and, in particular, with the technical specifications. Nevertheless, and following the examination of the files of this type of contract relating to the works, it has been found that they do not contain the control reports provided for in the above-mentioned article. The technical services of the municipalities, which are responsible for monitoring the work, are limited to checking the quantities used in the construction, without carrying out the laboratory's studies and tests to ensure the quality of the work and their compliance with the specifications of the special requirements.

### ➤ **Provisional reception of the work and release of the final guarantee without the delivery of the survey plans**

It was found that the contractors did not submit the collection plans to the municipalities before the provisional reception of the contracts they had executed, which violates the provisions of Article 65 of the General Administrative Clauses for Works Contracts, approved by Decree No. 2.99.1087 of 04/05/2000. The fact of not requiring the companies responsible for carrying out the contracts to deliver the stocktaking plans in accordance with their contractual commitments remains unjustified, especially since it is difficult to carry out the administrative or technical control, in the absence of any indication making it possible to locate the

places of execution of the works, not to mention the obstacles posed for any subsequent intervention in the works carried out, and which requires the layout of the plans showing the networks set up.

## Regional Audit Court of the Marrakech-Safi Region

During 2018, the Regional Audit Court carried out 29 management audit missions giving rise to several observations concerning the various aspects of the management of local authorities, as well as the management of household and similar waste in the city of Marrakech. In the following, the most salient ones are presented.

### A. Local authorities

The following is a brief overview of the main observations made during the audit missions concerning the audit of local authorities: Ait Imour, Tamanar, El Hanchane, Ait Daoud, Akred, Akermoud, Sidi Kaouki, Moulay brahim, Ouzguita, Ait Faska, Sidi Mhamed Dalil, Ait Hadi, Saidate, Ichemraren, Sidi Abdelmoumen, Bouaboud, Mejjat, Ahdil, Jouala, Ouled Bouali El Oued, Ouled Ameer, Chouara, El Merbouh, Ouled Sbih, Sidi Bouathmane, Sidi ghanem, Nzalt Laadem and Maachate

The observations relate to the development effort and administrative management, the management of municipal revenue and expenditure, the asset management of municipalities and public services as well as urban planning.

#### 1. Development effort and administrative management of municipalities

Besides the failure to adopt a clear strategic vision when preparing development plans, it was noted that there was a lack of implementation of mechanisms for monitoring, evaluating and executing communal development plans.

Also, with regard to the action plans of the municipalities within the meaning of the Organic Law on Local Authorities, weaknesses were noted during the preparation of the feasibility studies of the projects provided for in the action plans for the period 2017-2022. Furthermore, the municipalities' capacities to mobilize the necessary human and financial resources, both their own and those collected through borrowing, have not been sufficiently determined.

Moreover, the development of action plans has not been crowned by the establishment of project and program monitoring systems that would allow, through performance indicators, to assess the level of achievement of the planned objectives.

These elements reflect the failure to achieve the planned objectives, which relate to vital areas such as the opening up of douars through the construction of rural bridges and the generalization of public lighting as well as the development of the local authorities' own resources and heritage.

As far as the administrative management is concerned, it was noted that some presidents of local authorities did not resort to the organization of administrative management and the delimitation of the powers of the services and entities they supervise. It was also noted that there were no presidents of some municipalities in charge of management and supervision, that directors of municipal services were not appointed and that the role of some standing committees was not operationalized when matters submitted to the legislative bodies for consideration, and that the powers and responsibilities for the administrative management of municipalities were interfered with to the extent that they were not appointed.

In addition, the evaluation of the organization and administrative management of the municipalities and the internal control system revealed several deficiencies relating to the absence of procedural guides and manuals as well as the failure to keep stock records on a regular basis.

## **2. Revenue management**

A significant weakness in own resources has been noted, almost on a recurrent basis, in the audited municipalities which continue to depend on their share in VAT receipts. It was also noted that there was no integrated approach to controlling the tax base and operationalizing control and supervision mechanisms in order to improve the way fees are collected and the issuance of revenue orders where appropriate, which resulted in a lack of mobilization of communal revenues and resulted in an accumulation of uncollected revenue amounts.

Furthermore, the audit revealed the cessation of some of the taxpayers subject to the payment of municipal taxes with impunity and without sanctions on the part of local authorities, which is the cause of the forfeiture of significant amounts of municipal revenue. Generally speaking, it was noted that the rental fees for commercial and residential space were low and that they were not updated in accordance with the regulations in force.

It was also noted that there was a lack of control over the data on taxable persons and the tax base of the pub tax, that local authorities did not carry out censuses of land subject to the tax on undeveloped land and that taxable persons did not submit annual declarations.

With regard to quarries, it was noted that quarry operators had not been identified and that errors in the liquidation of the tax associated with this activity had recurred.

### **3. Management of municipal expenses**

The observations contained in the specific reports on the management audit of local and regional authorities mainly concerned non-compliance with the formalities and procedures laid down for calls for tenders, non-compliance with the rules on the commitment of public expenditure and the issue of purchase orders to regularize expenditure relating to services performed in advance.

It was also noted that there was a lack of monitoring and control of the work related to the projects carried out on the creation and equipment of public services, resulting in the receipt of supplies without knowledge of the planned characteristics and the payment of expenses in the absence of technical compliance of the supplies.

In the field of public procurement, the main deficiencies identified consisted in the execution of works in the absence of quality control measures and the release of the final guarantee before the final acceptance of works relating to some electrification contracts, the absence of laboratory tests in the files of several public procurement contracts, the failure to regularly keep performance reports and site specifications and the occurrence of errors in the liquidation of works carried out, mainly for road contracts.

In several cases, it was found that local authorities use the supply of building materials and supplies to associations and local populations in the absence of a regulatory basis.

In addition, construction or infrastructure projects contain deficiencies such as the failure of the beneficiaries to take out the planned insurance, the absence of prior studies and the conclusion of contracts and markets with competitors who do not meet the necessary prerequisites.

Concerning the projects to extend the electrification network, it was noted that there was a weakness in the preliminary studies of the projects and that plans specifying the routes of the power lines were not carried out.

In connection with the action of the associations, several local authorities delegate the management of the drinking water distribution service to a few associations in the absence of a contractual framework.

With regard to subsidies granted to associations, it was noted that transparent criteria were not adopted prior to the designation of associations receiving subsidies from local authorities and that they were not required to produce the necessary accounts.

#### **4. Management of municipal assets**

Besides the failure to take the necessary measures to safeguard municipal real estate, local authorities generally suffer from the lack of delimitation of their public domain in relation to roads and municipal paths. Also, in several cases, it has been found that local authorities authorize the use of the public property by renting it out, without recourse to the temporary occupation procedure.

With regard to premises rented by municipalities, it was noted that the phenomenon of subletting has proliferated in disregard of the clauses of the contract and that there has been a frequent change of destination of premises rented by municipalities by certain operators in an illegal manner.

#### **5. Management of communal services and equipment**

With regard to the management of public sanitation services, several local authorities are experiencing a weakness in the material and logistical resources at their disposal. This explains the recourse of some users to carrying out connection works to the sewerage network without respect for technical standards and in the absence of supervision of municipal services, which do not use their prerogatives in terms of control and monitoring, thereby causing environmental problems. Furthermore, there is a lack of plans and inventories of completed sanitation buildings and canals, resulting in difficulties in timely care and maintenance.

Concerning the management of weekly slaughterhouses and souks, contradictions were noted in the documents relating to their rental, as well as deficiencies in the clauses in the specifications.

Moreover, as regards the management of the citizens' drinking water supply service, it is noted that this service is not generalized to all the douars under the territorial jurisdiction of certain municipalities and that efforts to safeguard water quality and maintain water storage facilities are weak.

Finally, the deficiencies concerning roads and pavements at the municipal level are manifested through the lack of a road network at



the rural communities that is commensurate with the public services they provide, combined with delays in the implementation of planned projects, particularly those relating to road infrastructure.

## **6. Urban planning management**

In this context, it was noted that there are no approved development plans for some local authorities and that the land and property situation has not been rectified with regard to the provisions recommended by urban planning legislation, which does not allow these municipalities to collect several taxes linked to construction and subdivision operations and therefore contributes to the proliferation of anarchic and unhealthy housing and dysfunctions in the management of authorizations linked to urban planning.

Furthermore, it was noted that some subdivisions do not provide programs mentioning the details of the work, besides the final acceptance of the subdivision work in disregard of the conditions for authorizing subdivision and creating investment projects and without prior study of the technical files submitted.

Finally, the field of urban planning remains marked by insufficient checks on the veracity of the declarations relating to undeveloped urban land and the issuing of partial residence permits before the actual completion of construction work.

### **B. Management of household and similar waste in the city of Marrakech**

The cleaning services in Marrakech have been managed since 2014 by four companies, three of which operate in the municipality of Marrakech and one company covering the territory of Mechouar Kasbah.

The municipality of Marrakech has opted for a division of its territory into three lots: the first lot covering the district of Menara, and the second lot covering the districts of Medina and Sidi Youssef Ben Ali, while the third lot includes the districts of Guéliz and Annakhil.

The examination of the household and similar waste management chain in Marrakech resulted in the recording of a set of observations, the most important of which are listed below.

#### **1. Design and implementation of operations related to the management of household and similar waste**

The Regional Audit Court noted a delay in the preparation of waste management master plans, contrary to national waste management trends.

In fact, neither of the two local authorities in the city of Marrakech has drawn up a master plan for the management of household waste.

In the absence of a document describing in a comprehensive way the vision of the municipalities of Marrakech and Mechouar - Kasbah, covering all operations from the waste generation stage to its disposal, including the monitoring of these operations and of the landfill sites during the operating period or after their closure, waste management in Marrakech currently involves inconsistencies in some of its key components.

In addition, despite the fact that the municipalities of Marrakech and Mechouar-Kasbah have concluded contracts with authorized companies to collect waste resulting from demolition, construction or renovation work for families, it has been found that the city of Marrakech does not have a landfill specifically designed to recover and dispose of this type of waste.

In the context of the evaluation of the system adopted for waste management in the two municipalities, there was significant confusion in the management of services related to waste collection and disposal. In this sense, the decision of the municipality of Marrakech to abandon the creation of a sorting and conversion center at the former public landfill site and to settle for a sorting center only at the new public landfill site, which resulted in the removal of the transformation center from the waste management chain. It should be noted that the city of Marrakech lacks processing docks or relay points that can act as transfer points for the collected waste.

This instability has led to the emergence of practices that are contrary to contractual requirements and environmental standards. Some companies have even dared to use agricultural land as a platform for processing the collected waste, without prior preparation or treatment of the soil where the waste is temporarily unloaded and stored. Moreover, situations were identified where the total burial of the collected waste was carried out due to the unjustified delay in the start of operating operations at the sorting center.

Field visits to the former Harbil landfill revealed the presence of an uncontrolled landfill that is developing at a rapid pace along Oued Tensift. This indicates that there are control deficiencies. Despite the efforts to rehabilitate the former site in the municipality of Harbil, it was found that the city of Marrakech had authorized the delegated companies to accumulate waste resulting from demolition or construction on the land initially designated for the installation of the sorting and processing center.

## 2. Management of cleaning services

The examination of the management systems of the delegated companies led to the recording of observations related to the failure to create a company whose sole purpose would be to manage the cleaning service at the Mechouar-Kasbah municipality. It was noted that there was no cost accounting for the operation in addition to the fact that the equipment, materials and staff of subcontracting companies were not subject to the clauses provided for in the delegated management contract, in particular, those relating to the conclusion of insurance contracts covering certain risks.

As regards the management of material and equipment, it was found that the delegated companies did not comply with certain obligations relating to investments in equipment and the use of reserve vehicles in operational activities, as well as the non-compliance of warehouses dedicated to the scanning service with the provisions of the delegated management contract.

As regards the management of delegated management materials and equipment, other weaknesses were observed in the cleaning of the machinery and equipment used, such as surveillance cameras which were not installed in some of the places stipulated in the contract and the absence of an indication of the administrative district on the front of the waste collection equipment.

Monitoring the degree of implementation of operations and of quality systems for the services provided has also made it possible to identify deficiencies linked to the multiplicity of waste shipments due to the high container loading rate and non-compliance with the rate of container washing, as well as the mix of transfer operations to the public landfill.

The Regional Audit Court 's audit of the aspects relating to the remuneration of the delegated companies and the financial equilibrium situations of the delegated management contracts highlighted differences between the quantities of waste collected and the estimated quantities resulting from the specifications. Differences in unit prices related to similar services as well as disparities in scanning service costs have been detected and reflect an increase in costs following the option taken to entrust the cleaning service to different companies.

Furthermore, the audit of the recommended control system in both Marrakech and Mechouar-Kasbah identified deficiencies in the way the monitoring commission operates and the failure to designate the structures responsible for control and to apply the penalties provided for in the delegated management contract.

In addition, the examination of the special account opened to receive contributions from the delegated companies in this connection revealed that the Municipality of Marrakech did not have full authority over the accounts. Additionally, delays were noted in the transfer of annual contributions to the special accounts designated to finance study costs and monitor the implementation of the delegated management contract, as well as deficiencies in the control carried out by a consultancy firm on behalf of the Mechouar-Kasbah municipality.

With regard to communication and awareness-raising, it was noted that there was no concert policy in this area.

### **3. Burial and collection of household and similar waste**

As of June 2016, the municipality began operating the landfill and waste disposal center, via a delegation to the "ECOMED" Company.

The review of the aspects related to the opening of the landfill and waste disposal center and the closure of the former landfill site revealed breaches of contractual obligations for certain equipment and facilities such as the installation of a weather observation station, control cameras at the scale level, a fence around open lockers and electrical poles along the tracks leading to the landfill site. It was also observed that the rate of burial was much faster than expected, significantly reducing the average expected time of use.

It was also revealed that the company adopts a balance that allows manual entry of empty truck weight data, reflecting a lack of control over the amount of waste deposited.

The examination of the negotiated contract for the rehabilitation and closure of the Harbil landfill led to the recording of observations relating to the non-execution of the rehabilitation project, the closure of the Harbil landfill in accordance with careful planning taking into account the sensitivity of this public service, besides anomalies in the calculation of the detailed accounts.

As regards the project for the production of electricity from the collection of biogases from the former Harbil site, it was found that the municipality had decided to launch this project without recourse to feasibility studies and the necessary technical and financial studies carried out by a specialized office. Due to the failure to complete the necessary studies initially planned, it was noted that the technical parameters necessary to achieve a stable level of gas aggregation in terms of quantity, pressure, and components were not pre-established.

It should be noted that the lack of thermal treatment of effluents at the former landfill site entails risks related to the possibility of leakage from the basins to the natural environment of the landfill in the event of heavy rainfall in the region, especially since the level of effluents collected in the basins is high.

It was also noted that the social problem concerning waste collectors was not taken into account in the project to close the old landfill, as more than 150 people working in the old landfill were not included in the new project.

## Regional Audit Court of the Tangiers-Tetouan-Al Hoceima Region

During 2018, the Regional Audit Court carried out 14 management audit missions, which gave rise to several observations concerning the various aspects of the management of local authorities, as well as the management of household and similar waste. Below, we will present the most important ones

### **A. Monitoring of the delegated management of household waste in the municipality of "Martil"**

The monitoring of the delegated management of the municipal public service for the collection of household and similar waste and cleaning in the municipality of Martil has given rise to the following salient facts:

#### ➤ **Deficiency in the preparation of the delegated management contract**

The preparation of the delegated management contract was not preceded by studies relating both to forecasts of changes in the population served and the quantities of waste produced and to the financial, ecological and technological impact resulting from this choice of management method. The consequences of such negligence have led to several obstacles to the performance of the contract. For example, the lack of an analysis of costs and financing methods has created a financial constraint, in this case after the three-year subsidy granted by the General Directorate of Local Authorities ceased.

#### ➤ **Existence of unmonitored landfill on the territory of Martil**

The "Payneira" point was opened in 2012 to temporarily evacuate waste collected by the delegate's equipment during the summer period, in order to overcome the traffic jams experienced by the city of Martil during this



period. This point quickly became a place where the delegate evacuates the collected waste throughout the year.

➤ **Failure to complete the contractual investment program**

The investment program provided for in the delegated management contract has not been fully implemented. In fact, the delegate did not bring a grab compactor and 350 wheeled waste collection bins, which allowed him to benefit from an amount of 2,046,250.00 DH, corresponding to the cost of the unrealized investments.

➤ **Free provision of the municipal park for the benefit of the delegate and the payment of his water and electricity bills by the municipality**

The President of the Martil Municipal Council had, without compensation, made available to the delegatee company the municipal park which housed its administrative premises and workshops, in breach of the provisions of Article 35 of the specifications. The delegatee also benefited from the payment by the delegator of water and electricity consumption invoices, for an amount of 58,905.86 DH.

➤ **The recurrent omission of the execution of cleaning services in several streets and districts**

The cleaning service provided for by the delegatee was limited to the city's major and medium-sized arteries to the detriment of several districts and streets that could not benefit from this service. This is mainly due to an inequitable distribution of staff providing the city's cleaning service. In fact, for an annual average of 90 workers, only 22 of them ensure cleanliness.

➤ **Overflow of waste from collection trucks**

The tolerance of additional loads of waste quantities leads to the overflow of waste on the ground, the violent apprehension of containers leading to their destruction during this operation and the non-removal of waste dumped on the ground after the collection operation are problems that contribute to the reduction in the quality of cleaning services and feed the dissatisfaction of users who, moreover, have made several complaints on this subject.

➤ **Deficiency in garbage bin washing operations**

It has been found that due to the low frequency of washing, the bins emit nauseous odors, causing residents and local passers-by to move them out of their designated areas. The recurrent breakdowns of the tanker truck thus lead to the postponement of the washing of the tanks, which are, in most cases, only washed from the outside.

## **B. Monitoring of the delegated management of household waste in the municipality of "Gueznaya"**

The audit of the management of the cleaning services in the municipality of Gueznaya by the Regional Audit Court revealed the following main observations:

➤ **Absence of a preliminary study to determine the volume of the targeted service and failure to update the initial contract data**

The number of the municipality's population in 2012 (mentioned in Article 5 of the contract) was 14,836, as well as its variation over the period from 2012 to 2018 (3%) specified in the contract specifications, do not follow any controllable basis, since the estimate of these two data is not based on an current population census or a balanced study of demographic trends, especially since it makes no reference to any official source.

➤ **Deficiencies in the implementation of the investment program**

The audit of purchase invoices for delegated management equipment, as well as the minutes of receipt of purchases, revealed that the actual unit prices of some purchases are much lower than the contractual unit prices. Especially since the capacity of the garbage bins is below what has been agreed. It was noted that the invoice for the purchase of the 20-foot metal bins was not produced, in addition to the absence of the installation reports for the garbage bins acquired at the beginning of 2012.

➤ **Persistence of dark spots**

The study carried out by a consultancy firm for the preparation of a new call for tenders, in addition to the findings on the spot by the Regional Audit Court, revealed some black spots in "Inoumit", the village hall and the "Al Manal" school, and without the municipality choosing to apply the contractual penalties provided for this purpose.

➤ **Non-compliance of annual reports with contractual provisions**

The financial report is not in conformity with the contractual provisions, as it does not include the volume of income, and data on equipment and depreciation of delegated management equipment. In addition, annual operating expenses are indicated once a year, without being broken down into a monthly and quarterly statement in accordance with the provisions of the agreement.

➤ **Irregularities in cleaning services contracts concluded by the delegatee with third parties**

The delegating company has concluded contracts with companies located in the municipality's territory, with a view to providing these companies with garbage bins to empty them in the public waste dump, according to a rate stipulated in the contract or following a request from the customer. Nevertheless, the municipality can take over the non-hazardous industrial waste disposal service. Especially since the delegate can only provide these services following control by the delegator. The related revenue, in part, collected by the delegate, can be considered as revenue that escapes the municipality. Especially since the delegator failed to require the delegatee to produce the report of the results of the analyses of industrial waste, prepared by an approved laboratory to ensure that there is no potential risk.

**C. Audit of the management of the green spaces of the municipality of "M'diq"**

The following salient observations were made during the audit of the management of the green spaces in the municipality of "M'diq":

➤ **Indicator of green space area per inhabitant below the national standard**

The surface area of green spaces per inhabitant in the municipality of M'diq has only reached 5.5 m<sup>2</sup>. This average is still far from the national standard adopted in this area, which is 15 m<sup>2</sup> per inhabitant.

➤ **Malfunctions in the irrigation of green spaces**

The company commissioned by the municipality uses manual irrigation of green spaces through water pipes, which results in the loss of large quantities of water. Modern irrigation methods, especially drip irrigation, are not adopted by the municipality.

Also, the municipality does not monitor the quantities consumed in the irrigation of green spaces. Moreover, it was observed that there was no mechanism to check the meters to compare them with the invoiced indices.

Additionally, the company in charge of the routine maintenance of the green spaces irrigated them during periods of heavy rainfall, without the municipality intervening to encourage the company to avoid wasting large quantities of drinking water.

And despite the fact that the "M'diq-fnideq" prefecture had a wastewater treatment station, it should be noted that the irrigation of green spaces with wastewater poses problems in terms of its poor quality, its unpleasant odors and its promotion of the proliferation of harmful insects such as mosquitoes

and others, as well as the low level of pressure in the treatment plant which adversely impacts the frequency of irrigation.

## **D. Audit of the management of the revenue of the commune of "Bni Bouayach"**

The audit of the management of the revenue of the municipality of "Bni Bouayach", during the period 2011-2016, gave rise to a series of observations, the most salient of which are presented in the following sections.

### **1. Strategic management and revenue development**

In this respect, the Regional Audit Court raised the absence of a strategic vision for the development of financial resources, which consists in the non-implementation of the municipal development plan in terms of financial resources, the setting of tariffs and rates of taxation without recourse to prior studies, and the failure to take the necessary measures to activate certain budget headings.

### **2. Management of the base, liquidation, and collection of the various revenues**

The audit in this sense revealed a series of anomalies which mainly manifest themselves in the deficiencies in the identification of debtors, the liquidation of certain taxes in the absence of clear criteria or on unfounded bases; as well as the low recovery rate of certain taxes and the non-use of automatic taxation.

## **E. Audit of the management of the municipality of "AL Hoceima"**

The audit of the management of the municipality of "AL Hoceima" gave rise to several observations, the most salient of which relate to the following aspects:

### **1. Management of financial resources**

Besides the lack of a strategic vision for optimal management of municipal revenues, the audit of the tax on undeveloped urban land has revealed, mainly, deficiencies in the monitoring and identification of the land base subject to the tax, undue exemptions for certain taxpayers, and the issuance of administrative certificates for land subject to the tax without any control to ensure that owners have paid their debts.

## **2. Management of projects and public procurement related to works**

In this context, the Regional Audit Court revealed the limits of the municipal council to raise and address problems related to project management, as well as the commitment of the municipality, in several projects, through contributions exceeding its capacities. Additionally, there are deficiencies in the project preparation phase and related costs.

The examination of a sample of public procurement files revealed a number of observations, including, for example, non-compliance with the procedure for increasing the volume of works, delay in issuing the service order to start the works, and non-compliance between the nature of the works and supplies and the activity of the contractor.

### **F. Audit of the management of the municipality of Imzouren**

The audit of the management of the municipality of Imzouren for the period 2013-2017 revealed several observations, the most important of which can be presented as follows

#### **1. Management of municipal public services**

The evaluation of some communal services revealed deficiencies in the maintenance of the public lighting network, deficiencies in the development, organization, and management of the communal pound and park, and the failure of the funeral and cemetery police to exercise their powers.

#### **2. Public order management**

The examination of a sample of public procurement files revealed a number of observations, the main ones being the return of the amount of the holdback in the absence of stocktaking plans and the non-coverage of insurance policies for the entire period during when the work is being carried out.

### **G. Management control of the "Al Bayaaa" group of municipalities in the province of Larache**

The management audit of this group, during the period 2008-2016, made it possible to record several observations, the most important of which can be summarized as follows:



## **1. Evaluation of performance and achievements**

In this context, the Regional Audit Court recorded some observations relating to the group's commitment to tasks that exceed its capacities and the performance of tasks that do not correspond to the objectives expected from its creation. On the other hand, the group proceeded, without any legal basis, to the payment of expenses for the benefit of the municipality of Larache.

## **2. Governance and performance of the Grouping Board**

The Regional Audit Court underlined the fact that the creation of the grouping had been carried out in the absence of a strategic vision and prior study, and in the absence of a contractual framework setting out the obligations and rights of the various parties, which led some of them to neglect their financial obligations towards the grouping.

## **3. Evaluation of the delegated management of the household waste collection service of the city of Larache**

The evaluation of the delegated management of the household waste collection service of the city of Larache revealed a number of deficiencies, ranging from the non-compliance of the partnership agreement between the group and the municipality of Larache, to the rules and conditions of a delegated management contract, to the group's failure to comply with some of its contractual obligations, in particular as regards the ongoing monitoring of the performance of the services entrusted to the delegated company, and the failure of certain partners to undertake to pay the full amount of the required contribution.

## **H. Evaluation of the preparation and implementation of the municipal development plans of the municipalities of "Bni Arous" and "Zaaroura"**

The audit of the management of these two municipalities, for the period 2010-2015, gave rise to a series of observations, the most significant of which are listed below.

### **1. Preparation of municipal development plans and programs**

The evaluation of the process of preparing municipal development plans and programs gave rise to a series of observations that are mainly reflected in the absence of preliminary studies of the planned projects, the lack of

integration of the various stakeholders concerned and the non-development of agreements with the stakeholders.

## **2. Implementation of municipal development plans and programs**

In this area, the level of implementation of the projects programd under the two municipal development plans was assessed. In this respect, a comparison of the projects carried out with those programd in the DEPs revealed a low implementation rate of no more than 23.3% for the municipality of Bni Arous and 32.4% for the municipality of Zaaroura.

This situation is mainly due to insufficient financial resources and low management levels in terms of human resources.

### **I. Audit of the management of the communes of "Leghdir", "Sahel Chamali" and "Tanaqoub" in the province of Chefchaoun**

The audit of the management of the communes "Leghdir", "Sahel Chamali" and "Tanaqoub" by the Regional Audit Court revealed the following salient observations:

#### **➤ Failure to collect rental income from commercial premises**

Some tenants of the municipality's commercial premises have been refraining from paying the rental fee for a long time, resulting in cumulative amounts to be collected for the years 2015, 1016 and 2017 amounting to approximately Dhs 5,975.00, Dhs 21,580.00 and Dhs 77,958.14. It also turned out that the president of the municipal council did not make any legal provision to collect the corresponding amounts.

#### **➤ Construction of certain housing units in the absence of building permits and violation by the municipality of the legal provisions relating to the procedures for granting permits to live and certificates of conformity**

Two single-storey residential premises were built in the center of the municipality, without first requesting the corresponding construction permits from the municipal services. The municipality definitively failed to issue authorizations and certificates for several construction files subject to prior construction authorizations, even though these premises were already in use.

➤ **Absence of a mechanism for the management of residual waste products from landfills**

The factories housing the olive mills do not have a permit to carry out their agro-industrial activity, which is harmful to the environment, because their presses do not have a mechanism for processing the residual products resulting from the olive pressing operation; which are, as a result, transported, and especially the liquid residues, to Oued Loukouss to dispose of them, which is harmful to the fauna and flora in the municipality.

➤ **Failure to keep stock records**

The municipal services do not keep stock records, tracking the quantities of inputs and outputs from the warehouse and the beneficiary party, as well as their destination, to determine the remaining quantity.

➤ **Failure to keep the register of service orders and the register of the deposit of competitors' envelopes**

The municipality failed, with regard to the public contracts executed, to keep neither the register of service orders nor the register used to submit competitors' bids, according to their arrival dates, by having the registration number, date and time of arrival indicated on the envelope received.

➤ **Derogation from the opinion of the urban agency for the issue of certain building permits**

The municipality has issued building permits derogating from the opinion of the specialized commission, the president of the municipal council is required to respect, under penalty of cancellation, all the opinions stipulated in the regulatory texts in force and especially that of the competent urban agency.

➤ **Failure to keep a register of accurate fleet accounting**

The municipality does not have a sheet for each vehicle to monitor all the repairs carried out and the consumption of fuel and lubricants. Especially since the president of the municipal council does not keep the documents and files likely to specify and record fuel consumption vouchers, in order to clarify at least the beneficiary vehicle, for the precise monitoring of the municipality's fuel consumption.

➤ **Failure to settle the legal situation of municipal real estate**

The municipality does not have land titles to all the real estate, which only enjoys the right to build, rent or operate directly; since it is built on land in the private domain of the State. At the same time, the municipality has

failed to take the necessary steps to improve the land situation of its real estate and register it.

➤ **False imputation of private property in the communal public domain**

Some private properties established in the weekly souk have been registered in the consistency base as communal public property, namely meat sales premises and commercial premises built in the souk, since their nature confers on them the unrestricted exploitation by the public, and as a result it had to be attributed to the communal private domain, whereas the commune has always qualified them as souks.

➤ **Failure to monitor subsidies granted to associations**

The municipality does not have a mechanism for monitoring the subsidies granted to associations, and without the associations reporting to the municipality on the accounting for the use made of these subsidies, which implies the obligation to require the subsidized associations to provide the employment accounts of the subsidies received.

**J. Audit of the management of the municipalities of "Sahtryine", "Zaitoune", "Mallalienne", "Mzefroune", "Kalaat Bouqorra" and "Masmouda"**

The following salient observations were made during the audit of the management of the above-mentioned municipalities:

➤ **Lack of control over the potential of municipalities in terms of revenue**

The municipalities concerned do not apply the legal procedures for imposing on taxable persons the tax on public passenger transport and the parking charge on vehicles used for public passenger transport in a limited and late manner. Thus 19 persons subject to the above-mentioned taxes and duties could not be imposed on the municipality of Mallalienne. In the municipality of Kalaat Bouqorra, the amounts due under the said taxes and duties, relating to the years from 2014 to 2016, could only be collected in 2017. Furthermore, the above-mentioned tax was not imposed on 9 taxable persons in the municipality of Zaitoune and 11 others in the municipality of Sahtryine.

Neither are the legal procedures initiated by the municipality of Kalaat Bouqorra and Masmouda to enforce their rent rights not paid by the tenants of the communal properties. Rents in the order of 45,376.00 DH and 49,380.00 DH due to 54 people were not paid by the tenants, respectively

to the commune of Kalaat Bouqorra and the commune of Masmouda without taking any action against them.

➤ **Inadequate preparation of the action plan and implementation of the development plan**

The preparation of the action plans of the municipalities of Kalaat Bouqorra, Masmouda and Mzefroune was not based on a realistic design that took into consideration the feasibility of the projects in the light of financial constraints. In this regard, these municipalities have programmed various high-cost projects that exceed their self-financing capacities and cannot be mobilized by their partners due to the lack of partnership agreements.

Also, 4 projects programmed under the development plan for the municipality of Zaitoune, covering the period 2012-2017, could not be implemented, while the percentage of two projects under the same plan reached only 20% and 30%. Additionally, projects to build 13 small and medium bridges, create a market for the exhibition of local agricultural products and develop water sources, with a total cost of 10,150,000.00, have not been implemented.

➤ **Failure to keep stock records or failure to keep them**

The municipalities of Mzefroune, Kalaat Bouqorra, and Masmouda do not keep stock accounts, contrary to the provisions of Article 111 of Decree No 2-09-441 on the accounting of local authorities and their groups. The keeping of the said accounts in the municipality of Mallalienne is limited to the supply of lighting and embellishment, without mentioning the references of the corresponding purchase orders or contracts.

➤ **Failure to comply with the compulsory expenditure**

The municipalities of Kalaat Bouqorra, Masmouda and Mzefroune do not include, in certain cases, the appropriations necessary to cover certain compulsory expenditure, within the meaning of Article 181 of Organic Law No 113.14 on municipalities. These are the employer's contribution to the collective retirement allowance scheme for seasonal workers, workers' insurance premiums, the special tax on vehicles and loan annuities contracted with the municipal equipment fund.

## Regional Audit Court of the Fez-Meknès Region

As part of its annual program for 2018, the Regional Audit Court of the Fez-Meknès Region carried out management audit missions in 19 municipalities and a thematic mission on the "Human Resources



Management" of the twelve territorial authorities in the province of Moulay Yaâcoub.

The following is a summary of the most salient observations made subsequent to these audit missions.

## **A. Communal revenues**

The most important observations, recorded in this context, concern the following.

### **1. The tax on undeveloped urban land**

The observations noted by the Regional Audit Court for most of the local authorities audited and more particularly the communes of Aknoul, Bab Bouder, Tahla, Oued Amlil, El Ouadine, and Ghafsai, were unanimous on the following:

#### **➤ No annual census of undeveloped urban land**

The municipalities audited do not carry out an annual inventory of undeveloped land, in accordance with the requirements of Article 49 of Law n°47.06 on the taxation of local authorities, in order to control the tax base and thus maximize the recovery of the tax. The competent services are content to regularize the tax situations of taxable persons only when they apply for town planning authorizations.

#### **➤ Failure to apply penalties for failure to file declarations of possession or acquisition of undeveloped urban land**

It was noted that several municipalities do not apply penalties for not filing declarations of possession or acquisition of undeveloped urban land, as provided for in articles 134 and 135 of the above-mentioned Act No. 47.06. Or, by issuing building permits without requiring taxpayers to pay the tax. Similarly, it was noted that some undeveloped land was not taxed prior to the issuance of building permits, or was taxed for only part of the years concerned. This has led to significant shortfalls in income for some municipalities (Aknoul and Bab Bouder).

#### **➤ Lack of awareness of taxation and tax collection on undeveloped urban land**

It has been found that several municipalities do not apply for and collect the tax on undeveloped urban land, for the benefit of persons who have been authorised to build but who have still not presented themselves to the municipal services (in this case Aknoul, Tahla and Ghafsai), to apply for the residence permit within three years from 1 January of the year following the year of the building permit. Where the right to the total temporary exemption provided for in Article 42 of the above-mentioned Act No. 47.06 is no longer applicable. In the end, most of them had their

residence permits without being invited to contact the competent services to pay the amount of the tax.

➤ **Renewal of building permits issued for more than three years**

It should be noted that some municipalities are renewing building permits issued more than three years ago without the buildings being completed or the residence permits having not yet been issued. This can be considered as an illegal extension by the municipality giving rise to a benefit from the temporary exemption from the tax on undeveloped urban land (Case of the municipality of Aknoul).

## 2. Other municipal taxes

The Regional Audit Court noted the following in this regard:

➤ **Failure to identify taxable persons and to apply the tax on the temporary occupation of municipal public property**

It was noted that some municipalities (Aknoul, Tahla, Ghafsai, and El Ouadine) do not ensure the identification of taxable persons and the application of the charge on temporary occupation of municipal public property for commercial, industrial or professional use, despite the existence of several occupants in the public domain, both individuals and establishments.

In addition, site visits revealed that some are in the public domain without authorization. The same applies to the temporary occupation of the municipal domain by movable and immovable property linked to the exercise of commercial, industrial or professional activities (Outat El Haj municipality).

➤ **Flat-rate application of the charge on the temporary occupation of municipal public property**

It has been revealed that the charge on the temporary occupation of municipal public property for construction work is applied on a flat-rate basis in violation of the provisions of Article 182 of Law No. 30.89. Especially since it is required only once for each building permit issued, knowing that, practically, the work cannot be completed within three months (in the case of the communes of Aknoul and Tahla).

➤ **Failure to collect rents from commercial premises**

It was noted that some municipalities do not ensure the collection of local rent for commercial use, to the point where the outstanding amount to be collected reached on 30 June 2017, for example, approximately 271,628.00 DH from the Bab Boudier manager, and 63,450.00 DH for housing rent and

19,500.00 DH for store rent at the Sebt Loudaya municipality, until 31 December 2015. Not to mention the failure to implement judicial measures against recalcitrant people.

➤ **Failure to exercise the right of control and communication**

It was noted that the municipality of Tahla does not exercise its right of control and communication provided for in articles 149 and 151 of Act No. 47.06, concerning the tax on public houses. This is in response to the low turnover reported by operators. For example, for the year 2016, the daily turnover declared by some establishments was generally below 26 DH and rarely exceeded 128 DH. This does not reflect the reality of traffic or the proven affluence towards cafés and other places, serving drinks, located in the very center of the city. It would have been desirable for the municipality, in this case, to compare these figures with those reported to the tax authorities.

➤ **Failure to review the declarations of quarry operators**

In this context, it was noted that the municipality of Sidi EL Mekhfi does not revise the declarations of the quarry operator "Tlat Nassna", thus limiting itself to the content of these declarations, which hardly reflect the quantities actually extracted. It also does not coordinate with the Provincial Directorate of Equipment, in its capacity as reporter of the Provincial Commission of Careers, according to the circular of the Head of Government No. 06/2010 dated 14 June 2010 on the exploitation of quarries and their control, for all matters relating to the correction and revision of the quantities actually extracted, and hence the collection of the corresponding taxes.

Similarly, the municipality of Bouchefaâ has failed to implement measures to control declarations relating to the extraction of quarry products, in accordance with the provisions of Article 149 and following of the above-mentioned Act No 47.06, in order to ensure that the data produced by the company operating the "Pouzzolane" quarry used in the cement industry and the company operating the "Pierre de décoration" quarry is accurate.

## **B. Municipal expenses**

Faced with the failure of local authorities to collect their increasingly meager debts, is it not relevant for them to ensure, more than ever, that their expenditure is rationalized?

### **1. Expenses by means of purchase orders**

If the use of purchase orders allows work to be carried out without being linked to the restrictive formalism of public procurement, it is therefore

mandatory to ensure that competition and equal access to public procurement are respected. In this respect, the Regional Audit Court recorded the following:

➤ **Use of purchase orders to regularize fuel consumption arrears**

It was noted that the two communes of Bouchefaâ and El Ouadine use "vouchers" to meet their fuel needs, pending the regularization of the year's consumption arrears through the issuance of purchase orders. This is contrary to the provisions of Articles 61 to 65 of Decree No. 2.09.441 of 3 January 2010 regulating the public accounting of local authorities and their groups.

➤ **Excessive use of the purchase order procedure**

In this respect, it was noted that the Sebt Lawdaya municipality makes excessive use of the purchase order procedure for the execution of projects and works, in addition to the monopoly of a single company on almost all supplies and repairs carried out by the municipality since 2011. The same is true for the municipality of Beni Frassen, where it was found that an entrepreneur, owner of two companies, benefited from most of the purchase orders issued during the period from 1<sup>st</sup> January 2016 to 21 September 2017. Also, the projects executed by purchase orders in the municipality of Sebt Lawdayda, have experienced several deficiencies, including the following:

- Unclear definition of the characteristics and content of the work;
- Failure to set deadlines (or dates) for the execution of orders and guarantee conditions;
- Failure to send letters of consultation to suppliers and contractors;
- Lack of precision in the preparation of the technical content of projects, given the importance of technical studies, should precede any preparation of purchase orders, with an acceptable margin of error;
- Failure of the technical office to monitor the execution of the various works carried out by purchase orders by implementing various measures, citing as an example the taking of photographs documenting the progress of the work, keeping records of achievements, in accordance with the required technical characteristics. This made it difficult for the Regional Audit Court to ensure that some of the work was in conformity with that contained in the invoice for which payment was made. Such as demolition, digging and debris transport;

- Failure to produce parts of the post-control of the track construction, such as the long topographic profile, site reports and laboratory test reports, before the use of the materials and after completion of the compaction work.

### ➤ Use of purchase orders to carry out construction work

During the period 2013-2017, the municipality of Beni Lent used purchase orders to carry out several projects. However, despite the weakness of the amounts of these projects, the adoption of this procedure is not in conformity with the provisions of Decree No. 2.06.388 (Article 75 and Annex 3) and Decree No. 2.12.349 (Article 88 and Annex 4) relating to public procurement. Especially since the two annexes do not provide for construction work among those that could be the subject of purchase orders. This has led the municipality to compromise some of the advantages of public procurement, especially in terms of the guarantees offered and the quality of the work.

It is in this context, moreover, that the municipality of Ain Bouali has built a new room, next to its municipal headquarters with an amount of 199,716.99 DH, by order form (n°15/2016 dated 30/11/2016). In this respect, it was noted that the construction work was undertaken by the municipality without conducting a geotechnical study of the soil that would serve to house the new room and even without relying on an approved plan by the architect, all this in violation of the provisions of Article 53 of Law No. 12.90 on urban planning, without disregarding that this constitutes a real danger for officials and users considering the nature of the region's soil, characterized by a predominant clay content. It should be noted that, during the visit to the premises, the Regional Audit Court noted the appearance of cracks in this building.

## 2. Expenditure by public procurement

The Regional Audit Court has made several observations on the management of expenditure by public procurement, the most salient of which are as follows:

- Illegal eviction of competitors outside the provisions of the public procurement decree;
- Failure to apply penalties for not producing a technical report on two contracts concluded by the "El Ouadine" municipality (No. 04/2012 and 10/2013), with work beginning in the absence of implementation plans;



- Unjustified issuance of work stoppage orders, within the framework of contract n°03/M.M.T.B/2014; thus providing the company with the benefit of additional delays;
- Scheduling of payment of statements, without requiring the company to produce insurance documents, despite the fact that they are stipulated in Article 24 of the General Administrative Regulations, dated 1 June 2000 and applied to works contracts carried out on behalf of the State.

Also, the Regional Audit Court observed, on the same occasion, that the municipality Ahl Sidi Lahcen carried out work not defined in the initial contract No. 02/2013 for an amount of 419,966.88DH, without the conclusion of an amendment. These are works that have not been determined in the price schedule and include parts of the project to strengthen the drinking water network, which was not initially planned. This has led to the construction of pipes with technical characteristics that do not comply with what has been provided for in the contract. Since the municipal services had not concluded an amendment, in accordance with the provisions of paragraph 5 of Article 51 of the CCAG<sup>6</sup>, they increased the quantities of certain works during the liquidation to compensate for the cost of those not scheduled in the contract. This is how, and in view of the attachments confronted with Count 2 and last, it was possible to see that the latter contains work that has not been carried out but has been taken into account (for work that has not been planned). This, in addition to:

- Failure to produce the plans necessary for the execution of the work;
- Absence of plans for the re-coupling of the installations carried out;
- Lack of certainty as to the discharge of the payment;
- No forfeiture of the final security following the termination of the contract.

As part of the improvement of its infrastructure, and the efforts made to provide access to basic facilities; the Beni Lent municipality and during the period 2012-2017, has made a considerable effort, mainly through the consolidation and strengthening of its road network, and consequently, the conclusion of partnership agreements within the framework of the local human development initiative. Only these projects have experienced

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<sup>6</sup> Le cahier des clauses administratives générales

deficiencies related to the application of regulatory procedures and good governance, namely:

- The lack of necessary technical studies on each type of work to be carried out;
- Failure to comply with the regulatory provisions concerning the appointment and convening of the tender committee;
- The misuse of certain provisions of the Public Procurement Decree regarding the assessment of excessive or abnormally low supply;
- Weaknesses in the preparation of C.P.Ss and price schedules for certain contracts, containing errors and contradictions with undesirable effects on the execution of the work. Among them, it is worth mentioning by way of example:
  - The reference of the C.P.S. of the contract n°02/2012 object of the works of extension and consolidation of the regional road n°508, to texts of law having already been repealed;
  - Failure to inform the holder of contract No. 10/2012 for runway construction works of the obligation to produce the facility inventory plans before provisional acceptance;
  - Failure to precisely define needs;
  - The inclusion of laboratory tests in the price schedules of some contracts; does not comply with current regulations.

### **3. Management of municipal projects**

In this regard, the following was observed:

#### **➤ Construction of school canteens without plans or geotechnical studies**

As part of the implementation of the local human development initiative program, the municipality of Ain Bouali disbursed DHS 641,235.26 through public procurement contracts between 2013 and 2017 for the construction and completion of school canteens: one at the Sidi Moussa El Hadi school, another at the Oulad Mimoune school, and others at the Bayada and Ain Sahrij schools. Except that, the examination of the technical documents specific to the execution of the work revealed the absence of an architect's plan and the use of the technical service of a presumed "standard plan", unsigned and unauthorized, used to carry out all the canteens. As is the absence, moreover, of a prior geotechnical study of the sites on which the canteens are built, in violation of the provisions of Article 53 of Law No. 12.90 on urban planning as amended and the

provisions of Article 7 of the partnership agreements concluded by the municipality under the said program of the above-mentioned initiative.

➤ **Defaults in the construction project for a football field**

The municipality of Ouled Mimoune has built a football field through contract n°1/2015 for an amount of 559,643.89 DH, in partnership with the local human development initiative and the provincial delegation of the Ministry of Youth and Sport.

The Regional Audit Court has recorded the following in this respect:

- Lack of building permits and duly approved plans;
- Deterioration of the condition of the land, although recently built;
- Lack of administrative measures to ensure the sustainability of the project;
- Failure to achieve the expected objectives of the construction of the land.

➤ **Disruption of most of the projects programd by the municipality of Tissa as part of the urban development project**

It was noted that most of the projects programd by the municipality of Tissa as part of the urban development project, some of which are carried out by the "Agence de Promotion et de Développement du Nord", have experienced difficulties in implementation. In this case, it is the:

- Bus Station Project: subject of contracts n°1/2002 for an amount of 2,205,029.04 DH and n° 9/2013 for an amount of 1,149,424.80 DH for its completion. It must be noted that the station has never functioned, which has led to its degradation due to a lack of security and maintenance. In response to this situation, the Public Services Commission has not considered how to make it work, and the municipal council has not taken any action in this regard;
- Landfill project: during 2003, the municipality ventured to build a public landfill on private property operated by a salt extraction company. This prompted the company to take legal action and to receive compensation in the amount of 3,600,000.00 DH. And, in the face of this misadventure, the municipality did not seek behind the relocation of the landfill to avoid any inconvenience.

➤ **Lack of profit of the target population of some projects carried out**

The municipality of Sidi Mekhfi, on an individual or partnership initiative: has carried out a series of projects concerning the supply of drinking water to the population, as well as other projects. Except that the target population was not able to benefit from some of these projects. A particular example is the "water supply project", which aims to supply water to a reservoir from a mountain source via a supply channel and to distribute it to the surrounding population through a "return channel". This project was unsuccessful because of the vandal attitude of the residents, some of whom preferred to grab it, drawing water directly from the canal, causing a drop in pressure and hindering the filling of the reservoir supposed to supply the rest of the inhabitants.

➤ **Worsening of the environmental problem related to waste collection**

The interest shown by the Regional Audit Court in the management of the municipality of Outat El Haj of its domestic and similar waste has made it possible to highlight the worsening environmental problem linked to waste collection. Where, surveys conducted in some districts of the municipality have revealed the existence of several "black spots" transformed into real wild dumpsites damaging the city and the health of its inhabitants, following the proliferation of insects and the emanation of foul odors. These are some "black spots" in the Malwiya River, on the side of the municipal stadium and weekly souk, as well as at Hay Atlas near the slaughterhouse. These areas are also real landfills for debris from construction materials and waste from poultry and fish merchants, as well as residues from commercial and domestic activities.

## **C. Management of the urbanism sector**

Urbanism and spatial planning are essential driving forces for development, and therefore a complementary source of municipal revenue. However, it should be noted that this sector suffers from structural deficiencies in several municipalities, such as the municipality of Aknoul. This is partly due to the particularities of the territorial area of this municipality and the problems affecting its land base. The management by the municipality of the sector has also revealed a failure, among other things, in the rate of construction of the public facilities provided for in the development plan, the granting of residence permits without the opinion of the inspection commission and other offenses related to urban planning.

Furthermore, the study of the authorizations issued and the urban planning files in the municipality of Ghafsai revealed that the latter does not require public administrations to grant regulatory authorisations before starting

any construction operation. Thus, it turned out that some administrations were built without the municipality having any documents relating to these constructions. In fact, only (3) out of eight (8) public administrations, were authorized to build; while five (5) public bodies carried out the construction operations without paying the tax. These are the Museum of the Resistance, the Girls' Boarding School at El Imam Chtibi High School, Dar Taliba and the former municipal headquarters. It was also noted that the vice-presidents of the municipality may have issued urban planning authorizations without delegation of signature.

The Regional Audit Court also noted that the municipality of Outat El Haj does not ensure that certain public administrations obtain the necessary building permits and pay the corresponding taxes, which violates the provisions of Article 40 of the Urban Planning Act No. 12.90.

Moreover, the organization of work and the management by the Moulay Driss Zarhoun commune of urban planning files and registers have suffered from several deficiencies, in particular:

- Failure to keep registers and files in an organized manner, to misclassify and archive them, to improperly record authorizations when applications are submitted and authorizations are granted. Moreover, the files kept, in small numbers, are incomplete, they do not contain copies of documents produced such as land titles, the minutes of the small projects commission and other equally important documents. This constitutes a breach of internal control and an impediment to access to information;
- Failure to number the residence permits in such a way as to guarantee logical and comprehensive monitoring, even worse, the Regional Audit Court has discovered the existence of some specimens of authorizations signed blank by the president of the municipality.

In the Oued Amlil commune, the Regional Audit Court noted the following in particular:

- No obligation on developers to obtain new authorizations in order to carry out their subdivision work;
- Granting of renovation authorizations instead of building authorizations;
- Contradictions detected between the residence permits granted and the opinion of the inspection commission.



Besides, the examination of the files relating to the multiple authorizations issued by the municipality of Gueldaman in the field of urban planning made it possible to consider the granting of construction authorizations without even the opinion of the inspection commission, in violation of the provisions of Article 43 of the aforementioned Act No 12.90 and Article 32 of Decree No 2.92.832 adopted for its application.

## **D. Human Resources Management**

Until the end of 2017, the number of civil servants in the municipalities of My Yaâcoub province and its provincial council reached 587, 164 of them were made available to the territorial administration of My Yaâcoub province and to external services of the Ministry of Finance and other administrations. The Regional Audit Court has noted in this respect that there is a discrepancy in the actual supervision between the various municipalities concerned, with, however, a decrease in the percentage of supervision in the provincial council and an increase in the financial burden of those made available. In this context, several observations were recorded, the most salient of which are as follows:

### **1. The Provision of services**

In this respect, the following has been noted:

- Making available to certain officials, in external services as soon as they are recruited, and often without complying with procedural standards;
- The General Secretariat of the My Yaâcoub province took over the jackpot of the officials made available;
- Granting of non-regulatory allowances to civil servants placed at the disposal of other entities in violation of the provisions of Article 8 of Decree No. 2.13.422 of 30<sup>th</sup> January 2014 concerning the placing at the disposal of civil servants.

### **2. Organizational chart**

The most important observations on this aspect are as follows:

- Failure to effectively implement decisions relating to the organization and structuring of municipal administration;
- Dispatching of officials in different departments, without taking into account the workload of the outsourced work or the separation of incompatible tasks;

- Failure to observe the needs of municipalities and their organization charts when recruiting.

### **3. Working conditions**

In this context, it was noted that the headquarters of most of the municipalities concerned were inadequate, in terms of the number of officials in office, with the areas allocated and the number of offices available. Forcing civil servants such as those in Ouled Mimoune and Ain Bouali to work, on a temporary basis, in premises belonging to the local authority, because of cracks in the walls of their original administrations could endanger their safety and that of the users.

### **4. Ongoing training**

Despite the need for most of the municipalities audited in management positions for certain positions of responsibility, namely internal audit, communication and general relations; as well as the lack of a legal and local finance background of some officials, it was noted that there was a need of training and development programs for officials based on the needs analysis and related to the issue of promotions and appointments to positions of responsibility.

## **Regional Audit Court of the Guelmim Oued -Noun Region**

The Regional Audit Court of the Guelmim Oued-Noun Region carried out nine audits of the management of the municipalities of Sidi Ifni, Mireleft, Tioughza, Mesti, Sbouya, Tighirt, Chatea alabiad, Amtdi, and Benkhilil.

These missions gave rise to a series of observations, the most salient of which can be summarized as follows.

### **A. Territorial planning and coastal urban planning management**

#### **1. Strategic planning of the municipality**

The audit mission identified the following deficiencies:

➤ **Non-renewal of the partnership agreement concluded between the provincial council and the municipalities for the preparation and implementation of municipal development plans**

Under Article 7 of the above-mentioned Partnership Agreement, the Agreement entered into force after its approval and signature by the Provincial Council and the municipalities concerned for a period of three years (2010, 2011 and 2012) and was extended by mutual agreement of the Contracting Parties. However, despite the effective expiry of the said agreement on 30 September 2012 without the municipal development plans (DEPs) being drawn up, no measures have been taken to renew it or extend its validity.

➤ **Inadequacies in the terms of the partnership agreement for the preparation and implementation of DEPs**

Article 3 of the above-mentioned partnership agreement entrusted the Social Development Agency (SDA) with the task of supervising the administrative and financial management of the Local Development Fund in the province of Sidi Ifni and appointing development officers to assist the provincial council, local authorities and local actors in preparing and implementing the provincial development plan and the DEP. Article 4 of the same convention provided for the transfer of the contracting parties' contributions to the account opened by SDA. However, despite the importance of the tasks entrusted to it for the implementation of the provisions of the said convention, it must be noted that it has not signed by the SDA.

On the other hand, it was found that the provisions of the said convention did not include a precise definition of the activities and procedures financed by the Fund for Local Development in the province of Sidi Ifni. Only the provisions of Article 1 were limited to the general objectives of the convention. However, the conditions for its implementation, coordination and monitoring mechanisms, governance and evaluation commissions, as well as dispute resolution procedures and the conditions for amending, revising and repealing the agreement, were not addressed.

➤ **Lack of a strategic vision for the development of communal beaches and coastal development**

The monitoring work revealed the limited nature of the projects related to coastal development in the municipalities concerned. For example, only a few projects have been programmed in the municipality of Sidi Ifni, such as the development of the pedestrian path linking the city and the beach for an estimated cost of 2 million DH which will be financed by the municipality in 2020 and the upgrading of the corniche for an estimated

cost of 0.3 million DH in 2018, as well as the operation of the clean beaches for an estimated cost of 2.5 million DH from 2017 to 2022, financed by the National Agency for Ports (ANP<sup>7</sup>).

In terms of coastal protection, the communal plan of action (CPA) 2017-2022 did not highlight the requirements of the urban and coastal master plan SDAUL<sup>8</sup> 2000-2020 and the law on the coast. To this end, it has not identified the threats to the coastline, including the uncontrolled landfill near the coast (foot on the sea), the discharge of untreated wastewater directly to the coast, the failure to carry out the discharge at sea of water discharged by the sewage treatment plant (STEP) to protect marine species that survive the coastline. Similarly, the CPA has not specified the measures to be taken to enhance the value of maritime products and find solutions to unblock the project to build an industrial zone, in order to boost the local economy and job creation.

The same observation applies to the municipality of Mirelfet, where the examination of the minutes of the municipal council's deliberations during the period 2010-2016 and the evaluation of its assessment in the context of the emergency development plan for municipalities in the province of Sidi Ifni 2009-2012, as well as the analysis of the CPA 2017-2022, revealed that successive municipal councils did not have a global and integrated vision for the upgrading and development of municipal beaches. This is done by taking into account the natural assets of the municipality's coastline and unifying the efforts and interventions of all stakeholders (Ministry of the Interior, Ministry of Equipment and Transport, Urban Agency, ONEE Water, etc.), within the framework of a horizontal action plan that ensures that the objectives and visions of the various parties are fully converged and harmonized.

On the other hand, the efforts made by the municipal council to upgrade and develop municipal beaches remain limited, as they do not exceed certain scattered and seasonal measures related to preparations for welcoming summer visitors at the beginning of each summer season. They concern in particular the construction of certain tracks leading to the beaches, the acquisition of waste bins and a tractor, the relative extension of the public lighting network, the rehabilitation of certain health establishments and fire departments and auxiliary forces, etc. These interventions are entirely financed by requests for additional budget extensions from the Ministry of the Interior. Thus, the municipal budget benefited from special authorizations for the period 2010-2018 for an amount of 6,118,000,00 DH. Moreover, despite the size of the real annual

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<sup>7</sup> Agence Nationale des Ports

<sup>8</sup> Schéma directeur d'aménagement urbain et du littoral

budget surpluses, which amounted to 16,317,222.91 DH during the period 2010-2016, the municipal council did not propose, when programming these surpluses for the period 2010-2017, the implementation of projects to upgrade and develop the municipal beaches.

## **2. Coastal urban management**

Concerning the management of coastal urban planning, the Regional Audit Court noted the following observations:

### **➤ Failure to take the necessary measures to draw up a specific coastal development plan**

Article 18 (b) of Act 12-90 on urban planning provides that "for all or part of the territory of one or more rural municipalities with a specific vocation such as tourism, industry or mining and whose foreseeable urban development justifies development controlled by the administration, these areas shall be delimited by the administration on a proposal from the competent municipal councils or at the request of the governor of the prefecture or province concerned".

However, the coastal municipalities have not taken the necessary measures to draw up a specific development plan for the coastline, despite the tourist nature of this region, given that the beaches of the municipalities under control are frequented by thousands of Moroccan and foreign summer visitors and holidaymakers throughout the year, especially during the summer seasons.

### **➤ Non-compliance with the provisions of the Master Plan for Coastal Urban Development (SDAUL)**

The SDAUL includes the general urban development organization plan of the territory to which it applies, for a period not exceeding 25 years. It coordinates the development actions undertaken by all stakeholders (Article 3 of Act 12.90 on urban planning). However, the draft development plan for the city of Sidi Ifni approved by the local committee did not comply with the provisions of the SDAUL of Tiznit-Sidi Ifni and the 2000-2020 coastal zone approved in 2004, as indicated in article 11 of the law n°12.90 on urban planning. Similarly, the provisions of Act n°81.12 on the coast prohibit any construction by the sea within a limit of 100 m calculated from the land limit of the coast.

In this context, it was noted that the draft development plan did not respect the zoning specified in the SDAUL Tiznit-Sidi Ifni and the 2000-2020 coast. For example, the proposed industrial zone and the business zone (slaughterhouse, wholesale market, weekly Souk, green spaces, parking, squares) which are adjacent to the existing industrial zone towards Sidi Ouarzeg and the unconstructible zone located along the road of the zone



located at the exit of the city towards Sidi Ouarzeg have been modified in the draft development plan and transformed into mixed zones. Similarly, a large part of the existing industrial area has been transformed into a residential and tourist area (RTA) in the draft development plan. In addition, the unconstructible zone in the Tamhroucht district is transformed into an area to be restructured, as well as the area located along the coast in the Tamhroucht district over a strip of more than 80 m, which is an unconstructive zone, has been transformed into an RTA in the draft development plan.

➤ **Delay in carrying out studies related to the upgrading and enhancement of the coastline and failure to issue the municipality's opinion on the SDAUL project**

The Benkhilil municipality's coastline, which extends 29,548 km from the mouth of Oued Daraa to the Al Ouatya municipality, is part of the Guelmim-Smara SDAUL project, launched on 7<sup>th</sup> October 2011, as part of the 36/2011 contract concluded by the Guelmim-Smara urban agency. However, its implementation has been delayed due to non-compliance with the obligations of the architect in charge of the study, as explained in formal notice No. 14/2014 sent to the latter on 27<sup>th</sup> March 2014 by the urban agency. The latter has begun preparing a new study on the SDAUL Guelmim-Sidi-Tantan Ifni, which plans the orientations of coastal development for the next 25 years.

However, despite the adoption of a participatory approach by the consultancy firm, the municipality did not issue an opinion on the draft plan, despite successive summonses sent by the urban agency's services to formulate its proposals.

➤ **Failure to implement the socio-economic facilities provided for in the old expired development plan**

The rate of completion of socio-economic facilities and green spaces provided for in the Sidi Ifni development plan promulgated in 2003 did not exceed 14.56%. Thus, a set of equipment that has not been produced. These include, for example, 4 public squares, 20 green spaces, 2 sports facilities, a pedestrian path, a cultural facility and 4 parking lots.

It should be recalled that the declaration of public utility of this equipment for 10 years entitles its owners to a temporary exemption from the tax on undeveloped land (TTNB) during this period and they could not develop this land in terms of investments that could boost economic activity (development of housing estates, housing groups, tourist complexes, etc.). It shows that the failure to build the above-mentioned equipment has resulted in a loss of revenue for the municipality both in terms of revenue from the TTNB and in terms of the tax potential that could have been

generated from the activity of land development and equipment by its owners.

➤ **Construction of housing, equipment, and public administrations on the maritime public domain (MPD)**

The monitoring mission highlighted the construction of buildings and housing on the MPD. For example, the encroachment on the MPD of 15 buildings (villa lots) at the Widadiya subdivision near the coast with a view of Sidi Ifni beach. The encroachment on the MPD was also carried out by public bodies, namely the municipality and the services of the State's public-private domain (5 cases relating to the construction of buildings). Similarly, the construction of commercial premises by the province of Tiznit at the page level near the port during the 1990s and which are not currently being operated.

It should be noted that the municipality proceeded with the construction of the municipal park without following the procedure for obtaining the building permit in accordance with the provisions of articles 40 and 51 of Law n°12-90 on urban planning, since this building is part of the construction of public buildings or for public use. This led to the construction of the municipal park on the MPD, exceeding both the provisions of the Town Planning Act and its implementing regulations, as well as the provisions of the Coastal Act, as explained by Circular No. 7739 of the Minister of Town and Country Planning of 1<sup>st</sup> October 2015 on the application of the provisions of the said Act.

It was also noted that buildings were built on the MPD as defined by paragraph 1 of Article 1 of the Dahir of 7 Shaaban 1332 (1 July 1914) relating to public domains, in the territorial communes of Mirleft, Sbouya, and Mesti, without obtaining construction permits during the period from 2008 to 2016. Similarly, other constructions in the near-coastal areas have been observed despite the prohibition of their construction as specified in article 15 of Dahir No. 1.15.87 promulgated on 29 Ramadan 1436 (16<sup>th</sup> July 2015) for the implementation of the above-mentioned law 81.12.

➤ **Authorization to create tourist projects in the absence of urban planning documents**

On 5<sup>th</sup> November 2008, the municipality of Tioughza issued an authorization to build a tourism project at the Lagzira beach on the basis of the general guidelines of the SDAUL of Tiznit-Sidi Ifni and the coast and the minutes of the provincial commission for major projects of 11<sup>th</sup> September 2008, which gave its assent to the project in the absence of the AP and the zoning plan, contrary to the provisions of Article 10 of the above-mentioned Act 12-90. In fact, the provisions of this article specify that no subdivision or group of dwellings project or construction project

may be authorized in the absence of a development plan or a zoning plan if they are not compatible with the provisions laid down by the urban development master plan concerning new urbanization zones and the general purpose of the land.

It should be noted, in this respect, that the study and approval of the said tourism project falls within the competence of the one-stop-shop and the regional investment commission composed of the directors and delegates of the administrations concerned by investments under the patronage of the director of the regional investment council created following the royal letter of 9<sup>th</sup> January 2002 on decentralized investment management. Similarly, the authorization to carry out the said project had to be carried out within the framework of the derogations granted to investment projects not provided for in the urban planning documents of the area concerned and which are governed by the provisions of the joint circulars of the Minister of the Interior and the Minister responsible for urban planning No 3020 of 27<sup>th</sup> March 2003 and No 10098 of 31<sup>st</sup> July 2010. The purpose of these circulars is to introduce more flexibility and transparency into the operation of the study of investment projects submitted to the urban planning authorities and to reduce the binding nature of urban planning documents.

## **B. Management of the coastal environment by the municipalities audited**

The most important observations recorded at this level concern the following.

### ➤ **The inadequate liquid sanitation system**

The municipality of Sidi Ifni has a unitary liquid sewerage network that handles both wastewater and rainwater treatment. It also has three pumping stations (PS), of which PS1 receives the wastewater from PS2, which collects the wastewater from Tamahroucht and discharges it to Hay Lala M's H collector. This collected wastewater flows to PS1 by gravity flow. In addition, wastewater from all the districts of the city flows into the PS1, which is located near the riverbed of the Oued Sidi Ifni next to the zoological park. All wastewater collected at PS1 is sent to PS3 (opposite the provincial headquarters) and then to STEP. This makes it difficult to collect wastewater and pump it to the STEP, especially during rainfall. It should be noted that the PS1 still breaks down because the slope towards the PS3 is very steep and the relief is considered as a catchment area since the city is located between the sea and the mountain of Boulaalam and crossed in the center by the Oued Sidi Ifni. The monitoring mission found that untreated wastewater was discharged directly to the beach by the thunderstorm spillway following the repeated breakdown of the PS1. This

situation has led to the contamination of the well-used to fill the communal swimming pool located near this spillway. This has deprived summer visitors of this service, knowing that it is the only swimming pool in the city.

In the same context, the municipality of Mirleft does not have a liquid sanitation network comprising liquid sanitation channels and pumping stations, as well as STEP, due to delays in the implementation of the provisions of the convention No. 43AFG/DR1/2013 of 27<sup>th</sup> July 2013 between the municipality and ONEE (water sector) to build the liquid sanitation network in the center of the municipality, at an estimated cost of 54,000,000.00 DH. This situation has led to the flow of wastewater through the streets in the center of the municipality. This has caused environmental problems, affecting, in particular, the water table, hygiene, and public health, as well as the cleanliness and aesthetics of the spaces in the center of the municipality.

➤ **Wastewater treatment plant (STEP) with no sea outfall**

The municipality of Sidi Ifni has a natural lagoon STEP commissioned in January 2012 on an area of 10 ha. Its saturation horizon is planned for the year 2025 and its capacity is 22 500 inhabitants, i.e. a flow rate of 1600 m<sup>3</sup> per day. Since the natural lagoon liquid sanitation structure carries out primary and secondary treatment, without producing reusable treated water, the water is discharged into the coastline in the absence of an outfall for disposal at sea. This constitutes a real danger for marine fauna.

➤ **Granting of the authorization to operate the housing units despite the non-completion of the construction work of the STEP.**

On 5<sup>th</sup> July 2015, the municipality of Tioughza issued an authorization to operate the accommodation in the Kasbah Lagzira tourist complex, despite the fact that the construction work on the STEP, which is scheduled to be carried out under the environmental impact study, and under the provisions of the specifications relating to the project's environmental obligations, has not been completed. This situation could have negative consequences on the soil, the ecological balance, as well as effects on hygiene and public health.

➤ **The danger of the landfill to the environment and the coastal ecosystem**

Household and similar waste from the municipality of Sidi Ifni and the municipalities of Mirleft, Tioughza and Mesti is sent to the uncontrolled landfill located in an area near the coast where it is prohibited to locate it, as indicated in the study of the provincial master plan for the management of household and similar waste from Sidi Ifni, which describes the exclusion



areas, including groundwater, sources, coastal and dunes, dam retention areas and their watersheds. This poses a threat to the ecosystem due to the contamination of the water table by leachate, since the landfill does not have an impermeable protective layer that will be able to drain and treat the leachate. In fact, in the case of a flood, the risk of discharging leachate to the shoreline is imminent. This can cause adverse effects on marine wildlife.

It was also found that the beach next to the landfill was polluted, particularly by plastic waste.

➤ **Failure to take the necessary measures to fight water pollution in Oued Benkhilil and Oued Draa**

Despite its biological and ecological importance, the monitoring mission found that the waters of the mouth of Oued Draa, covering an area of 10,000 ha, are exposed to the risk of contamination by industrial wastewater flows from the "A" fish processing plant due to the non-use of the STEP of the city of Tan-Tan located in the "Lamjyire" zone in the municipality of Bni khlil. This situation has led to the proliferation of offensive odors, the contamination of agricultural land and the negative impact on natural resources. It should be noted in this regard that, despite the letters sent by the president of the municipal council to the competent authorities, no measures have been taken to fight against this pollution.

## **C. Management of economic activity related to the coastline**

The most important observations, recorded at this level, can be presented as follows.

➤ **Failure to build industrial units in the municipality of Sidi Ifni**

On 31<sup>st</sup> July 1991, the municipality of Sidi Ifni purchased a private State land, subject to requisition No. 391/31, with a surface area of 481,862 m<sup>2</sup> from the State domain on the basis of a symbolic DH per m<sup>2</sup> to create the industrial zone intended to generate more than 1000 jobs and make it available to investors in the maritime fishing sector. Thus, the municipal council issued the decision to sell 35 lots with a surface area of 300,436 m<sup>2</sup> extracted from TF n°2119/31 to the benefit of the persons whose names appear in Decree n°2.00.471 of 09<sup>th</sup> June 2000.

The beneficiaries of the lots in the industrial zone have not honored their commitments to build the industrial units as provided for in the specifications (Article 6 paragraph (2)) and the sales contracts (Article 7). With the exception of three industrialists who had built their fishmeal manufacturing units, the other investors did not carry out their industrial



projects, which did not make it possible to achieve the objectives set when the zone was created.

➤ **Blockage of the tourist complex project in the coastal area of Chatea Alabiad**

A framework agreement and an implementation agreement have been concluded for the implementation of the project for a tourist resort in the municipality with a bedding capacity of 19,445 and 22,000 beds respectively by 2010 and 2020, as well as an estimated residential bedding capacity of 10,544 beds.

The agreement to upgrade and enhance the tourist complex signed in 2007 with the "F" group was terminated on 15<sup>th</sup> September 2009. A new agreement was signed with the "P A" group in March 2010, but no project has been carried out despite the mobilization of the land required for this project, which is estimated at 596 ha. Similarly, the municipality has not taken the necessary measures to accelerate the implementation of the project and to develop the beach of Chatea Alabiad, in order to ensure the territorial, economic and social development of the municipality in accordance with the provisions of article 87 of the Organic Law No. 113.14 on municipalities.

➤ **Failure to take the necessary measures to create investment zones along the coast of the municipality of Merlift**

The emergency development plan for municipalities in the province of Sidi Ifni 2009-2012, approved by the municipal council at its ordinary session in October 2008, provided for the creation of investment zones by building basic facilities along the coast between Sidi Mohamed Ben Abdlah and the port of Alrakont, at an estimated cost of 865,000,000.00 DH in order to achieve a major tourist take-off in the region that could create employment opportunities (about 45,000 jobs). However, it should be noted that this project did not come into being until the completion date of the monitoring mission coinciding with the end of November 2018.

## **D. Management of communal beaches**

Among the important observations noted for this area are the following.

➤ **Failure to carry out the equipment provided for in the specifications relating to the provision of beach management and operation to the municipality of Sidi Ifni**

The specifications relating to the provision of beach management and operation to the municipality were approved by the Wali of the Souss

Massa Draa region on 3<sup>rd</sup> August 2006 in accordance with joint circular No. 84 of 04<sup>th</sup> June 1998 on the management and protection of swimming beaches by the municipalities. Article 9 of the said specifications stipulates that the municipality undertakes to carry out the equipment program for beach maintenance by installing 10 toilets equipped with appropriate purification devices, as well as two separate shower blocks (for men and women), bins every 50 meters, two drinking water points fitted and public lighting points and telephone booths. However, with the exception of three premises (national security, infirmary, and local authority) and a sanitary block built by the ANP and fitted out in 2018 in the absence of an agreement to this effect with the municipality, the latter has not provided the above-mentioned equipment. It should also be noted that the municipality has not drawn up the beach use and management plans provided for in the joint circular of 17<sup>th</sup> May 2018, which replaced joint circular No. 84 of 4<sup>th</sup> June 1998 on the management and protection of swimming beaches by the municipalities. This prevented the municipality from making available to it, once again, the management of Sidi Ifni beach.

➤ **Failure to take the necessary measures to make beach management available to the municipality**

The coastal municipalities, which are the subject of the monitoring missions, have not taken the necessary measures to make available to them the management of beaches open to bathing in accordance with the provisions of the joint circular of 17<sup>th</sup> May 2018 on beach management by municipalities.

➤ **Inadequate tools for monitoring beach operating conditions**

It was noted that the control tools in the areas of protection, cleanliness and public tranquillity at the beaches of the municipalities of Mirleft and Tioughza were weak, as provided for in article 50 of Act No. 78.00 on the municipal charter and article 100 of Organic Act No. 113.14 on municipalities. Thus, the municipalities have not assigned sufficient municipal staff to carry out these tasks. They rarely initiate commissions to monitor the use of beach areas in coordination with the services of the Royal Gendarmerie and the local authority. This situation has allowed the illegal occupation of public space and by the non-compliance with the rate of the area reserved for commercial and economic activities provided for in Article 1 of Joint Circular No. 84 of 4<sup>th</sup> June 1998. On the one hand, beach area operators do not respect the areas set aside for their activities in accordance with beach management and operating plans. On the other hand, the pricing applied to services rendered is negotiated without displaying the prices set for the public. It should also be noted that the high number of summer visitors leads to a significant increase in demand for

goods and services. This could lead to the sale of expired and non-consumable food products, as well as the proliferation of unauthorized activities and commercial premises, in the absence of food price and quality control commissions, and the failure of the administrative police to take measures to contribute to the quality control of food and beverages exposed for sale to the public.

### ➤ **Inadequate coastal infrastructure**

The majority of beaches in the municipalities, which are the subject of audit missions, suffer from the weakness of adequate road infrastructure, since the majority of the tracks linking its beaches are not developed. Nor do these beaches have facilities to facilitate summer activities, such as electricity, drinking water, parking, sanitary conveniences, etc.

For example, the Mirleft Municipal Council has only developed the tracks leading to the Imi Ntrga, Aftass and Ftayssa beaches for a total amount of 864,311.90 DH, while the beaches of Sidi Elwafi and Tamhroucht are not connected to the road network. This makes it difficult to access these beaches. With the exception of the parking lot of the beach Imi Ntrga despite its narrowness, which has been developed, within the framework of the contract n° 04/2014 for an amount of 350,280.00 DH as of August 06<sup>th</sup>, 2014, the other beaches do not have parking lots equipped with sidewalks facilitating access to the sands.

## **E. Products from the management of communal beaches**

The results of the monitoring missions highlighted the low level of municipal revenues from beach management. In this context, the following was noted.

### ➤ **Insufficient revenue from beach operations**

It was noted that the coastal municipalities do not benefit from the provision of beaches to ensure their direct management and issue to individuals the authorizations for the temporary occupation of the OTDPM<sup>9</sup> maritime public domain while benefiting directly from their fees, as specified in the joint circular No. 84 of 4<sup>th</sup> June 1998 and that of 17<sup>th</sup> May 2018 on beach management by municipalities. They have not also carried out the equipment provided for in the specifications annexed to the two circulars mentioned above, which has deprived the budget of the said municipalities of the significant revenues that could come from the direct management of OTDPM authorizations by the municipalities concerned.

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<sup>9</sup> Occupation temporaire du domaine public maritime

In this context, it should be noted that the municipality of Sidi Ifni was only able to collect the amount of 6,755.00 DH spread over four years as beach operating income spread over four years during the period from 2011 to 2017.

### ➤ **Insufficient revenue from the pub tax**

Despite the importance of commercial activity during the summer period, given the increase in the number of summer visitors and the flow of demand for services offered by beverage sales establishments, this does not reflect the level of revenue received by the municipalities of Sidi Ifni and Mirleft from the pub tax. This is due to the absence of control by the municipal services of the said establishments to encourage their operators to declare their turnover to the municipality and pay the tax due to the latter.

Similarly, the municipalities do not check the declarations of the owners of coffee shops and premises selling drinks to ensure that the turnover declared is true, knowing that they only declare low turnover despite the volume of business transactions experienced by these shops, especially during the summer period. In this sense, the average revenue of the said tax of the Mirleft municipality does not exceed the annual amount of 39,099.12 DH between 2010 and 2016. Similarly, some taxpayers have declared to the municipality of Sidi Ifni for the 3rd quarter of 2018 a turnover of 160.00 DH, which is equivalent to 18.00 DH as turnover per day. Such an amount would not cover the operating costs of a café (staff, rent, electricity, drinking water, inputs, etc.).

The same applies to the tourist tax. In fact, the average annual income of the municipality of Mirleft is 39,352.35 DH during the period from 2010 to 2016, which does not reflect a large number of people accommodated in tourist establishments during the summer season. This is due to the failure to take the necessary measures to oblige the operators of furnished houses and apartments to declare overnight stays and to pay the tourist tax to the municipality. Nor does the latter carry out a census of furnished apartments and houses in coordination with the bodies concerned (Royal Gendarmerie, local authority, etc.); and compel their owner to pay the said tax, bearing in mind that the rate of the tax does not exceed 5.00 DH per person and per night.

## Regional Audit Court of the Laayoune-Sakia El Hamra Region

In 2018, the Regional Audit Court of the Laayoune-Sakia El Hamra Region carried out seven management audit missions in the municipality of Boukraâ (Province of Laayoune), four municipalities in the Province of Boujdour (Boujdour, Jrifiya, Gueltat Zammour and Lamside) and in two municipalities in the Province of Tarfaya (Tarfaya and Akhfennir).

In parallel with these missions, and pursuant to Article 158 of the Code of Financial Courts, the Regional Audit Court carried out two other audit missions under the Audit Court 's program for 2018. These missions concerned the Provincial Hospital Center of Boujdour and the Higher School of Technology (EST) of Laayoune.

Thus, the most salient observations recorded during the seven missions mentioned above are summarized as follows.

### **A. Strategic vision and communal development effort**

In the evaluation of the development efforts of the audited communities, the following was noted:

#### ➤ **Insufficient preparation of municipal action plans for the period of the current mandate**

The municipalities audited did not begin the process of preparing their action plans until early 2017. These steps had to be taken in the first year of the municipal council's mandate, the maximum period for the preparation of the said plan, in accordance with the provisions of article 78 of organic law n°113.14 relating to municipalities.

Furthermore, the preparation of the action plans of the said municipalities was marred by several deficiencies, mainly related to the following:

- Some municipalities do not set out the commitments of the design offices with regard to the preparation of municipal action plans. This is the case in particular for the municipalities of Tarfaya and Boukraa, which issued purchase orders for the benefit of the said design offices without any indication of the nature of the studies to be carried out, the steps to be taken by the design office, as well as the deadlines set by the decision of the president of the municipal council on this subject and stipulated by decree n°2.16.301 ;



- Failure to assess the municipality's revenue and estimated expenditure for the first three years of the implementation of its action plan, in accordance with the provisions of Article 4 of Decree No 2.16.301 laying down the procedure for drawing up the municipal action plan;
- Lack of diagnosis and determination of the draft municipal development plan of the municipality's priorities in terms of public services and facilities, as stipulated by paragraph a) of Article 6 of Decree No. 2.16.301;
- Failure to submit the draft action plan to the standing committees for consideration by the said committees at least 30 days before the date of the council session for approval as provided for in Article 10 of the above-mentioned Decree.

### ➤ **Illegal exploitation of quarries**

It has been revealed, through investigations, that the exploitation of quarries, particularly in the territory of the municipality of Lamside, which extends to the limits of the town of Boujdour, is carried out in a clandestine manner by several companies and without legal authorization. However, those in charge of the municipality have not taken any measures to put an end to this phenomenon. This practice constitutes a clear violation of the legal and regulatory provisions provided for in this regard, in particular, the Dahir of 5 May 1914 and Law No. 27.13 on quarries promulgated by Dahir No. 1.15.66 of 9<sup>th</sup> June 2015, article 9 of which provides that "the opening and exploitation of quarries are subject to a prior declaration of exploitation to the administration which issues the corresponding declaration receipt".

Following the on-site investigations, and according to the minutes drawn up by the provincial quarry commission and the visit to the sites concerned, it was possible to observe a real deterioration of the coastline and a profound destabilization of the environment that potentially threaten both marine life and the local population. In fact, the massive extraction of ocean sand, without respect for technical standards, has disfigured the coasts in this geographical area and has allowed the invasion of lowlands by seawater.

## **B. Communal organization and human resources management**

The following observations were recorded in this context.

➤ **Failure to implement the approved administrative organization**

The presidents of the audited municipalities have issued judgments relating to the organization of the municipal administration, without these judgments being implemented. In fact, the following was revealed:

- Some services provided for in the above-mentioned judgments have not been created, while the administrative structure in place includes services not included in the new administrative organization;
- The heads of divisions and services do not have appointment decisions provided for by the new administrative organization.

➤ **Lack of definition of functions and procedure manuals**

It was found that the municipalities audited do not have documents defining the duties and mandates of each official or agent within the framework of the responsibilities entrusted to them, which is not in accordance with the provisions of Article 271 of Organic Law No 113.14 on municipalities, which require the precise definition of the tasks of civil servants and the fight against the accumulation of functions, as well as the establishment of procedural manuals relating to the activities and missions devolved to the administration of the municipality and its executive and management bodies, in order to oversee the operations carried out and the sharing of responsibilities between the various stakeholders.

➤ **Holding multiple functions among certain officials with cases of incompatibility**

It has been noted that some municipal officials perform several tasks, some of which are incompatible with internal control standards. This is the case, for example, of the director of services of the municipality of Lamside, who at the same time acts as a revenue manager and also manages the municipality's real estate assets. Also, the head of the division of financial and economic affairs certifies the service made and receives all purchases of supplies and works that fall within the competence of the municipality's technician. It also keeps the registers of the movable heritage (material and equipment) of the municipality.

➤ **Failure to monitor staff presence to address the unjustified absence**

The municipalities audited do not have the means to verify the monitoring of the presence of staff at their workplace. In this respect, the CRC noted, during the audit period, the absence of a significant number of civil servants and agents in the various municipalities and no measures were taken against them.

## C. Management of municipal revenues

The revenues of the municipalities audited are characterized by low own resources. They are based, essentially on transfers from the State, in particular, the allocation of VAT, which represents, in most cases, more than 96% of the revenues of these municipalities.

The Regional Audit Court has noted several observations in the field of revenue management, the most salient of which relate in particular to a deficiency in the identification of debtors and the non-recovery of municipal revenues, whether related to local taxes or the exploitation of municipal property.

## D. Management of municipal expenses

In this context, the following was observed:

### ➤ Deficiencies related to the procedure for issuing purchase orders

Most of the municipalities audited do not have a clear and precise procedure for issuing purchase orders. In fact, they carry out their expenditures without first determining their real needs.

They also do not register letters of consultation before they are submitted to suppliers. As they do not register the estimates received, nor do they set up a committee to study these estimates before issuing the purchase orders concerning them.

### ➤ Scheduling of repair and renewal expenses for equipment at excessive prices

During the period 2013-2017, the municipality of Boujdour spent 1,446,660.00 DH on repairs and maintenance of office furniture and equipment (748,260.00 DH) and computer equipment (698,400.00 DH). The examination of the relevant invoices has shown, on the one hand, that these operations are repetitive for the same equipment and, on the other hand, that the unit prices charged often exceed the acquisition prices of the same new equipment. For example, during this period, the municipality spent 212,292.00 DH for the maintenance of a leather salon and 83,040.00DH for 8 services to repair a Ricoh photocopier machine.

### ➤ Lack of coordination with the various stakeholders for the rationalization of expenditures related to the routine maintenance of tracks and pavements

These include the municipality of Boujdour, which carried out several works contracts relating to the routine maintenance of roads and pavements and the development of urban roads during the 2012-2017 period. It was

noted that this work was carried out without any coordination with the other stakeholders (Boujdour Provincial Council, Office Nationale de l'Electricité et de l'Eau Potable (ONEE) and other administrative entities.

In fact, it was found that these operators carried out work on certain tracks immediately after the completion of the work carried out by the municipality, thus causing the pavement to deteriorate and the municipality to bear the costs of further maintenance.

## **E. Management of the vehicle fleet and related costs**

The management of vehicle parks in all audited communities has been characterized by a considerable increase in expenditure, mainly due to a failure to comply with the principles of economy, efficiency, and effectiveness in this area. Below are some observations noted in this context.

### **➤ Lack of means to control and monitor fuel consumption and vehicle repair and maintenance operations**

The municipalities audited do not adopt a clear and precise procedure for the supply of fuel from the allotment of expenditure to actual consumption. They acquire significant quantities of fuel, attesting to their delivery at a single time, knowing that they do not have fuel tanks.

Neither do these municipalities have the means to control and monitor fuel consumption and vehicle repair and maintenance operations. To this end, it was noted that there are no documents justifying fuel consumption, i.e. vehicle logbooks containing information on the vehicle concerned and its use, in particular the date of purchase of the vehicle, its origin, the personnel (or drivers) succeeded in driving the vehicle, the repairs made and the mechanical condition of the vehicle after use, etc... This does not allow for effective management of the car park and consequently prevents the streamlining of expenses related to fuel purchases and vehicle repairs.

### **➤ Failure to pay the annual special tax on municipal vehicles**

Most municipalities did not pay the annual special vehicle tax for the entire duration of the 2012-2017 audit, despite the mandatory nature of this expenditure in accordance with the provisions of Article 181 of Organic Law 113.14 on municipalities (Article 41 of Law 45.08 on the financial organization of local authorities and their groupings).

## **F. Management of municipal assets**

The municipalities audited have a significant land base. However, the management of these properties is affected by certain anomalies that

prevent their operation in the best possible ways and expose them to several risks, as shown below.

### ➤ **Deficiency in the holding of the consistency base**

Some municipalities register their public and private property in a hazardous way. To this end, it was noted that the registration numbers in the consistency bases do not distinguish between public and private property, contrary to the provisions of the Viziriel Decree of 31 December 1921 determining the management mode of the municipal domain. Also, the consistency bases are not put in and not approved by the supervisory authorities, which indicates that they are not subject to the periodic inspection provided for in the Ministerial Circular No. 248 of 20<sup>th</sup> April 1993.

### ➤ **Non-exploitation of certain communal property**

The on-site visits revealed the existence of several communal properties that were not used and left abandoned due to lack of maintenance. The case of the municipality of Jrifiya speaks for itself in this respect. It has several unused administrative facilities that it has built in different regions of its territory, including the headquarters of the municipality built in the Lbir region, an appendant administrative building and a socio-cultural center in Ftissat and other administrative facilities in the Lagraâ region. The commune of Boujdour also has two shopping centers and a weekly souk that are not operating.

## **G. Management of certain communal public facilities and services**

This priority concerns, in particular, the municipalities of Boujdour and Tarfaya, which have collective public facilities and services, the monitoring of which has given rise to some observations.

### **1. Management of the communal slaughterhouse**

The monitoring of slaughter premises and conditions has revealed several hygienic and management deficiencies, the most important of which are:

- Absence of an area to isolate sick animals;
- Absence of a room reserved for the urgent slaughter of sick or injured animals;
- Absence of a room for cleaning and preparing innards;
- Absence of a cold room, and a system for the treatment of liquid and solid waste;



- Absence of a room for the isolation of seized meat and an incineration furnace;
- Absence of an insurance contract on risks related to working in the communal slaughterhouse;
- Failure to keep records specific to the slaughterhouse;
- Failure to apply the hygiene measures necessary to ensure the safety and wholesomeness of meat throughout the slaughter chain.

## 2. Management of the communal pound

Several observations were noted in this regard, the most salient of which are as follows.

### ➤ Inadequate record-keeping for pound management

The following has been noted in this regard:

- Absence of documents concerning the vehicles seized and the lack of certain information in the impound register such as the number of the object seized, the date of deposit at the impoundment, the duration of deposit and the administration that carried out the seizure; as contained in Order No. 2701.10 of the Minister of Equipment and Transport of 29<sup>th</sup> September 2010 laying down the various procedures for keeping the driving licence or registration certificate, and then stopping and deposit of the seized vehicles.
- Absence of important information in the register kept by the agent in charge of the management of the pound: number of objects seized, date of filing, duration of impoundment and the authority that carried out the seizure, contenting itself with registering the vehicles and motorcycles at the time of the production of the orders. This situation does not allow the control and monitoring of the length of time seized items are kept and to know which vehicles can be auctioned off for certain vehicles, which has a negative impact on the revenues related to the management of this service.

### ➤ Failure to comply with the duration of the maintenance of the impounded vehicles

Some objects seized have remained at the pound for a period exceeding the legal time limit, sometimes for 5 years, without the municipality selling them by auction, in accordance with the provisions of the Dahir of 16<sup>th</sup> June 1956 supplementing the legislation on road transport, which deprives the municipality of significant revenue and hinders the easing of pressure on the pound.

### **3. Management of the cleaning and household waste collection service**

The municipality of Boujdour has concluded a contract for the delegated management of cleaning and collection of household waste. The first period was marked by the management of the service by the municipality's own resources with the help of national mutual aid agents, while the second period saw the delegation of this service to a private company from 02<sup>nd</sup> May 2016.

#### **a. Phase 1: Management of the cleaning and collection service for household waste**

The direct costs of this management of the service during the period 2012-2016 amounted to a total of 4,502,192,87 DH, and concerned labor costs (seasonal agents) and the purchase of cleaning equipment, they were paid directly by the expense management company created for this purpose. Regarding this period, the following observations were raised.

##### **➤ Failure to monitor the work carried out by seasonal agents**

It was revealed through the audit that the person responsible for certifying the services provided by seasonal agents, who carry out cleaning and waste collection operations in the municipality, has no information on the number of such agents and their distribution on the territory of the municipality, enabling him to ensure that the services provided by them are real.

##### **➤ Stops of trucks and municipal equipment exposing them to loss after the entry into force of delegated management**

The visualization of the trucks and machinery used by the municipality during the direct management of this service revealed that they are stopped at the municipal park instead of being entrusted or sold to the delegate, and unused by the municipality leaving them exposed to degradation.

#### **b. Second phase: Delegated management**

The municipality concluded the agreement on the delegated management of the cleaning and collection service for household and similar waste in the town of Boujdour with the company Ozone for an annual amount of 7,866,745,20 DH and was approved on the 1st February 2016. In this respect, the following observations were recorded.

##### **➤ Weakness of monitoring**

Only one officer was in charge of the audit mission of the Ozone company's services. However, this audit was marked by the failure to draw up reports on the company's activity and to monitor compliance with its contractual

commitments at all levels, from the completion of the investment program to the execution of day-to-day monitoring and control tasks.

➤ **Failure of the company to carry out the contractual investment program**

After two years of operation, the delegatee company has not fulfilled all its contractual investment commitments, the amount of which is expected to be 8,410,000.00 DH for the first year of implementation. In this sense, the following deficiencies have been identified:

- **All the equipment and vehicles brought by the delegate are not the property of the company "Ozone Boujdour".**

The examination of the registration documents relating to the vehicles used by the delegate is not the property of "Ozone Boujdour" but of the parent company (main shareholder). In addition, some vehicles brought in are dilapidated (two trucks, a car, a tractor, and an electric broom) and have not been acquired for the purposes of delegated management.

- **Renting instead of building an administrative service and a garage**

Ozone has committed itself in its financial offer to build, in the first year of delegated management, a garage, and administrative premises. However, it did not respect its contractual commitments in this respect and resorted to renting an apartment as an administrative head office and renting premises used as a garage. At the end of February 2018, the delegatee company moved to the northern part of the communal property known as the "weekly souk of Boujdour", without having concluded a contract with the commune on this question.

## Regional Audit Court of the Dakhla - Oued Eddahab Region

In 2018, the Regional Audit Court of the Dakhla-Oued Eddahab Region carried out two management audit missions in the municipalities of Tichla and Bir Gandouz. The following are the highlights of these two audit missions.

### A. Governance of municipal councils

➤ **Lack of monitoring of the implementation of the communal development plan**

In examining the minutes of the meetings of the Bir Gandouz Municipal Council for the financial years from 2013 to 2015, it was noted that

questions relating to the monitoring of implementation and evaluation of the municipal development plan, which would make it possible to verify the progress of the projects and to issue an opinion on the goals set and the results achieved, had never been the subject of the council's deliberations.

➤ **Inadequacies in the development of the commune's action plan**

The municipality of Bir Gandouz drew up an action plan covering the period 2016-2021 without complying with the procedure provided for in Decree No. 2.16.301 of 29<sup>th</sup> June 2016 laying down the procedure for drawing up the municipality's action plan, its monitoring, updating, evaluation and dialogue and consultation mechanisms for its preparation, which prompted the administrative supervisory authority to suspend its approval until the municipality had corrected the deficiencies concerned.

The main deficiencies identified are as follows:

- Failure to specify the overall cost of the action plan and the shares of participation of the commune and the various partners in the financing of these projects;
- Failure by the president of the commune to submit the draft commune action plan to the standing committees for consideration at least 30 days before the date of the council meeting for approval;
- Failure to consult the body responsible for equity, equal opportunities, and gender approach.

➤ **Failure to implement the commissions of the two municipal councils**

It was noted that the role of the Commission for Public Services and Benefits is not activated. This commission has not held any meeting since its creation at the October 2015 session, which is contrary to the provisions of Article 25 of Organic Law 113.14 on municipalities.

The same applies to the body for equity and equal opportunities, which the two municipalities have not activated despite the important role granted to it by the legislator, in particular in drawing up the municipality's action plan, as stipulated in Article 7 of Decree No. 2.16.301 referred to above.

➤ **Failure in the management of the archives of the two municipal councils**

It was noted that the two local authorities do not have offices designed for archives to ensure the organization and conservation of their documents. These archives are currently kept in staff offices in a disorganized and uncontrolled state due to the limited office space allocated to communal

services and the lack of adequate shelving. The absence of minimum conditions for archive management makes it difficult to monitor and preserve archives and ensure the security of backed-up documents.

➤ **Partial operation of the Bir Gandouz commune headquarters**

The Bir Gandouz Commune does not operate all the offices of its headquarters built in the center of Bir Gandouz via contract n° 03/BC/2011 for an amount of 3,052,915.00 DH and received on 16<sup>th</sup> November 2012. Only the office of civil status and authentication of signatures, which is functional at the said headquarters, while the rest of the offices are still in the commune's annex in the city of Dakhla. This has led the population living in the center of Bir Gandouz to move to the city of Dakhla to carry out administrative tasks.

➤ **Failure to take preventive measures to address the unjustified absence**

The two municipalities audited have not put in place the means to check, at the time of entry and exit, and on a regular basis, the daily presence of staff at their workplace. No documents were provided justifying the verification of the presence of officials and agents in the two municipalities.

➤ **Failure to appoint the director of services of Bir Gandouz Municipality**

The president of the Bir Gandouz municipal council did not appoint a director of municipal services, despite his important role in the administrative management of the municipality.

➤ **Illegal delegation of the task of certifying signatures and copies of original documents**

The president of the communal council has issued rulings entrusting the functions of certifying signatures and copies of original documents to two delegated officials of the commune who do not meet the conditions laid down in Article 102, paragraph 2, of Organic Law No. 113.14 on communes.

## **B. Management of municipal assets**

➤ **Absence of material accounting records**

It was revealed that the services of the two municipalities audited do not have stock records in which the entry and exit of supplies are recorded. Similarly, stock sheets and delivery notes are not kept by municipal officials. This situation is contrary to the provisions of articles 111 and 112



of decree n°2.09.441 of 3rd January 2010 relating to the regulation of public accountancy for local authorities and their groupings.

### ➤ **Inadequacies in the management of the movable property**

It was noted that the movable property (chairs, tables, desks, computers, printers, etc.) of the municipality of Bir Gandouz does not bear the inventory numbers as provided for by the provisions in force.

On the other hand, it has been established through the examination of the inventory register of movable property that the information recorded therein is inaccurate and not updated in accordance with the form provided for in Circular No. 23<sup>rd</sup> of February 9, 1981, of the Minister of the Interior.

### ➤ **Irregularities in the auction procedure**

The municipality of Bir Gandouz resorted to the sale of unusable movable property by means of public auctions, without however respecting the procedure in force in the context of the auction. Thus, the following was noted:

- The municipality has not drawn up specifications setting out the administrative and financial provisions for the auction sale of the Commune's property to be submitted to the deliberations of the municipal council;
- It has not appointed a committee to identify movable property that cannot be used and to draw up a report to that effect;
- It has not set a minimum sale price (the opening price), which leads to the opening of the auction with a very low amount.

Thus, sales are made at prices far below the real value of the objects put up for sale, causing significant shortfalls for the municipality.

## **C. Vehicle fleet management**

The Regional Audit Court has identified several deficiencies in the management of the municipal vehicle fleet, which can be summarized as follows:

- Not kept by the municipalities monitored, for each vehicle, a logbook in which information relating to the vehicle concerned and its use is recorded, in particular, the date of purchase of the vehicle, its origin, the staff (or drivers) succeeded in driving the vehicle, the repairs made, etc....;
- Failure to keep car logs to record fuel consumption with mileage traveled;

- Authorization by the municipality of Tichla for the use of official cars with permanent mission orders, thus leading to their use for personal purposes. This is contrary to the principles of good governance relating to vehicle fleet management;
- Use by the municipality of Tichla of fuel order regularisation vouchers, without respecting the rules of allotment and prior control of public expenditure. In fact, the supply is made on the basis of "signed and agreed to". And as a result, the total amount in question is determined at the end of the year and is the subject of an order form in order to regularize fuel expenses previously consumed;
- Non-payment by the municipality of Tichla of the annual special tax on vehicles, for the years from 2013 to 2017, which is contrary to the provisions of Dahir No. 1.57.211 of 13 July 1957 on the annual special tax on vehicles in which its first article stipulates the application of an annual special tax on vehicles registered in Morocco.

## **D. Quarry management**

### ➤ **Deficiencies in the management of quarries**

The audit of the management of quarries in the municipality of Tichla revealed the following deficiencies:

- Absence of proof indicating that the Commune has issued the authorization to open and operate the quarry;
- Failure by the municipality to exercise oversight over the quantities extracted under its administrative policy prerogatives, and which fall within the competence of the municipal council in accordance with the provisions of Organic Law No. 113.14 on municipalities;
- Lack by the Municipality to exercise the right of control over the declarations and documents used as a basis for issuing the tax on the extraction of quarry products, as stipulated in article 149 of law n°47.06 relating to the taxation of local authorities;
- No receipt by the municipality of any document justifying that the quarry operator has prepared the environmental impact assessment which should be submitted to the regional

quarry committee for monitoring in accordance with the requirements of Act No. 12.03 on environmental impact assessments.

## **E. Revenue management**

The most important observations, recorded at this level, concern the following:

- Granting of construction authorizations without payment of the tax on construction operations. In fact, it was found that the municipality of Bir Gandouz did not apply the tax on construction operations to a number of taxable persons, including 21 in 2014, 3 in 2015 and 5 in 2016;
- Collection of impound fees by an official without having the legal capacity to recover public funds;
- Failure of the Bir Gandouz municipality to collect the tax on pubs and slaughter fees.

## **F. Expenditure management**

### **➤ Non-compliance with the principle of competition by the municipality**

On the basis of the investigations carried out, it was found that there were no consultation letters aimed at implementing the principle of competition, as stipulated in the fourth paragraph of Decree No. 2.12.349 of 20 March 2013 on public procurement.

### **➤ Failure to comply with the liquidation rules relating to VAT**

The municipality of Tichla did not comply with the VAT liquidation rules relating to the purchase of an economy car through Agreement No. 05/2014 for an amount of 125,000.40 DHS subject of invoice No. 244/2014. In fact, the municipality of Tichla applied the ordinary VAT rate (20%) instead of the reduced rate (7%) applied to the economy cars to which the car in question belongs. As a result, the municipality ordered the payment of an undue amount of 13,541.71DHS.

### **➤ Unjustified granting of fuel vouchers to private cars**

The on-site audit revealed that the municipality of Tichla issued fuel vouchers for an amount equal to 110,700.00 DH for the benefit of the private cars of civil servants and members of the municipal council. This granting of fuel vouchers is unjustified since the procedure according to which the use of private cars for administrative purposes is based on an

authorization by the head of administration by determining the amounts of kilometric allowances on the basis of the number of kilometers actually driven and the fiscal power of the car.

Thus, the Commune violated the provisions of Decree No. 2.97.1053 of 2<sup>nd</sup> February 1998 on the conditions under which personal motor vehicles may be used for service purposes and fixing the rates of kilometric allowances.

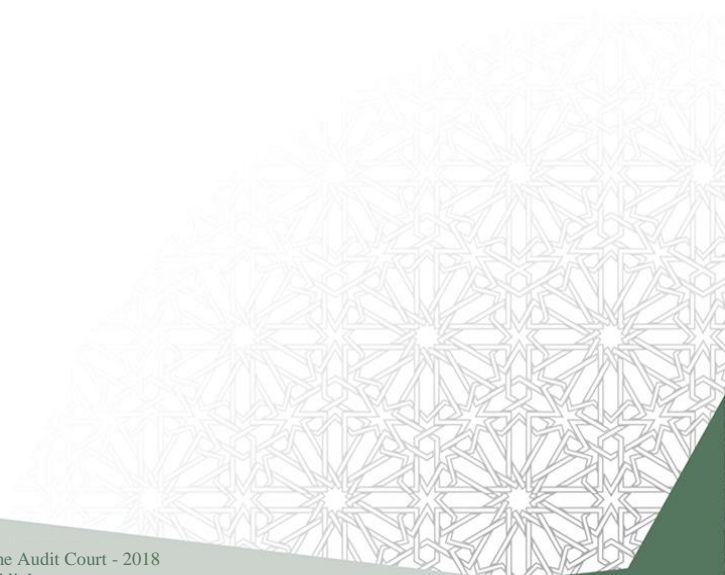
➤ **Failure by the municipality to publish its provisional program of contracts likely to be concluded**

The Bir Gandouz commune has not published the provisional program of contracts planned for the period 2013-2017, in violation of the provisions of Article 87 of Decree No. 2.06.388 on public procurement, which was reproduced by Article 14 of Decree No. 2.12.349 after its entry into force as from the first of January 2014.

➤ **Irregularities concerning the contract for the construction of the commune's registered office**

The municipality of Bir Gandouz built its head office as part of the contract n°03/BC/2011, which was finally approved on 16<sup>th</sup> November 2013. However, the monitoring of this contract revealed the following weaknesses:

- Failure to prepare special reports and attachments;
- Absence of the site workbook and non-revision of prices;
- Absence of insurance certificates, including one covering his ten-year civil responsibility;
- Failure to establish inventory plans.





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